

BK 84 ps 100-102 Jefferson
BK 3-2 pg 452- Warren Co.

THIS ROYALTY AGREEMENT dated as of this 23rd day of December, 1969, between CONTINENTAL CAN COMPANY, INC., a New York corporation with offices at 633 Third Avenue, New York, New York 10017 (hereinafter called "Continental", which term shall include the successors and assigns of Continental) and ANGLO AMERICAN CLAYS CORPORATION, a Delaware corporation with offices at 6 East 45th Street, New York, New York 10017 (hereinafter called "Anglo American", which term shall include the successors and assigns of Anglo American).

W I T N E S S E T H :

WHEREAS, Continental and Anglo American desire to enter into a royalty agreement pursuant to which Anglo American will mine and pay Continental for kaolin on, in and under a certain tract of land owned by Continental in Jefferson and Warren Counties, Georgia.

NOW, THEREFORE, in consideration of the advance royalty payment of \$800,000 by Anglo American to Continental (hereinafter called the "Advance Royalty"), receipt whereof is hereby acknowledged, and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Lease.

Continental does hereby grant, demise, lease and let unto Anglo American the land described as the Leased Premises in Exhibit A attached hereto (hereinafter called the "Leased Premises") for the sole and limited purpose of mining kaolin located on, in, and under said land. Anglo American shall have (a) the exclusive right, subject to Paragraph 4 hereof, to mine and remove kaolin from the Leased Premises; (b) all such rights of ingress and egress over the Leased Premises as may be reasonably necessary for the purpose of mining said kaolin, separating sand and grit

therefrom, mixing the same with other similarly separated kaolin from said Leased Premises (but not otherwise processing or beneficiating said kaolin) and transporting said kaolin from mine to location(s) outside of said Leased Premises; (c) the right to build, maintain and/or use on the Leased Premises such telephone lines, pipe lines, power lines, machinery and other facilities as may be reasonably necessary for said mining, separating, mixing and transporting; (d) all such rights of ingress and egress over other contiguous land owned by Continental as may be reasonably necessary for the purpose of transporting said kaolin from mine to location(s) outside of said Leased Premises; (e) the right to build (including the right to widen or lengthen), maintain and/or use such roads on the Leased Premises and on other contiguous land owned by Continental as may be reasonably necessary for the purpose of transporting said kaolin from mine to location(s) outside of said Leased Premises; and (f) the right to build, maintain and/or use such drainage ditches and water control ditches and to build, maintain and use such water control structures on other contiguous land owned by Continental as may be reasonably necessary to the mining of said kaolin in accordance with generally accepted mining standards, provided that in no event shall water control structures be built on contiguous land at a distance of more than 1000 feet from the Leased Premises and in no event shall water be disposed of from the Leased Premises or ditches or water control structures be used on contiguous land in such a way that the same interferes with use and occupation by Continental of other portions of the contiguous land. It is the intent of the parties hereto that the rights herein granted to Anglo American

affecting contiguous land owned by Continental shall be a burden against any and all such land and shall run with such land. It is recognized that the parties may agree from time to time that overburden and Stockpiled Kaolin (hereinafter defined) may be deposited on contiguous land. Such agreement shall in all cases be evidenced by a written instrument signed by both parties.

Continental RESERVES the right to use and occupy any part or all of the Leased Premises, providing such use does not unreasonably inconvenience the exercise of the rights granted to Anglo American hereunder.

The Lease herein granted is SUBJECT TO (i) such covenants, easements, rights of way, restrictions and reservations of record as may be in force and affect the Leased Premises as of the date hereof; and (ii) any state of facts that an inspection or accurate survey as of the date hereof would reveal.

Continental will WARRANT and defend its title to the Leased Premises insofar as it relates to the right to mine, separate, mix and transport kaolin on, in and under said Leased Premises during the term of this Lease against the lawful claims of all persons whomsoever, all except as stated in the next preceding paragraph.

2. Term of Lease

Unless sooner terminated as provided herein, this Lease shall be for a period of 60 years commencing on the date hereof.

3. Improvements to Leased Premises.

All improvements permitted under the provisions of Paragraph 1 hereof shall be and remain the property of Anglo American, which shall have the privilege of removing the same at any time while this Lease is in effect and within 60 days thereafter. If not so removed, all such improvements shall become the full and complete property of Continental and Anglo American shall be under no further obligation or liability with respect thereto; provided, however, that Continental may at any time within 60 days following the termination of this Lease, by written notice to Anglo American, demand the removal of any improvements placed by Anglo American on the Leased Premises or contiguous land at the sole cost and expense of Anglo American within 6 months following such notice to Anglo American.

4. No Obligation to Mine; Stockpiling Kaolin

Anglo American shall at no time be obligated to mine kaolin on, or remove kaolin from, the Leased Premises; however, except as provided in Paragraph 14 hereof, the Advance Royalty and the Minimum Royalty Payments (hereinafter defined) shall not be refundable notwithstanding Anglo American's election not to mine.

If at any time Anglo American mines or removes kaolin which it does not then desire to remove from the Leased Premises, it will place such kaolin in a stockpile (hereinafter called "Stockpiled Kaolin") separate from overburden or other deleterious substances and notify Continental within 10 days thereafter of the location of said stockpile and the quantity of Stockpiled Kaolin placed therein. Within 3 years after said notice, Anglo American may remove said Stockpiled Kaolin from the Leased Premises, upon prior notice to Continental. In the event of such removal, the quantity removed shall be determined as provided in Paragraph 10(e) hereof and shall be paid for pursuant to Paragraph 10(b) hereof. However, if Anglo American does not remove said Stockpiled Kaolin within the 3 year

period, Continental may at any time thereafter dispose of said Stockpiled Kaolin as it sees fit. Regardless of whether or not said 3 year period has expired, Anglo American, during the term of this Lease, shall take all such steps toward maintaining and preserving said Stockpiled Kaolin as would be taken by a prudent owner thereof. If successive quantities of Stockpiled Kaolin are placed in the same stockpile, Anglo American and Continental may each withdraw the quantities it has a right to dispose of from any point on the stockpile without regard to the time when it was actually placed thereon. Continental will notify Anglo American of the quantity of Stockpiled Kaolin removed by it, such quantity to be determined as provided in Paragraph 10(e) hereof.

It is recognized that reclamation laws may require that a portion of said stockpiles be used for backfilling the mining pits or that said stockpiles be otherwise disturbed. In such event, Anglo American will notify Continental of this fact and Continental, by written instrument, will either release that portion of the stockpiles involved or assume the reclamation obligation itself. However, it is understood and agreed that Anglo American will not notify Continental that Stockpiled Kaolin must be disturbed to meet reclamation obligations unless a prudent owner of such Stockpiled Kaolin would determine that there is no other practical way to meet such obligations.

If at any time Anglo American exposes but does not mine kaolin, Anglo American will not cover it over with overburden or otherwise render it, or permit it to become, inaccessible unless Continental has been notified of the location of said kaolin and has been given 12 months to dispose thereof. If Continental, within said 12 month period, is actively negotiating for the sale of said kaolin and undertakes to consummate or terminate said negotiations within a reasonable period of time, Anglo American will delay covering over the kaolin involved or otherwise rendering it, or permitting it to become, inaccessible until the expiration of such period of time. If reclamation laws require the covering up of said kaolin, Anglo American will notify Continental of

this fact and Continental, by written instrument, will either release Anglo American of the obligation not to cover up the kaolin or will assume the reclamation obligation itself.

5. Anglo American's Right to Terminate.

Anglo American shall have the right at any time to terminate this Lease upon 30 days prior written notice to Continental and the payment of all royalties attributable to its operations up to the date of said termination. In the event of such termination, Anglo American (a) shall not be entitled to a refund of the Advance Royalty or any Minimum Royalty Payments (hereinafter defined), and (b) shall continue to be bound by the provisions of Paragraphs 7 and 9 hereof.

6. Good Mining Standards.

Anglo American will conduct its operations in all respects in accordance with good mining standards. It will comply with all federal, state and local laws affecting said operations, including, but not confined to, all health, forest, fish, game and mineral laws and the relevant regulations now in effect or hereafter adopted. Anglo American will exercise all reasonable care to prevent fire, and to prevent unnecessary waste or depredation or undue stream pollution, and will not place or leave deleterious substances unguarded.

7. Indemnification.

Anglo American agrees to indemnify and save harmless Continental against any and all third party claims of any nature, character and kind by reason of anything done or permitted to be done or suffered or omitted to be done by Anglo American that may arise out of, or in connection with, or as a result of Anglo American's operations on the Leased Premises and on any contiguous land used in connection therewith. Anglo American agrees to indemnify and save harmless

Continental against all loss, damages and expenses incurred by Continental by reason of anything done or permitted to be done or suffered or omitted to be done by Anglo American in or about said Leased Premises and contiguous land.

8. Advance Notice of Operations.

Whenever Anglo American proposes to conduct any operations hereunder in such a manner that it is necessary or desirable to cut timber, Anglo American shall give written notice to Continental of the time when such operations are proposed to be commenced and the location where the same are to be conducted, and each of said notices shall be given in sufficient time in advance of the commencement of such operations as to reasonably permit Continental at its own expense and for its own benefit to clear cut the timber from the land to be used in such operations, it being understood that Continental will need advance notice of 30 days in order to mobilize its cutting operations and that after said 30 days Continental will need an average of 1 day per 2 acres to be cut, and that if Continental does not cut an average of 2 acres per day after receiving such notice, Anglo American shall have the right to clear cut the land specified in the aforesaid notice at its own expense and for its own benefit.

9. Reclamation.

Anglo American agrees that if Continental or Anglo American becomes obligated either during the term of this Lease or at any time prior thereto or thereafter under any federal, state or local law now in effect or hereafter adopted to reclaim all or any part of the Leased Premises or any land contiguous thereto as a result of Anglo American's operations thereon, Anglo American

will fulfill such obligation at its own expense unless Continental undertakes in writing to fulfill the obligation itself. In the event Continental does not undertake to fulfill the obligation and Anglo American is required to reclaim a portion of such premises, Continental will give Anglo American during the 1 year period after reclamation commences an option to purchase the land which the latter is obligated to reclaim at \$100 per acre. Such option shall be exercised by written notice to Continental. Within 30 days after receipt of said notice, Continental shall convey the affected land to Anglo American by deed without warranty reserving to Continental all interests in oil, gas and minerals, including kaolin, on, in and under said land. Anglo American shall pay all federal, state and local taxes, including all documentary stamp taxes (but exclusive of any franchise or income taxes), required to be paid in connection with the execution, delivery and recording of such deed.

10. Royalties.

(a) Anglo American shall pay a base royalty to Continental of 45.30¢ per cubic yard of kaolin (other than Stockpiled Kaolin) removed from the Leased Premises. In lieu of the 45.30¢ per cubic yard base royalty, Anglo American may, at its option, pay a base royalty of 27.17¢ per ton of 2,000 lbs of kaolin (other than Stockpiled Kaolin) removed from the Leased Premises. Anglo American shall pay a base royalty of 27.17¢ per ton of 2,000 lbs of Stockpiled Kaolin removed from the Leased Premises.

The base royalty per ton of 2,000 lbs of kaolin (including Stockpiled Kaolin) is based on an assumed bulk density of the crude clay of 1.98 grams per cubic centimeter. If the bulk density of the crude clay is found on the basis of the checks referred to below in this subparagraph to vary beyond the range of 1.96 to 2.00 grams per cubic centimeter, the base royalty per ton of 2,000 lbs of kaolin (including Stockpiled Kaolin) will

be adjusted in the proportion that the bulk density varies from 1.98 grams per cubic centimeter.

The base royalty per ton of 2,000 lbs of Stockpiled Kaolin is also based on an assumed moisture content of the Stockpiled Kaolin which is equivalent to the moisture content of such kaolin as determined in the course of the density check of such kaolin as it was mined from the ground. If the moisture content of the Stockpiled Kaolin is found on the basis of the checks referred to below in this subparagraph to vary by more than 1 percent from the moisture content as determined in the course of the density check of such kaolin as it was mined from the ground, the base royalty per ton of 2,000 lbs of Stockpiled Kaolin will be adjusted proportionately. It is recognized and intended that with respect to Stockpiled Kaolin, there may be a density adjustment before it is placed on the stockpile and a moisture adjustment when it is removed from the stockpile.

Anglo American will make periodic checks (but not less than 4 times per quarter) of the bulk density of the crude clay as mined from the ground and periodic checks (but not less than daily) of the moisture content of Stockpiled Kaolin as removed from the stockpile. Anglo American shall keep suitable records of such checks and shall notify Continental of the results thereof quarterly at the same time as it reports to Continental on the results of cross section surveys pursuant to Paragraph 10(e) hereof. If the average bulk density of kaolin (including Stockpiled Kaolin) for the quarter is found to vary from the range of 1.96 to 2.00 grams per cubic centimeter, the base royalty of 27.17¢ per ton of 2,000 lbs of kaolin (including Stockpiled Kaolin) will be proportionately adjusted as outlined above. As stated above, if the average moisture content of Stockpiled Kaolin for the quarter is found to vary by more than 1 percent from the average moisture content of

all of the kaolin placed on the stockpile as determined in the course of the density check of such kaolin as mined from the ground, the base royalty per ton of 2,000 lbs of Stockpiled Kaolin will be proportionately adjusted.

The base royalty shall be adjusted (but not below 45.30¢ per cubic yard or below the prevailing base royalty or royalties per ton of 2,000 lbs, whichever may be applicable) commencing on the first day of this Lease and on each succeeding anniversary date of this Lease, as follows:

Said base royalty will be multiplied by a fraction, the denominator of which is \$28.25, the average of the current high and low prices of #2 coating clay on the date of this Lease as last published in the Oil, Paint and Drug Reporter, and the numerator of which is the average of the high and low prices of #2 coating clay as published in the Oil, Paint and Drug Reporter during the 12 months preceding the date of the adjustment. In the event of material reduction in the frequency of publication in the Oil, Paint and Drug Reporter of the high and low prices for #2 coating clay during said 12 month period for any reason, the numerator of said fraction shall be the average price for #2 coating clay as published by the two largest producers of such clay in the Southeastern United States (other than Anglo American) in said preceding 12 month period (which average shall be arrived at as follows: the published price or prices of such producers during each of the 12 months shall be added and the sum shall then be divided by the number of prices included in such addition).

(b) Anglo American shall be obligated on the 15th day of the 4th calendar month of the Lease term to pay Continental an amount equal to the sum of (i) the adjusted base royalty multiplied by the monthly average number of cubic yards of kaolin other than Stockpiled Kaolin (in case the cubic yard base royalty is applicable), (ii) the adjusted base royalty multiplied by the monthly average number of tons of 2,000 lbs of kaolin other than Stockpiled Kaolin (in case the tonnage base royalty is applicable) and (iii) the adjusted base royalty multiplied by the monthly average number of tons of 2,000 lbs of Stockpiled Kaolin, removed from the Leased Premises during the preceding 3 calendar months as determined in accordance with Paragraph 10(e) hereof. In determining the monthly average or averages during the first 3 calendar months, if a partial calendar month is involved due to the fact that the Lease term did not commence on the first day of a month, the first calendar month shall be nevertheless treated as a full month. Anglo American shall be obligated on the 15th day of the 5th and 6th calendar months of the Lease term to pay Continental the same monthly amount as that paid on the 15th day of the 4th calendar month. Anglo American shall be obligated on the 15th day of the 7th calendar month of the Lease term to pay Continental an amount equal to the sum of (i) the adjusted base royalty multiplied by the monthly average number of cubic yards of kaolin other than Stockpiled Kaolin (in case the cubic yard base royalty is applicable), (ii) the adjusted base royalty multiplied by the monthly average number of tons of 2,000 lbs of kaolin other than Stockpiled Kaolin (in case the tonnage base royalty is applicable) and (iii) the adjusted base royalty multiplied by the monthly average number of tons of 2,000 lbs of Stockpiled Kaolin, removed from the Leased Premises during the preceding 3 calendar months as determined in accordance with Paragraph 10(e) hereof. In like fashion, Anglo

American shall be obligated to make payments on the 15th day of each succeeding calendar month of the Lease. For example, if it is assumed that no Stockpiled Kaolin is involved, that the cubic yard base royalty is applicable throughout and that Anglo American removes no kaolin in the 4th month, 1,000 cubic yards in the 5th month, 2,000 cubic yards in the 6th month, 3,000 cubic yards in the 7th month, 6,000 cubic yards in the 8th month and 6,000 cubic yards in the 9th month, payments on the 15th day of the 7th month through the 12th month would be as follows:

7th Month - Adjusted base royalty multiplied by 1,000
8th Month - Adjusted base royalty multiplied by 1,000
9th Month - Adjusted base royalty multiplied by 1,000
10th Month - Adjusted base royalty multiplied by 5,000
11th Month - Adjusted base royalty multiplied by 5,000
12th Month - Adjusted base royalty multiplied by 5,000.

Within a period of 30 days following the end of the Lease term, royalties paid pursuant to the preceding provisions of this subparagraph shall be adjusted so that Anglo American shall have paid for all kaolin removed from the Leased Premises during the Lease term and not previously paid for.

(c) Anglo American shall be obligated on the 5th anniversary of the Lease term and on every succeeding anniversary thereafter through and including the 30th anniversary to pay as a minimum royalty the sum of \$100,000 (herein called "Minimum Royalty Payments").

(d) The Advance Royalty and Minimum Royalty Payments shall be credited toward payments required to be made under Paragraph 10(b) without regard to the year in which Anglo American becomes obligated to make said payments under Paragraph 10(b). However, the Advance Royalty may not be credited against Minimum Royalty Payments.

(e) The volume of kaolin mined shall be computed from cross section surveys made at intervals of not more than 50 feet in accordance with generally recognized engineering

procedures. Said surveys shall be made by Anglo American quarterly commencing in the first week of the 4th month of the Lease Term. Anglo American agrees to notify Continental in advance of the time and place when surveys are to be made and to report to Continental prior to the 15th day of the month in which the survey is made the results thereof. Suitable records of pit profiles shall be kept by Anglo American and shall be available to Continental. Anglo American will give Continental 60 days' notice prior to replacing overburden in mined out pits, which notice will specify the location of the pits involved. The number of tons of kaolin other than Stockpiled Kaolin and the number of tons of Stockpiled Kaolin removed shall be determined by weighing at point of destination. Anglo American shall keep suitable records of such weighing of kaolin removed by it and shall report quarterly to Continental the results thereof at the same time as it reports on the results of cross section surveys.

11. Additional Royalties

From the date hereof and until the termination of the Lease granted herein, Anglo American shall pay additional royalties to Continental in an amount equal to all taxes, assessments, and other charges (whether now in effect or hereafter adopted, enacted, or levied) paid by Continental which are imposed upon, measured by, or levied against the Leased Premises or contiguous land used in connection therewith, any building, equipment or machinery located on said Premises or contiguous land or any operations conducted on said Premises or contiguous land by or upon the permission of Anglo American, less (i) the portion of said taxes, assessments, or other charges, if any, attributable to buildings machinery or equipment owned by any person not in privity with Anglo American, and (ii) a portion of said taxes, assessments and other charges in an amount per acre contained in said Premises and contiguous land equal to the average rate per acre paid on the remaining woodland acreage owned by Continental in Jefferson and Warren Counties, Georgia, which

has been unproved for mineral deposits or, in the event Continental shall cease to own substantial woodland acreage in Jefferson and Warren Counties, Georgia, then in an amount per acre contained in said Premises and contiguous land equal to the average rate per acre paid by owners of similar woodland acreage unproved for mineral deposits in said counties. It is the intent of the parties hereto that the portion of taxes, assessments and other charges attributable to Continental in respect of (ii) above shall be separately determined for that portion of the Leased Premises and contiguous land located in each of said counties based on the taxes, assessments and other charges levied or made by the authorities of the county in which said land is located. The obligation to pay such additional royalties to Continental measured by taxes, assessments or other charges relating to the fiscal years of the taxing authority in which the Lease commences and terminates shall be apportioned. If, in connection with any contest by Continental of any such taxes, assessments or other charges, the payment of the same shall become necessary to prevent a tax sale or tax deed of said Premises or contiguous land, then Continental shall pay the same in sufficient time to prevent such tax sale or tax deed. The Advance Royalty and Minimum Royalty Payments may not be credited against payments required to be made by Anglo American pursuant to this Paragraph.

12. Default.

Upon (but only upon) the occurrence of any of the following events, Continental may give written notice to Anglo American that Continental elects to terminate this Lease upon a date not less than 5 days after the date of the giving of such notice, and this Lease shall expire on the date so specified as if that date had been originally fixed as the expiration date of the term herein granted: default in the payment of any sum becoming due under Paragraphs 10(b), 10(c) or 11 hereof for

30 days following written notice of said default by Continental to Anglo American; default in any other covenant or agreement of Anglo American contained herein for 30 days following written notice of said default by Continental to Anglo American; a decree or order by a court having jurisdiction in the premises shall have been entered adjudging Anglo American a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of Anglo American under the Federal bankruptcy laws, or any other similar applicable Federal or state law, and such decree or order shall have continued undischarged or unstayed for a period of 30 days; a decree or order by a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of Anglo American or a substantial part of its property, or for the winding up or liquidation of its affairs, shall have been entered, and such decree or order shall have remained in force undischarged and unstayed for a period of 30 days; or Anglo American shall institute proceedings to be adjudicated a voluntary bankrupt or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under the Federal bankruptcy laws, or any other similar applicable Federal or state law, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or a substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by Anglo American in furtherance of any of the aforesaid purposes.

13. Certain Remedies.

In the event that this Lease shall be terminated as hereinabove provided, or by summary proceedings or otherwise, Continental may, immediately or any time thereafter, re-enter and resume possession of the Leased Premises or any part thereof, and remove all persons and property therefrom, either by summary proceedings or by a suitable action or proceeding at law, or by force or otherwise, without being liable for any damages therefor. No re-entry by Continental shall be deemed an acceptance of a surrender of this Lease.

In the event that this Lease shall be terminated as hereinabove provided, or by summary proceedings or otherwise, Continental may, in its own name, but as agent for Anglo American if the Lease be not terminated, or, if the Lease be terminated, in its own behalf, relet the whole or any portion of the Leased Premises, for any period equal to or greater or less than the remainder of the term of this Lease, for any sum which it may deem reasonable, to any tenant which it may deem suitable and satisfactory, and for any use and purpose which it may deem appropriate. Continental shall not be under an obligation to relet the premises, and, in the event the premises are relet, Continental shall not be required to pay Anglo American any surplus of any sums received by Continental on such reletting in excess of the royalties reserved in this Lease.

If such premises, or any part thereof, be relet by Continental for the unexpired term, or any part thereof, the amount of rent and/or royalty, as the case may be, reserved upon such reletting, in the absence of evidence to the contrary, shall be deemed to be the fair and reasonable rental value for the part or the whole of the Leased Premises so relet during the term of such reletting.

The right to terminate this Lease is in addition to any rights Continental has or may be given by any statute or otherwise including, but not confined to, the right to recover royalties due and payable under this Lease and the right to recover the cost of performing any covenant contained in this Lease under which Anglo American is obligated to make any payment or to do any act on or in relation to the Leased Premises or any land contiguous thereto.

Anglo American hereby expressly waives any and all rights which are or may be conferred on it by any present or future law to redeem the Leased Premises, or to any new trial in any action of ejectment under any provision of law, after re-entry thereupon by Continental, or after any warrant to dispossess or judgment in ejectment. If Continental shall acquire possession of said premises by summary proceedings, or in any other lawful manner without judicial proceedings, it shall be deemed a re-entry within the meaning of that word as used in this Lease.

In the event Anglo American fails to pay when due any sums of money payable by virtue of this Lease, Continental may pay the same without waiving or affecting any other right hereunder, and all such payments shall bear interest from the date thereof at the rate of 8% per annum (or other lower maximum rate as shall then be legal under applicable law) and, together with such interest, shall be considered additional indebtedness of Anglo American to Continental hereunder.

Continental shall be entitled to obtain reimbursement for all costs and expenses incurred by it in connection with the exercise of any of the foregoing remedies, together with interest at the rate of 8% per annum (or other lower maximum rate as shall be legal under applicable law).

14. Condemnation.

If all or substantially all of the Leased Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain or prior purchase in lieu thereof by public body vested with power of eminent domain, then, when possession shall be taken thereunder of the demised premises, the term of this Lease and all rights of Anglo American hereunder shall immediately cease and terminate and the Advance Royalty and Minimum Royalty Payments to the extent that they exceed the amount of royalties theretofore credited against them shall be refunded and Anglo American shall have no claim against Continental for the value of the unexpired term of this Lease and Anglo American shall not be entitled to any part of the condemnation award. If a smaller portion of the Leased Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain or prior purchase in lieu thereof by public body vested with power of eminent domain, then, when possession shall be taken thereunder of said portion of the Leased Premises, the term of this Lease and all rights of Anglo American hereunder shall immediately cease and terminate with respect to said portion, and Continental shall pay to Anglo American an amount equal to the difference between (a) the sum of the Advance Royalty and Minimum Royalty Payments and (b) the amount of royalties against which the Advance Royalty and Minimum Royalty Payments were theretofore credited, multiplied by (c) the ratio of the volume of kaolin contained in such portion as reflected in Anglo American's estimate prior to the date of this Lease (copies of which estimate Anglo American has heretofore delivered to Continental) and as reduced by the volume of kaolin mined from such portion to the total volume reflected in such estimate, and Anglo American shall have no claim against Continental for the value of the unexpired term of this Lease as it relates to

said portion, and Anglo American shall not be entitled to any part of the condemnation award with respect thereto, and any Minimum Royalty Payments then remaining to be paid under this Lease shall be reduced by subtracting therefrom an amount determined by multiplying \$100,000 times the ratio referred to in (c) above.

15. Assignment.

Anglo American may assign or sublet this Lease, or permit the Leased Premises to be used or occupied by others for the purpose of mining kaolin. However, no such assignment, sublease or permission shall affect the liability of Anglo American under this Lease or relieve it from the obligations herein set forth.

Continental shall be free at any time to assign its rights under this Lease, either with or apart from its obligations hereunder; provided, however, that an assignment by Continental of its right to receive royalty payments hereunder shall be subject to the right of Anglo American, to the extent provided in Paragraph 10(d) hereof, to credit the Advance Royalty and Minimum Royalty Payments toward said royalty payments.

16. Notices and Payments.

Any notice required or permitted hereunder shall be in writing and given by depositing the same in the United States registered or certified mail, postage prepaid and properly addressed to the party to be notified at its address hereinabove stated or at such address as may hereafter be given in writing by such party for the purpose of receiving notices, and said notice shall be deemed effectively given when so mailed. All payments to be made hereunder to Continental shall be made to Continental at its address for notices as hereinabove provided.

17. Waiver, Etc.

The receipt of royalties by Continental, with knowledge of any default on the part of Anglo American in the observance or performance of any of the conditions or covenants of this Lease shall not be deemed a waiver of any provision. If Anglo American makes any payment of any amount less than that due hereunder, Continental may without notice accept the sum as payment on account; Continental shall not be bound by any notation on any check involving such payment nor any statement in any accompanying letter. No failure on the part of Continental to enforce any condition or covenant herein contained, nor any waiver of any royalty hereunder by Continental, unless in writing, shall discharge or invalidate such condition or covenant or affect the right to enforce the same in the event of any subsequent default. The receipt by Continental of any royalty or any other sum of money, or any other consideration hereunder paid by Anglo American after termination, in any manner, of the term herein demised, or after the giving by Continental of any notice hereunder to effect such termination, shall not reinstate, continue, or extend the term herein demised, or destroy, or in any manner impair the efficacy of such notice of termination as may be given hereunder by Continental to Anglo American prior to receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by Continental. No act of Continental during the term herein demised shall be deemed to be an acceptance of a surrender of the Leased Premises, except only an agreement in writing signed by Continental accepting or agreeing to accept such a surrender.

18. Memorandum of Lease.

Within 10 days following the execution and delivery of this Lease by Continental and Anglo American, said parties will execute and deliver to each other two counterparts of a Memorandum of Lease in the form of Exhibit B hereto.

19. Record of Premature Termination.

In the event this Lease is terminated prior to the 60th anniversary of the date hereof, each party shall execute and deliver to the other upon request such instrument in writing as shall be required to cancel this Lease of record.

20. Headings.

The headings used at the beginning of each Paragraph of this instrument are for convenience only and are not intended to have any legal effect.

IN WITNESS WHEREOF, the parties hereto have signed, sealed and delivered these presents in quadruplicate as of the day and year first above written.

CONTINENTAL CAN COMPANY, INC.

Signed, sealed and delivered in the presence of:

By *Stuart Smart*
Vice President (SEAL)

John D. Peck
Samuel H. Lewis

ANGLO-AMERICAN CLAYS CORPORATION

Signed, sealed and delivered in the presence of:

By *Daniel Larson*
~~*Samuel H. Lewis*~~
Vice President (SEAL)

John J. O'Brien
~~*John J. O'Brien*~~
~~*Samuel H. Lewis*~~
Harold D. Meade

Exhibit A

1. The following is a description of the Leased Premises as defined in that certain Royalty Agreement and of the property leased to Anglo-American Clays Corporation referred to in that certain Memorandum of Lease, each dated as of December 23, 1969 between Continental Can Company, Inc. and Anglo-American Clays Corporation:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Counties of Jefferson and Warren, State of Georgia, bounded and described as follows:

BEGINNING at a point in the Southeast corner of said plot, East of New Highway 47; thence North $88^{\circ} 15'$ West, 21.83 chains; thence South $6^{\circ} 15'$ West, 1.76 chains; thence South $89^{\circ} 30'$ West, 20.48 chains; thence South $4^{\circ} 00'$ West, 18.94 chains; thence South $86^{\circ} 45'$ West, 8.43 chains; thence South $87^{\circ} 00'$ West, 6.00 chains; thence North $85^{\circ} 00'$ West, 12.00 chains; thence North $10^{\circ} 00'$ East, 55.16 chains; thence North $33^{\circ} 00'$ West, 7.45 chains; thence South $21^{\circ} 15'$ West, 1.05 chains; thence North $87^{\circ} 15'$ West, 21.71 chains; thence North $10^{\circ} 30'$ East, 15.24 chains; thence North $6^{\circ} 00'$ East, 7.48 chains to an iron pin found; thence North $29^{\circ} 42'$ East, 4.99 chains to a concrete marker set; thence North $66^{\circ} 49'$ West, 12.66 chains to a concrete marker found; thence North $11^{\circ} 52'$ East, 1.55 chains to a concrete marker set; thence South $66^{\circ} 49'$ East, 13.13 chains to a concrete marker set; thence North $29^{\circ} 42'$ East, 22.85 chains to a Bay tree 14 inches in diameter; thence North $89^{\circ} 13'$ East, 18.18 chains to a concrete marker set; thence South $50^{\circ} 59'$ East, 47.73 chains to a concrete marker set; thence North $89^{\circ} 13'$ East, 17.90 chains to a concrete marker set; thence South $3^{\circ} 15'$ West, 7.60 chains; thence South $3^{\circ} 00'$ West, 8.56 chains; thence South $3^{\circ} 30'$ West, 5.15 chains; thence South $5^{\circ} 00'$ West, 9.94 chains; thence South $9^{\circ} 30'$ West, 2.08 chains; thence South $9^{\circ} 00'$ West, 9.47 chains; thence South $19^{\circ} 00'$ East, 2.40 chains; thence South $4^{\circ} 45'$ West, 8.15 chains; thence South $9^{\circ} 15'$ West, 2.00 chains; thence South $18^{\circ} 00'$ West, 2.31 chains; thence South $29^{\circ} 00'$ West, 2.44 chains to the point and place of beginning; containing 620.4 acres, more or less, said Leased Premises being more fully described in the attached survey dated December 17, 1969, entitled, "Property of Continental Can Company, Inc. — A portion of Abbot & Polhill tract."

2. The following is a description of the contiguous property referred to in that certain Royalty Agreement and Memorandum of Lease referred to above:

ALL that certain plot, piece or parcel of land, situate, lying and being in the counties of Jefferson and Warren, State of Georgia, described in the attached survey dated December 21, 1951 entitled, "Gair Woodlands Corporations' - Abbot & Polhill Tract", excluding, however, that portion of said plot described in Section 1 above.

MEMORANDUM OF LEASE

STATE OF NEW YORK
COUNTY OF NEW YORK

THIS INSTRUMENT entered into as of this 23rd day of 1969, will witness that CONTINENTAL CAN COMPANY, INC., a New York Corporation having its principal office in New York, New York, as lessor, has leased to ANGLO-AMERICAN CLAYS CORPORATION, a Delaware Corporation having its principal office in New York, New York, as lessee, the property described in Exhibit A hereto and has given certain rights to lessee in respect of lessor's property contiguous thereto, as evidenced by contract between said parties dated as of December 23, 1969, and, subject to such contemporary contract and all of the conditions and terms thereof, lessor does hereby lease to the lessee, and lessee leases from lessor, said property described in Exhibit A hereto and lessor does hereby grant to lessee said rights in respect of lessor's property contiguous thereto.

IN WITNESS WHEREOF, the parties hereunto set their hands and affixed their seals and executed this instrument as of the day and year first above written.

CONTINENTAL CAN COMPANY, INC.

Signed, sealed and delivered by CONTINENTAL CAN COMPANY, INC. in the presence of:

By _____ (SEAL)
Vice President
Mailing Address:
633 Third Avenue
New York, New York 10017

ANGLO-AMERICAN CLAYS CORPORATION

Signed, sealed and delivered by ANGLO-AMERICAN CLAYS CORPORATION in the presence of:

By _____ (SEAL)
Vice President
Mailing Address:
6 East 45th Street
New York, New York 10017

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MEMORANDUM OF LEASE

SUBJECT OF THIS INSTRUMENT
COUNTY OF NEW YORK

This Lease was entered into as of this 23rd day of December, 1969, will witness that CONTINENTAL CAN COMPANY, INC., a New York Corporation, having its principal office in New York, New York, as lessor, has leased to ANGLO-AMERICAN CLAYS CORPORATION, a Delaware Corporation having its principal office in New York, New York, as lessee, the property described in Exhibit A hereto and has given certain rights to lessee in respect of lessor's property contiguous thereto, as evidenced by contract between said parties dated as of December 23, 1969, and, subject to such contemporary contract and all of the conditions and terms thereof, lessor does hereby lease to the lessee, and lessee leases from lessor, said property described in Exhibit A hereto and lessor does hereby grant to lessee said rights in respect of lessor's property contiguous thereto.

In WITNESS WHEREOF, the parties hereunto set their hands and affixed their seals, and executed this instrument as of the day and year first above written.

FOR CLERK'S NOTES, SEE DEED BOOK 204 PAGE 228-235

CONTINENTAL CAN COMPANY, INC.
(Inc. Seal)

Signed, sealed and delivered by CONTINENTAL CAN COMPANY, INC. in the presence of:

By S. Bruce Smith (SEAL)
Vice President
Mailing Address:
633 Third Avenue
New York, New York 10017

Henry J. Clark
James H. ...

ANGLO-AMERICAN CLAYS CORPORATION
(Corp. Seal)

Signed, sealed and delivered by ANGLO-AMERICAN CLAYS CORPORATION in the presence of:

By James H. ... (SEAL)
Vice President
Mailing Address:
6 East 45th Street
New York, New York 10017

James H. ...
...

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK

On the 23rd day of December, 1969, before me personally came DANIEL LARSON, to me known, who, being by me duly sworn, did depose and say that he resides at 37-30 - 73rd Street, Jackson Heights, N.Y.; that he is the Vice President of Anglo-American Clays Corporation, the corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order.

Marion E. Meade
Notary Public (N P Seal)
MARION E. MEADE
Notary Public State of New York
No. 60-7877423
Qualified in Westchester County
Term Expires March 30, 1970

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the 23rd day of December, 1969, before me personally came S. BRUCE SMART, JR., to me known, who, being by me duly sworn, did depose and say that he resides at 4375 Congress Street, Fairfield, Connecticut; that he is the Vice President of Continental Can Company, Inc., the company described in and which executed the above instrument; that he knows the seal of said company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said company, and that he signed his name thereto by like order.

Walter V. Fisher (N P Seal)
Notary Public
WALTER V. FISHER
Notary Public State of New York
No. 60-7877423
Qualified in Westchester County
Term Expires March 30, 1970

Exhibit A

1. The following is a description of the Leased Premises as defined in that certain Royalty Agreement and of the property leased to Anglo-American Clays Corporation referred to in that certain Memorandum of Lease, each dated as of December 13, 1969 between Continental Can Company, Inc. and Anglo-American Clays Corporation:

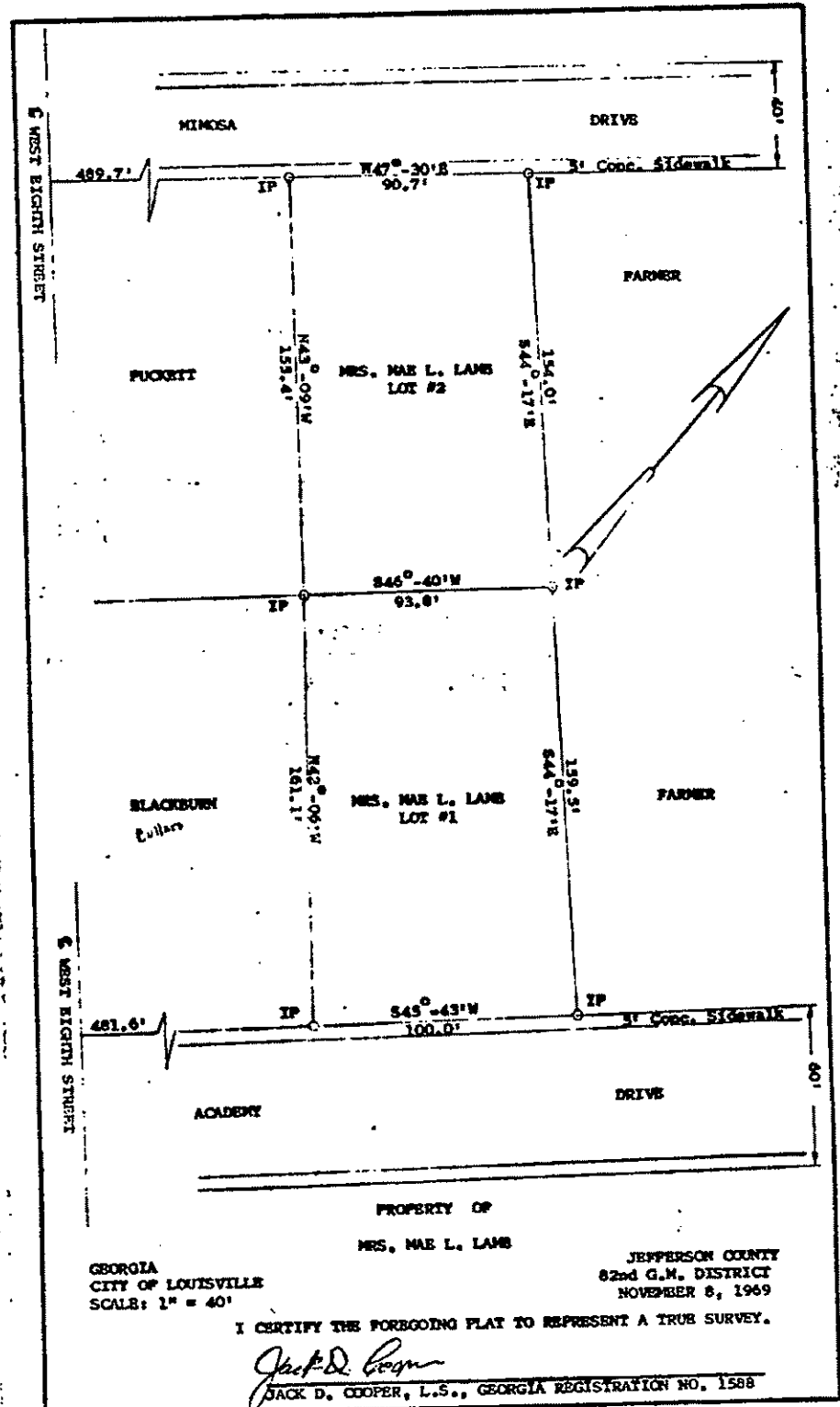
ALL that certain plot, piece or parcel of land, situate, lying and being in the Counties of Jefferson and Warren, State of Georgia, bounded and described as follows:

BEGINNING at a point in the Southeast corner of said plot, East of New Highway 47; thence North $88^{\circ} 15'$ West, 21.83 chains; thence South $6^{\circ} 15'$ West, 1.76 chains; thence South $89^{\circ} 30'$ West, 20.48 chains; thence South $4^{\circ} 00'$ West, 18.94 chains; thence South $86^{\circ} 45'$ West, 8.43 chains; thence South $87^{\circ} 00'$ West, 6.00 chains; thence North $85^{\circ} 00'$ West, 12.00 chains; thence North $10^{\circ} 00'$ East, 55.16 chains; thence North $33^{\circ} 00'$ West, 7.45 chains; thence South $21^{\circ} 15'$ West, 1.05 chains; thence North $87^{\circ} 15'$ West, 21.71 chains; thence North $10^{\circ} 30'$ East, 15.24 chains; thence North $6^{\circ} 00'$ East, 7.48 chains to an iron pin found; thence North $29^{\circ} 42'$ East, 4.99 chains to a concrete marker set; thence North $66^{\circ} 49'$ West, 12.66 chains to a concrete marker found; thence North $11^{\circ} 52'$ East, 1.55 chains to a concrete marker set; thence South $66^{\circ} 49'$ East, 13.13 chains to a concrete marker set; thence North $29^{\circ} 42'$ East, 22.85 chains to a Bay tree 14 inches in diameter; thence North $89^{\circ} 13'$ East, 18.18 chains to a concrete marker set; thence South $50^{\circ} 59'$ East, 47.73 chains to a concrete marker set; thence North $89^{\circ} 13'$ East, 17.90 chains to a concrete marker set; thence South $3^{\circ} 15'$ West, 7.60 chains; thence South $3^{\circ} 00'$ West, 8.56 chains; thence South $3^{\circ} 30'$ West, 5.15 chains; thence South $5^{\circ} 00'$ West, 9.94 chains; thence South $9^{\circ} 30'$ West, 2.08 chains; thence South $9^{\circ} 00'$ West, 9.47 chains; thence South $19^{\circ} 00'$ East, 2.40 chains; thence South $4^{\circ} 45'$ West, 8.15 chains; thence South $9^{\circ} 15'$ West, 2.00 chains; thence South $18^{\circ} 00'$ West, 2.31 chains; thence South $29^{\circ} 00'$ West, 2.44 chains to the point and place of beginning; containing 620.4 acres, more or less, said Leased Premises being more fully described in the attached survey dated December 17, 1969, entitled, "Property of Continental Can Company, Inc. — A portion of Abbot & Polhill tract."

2. The following is a description of the contiguous property referred to in that certain Royalty Agreement and Memorandum of Lease referred to above:

ALL that certain plot, piece or parcel of land, situate, lying and being in the counties of Jefferson and Warren, State of Georgia, described in the attached survey dated December 21, 1951 entitled, "Gair Woodlands Corporations' — Abbot & Polhill Tract", excluding, however, that portion of said plot described in Section 1 above.

Recorded December 30, 1969
Mildred S. Smith, Deputy Clerk



Recorded Dec 30, 1969
 Mildred S. Smith, Deputy Clerk