

Instruction: This is a model letter. Adapt to fit your facts and circumstances.

Date

Name

Address Line 1

Address Line 2

City, State Zip Code

Re: Sections                    ,  
Township                    , Range                    ,  
County,                    (hereinafter the "Real Property")

Gentlemen/Ladies:

This letter sets forth the proposal of                    (hereinafter "Buyer") to purchase the assets of the mining business owned by                    and/or                    , individually, (hereinafter "Sellers") conducted on the Real Property. The proposed terms and conditions include, but are not limited to, the following:

1.     Assets To Be Sold.                    Sellers will sell, transfer and/or assign to Buyer all of the assets utilized in or connected with the mining of Real Property, including, but not limited to, all ownership rights, leases or other property interests in the Real Property; all permits, licences and other regulatory approvals, whether local, state or federal, necessary and desirable for the mining of the Real Property; all contracts with customers, contractors, consultants; all studies, reports, engineering data or similar information related to or connected with the Real Property or Sellers operation of the mining business; manuals; sales literature; files; records; customer lists; patents and trademarks (if any); registrations; and tradeseecrets (hereinafter collectively referred to as the "Assets").

2.     Mining Lease and Permits.                    Sellers represent and warrant to Buyers that they presently have a legally binding and valid lease which permits the mining of minerals on the Real Property (hereinafter "Mining Lease") and that they have all necessary and desirable permits and licenses to allow for the mining of humate on the Real Property. Sellers agree and knowledge that the transfer or assignment of said lease, permits, and licenses to Buyer, as well as Buyer obtaining all necessary approvals, such that Buyer is entitled to commence the mining of humate on the Real Property immediately upon Closing shall be a condition precedent to the consumation of this transaction.

3.     Purchase Price.                    As the purchase price for the Assets (the "Purchase Price"), Buyer proposes to pay \$                    in same day funds at closing and a royalty equal to Four Dollars (\$                    ) per metric ton (                    lbs.) of humates mined and extracted from the Real Property by Buyer. In connection with the signing of this letter of intent, Buyer had delivered to Seller the sum of \$                    . This shall be applied to the portion of the total purchase price due at the closing; provided, however, that if Buyer defaults in the performance of the transaction, that sum of \$                    shall be retained by Seller as liquidated damages and neither party shall be under any further

obligation to the other; and further provided that if Sellers defaults in the performance of the transaction, the sum of \$            shall be returned to the Buyer, and neither party shall be under any further obligation to the other.

4.     Liabilities Assumed.

Except as to obligations expressly assumed in connection with the Mining Lease, Buyer will not assume any liabilities of Sellers.

Seller will agree to indemnify Buyer with respect to all such nonassumed liabilities, including, without limitation, any liabilities with respect to compliance with applicable local, state and federal environmental or mining laws, any contractors, sub-contractors or employees of Seller, and product returns or product liability claims with respect to minerals sold by Sellers prior to the Closing. Sellers will also agree to indemnify and hold harmless Buyer with respect to any liabilities incurred by Buyer to the extent such liabilities arise out of obligations imposed or claimed to be imposed by operation of law on Buyer as successor to Seller and the business of Seller.

5.     Access. During the period from the date of execution by Sellers of this Letter of Intent to the Closing, Buyer and its representatives shall have access to the Real Property, the books and records of Sellers relating to the Assets, and Seller shall furnish to Buyer such other data and information requested by Buyer for the completion of Buyer's investigation and due diligence regarding the Assets. In the event the transactions herein contemplated do not take place, Buyer agrees to keep confidential and not to use for any purpose any proprietary confidential information provided to Buyer by Sellers, excluding any information which is otherwise known by or becomes known to Buyer outside of its due diligence investigation of Sellers or of Sellers' mining business, or is made public.

6.     Purchase Agreement. The parties' respective counsel (initially, counsel for the Buyer) will prepare an appropriate purchase agreement (the "Purchase Agreement") and other appropriate documents to effectuate the transactions herein contemplated, such documents to be subject to approval by the parties. The Purchase Agreement will contain: (a) appropriate warranties as to the financial statements of Seller and the title of the Assets, (b) indemnification provisions in favor of Buyer against liabilities of Seller under claims based on or arising out of actions or events which occurred on or before the Closing, (c) allocation of the purchase price, (d) appropriate provisions concerning the confidentiality of the transaction herein contemplated, (e) other provisions mutually acceptable to the parties.

7.     Closing. It is proposed that the parties enter into a Purchase Agreement as soon as reasonably Date.

8.     Exclusive Negotiating Rights. In consideration of the expenditures of time, effort and expense by Buyer in connection with its review of Seller's operations and the preparation of the contemplated Purchase Agreement, Sellers agree that between the date of execution by Sellers of this Letter of Intent and the Closing it will not enter into or conduct any discussions with any other prospective purchaser of the Assets, and that Seller will use its best efforts to preserve the Assets and the mining operations and to retain the goodwill of their customers, consultants, contractors, sub-contractors and others having business relations with it.

9. Covenant Not to Compete. In consideration of the Purchase Price, Sellers, for themselves and any of their affiliates, will agree not to compete with Buyer in mining, distribution, sale or marketing of humate for a period of three (3) years commencing on the Closing Date.

10. Consulting. After the Closing Date, (hereinafter " ") will provide consulting services to Buyer for a period of six (6) months. During said period, Bland will provide on site consulting services for ten (10) business days during each month and shall receive a monthly salary of \$ per month.

11. Conduct of Business. Until the Closing Date, Sellers will use their best efforts to conduct the mining business in a reasonable and prudent manner in accordance with past practices; will engage in no transaction out of the ordinary course of business; will use their best efforts to preserve its existing business organization and relations with its employees, customers, suppliers, and others with whom it has a business relationship; will not dispose of any of the assets, except such as are retired and replaced or sold in the ordinary course of business; will conduct its business in compliance with all applicable laws and regulations; and will not pay any bonuses or make any salary or wage increases.

12. Risk of Loss. Until Closing, all risk of loss shall remain with Seller. If, prior to Closing, any of Seller's assets to be transferred hereunder shall be destroyed or damaged by fire or other casualty, the purchase price shall be adjusted to deduct the amount of loss occurring to such assets, as determined by book, so damaged or destroyed. Seller shall be entitled to all insurance payable to it as a result of such fire or casualty.

9. No Broker. The parties agree that there are no fees or commissions due any Broker or Finder on account of this proposed transaction.

10. Expenses. Each party agrees that such party will pay the fees and expenses of its accountants, attorneys and others in connection with this Letter of Intent, the transaction herein contemplated and the negotiation of the Purchase Agreement.

15. Notices. Any notice required to be given under this Agreement shall be deemed to have been given three (3) days after it is deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, to:

SELLER: Name  
Address  
City, State, Zip

BUYER: Name  
Address  
City, State, Zip

Except for the provisions of Sections 11 and 14 above, which shall be binding on the parties, it is understood that this letter sets forth an agreement in principle only, and the terms set forth herein are subject to the preparation and approval of a formal agreement setting for the terms and conditions of purchase in detail. Except for the provisions of Sections 11 and 14 above, which shall be binding on the parties, this letter of intent may not be relied upon as the basis for a contract

by estoppel.

11. Limited Binding Effect. This Letter of Intent is not intended to constitute a legally binding contract, and is merely intended to confirm preliminary negotiations and to serve as a basis for further negotiations, and is subject to (i) the preparation and execution of a definitive Purchase Agreement and (ii) approval by the respective Boards of Directors of the parties and, if required by applicable law, by the stockholders of Seller; provided, however, that Buyer's agreement regarding confidentiality under the last sentence of paragraph 5. Seller's agreement regarding exclusive negotiating rights under paragraph 8, paragraph 9 and paragraph 11 shall be binding upon Buyer and Seller, as the case may be, upon execution and delivery of this Letter of Intent by both parties.

12. Subsidiary. Buyer reserves the right to make the purchase herein contemplated through a subsidiary of Buyer or to assign its rights and obligations under the Purchase Agreement to such subsidiary.

If the foregoing reflects the present intention of and is generally acceptable to Seller, please execute and date the enclosed counterpart signed by Buyer and return such executed counterpart to Buyer.

BY: \_\_\_\_\_

Accepted:

Name

By: \_\_\_\_\_  
Name, President

\_\_\_\_\_  
Name, Individually

7. Assignment of Lease. Subject to obtaining consent from Lessor, Seller shall assign to Buyer the lease for the building in which Seller currently operates its business. Said assignment will be executed and delivered on the Closing Date.

14. Earnest Money. Upon execution hereof, Buyer shall deliver to Seller the sum of \_\_\_\_\_ Dollars (\$) as earnest money, which will be held in a non-interest bearing account. Said earnest money shall be applied to the purchase price on closing of this transaction. If this transaction cannot close as a result of Buyer's inability, after exhausting all reasonable efforts, to obtain reasonable financing or acquire \_\_\_\_\_ franchise rights as provided in Section 14 above, the earnest money shall be returned to Buyer. If this transaction cannot close for any other reason or if Buyer shall determine he does not desire to complete the transaction for any reason, Seller shall retain said earnest money as liquidated damages.