

**RECLAMATION AGREEMENT  
(COAL)**

**State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340**

**Federal**

**CONTENTS:**

Reclamation Agreement

Exhibit "A"  
Bonded Area

Exhibit "B"  
Bonding Agreement  
Surety Bond

Exhibit "C"  
Liability Insurance

Affidavits of Qualification

Power of Attorney

Exhibit "D"  
Stipulation to Revise Reclamation Agreement

RECEIVED

JUL 8 1 2003

DIV. OF OIL, GAS & MINING

Permit Number: C/007/020  
Date Original Permit Issued: Oct. 10, 1996  
Effective Date of Agreement: June 11, 2003

**RECLAMATION AGREEMENT  
STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801  
(801) 538-5340**

**COAL RECLAMATION AGREEMENT**

--ooOOoo--

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by Hidden Splendor Resources, Inc. (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purposes of this **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

**"PERMIT":** (Mine Permit No.) C/007/020 (County) Carbon

**"MINE":** (Name of Mine) Horizon Mine

**"PERMITTEE":** (Company or Name) Hidden Splendor Resources, Inc.

(Address) 50 West Liberty Street, Suite 880, Reno, Nevada 89501

**"PERMITTEE'S REGISTERED AGENT":**

(Name) Alexander H. Walker, III

(Address) 57 West 200 South, Suite 400, Salt Lake City, UT 84101

(Phone) (801) 521-3292

**"DESIGNATED OFFICIAL TO SIGN BONDING INSTRUMENTS AND PERMIT":**

(Name) Cecil Ann Walker

(Phone) (775)322-0626 Reno or (801) 521-3292 Salt Lake City

**"BOND TYPE":** (Form of Bond) Letter of Credit

**"BOND AMOUNT":** (Bond Amount-Dollars) \$342,000

(Escalated Year-Dollars) 2006

**"BOND NUMBER":** 00335483

**"INSTITUTION":** (Bank or Agency) Bank One

**"POLICY OR ACCOUNT NUMBER":** Policy # 2916445

**"LIABILITY INSURANCE":** (Exp.) 06/01/04

(Insurance Company) Lexington Insurance Company

**"STATE":** Utah

**"DIVISION":** Oil, Gas and Mining

**"DIVISION DIRECTOR":** Lowell Braxton

**EXHIBITS:**

<b>"BONDED AREA"</b>	Exhibit "A"
<b>"BONDING AGREEMENT"</b>	Exhibit "B"
<b>"LIABILITY INSURANCE"</b>	Exhibit "C"
<b>"STIPULATION TO CHANGE BOND"</b>	Exhibit "D"

**WHEREAS**, the Permittee is ready and willing to file the Bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws under the permit; and

**NOW, THEREFORE**, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.
3. The Permit Application Package includes a legal description of the Bonded Area, including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the Permit period. For convenience, a copy of the description of the Bonded Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, (which is based upon the Permit Application Package), the Act and the Regulations. The Bond is attached as Exhibit "B" and is incorporated by reference.
5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division shall be listed as an additional insured on this policy.
6. In the event that the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law. In the event of material damage to the surface lands, or contamination, diminution or interruption of a protected water supply, caused by subsidence from underground coal mining, the Permittee shall increase the bond amount in any amount as required by the Division in accordance with R645-301-525.550.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or Permittee's

agents or employees failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package), and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Federal Lands, and otherwise to the benefit of the Division.

8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the new Bond form meets the requirements of the Act, and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.
10. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this Agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved Permit Application Package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.
12. In the event of forfeiture of the Bond, the Permittee agrees to be liable for additional costs in excess of the Bond Amount which may be incurred by the Division in order to comply with the Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No delay on the part of the Division in exercising any right, power, or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement, to any circumstances is held invalid, the application of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.
14. Each signatory below represents that he/she is authorized to execute this Agreement on

behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 11<sup>th</sup> day of June, 2003.

**PERMITTEE:**

By: Craig Ann Walker

Title: Pres.

**STATE OF UTAH:**

Lawrence P. Bruff  
Director,  
Division of Oil, Gas and Mining

**NOTE:** An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

# **EXHIBIT "A"**

## **Bonded Area Legal Description**

(Federal Coal)

Bond Number 00335483

**EXHIBIT "A"**

Pursuant to R645-301- 820.110, the Letter of Credit bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

---

Legal description of BONDED AREA:

The surveyed disturbed area boundary was found to contain 8.23 acres, however the reclamation bond calculations will continue to include reclamation of 9.15 acres. The disturbed area is located within:

Township 13 South, Range 8 East, SLM

Section 17:   Portion NW1/4NW1/4SE1/4                   Portion NE1/4NE1/4SW1/4  
                  Portion NW1/4NE1/4SW1/4               Portion SE1/4NE1/4SW1/4  
                  Portion SW1/4NE1/4SW1/4

(See Plates 1-1 and 3-1 of the permit)

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations, or as a result of material surface damage that is caused by a result of subsidence. The described area may also be decreased as a result of partial reclamation.

**IN WITNESS WHEREOF** the **PERMITTEE** has hereunto set its signature and seal this

11<sup>th</sup> day of June, 2003

Hidden Splendor Resources, Inc.  
**PERMITTEE**

By: *Lucif Ann Walden*

*Pres.*  
Title:



Sand Gulch

Jewell Creek

Bryner Canyon

County Road 290

Spring Two Canyon

Portal Canyon

Coat Canyon

2000 PERMIT BOUNDARY

OLD PERMIT BOUNDARY

DISTURBED AREA BOUNDARY

**C/007/020**

**R&E**

**T13S**

**EXHIBIT "A"**

**EXHIBIT "B"**

**Bonding Agreement  
Letter of Credit**

(Federal Coal)

May 15 2003 6:51 P.02

BANK ONE, NA

Fax: 214-290-3224

NO. 4697 P. 2

MAY. 14. 2003 5:09PM



Bank One, NA  
Global Trade Services  
One Bank One Plaza  
Mail Code IL1-0236  
Chicago, IL 60670  
Tel: (800) 634-1969 Fax: (312) 954-0209  
SWIFT: FBNCUS44  
Telex: ITT6370251 FBNCUS

DATE: MAY 14, 2003

**BENEFICIARY:**  
STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING  
1594 WEST NORTH TEMPLE, SUITE 1210  
SALT LAKE CITY, UT 84114

**DRAFTS DRAWN MUST BE MAILED  
WITH OUR REF 0035483  
OPENER'S REFERENCE NO. 0035483**

**GENTLEMEN:**

**BY THE ORDER OF:**

**APPLICANT:**  
ALEXANDER H. WALKER, JR.  
AND CECIL ANN WALKER  
FBO HIDDEN SPLENDOR RESOURCES, LTD.  
57 WEST 200 SOUTH, SUITE 400  
SALT LAKE CITY, UT 84101

WE HEREBY ISSUE OUR IRREVOCABLE CREDIT NO. 0035483 IN YOUR FAVOR FOR THE ACCOUNT OF ALEXANDER H. WALKER, JR. AND CECIL ANN WALKER FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLAR 142,000.00 (THREE HUNDRED FORTY TWO THOUSAND AND NO/100 U.S. DOLLARS) AVAILABLE BY YOUR DRAFTS AT SIGHT ON BANK ONE, NA, CHICAGO, ILLINOIS EFFECTIVE MAY 14, 2003 AND EXPIRING AT OUR COUNTERS ON APRIL 15, 2004.

FUNDS UNDER THIS CREDIT ARE AVAILABLE AGAINST YOUR DRAFT (S) MENTIONING OUR CREDIT NUMBER.

YOUR SIGNED AND DATED STATEMENT READING AS FOLLOWS:

PURSUANT TO R645-301-300, HIDDEN SPLENDOR RESOURCES LTD., IS IN VIOLATION OF THE SURFACE MINING CONTROL AND RECLAMATION ACT THE REGULATORY SYSTEM THE PERMIT AND RECLAMATION PLAN.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTURE EXPIRY DATE UNLESS AT LEAST NINETY (90) DAYS PRIOR TO SUCH EXPIRATION DATE WE NOTIFY YOU BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED OR HAND DELIVERED COURIER, THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

THE CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

(CONTINUED)

PAGE 1 OF 2

Fax: 214-290-3224

May 15 2003

6:51

P. 03

BANK ONE, NA

MAY 14 2003 5:10PM

NO. 4697 P. 3



Bank One, NA  
Global Trade Services  
One Bank One Plaza  
Mail Code IL1-0236  
Chicago, IL 60670  
Tel: (800) 634-1969 Fax: (312) 954-0203  
SWIFT: FNBCUS44  
Telex: FT4330253 FNBCUI

OUR REF: 00335483

DATE: MAY 14, 2003

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED TO: BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, ON OR BEFORE THE EXPIRY DATE. THE ORIGINAL LETTER OF CREDIT AND AMENDMENT(S), IF ANY, MUST ACCOMPANY THE DOCUMENTS REQUIRED UNDER THIS CREDIT.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, MENTIONING OUR REFERENCE NUMBER AS IT APPEARS ABOVE.

VERY TRULY YOURS,

*Sheila Quindus*  
(AUTHORIZED SIGNATURE)

*J. Monte*  
(AUTHORIZED SIGNATURE)

**EXHIBIT "C"**

**Liability Insurance**

(Federal Coal)

**ACORD**

01/01/03

**PRODUCER**

Acordia of NY-Berkley  
 41 Eagle Road  
 Berkley NY 20801  
 (800) 300-0075

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**INSURED**

Hidden Splendor Resources, Inc?  
 Horizon Mine  
 27 W 200 South, Suite 400  
 Salt Lake City, UT 84104

- COMPANIES AFFORDING COVERAGE**
- COMPANY A Lexington Insurance Company
  - COMPANY B
  - COMPANY C
  - COMPANY D

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHETHER THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LYE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNERS & CONTRACTORS INST <input checked="" type="checkbox"/> Includes Blasting <input checked="" type="checkbox"/>	2318449	01/01/03	01/01/04	GENERAL AGGREGATE \$ 2,000,000 PRODUCTS-COMP/OP AGG \$ 2,000,000 PERSONAL & ADV INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 100,000 MED EXP (Any one person) \$
	<b>AERIAL LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	<b>CARTRAILER LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
	<b>UMBRELLA LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>EMPLOYERS COMPENSATION AND EMPLOYERS LIABILITY</b> THE PROPRIETOR/ PARTNERS/DIRECTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL				<input type="checkbox"/> INC. EMPLOYER <input type="checkbox"/> BODILY INJURY <input type="checkbox"/> EA ACCIDENT \$ <input type="checkbox"/> EL DISEASE-POLICY LIMIT \$ <input type="checkbox"/> EL DISEASE-EA EMPLOYEE \$
	OTHER				

DESCRIPTION OF OPERATION(S) OR SERVICE(S) RENDERED: Utah Division of Oil, Gas and Mining As Additional Insured  
 General Liability Coverage With Respects to Horizon Mine Permit 2027/007/028

Utah Division of Oil, Gas  
 and Mining  
 1084 N North Temple  
 Suite 1230  
 Salt Lake City, UT 84104-5001

IF YOU ARE THE ASSURED AND YOU HAVE BEEN ISSUED THIS CERTIFICATE, YOU SHOULD NOTIFY THE ISSUING COMPANY IMMEDIATELY BY TELEPHONE OR IN WRITING. IF YOU HAVE WRITTEN NOTICE TO THE CERTIFICATE HOLDER, PLEASE RETURN THIS CERTIFICATE TO THE ISSUING COMPANY IMMEDIATELY.

AUTHORIZED REPRESENTATIVE

Adam Rearty

CERTIFICATE: 001001/0000

**AFFIDAVITS  
OF  
QUALIFICATION**

Bond Number 00335483

**AFFIDAVIT OF QUALIFICATION  
DIRECTOR  
--ooOOoo--**

Lowell Braxton, being first duly sworn under oath, deposes and says that he is the Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

Lowell P Braxton  
Director,  
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 1<sup>st</sup> day of July 2003.

Joelle Burns  
Notary Public

My Commission Expires:

April 4, 2005.



Attest:

STATE OF Utah )  
COUNTY OF Salt Lake ) SS:

Bond Number 00335483

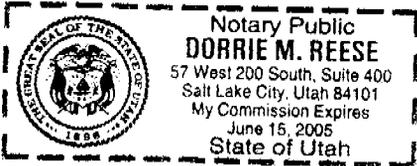
**AFFIDAVIT OF QUALIFICATION  
PERMITTEE**

--ooOOoo--

I, Cecil Ann Walker, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President and Director of Hidden Splendor Resources, Inc.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

Cecil Ann Walker, Pres.  
(Signed)  
Name - Position

Subscribed and sworn to before me this 11<sup>th</sup> day of June, 2003.



Dorrie M. Reese  
Notary Public

My Commission Expires:  
\_\_\_\_\_, 20 \_\_\_\_.

Attest:

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

**AFFIDAVIT OF QUALIFICATION  
INSTITUTION (Bank or Agency)  
--ooOoo--**

I, Sheila Junious, certify that I am an Operation's Officer of Bank One, NA, main office Chicago, Illinois, and that I am duly authorized to execute and deliver that certain Letter of Credit No. 00335483 in favor of State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (beneficiary) in the amount of \$342,000.00 for the account of Alexander H. Walker Jr. & Cecil Ann Walker (applicant) and that Bank One, NA, main office Chicago, Illinois is authorized to execute the same and has complied in all respects with the applicable laws governing it in connection with such issuance or undertaking.

Sheila Junious  
(Signed)

Acknowledgment

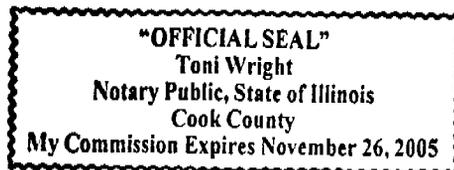
State of Illinois )  
County of Cook ) ss  
)

The foregoing instrument was acknowledged before me this 2nd day of July, 2003, by Sheila Junious the Standby Service Representative of BANK ONE, NA, main office Chicago, Illinois.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public Toni Wright

My Commission Expires: November 26, 2005



May 15 2003 6:51 P.02

BANK ONE, NA

Fax: 214-290-3224

NO. 4697 P. 2

MAY. 14. 2003 5:09PM



Bank One, NA  
 Global Trade Services  
 One Bank One Plaza  
 Mail Code IL1-0236  
 Chicago, IL 60670  
 Tel: (800) 634-1969 Fax: (312) 954-0209  
 SWIFT: FNBCUS44  
 Telex: ITT4320253 FNBCUS

DATE: MAY 14, 2003

**BENEFICIARY:**  
 STATE OF UTAH  
 DEPARTMENT OF NATURAL RESOURCES  
 DIVISION OF OIL, GAS AND MINING  
 1594 WEST NORTH TEMPLE, SUITE 1210  
 SALT LAKE CITY, UT 84114

**DRAFTS DRAWN MUST BE MARKED:**  
 WITH OUR REF 00335483  
 OPENER'S REFERENCE NO. 00335483

**GENTLEMEN:**

BY THE ORDER OF:

**APPLICANT:**  
 ALEXANDER H. WALKER, JR.  
 AND CECIL ANN WALKER  
 FBO HIDDEN SPLENDOR RESOURCES, LTD.  
 57 WEST 200 SOUTH, SUITE 400  
 SALT LAKE CITY, UT 84101

WE HEREBY ISSUE OUR IRREVOCABLE CREDIT NO. 00335483 IN YOUR FAVOR FOR THE ACCOUNT OF ALEXANDER H. WALKER, JR. AND CECIL ANN WALKER FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLAR 342,000.00 (THREE HUNDRED FORTY TWO THOUSAND AND NO/100 U.S. DOLLARS) AVAILABLE BY YOUR DRAFTS AT SIGHT ON BANK ONE, NA, CHICAGO, ILLINOIS EFFECTIVE MAY 14, 2003 AND EXPIRING AT OUR COUNTERS ON APRIL 16, 2004.

FUNDS UNDER THIS CREDIT ARE AVAILABLE AGAINST YOUR DRAFT (S) MENTIONING OUR CREDIT NUMBER.

YOUR SIGNED AND DATED STATEMENT READING AS FOLLOWS:

"PURSUANT TO R645-301-800, HIDDEN SPLENDOR RESOURCES LTD., IS IN VIOLATION OF THE SURFACE MINING CONTROL AND RECLAMATION ACT THE REGULATORY SYSTEM THE PERMIT AND RECLAMATION PLAN."

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE (1) YEAR FROM THE EXPIRY DATE HEREOF OR ANY FUTURE EXPIRY DATE UNLESS AT LEAST NINETY (90) DAYS PRIOR TO SUCH EXPIRATION DATE WE NOTIFY YOU BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED OR HAND DELIVERED COURIER, THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD.

THE CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE-PUBLICATION NO. 500.

(CONTINUED)

PAGE 1 OF 2

BANK ONE, NA

Fax: 214-290-3224

May 15 2003

6:51

P.03

MAY 14 2003 5:10PM

NO. 4697 P. 3



Bank One, NA  
Global Trade Services  
One Bank One Plaza  
Mail Code IL1-0236  
Chicago, IL 60670  
Tel: (800) 634-1969 Fax: (312) 954-0203  
SWIFT: FNBCUS44  
Telex: ITT4330253 FNBCUI

OUR REF: 00335483

DATE: MAY 14, 2003

WE ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN CONFORMITY WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED TO: BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, ON OR BEFORE THE EXPIRY DATE. THE ORIGINAL LETTER OF CREDIT AND AMENDMENT(S), IF ANY, MUST ACCOMPANY THE DOCUMENTS REQUIRED UNDER THIS CREDIT.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO BANK ONE, NA, ATTN: STANDBY LETTER OF CREDIT UNIT, 300 S. RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, MENTIONING OUR REFERENCE NUMBER AS IT APPEARS ABOVE.

VERY TRULY YOURS,

*Sheila J. ...*  
(AUTHORIZED SIGNATURE)

*[Signature]*  
(AUTHORIZED SIGNATURE)

