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Original

~~BOOK~~ 0 PAGE 531

THE WINDRIVER PARTNERSHIP

1.

This partnership agreement is entered into and effective as of July 7, 1983, by Theodore Youngquist, Merv Lovenburg, Jack A. Whitley, II, and Jeff Good, "the Partners."

2.

The Partners desire to form a general partnership under the laws of the State of California for the purposes and on the terms and conditions stated in this agreement.

3.

Theodore Youngquist, Merv Lovenburg and Jack A. Whitley, II, have been engaged in a Gold Mining business at Georgetown, California, as a partnership under the firm name The Windriver Partnership. They now desire to admit Jeff Good to their partnership, and all the members of the expanded partnership desire to amend and clarify the terms and conditions of their partnership agreement and to reduce their agreement to writing.

4.

The parties to this agreement agree to become Partners and to form a general partnership under the laws of the State of California, and therefore agree as follows:

Registered	<u>E</u>
Indexed	<u>E</u>
Direct	<u>E</u>
Recorded	<u>E</u>
Filed	<u>X</u>



5.

The name of the partnership shall be The Windriver Partnership.

6.

The partnership's principal place of business shall be at Post Office Box 1450, Georgetown, in Placer County, California. The principal place of business may be changed from time to time and other places of business may be established by actions taken in accordance with the provisions of this agreement that govern management of the partnership's business and affairs.

7.

The partnership shall begin as of the date of this agreement and shall continue until one or more of the Partners shall give ten days written notice to the partnership and to the other Partners of his election to dissolve the partnership. Twenty days after this notice is given the partnership shall dissolve and its affairs shall be wound up, unless it has dissolved or terminated earlier as provided in this agreement.

8.

The purposes of the partnership are to engage in the business of Gold Mining, and to do all things related to, incidental to, or in furtherance of that business.

9.

The Partners, or any one of them, on the partnership's behalf shall sign and cause to be filed and published an appropriate

fictitious business name statement under the California business and Professions Code within 40 days after the partnership begins doing business, within 40 days after any subsequent change in its membership, and before the expiration of any previously filed statement. Each of the parties to this agreement appoints Jack A. Whitley, II, as his agent and attorney-in-fact solely to execute on his behalf any such fictitious business name statement relating to this partnership.

10.

The partnership's initial capital shall consist of the properties shown in Exhibit A to this agreement. That exhibit sets forth the amounts that the Partners agree are the market values of the respective items of property and identifies the Partners who shall contribute the respective properties to the partnership. Those market values shall be deemed to be the amounts of the initial capital contributions of the Partners contribution to the partnership within five days after the date of this agreement.

11.

No partner may make any voluntary contribution of capital to the partnership without the consent of all the Partners.

12.

No partner may withdraw capital from the partnership without the consent of all the Partners.

13.

No partner shall be entitled to receive any interest on his capital contribution.

14.

No partner shall lend or advance money to or for the partnership's benefit without the approval of all of the Partners.

If any partner, with the requisite consent of the other Partners, lends any money to the partnership in addition to his contribution to its capital, the loan shall be a debt of the partnership to that partner and shall bear interest at the rate of 10% per annum. The liability shall not be regarded as an increase of the lending Partner's capital, and it shall not entitle him to any increased share of the partnership's profits.

15.

The partnership's profits and losses shall be shared equally among the Partners.

16.

Within twenty days after the end of each fiscal year of the partnership there shall be distributed in cash to the Partners, in proportion to their respective shares in the partnership's profits, amounts equal to the partnership's net profit for that fiscal year computed under this agreement.

17.

If The Windriver Lease is sold, or assigned, simultaneously

with distribution of the partnership's profits for each fiscal year during which the partnership is paid all or any part of the proceeds of that sale, there shall also be distributed in cash to the Partners an amount equal to the cash proceeds realized by the partnership during that year on the sale, including payments on account of principal, but not including interest on any purchase-money obligation received by the partnership because of the sale. That amount shall be allocated for distribution to the Partners in a manner that will result in the distribution to the Partners of the partnership's gain or loss from the sale being proportionate to their respective shares in the gain or loss from the sale, reportable by them for federal income tax purposes, except as otherwise expressly provided in this agreement. Each Partner's share of such distributions of proceeds from any sale of capital assets shall be charged to his capital account.

18.

Each partner shall be entitled to draw against profits such amounts as shall from time to time be agreed on by ^{all JW} a majority in ~~interest~~ of the Partners. These amounts shall be charged to the Partners' drawing accounts as they are drawn.

19.

The aggregate amounts distributed to the Partners from the partnership's profits shall not, however, exceed the amount of cash available for distribution, taking into account the partnership's reasonable working capital needs as determined by ^{all JW} a majority in ~~capital interest~~ of the Partners.

20.

The fiscal year of the partnership shall be the calendar year.

21.

The partnership books shall be kept on the cash basis.

22.

An individual capital account shall be maintained for each partner, and his capital contribution in cash or property shall be credited to that account. No additional share of profits or losses shall inure to any partner because of changes or fluctuations in his capital account.

23.

The partnership's net profit or net loss for each fiscal year shall be determined as soon as practicable after the close of that fiscal year in accordance with the accounting principles employed in the preparation of the federal income tax return filed by the partnership for that year, but without any special provisions for tax-exempt or partially tax-exempt income.

24.

Proper and complete books of account of the partnership business shall be kept at the partnership's principal place of business and shall be open to inspection by any of the Partners or their accredited representatives at any reasonable time during business hours. The accounting records shall be maintained in accordance with generally accepted bookkeeping practices for this

type of business.

25.

Within forty days after the end of each fiscal year of the partnership, the partnership shall furnish to each partner an Annual Report. This Report shall consist of at least (a) a copy of the partnership's federal income tax returns for that fiscal year, (b) supporting profit and loss statements, (c) a balance sheet showing the partnership's financial position as of the end of that fiscal year, and (d) any additional information that the Partners may require for the preparation of their individual federal and state income tax returns.

26.

The following acts may be done only with the consent of each and every partner:

(a) Borrowing money ^{or incurring any obligations} in the partnership's name, other than ~~in the ordinary course of the partnership's business or to finance any part of the purchase price of the partnership's properties.~~ J. B.

(b) Transferring, hypothecating, compromising, or releasing any partnership claim except on payment in full.

(c) Selling, leasing, or hypothecating any partnership property or entering into any contract for any such purpose, other than in the ordinary course of the partnership's business and other than any hypothecation of partnership property to secure a debt resulting from any transaction permitted under (a).

(d) Knowingly suffering or causing anything to be done whereby partnership property may be seized or attached or taken in

execution, or its ownership or possession otherwise endangered.

27.

All partnership funds shall be deposited in the partnership's name and shall be subject to withdrawal only on the signatures of at least two Partners, except that a separate account may be maintained with a balance never to exceed \$5,000. The amounts in that separate account shall be subject to withdrawal on the signature of the managing partner.

28.

It is understood and agreed that each partner may engage in other enterprises, including enterprises in competition with the partnership, and that the Partners need not offer business opportunities to the partnership but may take advantage of those opportunities for their own accounts or for the accounts of other partnerships or enterprises with which they are associated. Neither the partnership nor any other partner shall have any right to any income or profit derived by a partner from any enterprise or opportunity permitted by this section.

29.

No partner shall be entitled to any salary.

30.

A new partner may be admitted to the partnership, but only with the written approval of each and every partner. Each new partner shall be admitted only if he shall have executed this agreement and an

appropriate supplement to it, in which he agrees to be bound by the terms and provisions of this agreement as they may be modified by that supplement. Admission of a new partner shall not cause dissolution of the partnership.

31.

A newly admitted Partner's capital contribution and share of the partnership's profits and losses shall be set forth in the written consents of the Partners consenting to the admission of the new partner.

32.

In the case of a Partner's death, permanent physical or mental disability, or voluntary withdrawal from the partnership, the partnership shall not dissolve or terminate but its business shall continue without interruption and without any break in continuity. On the death, disability, or withdrawal of any partner, the others shall not liquidate or wind up the affairs of the partnership, except as otherwise provided in this agreement, but shall continue to conduct a partnership under the terms of this agreement with any successor or transferee of the deceased or withdrawn partner.

33.

A partner shall cease to be a partner and shall have no interest in common with the remaining Partners or in partnership property when the partner does any of the following:

- (1) Obtains or becomes subject to an order for relief

under the Bankruptcy Code;

(2) Obtains or becomes subject to an order or decree of insolvency under state law;

(3) Makes an assignment for the benefit of creditors;

(4) Consents to or suffers the appointment of a receiver or trustee to any substantial part of his assets that is not vacated within twenty days.

(5) Consents to or suffers an attachment or execution on any substantial part of his assets that is not released within twenty days; or

(6) Consents to or suffers a charging order against his interest in the partnership that is not released or satisfied within twenty days.

From the date of that event, he shall be considered in equity as a vendor to the partnership of his share of the partnership's assets at a price equal to the credit balance of his capital account at that date. That amount shall be considered a debt owed by the partnership to that partner or his assignee or trustee, and all necessary deeds and other documents shall be executed for the vesting of the Partner's share in the partnership.

34.

Each partner may transfer his interest in the partnership without dissolving the partnership by the transfer, but such a transfer shall not constitute the transferee a partner or entitle him to any of the rights of a partner, other than the right to receive as much of the transferor's share of distributions of the partnership's profits as is transferred to the transferee. Until the transferee

is admitted to the partnership in substitution for his transferor under the provisions of this agreement for admitting new Partners, such a transfer shall not terminate any of the transferor's obligations.

35.

A partner may transfer all or part of his interest in the partnership only as follows:

- (1) To the partnership or to any other partner;
- (2) By succession or testamentary disposition on his death;
- (3) By a gift to his spouse or to his children, or to a trustee for his spouse or children or both;
- (4) To a corporation if, immediately following the transfer, the partner making the transfer owns at least 50% of that corporation's voting shares; or
- (5) To any person after the partner making the transfer has first offered the other Partners their rights of first refusal in accordance with the provisions of this agreement dealing with those rights of first refusal.

36.

If any partner receives an offer, whether or not solicited by him, from a person not then a partner to purchase all or any portion of his interest in the partnership, and if the partner receiving the offer is willing to accept it, he shall give written notice of the amount and terms of the offer, the identity of the proposed transferee, and his willingness to accept the offer to each of the

other Partners. The other Partners shall have the option, within thirty days after that notice is given, to purchase the designated interest or designated portion of the interest of the partner giving notice on the same terms as those contained in the offer. The other Partners may exercise this option jointly or individually. If more than one partner exercises the option individually, the partner giving notice may choose whose exercise of the option he shall accept.

37.

Except as otherwise provided, the value of a Partner's interest in the partnership for purposes of this agreement shall be the sum of the following items as of the date the value is to be determined after the accounting records have been closed under the partnership's accounting practices, consistently applied:

- (a) The credit balance in the Partner's capital account;
 - (b) The amount of any debt owed to the partner by the partnership;
 - (c) The Partner's proportionate share of the partnership's net profit for the current fiscal year to the date as of which the computation is made and not yet reflected in the Partner's capital (or drawing) account; or, if the partnership operations for that period show a loss, the Partner's proportional share of any such loss shall be deducted; and
 - (d) Any other sums due the partner from the partnership;
- but
- (e) Less any debt owed by the partner to the partnership.

38.

Except as otherwise provided, whenever the partnership is obligated or, having the right to do so, chooses to purchase a Partner's interest, it shall pay for that interest, at its option, in cash or by promissory note of the partnership, or partly in cash and partly by note. Any promissory note shall be dated as of the effective date of the purchase, shall mature in not more than five years, shall be payable in installments that come due not less frequently than annually, shall bear interest at the rate of 10% per annum, and may, at the partnership's option, be subordinated to existing and future debts to banks and other institutional lenders for money borrowed.

39.

Except as otherwise provided, the continuing partnership shall pay, as they mature, all partnership obligations and liabilities that exist on the effective date of termination and shall save the terminating partner harmless from any action or claim arising or alleged to arise from those obligations or from liabilities accruing after that date.

40.

On any dissolution of the partnership under this agreement or applicable law, except as otherwise provided in this agreement, the continuing operation of the partnership's business shall be confined to those activities reasonably necessary to wind up the partnership's affairs, discharge its obligations, and preserve and distribute its assets. Promptly on dissolution, a notice of

dissolution shall be published under section 15035.5 of the California Corporations Code or any equivalent successor statute then applicable.

41.

Each partner shall indemnify and hold harmless the partnership and each of the other Partners from any and all expense and liability resulting from or arising out of any negligence or misconduct on his part to the extent that the amount exceeds the applicable insurance carried by the partnership.

42.

This agreement may be amended at any time and from time to time, but any amendment must be in writing and signed by each person who is then a partner.

43.

Any written notice to any of the Partners required or permitted under this agreement shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class or air mail, postage prepaid, and addressed to the addressee at the address stated opposite his name below, or at the most recent address, specified by written notice, given to the sender by the addressee under this provision. Notices to the partnership shall be similarly given, and addressed to it at its principal place of business.

Theodore Youngquist
P.O. Box 1450
Georgetown, CA 95634

Merv Lovenburg
P.O. Box 1798
La Jolla, CA 92038

Jack A. Whitley, II
6331 Hollywood Blvd.
Suite 414
Los Angeles, CA 90028

Jeff Good
P.O. Box 700
Ft. Sumner, N.M. 88119

44.

The parties may execute this agreement in two or more counterparts, which shall, in the aggregate, be signed by all the parties; each counterpart shall be deemed an original instrument as against any party who has signed it.

  45.

~~This agreement is executed and intended to be performed in the State of California, and the laws of that state shall govern its interpretation and effect.~~

46.

This agreement shall be binding on and inure to the benefit of the respective successors, assigns, and personal representatives of the parties, except to the extent of any contrary provision in this agreement.

47.

If any term, provision, covenant, or condition of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the rest of the agreement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

48.

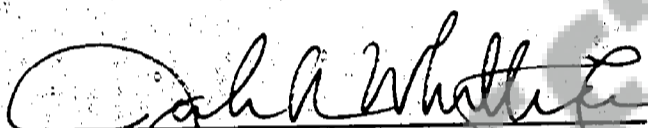
This instrument contains the entire agreement of the parties relating to the rights granted and obligations assumed in this instrument. Any oral representations or modifications concerning this instrument shall be of no force or effect unless contained in a subsequent written modification signed by the party to be charged.


49.

Each partner hereby represents, warrants, and covenants to and with the partnership and each of the other Partners that the interest in the partnership being acquired by him is being acquired for his own personal account not with a view to or for sale in connection with any distribution of that interest or any portion thereof, and that he has no contract, undertaking, or arrangement with any person to sell or transfer to such person or to have any person sell for him all or any portion of his interest in the partnership, or to afford or allow any participation therein by any other person. The foregoing warranties and covenants do not preclude the existence of such rights, if any, as a Partner's spouse may have as to his partnership interest under community property laws.

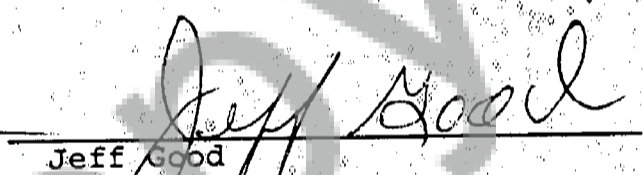
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IN WITNESS WHEREOF, the Partners have executed this agreement as of the date first shown above.


Theodore Youngquist, by
Jack A. Whitley, II, under
Power of Attorney


Merv Lovenburg, By
Jack A. Whitley, II, under
Power of Attorney


Jack A. Whitley, II


Jeff Good

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Exhibit A

CASHIER'S CHECK

186813

Jeff Good

DATE 7-6-83 19

95-11
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PAY TO THE
ORDER OF

MILTON MITCHEK** S**100,000.00**

1ST NATIONAL BANK 100000

DOLLARS

1st National Bank of Roswell
Roswell, New Mexico

[Handwritten Signature]

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