

## **INDEMNITY AGREEMENT**

THIS AGREEMENT of Indemnity, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ , by \_\_\_\_\_ (hereinafter called the Operator) and \_\_\_\_\_ (hereinafter called the Indemnitors, if any), and State of Nevada Reclamation Performance Bond Pool (hereinafter called Bond Pool).

### **WITNESSETH:**

WHEREAS, the Operator has agreed to provide a reclamation performance bond (hereinafter the Bond), and to amend the same from time to time, in order to guarantee the performance of reclamation at its \_\_\_\_\_ mining operation (hereinafter the operation), located in \_\_\_\_\_ County, Nevada; and

WHEREAS, at the request of the Operator and upon the express understanding that this agreement of Indemnity should be given, the Bond Pool has executed said Bond on behalf of the Operator pursuant to Nevada Revised Statutes 519A.290 and regulations promulgated thereunder; and

WHEREAS, the Indemnitors have a substantial, material and beneficial interest in the obtaining of the Bond or in the Bond Pool's refraining from canceling said Bond.

NOW, THEREFORE, in consideration of the premises the Operator and Indemnitors for themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally, hereby covenant and agree with the Bond Pool, its successors and assigns, as follows:

### **CHARGES**

FIRST: The Operator and the Indemnitors will pay to the Bond Pool in the manner prescribed at Nevada Administrative Code 519A.595, which is by reference incorporated herein and made a part hereof, all deposits,

premiums and charges of the Bond Pool, until the Operator or Indemnitors shall serve evidence satisfactory to the Bond Pool of its discharge or release from the Bonds and all liability by reason thereof, as set forth at Nevada Administrative Code 519A.610.

### **INDEMNITY**

SECOND: The Operator and Indemnitors shall exonerate, indemnify, and keep indemnified the Bond Pool from and against any and all liability for losses and/or expenses of whatever kind or nature (including but not limited to interest, court costs and counsel fees) and from and against any and all such losses and/or expenses which the Bond Pool may sustain and incur: (1) By reason of having executed the Bond; (2) By reason of the failure of the Operator or Indemnitors to perform or comply with the covenants and conditions of this Agreement; (3) In enforcing any of the covenants and conditions of this Agreement; (4) In making any investigation on account of the Bond; or (5) In prosecuting or defending any action in connection with the Bond. The liability of the Operator and Indemnitors under this paragraph shall also include an amount, payable in current funds and immediately upon demand, equal to any moneys which the Bond Pool shall deem necessary to reserve to cover any claim or claims, contingent or otherwise. Payment by reason of any of the aforesaid causes shall be made to the Bond Pool by the Operator and Indemnitors as soon as the Responsible Regulatory Authority asserts liability against the Bond Pool, whether or not the Bond Pool shall have made any payment therefor. In the event of any payment by the Bond Pool the Operator and Indemnitors further agree that in any accounting between the Bond Pool and the Operator, or between the Bond Pool and the Indemnitors, or either or both of them, the Bond Pool shall be entitled to charge for any and all disbursements made by it in good faith in and about the matters herein contemplated by this Agreement under the belief that it is or was liable for the sums and amounts so disbursed, or that it was

necessary or expedient to make such disbursement, whether or not such liability, necessity or expediency existed; and that the vouchers or other evidence of any such payments made by the Bond Pool shall be prima facie evidence of the fact and amount of liability to the Bond Pool.

If the Bond Pool deems it necessary for any reason to cover any demand claim, suit, liability or judgment whether threatened or actual, against the Reclamation Performance Bond, the indemnitors will, immediately upon demand, deposit with the Bond Pool a sum of money or acceptable security equal to such reserve, such sum to be held by the Bond Pool as collateral security on the Bond.

If surety shall bring suit to enforce any obligation of the indemnitors under this instrument, the indemnitors shall be liable for the costs and expenses, including attorney's fees, incurred in prosecuting such suit, and said costs, expenses, and fees shall be included in any judgment that may be rendered against the indemnitors.

### **ASSIGNMENT**

THIRD: The Operator, the Indemnitors hereby consenting, will assign, transfer and set over, and does hereby assign, transfer and set over to the Bond Pool, as collateral, to secure the obligations in any and all of the paragraphs of this Agreement and any other indebtedness and liabilities of the Operator to the Bond Pool, whether heretofore or hereafter incurred, but only in the event of (1) any abandonment of any reclamation referred to in the Bond Pool or of any breach of said Bond; or (2) any breach of the provisions of any of the paragraphs of this Agreement; or (3) a default in discharging other indebtedness or liabilities when due; or (4) any assignment by the Operator for the benefit of creditors, or of the appointment of a receiver or trustee for the Operator whether insolvent or

not, or any petitions for relief under the United States Bankruptcy Code; or (5) any proceeding or legal action which deprives the Operator of the use of any of the machinery, equipment, plant, tools or material referred to in section (b) of this paragraph; or (6) the Operator's dying, absconding, disappearing, incompetency, being convicted of a felony, or imprisoned if the Operator be an individual: (a) All the rights of the Operator in, and growing in any manner out of, the operation referred to in the Bond, or in, or growing in any manner out of the Bond; (b) All the rights, title and interest of the Operator in and to all machinery, equipment, plant, tools and materials which are now, or may hereafter be, about or upon the site or sites of the operation referred to in the Bond or elsewhere, including materials purchased for or chargeable to the operation referred to in the Bond, materials which may be in process of construction, in storage elsewhere, or in transportation to any and all of said sites; (c) All the Operator's rights, title and interest in the equipment specified in "Attachment A." In furtherance of this assignment the operator agrees to allow the Bond Pool the right to mark for identity any or all items and to give the Bond Pool the right to inspect any equipment at any time upon reasonable notice. Operator also agrees to obtain and keep in force for the duration of this agreement, or for such time as the Bond Pool authorizes, sufficient casualty insurance to protect any equipment from loss whether by accident, theft, act of God or any act by third persons which deprives Operator of the use of said equipment; (d) All the rights, title and interest of the Operator in and to all contracts let or to be let in connection with the operation referred to in the Bond, and in and to all surety bonds supporting such subcontracts; (e) All actions, causes of action, claims and demands whatsoever which the Operator may have or acquire against any partner, joint venture, subcontractor, laborer, or materialman, or any person furnishing or agreeing to furnish or supply labor, material, supplies, machines, tools or other equipment in connection with or on account of the operation referred to in

the Bond; and against any surety or sureties of any subcontractor, laborer, or materialman; (f) Any and all percentages retained and any and all sums that may be due or hereafter become due on account of any and all contracts associated with the operation whether bonded or not in which the Operator has an interest.

### **UNIFORM COMMERCIAL CODE**

FOURTH: That this Agreement shall constitute a Security Agreement to the Bond Pool and also a Financing Statement, both in accordance with the provisions of the Uniform Commercial Code of every jurisdiction wherein such Code is in effect and may be so used by the Bond Pool without in any way abrogating, restricting or limiting the rights of the Bond Pool under this Agreement or under law, or in equity. Operator and Indemnitors agree to complete any other forms which Bond Pool deems necessary in order to perfect its interests covered by said Security Agreement.

### **CHANGES**

FIFTH: The Bond Pool is authorized and empowered, without notice to or knowledge of the Indemnitors, to assent to any change whatsoever in the Bond, and/or in the mining plan of operations or reclamation plans, including but not limited to, any change in the time for the completion of said plan of operations or reclamation plan, and to assent to or take any assignments, to execute or consent to the execution of any continuations, extensions or renewals of the Bond, and to execute any substitute or substitutes therefor, with the same or different conditions, provisions and obliges and with the same or larger or smaller penalties, it being expressly understood and agreed that the Indemnitors shall remain bound under the terms of the Agreement even though any such assent by the Bond Pool does or might substantially increase the liability of the Indemnitors.

### **ADVANCES**

SIXTH: The Bond Pool is authorized and empowered to guarantee loans, to advance or lend to the Operator any money, as may be permitted by law, which the Bond Pool may see fit, for the purpose of any reclamation guaranteed by the Bond; and all money expended in the completion of any such reclamation by the Bond Pool, or lent or advanced from time to time to the Operator, or guaranteed by the Bond Pool for the purposes of any such reclamation, and all costs, and expenses incurred by the Bond Pool in relation thereto, unless repaid with legal interest by the Operator to the Bond Pool when due, shall be conclusively presumed to be a loss by the Bond Pool for which the Operator and the Indemnitors shall be responsible, notwithstanding that said money or any part thereof should not be so used by the Operator.

### **BOOKS AND RECORDS**

SEVENTH: At any time, and until such time as the liability of the Bond Pool is terminated, the Bond Pool shall have the right to reasonable access to the books, records, and accounts of the Operator and Indemnitors; and any bank depository, materialman, supply house, or other person, firm, or corporation when requested by the Bond Pool is hereby authorized to furnish the Bond Pool any information requested including, but not limited to, the status of the reclamation work being performed by the Operator, the condition of the performance of such work and payments of accounts.

### **DECLINE EXECUTION**

EIGHTH: Unless otherwise specifically agreed in writing, the Bond Pool may decline to execute any Bond, and Operator and Indemnitors agree to make no claim to the contrary in consideration of the Bond Pool's receiving this Agreement.

**NOTICE OF EXECUTION**

NINTH: The Indemnitors hereby waive notice of the execution of the Bond, and of the acceptance of this Agreement.

At least thirty days notice shall be given to the Operator and the Indemnitors of any default, or any other act or acts giving rise to any claim under the Bond. Thirty days shall run from the day upon which the Bond Pool receives written demand from the Responsible Regulatory Authority. Notice shall be deemed given upon the date when sent by registered U.S. mail to the following addresses:

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**SETTLEMENTS**

TENTH: The Bond Pool shall have the right to adjust, settle, or compromise any claim, demand, suit or judgement upon the bond, unless the Operator and the Indemnitors shall request to litigate such claim or demand, or to defend such suit, or to appeal from such judgement, and shall deposit with the Bond Pool, at the time of such request, cash or collateral satisfactory to the Bond Pool in kind and amount, to be used in paying any judgement or judgements rendered or that may be rendered, with interest, costs, expenses and attorney's fees, including those of the Bond Pool.

**SUITS**

ELEVENTH: Separate suits may be brought hereunder as causes of action accrue, and the bringing of suit for the recovery of judgement upon any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether theretofore or thereafter arising.

### **OTHER INDEMNITY**

TWELFTH: The Operator and the Indemnitors shall continue to remain bound under the terms of this Agreement even though the Bond Pool may have from time to time heretofore or hereafter, with or without notice to or knowledge of the Operator and the Indemnitors, accepted or released other agreements of indemnity or collateral in connection with the execution or procurement of said Bond, from the Operator or Indemnitors or others, it being expressly understood and agreed by the Operator and the Indemnitors that any and all other rights which the Bond Pool may have or acquire against the Operator and the Indemnitors and/or others under any such other or additional agreements of indemnity or collateral shall be in addition to, and not in lieu of, the rights afforded the Bond Pool under this Agreement.

### **INVALIDITY**

THIRTEENTH: In case any of the parties mentioned in this Agreement fail to execute the same, or in case the execution hereof by any of the parties be defective or invalid for any reason, such failure, defect or invalidity shall not in any manner affect the validity of this Agreement or the liability hereunder of any of the parties executing the same, but each and every party so executing shall be and remain fully bound and liable hereunder to the same extent as if such failure, defect or invalidity had not existed. It is understood and agreed by the Operator and Indemnitors that the rights, powers, and remedies given under this Agreement shall be and are in addition to, and not in lieu of, any and all other rights, powers, and remedies which the Bond Pool may have or acquire against the Operator and Indemnitors, or others whether by the terms of any other agreement or by operation of law or otherwise.

### **ATTORNEY-IN-FACT**

FOURTEENTH: The Operator and Indemnitors hereby irrevocably nominate, constitute, appoint and designate the Bond Pool as their attorney-in-fact with the right, but not the obligation, to exercise all of the rights of the Operator and Indemnitors assigned, transferred and set over to the Bond Pool in this Agreement, and in the name of the Operator and Indemnitors to make, execute, and deliver any and all additional or other assignments, documents or papers deemed necessary and proper by the Bond Pool in order to give full effect not only to the intent and meaning of the within assignments, but also to the protection intended to be herein given to the Bond Pool under all other provisions of this Agreement. The Operator and Indemnitors hereby ratify and confirm all acts and actions taken and done by the Bond Pool as such attorney-in-fact.

### **TERMINATION**

FIFTEENTH: This Agreement may be terminated upon proof that the Operator has reclaimed the land to the satisfaction of the Responsible Regulatory Authority or has obtained surety which replaces the bond coverage of the Operator by the Bond Pool, all as set forth in Nevada Administrative Code 519A.610, which is incorporated herein by reference and made a part hereof.



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

On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, personally  
appeared before me \_\_\_\_\_, the  
\_\_\_\_\_ of \_\_\_\_\_,  
who acknowledged that he/she executed the above document.

\_\_\_\_\_  
Notary Public

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

On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, personally  
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