



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

June 23, 2022

Gabriel Sweet
Big Rock Exploration, LLC
2505 W. Superior St.
Duluth, MN 55806

**Re: Klondike Basin Exploratory Drilling Project- COSLB Section, File No. P-2022-007,
NOIAcceptance, Request for Financial and Performance Warranties**

Dear Mr. Sweet:

The Division of Reclamation, Mining and Safety (Division) has completed the review of your Notice of Intent to Conduct Prospecting (NOI) Application. Therefore, final acceptance from the Division for your Notice of Intent to Conduct Prospecting (NOI) project known as the Klondike Basin Exploratory Drilling Project – COSLB Section is hereby granted and your application is **accepted**.

Division Staff conducted a Reclamation Cost Estimate based on the details of your application. Staff calculations determined that the total cost to achieve reclamation of the project to be \$12,390.00 (Cost Estimation Worksheets Enclosed). To date, the Division has received the minimum bond required for filing of \$2,000.00. Please provide the Division with either a replacement Financial Warranty for the full amount or the \$10,390.00 difference along with the appropriate Financial Warranty Form. In addition to the Financial Warranty, please execute and submit the Performance Warranty (Enclosed) and Affidavit of Authority (enclosed). Once the Financial and Performance Warranties are received and accepted by the Division you will be issued an Authorization to Proceed Letter.

Also, in accordance with Rule 5.6, the Annual Report, Map and associated fee of \$86.00 per site must be submitted on your approval anniversary for each year following the filing of an NOI until reclamation responsibility release is granted. If you have any questions, concerns or need additional information please feel free to contact me at the Division's Grand Junction Field Office, by phone at 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

Sincerely,

Lucas J. West
Environmental Protection Specialist
Division of Reclamation, Mining and Safety

Cc: Travis Marshall, Senior Environmental Protection Specialist
James Blair, BLM

Ec: Gabriel Sweet, Big Rock Exploration, LLC.
Rob Duncan, Alianza Minerals, LTD.



Encl. Reclamation Cost Estimate Worksheets
 Cash/ Check for Deposit in State Treasury Form
 Performance Warranty Form
 Affidavit of Authority

COST SUMMARY WORK

Task description: Cost Summary

**Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: Section

New App

Permit/Job#: P2022007

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 6/23/2022

County: San Miguel

Filename: P007-000

User: LJW

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	P & A Drill Hole (Hole Reclaimed Before Next is Drilled)	BOREHOLE	1	0.00	\$3,952
002	Regrade 6 drill pads	DOZER	1	4.94	\$905
003	Regrade 2191 feet of new roads	DOZER	1	5.00	\$917
004	Ripping compacted areas	RIPPER	1	1.54	\$334
005	Revegetate Affected Lands	REVEGE	1	8.00	\$1,475
006	Secondary Seeding	REVEGE	1	4.00	\$767
007	Mobilization	MOBILIZE	1	8.26	\$2,086
<u>SUBTOTALS:</u>				31.74	\$10,436

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02

Total = \$211

Performance bond: 1.05

Total = \$110

Job superintendent: 0.00

Total = \$0

Profit: 10.00

Total = \$1,044

TOTAL O & P = \$1,364

CONTRACT AMOUNT (direct + O & P) = \$11,800

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0

Total = \$0

Engineering work and/or contract/bid preparation: 0.00

Total = \$0

Reclamation management and/or administration: 5.00

\$590

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$1,954

TOTAL BOND AMOUNT (direct + indirect) = \$12,390

BOREHOLE SEALING WORK

Task description: P & A Drill Hole (Hole Reclaimed Before Next is Drilled)

**Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: Section

New App

Permit/Job#: P2022007

PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 6/23/2022

County: San Miguel

Filename: P007-001

User: LJW

Agency or organization name: DRMS

UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
Bentonite seal	Bentonite seal - 4 in. (labor, equip, materials)	3.75	670	670.00	LF	\$5.65	\$3,785.50
Concrete Seal	Portland cement grout - 4 in. (labor, equip, materials)	3.75	30	30.00	LF	\$5.55	\$166.50

Job Hours: 0.00

Total Cost: \$3,952.00

BULLDOZER WORKTask description: **Regrade 6 drill pads****Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: **Section**

New App

Permit/Job#: P2022007

PROJECT IDENTIFICATION

Task #: 002

State: Colorado

Abbreviation: None

Date: 6/23/2022

County: San Miguel

Filename: P007-002

User: LJW

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D6T LGP

Horsepower: 200

Blade Type: Straight

Attachment: 3-shank ripper

Shift Basis: 1 per day

Data Source: (CRG)

Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	\$66.27	NA
Operating Cost/Hour:	\$66.34	100
Ripper own. Cost/Hour:	\$9.32	NA
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$41.30	NA
Total unit Cost/Hour:	\$183.23	
Total Fleet Cost/Hour:	\$183.23	

MATERIAL QUANTITIES

Initial Volume: 800

Swell factor: 1.000

Loose volume: **800 LCY**

Source of estimated volume: 8 60x60x 1ft deep/27

Source of estimated swell
factor: Cat Handbook**HOURLY PRODUCTION**

Average push distance: 50 feet

Unadjusted hourly
production: 444.6 LCY/hr

Materials consistency description: Loose stockpile 1.2

Average push
gradient: 0 %

Average site altitude: 6,400 feet

Material weight: 3,300 lbs/LCY

Weight description: Decomposed rock - 75% Rock, 25% Earth

Job Condition Correction Factor

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)
Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.700	(FND-MF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.697	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.3645

Adjusted unit
production: 162.06 LCY/hr

Adjusted fleet
production: **162.06** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$1.131/LCY

Total job time: **4.94** Hours

Total job cost: **\$905**

BULLDOZER WORKTask description: **Regrade 2191 feet of new roads****Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: **Section**

New App

Permit/Job#: **P2022007****PROJECT IDENTIFICATION**Task #: **003**State: **Colorado**Abbreviation: **None**Date: **6/23/2022**County: **San Miguel**Filename: **P007-003**User: **LJW**Agency or organization name: **DRMS****HOURLY EQUIPMENT COST**Basic Machine: **Cat D6T LGP**Horsepower: **200**Blade Type: **Straight**Attachment: **3-shank ripper**Shift Basis: **1 per day**Data Source: **(CRG)****Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$66.27	NA
Operating Cost/Hour:	\$66.34	100
Ripper own. Cost/Hour:	\$9.32	NA
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$41.30	NA
Total unit Cost/Hour:	\$183.23	
Total Fleet Cost/Hour:	\$183.23	

MATERIAL QUANTITIESInitial Volume: **811**Swell factor: **1.000**Loose volume: **811 LCY**Source of estimated volume: **2191 LF 10' wide x 1' deep/ 27**Source of estimated swell
factor: **Cat Handbook****HOURLY PRODUCTION**Average push distance: **50 feet**Unadjusted hourly
production: **444.6 LCY/hr**Materials consistency description: **Loose stockpile 1.2**Average push
gradient: **0 %**Average site altitude: **6,400 feet**Material weight: **3,300 lbs/LCY**Weight description: **Decomposed rock - 75% Rock, 25% Earth**

Job Condition Correction Factor

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)
Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.700	(FND-MF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.697	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.3645

Adjusted unit
production: 162.06 LCY/hr

Adjusted fleet
production: **162.06** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$1.131/LCY

Total job time: **5.00** Hours

Total job cost: **\$917**

BULLDOZER RIPPING WORK

Task description: Ripping compacted areas

**Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: Section

New App

Permit/Job#: P2022007

PROJECT IDENTIFICATION

Task #: 004 State: Colorado Abbreviation: None
Date: 6/23/2022 County: San Miguel Filename: P007-004
User: LJW

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D7R DS XR Series II Horsepower: 240
Ripper Attachment: 3-Shank Ripper Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	<u>\$81.02</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$79.33</u>	<u>100</u>
Ripper Ownership Cost/Hour:	<u>\$9.32</u>	<u>NA</u>
Ripper Operating Cost/Hour:	<u>\$5.93</u>	<u>100</u>
Operator Cost/Hour:	<u>\$41.30</u>	<u>NA</u>
Total Unit Cost/Hour:	<u>\$216.90</u>	
Total Fleet Cost/Hour:	<u>\$216.90</u>	

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA Bank Volume: NA BCY NA
Area: 0.65 acres Rip Depth (ft): 1.00 Volume: 1,049 BCY or CCY

Source of estimated quantity: Ripping as needed assumed 1/2 disturbed area (1.25 Ac)

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

Average Ripping Depth: 2.45 feet/pass
Average Ripping Width: 6.50 feet/pass
Average Ripping Length: 40.00 feet/pass
Average Dozer Speed: 88.00 feet/minute
Average Maneuver Time: 0.25 minutes/pass
Production per unit area: 0.508 acres/hour

Job Condition Correction Factors

Unadjusted Hourly Unit Production: 0.508 Acres/hr
Site Altitude: 6,400 feet
Altitude Adj: 1.00 (CAT HB)
Job Efficiency: 0.83 (1 shift/day)
Net Correction: 0.83 multiplier

Adjusted Hourly Unit Production: 0.42 Acres/hr
Adjusted Hourly Fleet Production: **0.42** Acres/hr

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: **1.54** Hours

Unit cost: \$514.107 Per acre

Total job cost: \$334

REVEGETATION WORKTask description: Revegetate Affected Lands**Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: SectionNew AppPermit/Job#: P2022007**PROJECT IDENTIFICATION**Task #: 005State: ColoradoAbbreviation: NoneDate: 6/23/2022County: San MiguelFilename: P007-005User: LJWAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
	\$
Total Tilling Cost/Acre	\$0.00

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Blue Grama - Native	0.96	15.67	\$13.18
Indian Ricegrass - Native	7.42	24.02	\$48.23
Galleta	4.94	18.03	\$110.41
Western Wheatgrass - Arriba	5.00	12.63	\$32.50
Needle and Thread	5.20	13.73	\$217.62
Saltbush, Four Wing	0.50	0.69	\$6.25
Winter Fat	0.50	1.27	\$10.25

Basin Wildrye - Trailhead	2.06	8.37	\$31.74
Totals Seed Mix	26.58	94.41	\$470.18

Application

Description	Cost /Acre
Broadcast seeding [DMG]	\$267.22
Total Seed Application Cost/Acre	\$267.22

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
Total Mulch Materials Cost/Acre				\$0.00

Application

Description	Cost /Acre
	\$
Total Mulch Application Cost/Acre	\$0.00

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres: 1.25 Cost /Acre: \$737.40
 Estimated Failure Rate: 60% Cost /Acre*: \$737.40
 *Selected Replanting Work Items: SEEDING

Initial Job Cost: **\$921.75**
 Reseeding Job Cost: **\$553.05**
 Total Job Cost: **\$1,475**
 Job Hours: **8.00**

REVEGETATION WORKTask description: Secondary Seeding**Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: SectionNew AppPermit/Job#: P2022007**PROJECT IDENTIFICATION**Task #: 006State: ColoradoAbbreviation: NoneDate: 6/23/2022County: San MiguelFilename: P007-006User: LJWAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
	\$
Total Tilling Cost/Acre	\$0.00

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Blue Grama - Native	0.96	15.67	\$13.18
Indian Ricegrass - Native	7.42	24.02	\$48.23
Galleta	4.94	18.03	\$110.41
Western Wheatgrass - Arriba	5.00	12.63	\$32.50
Needle and Thread	5.20	13.73	\$217.62
Saltbush, Four Wing	0.50	0.69	\$6.25
Winter Fat	0.50	1.27	\$10.25

Basin Wildrye - Trailhead	2.06	8.37	\$31.74
Totals Seed Mix	26.58	94.41	\$470.18

Application

Description	Cost /Acre
Broadcast seeding [DMG]	\$267.22
Total Seed Application Cost/Acre	\$267.22

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
Total Mulch Materials Cost/Acre				\$0.00

Application

Description	Cost /Acre
	\$
Total Mulch Application Cost/Acre	\$0.00

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres:	0.65	Cost /Acre:	\$737.40
Estimated Failure Rate:	60%	Cost /Acre*:	\$737.40
*Selected Replanting Work Items:	SEEDING		
Initial Job Cost:	\$479.31		
Reseeding Job Cost:	\$287.59		
Total Job Cost:	\$767		
Job Hours:	4.00		

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mobilization****Klondike Basin Exploratory
Drilling Project - COSLB**

Permit Action:

Site: **Section**

New App

Permit/Job#: P2022007

PROJECT IDENTIFICATION

Task #: 007

State: Colorado

Abbreviation: None

Date: 6/23/2022

County: San Miguel

Filename: P007-007

User: LJW

Agency or organization name: DRMS

EQUIPMENT TRANSPORT RIG COST

Shift basis: 1 per day

Cost Data Source: CRG Data

Truck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT
TRAILER (25T, 50T, AND 100T)**Cost Breakdown:**

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$21.28	\$37.94	\$47.67
Operating Cost/Hour:	\$26.55	\$50.48	\$56.21
Operator Cost/Hour:	\$20.54	\$20.54	\$20.54
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$68.37	\$132.49	\$147.95

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Cat D6T LGP	28.63	\$75.59	\$132.49	1	\$208.08	\$132.49	\$250.00
Subtotals:					\$208.08	\$132.49	\$250.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$12.93	1	\$12.93	\$12.93
Subtotals:			\$12.93	\$12.93

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	NATURITA	
Total one-way travel distance:	16.00	miles
Average Travel Speed:	15.00	mph

Total Non-Roadable Mob/Demob Cost *	\$2,058.87
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$27.58
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.07	1.07
Return Time (Hours):	1.07	1.07
Loading Time (Hours):	1.00	NA
Unloading Time (Hours):	1.00	NA
Subtotals:	4.13	2.13

JOB TIME AND COST

Total job time:	8.27	Hours
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Total job cost:	\$2,086
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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



ONE SITE PROSPECTING FINANCIAL WARRANTY ON BUREAU OF LAND MANAGEMENT LAND CHECK FOR DEPOSIT IN STATE TREASURY

Prospecting Financial Warranty No. _____

Notice of Intent No. _____

This form has been approved by the Mined Land Reclamation Board ("Board") pursuant to section 34-32-117, C.R.S., of the Colorado Land Reclamation Act. 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 Prospector to cease and desist orders and civil penalties for prospecting without a permit pursuant to section 34-32-123, C.R.S., of the Colorado Land Reclamation Act.

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 (I) hereby bind ourselve(s), and each of our (my) 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 Prospecting Operations with the 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 prospecting operations, faithfully perform the provisions of the Notice of Intent to Conduct
Prospecting Operations filed with the Board and the requirements of the plan to implement reclamation measures to
reclaim all lands affected by the prospecting operations approved and modified by the Board, relating to the Colorado
Land Reclamation Act as amended, and the Rules and Regulations adopted pursuant thereto; upon the Board making
a finding that the lands described above have been satisfactorily reclaimed, and approving the Prospector's request for
a financial warranty 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 Prospector, 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 Prospector'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 Prospector, having requested that the State accept this financial warranty in lieu of the separate bonds which would otherwise be required by the 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 Prospector'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 Prospector 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 Prospector hereby agrees that this financial warranty shall not be released until the Board is advised in writing by the BLM that the Prospector'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 Prospector agrees that this warranty shall also be redeemable by the Colorado State Director, U.S. Bureau of Land Management.

PROVIDED, however, the Warrantor shall not be liable under this financial warranty 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 prospecting and reclamation operations performed after the effective date of a cancellation of this financial warranty pursuant to the terms of Section 34-32-117(5), C.R.S. , as amended. This financial warranty shall remain in force and effect as respects all obligations for all prospecting and reclamation operations performed prior to the effective date of such cancellation unless the Principal files a substitute financial warranty which: 1) assumes liability for all obligations for all prospecting and reclamation operations performed during the effective date of this financial warranty; and 2) is acceptable to the Board; or unless the Board otherwise releases this financial warranty.

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 Prospector 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 Prospector 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

Principal

By

By

Title

Title

Mailing Address

Mailing Address

APPROVED:

Division Director

Date



COLORADO

**Division of Reclamation,
Mining and Safety**

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

Documentation of Legal Authority to Execute Financial Warranty Documents

The Colorado Mined Land Reclamation Board (“Board”) has adopted the attached Affidavit of Authority to Execute Financial Warranty Documents pursuant to the Mined Land Reclamation Act (C.R.S. § 34-32-101 et. seq.) and the Land Reclamation Act for the Extraction of Construction Materials (C.R.S. § 34-32.5-101 et. seq.). The Board and the Division of Reclamation Mining and Safety (“Division”) have determined that, in order to carry out the financial warranty requirements set forth in C.R.S. §§ 34-32-117 and 34-32.5-117 with reasonable diligence, it is prudent to verify the legal authority of the individual signing all necessary documents.

Accordingly, you must provide confirmation of the legal authority of the individual signing all Financial Warranty Documents to the Division. You may do so either by submitting a resolution of the decision-making body of your company that authorizes an individual to sign the Financial Warranty Documents on the company’s behalf, or by completing and notarizing the attached affidavit. The Division reserves the right to require the attached affidavit in all circumstances. Please note that if you are a sole proprietor who is executing documents on your own behalf, documentation of legal authority is unnecessary.



Affidavit of Authority to Execute Financial Warranty Documents

Before me this day, the undersigned _____ [name of authorized person], in his/her capacity as _____ [title of authorized person] ("Affiant"), personally appeared and, being first duly sworn upon oath said:

1. This affidavit is being executed and submitted on behalf of _____ [name of business organization], a(n) _____ [legal form of business organization, *e.g.*, corporation, partnership, limited liability company, etc.], in good standing in the State of Colorado (the "Company").
2. It is in the interest of the Company to execute certain financial warranty documents associated with file number _____ (DRMS file number), which are required by the Colorado Mined Land Reclamation Board and Division of Reclamation Mining and Safety pursuant to Colorado law ("Financial Warranty Documents").
3. Affiant is duly authorized to sign such Financial Warranty Documents on behalf of the Company and to bind the Company to the same.
4. Affiant is not prohibited or limited by the Company's governing documents or by any applicable law from executing the Financial Warranty Documents.
5. Affiant will inform the Division of Reclamation Mining and Safety within thirty (30) days in the event that his/her authorization to execute Financial Warranty Documents on the Company's behalf is terminated.

Further, Affiant sayeth not.

Affiant's Name

Signature

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

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

Notary Public _____

My Commission Expires _____



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

PERFORMANCE WARRANTY

Permittee/Operator: _____

Operation known as: _____

Permit Number: _____

This form is approved by the Colorado Mined Land Reclamation Board (“Board”) pursuant to C.R.S. 34-32-117 of the Colorado Mined Land Reclamation Act and C.R.S. 34-32.5-117 of the Colorado Land Reclamation Act for the Extraction of Construction Materials.

All parties are on Notice from this Document that:

The above listed Operator provides this warranty to the Board in conjunction with a reclamation Permit to conduct the above described mining operation on certain lands in Colorado. The “Affected Lands” are described in the above listed reclamation Permit, and include any Permit Amendment(s) approved by the Division of Reclamation Mining and Safety (“Division”).

The Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 *et seq.* (“Hard Rock Act”), and the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. 34-32.5-101 *et seq.* (“Construction Materials Act”), both require a permit issued by the Board to include a written promise by the Operator to comply with all requirements of the Hard Rock and Construction Materials Acts (referred to herein together as “Acts”).

Through the terms and conditions of this performance warranty and Permit, the Operator agrees to be bound by all requirements of the Acts and all Mineral Rules and Regulations of the Board for Hard Rock, Metal, and Designated Mining Operations (2 C.C.R. 407-1) and all Mineral Rules and Regulations of the Board for the Extraction of Construction Materials (2 C.C.R. 407-4) (referred to herein together as “Rules”).

The Operator hereby provides the Board warranties of performance pursuant to C.R.S. 34-32-117(2), (3), and (4)/C.R.S. 34-32.5-117(2), (3), and (4), and promises the Board it will comply with all applicable requirements of the Acts and Rules.

The Operator hereby promises the Board it will comply with all of the terms of the reclamation Permit, including any Permit Amendment(s) approved by the Division. This performance warranty obligation of the Operator shall continue until the Operator’s liability is released by the Board.

The Operator promises to be responsible for reclamation costs up to the amount established by the Board and incorporates its financial warranty to this performance warranty. The Operator agrees to maintain a financial warranty (or warranties) in good standing for the reclamation costs for the entire life of the



Permit. The amount of the financial warranty shall be sufficient to assure the completion of reclamation of affected lands if the Division has to complete such reclamation due to forfeiture. If the Board determines the Operator is in default under this performance warranty and the Operator fails to cure such default, the Operator's financial warranty shall be subject to forfeiture pursuant to C.R.S. 34-32-118/34-32.5-118.

This performance warranty by the Operator is perpetual and shall remain in full force and effect until all obligations have been met and all associated financial warranty is released by the Board. Any release of liability in a succession of Operators shall comply with C.R.S. 34-32-119/34-32.5-119.

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

SIGNED, SEALED AND DATED this _____ day of _____, 20_____.

Operator: _____

Signature: _____

Name: _____

Title: _____

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____
(Day) (Month) (Year)
by _____ as _____
(Name) (Title)
of _____.
(Operator)

NOTARY PUBLIC

My Commission expires: _____

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

By: _____ Date: _____
Division Director