



**Mining
Form
MR-1050**

**S.C. DEPARTMENT OF HEALTH AND ENVIRONMENTAL
CONTROL BUREAU OF LAND AND WASTE MANAGEMENT
DIVISION OF MINING AND SOLID WASTE PERMITTING**

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IRREVOCABLE LETTER OF CREDIT

ILOC # _____

Permit No. _____

Bond Pursuant to South Carolina Mining Act
(Codified: S.C. Code Ann. Section 48-20-10, et seq.)

KNOW ALL MEN BY THESE PRESENTS, that on behalf of _____ a(n) _____ (Individual, Partnership or Corporation) as Obligor (as identified in Bond Form MR-900), we _____ (Name of Financial Institution), a federally-insured South Carolina institution with a minimum asset value of fifty million (\$50,000,000) dollars, with an office located at _____, in the City of _____, South Carolina, hereby _____ ('establish' or 'confirm') an irrevocable letter of credit in favor of the South Carolina Department of Health and Environmental Control. We agree to pay, upon demand by and to the State of South Carolina, Department of Health and Environmental Control, up to an aggregate amount of _____ dollars (\$ _____), upon receipt of a written demand therefor by the authorized representative of the Department of Health and Environmental Control retaining the personal bond of the Obligor whose bond this letter serves as security, pursuant to S.C. Code Ann. Section 48-20-110.

It is understood that the Obligor (a) conducts or will conduct reclamation operations in South Carolina, as governed by the South Carolina Mining Act (codified at S.C. Code Ann. Section 48-20-10, et seq.) and particularly described in the application for operating permit number(s) _____, which includes a Reclamation Plan as provided in Section 48-20-90, (b) has obtained approval of this application from the South Carolina Department of Health and Environmental Control, and (c) is required by the provisions of the aforementioned Mining Act to furnish a bond on terms and conditions set forth in the statute.

THE CONDITIONS OF THE BOND ARE SUCH, that the Obligor _____ perform the reclamation in accordance with the approved reclamation plan, all in compliance with the Mining Act and with the rules and regulations adopted pursuant thereto. If the Obligor shall comply with the above-mentioned Act, rules and regulations and faithfully perform all obligations under the approved reclamation plan, then the authorized representative shall surrender the original letter to the Financial Institution; otherwise this letter shall be continuous in form and shall remain in full force and effect until surrendered by the Department of Health and Environmental Control or terminated in the manner provided herein.

This letter of credit is effective _____ (date) and will automatically be extended from any scheduled expiration date unless, ninety (90) days prior to such scheduled expiration date, we notify the authorized representative of the Department of Health and Environmental Control by certified mail, return receipt requested, that we elect not to renew this letter for such additional period.

Upon receipt by the authorized representative of such a notice from us not to renew this letter, he/she may draw on us at sight for up to the amount of this letter of credit, prior to the expiration thereof, provided that such draft is accompanied by a statement signed by the authorized representative to the effect that no satisfactory replacement bond has been provided by the Obligor prior to 30 days before this letter of credit expires, pursuant to Regulation 89-18(E) of the 1976 Code of Laws of South Carolina.

It is also understood that, at any time this letter of credit is in effect, the authorized representative may assign, appropriate, apply or transfer any amount of this letter of credit, up to the full amount to cover any default in the performance of the obligations covered by the bond and for the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising out of any default in the performance of the obligations covered by the bond. Such assignment, appropriation, application or transfer shall be accompanied by a statement signed by the authorized representative to the effect that the Obligor has been determined to be in default and the amount drawn represents the reasonable amount, as determined by Department of Health and Environmental Control, of such default.

It shall not be required for the authorized representative, in order to draw on this letter of credit to furnish the original letter; however, it is understood, as a condition of any payment thereunder, that the face amount of the letter shall automatically be reduced by any payment made by the Financial Institution and that the authorized representative will promptly surrender the original letter when and if the Financial Institution shall tender to the authorized representative full amount of funds represented by this letter; such surrender to occur as soon as reasonably practical after full payment is made. The original letter shall also be surrendered promptly following its expiration provided that no drawing on such letter was made prior to such expiration.

We promise that the amount of credit herein established will not be reduced for any reason during the effectiveness of this letter without the prior written approval of the authorized representative. In the event that we, the Financial Institution, become unable to fulfill our obligations under this letter of credit for any reason, notice shall be given immediately to the Obligor and to the authorized representative.

We understand that this letter of credit may be used, until it expires as a result of notice we give to the authorized representative, for all matters to which the bond applies. We also certify that the deposits of this Financial Institution are Federally insured.

ATTEST: _____

NAME OF FINANCIAL INSTITUTION

TITLE : _____

BY: _____
(Signature)

(Print Name and Title)

(Address)

The letter of credit should bear the Seal of issuing Financial Institution; if the laws of the state under which the Financial Institution is chartered do not require a seal for the Financial Institution, there may be substituted therefor the statement that the Financial Institution has no seal and is not required to have one by virtue of (statutory citation).

If desired, the financial institution may complete any acknowledgement appropriate for the State in which the letter is issued; acknowledgement is not required.