

(Letter of Credit must be issued on bank letterhead and/or bank safety paper.)

IRREVOCABLE LETTER OF CREDIT NO. _____

Issued to guarantee performance of reclamation requirements

Date of Issue: _____

Date of Expiry: _____

Beneficiary: South Dakota Department of Environment & Natural Resources
523 East Capitol Avenue
Pierre SD 57501-3182

Amount: _____

Exploration Permit EXNI- _____

Permittee: _____

Gentlemen:

At the request of (**Permittee**) "Permittee", authorized under Exploration Permit EXNI-_____, to conduct exploration operations in _____ County, South Dakota, we hereby establish our Irrevocable Letter of Credit No. _____ in favor of the South Dakota Board of Minerals and Environment, and authorize you to draw on (**Name of Bank, Bank Address**), drafts at sight for any sum or sums not exceeding a total of (\$_____ (**Dollars**)). All drafts drawn under this Irrevocable Letter of Credit will be duly honored by (**Name of Bank**) if presented at (**Name of Bank**) before the expiration date of (**Date of Expiry**) or any extended date provided that:

1. This Irrevocable Letter of Credit shall be automatically extended for additional periods of one year from the expiration date unless (**Name of Bank**) has notified you in writing at least sixty (60) days prior to the expiration date that we elect not to renew this Irrevocable Letter of Credit. Our notice of such election shall be sent by certified mail to the Secretary, South Dakota Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, South Dakota 57501-3182.

2. Any drafts drawn by you under Irrevocable Letter of Credit No. _____ shall bear the clause "Drawn under Irrevocable Letter of Credit No. _____ issued by (**Name of Bank, Bank Address**)" and shall be accompanied by the original Irrevocable Letter of Credit and any amendments and your certification that either or both of the following alternatives exist:

(A) The South Dakota Board of Minerals and Environment has issued written notification that the Permittee has failed to commence and/or complete reclamation requirements, per SDCL 45-6C, the regulations promulgated thereunder, or its exploration permit, and sent written

(Letter of Credit must be issued on bank letterhead and/or bank safety paper.)

notification by certified mail to the Permittee as well as (**Name of Bank**);

OR

(B) **Name of Bank's** notice of election not to renew this Irrevocable Letter of Credit has been received by the South Dakota Department of Environment and Natural Resources and you have not been provided with a bond, letter of credit, or other surety, satisfactory to you as a replacement for the Irrevocable Letter of Credit to assure that the Permittee is conducting its exploration operation faithfully in accordance with the requirements of SDCL 45-6C, the regulations promulgated thereunder, or its exploration permit.

3. In the event a drawing is presented covering the alternative under paragraph 2. (A), we understand that neither the South Dakota Department of Environment and Natural Resources, nor the South Dakota Board of Minerals and Environment is required to have commenced or completed reclamation, or given the Permittee or (**Name of Bank**) such opportunity before drawing on this Irrevocable Letter of Credit.

4. Except as otherwise expressly stated, this Irrevocable Letter of Credit is subject to the "Uniform Customs and Practice for Commercial Documentary Credits fixed by the International Chamber of Commerce."

5. **Name of Bank**, hereby undertakes, on a best-efforts basis, without legal obligation:

(A) To give prompt notice to the South Dakota Department of Environment and Natural Resources and the Permittee of any notice received or action filed alleging the insolvency or bankruptcy of **Name of Bank**;

OR

(B) In the event **Name of Bank** becomes unable to fulfill its obligations under the Irrevocable Letter of Credit for any reason, we shall give prompt notice to you and the Permittee.

Any failure by **Name of Bank** to comply with paragraph 5 shall not form the basis of or give rise to any judgment, claim or action, or any damages, liabilities, or charges against **Name of Bank**.

(Letter of Credit must be issued on bank letterhead and/or bank safety paper.)

(For the Issuer)

Authorized Signature

Date

Name & Title

Acceptance:

Chairman, SD Board of Minerals
and Environment

Date