HARD MINERALS DUE DILIGENCE

GENERAL CHECKLIST FOR LAND AND MINING CLAIMS

| RECORDS CHECKED: | Company | County | State | Federal |
|--|---------|--------|-------|---------|
| <u>OWNERSHIP</u> | | | | |
| Record Owner vs. Title Owner: - Are all necessary instruments recorded? Mineral Reservations. | | | | |

EASEMENTS AND RIGHTS OF WAYS

Royalties: Primary and Overriding.

Identify all existing easements and rights of way across private and public lands, including, but not limited to those for roads, electrical transmission lines and water pipelines. Note any rights that terminate at the end of a definite term or upon the cessation of use.

TAXES

Are all real and personal property taxes current? Are there any tax liens of record?

LIENS

Are there any mechanic's and materialman's liens of record?

LEASES / ENCUMBRANCES

Are there any unreleased leases, rights, or other agreements encumbering the property?

MORTGAGES / LOANS

Are there any unreleased mortgages, loans, promissory notes or other monetary obligations?

LITIGATION, LIS PENDENS, JUDGMENTS

Are there any existing or pending legal actions against the landowner filed in county or federal courts? Are there any judgments of record?

SECRETARY OF STATE

The Secretary of State's office in states where property is located, and states where corporate landowners are incorporated and doing business, must be checked for service of process and corporate status. Are corporate landowners in good standing?

COURTS

State, Federal and Bankruptcy courts for the regions where the land is located and the landowner is doing business should be checked to confirm the existence of pending or on-going legal actions, judgments and whether the landowner is subject to an action in bankruptcy court.

WATER RIGHTS

Are all water rights valid? Is registration or similar state statutory requirement? Contact the state agency responsible for water rights. Search appropriate state and county records to verify rights and identify any prior, superior rights.

UNPATENTED MINING CLAIMS

- Was the public domain land open for location when the claims were located?
- Identify the locator(s) of the claim(s).
- Do the forms of the Location Certificates and Affidavits of Labor comply with U.S. and state law?
- Were the Location Certificate and Affidavits of Labor recorded in the county and filed with the BLM in a timely manner?
- Was good assessment work performed? Does it satisfy statutory requirements?
- If applicable, has the \$100 claim Holding Fee in lieu of Assessment Work been paid?
- If the \$100/claim holding fee was paid, was it paid to the BLM on or before August 31, 1993, or as subsequently required by later law?
- What conflicts, if any, exist with third party claims?
- Are there any multiple uses or limitations of activities on U.S. lands such as grazing permits or wildlife considerations that will interfere with activities on the subject properties?

FIELD INSPECTION

A field inspection of the subject property is a necessity. The status on the ground of unpatented lode mining claim monuments and actual location of both the claim boundary monuments and the discovery monuments, plus the existence of recently located conflicting third party claims is particularly important. The inspector should note any condition of concern to the client/employer, such as noncompliance with applicable reclamation laws, existence of wetlands, evidence of hazardous substances not being handled properly, or any situation that could involve groundwater contamination. Any of the foregoing circumstances should be immediately reported to the proper team leader or leaders.

ACKNOWLEDGMENTS

Are the acknowledgments on all agreements, affidavits of labor and other instruments legally correct, considering the state in which the property or properties are located and the actual jurisdiction in which the instrument was signed?

PERMITS, LAND USE & ZONING

- Are all state, local and Federal permits current, including those for mine plans, rights of way, easements, and environmental concerns?
- Are there any restrictions or zoning requirements that may inhibit operations? Does the local government pose any threat to the operation?