Act No. 5 of 1971

OCEAN INDUSTRIES INCORPORATED (ARAGONITE MINING ENCOURAGEMENT)

An Act to encourage the mining by Ocean Industries Incorporated of calcareous deposits known as aragonite.

[Assent 7th May, 1971]
[Commencement: Section 4: 7th May, 1971
Remainder of Act: 3rd July, 1969]

WHEREAS by an Indenture of Lease dated the 3rd day of July, 1969, of record as more particularly herein- after mentioned and made between the Governor, of the one part and Ocean Industries Incorporated, a corporation organised as also more particularly hereinafter mentioned, of the other part, the Governor covenanted as Lessor to use his best endeavours to cause the enactment of such legislation as should be necessary to give effect to the provisions of the said Lease:

and WHEREAS it is considered fitting that the said covenant should be honoured and the force of law given to certain provisions of the said Lease, and that other provision should be made as hereinafter appears:

1. (1) This Act may be cited as the Ocean Industries Incorporated (Aragonite Mining Encouragement) Act, 1971.

(2) This Act, excepting section 4 thereof, shall be deemed to have come into force on the 3rd day of July, 1969.

2. In this Act —

"Company" means Ocean Industries Incorporated, a corporation organised and existing under the laws of the State of Florida, one of the United States of America:

"Crown Lease" means the lease dated the 3rd day of July, 1969, made between the Governor, of the one part, and the Company, of the other part, in the terms set forth in the Schedule and now of record in the Office of the Department of Lands and Surveys as Crown Lease No. 546.
3. The concessions allowed to the Company and to any other person in respect of taxes, duties, levies, fees and charges as specified in sub-clauses (a) to (h) inclusive of clause 6 of the Crown Lease shall have the force of law.

4. (1) Notwithstanding anything contained in any other enactment, any instrument executed in the Bahama Islands on or after the commencement of this section in pursuance of the sub-clause (q) of clause 4 of the Crown Lease, being an instrument of sub-lease or assignment of any of the rights or privileges of the Company under the said Crown Lease, upon or in respect of which any stamp duties or recording fees would but for the provisions of this section be payable, shall be exempt from any such duties or fees.

(2) This section shall commence on the date of passing of this Act.

SCHEDULE (Section 2)

CROWN LEASE No. 546.

GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMA ISLANDS

indenture of lease to ocean industries incorporated

Bahama Islands

NEW PROVIDENCE

This indenture of lease, made this 3rd day of July, 1969, between His Excellency The Honourable Sir Francis Edward Hovell-Thurlow-Gumming-Bruce, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief of the Commonwealth of the Bahama Islands, acting for and on behalf of Her Majesty, the Queen, her heirs and successors (hereinafter called the “lessor”, which term wherever the context so admits shall be deemed to include his successors in office and the officer for the time being administering the Government of the Commonwealth of the Bahama Islands), and OCEAN INDUSTRIES, INC., a corporation organized and existing under the laws of the State of Florida, United States of America, and registered under the provisions of The Foreign Companies Act, Chapter 186, of the Revised Laws of the said Commonwealth (hereinafter called the “Tenant”, which term shall include its successors and any assignee of all of its rights and privileges hereunder).
WITNESSETH:

WHEREAS, the Lessor and Athlone Limited, a corporation organized and existing under the laws of the Commonwealth of the Bahama Islands (hereinafter called the “Bahama Islands”) and wholly-owned by the Tenant (such corporation hereinafter called “Athlone”) entered into a certain lease dated December 13, 1968, recorded in the Lands and Surveys Department on December 13, 1968, and numbered Crown Lease No. 545 (hereinafter called the “Old Lease”), under which the Lessor leased to Athlone all the calcareous deposits lying or being within, under, or throughout the bed of the sea in those areas within the Bahama Islands particularly described and set forth in the Schedule to the Old Lease, upon and subject to the terms and conditions therein contained;

WHEREAS, the Permanent Secretary of the Ministry of Trade and Industry of the Bahama Islands and the Tenant jointly signed a letter dated December 11, 1968 (hereinafter called the “Letter”) which indicated that the Government of the Bahama Islands will be prepared to grant certain rights and privileges to the Tenant, including permission to construct a deep water channel and licenses to construct artificial islands at specific locations in Bahamian territorial waters under The Maritime Affairs and Port Authorities Act, and to extend the term of the Old Lease an additional fifty years, provided that agreement in principle was made as to certain matters relating to the Old Lease; and

WHEREAS, the Lessor and the Tenant desire to substitute this Lease for the Old Lease, and Athlone is, concurrently with the execution of this Lease, surrendering the rights and privileges granted to it under the Old Lease to the Lessor.

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, in consideration of the covenants, provisions, and royalties hereinafter reserved, the Lessor does hereby LEASE unto the Tenant all the calcareous deposits (hereinafter called the “Demised Mineral”) lying or being within, under, or throughout the bed of the sea in those areas within the Bahama Islands particularly described and set forth in the Schedule hereto and delineated on the plan attached hereto, and GRANT unto the Tenant the rights and privileges hereinafter contained, subject to the restrictions and conditions hereinafter contained, to HOLD, exercise, and enjoy all and singular the premises, rights, and privileges hereby granted and demised unto the Tenant from the first day of November, 1965, for an initial term of ten years thence next ensuing, with the rights of renewal hereinafter provided, yielding and paying there or in respect thereof the royalties hereinafter mentioned.
1. The rights and privileges hereby granted to the Tenant include:

(a) The right and privilege, within the areas described and set out in the Schedule hereto and the plan attached hereto (referred to in said Schedule and said plan as “Parcel A”, “Parcel B”, “Parcel C”, and “Parcel D”, and hereinafter referred to collectively as the “Leased Areas” and separately as a “Leased Area”), to explore for, dig, develop, work, extract, dredge, mine, handle, process (including dewater of otherwise treat), stockpile, transport, load, ship, sell, export, and turn to profit any and all of the Demised Mineral and products derived therefrom;

(b) The right and privilege, within each Leased Area, to create three artificial islands (hereinafter called individually an “Artificial Island” and collectively the “Artificial Islands”) by dredging and depositing the Demised Mineral and other material on the bed of the sea, and to dredge the Demised Mineral and other material on the bed of the sea in order to create deep water channels and turning basins so that deep draft vessels may have access to the Artificial Islands, provided that (i) with the exception of the creation of an Artificial Island adjacent to the island of Sandy Cay in “Parcel C”, the general location of which Artificial Island is hereby approved by the Lessor, the location of each Artificial Island shall first be approved in writing by the Lessor, which approval shall not be unreasonably withheld, (ii) the area of each Artificial Island shall not exceed two hundred acres except with the permission in writing of the Lessor, (iii) the freehold title to the Artificial Islands shall remain vested in the Lessor, and (iv) the Artificial Islands shall be marked and lighted in such manner as the Lessor may reasonably require for the safety of vessels and the safeguarding of public navigation; and the right and privilege to use the Artificial Islands and the island of Sandy Cay;

(c) The right and privilege to construct, maintain, and operate on the Artificial Islands works and facilities for the production of lime and any other products made from the processing of the Demised Mineral; and the right and privilege to construct, maintain, and operate on the Artificial Islands works and facilities for the production of electrochemical substances, including, without limitation, caustic soda, chlorine, sodium, elemental phosphorus, ammonia, and magnesium, provided that the construction of such works and facilities shall be commenced on one Artificial Island on or before December 31, 1979;

(d) The right and privilege to construct, maintain, and operate handling and loading facilities, pipelines, dewatering stations, conveying and stacking equipment, shiploaders, stockpile recovery equipment, ports and harbours, and air, rail, vehicle and ocean
shipping services, and communication facilities (including, without limitation, telephone, telegraph, radio, microwave, and television facilities) on the Artificial Islands; the right and privilege to construct, maintain, and operate piers and their appurtenances (including, without limitation, buoys, breakwaters, dikes, floating docks, embankments, wharfs, and other constructions or improvements which may be necessary or convenient for the functioning of a port) on the Artificial Islands: the right and privilege to construct, maintain, and operate utilities (including, without limitation, electrical supply, gas supply, water supply and sewerage disposal system) and the necessary distribution systems in connection therewith, on the Artificial Islands; and the right and privilege to construct, maintain, and operate employees’ quarters, administrative and maintenance buildings, and any other structures or facilities which may be convenient or necessary for purposes of exercising the rights and privileges set forth in sub-clauses (a), (b), and (c) above; and

(e) The right and privilege to do all things which shall be convenient or necessary to exercise the rights and privileges, and to conduct the operations, set forth in sub-clauses (a) through (d) above.

(f) All the rights and privileges hereby granted by the Lessor to the Tenant, as set forth above, are exclusive to the Tenant and shall not be granted by the Lessor to any other person, except that (i) the right and privilege set forth in sub-clause (a) above shall be subject to petroleum exploration licenses existing on the date hereof and to the provisions of Clause 5(e) hereof, and (ii) the rights and privileges set forth in sub-clause (c) above shall be subject to the provisions of Clause 5(f) hereof; and all such rights and privileges shall be free of cost, rent, or other charge, except as otherwise hereinafter set forth.

2. (a) This Lease shall not confer on the Tenant the right to any gold, silver or other metals, minerals and rock (other than the Demised Mineral whether in the form of mud, sand, or rock) ores, bauxite, gems or precious stones, coal or mineral oil in or under the Leased Areas; and there are excepted and reserved to the Lessor out of this Lease liberties for the Lessor, its lessees, tenants, or other persons authorized by it, to search for, seek, work, get, carry away, and dispose of, all such substances lying within or under the bed of the sea in the Leased Areas and for such purpose to sink, drive, erect, make, and use all such pits, shafts, drifts, machinery, and other works through, across, or under the Leased Areas as shall be necessary or convenient; provided, however, that such liberties shall be exercised so as not to obstruct or interfere with the Tenant in the exercise and enjoyment of the rights and privileges granted to the Tenant herein.
(b) There are excepted and reserved to the Lessor out of this Lease all islands, cays, and rocks above high water within the Leased Areas, except as otherwise herein provided.

3 (a) The Tenant shall pay, during the initial term hereof and the term of all renewals hereof, a royalty computed under paragraph (1) or paragraph (2) below, whichever computation shall be greater for the applicable 12-month period (November 1 of any year to October 31 of the next succeeding year.)

(1) A royalty for each 12-month period in the amount set forth below:

<table>
<thead>
<tr>
<th>Period</th>
<th>Royalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1, 1965 to October 31, 1970</td>
<td>Bahama $ 1,428.57</td>
</tr>
<tr>
<td>November 1, 1970 to October 31, 1971</td>
<td>United States $ 60,000</td>
</tr>
<tr>
<td>November 1, 1971 to October 31, 1972</td>
<td>United States $ 120,000</td>
</tr>
<tr>
<td>November 1, 1972 to October 31, 1973</td>
<td>United States $ 180,000</td>
</tr>
<tr>
<td>November 1, 1973 to October 31, 1974</td>
<td>United States $ 180,000</td>
</tr>
<tr>
<td>November 1, 1974 to October 31, 1975</td>
<td>United States $ 240,000</td>
</tr>
<tr>
<td>November 1, 1975 to October 31, 1976</td>
<td>United States $ 240,000</td>
</tr>
<tr>
<td>November 1, 1976 to October 31, 1977</td>
<td>United States $ 300,000</td>
</tr>
<tr>
<td>November 1, 1977 to October 31, 1978</td>
<td>United States $ 3000,000</td>
</tr>
<tr>
<td>November 1, 1978 to October 31, 1979</td>
<td>United States $ 360,000</td>
</tr>
<tr>
<td>November 1, 1979 to October 31, 1980</td>
<td>United States $ 360,000</td>
</tr>
</tbody>
</table>

The Royalty under this paragraph (1) for the 12-month period from November 1, 1980 to October 31, 1981 shall be in an amount equal to the sum of U.S. $360,000 plus two percent of U.S. $360,000 and the royalty for each succeeding period shall be in such amount compounded by two percent of such amount for such period; provided, however, that if at any time and from time to time (at intervals of not less than ten years) after October 31, 2000, the Tenants shall furnish to the Lessor a report by an independent consulting firm selected by the Tenant with the approval of the
Lessor, which approval shall not be unreasonably withheld, indicating that the rate of growth of markets in the states of the United States bordering on the Atlantic Ocean and the Gulf of Mexico for the sale of aragonite and products thereof during the immediately preceding ten years shall have averaged a rate therein specified which is less than two percent per year, the royalty under this paragraph (1) for each succeeding 12-month period thereafter to and including the tenth succeeding 12-month period shall be compounded by such rate (but not less than zero percent) rather than by two percent. It is intended that the annual compounded rate of increase of the royalty after October 31, 2000, shall for any ten successive 12-month periods be whatever average rate of growth has occurred in the aforesaid markets during the preceding ten years if and as so determined, but in no event less than zero percent or in excess of two percent.

(2) A royalty, for each 12-month period, equal to the greater of (i) six (U.S.) cents per ton for each ton of aragonite in its crude mineral form measured on a moisture free basis (such aragonite hereinafter called “Dry Aragonite”) shipped during such period for export or sale or processed into other products which are shipped during such period for export or sale, or (ii) six percent of the Royalty Value of Dry Aragonite shipped during such period for export or sale or processed into other products which are shipped during such period for export or sale. The “Royalty Value” of any Dry Aragonite shall be determined at the point at which such Dry Aragonite shall be loaded aboard a vessel at any of the Artificial Islands for shipment for sale, or, if such Dry Aragonite is processed on any Artificial Island into other products before sale, at the point immediately prior to the application of any such processes (such point of determination hereinafter called the “Determination Point”).

The Royalty Value of any Dry Aragonite at the Determination Point shall be determined as follows:

(A) In the event that such Dry Aragonite is sold at the Determination Point in an arm’s-length transaction, the Royalty Value of such Dry Aragonite shall be the price of such sale.

(B) In the event that such Dry Aragonite is sold after it has passed the Determination Point (within or without the Bahama Islands) in an arm’s-length transaction, the Royalty Value of such Dry Aragonite shall be the price of such sale, less the following amounts:

(x) If the transportation of such Dry Aragonite is purchased in an arm’s-length transaction, the costs incurred for such transportation;
(y) If the transportation of such Dry Aragonite is not so purchased, the actual costs attributable to such transportation (including, without limitation, allowances for depreciation and overhead), plus a reasonable allowance for profit attributable to such transportation but not in excess of the equivalent price for such transportation in an arm’s-length transaction; and

(z) Such other adjustments as may be reasonable to reflect special terms and conditions.

(C) In the event that such Dry Aragonite is not sold as such in an arm’s-length transaction, the Royalty Value of such Dry Aragonite at the Determination Point shall be determined on a fair and equitable basis.

In the determination of Royalty Value of any Dry Aragonite under sub-paragraphs (B) and (C) above, the intent of the parties is to ascertain, on the basis of actual competitive sales, the dollar figure or amount which most nearly represents the approximate price at which such Dry Aragonite, in light of market conditions, could have been sold at the Determination Point. For such purpose the intent of the parties is to determine the Royalty Value of such Dry Aragonite as it would be determined under United States Treasury Regulation *1.613-3 (in effect on May 1, 1969) if it were necessary to determine the gross income from mining of such Dry Aragonite at the Determination Point; and reference may be made to such regulation for the general principles to be applied in determining Royalty Value.

All royalty determinations shall be made in currency of the United States unless otherwise specifically stated. Whenever in the determination of the royalty hereunder it shall be necessary to compute the United States dollar equivalent of the price of any sale of Dry Aragonite or products thereof payable in any other currency, there shall be used that rate equal to the buying rate for such other currency quoted by First National City Bank, New York, New York, at the opening of business on the date of billing of such sale, or, if no such rate can be computed or exists on such date, then there shall be used that rate which shall be mututally agreed upon by the parties, or, if no such agreement shall be reached within thirty days, then there shall be used that rate which shall be designated by an independent public accounting firm of recognized international standing selected by the Tenant and approved by the Lessor, which approval shall not be unreasonably withheld.

Tonnages of Dry Aragonite shipped for export or sale shall be measured either by a weighing method acceptable to a shipping insurance underwriter, or by a draft survey conducted by a licensed marine surveyor, or by a weightometer, or by belt scales plus vessel load line readings, or by another method conforming to acceptable
industrial practices in the United States, or by an average of methods, as selected by the Tenant and approved by the Lessor, which approval shall not be unreasonably withheld. Tonnages of Dry Aragonite processed into other products which are shipped for export or sale shall be measured by methods conforming to acceptable industrial practices in the United States. All tonnages of aragonite shall be adjusted to moisture free basis and for any weight of aragonite not discharged from the vessels which are returned to any Artificial Island for reloading.

For purposes of this Lease, “ton” means two thousand two hundred forty pounds, and “United States” means United States of America.

Advance Royalties.

(b) The Tenant shall pay on the date of execution hereof an advance royalty of U.S. $50,000 for the 12-month period from November 1, 1968 to October 31, 1969 and shall pay (in four equal instalments on the tenth day of February, May, and August and the thirtieth day of November in the year 1970) an advance royalty of U.S. $50,000 for the 12-month period from November 1, 1969 to October 31, 1970. The payment of such advance royalties shall be a credit against the royalty referred to in sub-clause (a) above in the amount and for the periods set forth below:

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount of Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1, 1970 to October 31, 1971</td>
<td>U.S. $25,000 plus an amount equal to the excess of the royalty payable for such period over U.S. $60,000.</td>
</tr>
<tr>
<td>November 1, 1971 to October 31, 1972</td>
<td>The balance of the credit up to an amount equal to U.S. $50,000 plus the excess of the royalty payable for such period over U.S. $120,000.</td>
</tr>
<tr>
<td>November 1, 1972 to October 31, 1973</td>
<td>the balance of the credit</td>
</tr>
</tbody>
</table>

(c) That portion, if any, of the royalty referred to in sub-clause (a) above paid for any 12-month period which exceeds the royalty computed under paragraph (2) of said sub-clause (a) for such period shall be a credit against that portion, if any, of the royalty referred to in said sub-clause (a) payable for any succeeding 12-month period thereafter to and including the fifth succeeding 12-month period thereafter which exceeds the royalty computed under paragraph (1) of said sub-clause (a) for such succeeding period.

Royalty Credit.
(d) The royalties shall be payable in lawful currency of the United States to the Treasurer of the Commonwealth of the Bahama Islands at his office at the Public Treasury, Churchill Building, Nassau, the Bahama Islands. The royalty referred to in sub-clause (a) above shall be payable, for each 12-month period, in four instalments on the tenth day of February, May, and August in such period and on the thirtieth day of November in the next succeeding 12-month period, the amount of such instalments to be computed as follows:

Each of the first three royalty instalments paid for such 12-month period shall be based on shipments and on prices, estimated by the Tenant, for the immediately preceding 3-month period; and the last royalty instalment paid for such 12-month period shall be an amount equal to the difference between the sum of such first three royalty instalment payments and the amount of the royalty for such 12-month period computed on the basis of final figures on shipments and prices, and shall be paid to the Lessor together with a written accounting of the computations of such royalty based on such figures, affirmed for accuracy by a responsible officer of the Tenant.

(e) The Tenant shall keep at its registered office in Nassau, the Bahama Islands, proper and accurate accounts of Dry Aragonite shipped for export or sale or processed into other products which are shipped for export or sale, in such form as to enable the royalties to be conveniently ascertained and shall permit the Lessor or any agents or independent contractors thereof at all reasonable times to inspect such accounts and to take copies of or extracts from the same, provided that such accounts, copies, and extracts, and the contents thereof, shall be treated as confidential and shall not be disclosed to any other person.

4. From the date hereof and during the initial term hereby created and the term of all renewals hereof, the Tenant hereby covenants with the Lessor that the Tenant will:

(a) Conduct its operations as set forth in Clause 1 hereof in a skilful and workmanlike manner.

(b) Upon six months prior written notice delivered by the Lessor to the Tenant, surrender from time to time to the Lessor any undeveloped part of any Leased Area in order to create a buffer or protective zone between aquatic life and wildlife in the sea and any potential or actual mining operations under this Lease, the width of which zone shall be the minimum width deemed reasonably necessary by the Lessor to preserve such aquatic life and wildlife; provided, however, that the Tenant shall retain areas sufficient to provide access to deep water transportation through any such buffer or protective zone; and provided, further, that such part of any Leased Area so surrendered to the Lessor shall not be made available, or granted, to any person, other than the Tenant, for any of the purposes or operations set forth in Clause 1 hereof.
(c) Upon six months prior written notice delivered by the Lessor to the Tenant, surrender from time to time to the Lessor for its use alone, without compensation except as hereinafter provided, any part of any Leased Area as may reasonably be required by the Lessor for a “public purpose” as defined by the laws of the Bahama Islands and subject to the provisions of the Constitution of the Bahama Islands with respect to compulsory acquisition of property provided, however, that (i) the Lessor will not, so far as is practicable, require the Tenant to surrender to the Lessor any such part of any Leased Area which shall be reasonably required for the exercise in a commercially feasible manner of the rights and privileges granted to the Tenant herein, the burden of proof of which shall be upon the Tenant, (ii) the Tenant, upon being so required to surrender any specified part of any Leased Area, may offer to the Lessor other parts of such Leased Area or of other Leased Areas in lieu of the part so required to be surrendered, the acceptance of which offer shall be within the discretion of the Lessor, (iii) upon any such surrender of a part of any Leased Area, there shall be paid to the Tenant by the Lessor fair compensation in cash in an amount determined with respect to any improvements or structures constructed within such part, at the greater of original costs (less straight line depreciation) or the then cost of replacement with new improvements or structures, and with respect to any Demised Mineral stockpiled within such part, at the then cost of creating a similar stockpile of the Demised mineral, the intent thereby to compensate the Tenant fully for the greater of original costs (less straight line depreciation if applicable) or replacement costs, but not for future profits, and (iv) the part of any Leased Area so surrendered will not be made available, or granted, to any person, other than the Tenant, for any of the purposes or operations set forth in Clause 1 hereof.

(d) Upon six months prior written notice delivered by the Lessor to the Tenant, surrender from time to time to the Lessor (i) any part of any Leased Area which shall have been completely exhausted and mined and which shall not be necessary or convenient for any of the purposes or operations set forth in Clause 1 hereof and (ii) any Artificial Island which shall not have been used during a period of two years for any of the purposes or operations set forth in Clause 1 hereof and which shall not be necessary or convenient for any of such purposes or operations. In the event that the Tenant shall surrender part of any Leased Area or any Artificial Island pursuant to this sub-clause (d), the Tenant agrees that it will, at the request of the Lessor, (1) remove within six months from the date of such request all readily removable property, except such property as may be permitted by the Lessor to remain in such part or on such Artificial Island, and (2) bury or remove within six months as aforesaid rubbish and waste so as to leave such part or such Artificial Island in a reasonably clean condition.
(e) Adopt all economically practicable precautions in its operations set forth in Clause 1 hereof, (i) to prevent the destruction of aquatic life or wildlife, (ii) to prevent pollution of the coastal waters by oil, mud, or any other fluid or substance which might contaminate the sea water or shore line or which might cause harm or destruction to aquatic life or wildlife, and to prevent air pollution adversely affecting any uses of land or marine areas located within the vicinity of such operations, (iii) to prevent damage or impairment in any way to public or private property including sand beaches located within the vicinity of such operations, (iv) to prevent interference with fishing or other permitted commercial operations which shall have been carried on in any Leased Area prior to the commencement of such operations, and (v) to comply with any Bahamian law concerning pollution and nuisance. No dredging operations shall be carried on or undertaken by the Tenant nearer than one-half mile from the nearest sand beach. For the purposes of this sub-clause (e), sand beaches shall be deemed to commence and extend landward of the ordinary low watermark of the sea.

(f) In the event that the waters or land of the Bahama Islands shall be polluted by the operations set forth in Clause 1 hereof and such pollution shall damage or threaten to damage aquatic life, wildlife, or public or private property, control and remove such pollutant and repair damages to whosoever occurring (except trespassers or other persons acting illegally with respect to any of the operations set forth in Clause 1 hereof) proximately resulting therefrom, and on failure of the Tenant to control and remove such pollutant with reasonable expedition, compensate the Lessor for costs incurred by the Lessor in controlling and removing such pollutant.

(g) Indemnify and keep harmless the Lessor from liability for damages caused by a breach of the covenant contained in sub-clause (e) of this Clause 4, adjudged by a court having proper jurisdiction against the Lessor in a judgment not appealed and not appealable; provided, however, that the Lessor shall give prompt notice in writing to the Tenant of any claim for such liability and of the bringing or the threat of the bringing of any action asserting such liability, and provided, further, that the Lessor shall permit the Tenant by counsel selected by the Tenant to defend or settle such action and, at the option of the Tenant, to repair, replace, restore, or otherwise rectify any structure, parts, or other things so alleged to be damaged in mitigation of such damages.

(h) Construct, maintain, and operate one lime, electrochemical, or other related industrial plant, having such capacity as the Tenant shall determine, on one of the Artificial Islands as soon as (i) appropriate land area shall be available for the purposes of construction, (ii) the construction, maintenance, and operation of such plant shall be legal and economically feasible and (iii) financing suitable to the Tenant can be obtained, and give
preference, in constructing and operating such electrochemical plant, to the processing of raw materials located in the Bahama Islands, provided that such raw materials shall be, in the discretion of the Tenant, equally suitable, available, and otherwise competitive in every way with raw materials located elsewhere.

(i) Give preference to ships of Bahamian registry for purposes of transporting the Demised Mineral and products thereof; provided, however, that (i) the Tenant shall not incur any financial detriment whatsoever as a result thereof, and (ii) ships of Bahamian registry are available and are, in the discretion of the Tenant, equally suitable, competent, reliable, available, and otherwise competitive in every way with ships of other registries. No restriction, other than as specifically set forth above in this sub-clause (i), will be placed on the Tenant’s free choice of, or operations of, shipping, and no pilot will be required for the use of ships or other vessels in respect of the ports appended to any Artificial Island. The Lessor acknowledges the need for long-term assurance of appropriate shipping on competitive terms and agrees that the Tenant, notwithstanding the provisions set forth above in this sub-clause (i), will be free to make whatever arrangements may be convenient or necessary to secure such assurance and will be free to use any ship owned by, or under contract to, the Tenant (or any company in which the Tenant has a substantial financial interest, direct or indirect).

(j) Employ Bahamian citizens in its operations set forth in Clause 1 hereof, provided that such Bahamian citizens are available, sufficiently skilled, and willing to work at reasonable wages or salaries; and, having regard to the persons available from time to time for such training and the standard of education and the degree of skill required for the positions to be filled, train Bahamian citizens to prepare them for employment in all phases of the operations set forth in Clause 1 hereof.

(k) Keep the Lessor generally informed concerning the Tenant’s plans to construct, or to increase substantially electric power generating facilities and fresh water producing facilities, on any of the Artificial Islands, and deliver a written notice to the Lessor of the Artificial Islands, and deliver a written notice to the Lessor at such time that the Tenant shall be prepared and shall have finally decided to construct or to increase substantially, such facilities. If the Lessor shall, within one hundred twenty days after the date of such notice, notify the Tenant in writing that the Lessor elects to use a certain percentage, which percentage shall not be greater than ten percent unless otherwise agreed to in writing by the Tenant, of the power and energy, or the water, as the case may be, available to be distributed at such facilities when fully completed or expanded, then the Tenant shall, upon full completion or expansion of such facilities, make available to the Lessor for Government Purposes (as hereinafter defined) at such facilities such percentage of
available power and energy, or available water, on the condition that the Lessor shall pay to the Tenant on terms satisfactory to the Tenant amounts equal to all the costs of whatever nature (including, without limitation, allowances for depreciation and overhead) attributable to the furnishing of such power and energy or such water, to the Lessor; provided, however, that all details and considerations with respect to the supplying by the Tenant of, and the payment by the Lessor for, such power and energy, or such water, as the case may be, shall be negotiated in good faith and incorporated in a valid written agreement mutually satisfactory to all parties. If the Lessor shall not notify the Tenant of its election to use such power and energy, or such water, within one hundred twenty days as set forth above, or if the Lessor shall in fact elect not to use such power and energy, or such water, then the Tenant shall not be obligated thereafter to make available to the Lessor any energy or power, or any water, from its facilities except in such amount, if any, as the Tenant shall have been supplying the Lessor prior to such notice and except with respect to a later substantial increase in facilities as set forth above.

(l) Upon six months prior written notice delivered by the Lessor to the Tenant, create by the dredging and depositing of the Demised Mineral and other material on the bed of the sea, and make available for the use of the Lessor, additional land adjoining or near any of the Artificial Islands, which land shall be accessible (by dredging or otherwise) to deep water transportation, on the condition that the Lessor shall pay to the Tenant on terms satisfactory to the Tenant amounts equal to all the costs of whatever nature (including without limitation, allowances for depreciation and overhead) attributable to the creation of such land and of such deep water accessibility; provided, however, that:

(1) The carrying out of such dredging, and the prospective location, size, and nature of such additional land, would not interfere or conflict in any way with the operations set forth in Clause 1 hereof or with any plans for such operations made by the Tenant, and would not exceed the capacity of the then existing equipment of the Tenant in view of the continuance and planned expansion of the operations set forth in Clause 1 hereof.

(2) All details and considerations with respect to the creation and making available by the Tenant of, and the payment by the lessor for, such additional land and such deep water accessibility shall be negotiated in good faith and incorporated in a valid written agreement mutually satisfactory to all parties.

(3) The tonnage of the Demised Mineral used to create such additional land and to provide access to deep water and other transportation shall be excluded from the determination of the reserves of aragonite required by the Tenant and the Sublessees (as hereinafter defined) for one hundred years of operations.
under paragraph (1) of Clause 5(e) hereof, and shall be credited as a deduction from the tonnage of aragonite reserves which may be surrendered pursuant to paragraph (2) of Clause 5(e) hereof.

(4) The Tenant shall have the right of first refusal to participate in or undertake any business enterprise which the Lessor proposes to allow on such additional land on the same terms and conditions as the Lessor shall be prepared in good faith to offer to other persons or as other persons shall offer in good faith to the Lessor. Such right of first refusal shall be exercisable by the Tenant within four months after the date on which the Lessor shall deliver to the Tenant written notice of the terms and conditions of the proposed enterprise; provided, however, that the Lessor shall have notified the Tenant in writing of the nature of such enterprise as soon as the Lessor shall have commenced to consider such enterprise; and provided, further, that if the Lessor shall not have so notified the Tenant of the nature of such enterprise, such right of first refusal shall be exercisable by the Tenant within six months after the delivery to the Tenant of the aforesaid notice of terms and conditions.

(m) Permit the Lessor to use the Artificial Islands, and any harbour or dock facilities, ship channels, and turning basins annexed thereto, as shall be necessary solely for Government Purposes; provided, however, that such use by the Lessor shall not interfere or conflict in any way with the operations set forth in Clause 1 hereof.

(n) Furnish to the Lessor the following items, all of which the Lessor and the agents and independent contractors thereof shall treat as confidential and shall not disclose to any other person:

(1) Within sixty days after the filing of United States Federal income tax returns of the Tenant, a summary certified as a true extract by an independent accounting firm, of the items of gross income, deductions, taxable income, and tax in respect of the operations set forth in Clause 1 hereof, as reflected in such tax returns so filed;

(2) Within sixty days after the filing of each foreign customs declaration by the Tenant relating to the importation of the Demised Mineral or products thereof, a copy of each such customs declaration showing for each shipment the tonnage and value thereof; and

(3) As soon as practicable after the Lessor’s request therefor, and from time to time, reports, in reasonable detail, containing information, as and to such extent as the Lessor may request, as to (i) the results of explorations and discoveries by the Tenant in any of the Leased Areas, (ii) the results of the operations set forth in Clause 1 hereof and estimates of aragonite reserves recoverable from the Leased Areas, (iii) the prices of the Tenant
to customers purchasing the Demised Mineral and (iv) such other information respecting the operations set forth in Clause 1 hereof as the Lessor may from time to time reasonably request; *provided, however, that* the Tenant shall be obliged to furnish only reports and information as shall be available to the Tenant in its ordinary course of business.

(o) Furnish to the Lessor not later than December 31, 1969, at its own expense, a report by a competent authority approved by the Lessor, which approval shall not be unreasonably withheld, concerning the possible effects of the operations set forth in Clause 1 hereof on fisheries and other marine life and the safeguards which should be taken in respect thereof.

(p) Reimburse the Lessor annually within thirty days after the presentation of a detailed account of the same certified as correct by the Minister of Finance, by the Lessor to the Tenant, the annual cost to the Lessor of providing services on the Artificial Islands directly related to the operations set forth in Clause 1 hereof for the maintenance of law and order, the administration of justice, the collection of custom duties, tariffs and other revenue, the administration of the immigration department and post offices, and for such other governmental purposes as may be mutually agreed upon from time to time between the Lessor and the Tenant (all such purposes being herein called “Governmental Purposes”), plus twenty-five percent of such cost in order to reimburse the Lessor for its administrative overhead on the Island of New Providence; *provided, however, that*

(1) The salaries to be paid by the Lessor to the public officers, employees, and independent contractors carrying out and administering the services referred to above shall be in accordance with the normal scale for the Lessor’s salaries with regard to location and post; and

(2) The Tenant shall not be obligated to pay more than U.S. $10,000 to the Lessor under this sub-clause (p) for any one annual period to and including October 31, 1974, and thereafter only such greater amounts as the Lessor shall demonstrate or justify to the Tenant as having been expended to provide essential services for Governmental Purposes as a result of an increase after such date either in the size of the Tenant’s operations or in the levels of salaries and other expenses of the Lessor.

(q) Except as otherwise provided in this sub-clause (q), not assign or sublet its rights with respect to, or part with the possession of, the Demised Mineral or any part thereof, without first obtaining the written consent of the Lessor, such consent to be in discretion of the Lessor. Without consent of the Lessor, the Tenant may assign all the rights and privileges granted to it hereunder to Ocean Trading Corporation, a Florida corporation (hereinafter called
“Ocean Trading”), pursuant to an assignment in substantially the form of Exhibit A attached hereto. The Tenant or Ocean Trading may further sublet or assign all or part of such rights and privileges to other corporations (herein called collectively the “Sublessees” and individually a “Sublessee”) referred to in said Exhibit A, but only upon the approval by the Lessor of the terms of any such sublease or assignment (which approval shall not be unreasonably withheld, but may be withheld, among other reasons, if it reasonably appears to the Lessor that such sublease or assignment would cause profits allocable to the operations set forth in Clause 1 hereof of the Tenant or Ocean Trading to be diverted to a person the profits of whom are not subject to taxation by the Lessor or any agency thereof on substantially the same basis as the Tenant or Ocean Trading), and if the Lessor shall not disapprove of the terms of any such sublease or assignment within sixty days after such approval shall be requested, then such approval shall be deemed to have been granted by the Lessor pursuant to this sub-clause (q). In the event that the Tenant shall assign all the rights and privileges granted to it hereunder to Ocean Trading pursuant to an assignment in substantially the form of Exhibit A attached hereto, the term “Tenant” and all words referring to the “Tenant” in this Lease shall refer to and include Ocean Trading. In the event that the Tenant or Ocean Trading shall sublet or assign any such rights and privileges to any Sublessee, (1) the Tenant or Ocean Trading, as the case may be, shall furnish to the Lessor a true copy, within thirty days after execution thereof, of such sublease or assignment and each other agreement between the Tenant or Ocean Trading or any affiliate thereof, as the case may be, and such Sublessee relating, directly or indirectly, to such sublease or assignment or to any operations thereunder, provided that all copies so furnished shall be treated by the Lessor and any agents thereof as confidential and shall not be disclosed by the Lessor or any agents thereof to any other person, and (2) the rights and privilege, and the obligations, of such Sublessee with respect to its operations under such sublease or assignment shall be as specified in such sublease or assignment, provided that (i) such sublease or assignment shall specify that such Sublessee shall be bound by the provisions of this Lease (except for the provisions of Clause 3 hereof) with respect to its operations thereunder to the same extent as the Tenant would be bound if the Tenant itself conducted such operations, (ii) such Sublessee shall, to the extent provided in such sublease or assignment, be entitled to the rights and privileges of the Tenant under this Lease and the benefits of the Lessor’s covenants and agreements under this Lease to the same extent as if such Sublessee were the Tenant, and (iii) the Tenant shall in any event remain liable to the Lessor for the performance of all its covenants and obligations hereunder. Each sublease or assignment shall require the sublessee or assignee therein to furnish to the Lessor the same items of information with respect to its operations under such sublease or assignment as the Tenant is required to furnish pursuant to paragraphs (1) and (2) of Clause 4(n) hereof.
(r) Not form a corporation under the laws of the Bahama Islands for financing or other purposes relating to the operations set forth in Clause 1 hereof without first obtaining the approval by the Lessor of the documents pertaining to incorporation, which approval shall not be unreasonably withheld, and not enter into any agreement with such or any other Bahamian corporation (controlled directly or indirectly by the Tenant) for financing commercial purposes relating to the operations set forth in Clause 1 hereof without first obtaining the approval by the Lessor of such agreement, which approval shall not be unreasonably withheld.

5. From the date hereof and during the initial term hereby created and the term of all renewals hereof, the Lessor hereby covenant with the Tenant that the Lessor will:

(a) Use its best endeavours to cause the enactment of such legislation and the performance of such administrative action as shall be necessary to give effect to the provision of this Lease.

(b) Use its best endeavours to impose by legislation, or by administrative action on all persons, firms corporations, or other entities to which the Lessor has granted or shall grant rights to explore or drill for petroleum products, requirements and conditions protecting the operations set forth in Clause 1 hereof, in respect of reparations of and remedies for damages from pollution, in terms not less protective than those specified in Clause 4(f) hereof, and in respect of other matters, in terms not less protective than the terms of the regulations, for offshore petroleum exploring or drilling under review by the Government of the United States on the date hereof and as finally adopted by such Government.

(c) Guarantee to the Tenant peaceful use and enjoyment of the Demised Mineral, the Leased Areas, and the rights and privileges hereby granted, without any interruption by the Lessor or any person, except as otherwise herein provided.

(d) Not grant or demise to any person, other than the Tenant, any right or privilege to export from the Bahama Islands any aragonite or other calcareous deposits located in the territory of the Bahama Islands without the Leased Areas during the period from the date hereof to (i) June 1, 1979, or (ii) the date on which the Tenant shall have conducted operations set forth in sub-clause (a) of Clause 1 hereof at a net profit for ninety-six months, whichever date shall occur earlier; provided, however, that the Lessor shall not, after such period, grant or demise such right or privilege to any person, other than the Tenant, unless (1) the Lessor shall have delivered six months prior written notice of the proposed grant or demise to the Tenant and (2) such person shall prove to the Lessor that the Tenant and the Sublessees are not able, within the next succeeding six months, to substantially satisfy a demonstrable and verifiable market for the purchase of the Demised Mineral or products thereof. The Lessor will consult with the Tenant regarding
the ability of the Tenant and the Sublessees so to satisfy such market before granting any right or privilege to export any aragonite or other calcareous deposits from the Bahama Islands, as aforesaid.

(e) Not grant or demise to any person, other than the Tenant, any of the rights and privileges set forth in Clause 1 hereof relating to aragonite or other calcareous deposits within the Leased Areas, except as follows:

(1) On or after June 1, 2005, the Lessor may request, upon six months prior written notice to the Tenant, that the Tenant surrender, and the Tenant on such request will surrender, to the Lessor reserves of aragonite within any or all of the Leased Areas other than “Parcel C” in excess of the reserves of aragonite required by the Tenant and the Sublessees for one hundred years of such operations referred to in Clause 1 hereof from the date of such request. For purposes of this paragraph (1), the Tenant’s and the Sublessees’ requirements for aragonite reserves for such one hundred years of operations shall be measured on the basis of the average annual volume of the Demised Mineral and products thereof shipped for export or sale over the five separate years between the year 1995 and the year 2005 during which the Tenant and the Sublessees shall have shipped for export or sale the highest volume of the Demised Mineral and products thereof, plus an escalation factor for such one hundred years of operations of two percent per annum, compounded annually, of such average annual volume in order to allow for the growth of markets. The Tenant shall select the location of the aragonite reserves to be surrendered pursuant to this paragraph (1), provided that the aragonite reserves selected in any Leased Area shall be substantially as accessible to deep water transportation as the aragonite reserves retained by the Tenant hereunder in such Leased Area.

(2) After a period of one hundred forty-four months from June 1, 1969, excluding any period during which a condition of Force Majeure (as hereinafter defined) shall have been in effect, if there shall not have been maintained a volume of at least six million five hundred thousand tons of Dry Aragonite and products thereof shipped for export or sale for any one period of twelve consecutive months within the last sixty months of the aforesaid one hundred forty-four month period, the Lessor may request, upon six months prior written notice to the Tenant, that the Tenant surrender, and the Tenant on such request will surrender, to the Lessor reserves of aragonite within any or all of the Leased Areas other than “Parcel C” in an aggregate amount not to exceed one billion five hundred million tons of aragonite. The Lessor shall select the location of the aragonite reserves to be surrendered pursuant to this
paragraph (2), provided that the aragonite reserves not surrendered by the Tenant in any Leased area shall be substantially as accessible to deep water transportation as the aragonite reserves surrendered to the Lessor in such Leased Area, Before designating the part of such Leased Areas to be so surrendered, the Lessor shall, without expense to the Tenant, have the necessary surveys of such Leased Areas made by independent mining surveyors of recognized international standing, by methods recognized in the mining industry as proper and acceptable.

Provided, however, that the Lessor shall not, pursuant to paragraph (1) or (2) of this sub-clause (e), grant or demise any right or privilege set forth in Clause 1 hereof relating to aragonite or other calcareous deposits within the Leased Areas to any person, other than the Tenant, unless (1) the Lessor shall have delivered six months prior written notice of the proposed grant or demise to the Tenant and (2) such person shall prove to the Lessor that the Tenant and the Sublessees are not able, within the next succeeding six months, to substantially satisfy a demonstrable and verifiable market for the purchase of the Demised Mineral or products thereof. The Lessor will consult with the Tenant regarding the ability of the Tenant and the Sublessees so to satisfy such market before granting any of such rights and privileges as aforesaid.

(f) Not grant or demise to any person, other than the Tenant, any right or privilege to construct, maintain, and operate a lime plant for export from the Bahama Islands of lime products during the period from the date hereof to (i) June 1, 1980, or (ii) the date which shall occur ninety-six months from the date of the commencement of the construction of a lime plant on one of the Artificial Islands, whichever date shall occur earlier. At all times after such period, if the Lessor shall receive a bona fide application or request from such other person to construct such a lime plant for export markets, the Lessor will deliver written notice thereof to the Tenant, and the Lessor shall not grant such application or request provided the Tenant shall agree with the Lessor, within six months after the delivery of such notice to the Tenant, to build a lime plant of a capacity at least as great as the capacity of the proposed lime plant applied for or requested and on or before the proposed completion date for such plant.

(g) Not grant or demise to any person any licence, right, or privilege, except as hereinbefore provided, which will interfere or conflict in any way with the rights and privileges of the Tenant granted hereunder.

(h) On the written request of the Tenant made within six months before the expiration of the initial term hereby created, provided there shall not at the time of such request exist any Event of Default (as hereinafter defined), grant to the Tenant a renewal of this Lease for a further term of five years from the expiration of said Lease Operations.

No Interference.

Renewals.
initial term, with a like right of renewal for further terms of five years, twenty years and fifty years, respectively, containing like royalties, covenants, and provisions as herein contained. If the Lessor shall decide to continue to grant, at the expiration of the full term of this Lease (including all renewals hereof), any or all of the rights and privileges set forth in Clause 1 hereof to any person, the Lessor hereby agrees to grant such rights and privileges to the Tenant at such time; *Provided, however,* that the Tenant shall accept the same terms and conditions and make the same performance guarantees as the Lessor shall be prepared in good faith to offer to or require from other persons or as other persons shall offer in good faith to the Lessor; and *provided, further,* that the Lessor shall be so obligated to grant to the Tenant such rights and privileges in respect of not more than one-half of all the then remaining reserves of aragonite within the Leased Areas, the location of such aragonite reserves to be so demised to the Tenant to be selected by the Tenant and such aragonite reserves not so demised to the Tenant to be substantially as accessible to deep water transportation as such aragonite reserves so demised to the Tenant.

(i) Facilitate, or cause the appropriate agency or official to facilitate (as the case may be), the construction by the Tenant of deep water channels and the Artificial Islands pursuant to the grant hereinbefore made under The Maritime Affairs and Port Authorities Act, as amended; and will facilitate (whether by means of appropriate ministerial directions or otherwise) the grant of any and all other permissions, approvals, consents, permits, licenses, and registrations which may be necessary or convenient for the exercise of the rights and privileges referred to in Clause 1 hereof (including, without limitation, the licensing or certificating of any lighters, tugs or other vessels under The Maritime Affairs and Port Authorities Act and The Boat Registration Act and the licensing of the construction, maintenance and operation of electrical systems on the Artificial Islands).

(j) At the request of the Tenant, lease to the Tenant or to a third party approved by the Lessor for the purpose of subleasing to the Tenant, at a nominal rent, the Artificial Islands, or any of them, and the island of Sandy Cay for the full term of this Lease (including any renewals hereof).

6. The Lessor hereby covenants with the Tenant that the Lessor will, promptly after the date hereof, introduce into the Senate and House of Assembly of the Bahama Islands, and will continually support enactment of, legislation to ensure, with effect from the date hereof, the following:

(a) That no customs duties, tariffs, emergency taxes, excise taxes, fuel taxes, export taxes, or other duties, taxes, levies, fees, or charges of any kind whatsoever shall be levied, charged, or collected
by the Lessor or any agency thereof upon or against any article or material of any nature (including, without limitation, the Demised Mineral and products thereof, electrochemical products, and gasoline, bunker oil, diesel oil, and other fuel, but excluding food) necessary for any of the purposes or operations set forth in Clause 1 hereof and imported into the Bahama Islands, purchased, taken out of bond, manufactured, processed, assembled, or stored within the Bahama Islands, or exported from the Bahama Islands, by or on account of the Tenant, any Sublessee, or any contractor or subcontractor thereof, or upon any of the foregoing acts, provided that, with respect to any article or material so imported, purchased, or taken out of bond, the Tenant, such Sublessee, or such contractor or subcontractor shall have and shall retain ownership of such article or material

(b) That with respect to shipments of any article or material of any nature to or from the Artificial Islands in connection with any of the purposes or operations set forth in Clause 1 hereof, there shall not be imposed by the Lessor or any agency thereof on any shipper or ship any harbour duties, freight taxes, wharfage, tolls, or any other kind of levy, tax or charge of any kind whatsoever.

(c) That no real property taxes or rates and no real property levies (whether capital or periodic) of any kind whatsoever shall be levied, charged, or collected by the Lessor or any agency thereof upon or against any land on any Artificial Island.

(d) That until August 4, 1985, no real or personal property taxes or rates, real or personal property levies (whether capital or periodic), capital levies, taxes on capital gains or capital appreciation, or any other tax, rate, levy or charge of any kind whatsoever shall be levied, charged, or collected by the Lessor or any agency thereof upon or against any building or structure on any Artificial Island, or upon or against any shares, bonds, debentures, notes, or other securities issued by the Tenant, any Sublessee, or any contractor or subcontractor thereof, or upon or against any article or material of any nature necessary for any of the purposes or operations set forth in Clause 1 hereof.

(e) That no taxes of any kind shall be levied, charged, or collected by the Lessor or any agency thereof upon or against any net profits of the Tenant, any Sublessee, or any contractor or subcontractor thereof, or upon or against any rentals or licence fees paid by any Sublessee to the Tenant, or upon or against any interest or dividends paid by the Tenant or by any Sublessee to the holders of shares, bonds, debentures, notes, or other securities, or upon or against any salaries or remuneration by way of bonus, participation in profits, commissions or otherwise paid by the Tenant, any Sublessee, or any contractor or subcontractor thereof, to any person (other than a resident of the Bahama Islands) employed by the Tenant, such Sublessee, or such contractor or subcontractor, except that
(1) The Lessor may impose an operations tax on net profits of the Tenant, any Sublessee, and any contractor and subcontractor thereof, allocable solely to the operations set forth in Clause 1 hereof, but only to the extent that, for any year, the total of such tax and any United States Federal income tax for such year does not exceed the United States Federal income tax that would have been payable for such year if no such tax on net profits were imposed, and if, upon audit by the Internal Revenue Service of the United States, such total shall exceed the United States Federal income tax that would have been so payable, the Lessor shall refund the amount of such excess to the Tenant, such Sublessee, or such contractor or subcontractor, as the case may be. In lieu of making such refund, at its option the Lessor may give its promissory note, bearing interest as specified below, in the principal amount of such excess, the unpaid principal of an accrued unpaid interest on which note may be applied by the Tenant, such Sublessee, or such contractor or subcontractor, as the case may be, to the payment of any taxes payable to the Lessor or any agency thereof from time to time thereafter and which note shall not otherwise be an obligation of the Lessor. Any such promissory note shall bear interest on the unpaid principal amount thereof from (A) the date of payment to the United States of the excess amount of tax referred to above to (B) the date of application in full of such principal and interest to the payment of taxes payable to the Lessor or any agency thereof, as aforesaid, at the same rate of interest prescribed by the Lessor for underpayments of taxes on net profits; and

(2) After August 4, 1985, the Lessor may impose a tax upon or against any interest or dividends paid by the Tenant or by any Sublessee to the holders of shares, bonds debentures, notes or other securities, or upon or against any salaries or remuneration by way of bonus, participation in profits, commissions or otherwise paid by the Tenant, any Sublessee, or any contractor or subcontractor thereof, to any person employed by the Tenant, such Sublessee, or such contractor or subcontractor.

(f) That the Lessor or any agency thereof shall not levy, charge, or collect any *ad valorem*, severance, mining, occupation, gathering, sales, gross income or gross receipts, franchise or other taxes and assessments of any kind whatsoever with respect to or measured by or charged against or attributable to the Demised Mineral or any products thereof or any electrochemical products, the proceeds of the Demised Mineral, or any products thereof or any electrochemical products, the ownership, sale, or other disposition as a whole or in part of the Demised Mineral or any products thereof or any electrochemical products, or the activities, operations, works, or installations relating to or incidental to any of the purposes or operations set forth in Clause 1 hereof, or any indebtedness incurred in connection with any of the foregoing, except as provided above in this Clause 6.

Other Taxes.
(g) That after August 4, 1985, no taxes, rates, levies, or other charges of the kind referred to in sub-clauses (d) and (e) above shall be levied, charged, or collected by the Lessor or any agency thereof, unless such taxes, rates, levies, or other charges shall also be levied, charged or collected on or against the property owned or operations conducted by all persons conducting mining or other industrial operations in the Bahama Islands, and in any event at no greater rate and on no greater relative basis for taxation than shall be levied, charged or collected on or against such persons.

(h) That there will be no rules or regulations promulgated or imposed by the Lessor or any agency thereof, the promulgation or imposition of which is not excluded or prohibited by the provisions herein contained, which affect the operations conducted by the Tenant or the Sublessees hereunder differently from mining or other industrial operations conducted by other persons within the Bahama Islands and which thereby discriminate against such operations conducted by the Tenant or the Sublessee.

7. The Lessor covenants with the Tenant that, until the legislation referred to in Clause 6 hereof is enacted as law, (i) the payment by the Tenant of any duties, taxes, levies, fees or charges which would be prohibited from being levied, charged, or collected by such legislation if it were enacted, shall be a credit against the royalty referred to in sub-clause (a) of Clause 3 hereof and the advance royalties referred to in sub-clause (b) of said Clause 3, which credit shall be additional to the credit referred to in sub-clause (c) of said Clause 3, and (ii) payments by the Tenant of any such duties, taxes, levies, fees or charges shall be deposited and held in a separate account by the Lessor, which payments shall be refunded to the Tenant upon the enactment of such legislation in an amount equal to the excess of such payments over the royalties against which such payments shall have been credited, as aforesaid.

8. From the date hereof and during the initial term hereby created and the term of all renewals, hereof, the Lessor hereby covenants with the Tenant that the Tenant, any Sublessee, and any contractor and subcontractor thereof, may, subject to the overriding requirements established by Bahamian immigration laws being satisfactorily met, bring into the Bahama Islands any supervisors, consultants, workmen, and other personnel for employment with respect to any of the purposes or operations set forth in Clause 1 hereof to the extent and in the event that qualified supervisors, consultants, workmen, and other personnel are unable to be recruited from Bahamian citizens.

9. From the date hereof and during the initial term hereby created and the term of all renewals hereof, the Lessor hereby covenants with the Tenant that the Tenant, any Sublessee, and any contractor and subcontractor thereof, and any officers or other agents appointed by any of them, shall have the right freely to
receive, to hold in banks of their own selection wherever located, and to dispose of, their funds derived from or attributable to any operation set forth in Clause 1 hereof in any currency (including, without limitation, to convert any or all of their funds into Bahamian currency), and that the approvals and other authorizations necessary with respect to the foregoing will be granted under the Exchange Control Regulations of the Bahama Islands.

10. In the event that the Lessor shall make any arrangement or agreement with any other person in respect of royalties, taxes, or other terms and conditions relating to any of the purposes or operations set forth in Clause 1 hereof which shall be different in substance from the terms and conditions herein contained, the Tenant shall be entitled at its option to the grant of a new lease by the Lessor containing such terms and conditions (as a whole and not in part) in substitution for the terms and conditions herein contained.

11. Subject to any express restrictions or limitations set forth above, the commencement, duration, and extent of the exercising of rights and privileges set forth in Clause 1 hereof shall be matters within the discretion of the Tenant, and the operations set forth in Clause 1 hereof shall not be prohibited, by law or otherwise, to be conducted on any day (including, without limitation, any Sunday or public holiday) or during any period of time.

12. If any of the following events (hereinafter called “Events of Default”) shall occur and be continuing:

(a) Any part of the royalties set forth in Clause 3 hereof shall remain unpaid for three months after becoming payable and becoming undisputed as to amount; or

(b) The Tenant shall cease to work the Demised Mineral in all the Leased Areas for a period of twelve successive months and such cessation shall not be due to Force Majeure; or

(c) The Tenant during such period when the Demised Mineral or any part thereof, remains vested in it, or any Sublessee or Sublessees having an interest of seventy-five percent or more in the entire Demised Mineral, shall be liquidated (except for the purposes of reorganization, amalgamation or reconstruction) or shall become bankrupt, or make any assignment for the benefit of, or shall enter into any arrangement for composition with, creditors; or
(d) Any covenant to be performed on the part of the Tenant herein contained shall not be substantially performed or substantially observed, and corrective measures thereof shall not have been commenced within sixty days after written notice thereof shall have been delivered to the Tenant by the Lessor and shall not have been substantially completed within a reasonable period after such sixty days, subject to the provisions of Clause 14 hereof;

Then, upon sixty days prior written notice delivered by the Lessor to the Tenant, and subject to the arbitration provisions of Clause 17 hereof, this Lease shall terminate and the Lessor shall have the right to re-enter upon the Demised Mineral, or any part thereof, unless such Event of Default shall be cured within such notice period, without prejudice to any right of action of the Lessor in respect of any breach of the Tenant’s covenants herein contained.

13. No waiver of any provision of this Lease nor consent to any departure therefrom by any party hereto shall be effective unless the same shall be in writing and consented to by the party against whom the waiver or consent shall be claimed and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

14. (a) Neither party to this lease shall be liable for the consequences of any failure to perform or any default in performing any of its obligations under this Lease if such failure is caused by *Force Majeure*.

(b) In the event that there has been any such failure, such failure shall not be considered non-performance or non-observance of any term, covenant, or condition of this Lease, and the time for performance or observance on the part of the Lessor or the Tenant of any of the terms, covenants, and conditions of this Lease shall be extended for the period such failure caused by *Force Majeure* shall exist.

(c) For the purposes of this Lease, a failure shall be regarded as caused by *Force Majeure* only if:

1. The failure is caused by *Force Majeure*; and
2. The party failing has taken all reasonable precautions with the object of avoiding the failure and carrying out its obligations hereunder.

(d) For purposes of this Lease, the term “*Force Majeure*” means events not reasonably within the control of the party failing, including, without limitation, fire, lightning, windstorm, flood, earthquake, explosion, war, warlike activities, insurrection, riots, civil commotion, Act of God, strikes, lockouts breakage or accident to machinery, equipment or fixtures, freight embargoes, refusal of...
the Lessor or any agency or official thereof to grant necessary or appropriate approvals, permits licenses, or other authorizations, judicial decrees, delay or failure of the initial public financing of the operations set forth in Clause 1 hereof until December 31, 1969, inability of the Tenant or any Sublessee to obtain or employ the necessary labour or to obtain or secure the necessary materials or equipment, and any failure due to any of the above matters by any contractor or subcontractor employed by the Tenant or any Sublessee to carry out the provisions of any contract with the Tenant or any Sublessee.

(e) Any party shall give notice to the other party of any Force Majeure causing any failure to perform its obligations under this Lease.

(f) Any party who fails because of Force Majeure to perform its obligations hereunder shall, upon the cessation of the Force Majeure, take all reasonable steps within its power to make good and resume with the least possible delay compliance with those obligations.

15. Upon the termination of this Lease or of any extensions or renewals hereof for any reason, all underwater mineral rights herein granted shall revert to the Lessor. All machinery, equipment, tools, stockpiles, buildings, rolling stock, and other assets shall remain the property of the Tenant or any Sublessee and may be freely withdrawn and exported without payment of any duty or sales or other taxes, or sold or otherwise disposed of, except that the Lessor shall be given the right of first refusal, exercisable as to any assets within sixty days after the date on which the Tenant or such Sublessee shall deliver to the Lessor written notice of such assets and the planned disposition thereof, to purchase for cash from the Tenant or such Sublessee any of such assets located in the Bahama Islands, at the reasonable value thereof at the time of such withdrawal, export, sale, or other disposal. After a period of one year plus sixty days from the date of the termination of this Lease as aforesaid, all property not removed by the Tenant or any Sublessee from the Artificial Islands shall become the property of the Lessor, except that the Tenant agrees that it will, upon the termination of this Lease as aforesaid and at the request of the Lessor, (1) remove readily detachable and readily removable property and (2) bury or remove rubbish and waste so as to leave the Artificial Islands in a reasonably clean condition.

16. (a) In the event that conditions which are unforeseeable on the date hereof shall occur during the initial term hereby created or the term of any renewals hereof, and which render the terms of this Lease economically unfeasible for, or an undue hardship on, the
Tenant, the Lessor hereby agrees that it will, at the request of the Tenant, carry on discussions in good faith to explore a revision of this Lease in order to make such terms economically feasible and to rectify such hardship.

(b) In the event that any tax, rate, levy, or other charge referred to in sub-clause (d) or (e) of Clause 6 hereof (other than tax on net profits) imposed by the Lessor or any agency thereof shall cause the Tenant to be in a substantially less favourable competitive position compared with competitors within or without the Bahama Islands, the Lessor hereby agrees that it will, at the request of the Tenant, carry on discussions in good faith to explore a reduction of such tax, rate, levy, or other charge in order that the Tenant shall be placed in at least an equal competitive position compared with such competitors.

(c) If the after-tax profits per ton of Dry Aragonite accruing to the Tenant and derived from the sale of Dry Aragonite and products thereof shall become substantially greater than shall have been foreseeable on June 1, 1969, because of a reduction in the effective Federal income tax rate of the United States, the Tenant hereby agrees that it will, at the request of the Lessor, carry on discussion in good faith to explore a revision of the terms of this Lease to secure for the Lessor an equitable return per ton of Dry Aragonite but not greater than such return prior to such reduction in such tax rate; provided, however, that any such revision shall be made with due regard to protecting the competitive position of the Tenant against competitors or potential competitors of the Tenant within and without the Bahama Islands.

(d) In the event of any substantial change in the rate of exchange between Bahamian currency and United States currency, the parties will attempt to agree upon appropriate modifications of this Lease with the intent that neither party benefits or suffers any detriment from such substantial change in rate of exchange.

(e) If (a) counsel for the Lessor approved by the Tenant advises the Lessor that it is not possible to draft an operations tax as contemplated by Clause 6(e) hereof that would be allowable as a credit under the Internal Revenue Code of the United States as it is now in effect, or (b) the Bahama Islands enacts an operations tax which in the opinion of such counsel is allowable as a Credit under such Code but which is finally determined to be not so allowable, the Tenant will, at the request of the Lessor, carry on discussions in good faith to conclude a substitute arrangement satisfactory to both the Lessor and the Tenant to secure for the Lessor substantially the same revenues it would have received if such Bahamian tax had been so creditable.
17. (a) Any dispute existing between the Lessor and the Tenant with respect to the interpretation or application of this Lease or any right or obligation hereunder (except any dispute with respect to the provisions of Clause 16 hereof which dispute shall not be settled by arbitration) which dispute cannot be settled by mutual agreement, shall be submitted to arbitrators for a decision. The Tenant shall appoint one arbitrator, and the Lessor shall appoint one arbitrator, and the two arbitrators so appointed shall select a third arbitrator, and the three arbitrators shall promptly give their decision after the question is submitted to their deliberation. If the two arbitrators so appointed cannot agree within thirty days as to the designation of a third arbitrator, then the President of the International Chamber of Commerce shall appoint such third arbitrator.

(b) The decision of the arbitrators, which may be by majority vote, shall be final and obligatory on all parties, it being understood that the parties renounce all appeals. If the decision of the arbitrators be adverse to the Tenant, such decision will specify a reasonable period of grace to cure any defect or default in its obligations which has been so found.

(c) The liability for expenses and cost of the arbitral court shall be determined by the arbitrators in their decision. The arbitral court shall meet in the Bahama Islands, unless the parties or the arbitrators unanimously determine otherwise.

18. (a) All notices, orders approvals, declarations, and other communications from the Lessor to the Tenant shall be delivered to its registered office in the Bahama Islands, and a copy thereof shall be sent to its office at International Building, 2455 East Sunrise Boulevard, Fort Lauderdale, Florida 33304, U.S.A. All notices, declarations, and other communications from the Tenant to the Lessor shall be deemed to have been made or given if addressed:

Permanent Secretary of the Ministry of Development,
Post Office Box 4596
Nassau, Bahama Island

and mailed registered to said address or delivered at the office of The Permanent Secretary of the Ministry of Development in the Bahama Islands. Any party hereto may by written notice to the other party change its address as above stated.

19. The Ministry of Development shall have the power, except as provided in Clause 20 below, to administer this Lease on behalf of the Lessor and to take any action and give any consent which may be necessary or convenient under or in connection with this Lease or for its implementation, and any action so taken or consent so given shall be binding upon the Lessor. Any person requiring or desiring such action or consent shall apply therefor to the Ministry
of Development. If the Ministry of Development should for any reason be deprived of its powers under this Clause, such powers shall be exercised by such authority or agency as the Prime Minister of the Bahama Islands shall designate.

20. The Ministry of Finance shall have the power to administer any matters falling within the purview of Clause 6 hereof.

21. The Ministry of Finance shall have the power to administer any matters falling within the purview of Clause 6 hereof.

21. The marginal notes and headings set forth in this Lease are intended for convenience of reference only and shall not affect the construction or interpretation of this Lease.

22. For purposes of this Lease, the term “person” or “persons” shall include any individual, partnership, firm, corporation, or other entity.

23. The terms of this Lease do and shall henceforth supersede in all respects the terms of the Letter dated December 11, 1968 recited above, and the Letter is and shall henceforth be null and void and of no force and effect whatsoever.

IN WITNESS WHEREOF, HIS EXCELLENCY Sir Francis Cumming-Bruce has hereunto set his hand and caused the Public Seal of the Commonwealth of the Bahama Islands to be hereunto affixed this 3rd day of July in the year of Our Lord one thousand nine hundred and sixty nine.

[PUBLIC SEAL OF THE COMMONWEALTH OF THE BAHAMA ISLANDS]

FRANCIS CUMMING-BRUCER

GOVERNOR

By His Excellency’s Command

J. M. THOMPSON

Minister of Development

IN WITNESS WHEREOF, OCEAN INDUSTRIES, INC., has caused its corporate seal to be hereunto affixed this............ day of................ in the year of Our Lord one, thousand nine hundred and sixty nine.

[CORPORATE SEAL]
HANS J. HVIDE
President

The corporate seal of OCEAN INDUSTRIES INC., was affixed hereto by HANS J. HVIDE, the President of the said company and the said HANS J. HVIDE affixed his signature hereto in the presence of:

RICHARD L. KNIGHT
Secretary

Recorded in Lands and Surveys Department this 10th day of July, 1969 and numbered Crown Lease No. 546.

THE SCHEDULE HEREINBEFORE REFERRED TO

ALL THAT portion of the Bed of the Sea which is situate in the vicinity of the Island of Eleuthera and is located within the area which is bounded as follows:

Northwardly — by the line marking Latitude Twenty-five (25) degrees ten (10) minutes North
Southwardly — by the line marking Latitude Twenty-four (24) degrees fifty (50) minutes North
Eastwardly — by the line marking Longitude Seventy-six (76) degrees ten (10) minutes West, and
Westwardly — by the line marking Longitude Seventy-six (76) degrees forty-five (45) minutes West

as delineated on that portion coloured yellow and designated “Parcel A” on the plan attached hereto.

AND ALSO ALL THAT portion of the Bed of the Sea which is situate at the Southern end of the Tongue of the Ocean and in the area between the Southern part of Andros Island and Exuma Sound and is located within the area which is bounded as follows:

Northwardly — partly by that portion of the line marking Latitude Twenty-four (24) degrees twenty (20) minutes North which lies between meridian of Longitude Seventy-seven (77) degrees thirty (30) minutes West and the Southwestern boundary of the area leased to the Bahamas National Trust by the Crown for the Exuma Cays Land and Sea Park partly by a portion of the Southwestern boundary of the said area leased to the Bahamas National Trust by the Crown partly by the Southeastern boundary of the said area leased to Bahamas National Trust by the Crown and partly by another portion of the line marking Latitude Twenty-four (24) degrees twenty (20) minutes North and extending Eastwardly from the said area leased to the Bahamas National Trust;
Southwardly — by the line marking Latitude Twenty-three (23) degrees ten (10) minutes North;

Eastwardly — by the line marking Longitude Seventy-six (76) degrees twenty (20) minutes West and;

Westwardly — by the line marking Longitude Seventy-seven (77) degrees thirty (30) minutes West,

as delineated on the portion coloured Yellow and designated “Parcel B” on the plan attached hereto.

AND ALSO ALL THAT portion of the Bed of the Sea which is situate on the Eastern side of the Florida Straits and in the vicinity of the cays which extend from North Cat Cay to Riding Rock and is located within the area which is bounded as follows:

Northwardly — by the line marking Latitude Twenty-five (25) degrees thirty-three (33) minutes North;

Southwardly — by the line marking Latitude Twenty-five (25) degrees ten (10) minutes North;

Eastwardly — by the Line marking Longitude Seventy-nine (79) degrees five (5) minutes West; and

Westwardly — by the line marking Longitude Seventy-nine (79) degrees twenty (20) minutes West,

as delineated on the portion coloured Yellow and designate “Parcel C” on the plan attached hereto.

AND ALSO ALL THAT portion of the Bed of the Sea which is situate in the vicinity of the Jointers Cays and the Northern end of Andros Island and is located within the area which is bounded as follows:

Northwardly — by the line marking Latitude Twenty-five (25) degrees twenty-five (25) minutes North;

Southwardly — by the line marking Latitude Twenty-five (25) degrees ten (10) minutes North;

Eastwardly — by the line marking Longitude Seventy-eight (78) degrees West; and

Westwardly — by the line marking Longitude Seventy-eight (78) degrees twenty (20) minutes West,

as delineated on the portion coloured Yellow and designated “Parcel D” on the plan attached hereto.
ASSIGNMENT

ASSIGNMENT dated..................,19......, between OCEAN INDUSTRIES INC., a corporation organized under the laws of the State of Florida (hereinafter called the “Assignor”), and OCEAN TRADING CORPORATION, a corporation organized under the laws of the State of Florida (hereinafter called the “Assignee”),

WITNESSETH:

WHEREAS, by that certain lease dated............ 1969, numbered Crown Lease No... the Government of the Commonwealth of the Bahama Islands (hereinafter called the “Lessor”) leased to the Assignor all the calcareous deposits (hereinafter called the “Demised Mineral”) lying or being within, under, or throughout the bed of the sea in those areas within the Bahama Islands particularly described and set forth in the Schedule to and the plan attached to the said lease and granted certain other rights and privileges to the Assignor as therein set forth, upon and subject to the terms and conditions contained in the said lease, a true copy of which has been delivered to and received by the Assignee (the said lease as it shall be amended modified, or supplemented from time to time hereinafter called the “Lease”), and

WHEREAS, the Assignee desires to take assignment from the Assignor of the Lease and to hold the rights and privileges granted to the Assignor in the Lease, upon the subject to the terms and conditions herein and in the Lease contained:

NOW, THEREFORE, the parties hereto for themselves, their successors and assigns hereby covenant and agree as follows:

1. The Assignor hereby ASSIGNS to the Assignee the Lease, and does ASSIGN to the Assignee the rights and privileges, subject to the restrictions and conditions, granted to and imposed upon the Assignor under the Lease, to HOLD, exercise, and enjoy all and singular the premises, rights and privileges hereby assigned to the Assignee from the....................... day of........... , 19..........., for a term which shall run contemporaneously with the term of the Lease, subject to any termination and including any renewals from time to time pursuant to the provisions of the Lease.

2. The Assignee shall during the term of the Lease pay the royalty and advance royalties payable by the Assignor pursuant to the provisions of the Lease.
3. This Assignment shall be read and construed as one with the Lease and subject to the rights of the Lessor thereunder. The Assignee covenants and agrees (a) to perform and observe all of the covenants and conditions of the Lease on the part of the Assignor to be performed or observed, (b) not to do or permit anything to be done which would constitute an Event of Default under and as defined in the Lease or would cause the Lease to be terminated by virtue of any rights of termination vested in the Lessor under the Lease, and (c) to furnish to the Lessor the following items:

(i) Within sixty days after the filing of its United States income tax returns, a summary, certified as a true extract by an independent accounting firm, of the items of gross income, deductions, taxable income, and tax in respect of its operations under the Lease, as reflected in its tax returns so filed; and

(ii) Within sixty days after the filing of each foreign customs declaration relating to the importation of the Demised Mineral and products thereof, a copy of each such customs declaration, showing for each shipment the tonnage and value thereof.

4. The Assignee may, at any time and from time to time, sublease or assign all or a part of its interest and rights in the Lease, without prior consent of the Assignor and the Lessor, to any corporation organized or to be organized under the laws of any state of the United States of America (hereinafter called an “Affiliate”) and wholly-owned by the Assignor, and, with consent of the Assignor and the Lessor pursuant to Clause 4(q) of the Lease, to any one or more of the following:

(a) Alpha Portland Cement Company, a New Jersey corporation, having a place of business at Easton, Pennsylvania, or any corporation organized or to be organized under the laws of any state of the United States of America and wholly-owned by Alpha Portland Cement Company, or both;

(b) The Dow Chemical Company, a Delaware corporation, having a place of business at Midland, Michigan, or any corporation organized or to be organized under the laws of any state of the United States of America and wholly-owned by Dow Chemical Company, or both;

(c) General Portland Cement Company, a Delaware corporation, having a place of business at Dallas, Texas, or any corporation organized or to be organized under the laws of any state of the United States of America and wholly-owned by General Portland Cement Company, or both;

(d) Ideal Basic Industries, Inc., a Colorado corporation, having a place of business at Denver, Colorado, or any corporation organized or to be organized under the laws of any state of the United States of America and wholly-owned by Ideal Basic Industries, Inc., or both;
(e) Lone Star Cement Corporation, a Maine corporation, having a place of business at New York, or any corporation organized or to be organized under the laws of any state of the United States of America and wholly-owned by Lone Star Cement Corporation, or both; and

(f) McDonough Company, a Delaware corporation, having a place of business at Parkersburg, West Virginia, or any corporation organized or to be organized under the laws of any state of the United States of America and wholly-owned by McDonough Company, or both;

provided, however, that, in addition to any other conditions imposed by the Lessor with respect to sublessees or assignees other than any Affiliate, (i) any such subleasing or assigning shall be consistent with the terms of, and shall be subject to and shall not violate the restrictions and conditions contained in this Assignment and the Lease, (ii) each sublease or assignment permitted by this Clause 4 shall require the sublessee or assignee therein to furnish to the Lessor the same items with respect to its operations under such sublease or assignment as the Assignee is required to furnish pursuant to sub-clause (c) of Clause 3 hereof, and (iii) the Lessor and the Assignor shall be furnished with a true copy, within thirty days after the date of execution thereof, of each such sublease or assignment and each other agreement between the Assignee or any affiliate thereof and the sublessee or assignee of such sublease or assignment relating, directly or indirectly to such sublease or assignment or to any operations thereunder. Notwithstanding any such subleasing or assigning, the Assignee shall remain liable for the payment of all royalties and for the due performances of all the covenants and obligations of the Lease on the part of the Assignee to be performed to the full end of the term thereof.

5. The Assignee may, at any time and from time to time, sublease or assign all or a part of its interest and rights in the Lease to any person, firm, corporation, or other entity not referred to in Clause 4 above, provided, however, that the Assignor and the Lessor shall consent in writing to such sublease or assignment. Notwithstanding any such subleasing or assigning, the Assignee shall remain liable for the payment of all royalties and for the due performances of all the covenants and obligations of the Lease on the part of the Assignee to be performed to the full end of the term thereof.

6. Notwithstanding the execution and delivery of, and the consent of the Lessor to, this Assignment and any sublease or assignment of the Lease permitted by Clause 4 or 5 above, the Assignor shall remain liable for the payment of all royalties and for the due performance of all the covenants and obligations of the Lease on the part of the Assignor to be performed.
IN WITNESS WHEREOF, the Assignor and the Assignee have duly executed this Assignment the day and year first above written.

OCEAN INDUSTRIES, INC.

By ..............................................................................................

President

[CORPORATE SEAL]

Attest: ............................................................................................

Secretary

OCEAN TRADING CORPORATION

By ..............................................................................................

President

[CORPORATE SEAL]

Attest:

By ..............................................................................................

Secretary

The plan referred to in this Schedule could not be satisfactorily reproduced but the original may be seen by application to: The Secretary to the Cabinet, Cabinet Office, Nassau, The Bahamas.