

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

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Denver, Colorado 80203

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ONE SITE EXPLORATION BOND

LETTER OF CREDIT

Exploration Bond No. _____

Notice of Intent 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 we (I), _____, of the County of _____, in the State of _____, as Principal(s) are (am) held hereby and firmly bound unto the State of Colorado, acting through the Mined Land Reclamation Board in the sum of _____ Dollars (\$ _____) for the payment of which sum, well and truly to be made, we hereby bind ourselves, and each of our legal representatives, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has filed a Notice of Intent to Conduct Exploration Operations with the Mined Land Reclamation Board on the following premises, indicated on the Notice of Intent filed with the Board, which is attached hereto and thereby incorporated by reference, to wit:

NOW, THEREFORE, the conditions of this obligation as such that if the above-bounded Principal shall, in conducting such exploration operations, faithfully perform the provisions of the Notice of Intent to Conduct Exploration Operations filed with the Mined Land Reclamation Board and the requirements of the plan to implement reclamation measures to reclaim all lands affected by the exploration operations approved and modified by the Mined Land Reclamation Board, relating to the Colorado Land Reclamation Act for the Extraction of Construction Materials, as amended (1995 Session Laws, S.B. 156) and the Rules and Regulations adopted pursuant thereto; upon the Mined Land Reclamation Board making a finding that the lands described above have been satisfactorily reclaimed, and approving the Explorer's request for a bond release on such lands, then this obligation shall be exonerated and discharged and become null and void; otherwise to remain in full force and effect.

If this Financial Warranty applies to National Forest System lands, and if this Financial Warranty is accepted by the United States Forest Service ("U.S.F.S.") as the bond required under 36 C.F.R. 228.13, then the Explorer, having requested that the Board and the U.S.F.S. accept this single Financial Warranty in lieu of the separate bonds which would otherwise be required by applicable law, hereby agrees that, notwithstanding any other provision hereof, or of law, this Financial Warranty shall remain in full force and effect until U.S.F.S. has advised the Board by written notice that the Explorer's obligations to U.S.F.S., for which this Warranty is executed, have been satisfied, and until the financial warranty has been released by the Board.

If this Financial Warranty applies to lands under the jurisdiction of the State Board of Land Commissioners

("Land Board"), and if this Financial Warranty, in whole or in part, is accepted by the Land Board as the bond required under its applicable law and procedures, then the Explorer, having requested that the State accept this Financial Warranty in lieu of the separate bonds which would otherwise be required by the Colorado Mined Land Reclamation Board or Division of Reclamation, Mining and Safety and by the Land Board, hereby agrees that, notwithstanding any other provision hereof, or of law, this Financial Warranty shall remain in full force and effect until the Board is notified in writing by the Land Board that the Explorer's obligations to the Land Board, for which this Warranty is executed, have been satisfied, and until the financial warranty has been released by the Board.

If all or any part of the Affected Lands are under the jurisdiction of the Bureau of Land Management, United States Department of the Interior (the "BLM"), and if, at the request of the Explorer on this Financial Warranty, the BLM has, pursuant to 43 C.F.R., 3809.570, accepted this Financial Warranty then, notwithstanding any other provision of this Financial Warranty, or of law, the Explorer and Warrantor hereby agree that this Financial Warranty shall not be release until the Board is advised in writing by the BLM that the Explorer's obligations to the BLM, for which this Warranty is executed, have been satisfied, and until the financial warranty has been released by the Board. The Explorer agrees that this Warranty shall also be redeemable by the Colorado State Director, U.S. Bureau of Land Management.

PROVIDED, however, the Surety shall not be liable under this bond for an amount greater in the aggregate than the sum designated in the first paragraph hereof, unless increased by a later amendment, and shall not be liable as respects any obligation related to exploration and reclamation operations performed after the effective date of a cancellation of this bond pursuant to the terms of Section 34-32-117(3), C.R.S. 1995, as amended (1995 Session Laws, S.B. 156). This bond shall remain in force and effect as respects all obligations for all exploration and reclamation operations performed prior to the effective date of such cancellation unless the Principal files a substitute bond which: 1) assumes liability for all obligations for all exploration and reclamation operations performed during the effective date of this bond; and 2) is acceptable to the Mined Land Reclamation Board; or unless the Mined Land Reclamation Board otherwise releases this surety.

The Warrantor reserves the right to cancel this Financial Warranty, effective only upon an anniversary date, and only by giving written notice to that effect, mailed by Certified Mail, at least ninety (90) days prior to such anniversary date, addressed to both the Explorer at its address herein stated, and to the Board at the address herein stated. In the event of such cancellation, this Financial Warranty shall nevertheless remain in full force and effect as respects the reclamation of all areas disturbed prior to the effective date of such cancellation, unless and until the Explorer shall file a substitute Financial Warranty which: (1) assumes liability for all reclamation obligations which shall have arisen at any time while this Financial Warranty is in force; and (2) is accepted in writing by the Board.

Signed, sealed, and dated this _____ day of _____, _____.

Principal

By

Title

Mailing Address

Principal

By

Title

Mailing Address

APPROVED:

Division Director

Date

M:\min\share\PROSPECT\One Site Exp Bond Letter of Credit (10/1/07)