

CONSULTATION DRAFT

This consultation draft is intended to facilitate dialogue concerning its contents. Should the decision be made to proceed with the proposal, comments received will be considered during the final preparation of the lease. The content, structure, form and wording of the draft terms and conditions are subject to change as a result of the environmental assessment and consultation processes and as a result of review, editing and correction by the Lieutenant Governor in Council, the Minister of Energy, Northern Development and Mines, or the Land Registry Office, as applicable. There may also be minor adjustments to the legal descriptions of land in this lease as a result of ongoing research and review, including with the Land Registry Office, although there is no proposal to expand the area covered by this lease.

WHEREAS

WINDSOR SALT LTD., incorporated under the laws of British Columbia,

hereinafter called the "Lessee", has acquired all or substantially all of the assets of K+S Windsor Salt Ltd. (hereinafter called "K+S Windsor");

AND WHEREAS, under the authority of the *Mining Act*, K+S Windsor is the registered leaseholder of Mining Lease 103527 dated the 19th day of March 1981, as previously renewed and modified by Mining Lease 106466, dated the 13th day of December, 1991;

AND WHEREAS Mining Lease 106466 expired on the last day of January, 2011;

AND WHEREAS, prior to the expiry of Mining Lease 106466, K+S Windsor made application for renewal of the said mining lease for a further term of twenty-one years as

provided for therein, commencing with the first day of February, 2011;

AND WHEREAS, since such application, K+S Windsor has been lawfully overholding in its tenancy;

AND WHEREAS, during such overholding period, K+S Windsor requested that the renewal lease that it applied for be issued to the Lessee, as successor in title to the assets of K+S Windsor;

NOW KNOW YE that in consideration of the premises, the rents and conditions herein contained, We, hereinafter referred to as the "Lessor", hereby renew the said Mining Lease for a further term of twenty-one years commencing with the first day of February, 2011;

PROVIDED the provisions of Mining Lease 103527, as previously renewed and modified by Mining Lease 106466, are hereby superseded and restated by these Presents.

WE, hereinafter referred to as the "Lessor", by these Presents do demise and lease,

The mines, ores, minerals and mining rights in, upon and under all those Parcels or Tracts of Land more particularly described in the attached Schedule A, hereinafter referred to as the "premises".

Together with all and singular the easements, advantages and appurtenances, which are now or at any time during the term hereby granted, may be held, occupied or enjoyed therewith for the purpose of mining upon and under the said lands; and also with full power, subject to the reservations hereinafter contained, to the said Lessee and his contractors, agents and workmen to dig, sink, drive, bore, make and use excavations, pits, shafts, levels, drifts, tunnels, wells, water-courses and other works for winning, raising and removing the mines, ores and minerals in or on or under the said lands.

TO HAVE and TO HOLD the said demised premises for and during the term of twenty-one years, commencing on the first day of February 2011 and from thenceforth next ensuing and fully to be complete and ended.

YIELDING and PAYING THEREFOR in lawful money of Canada unto Us, Our Heirs and Successors, in advance at the Ministry of Energy, Northern Development and Mines, Sudbury, for the first year of the said term the rent or sum of \$413.69, the receipt of which is hereby acknowledged, and for each and every subsequent year of the said term in advance the annual rental that is prescribed for mining rights only leases under s. 81 of the *Mining Act* (or any successors to that section), on or before the first day of February in each and every year thereafter during the said term.

ALSO YIELDING and PAYING a per tonne royalty as calculated in Schedule "B" annexed hereto.

PROVIDED THAT:

1. The Lessee's rights under this Lease are subject to the protection provided for existing Aboriginal or treaty rights in section 35 of the *Constitution Act, 1982* and the Lessee shall conduct itself on the demised premises in a manner consistent with the protection provided to any such rights.
2. These Presents are limited to a lease of the mines, ores, minerals and

mining rights in, upon and under the herein described lands and the surface rights are expressly reserved and excepted thereout and therefrom.

3. These Presents shall not confer upon the Lessee any right to cut or remove any timber or trees standing, being or hereafter found growing upon the herein described lands.
4. The Lessee shall and will pay the rent or charge which may be payable by him in the manner hereinbefore mentioned without any deduction whatsoever.
5. The Lessee shall and will pay all provincial, municipal and other taxes, rates, duties, royalties or assessments that are or may at any time hereafter be imposed against the demised premises or the product thereof or the profit therefrom.
6. These Presents and the term hereby created shall be subject to the laws of the Province of Ontario and the applicable federal laws of Canada, including, without limitation, environmental laws, and any amendments thereto or regulations thereunder which have been or shall hereafter be made.
7. The mines, ores, minerals and mining rights hereby demised shall be used solely for the purposes of the mining industry, and, in default thereof, these Presents may be declared void by the Lieutenant Governor in Council, as provided in the *Mining Act*.
8. Nothing whatsoever herein contained shall prevent or interfere with the free use of any public or travelled road or highway crossing the hereinbefore described premises.
9. Should the premises herein described or any part thereof be covered by navigable waters, this Lease shall be subject to the provisions of the *Navigable Waters Protection Act (Canada)*, the *Beds of Navigable Waters Act* and the *Lakes and Rivers Improvement Act*.
10. Nothing herein contained shall in any manner restrict fishing or fishing rights in any navigable waters covering the premises hereby demised and that the said Lessee shall not do any act resulting in damage to fishing or the fishing industry in the said waters or to nets or other appliances used in fishing in such waters.
11. These Presents shall not vest in the Lessee any right, claim or title to the land under navigable waters which may be included within the limits of the herein described premises, but the Lessee shall have the exclusive right to extract the minerals therefrom during the term of these Presents.
12. The mines, ores, minerals and mining rights herein demised are subject to the conditions in Section 91 of the *Mining Act* with respect to the treating and refining of ores and minerals within Canada.
13. If the rent payable hereunder, or any part thereof, shall remain unpaid for two years or more after the same shall have become legally due and payable, whether such rent shall have been legally demanded or not, these Presents may be terminated by Our Minister of Energy, Northern

Development and Mines by an instrument in writing.

14. If default is made in any of the provisos or conditions herein contained except payment of the rent payable hereunder or any part thereof, and such default is not remedied within sixty days after notice has been sent to the Lessee at its last known address of record in the Ministry of Energy, Northern Development and Mines setting forth such default and calling upon it to remedy the same, these Presents shall cease and determine until such remedy is made, provided that at any time sixty days after notice has been sent and unless full remedy has been made these Presents may be terminated by Our Minister of Energy, Northern Development and Mines by an instrument in writing.
15. Upon the termination of these Presents by Our Minister of Energy, Northern Development and Mines, it shall be lawful for Us, our Heirs and Successors, to enter into and upon the same premises and to repossess the same free and clear of every claim and encumbrance.
16. The Lessee on the termination of these Presents for whatever cause may within the time provided in the *Mining Act* remove from the herein described premises all buildings, structures, machinery, chattels, personal property and any ore or mineral it has extracted therefrom and slimes or tailings not otherwise owned and in default of so doing within the time prescribed in the *Mining Act* all such buildings, structures, machinery, chattels, personal property, ore, mineral, slimes and tailings shall revert to and belong to Us, Our Heirs and Successors, and may be sold or otherwise disposed of by Our Minister of Energy, Northern Development and Mines upon such terms and conditions as deemed expedient.
17. These Presents and the term or terms hereby created shall not be transferred, assigned, mortgaged, charged, sublet, or made subject to a debenture, without the written consent of Our Minister of Energy, Northern Development and Mines, or of some officer duly authorized by him, nor unless all fees on any such transfer have been paid.
18. If application is made therefor within ninety days of the expiry of these Presents or within such further period of time as Our Minister of Energy, Northern Development and Mines may deem proper, and the provisos, terms and conditions herein contained have been fulfilled to the satisfaction of Our Minister of Energy, Northern Development and Mines, and the rent herein reserved has been paid, and the Lessee can reasonably demonstrate to the satisfaction of Our Minister of Energy, Northern Development and Mines that the productive life of the salt mine is longer than the current term of this Lease, these Presents may be renewed for further terms of twenty-one years, if considered expedient by Our Minister of Energy, Northern Development and Mines.
19. The Lessee shall, both during and following the term of this Lease, indemnify and hold the Lessor harmless against any and all actions, suits, proceedings, costs, charges, damages, expenses, claims or demands resulting from any property damage or bodily injury including death, resulting in whole or in part from, or in any manner based upon, anything done, or omitted to be done, by the Lessee or its employees or agents under this Lease, including the Lessee's operations, actions and maintenance of the premises, EXCEPT that nothing contained herein shall in any way diminish, remove or cause to be inoperative, any

immunity, protection, or other limitation of liability of the Lessee, all whether by statute or regulation.

20. Wherever in this Lease the word "Lessee" occurs it shall be construed as including the Lessee and also the heirs, executors, administrators, successors, assigns and other legal representatives of the Lessee as the case may be; and words importing the singular number only shall include more persons, parties or things than one.
21. The books, accounts, and records of the Lessee, having reference to its operation on the herein described premises, and the plant and machinery in connection therewith, shall be open to inspection by the Lessor or any person designated by him during normal business hours.
22. The Lessor may require the Lessee to furnish security in the form of an irrevocable letter of credit in such amount as may be satisfactory to the Lessor to secure payment of the royalty and other conditions of this Lease.
23. In the event of the salt mine on the lands herein described or on adjoining lands owned, leased or occupied by the Lessee not being operated for a continuous period of twenty-four months, the Lessor may notwithstanding any other provision herein contained terminate this Lease by notice in writing signed by Senior Manager, Mining Lands Section, Ministry of Energy, Northern Development and Mines, or by the holder of any successor office thereof, acting on behalf of Her Majesty the Queen in right of Ontario as represented by the Ministry of Energy, Northern Development and Mines, and sent by registered mail to the last known address of the Lessee as indicated herein.
24. This Lease is granted and accepted by the Lessee on the express condition and understanding that the Lessee shall have no recourse against the Lessor should the Lessor's title to the premises be found to be defective or should this Lease prove ineffectual by reason of any defect in such title and in particular any loss or defect in title due to natural accretion or erosion of the shoreline of the Detroit River.
25. The Lessee shall comply with the objectives of the Boundary Waters Quality Control established by the International Joint Commission and approved by the Government of Canada and of the United States of America.
26. No rock or other material shall be dislodged or disturbed from its natural state which would in any way divert or affect the natural flow of any waters covering the premises hereby demised so as to interfere with the economic development of water power in this vicinity.
27. The Lessee shall not in any way interfere with navigation, with the use of docks and wharves now existing or that may hereafter be constructed upon or built out in the waters covering any of the premises or with the right of access to the water by the riparian proprietor or by the Lessor.

SAVING, EXCEPTING AND RESERVING UNTO US, OUR HEIRS AND SUCCESSORS:

1. The right to grant without compensation to any person or corporation the right of way necessary for the construction and operation of one or more

railways over or across the Land herein described without let or hindrance from the Lessee where such railway or railways shall not manifestly or materially interfere with the mining operations carried on upon the said premises.

2. The free use, passage and enjoyment of, in, over and upon all navigable waters which shall or may hereafter be found on or under or to be flowing through or upon any part of the herein described Land and reserving also the right of access to the shores of all rivers, streams and lakes for all vessels, boats and persons, together with the right to use so much of the banks thereof not exceeding one chain in depth from the high watermark as may be necessary for fishery or public purposes.
3. All deposits of sand, gravel and peat together with the right of the Crown or its designates to enter and remove same without compensation.
4. The right to raise, lower and maintain the waters of any lake or stream which may be found on or under or be flowing through or upon or over or near any part of the premises to and at such height as may be deemed advisable by the Lessor without any liability for damage by the Lessor or by any person, company or corporation lawfully authorized so to raise or lower the said waters.

These Lease Letters Patent are issued under the authority of Section 176(3) of the *Mining Act*, R.S.O. 1990, c. M.14. pursuant to Order-in-Council <<#>> dated <<date>>.

GIVEN under the Great Seal of Our Province of Ontario,

WITNESS: THE HONOURABLE V. ELIZABETH DOWDESWELL,

LIEUTENANT GOVERNOR OF OUR PROVINCE OF ONTARIO.

At Our City of Toronto in Our said Province this <<day>> day of <<month>> in the year of Our Lord two thousand and twenty-one and in the seventieth year of Our Reign.

BY COMMAND

Carol Smith
Director
Information and Lands Branch
Ministry of Energy, Northern Development and Mines
For and on behalf of the
Minister of Energy, Northern Development and Mines

Mining Lease No. 109979
renewing and superseding Mining Lease No. 103527 as previously renewed by Mining Lease No. 106466

MNRF File No. 32071

Land Registrar,
Ministry of Government and Consumer Services,
will mail duplicate to:

Windsor Salt Ltd.
200 Morton Drive
Windsor, Ontario
N9J 3W9

Schedule "A"

The mines, ores, minerals and mining rights in, upon and under all that parcel or tract of land in the City of Windsor (Geographic Township of Sandwich West), in the County of Essex and Province of Ontario, containing an area of 340.75 acres (137.897 hectares), to be the same more or less, being composed of part of the bed of the Detroit River in front of Lots 37 to 54, both inclusive, Concession 1, as shown on the plan of the Township of Sandwich, and which parcel or tract of land may be more particularly described as follows:

COMMENCING at a point in the north limit of the water lot granted by Letters Patent dated March 2, 1888, to James Colebrook Patterson, where the said northerly limit is intersected by the Harbour Line as established by Order-in-Council dated May 19, 1913;

THENCE northerly along the said Harbour Line a distance of 4,225 feet, more or less, to the intersection with a line drawn parallel with the westerly production of the limit between said Lots 53 and 54, Concession 1, and distant 194 feet measured northerly and at right angles therefrom;

THENCE westerly and parallel to the said westerly production of the limit between said Lots 53 and 54, Concession 1, a distance of 1,080 feet, more or less, to the intersection with the International Boundary between Canada and the United States of America;

THENCE southerly along the said International Boundary to the intersection with the westerly production of the limit between Lots 36 and 37, Concession 1, as shown on the plan of the Township of Sandwich;

THENCE easterly along the said westerly production of the limit between said Lots 36 and 37, a distance of 3,025 feet, more or less, to the high-water mark of Detroit River;

THENCE in a general northerly direction following the said high water mark to the southerly limit of the water lot granted by Letters Patent dated October 22, 1901, to Alfred James Borge;

THENCE westerly along the southerly limit of said water lot granted to Alfred James Borge to the southwesterly corner thereof;

THENCE northerly along the westerly limit of said water lot granted to Alfred James Borge, to the northwesterly corner thereof;

THENCE easterly along the northerly limit of said water lot granted to Alfred James Borge, to the high-water mark of Detroit River;

THENCE in a general northerly direction following the said high water mark to the southerly limit of said Lot 40, Concession 1;

THENCE westerly along the westerly production of the southerly limit of said lot 40, Concession 1, a distance of 1,050 feet, more or less, to the southwesterly corner of the water lot granted by Letters Patent dated May 27, 1953, to Canadian Steel Corporation Limited;

THENCE northerly along the westerly limit of said water lot granted to Canadian Steel Corporation Limited to the northwest corner thereof, the said corner being common with the southwest corner of the water lot granted by Letters Patent dated May 14, 1954 to The Canadian Rock Salt Company Limited;

THENCE continuing northerly along the westerly limit of said water lot granted by Letters Patent dated May 14, 1954, to the northwest corner thereof;

THENCE easterly along the northerly limit of foresaid water lot to the northeast corner thereof being also a point in the westerly limit of the water lot granted by Letters Patent dated September 27, 1906, to Alberie Chappus;

THENCE northerly along the westerly limit of said water lot granted to Alberie Chappus to the northwest corner thereof, the said corner being also common with the southwest corner of water lot granted by Letters Patent dated March 6, 1895, to Daniel Scotten;

THENCE northerly along the westerly limit of the said water lot granted to Daniel Scotten to the northwest corner thereof;

THENCE easterly along the northerly limit of said water lot granted to Daniel Scotten to the intersection with the Harbour Line as established by Order-in-Council dated May 19, 1913;

THENCE northerly along the said Harbour Line to the intersection with the southerly limit of the water lot granted by Letters Patent dated March 2, 1888, to James Colebrook Patterson;

THENCE westerly along the southerly limit of said water lot granted to James Colebrook Patterson to the southwest corner thereof;

THENCE in a general northerly direction following the westerly limit of the said water lot granted to James Colebrook Patterson to the northwest corner thereof;

THENCE easterly along the northerly limit of the said water lot granted to James Colebrook Patterson to the point of commencement;

The parcel or tract of land as herein described is shown on a plan dated March 21, 1958, of record in the Ministry of Natural Resources at Toronto, a copy of which plan is attached to and forms part of Instrument Number R831188 registered with the Land Registrar at Windsor, Ontario, on March 30, 1981.

Schedule "B"

The royalty per tonne payable under this Lease shall be calculated using the terms on which the royalty is calculated in Mining Lease 104013 dated the sixth day of September, 1982 and registered as Instrument Number LT73017 on November 21, 1984, as renewed and modified by Mining Lease 107841 dated the seventh day of June 2006, and registered as Instrument Number CE223315 on July 4, 2006, as such Mining Lease may be further renewed, amended, restated, or replaced from time to time (collectively, the "**1982 Lease**").

If the 1982 Lease expires without renewal, is surrendered, or is terminated, and is not subsequently replaced, the royalty rate per tonne payable under this Lease shall be calculated using the terms of the 1982 Lease that were in force immediately prior to its expiry, surrender, or termination.