

MARIC G. KORTH
BOX ELDER COUNTY RECORDER

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MINERAL LEASE NO. 23023

APPLICATION NO. 23023

GRANT

BOOK 489 PAGE 183

UTAH STATE LEASE
FOR
SODIUM SALTS AND MINERALS
IN ASSOCIATION THEREWITH
OCCURRING IN BEDDED OR SOLID FORMATION

THIS INDENTURE OF LEASE AND AGREEMENT entered into in duplicate as of the *1st* day of *September*, 1965, by and between the STATE LAND BOARD, Room 105, State Capitol Building, Salt Lake City, Utah, acting in behalf of the State of Utah, hereinafter called the Lessor, and LITHIUM CORPORATION OF AMERICA, INC. and CHEMSALT CORPORATION, hereinafter collectively called the Lessee, under and pursuant to Title 65, Utah Code Annotated, 1953.

WITNESSETH: That the Lessor, in consideration of the rents and royalties to be paid and the covenants to be observed by the Lessee, as hereinafter set forth, does hereby grant and lease to the Lessee the exclusive right and privilege to explore for, mine, remove, process and dispose of sodium salts and minerals in association therewith occurring in bedded or solid formation or formations lying beneath the bottom of the Great Salt Lake and within the following described tract of land situated in Box Elder County, State of Utah, to-wit:

UNSURVEYED LANDS:

Commencing at a point where the meander line of Great Salt Lake intersects or meets the east line of Section 36, T. 6 N., R. 6 W., SLM, running thence S. 3/4 mi. m/l to the proposed southeast corner of Section 36, being a township corner, thence W. 5 mi. m/l, N. 1-1/4 mi. m/l, W. 1 mi. m/l, N. 3/4 mi. m/l, E. 1 mi. m/l, N. 4 mi. m/l, E. 2-7/8 mi. m/l to a point where the meander line of Great Salt Lake intersects the north line of Section 3, T. 6 N., R. 6 W., SLM, thence southerly along said meander line 3-1/2 mi. m/l to the north boundary of the north segment of Lake Crystal Salt Company lease ML 1623, thence westerly along the north boundary to the northwest corner of said lease, thence south along the west boundary to the southwest corner of said lease, thence south 2376' m/l to the north boundary of the south segment of Mineral Lease 1623, thence west 7245' m/l to the proposed west boundary of Section 27, T. 6 N., R. 6 W., SLM, thence south along said west boundary 1526' m/l to the north property line of the Southern Pacific Company, thence easterly along said property line 2-1/2 miles m/l to the meander line of Great Salt Lake, thence southeasterly along said meander line to point of beginning, which when surveyed will probably be described as:

01-012-0029'
 0030'
 0031'
 0034'
 0055' 0035'
 0056' 0036'
 0057' 0037'
 0058' 0038'
 0059' 0039'
 0040'
 0041'
 0044'
 0045'
 0046'
 0047'
 0048'
 0049'
 0050'
 0051'
 0052'
 0053'

Township 6 North, Range 6 West, SIM

Sec. 3 - Part, Unsur.	Sec. 22 - All
Sec. 4 - All	Sec. 23 - Part
Sec. 5 - All	Sec. 25 - Part
Sec. 8 - All	Sec. 26 - Part
Sec. 9 - All	Sec. 27 - Part
Sec. 10 - Part, Unsur.	Sec. 28 - All
Sec. 11 - Part, Unsur.	Sec. 29 - All
Sec. 14 - Part, Unsur.	Sec. 30 - N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$
Sec. 15 - All	Sec. 32 - All
Sec. 16 - All	Sec. 33 - All
Sec. 17 - All	Sec. 34 - All
Sec. 20 - All	Sec. 35 - All
Sec. 21 - All	Sec. 36 - Part, Unsur.

Containing 14,380.56 acres m/l,

together with the right to use and occupy so much of the surface of said land as may be required for all purposes reasonably incident to the exploration for, mining, removal, processing and disposal of said minerals, according to the provisions of this lease, for a primary term beginning on the date stated above and expiring ten years after the January 2nd first succeeding said date, and for so long thereafter as said minerals, or any of them, shall be produced in commercial quantities from said lands or Lessee shall pay the annual rental and the additional annual rental as provided in sub-paragraph "First" of Article III hereof, upon condition that at the end of each twenty (20) year period succeeding the first day of the year in which this lease is issued, such re-adjustment of terms and conditions may be made as the Lessor may determine to be necessary in the interest of the State.

ARTICLE I

This lease is granted subject to the laws of the State of Utah, existing regulations of the Utah State Land Board and such reasonable operating regulations as may hereinafter be promulgated by said Board. This lease is also granted subject to the rights of Lessee under Royalty Agreement ML 19024 as amended and Lease Agreement ML 19024 as amended.

ARTICLE II

Lessee shall promptly notify Lessor of the discovery on the leased premises of any mineral other than those specified herein.

ARTICLE III

The Lessee agrees as follows:

FIRST: To pay to the Lessor:

(a) During the primary term hereof, as rental for the land covered by this lease, the sum of Fifty (50) Cents per acre per annum.

All such payments of rental to be made in advance on the second day of January of each year, except the rental for the year in which this lease is issued, which is payable on the application for this lease.

(b) From and after the end of the primary term hereof, as additional rental for the land covered by this lease, an additional sum of Fifty (50) Cents per acre per annum; provided, however, that if, after the end of the primary term hereof, Lessee should become obligated to pay as annual rental, or minimum royalty, under the terms of any Federal lease covering like or similar minerals under Federal lands an amount in excess of One Dollar (\$1.00) per acre per annum, Lessor shall have the right, upon due notice given in writing to Lessee, to adjust the amount payable per acre as additional rental hereunder to equal the difference between the rental rate provided in (a) above, and the highest rental, or minimum royalty, rate in effect in any such Federal lease.

(c) All rentals paid hereunder shall be credited against the royalties, if any, which may accrue on production during the year for which such rentals are paid.

SECOND: To pay a royalty as hereafter provided:

(a) Royalties hereunder shall be based upon the gross market value at the point of shipment or use for each ton avoirdupois dry weight of products extracted and shipped hereunder. Royalty payments shall be 1.5 per cent of said gross market value for the 1st five years after shipment is started, 2.0 per cent for the next 5 years, and thereafter such rates shall be increased at the rate of 0.2 of 1 per cent for each succeeding year until the maximum of 5 per cent is attained. The royalty on sodium chloride shall be \$0.10 per ton. Notwithstanding such percentage rates, the royalty payments shall not be less than:

\$0.10 per ton on Sodium Sulphate
 \$0.20 per ton on Magnesium Oxide
 \$0.30 per ton on Potassium Chloride
 \$0.60 per ton on Magnesium Chloride

The gross market value of the products shipped upon which the royalty payments are to be paid, shall not include amounts expended for bags, boxes, receptacles or other costs directly related or necessary in the shipping of any product.

(b) Whenever the Lessee shall receive any bonus, premium or other payment varying with quantity or quality of product delivered, such bonus, premium or other payment shall be considered a part of the value on which royalty shall be paid, unless it may not lawfully be so considered.

(c) If Lessor elects to do so as hereinafter provided, it may take royalty in kind, in which case it shall receive the royalty percentage of the total refined product originating from the lands hereby leased.

THIRD:

(a) When paid in money, the royalties required to be paid by paragraph Second shall be due and payable quarterly on or before the 15th day of the month next succeeding the quarter in which the material is sold.

(b) When royalty is to be taken in kind the Lessee will be notified prior to March 1 that delivery of royalty products will be required beginning June 1 of that year for a stated period not exceeding 12 months. When paid in kind royalty products shall be delivered in merchantable condition at the point of shipment without cost to the Lessor, unless otherwise agreed to by the parties hereto, at such time and in such storage compartments provided by the Lessee as may reasonably be required by the Lessor, provided that the Lessee shall not be required to hold the royalty products in storage for more than 60 days beyond the end of the month in which produced, and provided further, that the Lessee shall in no manner be responsible or held liable for the loss or destruction of the royalty product in storage from causes over which the Lessee has no control.

FOURTH: To prepare and forward to the State Land Office, on or before the 15th day of the month next succeeding the quarter in which the material is sold, a certified statement as to the production, quantity marketed, and price received on all of the leased substances disposed of from said lands, and such other additional information as the State Land Board may from time to time require.

FIFTH: To keep at the mine office clear, accurate and detailed maps on tracing cloth, on a scale not more than 50 feet to the inch, of the workings in each section of the leased lands adjacent, said maps to be coordinated with reference to a public land corner so that they can be readily and correctly superimposed, and to furnish to the Lessor annually, or upon demand, certified copies of such maps and such written statements of operations as may be called for. All surveys shall be made by a licensed engineer and all maps certified to by him.

SIXTH: Not to fence or otherwise make inaccessible to stock any watering place on the premises without first obtaining the written consent of Lessor, nor to permit or contribute to the pollution of any surface or sub-surface water available or capable of being made available for domestic or irrigation use.

SEVENTH: No to assign this lease or any interest therein, nor sublet any portion of the leased premises, or any of the rights and privileges herein granted, without the written consent of the Lessor being first had and obtained.

ARTICLE IV

The Lessor hereby excepts and reserves from the operation of this lease:

FIRST: The right to permit for joint or several use such easements or rights of way upon, through or in the land hereby leased as may be necessary or appropriate to the working of these or other lands belonging to or administered by the Lessor containing mineral deposits or for other use.

SECOND: The right to use, lease, sell, or otherwise dispose of the surface of said lands or any part thereof, under existing State Laws or Laws hereafter enacted, insofar as said surface is not necessary for the use of the Lessee in the exploration for mining, removal, processing or disposal of the leased substances therein, and to lease mineral deposits other than those hereby leased which may be contained in said lands, so long as the operations of Lessees under such leases do not unreasonably interfere with the rights of Lessee herein granted.

ARTICLE V

FIRST: In case of expiration, forfeiture, surrender or other termination of this lease, all underground ventilating systems, timbering supports, shaft linings, rails and other installations necessary for the support of underground workings of any mines, and all rails or head frames upon or in the said lands shall be and remain a part of the realty and shall revert to the Lessor without further consideration or compensation and shall be left by the Lessee in the lands.

SECOND: All personal property of Lessee located within or upon the said lands, and all buildings, machinery, equipment and tools (other than the installation to become the property of Lessor as above provided), shall be and remain the property of Lessee and Lessee shall be entitled to, and may, within twelve (12) months after such expiration, forfeiture, surrender or other termination of said lease, or within such extension of time as may be granted by Lessor, remove from the said lands such personal property and improvements, other than those items which are to remain the property of the Lessor as provided above and in Article XII hereof.

THIRD: Lessee shall, upon termination of this lease or abandonment of the leased premises for any reason, seal to Lessor's satisfaction or such part of the mine openings on the premises as Lessor shall request be sealed.

ARTICLE VI

It shall be the responsibility of the Lessee to slope the sides of all operations of a surface nature to an angle of not less than 45 degrees or to erect a barrier around such operation as the State Land Board may require. Such sloping or fencing shall become a normal part of the operation of the lease so as to keep pace with such operation to the extent that such operation shall not constitute a hazard.

ARTICLE VII

All of the terms, covenants, conditions, and obligations in this lease contained, shall be binding upon the heirs, executors, administrators, successors and assigns of the Lessee.

ARTICLE VIII

Lessee may terminate this lease in whole or in part to become effective on the last day of any calendar year, by serving written notice on Lessor of Lessee's intention so to do at least six months prior to the effective date of such termination or partial termination which termination date shall be specified in said notice and upon payment of all rents and royalties and other sums due and payable to the Lessor, and upon complying with the terms of this lease with respect to the preservation of the workings in such order and conditions as to permit the continued operations of the leased premises.

ARTICLE IX

Lessor, its officers and agents, shall have the right at all times to go in and upon the leased lands and premises, during the term of said lease to inspect the work done and the progress thereof on said lands and the products obtained therefrom, and to post any notices on the said lands that it may deem fit and proper; and also shall permit any authorized representatives of the Lessor to examine all books and records pertaining to operations under this lease, and to make copies of and extracts from the same if desired.

ARTICLE X

This lease is issued only under such title as the State of Utah may now hold. Lessor shall not be liable for any damages sustained by the Lessee. Lessee shall not be entitled to or claim any refund of rentals, royalties, bonuses or fees theretofore paid to the Lessor.

ARTICLE XI

Lessee agrees to observe faithfully the provisions of Title 65, Chapter 1, Section 18, Utah Code Annotated 1953.

ARTICLE XII

Lessee agrees to reimburse the owner or Lessee of the surface of the leased premises, for actual damages thereto and injury to improvements thereon resulting from Lessee's operations hereunder, provided that Lessee shall not be held responsible for acts of providence or occurrences beyond Lessee's control. Lessee or assignee agrees not to create overriding royalties in excess of two per cent (2%) of the gross amount received for or gross value of the leased substances produced.

ARTICLE XIII

Rock, tailings, and waste materials resulting from the operations of the Lessee on said lands or other lands shall be the absolute property of the Lessee whether stored on said lands or on other lands, until such time as title thereto is renounced in writing by the Lessee; provided, however, that title to any such rock, tailings and waste material stored on the said lands which were produced from said lands or other State lands shall vest in the Lessor upon the expiration, surrender or termination of this lease. If at any time any of such rock, tailings or waste materials, or any products thereof, which were produced from said lands or other State lands, are sold by Lessee, the royalty thereon shall be paid by Lessee to Lessor.

ARTICLE XIV

Ores mined from said lands may be raised through shafts or inclines located on said lands or on other lands in the area, and may be milled and prepared for market in mills or other facilities located on said lands or on other lands, all as the Lessee may from time to time elect. Ores mined from this or other lands may be carried through drifts or other underground workings in the said lands to shafts or inclines located on other lands, all as the Lessee may from time to time elect. Ores mined from other lands may be milled and prepared for market in mills or other facilities located on the subject lands as the Lessee may from time to time elect. The Lessee shall determine accurately the weight or quantity and quality of all leased deposits mined, and shall enter accurately the weight or quantity and quality thereof in due form in books to be kept and preserved by the Lessee for such purposes, and may thereafter freely commingle ores from said deposits with ores from other lands. The obligation of Lessee to maintain accurate records of production from the leased premises is of the essence of the agreement and Lessee shall adopt such procedures for determining and accounting for production from the leased premises as Lessor may from time to time require.

ARTICLE XV

Lessee shall, by the end of the primary term hereof, commence mine development operations upon the lands included herein and shall thereafter diligently continue such mine development operations or mining and production operations within said area. Provided, however, that if such mine development operations, or mining and production operations, shall be interrupted by labor disputes, Acts of God, operation of Federal or State Laws, regulations or orders, accidents, delays in transportation, inability to obtain necessary labor or to obtain necessary materials in open market, or because market conditions are such that Lessee cannot operate except at a loss, this lease shall nevertheless continue and such cessation of mine development operations or mining and production operations shall not terminate this lease, so long as Lessee continues to make the payments required by sub-part "First" of Article III.

ARTICLE XVI

Any notice contemplated herein to be served upon Lessee shall be in writing and shall be sufficiently given if deposited in the United States mail, postage prepaid and registered, and addressed as follows:

Lithium Corporation of America, Inc.
Chemsalt Corporation
c/o Lithium Corporation of America, Inc.
579 Fifth Avenue
New York, New York 10017

or at such other address as Lessee may from time to time in writing designate by written notice to Lessor.

ARTICLE XVII

Said lease and this agreement are made upon the condition that Lessee shall perform all the covenants and agreements herein set forth to be performed by it, and if at any time there shall be any default on the part of Lessee hereunder, and if such default shall continue for a period of thirty (30) days after written notice of such default being given by Lessor to Lessee, then and in such event said lease and this Agreement shall, at the option of Lessor, be terminated and the demised premises shall revert to Lessor.

ARTICLE XVIII

Lessee's rights granted herein are limited by and subject to the exclusive rights of Bonneville-on-the-Hill or its successors in interest under that certain Royalty Agreement No. 18779 dated March 8, 1961 and the supplement thereto dated October 13, 1961

STATE OF *New York*)
COUNTY OF *West York*) SS.

On the *21st* day of *September*, 1965, personally appeared before me *Henry D. Feltman, Jr.*, who, being by me duly sworn did say that he is *President* of LITHIUM CORPORATION OF AMERICA, INC. and that said instrument was signed in behalf of said corporation by resolution of its Board of Directors, and said *Henry D. Feltman, Jr.* acknowledged to me that said corporation executed the same.

Louise C. Dikeman

Notary Public

LOUISE C. DIKENAN
Notary Public, State of New York
No. 418032335
Qualified in Queens County
Term Expires March 30, 1966

My Commission Expires:

STATE OF *New York*)
COUNTY OF *New York*) SS.

On the *3rd* day of *Sept*, 1965, personally appeared before me *WERNER DUEHRSSEN*, who, being by me duly sworn did say that he is *the* President of CHEMSALT CORPORATION and that said instrument was signed in behalf of said corporation by resolution of its Board of Directors, and said *WERNER DUEHRSSEN* acknowledged to me that said corporation executed the same.

Gilbert Feilberg

Notary Public

CHANCELLER
Notary Public
Qualified in Queens County
Term Expires March 30, 1966

My Commission Expires:

STATE OF UTAH)
COUNTY OF SALT LAKE) SS.

On the *14* day of *October*, 1965, personally appeared before me MAX C. GARDNER, who being by me duly sworn did say that he is the Director of the State Land Board of the State of Utah and that said instrument was signed in behalf of said Board by resolution of the Board, and said MAX C. GARDNER acknowledged to me that said Board executed the same in behalf of the State of Utah.

Gilbert Feilberg

Notary Public

My Commission Expires:

2-10-68

Notary Public
Qualified in Queens County
Term Expires March 30, 1966

and Lessees by execution of this agreement acknowledge that Lessees have read and are familiar with the terms and conditions of said Royalty Agreement and said supplement thereto. Anything herein to the contrary notwithstanding, it is expressly understood and agreed that the State grants no rights to Lessees with respect to magnesium chloride which have been granted exclusively to Bonneville-on-the-Hill by said Royalty Agreement and said supplement thereto. However, notwithstanding any other provision of this lease, this lease shall extend to and include magnesium chloride and its derivatives from and after March 8, 1969, in any event; OR from and after the date of termination of Royalty Agreement No. 18779 of March 8, 1961 (as heretofore amended), between the State and Bonneville-on-the-Hill, should such royalty Agreement No. 18779 be terminated prior to March 8, 1969; OR from and after the date of expiration or other termination of the exclusive right as to magnesium chloride and its derivatives provided for under said Royalty Agreement No. 18779 should such exclusive right expire or be otherwise terminated prior to March 8, 1969. It is expressly understood that nothing in this paragraph 14 shall be construed as in any manner (1) restricting, limiting or diminishing any present existing rights of Bonneville-on-the-Hill or its successors in interest under said Royalty Agreement No. 18779; or (2) enlarging, prior to the date upon which this lease shall extend to and include magnesium chloride and its derivatives as above provided, any rights of the Lessees or any successor or successors in interest of the Lessees under this lease with respect to magnesium chloride.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 21st day of September, 1965, but as of the date first hereinsbove written.

LESSOR:

APPROVED AS TO FORM:
 PHIL L. HANSEN
 ATTORNEY GENERAL
 By [Signature]

STATE OF UTAH, STATE LAND BOARD
 By [Signature]
 Director

LESSEE:

Attest:
[Signature]
 Secretary

LITHIUM CORPORATION OF AMERICA, INC.
 By [Signature]
 President

Attest:
[Signature]
 Secretary

CHEMSALT CORPORATION
 By [Signature]
 President

STATE OF UTAH)
 :SS
COUNTY OF SALT LAKE)

I, DENISE B. WARDLE, OFFICE TECHNICIAN, of the Division of State Lands and Forestry of the State of Utah, hereby certify that the foregoing is a full, true, and correct copy of A SALT LEASE, ML 23023, which is on file in the State Land Office, 355 West North Temple, 3 Triad Center, Suite 400, Salt Lake City, UT 84180.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the State Land Office this 18TH DAY of JUNE 1990.


DENISE B. WARDLE, OFFICE TECHNICIAN

