

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

CASH ESCROW ACCOUNT

Operator: _____

Operation: _____

Permit Number: _____

Escrow Agent: _____

Street: _____

City: _____

State: _____

Telephone: (_____) _____

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 YE ALL BY THESE PRESENTS, THAT:

WHEREAS, the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et seq. (the "Act") and the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. 34-32.5-101 et seq. (the "Construction Materials Act"), provide that no reclamation permit ("Permit") may be issued under the Act or the Construction Materials Act until the Mined Land Reclamation Board (the "Board") receives a financial warranty (or warranties) as described in the Act or the Construction Materials 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 are described in the Permit application, as amended and supplemented, and are referred to herein
as the "Affected Lands."

WHEREAS, in the application for the Permit the Operator has agreed to be bound by all requirements of the Act or the Construction Materials Act and all applicable rules and regulations of the Board, as amended from time to time.

WHEREAS, in the 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 or the Construction Materials Act that the estimated costs of reclamation of the Affected Lands are those amounts for the stated periods of time as set forth herein. Said amount 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, the Operator, in accordance with the Act or the Construction Materials Act, has promised and hereby promises the Board that it will be responsible for all of the estimated costs of reclamation with regard to the Affected Lands.

WHEREAS, as proof of its financial responsibility, the Operator has proceeded pursuant to Section 34-32-117(3)(a) of the Act or Section 34-32.5-117 (a) of the Construction Materials Act and _____ (financial institution), State of _____ (the "Escrow Agent"), to open an escrow account in the amount of _____ Dollars (\$ _____) for the life of the mine or until such time as replacement is received, and has delivered it to the State, to be held by the State as proof of the Operator's financial responsibility under this Financial Warranty.

NOW THEREFORE, the operator is hereby held firmly unto the State of Colorado in the amount of those sums for those periods of time as set forth herein, 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 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 or the Construction Materials Act for the purpose of determining whether impairment has occurred.

In the event of forfeiture, the Board shall present a Board Order for payment of the account to the Board. No other condition precedent need be fulfilled to entitle the Board to receive the amount of any such account. However, if upon completion of reclamation by the Board the cost of reclamation is less than the amount received from the account, the excess shall be promptly refunded to the Operator.

The obligation of the Operator shall continue until all reclamation requirements have been fulfilled and all bond release requirements met. In the event that the Board forfeits this financial warranty and the funds are insufficient to complete reclamation, the Operator shall remain liable for the actual cost of reclaiming the affected lands. 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.

Upon completion of reclamation by the Operator, and if the Board finds the reclamation satisfactory under bond

release requirements, the Board shall release the Financial Warranty and terminate the Escrow Agreement.

The amount of this Financial Warranty is based on estimates of 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 or Section 34-32.5-124 of the Construction Materials Act has been violated, and the corrective action proposed in such order has not been completed although ample time to have done so has elapsed; or
2. The Operator is in default under its Performance Warranty, and such default has not been cured although written notice and ample time to cure such default has been given; or
3. The Operator has failed to maintain its Financial Warranty in good standing as required by the Act or the Construction Materials Act; or
4. The Operator no longer has the financial ability to carry out its obligations in accordance with the Act or the Construction Materials Act.

The description of lands herein is for convenience of reference only, and no error in such description, nor any revision of the permitted mining area, nor the disturbance by the Operator of lands outside of the permitted mining area shall alter or diminish the obligations of the Operator hereunder, which shall extend to the reclamation of all such lands disturbed.

If this Financial Warranty applies to National Forest System lands, and if this Financial Warranty is accepted by the United States Forest Service, United States Department of Agriculture, ("USFS") as the bond required under 36 C.F.R. 228.13, then the Operator, having requested that the Board and the USFS 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 USFS has advised the Board by written notice that the Operator's obligations to USFS for which this warranty is executed have been satisfied and until its release has been approved 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 Operator, 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 Operator's obligations to the Land Board, for which this warranty is executed, have been satisfied and until its release is approved 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, ("BLM") and if at the request of the Operator on this Financial Warranty the BLM has, pursuant to 43 C.F.R. 3809.1-9, accepted this Financial Warranty in lieu of requiring a separate reclamation bond payable to the United States, then, notwithstanding any other provision of this Financial Warranty or of law, the Operator hereby agrees that this Financial Warranty shall not be released until the Board is advised in writing by the BLM that the Operator's obligations to the BLM, for which this warranty is executed, have been satisfied and until its release is approved by the Board.

This Financial Warranty may be executed in multiple copies, each of which shall be treated as an original, but together they constitute only one agreement, the validity and interpretation of which shall be governed by the laws of the State of Colorado.

The provisions hereof shall bind and inure to the benefit of the parties hereto and their successors and assigns.

Signed and dated this _____ day of _____, _____.

Operator (SEAL)

By: _____
Authorized Signature

Title

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

STATE OF _____)
_____) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, _____,
by _____ as _____ of _____.

NOTARY PUBLIC

My Commission expires: _____

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

By: _____
Division Director

Date: _____