

State of Idaho

Department of State

CERTIFICATE OF MERGER OR CONSOLIDATION

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho hereby certify that duplicate originals of Articles of Merger of SILVER DOLLAR MINING COMPANY, SUNSHINE CONSOLIDATED, INC., SILVER SYNDICATE, INC., and BIG CREEK APEX MINING COMPANY, all Idaho corporations into SUNSHINE MINING COMPANY, a Delaware corporation, duly signed and verified pursuant to the provisions of the Idaho Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue, of the authority vested in me by law, I issue this certificate of Merger, and attach hereto a duplicate original of the Articles of Merger.

Dated December 30, 19 81.



Pete T. Cenarrusa

SECRETARY OF STATE

Corporation Clerk

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DEC 30 PM 12:36

ARTICLES OF MERGER OF SILVER DOLLAR MINING COMPANY,
SUNSHINE CONSOLIDATED, INC., SILVER SYNDICATE, INC. AND
BIG CREEK APEX MINING COMPANY

SECRETARY OF
STATE

INTO

SUNSHINE MINING COMPANY

Pursuant to the provisions of Section 30-1-77 of the Idaho Business Corporation Act, the undersigned domestic and foreign corporations adopt the following Articles of Merger for the purpose of merging them into one of such corporations:

FIRST: The names of the undersigned corporations and the States under the laws of which they are respectively organized are:

<u>Name of Corporation</u>	<u>State</u>
Sunshine Mining Company	Delaware
Silver Dollar Mining Company	Idaho
Sunshine Consolidated, Inc.	Idaho
Silver Syndicate, Inc.	Idaho
Big Creek Apex Mining Company	Idaho

SECOND: The laws of the State under which such foreign corporation is organized permit such merger.

THIRD: The name of the surviving corporation is Sunshine Mining Company and it is to be governed by the laws of the State of Delaware.

FOURTH: The following Plan of Merger was approved by the shareholders of the undersigned domestic corporations in the manner prescribed by the Idaho Business Corporation Act, and was approved by the undersigned foreign corporation in the manner prescribed by the laws of the State under which it is organized:

Appendix "A" attached hereto and made a part hereof.

FIFTH: As to each of the undersigned corporations, the number of shares outstanding as of the record date for the meeting of shareholders are as follows:

<u>Name of Corporation</u>	<u>Number of Shares</u>
Sunshine Mining Company	17,094,790
Silver Dollar Mining Company	1,860,971
Sunshine Consolidated, Inc.	2,922,744
Silver Syndicate, Inc.	2,363,475
Big Creek Apex Mining Company	2,000,000

SIXTH: As to each of the undersigned corporations, the total number of shares voted for and against such Plan, respectively, are as follows:

<u>Name of Corporation</u>	<u>Number of Shares</u>	
	<u>Total Voted For</u>	<u>Total Voted Against</u>
Sunshine Mining Company	12,354,609	98,868
Silver Dollar Mining Company	1,215,584	49,371
Sunshine Consolidated, Inc.	1,970,765	45,663
Silver Syndicate, Inc.	1,713,340	100,898
Big Creek Apex Mining Company	1,889,570	6,007

SEVENTH: The surviving corporation hereby: (a) agrees that it may be served with process in the State of Idaho in any proceeding for the enforcement of any obligation of the undersigned domestic corporations and in any proceeding for the enforcement of the rights of a dissenting shareholder of such domestic corporations against the surviving corporation; (b) irrevocably appoints the Secretary of State of Idaho as its agent to accept service of process in any such proceeding; and (c) agrees that it will promptly pay to the dissenting shareholders of such domestic corporations the amount, if any, to which they shall be entitled under the provisions of the Idaho Business Corporation Act with respect to the rights of dissenting shareholders.

DATED: December 29, 1981.

SUNSHINE MINING COMPANY

By: David H. Jardine
Senior Vice President

and H. S. Tull
Secretary

SILVER DOLLAR MINING COMPANY

By: W. H. Magnusson
President

and James H. Smith
Assistant Secretary

SUNSHINE CONSOLIDATED, INC.

By: W. H. Magnusson
President

and James H. Smith
Assistant Secretary

SILVER SYNDICATE, INC.

By: Margaret M. Smith
President

and James H. Smith
Secretary

BIG CREEK APEX MINING COMPANY

By: W. H. Magnusson
President

and James H. Smith
Assistant Secretary

STATE OF TEXAS

COUNTY OF DALLAS

I, Christa McOrty, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me David H. Jardine and H. B. Ireland, who, being by me first duly sworn, declared that they are the Senior Vice President and Secretary, respectively, of Sunshine Mining Company, that they signed the foregoing document as Senior Vice President and Secretary, respectively, of the Corporation, and that the statements therein contained are true.

Christa McOrty
Notary Public in and for
Dallas County, Texas

My Commission Expires:

9-21-81

STATE OF WASHINGTON

COUNTY OF SPOKANE

I, Lori A. Bricker, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me H. F. Magnuson and R. M. MacPhee, who, being by me first duly sworn, declared that they are the President and Assistant Secretary, respectively, of Silver Dollar Mining Company, that they signed the foregoing document as President and Assistant Secretary, respectively, of the Corporation, and that the statements therein contained are true.


Lori A. Bricker
Notary Public in and for
Spokane County, Washington

My Commission Expires:

11-19-83

STATE OF WASHINGTON §
§
COUNTY OF SPOKANE §

I, LORI A. BRICKNER, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me H. F. Magnuson and R. M. MacPhee, who, being by me first duly sworn, declared that they are the President and Assistant Secretary, respectively, of Sunshine Consolidated, Inc., that they signed the foregoing document as President and Assistant Secretary, respectively, of the Corporation, and that the statements therein contained are true.



Notary Public in and for
Spokane County, Washington

My Commission Expires:

11-19-83

STATE OF WASHINGTON §
§
COUNTY OF SPOKANE §

I, LORI A. BRICKNER, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me N. M. Smith and R. M. MacPhee, who, being by me first duly sworn, declared that they are the President and Secretary, respectively, of Silver Syndicate, Inc., that they signed the foregoing document as President and Secretary, respectively, and that the statements therein contained are true.


Notary Public in and for
Spokane County, Washington

My Commission Expires:

11-19-83

STATE OF WASHINGTON §
§
COUNTY OF SPOKANE §

I, Lori A. Bricker, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me H. F. Magnuson and R. M. MacPhee, who, being by me first duly sworn, declared that they are the President and Assistant Secretary, respectively, of Sunshine Consolidated, Inc., that they signed the foregoing document as President and Assistant Secretary, respectively, of the Corporation, and that the statements therein contained are true.

Lori A. Bricker
Notary Public in and for
Spokane County, Washington

My Commission Expires:

11-19-83

STATE OF WASHINGTON §
§
COUNTY OF SPOKANE §

I, Lori A. Bricker, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me N. M. Smith and R. M. MacPhee, who, being by me first duly sworn, declared that they are the President and Secretary, respectively, of Silver Syndicate, Inc., that they signed the foregoing document as President and Secretary, respectively, and that the statements therein contained are true.

Lori A. Bricker
Notary Public in and for
Spokane County, Washington

My Commission Expires:

11-19-83

STATE OF WASHINGTON §
§
COUNTY OF SPOKANE §

I, Lori A. Bricker, a notary public do hereby certify that on this 29th day of December, 1981, personally appeared before me H. F. Magnuson and R. M. MacPhee, who, being by me first duly sworn, declared that they are the President and Assistant Secretary, respectively, of Big Creek Apex Mining Company, that they signed the foregoing document as President and Assistant Secretary, respectively, and that the statements therein contained are true.

Lori A. Bricker
Notary Public in and for
Spokane County, Washington

My Commission Expires:

11-19-83

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER dated as of July 29, 1981, among SUNSHINE MINING COMPANY, a Delaware corporation ("Sunshine"), SILVER DOLLAR MINING COMPANY, an Idaho corporation ("Silver Dollar"), SUNSHINE CONSOLIDATED, INC., an Idaho corporation ("Sun Con"), SILVER SYNDICATE, INC., an Idaho corporation ("Syndicate"), and BIG CREEK APEX MINING COMPANY, an Idaho corporation ("Big Creek"); Silver Dollar, Sun Con, Syndicate and Big Creek being hereinafter called, individually, a "Company" and, collectively, the "Companies").

WHEREAS, the respective Boards of Directors of Sunshine and each of the Companies deem it advisable to merge each such Company into Sunshine (the "Mergers") pursuant to this Agreement and a Certificate of Merger to be executed by Sunshine (the "Certificate of Merger") and Articles of Merger to be executed by each Company and Sunshine (the "Articles of Merger"), whereby the holders of shares of common stock of each Company (such shares of common stock being sometimes hereinafter called, collectively, the "Common Stock") outstanding at the Effective Time (as hereinafter defined) of each Merger will have the right to receive shares of Sunshine common stock, par value \$.50 per share (the "Sunshine Shares"), in the manner and in such amount as is set forth in Article I hereof and upon the terms and conditions otherwise set forth in this Agreement; and

WHEREAS, to effectuate the foregoing, the parties desire to adopt a plan of reorganization in accordance with the provisions of Section 368(a) of the Internal Revenue Code of 1954, as amended (the "Code");

Now, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of stating the terms and conditions of each Merger, the mode of carrying the same into effect, the manner of converting the Shares of each Company issued and outstanding immediately prior to the Effective Time of the Mergers into Sunshine Shares, and such other details and provisions as are deemed desirable, the parties hereto, severally and not jointly, have agreed, and do hereby agree, subject to the terms and conditions hereinafter set forth as follows:

ARTICLE I

The Mergers

1. *Execution of Certificate of Merger and Articles of Merger.* Subject to the provisions of this Agreement, (a) the Certificate of Merger with respect to each Merger shall be executed and acknowledged by Sunshine and thereafter delivered to the Secretary of State of the State of Delaware, for filing, as provided in Section 251 of the General Corporation Law of the State of Delaware, as soon as practicable on or after the Closing Date (as hereinafter defined) of such Merger and (b) the Articles of Merger with respect to each Merger shall be executed and acknowledged by Sunshine and the Company that is a party to such Merger (the "Merger Company") and thereafter delivered to the Secretary of State of the State of Idaho for filing, as provided by Section 30-1-74, Idaho Code, as soon as practicable on or after the Closing Date of such Merger. Each Merger shall become effective upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and the filing of such Articles of Merger with the Secretary of State of the State of Idaho. The date and time when a Merger becomes effective shall be called the "Effective Time" of such Merger. At the Effective Time of a Merger, the separate existence of the merged Company shall cease and such Company shall be merged with and into Sunshine. Sunshine shall be the surviving corporation upon the consummation of each Merger.

2. *Consummation of the Mergers.* As soon as practicable after the approval of each Merger by the stockholders, Sunshine and such Company will cause such Merger to be consummated in accordance with applicable law, subject to the conditions hereinafter set forth.

3. Conversion of Shares of the Companies.

(a) At the Effective Time of the Merger of Silver Dollar with and into Sunshine, each outstanding share of Silver Dollar Common Stock (other than shares held by Stockholders of Silver Dollar who dissent pursuant to Section 30-1-81, Idaho Code ("Dissenting Stockholders") and shares held by Sunshine or any subsidiary of Sunshine, which shall be cancelled) shall be converted into 1.15 Sunshine Shares by virtue of such Merger and without any action on the part of the holder thereof.

(b) At the Effective Time of the Merger of Sun Con with and into Sunshine, each outstanding share of Sun Con Common Stock (other than shares held by Dissenting Stockholders of Sun Con and shares held by Sunshine or any subsidiary of Sunshine, each and all of which shall be cancelled) shall be converted into .55 Sunshine Shares by virtue of such Merger and without any action on the part of the holder thereof.

(c) At the Effective Time of the Merger of Syndicate with and into Sunshine, each outstanding share of Syndicate Common Stock (other than shares held by Dissenting Stockholders of Syndicate and shares held by Sunshine or any subsidiary of Sunshine, each and all of which shall be cancelled) shall be converted into .75 Sunshine Shares by virtue of such Merger and without any action on the part of the holder thereof.

(d) At the Effective Time of the Merger of Big Creek with and into Sunshine, each outstanding share of Big Creek Common Stock (other than shares held by Dissenting Stockholders of Big Creek, shares held by Sun Con and shares held by Sunshine or any subsidiary of Sunshine, each and all of which shall be cancelled) shall be converted into .715 Sunshine Shares by virtue of such Merger and without any action on the part of the holder thereof.

(e) Each share of Sunshine Common Stock outstanding at the Effective Time of the Mergers shall continue to be an issued Sunshine share. Each certificate evidencing issued Sunshine Shares immediately prior to the Effective Time shall continue to evidence ownership of the same number of Sunshine shares.

4. Exchange of Certificates. After the Effective Time of each Merger, each holder of a certificate theretofore evidencing outstanding shares of Common Stock of the Merged Company (other than shares held by Dissenting Stockholders and shares that are automatically cancelled as hereinabove provided), upon surrender of the same to the Exchange Agent or such other agent or agents as shall be appointed by Sunshine, shall be entitled to receive in exchange therefor a certificate or certificates evidencing the number of full Sunshine Shares for which the shares of Common Stock of the Merged Company theretofore represented by the certificate or certificates so surrendered shall have been exchanged as provided in this Section 4. As soon as practicable after the Effective Time of each Merger, the Exchange Agent will send a notice and transmittal form to each holder of an outstanding certificate which immediately prior to the Effective Time of such Merger evidenced shares of Common Stock of the Merged Company and which is to be exchanged for Sunshine as provided in Section 3 hereof, advising such stockholder of the terms of the exchange effected by such Merger and the procedure for surrendering to the Exchange Agent (which may appoint forwarding agents) such certificate for exchange into one or more certificates evidencing Sunshine Shares. Until so surrendered, each outstanding certificate which, prior to the Effective Time of such Merger, represented Common Stock of the Merged Company (other than shares previously held by Dissenting Stockholders) will be deemed for all corporate purposes of Sunshine to evidence ownership of the number of full Sunshine Shares for which the shares of Common Stock of the Merged Company represented thereby were exchanged; provided, however, that until such outstanding certificates formerly evidencing Common Stock of the Merged Company are so surrendered, no dividend payable to holders of record of Sunshine Shares as of any date subsequent to the Effective Time of such Merger or any cash in lieu of any fraction of a Sunshine Share payable pursuant to Section 5 hereof shall be paid to the holder of such outstanding certificates in respect thereof. After the Effective Time of such

Merger there shall be no further registry of transfers on the records of the Merged Company of shares of Common Stock of the Merged Company and, if a certificate evidencing such shares is presented to Sunshine, it shall be canceled and exchanged for a certificate evidencing shares of Sunshine Common Stock as herein provided. Upon surrender of certificates formerly evidencing Common Stock of the Merged Company there shall be paid to the record holder of the certificates evidencing full Sunshine Shares issued in exchange therefor, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional Sunshine Share to which such holder is entitled pursuant to Section 5 hereof and the amount of dividends theretofore paid with respect to such full Sunshine Shares as of any date subsequent to the Effective Time of such Merger to the extent such cash and dividends have not yet been paid to a public official pursuant to abandoned property laws, and (ii) at the appropriate payment date, the amount of dividends with a record date after the Effective Time of such Merger but prior to surrender and a payment date subsequent to surrender payable with respect to such full Sunshine Shares. No interest shall be payable with respect to the payment of such cash in lieu of fractional shares or dividends on surrender of outstanding certificates.

5. *No Fractional Shares.* Neither certificates nor scrip for fractional Sunshine Shares will be issued, but in lieu thereof each holder of shares of any Company who would otherwise have been entitled to a fraction of a Sunshine Share, upon surrender of all the certificates evidencing shares of Common Stock of such Company registered in the name of such holder, will be paid the cash value of such fraction, which shall be equal to such fraction multiplied by the market value of a full Sunshine Share at the close of trading of the Sunshine Shares after the Effective Time of such Merger, as determined by Sunshine in any reasonable manner.

6. *Certificate of Incorporation; By-laws; Directors.* The Certificate of Incorporation and By-laws of Sunshine, as in effect immediately prior to the Effective Time of the Mergers, shall continue to be the Certificate of Incorporation and By-laws of Sunshine, until they shall thereafter be duly altered, amended or repealed. The directors of Sunshine shall continue as the directors of Sunshine until their successors shall be duly elected and qualified.

ARTICLE II

Representations and Warranties

1. *Representations and Warranties of Sunshine.* Sunshine represents and warrants to each Company, severally and not jointly, as follows:

(a) Sunshine has the corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of Sunshine, and, except for the approval of Sunshine's stockholders, no other corporate proceedings on the part of Sunshine are necessary to authorize this Agreement and the transactions contemplated hereby.

(b) Sunshine has heretofore delivered to each Company its (i) Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 1980, as filed with the Securities and Exchange Commission (the "Commission"), (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 1981, as filed with the Commission, and (iii) Prospectus dated June 28, 1981. As of their respective dates, such documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Except as previously disclosed to each Company in writing or in the reports delivered pursuant to Section 1(b) or the Proxy Statement (as hereinafter defined) or the Registration Statement (as hereinafter defined) with respect to the Mergers, since December 31, 1980, there has not been any material adverse change in the business, operations, properties, assets, condition, financial or otherwise, or prospects of Sunshine and its subsidiaries taken as a whole.

2. Representations and Warranties of the Companies: Each Company represents and warrants, severally and not jointly, to Sunshine as follows:

(a) Such Company has the corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by its Board of Directors and, except for the approval of its stockholders, no other corporate proceedings on the part of such Company are necessary to authorize this Agreement and the transactions contemplated hereby.

(b) Except as previously disclosed to Sunshine in writing or in the reports delivered pursuant to Section 1(c) or in the Proxy Statement or the Registration Statement with respect to the Mergers, since December 31, 1980, there has not been any material adverse change in the business, operations, properties, assets, condition, financial or otherwise, or prospects of such Company taken as a whole.

(c) Silver Dollar and Sun Con have each heretofore delivered to Sunshine their (i) Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 1980, as filed with the Commission, and (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 1981, as filed with the Commission. Silver Syndicate has heretofore delivered to Sunshine its (i) Form 10 dated April 30, 1981, as amended, and (ii) unaudited financial statements for the quarter ended March 31, 1981. Big Creek has heretofore delivered to Sunshine its (i) annual report to shareholders for the fiscal year ended December 31, 1980, and (ii) unaudited financial statements for the quarter ended March 31, 1981. As of their respective dates, such filed reports and the Form 10 did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the financial statements heretofore delivered to Sunshine are in accordance with the books and records of Silver Syndicate or Big Creek, as the case may be, and fairly present the financial position and the results of the operations, changes in stockholders' equity and changes in financial position of Silver Syndicate or Big Creek, as the case may be, as at and for the periods indicated, in each case in conformity with generally accepted accounting principles consistently applied, except as otherwise indicated in such statements.

(d) The authorized capital stock of Silver Dollar consists of 2,500,000 shares of common stock, par value \$.10 per share, of which 1,860,971 shares are issued and outstanding as of the date hereof. The authorized capital stock of Sun Con consists of 3,500,000 shares of common stock, par value \$.25 per share, of which 2,992,744 shares are issued and outstanding as of the date hereof. The authorized capital stock of Syndicate consists of 2,500,000 shares of common stock, par value \$.10 per share, of which 2,363,475 shares are issued and outstanding as of the date hereof. The authorized capital stock of Big Creek consists of 2,000,000 shares of common stock, par value \$.05 per share, of which 2,000,000 shares are issued and outstanding as of the date hereof. There are no options, warrants, convertible securities or rights which may require any Company to issue additional shares of its capital stock. All the outstanding shares of Common Stock of each Company have been duly authorized, and are validly issued, fully paid and nonassessable.

ARTICLE IV

Certain Covenants

1. Stockholders' Meetings. Each of the Companies will take all action necessary in accordance with applicable law and its Articles of Incorporation and By-laws to convene a meeting of its stockholders as promptly as practicable to consider and vote upon the approval of the Merger to which it is a party. At any such meeting all the shares of Common Stock of such Company then owned by Sunshine or any subsidiary of Sunshine or the Companies will be voted in favor of such Merger.

Sunshine will take all action necessary in accordance with applicable law and its Certificate of Incorporation and By-laws to convene a meeting of its stockholders as promptly as practicable to consider and vote upon the approval of the Mergers.

2. Conduct of Business by the Companies Pending the Mergers. Prior to the Effective Date of each Merger, unless Sunshine shall otherwise agree in writing, or unless disclosed to Sunshine in writing prior to the date hereof, each Company shall not (i) operate its business otherwise than in the ordinary course, (ii) grant any compensation increase to any director, officer or employee, (iii) issue, authorize or propose the issuance of additional shares of capital stock of any class or securities convertible into any such shares or rights, warrants or options to acquire any such shares or convertible securities, (iv) amend its Articles of Incorporation or By-laws, (v) split, combine or reclassify its outstanding shares of Common Stock or declare, set aside or pay any dividend or distribution payable in cash, stock or property with respect to its shares of Common Stock, (vi) purchase any outstanding shares of Common Stock, or (vii) authorize, recommend or propose any merger, consolidation, acquisition of assets, disposition of assets, material change in its capitalization or any comparable event, not in the ordinary course of business (other than the transactions contemplated hereby and transactions as to which written notice has been given to Sunshine prior to the date hereof).

3. Takeover Proposals. Each Company will not, and will not authorize or permit any officer, director or employee of, or any investment banker, attorney, accountant or other representative retained by, such Company or any affiliate of such Company, to directly or indirectly solicit or encourage any proposal for a merger or other business combination involving such Company or for the acquisition of a substantial equity interest in such Company or a substantial portion of such Company's assets, other than as contemplated by this Agreement. Each Company will promptly advise Sunshine of the terms of any such proposal that it may receive.

4. Conduct of Business by Sunshine Pending the Mergers. Prior to the Effective Time of each Merger, Sunshine shall not split, combine or reclassify its common stock or declare, set aside or pay any dividend payable in its common stock, unless prior to the record date for such dividend or the effective date of such split, combination or reclassification, it tenders to each Company its agreement to amend this Agreement so as to effect an appropriate adjustment in the number of Sunshine Shares deliverable upon the Effective Time of each Merger.

5. Information Provided by Sunshine. The information to be provided by Sunshine for use in the Registration Statement on Form S-14, as amended (the "Registration Statement") and the Proxy Statement included in the Registration Statement, as amended (the "Proxy Statement"), to be used in connection with the Mergers shall, at the respective times such Registration Statement becomes effective and the Proxy Statement is mailed, and at the time of the stockholders' meetings of the Companies and Sunshine and at the Effective Time of the Mergers, be true and correct in all material respects and shall not contain any untrue statement of a material fact, or omit to state a material fact required to be stated therein to make the statements made, in the light of the circumstances under which they were made, not misleading.

6. Information Provided by the Companies. The information to be provided by such Company for use in the Registration Statement and the Proxy Statement to be used in connection with the Merger to which such Company is a party shall, at the respective times such Registration Statement becomes effective and the Proxy Statement is mailed, and at the time of the stockholders' meetings of the Companies and Sunshine and at the Effective Time of the Merger, be true and correct in all material respects and shall not contain any untrue statement of a material fact, or omit to state a material fact required to be stated therein to make the statements made, in the light of the circumstances under which they were made, not misleading.

7. Accounting and Office Services; Contracts. In order to facilitate the integration of the Companies with Sunshine, Sunshine shall enter into an agreement providing for the retention of the accounting firm of H. F. Magnuson & Company for a period of five years from the Effective Time of the Mergers to provide certain accounting and office services relating to the Companies and their properties. Such services are to be of the same kind and with respect to the same matters as the services that have been heretofore provided and will include such services as assistance in the transfer of the Companies' corporate and business records to Sunshine, preparation of final tax returns for the Companies, assist-

since in tax and year-end audits involving the Companies or their assets or business, and correspondence with former stockholders of the Companies. Sunshine agrees to pay H. F. Magnuson & Company an aggregate annual fee for these services of \$220,000 per year for the first year, which annual fee shall be reduced by 20% for each year thereafter, payable in monthly installments on the last day of each month. At the Effective Time of the Merger of each Company, Sunshine will become liable for, and will in no way disavow or take any action to cancel or rescind, the debts, liabilities, obligations, contracts and duties of the Company, and such debts, liabilities, obligations, contracts and duties shall attach to Sunshine and shall be enforceable against it as if such debts, liabilities, obligations, contracts and duties had been incurred or contracted by Sunshine including, without limitation, those now existing by reason of agreements relating to the mining or operation of the properties of the Company, leases, agreements relating to extralateral rights, joint venture agreements, unitization and consolidation agreements, service and maintenance agreements and all employment agreements heretofore entered into between the Company and any of its officers or directors. Sunshine also agrees that Norman M. Smith shall have the use of the Sun Con engineering office, located on the Sunshine Mine site, for the remainder of his life.

8. *Registration Statement.* In connection with the preparation of the Registration Statement and the Proxy Statement, the Companies and Sunshine will cooperate with each other and will furnish the information relating to the Companies and Sunshine, as the case may be, required by the Securities Act of 1933 and the Securities Exchange Act of 1934 to be set forth in such Registration Statement and Proxy Statement.

9. *Press Releases.* Each Company and Sunshine agree to cooperate with each other in releasing information concerning this Agreement and the transactions contemplated herein. Where possible, each of the parties shall furnish to the other drafts of all releases prior to publication. Nothing contained herein shall prevent either party at any time from furnishing any information to any governmental agency.

10. *Indemnification.* Sunshine agrees that following the Effective Time of the Mergers it will grant indemnification to the officers, directors, employees and agents of the Companies to the extent each of the respective Companies, if its separate existence had continued, would have had power and authority to indemnify such persons under the provisions of Section 30-1-5, Idaho Code. Determination of the standard of conduct set forth in Sections 30-1-5(a) or (b) Idaho Code, shall be made by legal counsel mutually agreed upon by such person and Sunshine, unless otherwise ordered by a court.

11. *Rule 145 Affiliates.* As soon as practicable after the date hereof each Company shall furnish to Sunshine a schedule that sets forth the names of, and numbers of Shares of such Company owned beneficially, or of record, by any persons who may be deemed to be an affiliate of such Company as that term is used in Rule 145 under the Securities Act of 1933 (a "Rule 145 Affiliate").

12. *Recommendation of Approval.* The Board of Directors of Sunshine and each Company shall continue to recommend to their respective stockholders approval of this Agreement and the Merger to which such Company is a party, except as the fiduciary obligations of each such Board of Directors may otherwise require.

13. *Listing on the Spokane Stock Exchange.* Sunshine shall use its best efforts to obtain, as soon as practicable after the Effective Time of the Mergers, approval for listing on the Spokane Stock Exchange of the shares of Sunshine Common Stock issued in connection with the Merger.

ARTICLE V

Conditions

1. *Conditions to the Obligations of Sunshine.* The obligations of Sunshine to consummate each Merger contemplated by this Agreement are subject to the satisfaction, at or before the consummation of such Merger, of each of the following conditions:

(a) the stockholders of such Company shall have duly approved the Merger in accordance with applicable law;

(b) the stockholders of Sunshine shall have duly approved such Merger in accordance with applicable law;

(c) no action shall have been taken, and no statute, rule, regulation or order shall have been promulgated, enacted, entered, enforced or deemed applicable to the Merger by any federal, state or foreign government or governmental authority or by any court, domestic or foreign, including the entry of a preliminary or permanent injunction, which would (i) make the Merger illegal, (ii) require the divestiture by Sunshine or any other subsidiary of Sunshine of the Shares of such Company or of a material portion of the business of either Sunshine and its subsidiaries taken as a whole or such Company and its subsidiaries taken as a whole, (iii) impose material limits on the ability of Sunshine to effectively control the business of the Company and its subsidiaries, (iv) otherwise materially adversely affect the Company and its subsidiaries taken as a whole or (v) if the Merger is consummated, subject any officer, director, or employee of Sunshine to criminal penalties or to civil liabilities not adequately covered by insurance or enforceable indemnification arrangements maintained by Sunshine;

(d) no action or proceeding before any court or governmental authority, domestic or foreign, by any government or governmental authority or by any other person, domestic or foreign, shall be threatened, instituted or pending which would reasonably be expected to result in any of the consequences referred to in clauses (i) through (v) of paragraph (c) above;

(e) such Company shall have complied in all material respects with its agreements and covenants herein, and all representations and warranties of such Company herein shall be true and correct in all material respects at the time of consummation of the Merger as if made at that time, except to the extent they expressly relate to an earlier date, and Sunshine shall have received a certificate to that effect signed by the President of such Company;

(f) Sunshine shall have received from Messrs. Haynes and Boone, counsel for Sunshine, an opinion, satisfactory in form and substance to Sunshine, dated the Closing Date of such Merger, substantially to the effect that: (A) the Merger will constitute a reorganization within the meaning of Section 368(a)(1) of the Code, (B) no gain or loss will be recognized by, and no amount will be includable in the income of, Sunshine or any Company as a consequence of the Merger, (C) no gain or loss will be recognized by any stockholder of any Company upon his exchange of shares of Common Stock of the Company solely for Sunshine Shares in the Merger, (D) gain realized by any Company stockholder who receives cash in addition to Sunshine Shares will be recognized in an amount not in excess of such cash, (E) the basis for the Sunshine Shares received by each Company stockholder will be the same as the basis for his shares of Common Stock, increased by the amount of gain, if any, recognized by such shareholder and reduced by the amount of cash, if any, received by such shareholder, and (F) the holding period of Sunshine Shares received in the Merger will include the period for which the shares of Common Stock were held, provided that the Common Stock of the Company was a capital asset in the hands of the Company stockholder on the Effective Time.

Such opinion will be included in full, or attached as an exhibit, on the Proxy Statement.

(g) Sunshine shall have received from Witherspoon, Kelley, Davenport & Toole, P.S., counsel for the Companies, an opinion, in form and substance satisfactory to Sunshine, dated the Effective Time of the Merger to which such Company is a party, to the effect that:

(i) the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Idaho;

(ii) all the outstanding shares of common stock of the Company have been duly authorized, and are validly issued, fully paid and nonassessable;

(iii) the Company has taken all requisite corporate action to approve this Agreement and the transactions contemplated hereby, and this Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable in accordance with its terms;

(iv) stockholders of the Company have taken all requisite corporate action to approve this Agreement and the transactions contemplated hereby;

(v) to such counsel's knowledge, the execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby will not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement, contract or commitment to which Sunshine is not also a party which is material to the business or properties of the Company as a whole or constitute a material default thereunder or give to others any material right of termination, cancellation or acceleration thereunder, or otherwise require any approval which has not been obtained; and

(vi) the Proxy Statement complies as to form in all material respects with the requirements of the Securities Exchange Act of 1934 and the rules and regulations of the Commission thereunder (except with respect to financial statements or other financial and statistical information or as to material relating to, and supplied by, Sunshine for use therein as to which such counsel need express no opinion).

Such opinion shall also state that such counsel, on the basis of the facts within their knowledge, has no reason to believe that the Registration Statement or any amendment thereto, at the time it was issued, or any supplement thereto, at the time it was issued, or the Proxy Statement, at the times of the stockholders' meetings of the Companies and Sunshine, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except with respect to financial statements and other statistical information contained therein and as to material relating to or supplied by Sunshine for use therein, as to which such counsel need express no opinion); and

(h) Sunshine shall have received from O'Shaughnessy & Company, (i) a letter dated a date within two business days of the date on which mailing of the Proxy Statement shall commence and (ii) a letter dated as of a date not more than five business days prior to the Effective Time of the Merger, both satisfactory in form and substance to Sunshine, to the effect that (A) with respect to the Company they are independent public accountants within the meaning of the Securities Act of 1933 and the rules and regulations thereunder; (B) it is their opinion that the audited financial statements of the Company included in the Registration Statement and the Proxy Statement comply as to form in all material respects with the applicable accounting requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934 with respect to financial statements in registration statements on Form S-14; (C) on the basis of specified procedures carried out to a date not more than five business days of the date of such letter (which do not constitute an examination in accordance with generally accepted auditing standards), consisting of a reading of the unaudited financial statements of the Company included in the Registration Statement and the Proxy Statement, and of the latest available unaudited financial statements of the Company, which shall be at and as of a date not earlier

than 60 days prior to the date of delivery of such letter, inquiries of officers of the Company responsible for financial and accounting matters and a reading of minutes of meetings of stockholders and the Board of Directors, nothing has come to their attention that caused them to believe that (1) the unaudited financial statements of the Company included in the Registration Statement and the Proxy Statement do not comply as to form in all material respects with the applicable accounting requirements of said Securities Act and Exchange Act and the rules and regulations thereunder or are not fairly presented in conformity with generally accepted accounting principles applied on a basis substantially consistent with the December 31, 1980, audited financial statements of the Company and (2) since December 31, 1980, to the date of such letter there has been any increase in the outstanding capital stock or in indebtedness for borrowed money other than any increase or any decrease in the net assets thereof or any decrease in the net earnings of the Company and its subsidiaries as compared with the corresponding period of the preceding year, except in all instances for any such increase or decrease set forth in such letter, or referred to in or contemplated by the Registration Statement or this Agreement.

(i) The Registration Statement shall be effective under the Securities Act of 1933 and shall not be subject to a stop order or any threatened stop order.

(j) With respect to the Merger of Big Creek into Sunshine, the Merger of Sun Con into Sunshine shall have become effective.

(k) Sunshine shall have received a letter (in the form attached hereto as Exhibit A) from each person who may be deemed to be a Rule 145 Affiliate.

(l) At the Effective Time of the first Merger to occur, the fair value of the aggregate net current assets of the Companies shall not be less than \$5,100,000 valuing marketable securities held by the Companies at not less than their market values as of May 31, 1981.

(m) The holders of no more than ten percent (10%) of the issued and outstanding shares of Common Stock of the Company with respect to which such Merger is proposed shall have exercised their right to dissent as Dissenting Stockholders.

2. Conditions to each Company's Obligations. The obligation of each Company to consummate the Merger to which it is a party as contemplated by this Agreement is subject to the satisfaction, at or before the consummation of such Merger, of each of the following conditions:

(a) the stockholders of such Company shall have duly approved the Merger in accordance with applicable law;

(b) the stockholders of Sunshine shall have duly approved the Merger in accordance with applicable law;

(c) no action shall have been taken, and no statute, rule, regulation or order shall have been promulgated, enacted, entered, enforced or deemed applicable to the Merger by any federal, state or foreign government or governmental authority or by any court, domestic or foreign, including the entry of a preliminary or permanent injunction, which would (i) make the Merger illegal, or (ii) if the Merger is consummated, subject any officer, director or employee of the Company to criminal penalties or to civil liability not adequately covered by insurance or enforceable indemnification arrangements maintained by the Company or Sunshine;

(d) no action or proceeding before any court or governmental authority domestic or foreign, by any government or governmental authority or by any other person, domestic or foreign, shall be threatened, instituted or pending which would reasonably be expected to result in any of the consequences referred to in clauses (i) and (ii) of paragraph (c) above;

(e) Sunshine shall have complied in all material respects with its agreements and covenants herein required to be complied with prior to consummation of such Merger, and all representations and warranties of Sunshine herein shall be true and correct in all material respects at the time of

consummation of the such Merger as if made at that time, except to the extent they expressly relate to an earlier date, and such Company shall have received a certificate signed by the President of Sunshine to that effect;

(f) the shares of Sunshine common stock issuable in connection with such Merger shall have been authorized for listing, subject to official notice of issuance, on the New York Stock Exchange;

(g) such Company shall have received from Messrs. Haynes and Boone, counsel for Sunshine, an opinion, in form and substance satisfactory to such Company, dated the Effective Time of the Merger to which such Company is a party, to the effect that:

(i) Sunshine is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(ii) Sunshine has taken all requisite corporate action to approve this Agreement and the transactions contemplated hereby, and this Agreement has been duly authorized, executed and delivered by Sunshine and constitutes a valid and binding agreement of Sunshine enforceable in accordance with its terms;

(iii) stockholders of Sunshine have duly taken all requisite corporate action to approve this Agreement and the transactions contemplated hereby;

(iv) the shares of Sunshine common stock issuable in connection with such Merger are duly authorized, and when issued as contemplated hereby, will be validly issued, fully paid and non-assessable and there are no preemptive rights to subscribe for or to purchase such shares;

(v) to such counsel's knowledge, the execution, delivery and performance of this Agreement by Sunshine and the consummation of the transactions contemplated hereby will not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement, contract or commitment to which such Company is not a party which is material to the business or properties of Sunshine and its subsidiaries taken as a whole or constitute a material default thereunder;

(vi) other than such as shall have been obtained, no authorization, consent or approval of any governmental body or authority is necessary for the lawful consummation by Sunshine of the transactions contemplated by this Agreement; and

(vii) the Registration Statement has become effective and the Registration Statement and the Proxy Statement comply as to form in all material respects with the requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934, respectively, and the rules and regulations of the Commission thereunder (except with respect to financial statements and other financial and statistical information contained therein and as to material supplied by the Companies for use therein, as to which such counsel need express no opinion).

Such opinion shall also state that such counsel, on the basis of the facts within their knowledge, has no reason to believe that the Registration Statement or any amendment thereto, at the time it became effective, or any supplement thereto, at the time it was issued, or the Proxy Statement, at the times of the stockholder meetings of the Companies and Sunshine, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except with respect to financial statements and other statistical information contained therein and as to material relating to or supplied by the Companies for use therein, as to which such counsel need not comment);

(h) such Company shall have received from Coopers & Lybrand, (i) a letter dated a date within two business days of the date on which mailing of the Proxy Statement shall commence and (ii) a letter dated as of a date not more than five business days prior to the Effective Time of the Merger, both satisfactory in form and substance to such Company, to the effect that (A) with respect

to Sunshine they are independent public accountants within the meaning of the Securities Act of 1933 and the rules and regulations thereunder; (B) it is their opinion that the audited consolidated financial statements of Sunshine included in the Registration Statement and the Proxy Statement comply as to form in all material respects with the applicable accounting requirements of the Securities Act of 1933 and the Securities Exchange Act of 1934 with respect to financial statements in registration statements on Form S-14; (C) on the basis of specified procedures carried out to a date not more than five business days of the date of such letter (which do not constitute an examination in accordance with generally accepted auditing standards), consisting of a reading of the unaudited consolidated financial statements of Sunshine and its subsidiaries included in the Registration Statement and the Proxy Statement, and the latest available unaudited consolidated financial statements of Sunshine, which shall be at and as of a date not earlier than a date 60 days prior to the date of delivery of such letter, inquiries of officers of Sunshine and its subsidiaries responsible for financial and accounting matters and a reading of minutes of meetings of stockholders, the Board of Directors and the Executive Committee, nothing has come to their attention that caused them to believe that (1) the unaudited consolidated financial statements of Sunshine and its subsidiaries included in the Registration Statement and the Proxy Statement do not comply as to form in all material respects with the applicable accounting requirements of said Securities Act and Exchange Act and the rules and regulations thereunder or are not fairly presented in conformity with generally accepted accounting principles applied on a basis substantially consistent with the December 31, 1960, audited consolidated financial statements of Sunshine and (2) since December 31, 1960, to the date of such letter there has been any increase in the outstanding capital stock or in indebtedness for borrowed money or any decrease in the consolidated mining revenue, income from continuing operations before other income, income taxes and extraordinary credit, and other income (expense) of Sunshine and its subsidiaries as compared with the corresponding period of the preceding year, except in all instances for any such increase or decrease set forth in such letter, or referred to in or contemplated by the Registration Statement, the Proxy Statement or this Agreement.

(i) The Registration Statement shall be effective under the Securities Act of 1933 and shall not be subject to a stop order or any threatened stop order.

(j) With respect to the Merger of Big Creek into Sunshine, the Merger of Sun Con into Sunshine shall have become effective.

ARTICLE VI

Closing Date

The closing for the consummation of each Merger contemplated by this Agreement shall, unless another date or place is agreed to in writing by the parties hereto, take place at the offices of Messrs. Haynes and Boone in Dallas, Texas, on the date (the "Closing Date") which is no later than the fifth business day after the last to occur of the following dates:

(a) Thirty-five (35) days after the date the stockholders of Sunshine and the Company with respect to which such Merger is proposed shall have given the approval referred to in Article IV, Section 1, hereof; or

(b) The date on which all the conditions set forth in Article V hereof shall have been satisfied, except to the extent any such conditions shall have been waived by Sunshine or by the respective Companies; or

(c) November 1, 1961.

ARTICLE VII

Miscellaneous

1. *Termination.* With respect to each Company, this Agreement may be terminated and the Merger to which such Company is proposed to be a party as contemplated herein may be abandoned (i) by the mutual consent of Sunshine and such Company at any time or (ii) by either Sunshine or

such Company if the Merger to which such Company is proposed to be a party has not been consummated prior to March 31, 1982. In the event of such termination and abandonment, neither Sunshine nor such other Company (or any of its directors or officers) shall have any liability or further obligation to any other party to this Agreement, except that nothing herein will relieve any party from liability for any wilful breach of this Agreement.

2. *Expenses.* Whether or not any Merger is consummated, all out-of-pocket costs and expenses incurred in connection with the Mergers and this Agreement will be paid by the party incurring such expenses.

3. *Brokers.* No broker or finder is entitled to any brokerage or finder's fee or other commission or fee from any Company or based upon arrangements made by or on behalf of any Company Sunshine with respect to the transactions contemplated by this Agreement except for fees payable to New Court Securities Corporation and Foster & Marshall, Inc. pursuant to agreements with each Company dated March 2, 1981, as amended on July 17, 1981, and fees payable to Drexel Burnham Lambert Incorporated by Sunshine.

4. *Non-Survival of Representations, Warranties and Agreements.* None of the representations, warranties, covenants and agreements in this Agreement shall survive the consummation of the Mergers except for the covenants contained in Sections 7 and 10 of Article IV hereof, with respect to which H. F. Magnuson Company, H. F. Magnuson and Norman M. Smith and the officers, directors, employees and agents of each of the Companies shall be third party beneficiaries.

5. *Other Actions.* Each of the parties hereto agrees to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable to consummate the transactions contemplated by this Agreement.

6. *Waiver and Amendment.* Any provision of this Agreement may be waived at any time by the party which is or whose stockholders are, entitled to the benefits thereof and this Agreement may be amended or supplemented at any time. No such waiver, amendment or supplement shall be effective unless in writing and signed by the party or parties necessary thereto.

7. *Entire Agreement.* This Agreement contains the entire agreement between Sunshine and the Companies with respect to the Mergers and the other transactions contemplated hereby.

8. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, except to the extent the laws of the State of Delaware are applicable to the authorization of the Merger by Sunshine.

9. *Descriptive Headings.* The descriptive headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

10. *Notices.* All notes or other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail, postage prepaid, addressed as follows:

If to Sunshine, to:

Sunshine Mining Company
500 Plaza of the Americas - South
Dallas, Texas 75201

Attention of

G. Michael Borwell, Chairman of the Board
President and Chief Executive Officer

With a copy to:

Richard D. Haynes, Esq.
Haynes and Boone
4444 First International Building
Dallas, Texas 75270

If to Silver Dollar Mining Company,
Sunshine Consolidated, Inc. or
Big Creek Apex Mining Company, to:
P. O. Box 480
Wallace, Idaho 83873

Attention of

H. F. Magnuson, President

If to Silver Syndicate, Inc., to:
P. O. Box 800
Wallace, Idaho 83873

Attention of

Norman M. Smith, President

with copies to:

Allen Finkelson, Esq.
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

and

Robert L. Magnuson, Esq.
Witherspoon, Kelley, Davenport & Toole, P.S.
11th Floor, Old National Bank Building
Spokane, Washington 99201

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first hereinabove written.

SUNSHINE MINING COMPANY

By G. MICHAEL BOSWELL
G. MICHAEL BOSWELL,
Chairman of the Board, President
and Chief Executive Officer

SILVER DOLLAR MINING COMPANY

By H. F. MAGNUSON
H. F. MAGNUSON, President

SUNSHINE CONSOLIDATED, INC.

By H. F. MAGNUSON
H. F. MAGNUSON, President

SILVER SYNDICATE, INC.

By NORMAN M. SMITH
NORMAN M. SMITH, President

BIG CREEK APEX MINING COMPANY

By H. F. MAGNUSON
H. F. MAGNUSON, President

Sunshine Mining Company
500 Plaza of the Americas - South
Dallas, Texas 75201

Gentlemen:

I have been advised that as of the date hereof I may be deemed to be an "affiliate" of [Company], an Idaho corporation (the "Company"), as that term is used for purposes of paragraphs (c) and (d) of Rule 145 of the Rules and Regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Act").

Pursuant to the terms of the Agreement and Plan of Merger dated as of July 29, 1981 (the "Agreement"), Sunshine Mining Company, a Delaware corporation ("Sunshine"), the Company and certain other companies providing for the merger of the Company with and into Sunshine (the "Merger"), and as a result of the Merger, I will receive shares of Common Stock par value \$.50 per share of Sunshine (the "Sunshine Shares") in exchange for the shares of Common Stock, par value \$ _____ per share, of the Company owned by me at the effective time of the Merger as determined pursuant to the Agreement.

I represent and warrant to Sunshine that in such event:

A. I will not make any sale, transfer or other disposition of the Sunshine Shares issued to me pursuant to the Merger in violation of the Act or the Rules and Regulations.

B. I have carefully read this letter and the Agreement and discussed its requirements and other applicable limitations upon my ability to sell, transfer or otherwise dispose of the Sunshine Shares, to the extent I felt necessary, with my counsel or counsel for the Company.

C. I have been advised that the issuance of the Sunshine Shares to me pursuant to the Merger has been registered with the Commission under the Act on a Registration Statement on Form S-14. However, I have also been advised that, since at the time the Merger was submitted for a vote of the stockholders of the Company, I may be deemed to have been an affiliate of the Company and the distribution by me of the Sunshine Shares has not been registered under the Act, and that the Sunshine Shares must be held by me for a period of two years after the effective time of the Merger unless (i) such distribution of the Sunshine Shares has been registered under the Act, (ii) a sale of the Sunshine Shares is made in conformity with the volume and other limitations of Rule 145 promulgated by the Commission under the Act, or (iii) in the opinion of counsel reasonably acceptable to Sunshine, some other exemption from registration is available with respect to any such proposed sale, transfer or other disposition of the Sunshine Shares.

D. I understand that Sunshine is under no obligation to register the sale, transfer or other disposition of the Sunshine Shares by me or on my behalf or to take any other action necessary in order to make compliance with an exemption from registration available.

E. I also understand that stop transfer instructions will be given to Sunshine's transfer agents with respect to the Sunshine Shares and that there will be placed on the certificates for the Sunshine Shares, or any substitutions therefor, a legend stating in substance:

"The shares represented by this certificate were issued in a transaction to which Rule 145 promulgated under the Securities Act of 1933 applies. The shares represented by this certificate may only be transferred in accordance with the terms of an agreement dated _____, 1981, between the registered holder hereof and Sunshine Mining Company; a copy of which agreement is on file at the principal offices of Sunshine Mining Company."

F. I also understand that unless the transfer by me of my Sunshine Shares has been registered under the Act or is a sale made in conformity with the provisions of Rule 145, Sunshine reserves the right to put the following legend on the certificates issued to my transferee:

"The shares represented by this certificate have not been registered under the Securities Act of 1933 and were acquired from a person who received such shares in a transaction to which Rule 145 promulgated under the Securities Act of 1933 applies. The shares have been acquired by the holder not with a view to, or for resale in connection with, any distribution hereof within the meaning of the Securities Act of 1933 and may not be sold, pledged or otherwise transferred except in accordance with an exemption from the registration requirements of the Securities Act of 1933."

It is understood and agreed that the legends set forth in paragraphs E and F above shall be removed by delivery of substitute certificates without such legend upon request at any time after two years from the Effective Time of the Merger or if the undersigned shall have delivered to Sunshine an opinion of counsel in form and substance reasonably satisfactory to Sunshine, to the effect that such legend is not required for purposes of the Act.

Nothing contained herein shall be deemed to be an admission on my part that I am in fact an affiliate of the Company.

Very truly yours,

Accepted this day of
 , 1981, by
SUNSHINE MINING COMPANY

By _____

Vice President