

Office Schedule

LT0270484

CERTIFICATE OF REGISTRATION
CERTIFICATE OF INSTRUMENT
BOOKING NUMBER

'00 APR 19 AM 10 28

LAND TITLES
P.T.N.

✓
~~70501-0191~~

REGISTRY

70501-0191

70501-0194

70501-0196

NEW
DUNS
CREATED

Lot

Plan/Cont.

Township

P.T.N.

ADDITIONAL EXECUTIONS:

No. of Pages 10

clear

Lease 107254.

(Registered copy)

REGISTRATION FEE	n/c	
LAND TRANSFER TAX	-	
RETAIL SALES TAX	-	

Sec. 37: per:
Pub. Lands Act.

obtained

107254.

PROVINCE OF ONTARIO
MINISTRY OF NORTHERN DEVELOPMENT AND MINES
SALT RIGHTS ONLY MINING LEASE NUMBER 107254

THIS INDENTURE made the nineteenth day of July, in the year of Our Lord one thousand nine hundred and ninety-nine.

THE MINISTER OF NORTHERN DEVELOPMENT AND MINES, for the Province of Ontario, hereinafter called the "Lessor",

OF THE FIRST PART;

- and -

The Canadian Salt Company Limited / La Societe Canadienne de Sel, Limitee, incorporated under the laws of Canada, having its head office at the City of Pointe Claire in the Province of Quebec, hereinafter call the "Lessee",

OF THE SECOND PART;

WHEREAS under subsection 176(3) of the Mining Act, R.S.O. 1990, the Minister may, subject to the approval of the Lieutenant Governor in Council, issue a Lease of any mining lands on such terms and conditions as he considers expedient;

AND WHEREAS the Lessor is the owner in fee simple of all that Parcel or Tract of land in the Township of Sandwich, in the County of Essex, and Province of Ontario, more particularly described in the attached Schedule "A" and the parties hereto are desirous of entering into a Salt Mining Lease with respect to said lands on the terms and conditions in the herein contained "lease";

NOW THEREFORE THIS INDENTURE WITNESSES that under the Mining Act R.S.O. 1990 and the regulations made thereunder, the Lessor doth hereby demise and lease unto the Lessee, its successors and assigns, for the term hereinafter set forth, the mining lands described in Schedule "A" annexed hereto and hereinafter referred to as the "premises", together with all salt and salt products in, under and upon the premises, with full and exclusive liberty, power and authority for the Lessee, its agents, servants and workmen to enter upon the premises and to explore for such salt and salt products and to work, mine, remove and sell such salt and salt products, and to do all other things necessary and proper for the more effectual working of the premises and for procuring and making fit for sale the salt and salt products to be mined therefrom, and to carry on all of the said work on or under the premises.

SAVING AND EXCEPTING thereout and therefrom any lands lying within the hereinbefore described premises, the mining rights to which have been patented, sold, leased or otherwise alienated, or dealt with by the Lessor;

ALSO SAVING AND EXCEPTING the free use, passage and enjoyment of, in, over and up all navigable waters which shall or may hereafter be found on or under, or flowing through or upon, any part of the premises.

ALSO RESERVING the right of access to the shores of all rivers, streams and lakes for all vessels, boats and persons.

ALSO RESERVING 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 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.

1. TO HAVE AND TO HOLD the premises for a term of twenty-one years to be computed from the 1st day of July, 1999 and from thenceforth next ensuing and fully to be complete and ended on the last day of June, 2020 subject to the right of renewal as hereinafter set out.
2. YIELDING AND PAYING THEREFOR in lawful money of Canada, in advance yearly and every year during the said term unto the Lessor, at the Ministry of Northern Development and Mines, Sudbury, for the first year of the said term the rent or sum of \$29.11, the receipt of which is hereby acknowledged, and for each and every subsequent year of the said term in advance the annual rental as prescribed under the Mining Act. on or before the first day of January in each and every year thereafter during the said term.
- 3.1 ALSO YIELDING AND PAYING to the Ministry of Northern Development and Mines, Sudbury, a royalty of one and one-half (1 1/2) percent of the value of all salt as calculated in Schedule "B" annexed hereto which is or is deemed to be produced or derived and shipped during each year of the term of this Lease from the premises described in Schedule "A";
- 3.2. For the purpose of this lease, the following definitions shall apply:

"salt" shall mean, salt and any natural impurities loose in bulk extracted from the premises, carried to the surface and processed in the Lessee's plant or plants.

"year" shall refer to a Lease year during the term of the Lease.

"ton" shall mean an Imperial ton of 2,000 pounds.

"arm's length" shall be determined, for the purpose of this Lease, as follows:

1. (a) related persons shall be deemed not to deal with each other at arm's length; and
- (b) it is a question of fact whether persons not related to each other were at a particular time dealing with each other at arm's length.

2. For the purpose of this Lease "related persons" or persons related to each other are:

- (a) individuals connected by blood relationships, marriage or adoption;
- (b) a corporation and,
 - (i) a person who controls the corporation, if it is controlled by one person,
 - (ii) a person who is a member of a related group that controls the corporation,

or

- (iii) any person related to a person described in subclause i or ii ;
- (c) any two corporations,
 - (i) if they are controlled by the same person or group of persons,
 - (ii) if each of the corporations is controlled by one person and the person who controls one of the corporations is related to the person who controls the other corporation,
 - (iii) if one of the corporations is controlled by one person and that person is related to any member of a related group that controls the other corporation,
 - (iv) if one of the corporations is controlled by one person and that person is related to each member of an unrelated group that controls the other corporation,
 - (v) if any member of a related group that controls one of the corporations is related to each member of an unrelated group that controls the other corporation,

or

- (vi) if each member on an unrelated group that controls one of the other corporations is related to at least one member of an unrelated group that controls the other corporation.
- 3. Where two corporations are related to the same corporation within the meaning of section 2, they shall, for the purposes of sections 1 and 2, be deemed to be related to each other.
- 4. In this definition,
 - (a) "related group" means a group of persons each member of which is related to every other member of the group; and
 - (b) "unrelated group" means a group of persons that is not a related group.
- 5. for the purposes of section 2,
 - (a) where a related group is in a position to control a corporation, it shall be deemed to be a related group that controls the corporation whether or not it is part of a larger group by whom the corporation is in fact controlled;
 - (b) a person who had a right under a contract, in equity or otherwise, either immediately or in the future and either absolutely or contingently, or to acquire, shares in a corporation, or to control the voting rights of shares in a corporation, shall, except where the contract provided that the right is not exercisable until the death of an individual designated therein, be deemed to have had the same position in relation to the controls of the corporation as if he owned the shares; and
 - (c) where a person owns shares in two or more corporations, he shall as shareholder of one of the corporations be deemed to be related to himself as shareholder of each of the other corporations.
- 6. For the purposes of this Lease,
 - (a) persons are connected by blood relationship if one is the child or other descendant of the other or one is the brother or sister of the other;
 - (b) persons are connected by marriage if one married to the other or to a person who is so connected by blood relationship to the other; and
 - (c) persons are connected by adoption if one has been adopted, either legally or in fact, as a child of the other or as the child of a person who is so connected by blood relationship, otherwise than as a brother or sister, to the other.

"F.O.B. mine value" shall be the sale price of salt f.o.b. the Lessee's processing plant or plants at Windsor, Ontario, determined as follows:

- (i) for all salt sold to arm's length purchasers during the year, the aggregate value of all sales thereof;
- (ii) for all salt sold to non-arm's length purchasers during such year the product of the transfer price per ton multiplied by the number of tons of such salt sold or consumed by non-arm's length purchasers for such year provided, if the total weight of salt sold or consumed during such year by arm's length purchasers is 5 per cent or less of the total weight of salt sold in such year, the unit transfer price of salt shall be not less than the average unit value of the fair market value of the salt as determined in (i) above;

- (iii) for the purpose of this lease, the sale price of salt used for special purposes (including but not limited to water softening, animal feed supplements, food industry salt, household de-icing salt) shall be deemed to be the same as the sale price at Windsor for highway rock salt sold directly in Ontario by the Lessee.
- (iv) "Transfer price" shall be the price at which The Canadian Salt Company Limited / La Societe Canadienne de Sel, Limitee transfers salt to its U.S. affiliate or to other non-arm's length customers which transfer price is calculated by a method subject to approval by the Lessor. The aforesaid transfer price shall be f.o.b. the Lessee's processing plant at Windsor, Ontario and is based on the fair market value for the Lessee's salt products in the United States markets and as agreed, by the parties hereto acting reasonably and failing such agreement within 30 days of the expiration of a year, either party may apply under the Arbitrations Act R.S.O. 1990, as amended from time to time, to have such value determined and the decision pursuant to such arbitration shall be final and binding on both parties and not be subject to appeal and the cost shall be paid as specified in the decision.

3.3 The Lessee shall forward to the Lessor, within thirty days after the end of each lease year and every lease year thereafter during the said term, the royalty payment for such preceding lease year, together with a statement setting out the tons of salt sold during the year for each category as aforesaid and the F.O.B. mine value for each category together with an explanation in reasonable detail of how such value and the total amount of the royalty were obtained or calculated, certified to by an authorized officer of the Lessee. If the Lessor does not agree with the amount of the royalty received as aforesaid, the Lessor may within 90 days of the receipt of such royalty payment seek further clarification and failing resolution submit the matter to arbitration under the Arbitrations Act, R.S.O. 1990, as amended from time to time, and the decision pursuant to such arbitration shall be final and binding and not subject to appeal by either party and the cost shall be paid as specified in the decision.

PROVIDED THAT:

1. The Lessee shall pay the rent in the manner hereinbefore mentioned, without any deduction whatsoever.
2. The books, accounts and records of the Lessee having reference to its operations on the 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.
3. 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.
4. 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.

It is the intention of the Lessor and the Lessee to work co-operatively with any other owners of lands abutting the leased premises to co-ordinate any future title issues relative to the natural accretion or erosion of the shoreline of the Detroit River which may have occurred since the preparation of the Reference Plan referred to in Schedule "A", so as to provide for contiguous boundaries between those covered by this lease and any future lease entered into with such abutting land owners

5. The premises are subject to the conditions in Section 91 of the Mining Act, R.S.O. 1990, or such other provision substituted therefrom at any time requiring that all ores and minerals, raised or removed therefrom shall be treated and refined within Canada.
6. This Lease and the term or terms hereby created shall not be transferred, charged, pledged, mortgaged, assigned, sublet or otherwise disposed of without the written consent of the Lessor or of some officer duly authorized by him.
7. Nothing herein contained shall in any manner restrict fishing or fishing rights in the waters covering the premises and that the 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 such waters.
8. 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 so as to interfere with the economic development of water power in this vicinity.
9. The right to remove and to authorize the removal of sand and gravel and all ores, mines and minerals other than salt and salt products from the premises and to grant such parts of the said premises for water lots, wharf and such other purposes as may be deemed necessary is specifically reserved to the Lessor, provided that any such removal or grant shall not unreasonably interfere with the rights granted to the Lessee hereunder and its salt operations.
10. 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.
11. The Lessor and its agents and designates shall for all lawful purposes provide sufficient notice to the Lessee and have full and free access to any and every part of the premises during normal business hours subject to such access interfering as little as reasonably possible with the use of the premises by the Lessee and subject to the Lessee's obligations under all applicable statutes and regulations having to do with the operation of the mines in the premises.
12. The royalty payment provided for herein shall be subject to review and adjustment by the Lessor in the year 2004 and thereafter at five year intervals during the balance of the term or any renewal thereof and each such adjustment shall take effect on the first day of the year next following and the amount of each upward adjustment shall be fair and reasonable and shall be determined by the Lessor or by arbitration under the Arbitrations Act R.S.O. 1990 as amended from time to time, where within thirty days after notice of the determination of the amount of the adjustment by the Lessor, the Lessee gives notice to the Lessor by registered mail that it requires the amount of the upward adjustment to be determined by arbitration and the cost shall be paid as specified in the decision.
13. Notwithstanding anything in this lease, entrance to the premises and removal of salt will only be through existing adjacent underground workings and extensions thereto.
14. This Lease and the term hereby created shall be subject to the Environmental Assessment Act, the Environmental Protection Act, the Forest Fires Prevention Act, the Mining Act, the Mining Tax Act, the Ontario Water Resources Act, the Petroleum Resources Act, and any other applicable acts and any amendments made thereto or regulations thereunder which have been or shall hereafter be made.

15. If the rent provided herein or any part thereof shall remain unpaid for two years after the same shall have become legally due and payable, whether such rent shall have been legally demanded or not, this Lease may be terminated by the Lessor without any liability by the Lessor to the Lessee.
16. 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.
17. If default is made in any of the provisos, terms or conditions contained herein and such default is not remedied within sixty days after notice has been delivered or sent to the Lessee at its last known address of record in the Ministry of Northern Development and Mines setting forth such default and called upon the Lessee to remedy the same, this Lease may be terminated by the Lessor without any liability by the Lessor to the Lessee.
18. Upon the termination of this Lease by the Lessor, it shall be lawful for the Lessor to enter into and upon the premises and to repossess the premises absolutely free and clear of every and any estate, right, title, interest, claim, demand or encumbrance therein or thereto whether existing, arising or accruing before or after the termination of this Lease.
19. Upon the termination of this Lease by the effluxion of time or otherwise, the Lessee shall have the right to remove from the premises, all engines, tools, machinery, ducts, conveyers, trucks, structures, chattels and personal property which it may have placed or erected thereon within six months after the termination of this Lease.
20. The Lessee shall and will pay all provincial, municipal and other taxes, rates, duties and assessments that are now or may at any time hereafter be imposed against the premises or the product thereof or the profit therefrom.
21. If application for renewal is made by the Lessee within ninety days before the expiry of this Lease or its renewal, or within such further period of time as the Lessor may deem proper and the provisos, terms and conditions herein contained have been fulfilled to the satisfaction of the Lessor, and the rent herein reserved has been paid, and the Lessee can reasonably demonstrate to the satisfaction of the Lessor that the productive life of the premises as a salt mine is longer than the current term of this Lease, this Lease shall be renewed for one further term of twenty-one years, each at such rental and royalty charges and subject to such reservations, provisions and conditions as the Lessor considers expedient.
22. Wherever in this Lease the word "Lessee" occurs it shall be construed as including Lessees and also the heirs, executors, administrators, successors, assigns and other legal representatives of the Lessee or Lessees as the case may be and words importing the singular number only shall include more persons, parties or things than one.

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 Northern Development and Mines, or by the holder of any successor office thereof, acting on behalf of the Ministry of Northern Development and Mines, and sent by registered mail to the last known address of the Lessee as indicated herein.
24. Should the premises 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.
25. Any notice or other undertaking hereunder shall be well and sufficiently given if delivered on a business day within normal business hours or sent by prepaid registered mail,

If to the Lessor at:

Ministry of Northern Development and Mines
Willet Green Miller Centre
933 Ramsey Lake Road, 6th Floor
Sudbury, Ontario
P3E 6B5
Attention: Senior Manager , Mining Lands Section


and if to the Lessee at:

The Canadian Salt Company Limited / La Societe
Canadienne de Sel, Limitee
Ojibway Mine,
Sandwich P.O. Box 7008
Windsor, Ontario
N9C 3Y7
Attention: Mine Manager

Any notice delivered as aforesaid shall be deemed to have been given on the date of delivery and any notice mailed as aforesaid shall be deemed to have been given on the third business day following the date of mailing of such notice. Either party may give to the other party from time to time notice of change of address for the purpose of notice hereunder and such new address shall be the address for notice as herein set out.

SCHEDULE "A"

All those parcels or tracts of land in the Township of Sandwich West, in the County of Essex and Province of Ontario, containing by admeasurement 9.704 hectares, be the same more or less, being Water Lot Location CL 5013 composed of those parts of the bed of the Detroit River in front of lots 33, 34, 35, 37, 38 and 39, Concession 1 as shown on the plan of the geographic Township of Sandwich, designated as parts 1, 2 and 3 on a plan and field notes deposited in the Land Registry Office at Windsor as Plan 12R-9291.


P.L. Finos,
Surveyor General

February 3, 1994

DLT/

SCHEDULE "B"

Royalty shall be paid calculated at the rate of one and one-half percent (1 1/2%) of the F.O.B. plant value of all salt produced or derived and shipped during each year of the term of this Lease from the lands described in Schedule "A". The "F.O.B." plant value shall be the weighted average selling price per ton, F.O.B. at the plant premises, of all salt sold loose as if it were loose in bulk, multiplied by the total number of tons of salt produced or derived and shipped during the year from the lands described in Schedule "A".

It is understood and agree that:

- (a) Where salt is not sold at arm's length, the Lessor may request the Lessee to provide a written justification of its selling price, and;
- (b) If the justification is not acceptable to the Lessor the royalty for such sales shall be calculated on the greater of (i) the actual selling price paid by the non-arm's length purchaser, or (ii) the weighted average selling price for sales to non-arm's length purchasers during the preceding five years.

"Weighted Average Selling Price" shall, for the purpose of this Lease, be computed in the manner shown in the following example:

<u>NUMBER OF TONS</u>	<u>SELLING PRICE PER TON</u>	<u>AMOUNT SHOWN ON INVOICES</u>
100,000	\$4.00	\$400,000.00
300,000	\$3.00	\$900,000.00
<u>100,000</u>	<u>\$5.00</u>	<u>\$500,000.00</u>
500,000		\$1,800,000.00

Weighed Average Selling Price is \$1,800,000.00 - 500,000 tons or \$3.60 per ton.

This Lease is issued under the authority of subsection 176(3) of the Mining Act, R.S.O. 1990, Chapter M.14 pursuant to Order in Council O.C. 1399/99 dated the 30th day of June 1999.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals.

Vishnu Prasad

V Vishnu Prasad
Co-ordinator, Crown Land Registry
Office of the Surveyor General
Ministry of Natural Resources
for and on behalf of the
Minister of Northern Development and Mines

The Canadian Salt Company Limited / La Societe Canadienne de Sel, Limitee

BY: *Guy L. LeBlanc*
GUY L. LEBLANC
Vice-President, Production & Administration

AND: *Francois G. Allard*
Francois G. Allard
Vice-President, Finance
We have authority to bind the Corporation.

Salt Mining Lease No.107254

Main Office File No.78215

Land Registrar
Ministry of Consumer and Commercial Relations
will mail duplicate to:

The Canadian Salt Company Limited / La Societe
Canadienne de Sel, Limitee
Ojibway Mine,
Sandwich P.O. Box 7008
Windsor, Ontario
N9C 3Y7
Attention: Mine Manager