

Department of State.

**CERTIFICATE OF REGISTRATION
OF
RED FOX MINING, LTD.**

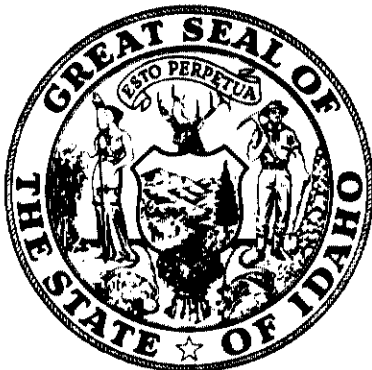
I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that
duplicate originals of an Application of RED FOX MINING, LTD.

_____ for Registration in this State, duly signed and verified pursuant to the provisions of the Idaho Limited Partnership 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 Registration to RED FOX MINING, LTD.

to transact business in this State under the name RED FOX MINING, LTD.
_____ and attach hereto a duplicate original of the Application
for Registration.

Dated **May 27, 1983**



Robt. C. Canaranea

SECRETARY OF STATE

by: _____

APPLICATION FOR REGISTRATION
AS A FOREIGN LIMITED PARTNERSHIP

RED FOX, LTD., Secretary of State
of Idaho pursuant to Idaho Code-249, for registration as
a foreign limited partnership as follows:

1. The name of the foreign limited partnership is RED FOX LTD. The limited partnership proposes to transact business in the state of Idaho under the name RED FOX MINING, LTD.
2. RED FOX MINING, LTD., is a Texas Limited Partnership formed September 3, 1982.
3. The business of the partnership shall be mining and exploration.
4. The name and address of the registered agent for service of process on the foreign limited partnership is as follows:

Dale Y. Anderson
719 West Elm Street
Caldwell, Idaho 83605

5. The address of the principal office of the partnership is 4800 Capital Bank Plaza, 3 Allen Center, Houston Texas 77001. The mailing address of the partnership is c/o Dale Y. Anderson, 719 West Elm Street, Caldwell, Idaho 83605.

6. Red Fox Mining, Ltd., is comprised of The Pearland Cattle Company as general partners. The address of the Pearland Cattle Company is 1114 Sagewillow Lane, Houston, Texas 77089. Its principal officers are Howard Hall, President, and C. A. Hall, Vice President.

A certified copy of the certificate of filing with the Office of the Secretary of State, Austin, Texas, is attached herein.

DATED this 27th day of April, 1983.

GENERAL PARTNER OF
RED FOX LTD.:

PEARLAND CATTLE COMPANY

By Howard Hall
Howard Hall, President

STATE OF IDAHO)
)ss.
County of Ada)


Howard Hall, being first duly sworn, deposes and says:

He is the President of Pearland Cattle Company, the general partner named in the above-entitled Application, and is authorized to make this verification in its behalf.

He has read the foregoing Application for Registration as a Foreign Limited Partnership and knows the contents thereof. The matters set forth in said Application are true to the best of his knowledge, information and belief.


Howard Hall

SUBSCRIBED AND SWORN TO before me this 27th day of April, 1983.


Notary Public for Idaho
Residing at Boise, Idaho



The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED, that

RED FOX, LTD.

filed a certificate of limited partnership in this office on
September 3, 1982;

IT IS HEREBY FURTHER CERTIFIED, that

no cancellation has been filed for said partnership.

*IN TESTIMONY WHEREOF, I have hereunto
signed my name officially and caused to be im-
pressed hereon the Seal of State at my office in
the City of Austin, this*

19th day of April..... A. D. 19 83.




Secretary of State



The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this office:

RED FOX, LTD.


PARTNERSHIP AGREEMENT

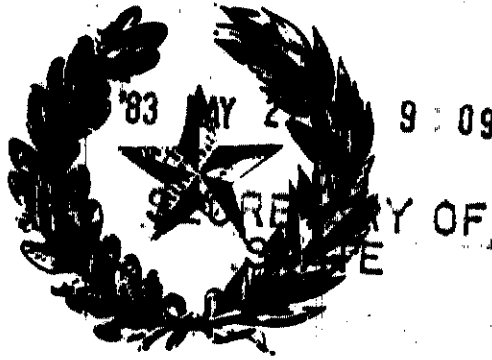
SEPTEMBER 3, 1982



IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

24 day of May, A. D. 1983

vbs 
Secretary of State



The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED, that

RED FOX, LTD.

filed a certificate of limited partnership in this office on
September 3, 1982;

IT IS HEREBY FURTHER CERTIFIED, that

no cancellation has been filed for said partnership.

IN TESTIMONY WHEREOF, I have hereunto
signed my name officially and caused to be im-
pressed hereon the Seal of State at my office in
the City of Austin, this

19th day of April A. D. 19 83.




Secretary of State

PARTNERSHIP AGREEMENT

OF

RED FOX, LTD.

FILED
In the Office of the
Secretary of State of Texas

SEP 3 1982

Clerk III Z
Corporations Section

THIS AGREEMENT of Limited Partnership is entered into and effective as of the 1st day of July, 1982, by and between PEARLAND CATTLE COMPANY (hereinafter referred to as "Original General Partner"), and C.A. Hall (hereinafter referred to as "Original Limited Partner"). (The Original Limited Partner and General Partner are collectively referred to as "Partners".)

ARTICLE I

FORMATION

1.1 Formation. The parties do hereby form a limited partnership (hereinafter called the "Partnership") pursuant to the provisions of Article 6132a, Texas Civil Statutes, as amended (hereinafter referred to as the "Act").

1.2 Name. The Partnership shall be conducted under the firm name and style of RED FOX, LTD.

1.3 Purpose. The business of the Partnership shall be to mine the group of placer mining claims known as The Red Fox/Easy Group situated in the Warren Mining District, Idaho County, Idaho, and to produce, purchase, acquire, prepare for market, sell, dispose of, and deal in and with, minerals, ores, and similar substances, elements, and deposits; to search, prospect and explore for minerals, ores, elements, substances, and deposits of all kinds; to acquire, own, develop, sell and exploit, rights, claims, and interests in lands and the natural resources therein; and to acquire, own, maintain, develop, improve, manage, work, and operate, mines, pits, quarries, collieries, and properties of all kinds, and any articles, materials, machinery, equipment, and supplies, used in connection therewith; to manufacture, separate, reduce, smelt, refine, concentrate, treat, convert, work, produce, sell, dispose of, and deal in and with metals, alloys, metal products, ores, minerals and the products or by-products thereof; and to establish, build, acquire, own, equip, maintain, improve, repair, operate, mortgage, sell, dispose of, and deal in and with, mills, factories, furnaces, converters, smelters, shops, laboratories, offices, buildings, structures and works of all kinds.

1.4 Term. The term of the Partnership shall commence upon the date hereof and shall continue from year to year thereafter for a term of fifty (50) years, unless sooner terminated as herein provided.

1.5 Filing of Certificates. The General Partner shall file and publish all such certificates, notices, statements or other instruments required by law for the formation and operation of a limited partnership in the State of Texas and any other jurisdiction in which the Partnership conducts business.

1.6 Principal Place of Business. The principal place of business and office of the Partnership shall be 4800 Three Allen Center, 333 Clay Street, Houston, Texas 77002, or at such other place as the General Partner may from time to time designate by notice to the Partners and filing an amendment to the Certificate of Limited Partnership. The Partnership may maintain such other offices at such other places as the General Partner may select.

1.7 Partners. The term "Original Limited Partner" shall mean C.A. Hall and each of his respective successors: (i) to whom there shall have been assigned (and who have assumed) the rights and obligations of such Original Partner herein and the obligations of such Original Limited Partner under the certificates evidencing Participation Interest, and (ii) who shall have become a Substitute Limited Partner hereunder. The Original Partner and any assignees of Participation Interests who have elected to become Substitute Limited Partners with consent of the Partnership shall be the "Limited Partners." The term "Partners" shall mean the General Partner, Original Limited Partner, Limited Partners and assignees of Participation Interests.

ARTICLE II

CONTRIBUTION OF THE CORPORATE GENERAL PARTNER, INDIVIDUAL GENERAL PARTNER AND ORIGINAL LIMITED PARTNER

2.1 Contribution of Corporate General Partner. As its contribution to the capital of the Partnership, the Corporate General Partner shall contribute its interest in the group of placer mining claims known as The Red Fox/Easy Group, situated in the Warren Mining District, Idaho County, Idaho.

2.2 Contribution of Original Limited Partner. The contribution of the Original Limited Partner is \$50.00. For such contribution the Original Limited Partner shall be entitled to a .01% interest in the Partnership after the sale of Participation Interests referred to in Paragraph 2.3.

2.3 Additional Cash Contribution of Original Limited Partner. The additional contribution of the Original Limited Partner shall be an amount equal to the funds actually received from the private sale of Participation Interests (referred to in Paragraph 6.2 herein) in an amount of \$300,000.00 which will represent a 50.0% interest in the Partnership.

ARTICLE III

CONTRIBUTION OF ASSIGNEE OF PARTICIPATION INTERESTS

3.1 Total Contributions. The cash contributions by the assignee of Participation Interests shall be \$300,000.00. For the cash contribution of \$12,000.00 an assignee of a Participation Interest shall be entitled to a 2.0% interest in all profits, losses, credits, and cash distributions of the Partnership (hereinafter referred to as a "Participation Interest or Interest").

3.2 Initial Payment. The payment required for the purchase of an Interest shall be payable in one installment.

3.3 Capital Accounts. An individual capital account shall be maintained for each Partner. It shall be credited with his contributions and his distributive share of profits and debited with his withdrawal of capital and his distributive share of losses; provided, that no withdrawal of capital shall be made except if all liabilities of the Partnership, except liabilities to the Partners on account of their contributions, have been paid or if there remains property of the Partnership sufficient to pay such liabilities. No interest shall be paid on capital accounts.

ARTICLE IV

ALLOCATIONS AND COMPENSATION

4.1 General. The losses and profits of the Partnership in each calendar year allocable to each of the Partners shall be determined as follows:

100% of all Partnership deductions and credits arising out of the expenditure of the initial Partnership capital will be allocated to the purchasers of Participation Interests who will contribute all the funds for such purpose. 100% of all Partnership profits and losses arising out of the Partnership activities will be allocated to the assignees of Participation Interests until all the purchasers of Participation Interests have received cash distributions equal to the entire amount paid by the purchasers for their respective Participation Interest. Thereafter Partnership profits, losses, deductions and credits will be allocated to the Partners in proportion to

their respective percentage interest in the Partnership. (50% to the purchasers of Participation Interests, .01% to the Original Limited Partner, and 49.99% to the General Partner.) Cash funds of the Partnership in excess of anticipated Partnership expenses and obligations will be distributed, not less often than annually, pro rata amount all Partners in proportion to their respective interest in the Partnership profits and losses.

4.2 Section 704 Provision. Pursuant to Section 704 of the Internal Revenue Code of 1954, as amended (the "Code"), and for purposes of any applicable state or local income tax law, the Partners agree that the Partnership's income and percentage depletion shall be allocated among the Partners in accordance with the provisions of Subsection 4.1 for the allocation of Partnership profits giving rise to the income, and the Partnership's deductions (except percentage depletion) shall be allocated among the Partners in accordance with the provisions of Subsection 4.1 for the allocation of Partnership losses giving rise to the deduction, and specifically:

- (a) All mining exploration expenditures shall be allocated in the manner in which such expenditures are charged under Subsection 4.1.
- (b) All depreciation with respect to tangible personal property shall be allocated in the manner in which the expenditures for the tangible property are charged under Subsection 4.1.
- (c) Cost depletion shall be allocated in the manner in which the expenditures for the leasehold interest or acreage are charged under Subsection 4.1.
- (d) All losses of the Partnership from the sale, exchange or abandonment of tangible personal property, leasehold interest or acreage shall be allocated in the manner in which the expenditures for such property are charged under Subsection 4.1.
- (e) The basis of tangible personal property, leasehold interests or acreage for purposes of allocating gain from the sale or exchange of such property shall be allocated to the Partners who were charged with the expenditures for such property under Subsection 4.1 (in the manner in which they shared those expenditures), to the extent of their share of the receipts from such sale or exchange under Subsection 4.1, with any remaining basis being allocated to the other Partners in accordance with their share of the receipts from such sale or exchange under Subsection 4.1.

4.3 Special Allocation of Investment Tax Credit. Inasmuch as the assignees of Participation Interest will contribute all of the cash to the Partnership capital which is expended for payment of tangible costs and the purchase of depreciable property or other property described in Section 38 of the Internal Revenue Code, all investment tax credit arising out of such payments will be specifically allocated to the assignees of Participation Interests.

4.4 General Allocation of Profits and Losses. All Partnership profits, losses, deductions and credits arising out of the Partnership operations which are not otherwise allocated herein, shall be allocated to the Partners in proportion to their respective percentage interest in the Partnership.

4.5 Cash Distributions. Cash funds of the Partnership in excess of anticipated Partnership expenses and obligations will be distributed, not less often than semi-annually, pro rata among the Partners in accordance with their respective interest in the Partnership.

4.6 Allocation from Sale of Participating Interests. If any holder of a Participation Interest assigns all or any part of his interest to another and if the General Partner permits the assignment to become effective before the end of the calendar year, all costs and revenues allocable to the interests so assigned will, as between the holder of Participation Interests and his assignee, be allocated on the basis of the number of days in the calendar year that each was the holder of interests without regard to the results of the Partnership operations during the periods before and after the assignment, or, at the option of the General Partner, compute the allocation of profit and loss by an interim closing of the Partnership books. If the General Partner does not permit the assignment to become effective before the end of the calendar year, all costs and revenues allocable to the interests so assigned will, as between the holder of Participation Interests and his assignee, be allocated to the holder of Participation Interests for the entire calendar year.

4.7 Compensation of General Partner. The General Partner will be entitled to a fee of \$300.00 per day for managing or operating the affairs of the Partnership while the mine is being worked.

ARTICLE V

POWERS AND DUTIES OF PARTNERS

5.1 Powers, Duties and Obligations of Limited Partners and Assignees of Participation Interests. No limited Partner or assignee of a Participation Interest shall have the right,

power or authority to participate in the ordinary and routine management of the Partnership affairs or to bind the Partnership in any manner. No Limited Partner (or any officer, director, shareholder, or other person holding a legal or beneficial interest in any Limited Partner) or assignee of a Participation Interest shall, merely by virtue of his interest in the Partnership, be in any way prohibited from, or restricted in engaging in, or possession of an interest in, any other business venture of any nature. Each Limited Partner and assignee of a Participation Interest shall report his pro rata share of each item of taxable income, expense or tax credit in the same manner and to the same extent as reported by the Partnership for Federal Income Tax purposes.

5.2 General Powers, Duties and Obligations of General Partner. Subject to the limitations hereinafter set out, the General Partner shall manage, control and operate the affairs and business of the Partnership to the best of its ability and shall have full, complete and exclusive discretion with respect thereto.

Specifically, without limiting the generality of the foregoing grant of powers to the General Partner, the General Partner shall have the power to execute conveyances, security agreements, assignments, and any contracts or agreements deemed by the General Partner to be proper and in furtherance of the Partnership business and affecting the Partnership and any of its assets. The signature of the General Partner on contracts or agreements of any kind whatsoever shall be sufficient to bind the Partnership.

No person dealing with the General Partner shall be required to determine its authority to make or execute any undertaking on behalf of the Partnership, not to determine any fact or circumstances bearing upon the existence of its authority not to see to the application or distribution of revenues or proceeds incurred in connection therewith.

The General Partner may, in its sole discretion, employ others, including the General Partner or companies or firms with which the General Partner may be associated (hereinafter referred to as "Affiliates"), to sell, manage or otherwise deal with the properties of the Partnership and may pay to such persons from the Partnership assets the standard fees or charges for such services. In this connection, an affiliate is defined as including the General Partner, any wholly-owned corporation of the General Partner or any company or firm owned or controlled by the General Partner. Any amounts to be paid shall be considered an expense in determining net profits of the Partnership.

The General Partner shall not be disqualified from dealing with or contracting with the Partnership either as vendor, seller, purchaser, vendee, buyer, mortgagee, mortgagor, or otherwise, and no transaction of the Partnership shall be void or voidable by reason of the fact that the General Partner is dealing with an affiliate and has an interest in such transaction. No contract or other transaction between the Partnership shall in any way be affected or invalidated by the fact that the General Partner or any agent or employee of the General Partner, is pecuniarily or otherwise interested in, or is a director or officer of such affiliate; or the General Partner, his agents and employees or any person directly or indirectly associated with the General Partner or any affiliate of the General Partner, may be a party to, or may be interested in, any contract or transaction of the Partnership, provided that the fact that the General Partner, its agents or employees or any person directly or indirectly associated with the General Partner, or any affiliate so interested shall be disclosed or shall have been known to the Partnership.

5.3 Obligations not Exclusive. The General Partner and its partners and employees shall devote such part of their time as is reasonably needed to manage the Partnership's business, it being understood that both the General Partner and its affiliates may engage in transactions of their own account, and for the account of others during the life of the Partnership and will serve as general partner or in a similar capacity for other partnerships which are organized to engage in substantially the same business activity as the Partnership organized by this Agreement.

5.4 Specific Powers, Duties and Obligations of the General Partner. The General Partner shall have the following specific duties in addition to others imposed by this Agreement and by operation of law:

- (a) Perform all ministerial acts and duties relating to the payment of all indebtedness, taxes and assessments, due or to become due, with regard to the assets of the Partnership and to give and receive notices, reports and other communications arising out of or in connection with the ownership indebtedness or maintenance of the assets of the Partnership.
- (b) Collect all monies due to the Partnership from the various Partners or other persons and to disburse Partnership funds for Partnership purposes to those persons entitled to receive them.
- (c) Establish, maintain and supervise the deposits and withdrawals of funds of the Partnership into bank accounts.

- (d) Employ accountants and/or auditors or prepare required tax returns and to furnish one copy of each return to each Partner. The fees for the preparation of such tax returns shall be an expense of the Partnership.
- (e) Employ an attorney or attorneys to perform such services as the General Partner may from time to time require for the benefit of the Partnership and pay fees for such services from the funds of the Partnership as the General Partner deems fair and reasonable.
- (f) Supervise the preparation and filing of all Partnership tax returns and, on behalf of the Partnership, make such tax elections and determinations as appear to it appropriate.
- (g) Provide protection to the Partnership and the Partners by purchasing such insurance as it may deem necessary to provide protection with respect to the claims of third parties and to pay for the premiums from the funds of the Partnership.
- (h) The powers of the General Partner include, but are not limited to, the power:

(1) To determine which properties and operations will be participated in by the Partnership;

(2) To acquire, maintain, explore, develop, operate, manage and defend title to properties and operations of the Partnership and explore, test, and abandon or complete, equip, rework, deepen and recomplate mines for the production of minerals substances or enter into, execute and deliver contracts with any third parties, including partnerships in which the General Partner participates, or will participate or has or will have an interest, for such purposes and do any and all other things necessary and desirable in the opinion of the General Partner in the conduct of such operations;

(3) To make any expenditures and incur any obligations it deems necessary for the conduct of the activities of the Partnership and negotiate, execute, deliver and perform, on any terms it deems desirable, operating agreements, and any agreements, instruments, and conveyances customarily employed in the mining industry with any third parties, including the General Partner, partnerships in which the General Partner or any Affiliate of the General Partner participates, or will participate, or has or will have an interest, if such arrangement is considered by the General Partner to be useful or necessary to the conduct of such operations or the implementation of powers granted it under this Agreement;

(4) To conduct or cause to be conducted such geological and geophysical investigations as the General Partner deems appropriate;

(5) To select employees and outside consultants, experts, and contractors, determine their compensation and other terms of employment or hiring, and to employ attorneys, accountants and others to prosecute or defend claims by or against the Partnership or affecting title to any Partnership assets. Without limiting the generality of the foregoing, the General Partner shall have the power and authority, at the expense of the Partnership, to contest any determinations by the Internal Revenue Service to disallow any deductions claimed by the Partnership or any Partner;

(6) To form any further limited or general partnerships, joint ventures, or other relationships which it deems desirable;

(7) To cause the Partnership to become a participant or a general or limited partner in one or more joint ventures or partnerships formed to conduct business of the nature in which the Partnership may engage, and to execute and deliver any and all documents which may be necessary or desirable in connection therewith;

(8) To acquire, manage, encumber, hypothecate, exchange or dispose of any or all of the assets of the Partnership, whether tangible or intangible, movable or immovable (including, without limitation, mines, equipment and production therefrom);

(9) To produce, treat, transport and market minerals recovered from the Partnership's assets and execute sales contracts, and other instruments in connection with the sale of such minerals;

(10) To confess judgment against the Partnership and control any matters affecting the rights and obligations of the Partnership, including the employment of attorneys to advise and represent the Partnership in the conduct of litigation and otherwise incur legal expenses and costs of settlement of claims and litigation against the Partnership;

(11) To make such classifications, determinations and allocations as it may deem advisable, subject to the terms and provisions of this Agreement;

(12) To purchase and maintain such insurance for the benefit of the Partnership and the parties associated with it (which may name the General Partner as the sole insured), as it deems necessary;

(13) To invest Partnership funds, pending their use for other Partnership purposes, in income bearing "money market" instruments, or in a "money market" fund; and

(14) To expend the Partnership's capital, income from the sale of minerals, income from the sale of property interests, income from other sources, borrowings and other funds; and, in furtherance thereof, to pay distributions to the Partners, to execute and deliver all checks, drafts, endorsements and other orders for the payment of Partnership funds.

(i) The General Partner and its agents, servants and employees shall be indemnified and held harmless by the Partnership from and against any and all claims, demands, liabilities, costs, damages and causes of action of any nature whatsoever, arising out of or incidental to the Partnership affairs, including liabilities under the Securities Act of 1933 and the Securities Exchange Act of 1934, provided, however, that neither the General Partner nor its agents, servants or employees shall be entitled to indemnification hereunder where the claim at issue is based upon: (i) a matter entirely unrelated to the Partnership affairs, (ii) the proven negligence or willful misconduct of the General Partner or of its agents, servants or employees, and (iii) the proven breach by the General Partner of any provision of this Agreement. The indemnification rights herein contained shall be cumulative of, and in addition to, any and all other rights, remedies and recourses to which the General Partner or its agents, servants, or employees shall be entitled, whether pursuant to some other provision of this Agreement, at law or in equity.

(j) The General Partner is given a power of attorney as agent on behalf of the Partnership to create, prepare, complete, execute, file, swear to, deliver, endorse, and record any and all instruments, assignments, security agreements, financing statements and writings, as may be necessary from time to time, to implement the borrowing powers contained herein.

ARTICLE VI

ASSIGNMENTS

6.1 Assignment by the General Partner. The General Partner may assign all or part of its interest in the Partnership to any person, firm or corporation selected by it.

6.2 Assignment of Participation Interests. The Original Limited Partner intends to assign substantially all of his economic interest in his Limited Partnership interest in the form of 25 Participation Interests, each representing a ratable interest in the Limited Partnership interest in the Limited Partnership. Each such interest shall be sold for \$12,000.00. However, the General Partner, at its discretion, may sell other fractional Participation Interests provided sales are made to not more than thirty-five (35) persons so as to constitute exempt transactions under the Texas Securities Act, the Federal Securities Acts and any other applicable securities act requirements.

Participation Interests shall be evidenced by certificates in the form attached to this agreement marked "specimen" and the owner thereof shall be entitled to the ratable portion of profits, losses, cash distributions and proceeds of liquidation of the Partnership in respect of the Limited Partnership interest specified in Article IV. The Partnership shall pay all distributions, with respect to the Limited Partnership interest of the Original Limited Partner, directly to the assignee of record of such certificate as indicated by the Participation Interest Registry maintained by the Original Limited Partner for such purpose.

6.3 Participation Interest Registry. The Original Limited Partner shall maintain without cost and expense to the Partnership, a Participation Interest Registry on all certificates of Participation Interest issued and transferred hereunder.

6.4 Restrictions on Transferability. The Participation Interests shall not be transferable except under the conditions set forth below, which conditions are intended to assure compliance with the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the laws of any state regulating the issuance or sale of securities which is applicable to any such transfer.

Each assignee of a Participation Interest has been advised that his interest has not been registered under the Securities Act of 1933, the Securities Exchange Act of 1934, the Texas Securities Act or any other securities act; and, that such interest may not be offered, sold or transferred without registration or the availability of an exemption from registration.

Furthermore, no offer, sale or transfer may take place without the prior written opinion from counsel acceptable to the Partnership that said offer, sale or transfer complies with the requirements of the applicable securities act; and, if required by the General Partner, a "no-action" letter from the Securities and Exchange Commission.

Each holder of a Participation Interest agrees, prior to any transfer or attempt to transfer his interest, to give written notice to the Partnership. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall contain an undertaking to furnish such additional information as may be required by the Partnership. In addition, the holder of a Participation Interest shall furnish an opinion of his own counsel, in form and substance satisfactory to the General Partner, that the transfer may be effected without registration under the Texas, Federal or any other applicable securities act requirements, and furnish, if required by the General Partner, a "no-action" letter from the Securities and Exchange Commission and the Texas Securities Board that they will take "no action" with respect to the proposed transfer. Upon receipt of such letter of notification, opinion of counsel and "no-action" letters, the Partnership shall effect the transfer of the interest of such holder of Participation Interest.

6.5 Assignment of Participation Interests. Subject to the provisions of and compliance with the terms and conditions above, should any Limited Partner or holder of a Participation Interest (hereinafter called "Selling Partner"), desire to sell or otherwise dispose of his Partnership Interest, or any portion thereof, he shall deliver to the General Partner a written instrument in which he shall:

- (a) State his intention to sell or dispose of his interest or designated portion thereof.
- (b) State the price and terms for which he is willing to sell such interest.
- (c) Offer to sell such interest, or portion thereof, to the General Partner on the same terms and conditions at any time within thirty (30) days following delivery of such written offer to the General Partner.

At any time during the 30-day period after the delivery of such offer, the General Partner shall have the prior right and option to purchase the Partnership interest, or designated portion thereof, of the Selling Partner on the terms and at the price set forth in the offer. If this option is not exercised by the General Partner, the Selling Partner may, at any time within thirty (30) days after the expiration of such 30-day

period, sell such interest not purchased to any third party upon the same terms and conditions stated in the offer provided that the purchaser assumes all (or a proportionate part) of the obligations of the Selling Partner hereunder. If the sale is not completed within such 30-day period, the notice given to the General Partner shall be deemed to have expired and a new notice and option shall be required before any sale or disposition is made of the Partnership interest of the Selling Partner. Any purchaser of an interest from the Selling Partner shall execute such further documents as may be required by the General Partner.

6.6 Right to Become Substitute Limited Partner. No assignee of the whole or any portion of a Limited Partner's interest in the Partnership shall have the right to become a Substitute Limited Partner in place of his assignor, unless (i) his assignor shall designate such intention in the instrument of assignment, and (ii) the written consent of the General Partner to such substitution shall be obtained, the granting or denial of which shall be within the sole and absolute discretion of the General Partner. The failure or refusal by the General Partner to grant such consent (whether pursuant to the exercise of the discretionary power granted herein, or in violation of the provisions hereof) shall not affect the validity and effectiveness of such instrument as an assignment of any profits accruing to a Limited Partnership interest. Any such assignment of profits shall be recognized by the General Partner only if the instrument of assignment is in the form satisfactory to the General Partner, and a duly executed and acknowledged counterpart is filed with the General Partner. In no event shall the consent of any of the other Limited Partners be required to effectuate such substitution. Notwithstanding the granting of the aforementioned consent by the General Partner, the admission of an assignee as a Substitute Limited Partner shall be further conditioned upon (i) the assignment instrument being in form and substance satisfactory to the General Partner, (ii) the assignor and assignee named therein executing and acknowledging such other instruments as the General Partner may deem necessary or desirable to effectuate such admission, (iii) the assignee's written acceptance and adoption of all of the terms and provisions of this Agreement, as the same may have been amended, and (iv) such assignee paying or obligating himself to pay as the General Partner may determine, all reasonable expenses and legal fees connected with such admission, including, but not limited to, the cost of preparing, filing and publishing any amendment to the Certificate of Limited Partnership to effectuate such transfer.

6.7 Survival Liabilities. It is expressly understood and agreed that no sale or transfer of a Partnership interest, even if it results in substitution of the assignee or vendee as a Limited Partner herein, shall release the transferor or vendor

from those liabilities to the Partnership which survive such assignment or sale as a matter of law, such as those set forth in Sections 7 and 18 of the Act.

6.8 Admission of Additional General Partner. The General Partner may admit an additional General Partner to the Partnership or assign his interest in the Partnership in accordance with the provisions of Paragraph 6.1 herein. In the event that the General Partner or any such assignee or additional General Partner is a corporation, neither this Paragraph nor anything else contained in, or inferable from, this Agreement shall be considered to prohibit such General Partner from merging, consolidating or recognizing with any other corporation so long as the surviving corporation shall assume all liabilities, rights, powers, and duties of the General Partner hereunder.

6.9 Right to Take Production in Kind. Notwithstanding anything herein to the contrary, the Partnership shall not enter into any agreement with any other person whereby the Partnership acquires any right to placer ore production or any proceeds from the sale or disposition thereof unless the Partnership shall have the right to take its share, and only its share, of production in placer ore produced rather than cash or other form of payment, unless in the opinion of counsel to the Partnership the failure to reserve the right to take production in kind will not result in the treatment of the parties to the agreement as an association taxable as a corporation for Federal income tax purposes, nor shall the Partnership enter into any agency relationship with any co-owner or co-owners of any interest in any properties with respect to disposition of its share of placer ore production unless such agency is terminable at the Partnership's will and the duration of all contracts and agreements entered into by such agent on behalf of the Partnership is consistent with the minimum needs of the industry under the circumstances and does not exceed one year.

ARTICLE VII

EXPENSES AND CHARGES

7.1 Expenses of General Partner. The General Partner shall charge the Partnership for all costs incurred by the General Partner in managing and operating the Partnership and performing its duties as General Partner, including, but not limited to, the compensation of the General Partner's officers and employees during the period they are employed on Partnership business, and the cost of any equipment, supplies and other materials furnished by the General Partner to the Partnership. Where any expenses of the General Partner relate to both Partnership and non-Partnership business, they shall be allocated by the General Partner on any reasonable basis consistent with generally accepted accounting practices. Costs charged to the

Partnership shall be reviewed by the Partnership's independent public accountants as part of their annual examination of the accounts of the Partnership. All Partners shall bear their share of all charges pursuant to this Paragraph in proportion to their interest in the Partnership.

7.2 Expenses and Charges Not Chargeable to the Partnership. No expenses or charges shall be paid or recovered out of Partnership funds except those provided for in Paragraph 7.1 and 5.4 hereof.

ARTICLE VIII

ACCOUNTING AND REPORTING

8.1 Accounting. The accounting period of the Partnership shall be January 1 to December 31 of each year. The net profits, gains and losses of the Partnership shall be determined as soon as practicable after the close of each calendar year and allocated to the Partners in accordance with this Agreement. Any charges and expenses which are not expressly apportioned by this Agreement shall be apportioned in accordance with the interest of the Partners in the Partnership. No provision under this Paragraph 8.1 shall increase directly or indirectly the liability of the Partners for debts and obligations of the Partnership.

8.2 Books and Records. The General Partner shall keep or cause to be kept proper and usual books and records pertaining to the Partnership's affairs showing all of its assets and liabilities, receipts and disbursements, realized profits and losses, Partners' capital accounts, and all transactions entered into by the Partnership. The books and records and all files of the Partnership shall be kept at its principal office or such other office as the General Partner may designate for such purpose, and all Partners and their representatives shall at all reasonable times have free access thereto for the purpose of inspecting or copying the same.

8.3 Banking. All Partnership funds shall be deposited in a bank account or accounts selected by the General Partner which may be an account in common with other partnerships controlled by the General Partner or any person authorized to do so by the General Partner.

8.4 Distributions. Subject to the requirements of applicable law and Paragraph 4.6, distributions of Partnership funds shall be made at such times and in such amounts, and shall consist of money or property, as the General Partner in its sole discretion shall determine; provided, however, that such distributions shall be made pro rata among all Partners in accordance with their interest in the Partnership.

8.5 Income Tax Matters. The General Partner shall supervise the preparation and filing of all Partnership tax returns and shall, on behalf of the Partnership, make such tax elections and determinations as appear to it appropriate (including the election for computing the share of profits and losses provided in Section 706(c)(2)(13) of the Internal Revenue Code). Each item of taxable income, expense deduction, or tax credit, shall be allocated among the Partners in accordance with the terms of this Agreement.

No election shall be made by any Partner to be excluded from the application of the provisions of Subchapter K of the Internal Revenue Code, or from any similar provisions of state tax laws, and no such election shall be made by the Partnership.

In the event of the transfer of a Participation Interest, or the death of a holder of a Participation Interest, or the distribution of any Partnership property to any Partner, or assignee of a Participation Interest, the General Partner, on behalf of the Partnership, may, at the General Partner's option, file an election, in accordance with applicable Treasury Regulations, to cause the basis of the Partnership's property to be adjusted for Federal income tax purposes as provided in Sections 734, 743 and 754 of the Internal Revenue Code, as then in effect; and may, at the election of the General Partner, either prorate income and loss in proportion to that part of the year during which the Partner was a member of the Partnership or compute the allocation of profit and loss by an interim closing of the Partnership books, all in accordance with the election provided by Section 706(c)(2)(A) of the Internal Revenue Code.

ARTICLE IX

DISSOLUTION AND LIQUIDATION

9.1 The Partnership Shall Be Dissolved Upon the Occurrence of the First of the Following Events:

- (a) The expiration of the term set forth in Paragraph 1.4 hereinabove.
- (b) The retirement, death or insanity of the General Partner or the occurrence of any other act which would legally disqualify the General Partner from acting hereunder, unless within forty-five (45) days after the effective date of such retirement, death or insanity, the remaining General Partners agree to continue the Partnership and the Successor General Partner assumes and agrees to perform all the obligations of the General Partner set forth herein.

- (c) The express written consent of all Partners.
- (d) Termination of the Partnership business and disposition of all the Partnership property.
- (e) By any event which makes it unlawful for the business of the Partnership to be carried on or for the members to carry it on in partnership.
- (f) The occurrence of any other circumstances which, by law, dissolves the Partnership.

Upon the death, legal disability or bankruptcy of a Partner, the legal representative of such Partner or of his estate shall have the right to agree with the remaining Partners to continue the Partnership. In such event, said legal representative of such Partner or of his estate shall have the respective rights and liabilities provided for in this Agreement and by applicable law.

The Partnership shall not dissolve upon the sale of assignment of all or any part of a Participation Interest.

9.2 Partnership Not Terminated By Dissolution. On dissolution the Partnership is not terminated, but continues until the winding up of Partnership affairs is completed. The General Partner, or its successor, shall have the exclusive right to wind up the Partnership affairs and, in connection therewith, shall have all of the powers and assume all of the obligations of the General Partner described in this Agreement to the same extent as if the Partnership had not been dissolved.

9.3 Final Accounting. When the winding up of the Partnership affairs is completed, an accounting shall be made of the accounts of the Partnership, the account of each Partner thereof, and of the Partnership's assets, liabilities and operations, from the date of the last previous accounting to the date of such winding up.

9.4 Liquidation and Priorities on Dissolution. Upon dissolution or liquidation of the Partnership, the General Partner shall make provisions for payment of all debts and obligations to the creditors of the Partnership in the order provided by law, except those to Limited Partners on account of their contributions and to the General Partner. If the assets of the Partnership are not sufficient to pay such debts and obligations, the General Partner shall pay the difference from his own funds and shall have no further responsibility hereunder. If the assets of the Partnership are in excess of such debts and obligations, such excess, shall be distributed in the form of cash only and in the following priority pro rata among the Partners:

- (a) To Limited Partners and holders of Participation Interests in respect to their share of the profits and other compensation by way of income on their contributions.
- (b) To Limited Partners and holders of Participation Interests in respect to the capital of their contributions.
- (c) To General Partners other than for capital and profits.
- (d) To General Partners in respect to profits.
- (e) To General Partners in respect to capital.

If any Partner dies or becomes incompetent prior to the completion of the liquidation, his legal representatives or successor-in-interest shall receive the payments such Partner should otherwise be entitled to receive.

ARTICLE X

MISCELLANEOUS

10.1 Notices. Notices or instruments of any kind which may be or are required to be given hereunder by any Partner to another shall be in writing and deposited in the United States Mail, Certified or Registered, postage paid, addressed to the respective Partner at the post office appearing in the Participation Interest Registry. Any Limited Partner or holder of a Participation Interest may change his address by giving notice in writing, stating his new address to the General Partner or the Original Limited Partner. Notices shall be deemed to have been given when deposited in the United States Mail within the United States.

10.2 Title to Partnership Property. Title to Partnership assets shall be held in the name of the Partnership or in the name of the Partnership's nominee. If any General Partner or nominee of the Partnership shall at any time acquire title or a beneficial interest in any of the properties, he shall certify to the Partnership by instrument duly executed in form for recording in the county in which such property is located, that he is acting only in the capacity of nominal record title holder of beneficial owner for the benefit of the Partnership pursuant to the terms of this Agreement.

10.3 Loan to Partnership. If any Partner (other than the General Partner) shall, in addition to his contribution to the Capital of the Partnership, lend any monies to the Partnership, the amount of any such loan shall not be deemed an increase of his capital account or entitle him to any increase in his share

of the distributions of the Partnership, but the amount of any such advance shall be an obligation of the Partnership to such Partner and shall be repaid to him, with interest computed at the prime rate charged from time to time by First City National Bank of Houston, Houston, Texas, except that the General Partner shall not be personally obligated to repay such advances, which shall be repayable and collectible only out of assets of the Partnership.

10.4 Appointment of Successor Limited Partner. The original Limited Partner hereby irrevocably covenants and agrees for the benefit of the holders of Participation Interests from time to time outstanding, that he will take such action as shall be necessary or appropriate (consistent with his status of Original Limited Partner) to secure compliance by the Partnership with the provisions of the Partnership Agreement and at all times maintain a valid and binding agreement authorizing the General Partner to agree with a natural person or corporation who has been approved by the Partnership pursuant to which such person (or corporation) agrees: (i) to become the Successor Original Limited Partner upon the withdrawal, bankruptcy, incapacity or death of the Original Limited Partner, thereby succeeding to all the rights and obligations of the Original Limited Partner under the Partnership Agreement, and (ii) to assume and perform all the obligations of the Original Limited Partner hereunder. The Original Limited Partner similarly covenants and agrees that it will not consent to any amendment of the Partnership Agreement which adversely affect the rights, liabilities or share of Partnership profits, losses and cash distributions, without the prior approval of the holders of a majority of the outstanding Participation Interests.

10.5 Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

10.6 Power of Attorney. By the execution of this Agreement or as a holder of an interest hereunder, the Partners (other than the General Partner) do hereby irrevocably constitute and appoint the General Partner their true and lawful attorney-in-fact and agent to effectuate, with full power and authority, to act in their name, place and stead, in effectuating the purposes of the Partnership including the exception, acknowledgement, delivery, filing and recording of a Certificate of Limited Partnership as well as all amendments thereto, all assumed name certificates, documents, deeds, bills of sale, assignments, and other instruments of conveyance, leases, contracts, loan documents and/or counterparts thereof, and all other documents which may be required to effectuate a continuation of the Partnership and which the General Partner deems necessary or reasonably appropriate. The power of attorney granted herein shall be deemed to be coupled with an interest, shall be irrevocable and shall survive the death, incompetency or legal disability of a Partner (other than the General Partner).

10.7 Amendment. This Partnership Agreement may be amended or modified only by the consent of the General Partner and the Original Limited Partner. In the event any such amendment adversely affects the rights, liabilities or share of Partnership profits, losses and cash distributions of the holders of Participation Interests, the Original Limited Partner is required to obtain the affirmative vote or consent of holders of a majority of Participation Interests prior to giving approval to any amendment or modification of this Agreement. The consent or approval of holders of Participation Interests may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Participation Interests in person or by agent or attorney appointed in writing. The form of any such instrument shall be determined by the Original Limited Partner. The fact of a holding of any Participation Interest shall be proved by the Participation Interest Registry and the Original Limited Partner may fix an appropriate record date for purposes of determining those holders entitled to vote.

10.8 Construction of Agreement. The captions used in this Agreement are for convenience only and shall not be construed in interpreting this Agreement. Wherever the context so requires, the masculine shall include the feminine unless the context clearly requires a different interpretation.

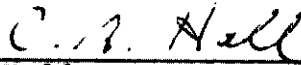
10.9 Binding Effect. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations of the jurisdictions in which the Partnership does business. If any provision of this Agreement, or the application thereof to any person or circumstances, shall, for any reason and to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

PEARLAND CATTLE COMPANY

By: 

Howard Hall, President
Original General Partner


C.A. Hall
Original Limited Partner

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared HOWARD HALL, President of the PEARLAND CATTLE COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 30th day of August, 19 82.

Laura Iced
Notary Public in and for
THE STATE OF T E X A S

My commission expires on the 30th day of April, 19 85.

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared C.A. HALL, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 30th day of August, 19 82.

Laura Iced
Notary Public in and for
THE STATE OF T E X A S

My commission expires on the 30th day of April, 19 85.