

SOUTH T BAR RANCH MINERAL DEPOSITS **FREQUENTLY ASKED QUESTIONS**

RELATED INFORMATION

- **Minerals Map:** Located on the South T-Bar website Mineral Exploration page.
- **Global Uranium and Enrichment, Ltd. (formerly Okapi):** GUE, Ltd.) This is the company with the current minerals Option Agreement with STB Minerals, LLC. A link to their website is located on the South T-Bar website home page.

Question: Is it true that there are mineral deposits under parts of Filings 4, 5, and 6 that are potentially valuable?

Response: Yes, there are two known mineral (uranium) deposits under Filings 4, 5, and 6 that contain quantities of uranium that could be commercially viable. As early as 1954, there was interest in searching and mining for uranium in this area. Exploration programs have been undertaken by various companies since that time, with no actual large-scale mining occurring – largely due to the instability of uranium prices.

Question: Who owns the mineral rights for the deposits under parts of Filings 4, 5 and 6?

Response: Some of the mineral rights under Filings 4, 5, and 6 belong to the US Government, and some are privately owned. When Land Properties, Inc. began developing Filings 4, 5, and 6, they were able to acquire 51% of some of the privately owned mineral rights.

Question: Is it true the developer gave the STB POA the mineral rights under Filings 4, 5, and 6?

Response: In June 2001, the mineral rights owned by the developer were quitclaimed to the POA.

Question: How did the POA's mineral rights get transferred to STB Minerals, LLC?

Response: In April 2007, the POA Board received a request from an energy company to lease the POA mineral rights for exploration to which a negative response was conveyed. Additionally, the POA Board received word from several POA members that they had received a "Notice of Intent to Locate" indicating that exploration of U.S. government-owned minerals was being planned on portions of the Ranch, with or without POA or individual property owner permission. The POA Board sought legal advice and learned the following facts:

- In Colorado, if someone owns only a tiny fraction of a percent in the minerals, they have the right to explore and mine those minerals – therefore, a 51% ownership in the minerals is not a "controlling" interest.
- The POA is unable to stop any exploration or mining activities because the owners of the mineral rights have priority over the owners of the surface rights (e.g., the owners of the mineral rights are the "dominant party").
- Since the POA is a nonprofit corporation, there was no way for the POA to legally distribute any income from the mining of those minerals back to the members of the POA.

A Special Meeting of the POA membership was held on 20 October 2007 where the POA members voted overwhelmingly to approve the formation of an LLC (STB Minerals, LLC or the "LLC") and the conveyance of the POA's mineral rights to the LLC in exchange for 100% of the management membership interest in the LLC.

Question: How do current POA members benefit from selling STB POA's mineral rights to STB Minerals, LLC?

Response: The original payment to the POA from the LLC enabled the POA to pay off outstanding attorney fees and loans. More importantly for all POA members today, the remaining funds, \$170,298, were contributed to the POA's Reserve Fund and a detailed Reserve Plan was created. The Reserve Fund provides ongoing financial support for all elements of the POA's infrastructure, roads, culverts, etc. Additionally, all proceeds from surface access agreements are paid to and retained by the POA. If and when actual mining commences, production royalties will be paid to the POA per agreements between STB Minerals, LLC and Okapi Minerals, currently known as Global Uranium and Enrichment. Because of the POA's non-profit status and general inability to distribute funds to members, POA royalties will be retained by the POA to fund operating and reserve accounts.

SOUTH T BAR RANCH MINERAL DEPOSITS FREQUENTLY ASKED QUESTIONS

Question: What is the relationship between the POA and the LLC?

Response: In October 2007, a majority of the POA membership voted to create an LLC to manage the POA's mineral interests and to sell the POA's mineral interests to that LLC. Pursuant to that vote, STB Minerals, LLC was created on 20 June 2008. Upon the formation of STB Minerals, LLC, all POA members received a Private Placement Memorandum and a Subscription Agreement, which was a one-time (initial offering) opportunity to join the LLC by purchasing a unit (basically, a share) in the LLC. 115 units were offered and, at the close of the offering term in September 2008, 109 units were sold. An Operating Agreement prescribed management of the new LLC, and the STB POA was established as the initial "Voting Member," with one vote. (No additional Voting Members can be added without the approval of the existing Voting Member(s), and the STB POA is the sole Voting Member to date.) Unitholders were established as "Economic Members," with no votes other than in very limited and unusual circumstances. Any Unitholder who sells their STB property becomes a Nonparticipating Member and no longer has any vote in STB Minerals, LLC. A slate of five Managers was proposed (similar to a Board of Directors) and, at the request of the POA Board and in the interest of protecting property owners' interests, the Operating Agreement provides that a majority of the Managers should at all times be current owners of parcels at the Ranch as well as unitholders in the LLC. The initial group of 5 managers was elected by the POA's membership via a vote by mail-in ballot on 12 June 2008. The POA Board continues to represent the Voting Member for election of LLC Managers as their terms of office expire.

Question: Some of the POA's Board Members are also members of STB Minerals, LLC. Doesn't this create a conflict of interest for them when voting on any issues related to mining, for example, the Okapi Road Use Agreement?

Response: The LLC is controlled by a group of Managers with the STB POA being a Voting Member with only one vote. Individual LLC Economic Members (e.g., POA Board members who are also LLC members) have **no votes** in LLC management except in very limited or unusual circumstances.

If the POA's Board had the power to control mineral-related activities on the ranch, then ownership of an LLC unit could qualify as a potential conflict of interest. However, the POA's Board has no significant influence on mineral-related activities (except through the election of LLC managers, who are bound by law to act in the best interests of the LLC). Since it cannot stop any mineral exploration activity, the only decision the POA's Board needs to make is whether it is better to negotiate the best possible terms for mineral-related access or to have those terms dictated by a judge. This decision will not have any material effect on any potential income a board member may receive from STB Minerals, LLC, so it does not qualify as a conflict of interest. The POA's Board believes that it is in the best interests of the POA to negotiate terms of access, and board members can agree on this whether they are LLC members or not.

If any POA Board member had a financial interest in Global Uranium and Enrichment, Ltd. (GUE, Ltd.) (formerly Okapi) or was able to negotiate personal mineral rights directly with them, that **may** meet the definition of a potential conflict of interest and this should be disclosed when any business related to GUE, Ltd. is brought before the POA's Board (see the POA's Conflict of Interest Policy on the POA's web site under Governing Documents). However, even if there were an undisclosed conflict of interest, the transaction, such as the road use agreement, would be considered valid as long as it is fair to the POA. NOTE: If the Board had chosen not to allow GUE, Ltd. permission to use its roads, then a judge would decide the terms of access. The POA Board negotiated the agreement with the assistance of outside counsel based on current industry standards. It is also important to note the POA Board consists of **both** LLC and non-LLC members, each of whom has an equal vote on POA Board matters.

Conflict of Interest: Per the definition of Conflicting Interest Transaction in the Colorado Revised Nonprofit Corporation Act 7-128-501(1) (which is also the definition that is used in our COI policy):

- "Conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director of the Association is a director or officer or has a financial interest.

SOUTH T BAR RANCH MINERAL DEPOSITS **FREQUENTLY ASKED QUESTIONS**

Some additional 'conflict of interest' definitions for reference:

- A situation in which the concerns or aims of two different parties are incompatible. -- *Oxford Online Dictionary*
- A conflict between the private interests and the official responsibilities of a person in a position of trust. -- *Webster Online Dictionary*
- A situation in which someone cannot make a fair decision because they will be affected by the result. -- *Cambridge Online Dictionary*

Question: What can the POA do to make sure prospective buyers are aware of the potential for mineral exploration and extraction on the ranch? Several new owners have said that they did what they thought was adequate due diligence before purchasing their properties, but they did not find any information disclosing the potential for uranium mining on the ranch.

Response: While the seller and broker have the responsibility to inform prospective buyers about the STB mineral deposits, information that the deposits exist has been placed on the STB website home page which is open to public access. Potential buyers are always welcome to contact the POA Board to ask any questions about the ranch area.

Question: The potential to have mineral exploration and extraction on the Ranch may strongly affect the property values, so I would expect the POA's Board to be monitoring this very closely. Why has the POA Board not been more proactive in sharing information about this?

Response: The Managers of the LLC are responsible for marketing the LLC's Mineral Rights to qualified uranium exploration and mining companies. Neither the POA's Board (as only an LLC Voting Member) nor the POA Board members (as only LLC Economic Members) have working knowledge or visibility of declared interest in the minerals. Information regarding mineral interest has been routinely shared not only on the STB website but also in POA newsletters and at POA annual meetings. The website is the repository to both historical STB POA mineral documents and current information as it becomes available. The POA Board members are also property owners and share concerns regarding property values. POA Board activities and responsibilities that affect property values are limited in our governing documents to items such road maintenance and covenant enforcement. There are many other factors that could contribute to a rise or fall of value in the community. If a community member has a concern over any issue, they should bring it up to the Board for discussion.

Question: The mining company wants to come onto my property to drill some test holes. What do I need to do to protect my surface rights?

Response: The POA Board has retained an attorney to assist in negotiating surface access on STB roads to protect the interests of the POA. The POA Board advises you to retain private counsel to advise you on your personal property access negotiations.

Question: How can the POA and adjacent property owners be notified in advance of any mineral exploration activity or any hearings for permits that GUE, Ltd. (Okapi) has applied for?

Response: GUE, Ltd. will make notification as required by law. The POA will place any such notification it receives in the Recent News area on the STB website. However, the POA Board does not receive all such notifications. If community members have information that would benefit the whole, it would be helpful to share with the POA Board to quickly disseminate the information on the website, newsletters or by email as necessary.

Question: Which POA Board Members have membership in STB Minerals, LLC?

Response: The list of members of STB Minerals, LLC is considered confidential. With that said, since it cannot stop any exploration or mining activity, the only decision the POA's Board of Directors can make is whether it is better to negotiate the best possible terms for mining-related access. This decision will not have any material effect on any potential income a board member may receive from STB Minerals, LLC, so it does not qualify as a conflict of interest. LLC membership does not create a conflict of interest for anything likely to come before the POA's Board, so which Directors are also LLC members is not relevant. A Board decision is a majority vote of Directors on the Board. If there is a concern, a community member

SOUTH T BAR RANCH MINERAL DEPOSITS
FREQUENTLY ASKED QUESTIONS

can ask a Director personally if they are an LLC member, but they are not required to disclose the information.

Question: I don't understand why the POA historical mining documents can only be visible to property owners.

Response: It is not the POA's intent to maintain a public repository for mining interest and activity in this area. There are many confidential and proprietary POA legal documents and much property owner information available only to POA members that is not in the public domain.