

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



FINANCIAL WARRANTY CERTIFICATION OF NET WORTH AND CERTIFICATION OF FIXED ASSETS

Operator: _____

Operation: _____

Permit No.: _____

This form has been approved by the Mined Land Reclamation Board pursuant to sections 34-32-117, C.R.S., of the Mined Land Reclamation Act and 34-32.5-117, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials. Any alteration or modification of this form, without approval by the Board shall result in the financial warranty being invalid and result in the voiding of any permit issued in conjunction with such invalid financial warranty and subject the operator to cease and desist orders and civil penalties for operating without a permit pursuant to sections 34-32-123, C.R.S., of the Mined Land Reclamation Act and 34-32.5-123, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials.

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, the Colorado Mined Land Reclamation Act, C.R.S. 1973, 34-32-101 et seq. (the "Act"), as amended, provides that no permit may be issued under the Act until the Mined Land Reclamation Board (the "Board") receives a Financial Warranty (or Warranties) as described in the Act.

WHEREAS, _____ (the "Operator"), a _____ corporation, has applied for a permit to conduct a mining operation known as _____ (the "Operation"), on certain lands in _____ County, Colorado. These lands are described in the permit application and are referred to herein as the "Affected Lands".

WHEREAS, as part of the application for the permit, the Operator has agreed to be bound by all requirements of the Act and all applicable rules and regulations of the Board, as amended from time to time.

WHEREAS, in its application for the permit, the Operator has agreed with the Board to provide for reclamation of the Affected Lands that are now or may become subject to the permit, as required by law.

WHEREAS, the Board has determined, in accordance with the Act, that the estimated costs of reclamation of the Affected Lands are those amounts for the stated periods of time as set forth in Exhibit B hereto, which may be amended from time to time to reflect revised estimates of said costs of reclamation.

WHEREAS, the Board has determined that the Financial Warranty by the Operator equals the estimated costs of reclamation, as approved by the Board, with regard to the Affected Lands.

WHEREAS, as proof of its financial responsibility, the Operator has proceeded pursuant to C.R.S. 1973, 34-32-117(VII)(A)(B)(C)(D) of the Act and has submitted a certified financial statement for the Operator's most recent fiscal year, attached hereto as Exhibit C, and a certification by an independent auditor, attached hereto as Exhibit D, that as of the close of said fiscal year:

- a. the Operator's net worth was at least ten million dollars and was equal to or greater than two times the amount of this Financial Warranty (or Warranties);
- b. the Operator's tangible fixed assets in the United States were worth at least twenty million dollars;
- c. the Operator's total liabilities-to-net-worth ratio was not more than two to one; and
- d. the Operator's net income, excluding non-recurring items, was positive.

NOW, THEREFORE, the Operator is held hereby firmly unto the State of Colorado in the amount of those sums for those periods of time as set forth in Exhibit B, until this Financial Warranty is amended or released in accordance with applicable law.

The Board may, for good cause shown, increase or decrease the amount and duration of this Financial Warranty. The Operator shall have sixty (60) days after the date of notice of any such adjustment to fulfill all new requirements.

The Operator shall notify the Board within sixty (60) days of any net loss incurred in any quarterly period and shall notify the Board immediately of any event which may impair this Financial Warranty. If the Board receives such notice, or otherwise has reason to believe that this Financial Warranty has been materially impaired, it may convene a hearing in accordance with the Act for the purpose of determining whether impairment has occurred.

As long as this Financial Warranty shall remain in effect, the Operator shall annually file with the Board a certification by an independent auditor that, as of the close of the Operator's most recent fiscal year, the Operator continued to meet all the applicable requirements of Section 34-32-117(VII)(A)(B)(C)(D) of the Act. If the Operator no longer meets said requirements and/or Board approval, then the Operator shall file an alternate form of Financial Warranty with the Board.

The obligation of the Operator shall continue until the Board has released this Financial Warranty or has ordered it forfeited in accordance with applicable provisions of the Act. It is understood that periods of years may necessarily be required before determination can be made that reclamation of the Affected Lands has been satisfactorily completed. It is also recognized that, as reclamation is accomplished, the amount of this Financial Warranty may be reduced with the approval of the Board so that it reflects the then current estimated cost of the remaining reclamation of the Affected Lands. No revision, extension, or renewal of the permit or of the time allowed to complete reclamation shall diminish the Operator's obligation under this Financial Warranty.

In any single year during the life of the permit, the amount of the Financial Warranty shall not exceed the estimated cost of fully reclaiming all lands to be affected in said year, plus all lands affected in previous permit years and not yet fully reclaimed. Reclamation costs shall be computed with reference to current reclamation costs.

The amount of this Financial Warranty is based upon estimates as to the cost of reclamation, and does not operate to liquidate, limit, enlarge, or restrict the Operator's obligations to complete the reclamation, even though the actual costs thereof may substantially exceed the amount of this Financial Warranty.

This Financial Warranty shall be subject to forfeiture whenever the Board determines that any one or more of the following circumstances exist:

1. A Cease and Desist Order entered pursuant to Section 34-32-124 of the Act has been violated, and the

APPROVED:

State of Colorado
Division of Reclamation, Mining and Safety
Mined Land Reclamation Board

By: _____
Division Director

Date: _____

Enclosure

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EXHIBIT B

PERMIT NO.: _____

AMOUNT: _____

FROM: _____ THRU LIFE OF MINE
 Commencement Date

(Subject to change pursuant to the Colorado Mined Land Reclamation Act. Article 32 of Title 34, C.R.S. 1973, as Amended)

(1/93) NET WORTH