

S02.03-EL-02-II.1-App2

II - Provisions: Specific points and Examples

1. Environmental Provisions

APPENDIX 2 - Specifications for rehabilitation of mines, quarries and solution mining sites

Reminder

- The obligation (legal or constructive ★ for remediation of mining sites is a necessary prerequisite for setting up provisions for carrying out this redevelopment.
 - ★ = implied obligation
- Depending on the case, the counterparts for these provisions are considered either as an asset to be capitalized, or an expense to be charged to the cost price. This document lists the remediation work in one of these two categories.

1. For quarries

1. **Redevelopment of the benches:** since the obligation for remediation of the benches is due to the mining of these benches, the provision must be set up monthly as the work progresses and the counterpart of this monthly recognition will be charged to cost price.
2. **Redevelopment of the access roads/areas to the benches and to the platforms created at the time of initial installation of the site:** implies the constitution of a provision the discounted counterpart of which is an asset to be capitalized. This counterpart to be capitalized must be part of the budget request related to opening of the site. Refers to paragraph 3 below.

Provisions do not have to be set up for demolition of permanent or mobile installations, unless there is a legal obligation to do so.

2. For solution mining sites

Three different cases give rise to constitution of a provision for site remediation:

1. **Redevelopment of access roads to the well heads and to the drilling platforms which will be done at the earliest at the end of the cavern leaching operations:**
The discounted counterpart of this provision must be capitalized and will be included in the capital expenditures budget for the drilling of the wells at the time the budget is requested. Refers to paragraph 3 below.
2. **The work linked to the abandonment of the caverns : the discounted counterpart for this provision must also be capitalized and will be included in the capital expenditures budget of the well drilling at the time the budget is proposed. In the case of isolated caverns, the procedures for abandonment are not totally defined by the scientists.**
3. **Foreseeable damages linked to subsidence of the ground (pumping, sloping of the craters) and maintenance of the environmental habitat (vegetation and compensatory planting) at the site:**
Since they are a consequence of the leaching done, the provision must be set up monthly as the leaching progresses and the counterpart for this monthly recognition will be charged to the cost price.

Provisions do not have to be set up for permanent or mobile installations, unless there is a legal obligation to do so.

3. Asset retirement obligation

The dismantling costs will be capitalized only if the 2 following criterias are met:

- There is a formal obligation to dismantle the installations at the inception.
Example: exploitation permit
- The life expectancy for the installations can be measured reliably.
Example: trona mine for which the expectancy can be measured regarding the total capacity of the mine and the average yearly extraction of trona.