

**SUMMARY OF NEGOTIATIONS BETWEEN**  
**SHERRITT INTERNATIONAL**  
**And**  
**THE ROUND HILL – DODDS AGRICULTURAL PROTECTIVE**  
**ASSOCIATION**

**RE: THE DODDS-ROUNDHILL COAL GASIFICATION PROJECT**

**Prepared By**  
**The Round Hill – Dodds Agricultural Protective Association**

We would like to tell the people that will be directly affected by the proposed mine project and people indirectly affected (i.e. Water, reclamation, noise etc.) that we have carried on a very intensive process whereby Sherritt had a set of ideas and we had a set of wants and wishes, we started higher, knowing that in any negotiations one doesn't get everything that is asked for.

We had disappointments and good feelings as we lost and gained ground, but in the end we did see Sherritt move considerably in trying to accommodate our concerns.

These are Sherritt's commitments to the community and we stress that no land owner is bound by the LAP's, each individual is free to negotiate as they wish, but the LAP's are the minimum Sherritt will use to start negotiations.

Sherritt has to get approval from the EUB to be able to mine, so to improve their approval chances they recognize that they need to be good corporate citizens by dealing with the community concerns, these include financial, environmental and social items.

These LAP's are meant to deal with most of the financial concerns.

Once Sherritt receives approval of the project, they are committed to purchase any land offered to them in the mine permit area, including the buffer zone, under the LAP's.

These include:

- 1) That Sherritt will enter into good faith negotiations for your land at any time that you request.
- 2) All reasonable negotiation and arbitration costs, including legal fees, advice from accountants, and your personal time will be paid by Sherritt. Included in this is a 2 phase concept, where you can look at, with Sherritt, what is included in negotiations with Sherritt for the sale before any costs are entailed, and if it is what you want then the sale proceeds with Sherritt paying for all reasonable costs.

- 3) If a negotiated agreement with Sherritt cannot be reached within one year, you have the right to take the negotiations to binding and independent arbitration.

The LAP's set out a number of factors that will be used to reach a negotiated value.

- 1) The full appraised value of your lands, including yard sites and the potential for future yard site subdivisions.
- 2) The full new replacement cost of all currently used or useful buildings and infrastructure, including improvements.
- 3) Reasonable relocation costs including all costs of moving readily portable buildings, nuisance, inflation, and all out of pocket costs.
- 4) Loss of business income associated with the relocation process
- 5) "Intrinsic" value, when the value of all the assets taken as a whole exceeds the individual value of the assets.
- 6) Any other reasonable loss, cost or damage that is incidental to, or the reasonable and natural consequence of the proposed mine, the proposed gasification plant or their respective operations.

There are several land sale scenarios throughout the life of the project, all dating from the time of approval, and progressing yearly, for example, if you are at year 15, in 5 years you would be at year 10, and so on right down to the end of the project.

From year 1 to 10 the LAP's apply, plus an increment of 50% (150% of negotiated value) and you have the option of leasing back the land for \$1.00 per acre until Sherritt needs it for mining.

From year 11 to 15 the LAP's apply plus you have the option to rent back the land at \$1.00 per acre.

These two groups will also be granted the right of salvage for their permanent buildings and improvements, and Sherritt will also offer right of first refusal on the sale of these lands to these landowners or their heirs when reclamation is complete.

From year 16 and beyond you are still covered by the LAP's which includes negotiated value for your land and full new replacement cost of your buildings and relocation costs.

We have tried to get the best deal for the community as a whole but have also stated that we will be intervening at the EUB hearings.

We had two meetings with the County of Beaver Economic Development Committee, with good results. They are also trying to do what is best for the community.

We had our lawyer, Mr. Don Mallon look over the LAP drafts and he suggested some changes which Sherritt has tried hard to accommodate as much as possible.

No negotiations are completely successful, but we feel that we accomplished as much as possible under the circumstances and would like to stress that these are Sherritt's minimum commitment to the community and all land owners are free to negotiate terms and conditions beyond these obligations to better address individual circumstances.

This is a living document and may be changed or added to as circumstances dictate in the future.

Respectfully,  
Round Hill – Dodds Ag. Prot. Assc.

*B von Tettenborn*

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Bernie von Tettenborn  
Chairman

*M. J. Oracheski*  
*Acting Secretary*

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M.J. Oracheski

October 19, 2007