

AN ORDER OF THE CLEAN ENVIRONMENT COMMISSION
 UNDER THE CLEAN ENVIRONMENT ACT

RE: THE CLEAN ENVIRONMENT COMMISSION and HUDSON BAY MINING AND SMELTING CO., LIMITED, Applicant,

WHEREAS pursuant to the provisions of the Clean Environment Act, Hudson Bay Mining and Smelting Co., Limited submitted a proposal to the Department of Mines, Resources and Environmental Management in connection with the operation of an ore concentrator discharging metallurgical tailings and liquid mine effluent to Anderson Lake, with eventual drainage into Anderson Bay on Wekusko Lake; said proposed ore concentrator to be located adjacent to the present Stall Lake Mine, near the Town of Snow Lake in the Local Government District of Snow Lake;

AND WHEREAS in the absence of limits being prescribed by a Regulation under the said Act, the said proposal was referred to The Clean Environment Commission for the prescribing of limits;

AND WHEREAS the Commission received notices of representation from persons who are, or who are likely to be affected by an Order of the Commission prescribing limits in connection with the said operation;

AND WHEREAS the Commission held a public hearing on the 19th and 20th days of September, 1977, in the Community Hall in the Town of Snow Lake, Manitoba;

AND WHEREAS the Commission is aware there exists a Government of Canada regulation which prescribes limits applicable to the discharge of tailings and effluent from the said operation;

AND WHEREAS the Commission deemed it appropriate, for the protection of the environment, to prescribe additional limits on the said tailings and effluent;

AND WHEREAS the Commission considered the application on the 25th day of October, 1977, and on the 14th day of November, 1977;

IT IS HEREBY ORDERED THAT

1. The Applicant shall ensure that the quality of the effluent, as measured at the discharge point at the outlet from Anderson Lake, is such that:
 - (a) the concentrations of the following contaminants are not in excess of the following limits:

1. (a) Cont'd

	<u>MAXIMUM MONTHLY MEAN CONCENTRATION*</u>	<u>MAXIMUM CONCENTRATION IN A GRAB SAMPLE</u>
Arsenic	0.5 milligrams per litre	0.75 milligrams per litre
Copper	0.3 milligrams per litre	0.45 milligrams per litre
Lead	0.2 milligrams per litre	0.3 milligrams per litre
Nickel	0.5 milligrams per litre	0.75 milligrams per litre
Zinc	0.5 milligrams per litre	0.75 milligrams per litre
Total Suspended Solids	25 milligrams per litre	37.5 milligrams per litre

(b) the concentrations of the following contaminants are not in excess of the following additional limits:

	<u>MAXIMUM MONTHLY MEAN CONCENTRATIONS*</u>	<u>MAXIMUM CONCENTRATION IN A GRAB SAMPLE</u>
Cadmium	0.2 milligrams per litre	0.3 milligrams per litre
Cyanide (free)	0.1 milligrams per litre	0.15 milligrams per litre
Mercury	0.0002 milligrams per litre	0.0003 milligrams per litre
Fecal Coliform (as indicated by the MPN Index)		20 per 100 millilitres of sample

(c) the monthly mean pH**, is within the range of 6.0 to 10.0.

2. The Applicant shall ensure that grab samples of undiluted effluent from the said operation at the discharge point of the outlet from Anderson Lake are collected and analyzed:

(a) for those contaminants listed in Clause 1(a) of this Order, weekly during periods of discharge of the said effluent;

(b) for those contaminants listed in Clause 1(b) of this Order, upon request from the Environmental Management Division of the Department of Mines, Resources and Environmental Management;

2. Cont'd . . .

said analysis to be carried out in a manner satisfactory to the said Division.

3. Pursuant to Clause 2 of this Order, the Applicant shall ensure that facilities for the collecting and analyzing of effluent samples, are installed and maintained in a manner satisfactory to the said Division.
4. The Applicant shall ensure that, for the purpose of producing samples of the effluent from the discharge point of the Anderson Lake outlet, the said point of discharge is adequately accessible by vehicle throughout the year.
5. The Applicant shall ensure that the said Division is notified two weeks in advance of each period of discharge from Anderson Lake to Anderson Creek.
6. The Applicant shall ensure that the total volume of effluent discharged during each discharge period at the outlet from Anderson Lake is measured on a monthly basis during open water conditions and that the structure is designed to facilitate flow rate determinations during winter conditions.
7. The Applicant shall ensure that, within 30 days after the end of each month during which discharge of effluent from the discharge point of the Anderson Lake outlet has occurred, a report is forwarded to the said Division, containing the following information respecting the month in respect of which the report is made:
 - (a) arithmetic mean concentrations*, in milligrams per litre of all the substances, analyzed pursuant to Clause 1 of this Order, in each undiluted effluent and the mean pH** of each effluent;
 - (b) a list of the concentrations of all substances as determined in the analyses carried out pursuant to Clause 1 of this Order, in all samples used to determine the arithmetic mean concentrations* referred to in Clause 7 (a) of this Order;

7. Cont'd . . .

- (c) the pH of all samples used to determine the mean pH** referred to in Clause 7(a) of this Order;
- (d) the total volume in Imperial gallons of effluent discharged during the month.

8. The Applicant shall:

- (a) collect samples of the water in Anderson Bay at a point adjacent to the cottage or residence nearest to the Anderson Creek outfall 30 days before any effluent discharge from Anderson Lake, once every 30 days during such discharge and 30 days after the conclusion of each such discharge, for the purpose of determining whether the effluent from the said operation is affecting the said water; and
- (b) analyze the samples for the following substances:
 - (i) arsenic
 - (ii) cadmium
 - (iii) copper
 - (iv) cyanide - \
 - (v) lead
 - (vi) mercury - \
 - (vii) sulphates - \
 - (viii) total dissolved solids - \
- (c) report the results of the analyses carried out pursuant to subclause (b) to the said Division within 30 days of the end of the month in which the samples were taken.

9. The Applicant shall ensure that:

- (a) there is underwater distribution of tailings during placement so that no tailings/air interface occurs at any time by means of wave action or in seasonal low-water conditions;
- (b) a minimum of 5 feet of water cover is continuously maintained over the entire surface area of the submerged tailings upon termination of the said operation; and

9. Cont'd . . .

(c) every three years from the date of start-up of the said operation, the said Division is provided with a contour map of the tailings surface in relation to the minimum lake elevation maintained by the proposed outflow dam structure.

10. The Applicant shall ensure that from the date of start-up of the said operation no discharge of any effluent is directed into the Stall Lake drainage basin with the exception of:

- (a) surface drainage from the mine site due to precipitation;
- (b) fresh water from the said operation, which has not been in contact with the ore or the metal concentrates.

11. The Applicant shall provide the said Division with information of the use of any substance, along with its chemical composition, which the Applicant plans to use in the milling operation for a period in excess of 4 months and the residual of which will enter the wastewater stream.

* { 12. The Applicant shall submit to the said Division, on or before the 1st day of January of each year of operation an overall water balance flow sheet for the mining and milling operations discharging directly or indirectly into Anderson Lake: said water balance sheet to reflect any revised flow rates based on the previous year's flow recorded within the system and to show the calculated percent of total water requirements being recycled, for the purpose of demonstrating whether that amount is being maintained in the range 70% to 80% or better. Should the percentage of total water requirements being recycled fall below 70%, the said water balance submission shall be supported by the technical considerations that necessitated higher freshwater requirements within the system.

13. The Applicant shall ensure that:

(a) every three years following the start-up date of the said operation, a limnological monitoring program is conducted in accordance with guidelines issued by the said Division;

13. Cont'd . . .

(b) a report on the findings and conclusions of each study referred to in Clause 12(a) of this Order is submitted to the said Division within 6 months of the completion of each monitoring program.

14. The Applicant shall, on or before the 1st day of December, 1980, file with The Clean Environment Commission a preliminary proposal for rehabilitation measures with respect to the Stall Lake and Anderson Lake mine sites and tailings disposal area detailing:

- (a) the eventual orderly removal and disposal of all structures, their contents and all other accumulated material on the site of the said operation;
- (b) the steps to be taken to rehabilitate the said site progressively and at the termination of the operation in line with aesthetic considerations and the preservation and enhancement of the environment;
- (c) the measures proposed for the containment and/or treatment of acidic waters in Anderson Lake should they occur in the post-abandonment period.

said proposal shall be subject to consideration, amendment and approval or otherwise by The Clean Environment Commission as a basis for future planning and eventual action by the Applicant.

Order No. 766

Dated at the City of Winnipeg

this 29th day of December, 1977.



 Chairman,
 The Clean Environment Commission.

C-b-1644

* "mean concentrations" for the purposes of this Order, will be calculated as arithmetic mean concentrations.

** "mean pH" is calculated as: $\text{mean pH} = -\log_{10} \left[\frac{\sum_{i=1}^n 10^{-\text{pH}_i}}{n} \right]$

where "n" is the number of samples used to determine the mean.

$$= -\log_{10} \left[\frac{\sum_{i=1}^n 10^{-\text{pH}_i}}{n} \right]$$

Ottawa, Ontario
K1A 1C3

MAY 25 1978

Mr. C.K. Taylor
Senior Vice-President
Hudson Bay Mining and Smelting
Company Limited
Box 28, Toronto-Dominion Centre
Toronto, Ontario
M5K 1B8

Mr. Taylor
Hudson Bay Mining and Smelting Co. Ltd.

Dear Mr. Taylor:


DESIGNATION OF ANDERSON LAKE AS A
TAILINGS IMPOUNDMENT AREA

Further to my telephone call of May 17, 1978, I am enclosing an original copy of the document designating Anderson Lake as a tailings impoundment area which has been signed by the Minister of State (Environment).

The only change in the document is that clause 14 makes reference to consultation with the Manitoba Minister of Renewable Resources and Transportation who is responsible for fisheries in Manitoba.

I regret any inconvenience that the delay in having this document signed may have caused Hudson Bay Mining and Smelting Co., Limited. However, this was the first time that a body of water has been prescribed as a tailings impoundment area pursuant to subsection 5(2) of the Metal Mining Liquid Effluent Regulations, and the channels for clearing such a document through other appropriate government departments had not previously been established.

Yours sincerely,



S.O. Winthrop
Acting Assistant Deputy Minister
Environmental Protection Service

Enclosure

APR 25 1978
MAY 25 1978

DATE: 2011/10/19

TITLE SEARCH

PASALUN

TSTL (1 OF 9)

TITLE DISPLAY - PORTAGE LA PRAIRIE

PAGE: 01

TITLE NUMBER.....

1701932

TITLE STATUS.....

ACCEPTED

REGISTRATION DATE.. 2000/02/09

COMPLETION DATE.... 2000/02/10

CONSOLIDATION..... NO

LEGAL DESCRIPTION

HUDSON BAY MINING AND SMELTING CO., LIMITED

IS REGISTERED OWNER, SUBJECT TO SUCH ENTRIES RECORDED HEREON
IN THE FOLLOWING DESCRIBED LAND:

RLY RIGHT-OF-WAY PLAN 794 PLTO (N DIV)

IN 67-17 & 18 WPM AND 68-17 & 18 WPM

EXC ALL MINES, MINERALS AND OTHER PROVISIOES, INCLUDING

RESERVATIONS REGARDING FUTURE ROAD ALLOWANCES, AS SET FORTH

IN A GRANT FROM THE CROWN FILED AS REAL PROPERTY

APPLICATION 20231 PLTO (N DIV)

TX: _____

DA: _____

DATE: 2011/10/19

TITLE SEARCH

PASALUN

TSTC (2 OF 9)

TITLE DISPLAY - PORTAGE LA PRAIRIE

PAGE: 01

TITLE NUMBER.....

1701932

TITLE STATUS..... ACCEPTED

REGISTRATION DATE.. 2000/02/09

CHARGES

REGISTRATION NUMBER	EFFECT ON TITLE	AFFECTING INSTRUMENT	INSTRUMENT TYPE	STATUS	NOTES
1	1080416	INACTIVE		M	DIS
2			1103385	DF	ACC
3	1103385	ACTIVE		DF	ACC

TX: _____

_____ ENTRY TO DISPLAY

DA: _____ PF6-TSEC

NO MORE CHARGES FOUND FOR THIS TITLE

DATE: 2011/10/19 DAILY RECORD SEARCH PASALUN

DSIN (1 OF 6) INSTRUMENT DISPLAY - PORTAGE LA PRAIRIE

REGISTRATION NUMBER... 1103385 PLP 1st IN SERIES..... 1103384 PLP
REGISTRATION DATE..... 2007/04/30 SERIES OF..... 2
INSTRUMENT TYPE..... FULL DISCHARGE
STATUS..... DISCHARGED
DESCRIPTION.....

FROM/BY..... BNY TRUST COMPANY OF CANADA

TO.....

CONSIDERATION.....

SWORN VALUE/FEE BASIS.

PRESENTED BY FIRM NO.. 166

PRESENTED BY..... THOMPSON DOREFMAN SWEATMAN

LOCATION.....

VERIFIED BY.....

DATE...

LAST UPDATED BY..... C.TROST

DATE... 2007/04/30

ACCEPTED BY..... C.TROST

COMPLETION DATE..... 2007/05/01

TX: _____

DA: _____ F5-DAILY RECORD

DATE: 2011/10/19

TITLE SEARCH

PASALUN

TSEC (2 OF 9)

TITLE DISPLAY - PORTAGE LA PRAIRIE

PAGE: 01

TITLE NUMBER.....

1701932

TITLE STATUS..... ACCEPTED

REGISTRATION DATE.. 2000/02/09

ACTIVE CHARGES

TX: _____

REGISTRATION TO DISPLAY

DA: _____

PF6-TSTC

*** NO MORE ACTIVE CHARGES FOUND FOR THIS TITLE ***

DATE: 2011/10/19

TITLE SEARCH

PASALUN

TSTS (3 OF 9)

TITLE DISPLAY - PORTAGE LA PRAIRIE

TITLE NUMBER..... 1701932

TITLE STATUS..... ACCEPTED

REGISTRATION DATE..... 2000/02/09

COMPLETION DATE..... 2000/02/10

CONSOLIDATION..... NO

SUMMARY OF TITLE DATA

SELECT ONE OF THE FOLLOWING:

TITLE NOTES.....	DUPLICATE CT E21265 PRODUCED &	MORE? * YES	_
ORIGINATING REG. NUMBER..	1033608	MORE?	NO
FROM TITLE NUMBER.....	E21265	TYPE.... ALL	MORE?	NO
RPA/CROWN GRANT NUMBER...		MORE?	NO

NAME FOR SERVICE.....	HUDSON BAY MINING AND	MORE?	NO
ADDRESS.....	SMELTING CO., LIMITED			
	200 - 3 LOMBARD PLACE			
	WINNIPEG MB			

POSTAL CODE.....	R3B0Y4	EFFECT... ACTIVE		
DUPLICATE PRODUCED ?	MORE?	NO
ISSUED DATE.....				

TX: _____ NEXT TITLE NUMBER... _____

DA: _____

SCREEN INCOMPLETE - SELECT AS INDICATED ABOVE

DATE: 2011/10/19

TITLE SEARCH

PASALUN

TSTN (4 OF 9)

TITLE DISPLAY - PORTAGE LA PRAIRIE

PAGE: 01

TITLE NUMBER 1701932

TITLE STATUS..... ACCEPTED

REGISTRATION DATE..... 2000/02/09

TITLE NOTES

EFFECT NOTES

ACTIVE DUPLICATE CT E21265 PRODUCED & CANCELLED APRIL 6, 2004 CD

TX: _____

DA: _____

Environment Act Licence Loi sur l'environnement Licence

Manitoba
Environment
Environnement
Manitoba



Licence No./Licence n° 1501 RR

Issue Date/Date de délivrance January 30, 1998

IN ACCORDANCE WITH THE MANITOBA ENVIRONMENT ACT (C.C.S.M. c. E125)
THIS LICENCE IS ISSUED PURSUANT TO SECTION 11(1) TO:

HUDSON BAY MINING AND SMELTING CO., LIMITED; "the Licencee"

to operate the mining Development commonly known as the Chisel Lake Mine or just Chisel Mine, located in parts of Townships 67 and 68, Range 18 WPM, southwest of the Town of Snow Lake, in accordance with the Chisel Lake Mine Proposal dated July 9, 1987, the Photo Lake Mine Proposal dated June 30, 1994, and the Notice of Alteration dated January 5, 1998, all filed under The Environment Act and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence:

"**accredited laboratory**" means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Environment to be equivalent to the SCC, or able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the Canadian Standard Can/CSA-Z753, extension of the international standard ISO 9000, Guide 25;

"**approved**" means approved by the Director in writing;

"**arithmetic mean**" means the average value of the concentrations in composite or grab samples collected over the time periods specified in this Licence;

"**composite sample**" means a quantity of undiluted effluent consisting of a minimum of three equal volumes of effluent collected at approximately equal time intervals over a sampling period of not less than 7 hours and not more than 24 consecutive hours, or consisting of a quantity of undiluted effluent collected continually at an equal rate, or at a rate proportional to flow, over a sampling period of not less than 7 consecutive hours and not more than 24 consecutive hours;

"**Director**" means an employee of the department appointed as such by the Minister;

"**final discharge point**" means an effluent quality control point as designated within this Licence, unless otherwise redesignated in writing by the Director;

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"grab sample" means a quantity of undiluted effluent collected at any given time;

"effluent" means treated or untreated mine water from this Development, from the Photo Lake Mine Development, or from the Chisel North orebody, designated for release into the environment;

"mg/L" means milligrams per litre;

"mine" includes all the surface and underground workings, overburden, waste rock and ore stockpiles, all ancillary buildings, wastewater treatment facilities and other infrastructure located on the mine site associated with the Development shown in Appendix 'B' attached to this Licence;

"mine site" includes the whole operational or disturbed area of land within the boundaries of those surface rights acquired and held by the Licencee for the operation of the Development;

"mine water" means liquids and substances pumped to the surface out of the underground mine workings or an open pit, or leachate from ore or waste rock stockpiles, or polluted surface runoff water, or any combination thereof;

"monthly arithmetic mean" means the arithmetic mean as determined for each specified pollutant or characteristic from the analysis of all composite and grab samples collected and reported during that month in which the release of effluent occurred, with the exception that if the Licencee collects only one composite or grab sample during a single month, then the single set of analytical results shall be construed to be representative of the effluent quality for that month and hence shall be treated as the monthly arithmetic mean;

"septage" means the sludge produced in individual on-site sewage disposal systems such as septic tanks;

"sewage" means sewage as defined in Manitoba Regulation 95/88R respecting private sewage disposal systems and privies, or any future amendments thereof;

"solid waste" means substances defined as solid waste in Manitoba Regulation 150/91 respecting waste disposal grounds, or any future amendments thereof; and

"undiluted" means free of extraneous unpolluted sources of water which could feasibly be prevented from mixing with the mine water or effluent prior to its discharge at a designated final discharge point, or not having water added for the purposes of meeting the limits of this Licence.

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GENERAL SPECIFICATIONS

1. Notwithstanding any of the following limits, terms and conditions specified in this Licence, the Licencee shall, upon the request of the Director:
 - (a) sample, monitor, analyze and/or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, handling, treatment, and disposal or emission systems, for such pollutants or ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, for such duration and at such frequencies as may be specified;
 - (b) determine the environmental impact associated with the release of any pollutant(s) from the Development; or
 - (c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
2. The Licencee shall, unless otherwise specified in this Licence:
 - (a) carry out all preservations and analyses on liquid samples in accordance with the methods prescribed in the most current edition of "Standard Methods for the Examination of Water and Wastewater" published jointly by the American Public Health Association, the American Waterworks Association and the Water Pollution Control Federation, or in accordance with an equivalent analytical methodology approved by the Director; and
 - (b) ensure that all analytical determinations are undertaken by an accredited laboratory.
3. The Licencee shall report all the information requested through the provisions of this Licence in a manner and form acceptable to the Director.

LIMITS, TERMS AND CONDITIONS

Respecting Liquid Effluent

4. The Licencee shall not discharge any effluent from the Development into the environment beyond the mine site except through the final discharge points #1 or #2, as depicted in Appendix 'A' attached to this Licence.
5. Subject to new evidence as may be obtained through the provisions of this Licence or otherwise, the Licencee shall not discharge any effluent from final discharge point #1 or #2 if:
 - (a) the concentration of any of the following pollutants in the undiluted effluent is in excess of the corresponding maximum allowable concentration shown for those categories listed under Columns I, II and III of the following table:

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<u>Pollutant</u>	<u>Column I</u>	<u>Column II</u>	<u>Column III</u>
	Maximum Monthly Arithmetic Mean Concentration	Maximum Concentration in a Composite Sample	Maximum Concentration in a Grab Sample
total arsenic	0.5 mg/l	0.75 mg/l	1.0 mg/l
total copper	0.3 mg/l	0.45 mg/l	0.6 mg/l
total lead	0.2 mg/l	0.3 mg/l	0.4 mg/l
total nickel	0.5 mg/l	0.75 mg/l	1.0 mg/l
total zinc	0.5 mg/l	0.75 mg/l	1.0 mg/l
total suspended solids	25.0 mg/l	37.5 mg/l	50.0 mg/l

or,

- (b) the pH of the effluent is below the minimum allowable values shown for those categories listed under Columns I, II and III of the following table:

<u>Column I</u>	<u>Column II</u>	<u>Column III</u>
Minimum Monthly Arithmetic Mean pH	Minimum pH in a Composite Sample	Minimum pH in a Grab Sample
6.0	5.5	5.0

6. The Licencee shall:
- (a) direct all sewage generated at the mine site only into an on-site sewage disposal facility, wherefrom withdrawn septage is disposed of only into a facility which has a Licence or Permit authorizing the acceptance of septage; and
 - (b) ensure that the on-site sewage disposal facility is designed and operated in accordance with the requirements of Manitoba Regulation 95/88R respecting private sewage disposal systems and privies, whereby the sewage disposal system proposed for use is registered with The Pas Regional Office of Manitoba Environment before being placed into use.

Respecting Solids

- 7. The Licencee shall not permit the removal any contaminated soil or potentially acid-generating rock from the mine site for use as a construction material in any surface development off this mine site, nor permit the release of such materials to any other person as a construction material.
- 8. The Licencee shall not deposit solid waste into the environment except into a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91 or any future amendment thereof.

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Respecting Recyclable Waste

9. The Licencee shall not deposit bulky metallic wastes, used tires, used oil and other fluid lubricants, and any other class of recyclable waste substances as may be specified by the Director, into the environment except to:
- a facility or infrastructure which accepts such materials for recycling; or
 - a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91, where these recyclable substances are kept distinctly segregated from each other and are not buried (unless otherwise specified by the Director) so as to readily facilitate their recycling.
10. The Licencee shall make an effort to initiate and maintain a recycling program for those substances identified in, or through the provisions of, Clause 9 of this Licence.

Respecting Dangerous Goods or Hazardous Wastes

11. The Licencee shall comply with all the applicable requirements of:
- Manitoba Regulation 97/88R, or any future amendment thereof, respecting the storage and handling of gasoline and associated products; and
 - the Manitoba Dangerous Goods Handling and Transportation Act, and regulations issued thereunder, respecting the handling, transport, storage and disposal of any dangerous goods brought onto or generated at the Development.
12. The Licencee shall ensure that used oil and hydraulic fluids removed from on-site machinery and vehicles are collected and transported in secure, properly labeled and non-leaking containers until recycled, and if temporarily stored on site, that the storage area consists of a base and dikes lined on the interior to the satisfaction of the Director.

Respecting Operational Monitoring, Record Keeping and Reporting

13. The Licencee shall sample and analyze the effluent at final discharge points #1 and #2, if and when discharge actually occurs, for all the pollutants and characteristics listed in sub-Clauses 5(a) and 5(b) of this Licence at a frequency of not less than once a week.
14. The Licencee shall, in each month:
- measure the total volume (expressed as cubic metres) of effluent discharged through final discharge point #1 during that month;
 - determine the total volume (expressed as cubic metres) of excess mine water allowed to overflow from the "4995 Sump" into the open pit during that month;
 - determine the total volume (expressed as cubic metres) of mine water pumped out of the Chisel North underground workings during that month, if not pumped to the Photo Lake Mine surface pump house;
 - determine the total volume of effluent discharged through final discharge point #2 during that month;

Hudson Bay Mining and Smelting Co., Limited
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using flow rate measurement equipment and flow rate estimation techniques satisfactory to the Director.

15. The Licencee shall, once every month, during open water conditions:
- (a) obtain a representative sample of the water quality of Woosey Creek at the mouth of Woosey Creek and preceding any mixing with waters from Morgan Lake;
 - (b) analyze such samples for:
 - (i) pH
 - (ii) temperature ($^{\circ}\text{C}$)
 - (iii) hardness (as CaCO_3)
 - (iv) acid-soluble copper
 - (v) acid-soluble lead
 - (vi) total iron
 - (vii) total recoverable zinc
 - (viii) total ammonia (as N) and its calculated un-ionized ammonia (as NH_3)unless otherwise specified by the Director; and
 - (c) shall provide the analytical results in accordance with Clause 16 together with a comparison of the corresponding surface water quality objectives expressed in the "Manitoba Surface Water Quality Objectives" for the protection of cool water aquatic organisms.
16. The Licencee shall submit to the Director the analyses and flow rate data determined in accordance with Clauses 13, 14 and 15, in a form acceptable to the Director, not later than 30 days following the end of the month in which the samples and measurements were taken.
17. The Licencee shall, every third year commencing with the summer of 1995, carry out full limnological studies along Woosey Creek from the mine site up to and including Morgan Lake in accordance with a monitoring program approved by the Director, and submit the results of each such study by no later than the 30th day of June in the year following that in which the studies were carried out.
- Respecting Recyclable Waste**
18. The Licencee shall by January 31st of each year, submit a report to the Director on the achievements made over the preceding 12 months regarding the recycling program by identifying how each class of substances was recycled, the approximate quantities of each class of substances which were recycled versus the approximate quantities of each class of these substances which were generated over these same 12 months, and the approximate quantities of each class of these substances remaining in segregated storage at the waste disposal ground at year end.
19. The Licencee shall dispose of the mine water treatment plant sludge only into the existing on-site sludge holding ponds unless the substance is removed from the property for reprocessing at a concentrator/smelter/refinery, or unless otherwise approved by the Director.

Hudson Bay Mining and Smelting Co., Limited
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Respecting Decommissioning and Restoration

20. The Licencee shall:

- (a) once every two years from the date of issuance of this Licence, submit to the Director an updated Closure Plan for this Development with respect to the decommissioning, cleanup and rehabilitation of the affected areas, and the control of pollutant releases from the site of the Development, for the consideration, possible amendment and approval of the Director;
- (b) upon the termination of all operations at this Development and prior to any abandonment of the Development, take all necessary steps to carry out the approved final Closure Plan within such time interval as may be specified by the Director.

REVIEW OR REVOCATION

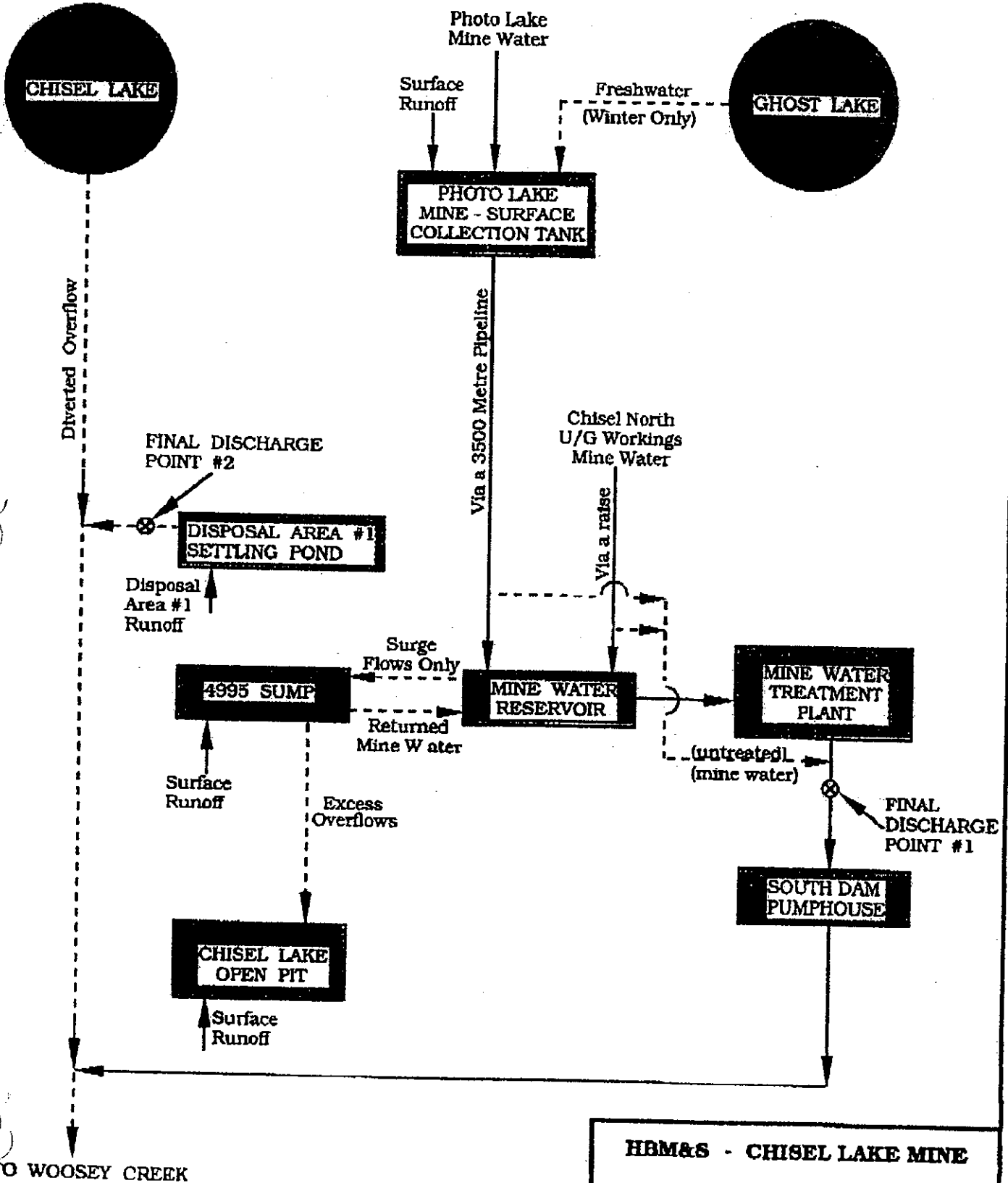
- A. This Licence replaces Environment Act Licence No. 1501 R which is hereby rescinded.
- B. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.



Larry Strachan, P. Eng.
Director
Environment Act

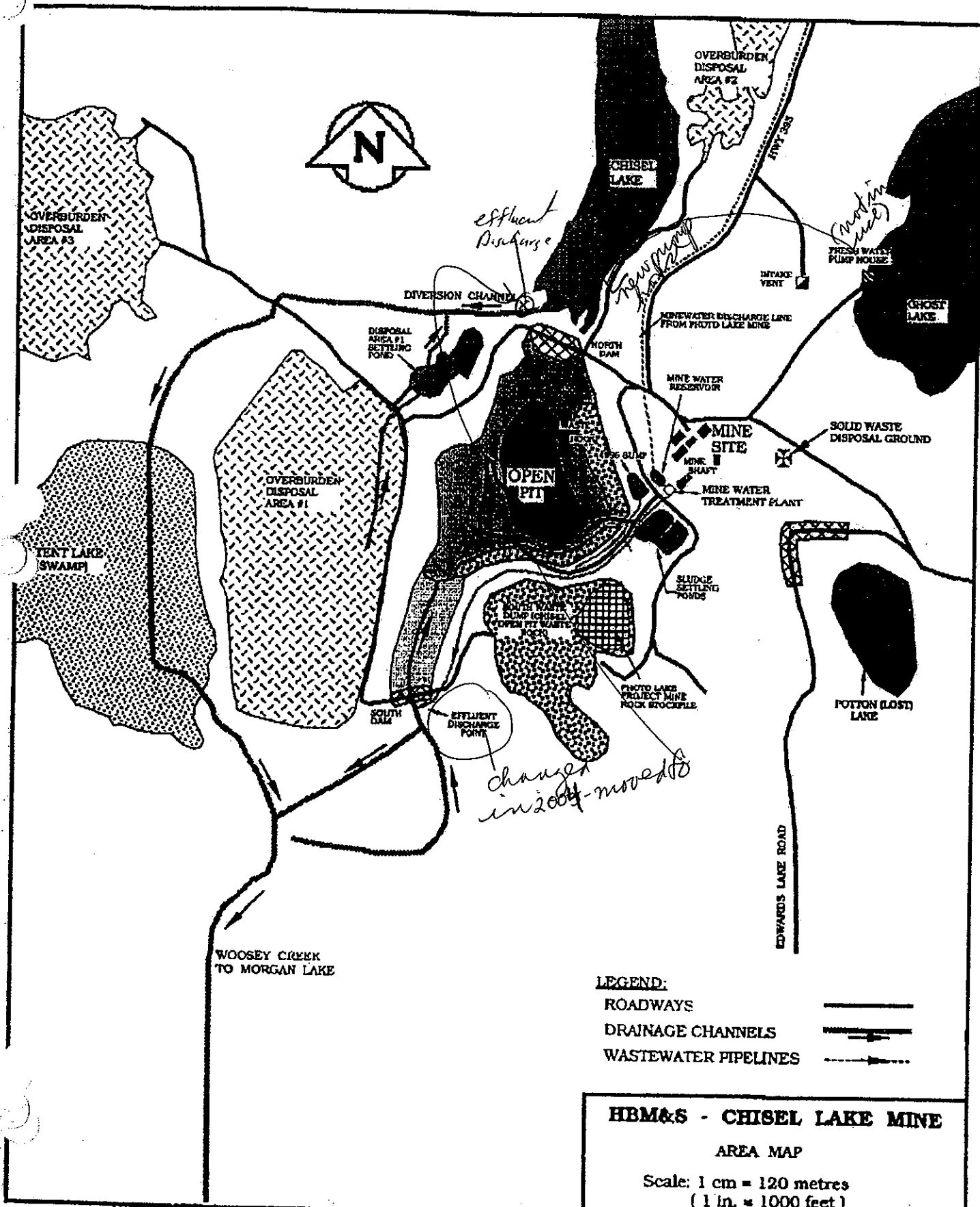
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APPENDIX 'A'
TO
ENVIRONMENT ACT LICENCE NO. 1501 RR



HBM&S - CHISEL LAKE MINE
MINE WATER FLOW SCHEMATIC

APPENDIX 'B'
TO
ENVIRONMENT ACT LICENCE NO. 1501 RR



LEGEND:
 ROADWAYS —————
 DRAINAGE CHANNELS ————
 WASTEWATER PIPELINES - - - - -

HBM&S - CHISEL LAKE MINE
 AREA MAP
 Scale: 1 cm = 120 metres
 (1 in. = 1000 feet)



~~Environment~~
Conservation

Environmental Mr

123 Main Street, Suite 160
Winnipeg MB R3C 1A5
CANADA

File: 3841.00

Fax: (204) 945-5229

Internet: <http://www.gov.mb.ca/environ>

*Copy: Joe/Ron
Rt SPW.*

March 10, 2000

Mr. Wayne Fraser, P. Eng.
Director Environment Control
Hudson Bay Mining & Smelting Co., Limited
Flin Flon MB R8A 1N9

Dear Mr. Fraser:

Re: Photo Lake Mine/Chisel Lake Mine - Notice of Alteration

This letter is in response to the Notice of Alteration (NoA) dated January 31, 2000, filed with Manitoba Environment by Hudson Bay Mining & Smelting Co., Limited (HBM&S) under Section 14(1) of The Environment Act on February 3, 2000.

In consideration of the information provided in the NoA, I regard the proposed alterations to constitute a minor alteration pursuant to Section 14(2) of The Environment Act. I hereby approve the implementation of the proposed alterations subject to the existing Licence No. 1919 S2 R being revised to reflect the proposed alteration. A copy of the revised Licence is enclosed. Other superficial revisions were incorporated into the revised Licence to update it to our current licence format and standard clauses.

I trust that the disposition of this matter meets with your satisfaction.

Yours truly,

Larry Strachan, P. Eng.
Director
Environmental Approvals

Enclosure

cc. S. Davis (enclosure included)

Letter from Strachan to Fraser
March 10, 2000
Page - 2 -

NOTE: Confirmation of Receipt of this Revised Licence No. 1919 S2 RR (by *Licencee only*) is required by the Director of Approvals. Please acknowledge receipt by signing in the space provided below and faxing (945-5229) back to the Department by March 17, 2000.



On behalf of Hudson Bay Mining & Smelting Co., Limited

16/03/00
Date

Environment Act Licence Loi sur l'environnement Licence

Manitoba
Conservation
Conservation
Manitoba



Licence No./Licence n° 1919 S2 RR

Issue Date/Date de délivrance June 16, 1995

Revised: January 30, 1998

Revised: March 10, 2000

IN ACCORDANCE WITH THE MANITOBA ENVIRONMENT ACT (C.C.S.M. c. E125)

THIS LICENCE IS ISSUED PURSUANT TO SECTIONS 11(1) AND 14(2) TO:

HUDSON BAY MINING AND SMELTING CO., LIMITED; "the Licencee"

as the Stage 2 Licence (revised)

to operate the Development called "Photo Lake Mine", located off Provincial Highway #395 at about 5 radial kilometres southwest of the Town of Snow Lake, within Township 68, Range 18 WPM, in accordance with the Proposal dated June 30, 1994, the Notice of Alteration dated January 5, 1998, and the Notice of Alteration dated January 31, 2000, filed under The Environment Act and subject to the following specifications, limits, terms and conditions:

In this Licence:

"accredited laboratory" means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Conservation to be equivalent to the SCC, or able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the Canadian Standard Can/CSA-Z753, extension of the international standard ISO 9000, Guide 25, or otherwise approved by the Director;

"AP" means the maximum acid-generation potential, expressed as tonnes of CaCO_3 per 1000 tonnes of a material tested, determined in accordance with a static Acid-Base Accounting method satisfactory to the Director;

"approved" means approved by the Director in writing;

"Director" means an employee of the department appointed as such by the Minister;

"effluent" means treated or untreated mine water designated for release into the environment;

"grab sample" means a quantity of undiluted mine water or effluent collected at any given time;

- “mine”** includes all the surface and connected underground workings, overburden, waste rock and ore stockpiles, all ancillary buildings, wastewater treatment facilities and other infrastructure located on the mine site associated with the Development shown in Appendix 'A' attached to this Licence;
- “mine site”** includes the whole operational or disturbed area of land within the boundaries of those surface rights acquired and held by the Licencee for the operation of the Development;
- “mine water”** means water pumped to the surface from underground mine workings or an open pit, or leachate from ore or waste rock stockpiles, or sillage, or polluted surface runoff, or any combination thereof, but excluding surface runoff from the small area on the northern side of the mine site occupied by the backfill cement plant, the downcast fan building, and the electrical sub-station;
- “mothballed”** means placed into a state of non use, or temporarily closed, while at the same time maintained in a state of readiness for potential re-use or re-opening;
- “net neutralizing potential”** means the arithmetic difference between NP and AP;
- “non acid-generating”** means having a NPR greater than 4, until or unless an appropriate alternate NPR cut-off value is determined, to the satisfaction of the Director, through detailed characterizations, evaluations and interpretations, or through kinetic testing, carried out on representative test material by qualified individuals;
- “NP”** means the maximum neutralizing potential, expressed as tonnes of CaCO_3 per 1000 tonnes of a material tested, determined in accordance with a static Acid-Base Accounting method satisfactory to the Director;
- “NPR”** means the neutralizing potential ratio as determined from the ratio of NP/AP;
- “potentially acid-generating”** means having the potential or uncertain ability to generate acid as indicated by a NPR of 4 or less, until or unless an appropriate alternate NPR cut-off value is determined, to the satisfaction of the Director, through detailed characterizations, evaluations and interpretations, or through kinetic testing, carried out on representative test material by qualified individuals;
- “sewage”** means sewage as defined in Manitoba Regulation 95/88R respecting private sewage disposal systems and privies, or any future amendments thereto;
- “solid waste”** means substances defined as solid waste in Manitoba Regulation 150/91 respecting waste disposal grounds, or any future amendments thereto;
- “Standard Methods for the Examination of Water and Wastewater”** means the most recent edition of Standard Methods for the Examination of Water and Wastewater published jointly by the American Public Health Association, the American Waterworks Association and the Water Environment Association;

“**stope**” means one of many delineated underground zones of economic mineral deposits designated for sequential mining by any one of numerous mining methods; and

“**undiluted**” means free of extraneous unpolluted sources of water which could feasibly be prevented from mixing with the mine water or effluent prior to its discharge at a designated final discharge point, or not having water added for the purpose of meeting any effluent quality limits specified in Environment Act Licence No. 1501 RR.

GENERAL SPECIFICATIONS

1. Notwithstanding any of the following limits, terms and conditions specified in this Licence, the Licencee shall, upon the request of the Director:
 - (a) sample, monitor, analyze and/or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, handling, treatment, and disposal or emission systems, for such pollutants or ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, for such duration and at such frequencies as may be specified;
 - (b) determine the environmental impact associated with the release of any pollutant(s) from the Development; or
 - (c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
2. The Licencee shall, unless otherwise specified in this Licence:
 - a) carry out all preservations and analyses of liquid samples in accordance with the methods prescribed in the Standard Methods for the Examination of Water and Wastewater or in accordance with equivalent preservation and analytical methodologies approved by the Director; and
 - b) ensure that all analytical determinations are undertaken by an accredited laboratory.
3. The Licencee shall report all the information requested through the provisions of this Licence in a manner and form acceptable to the Director.

LIMITS, TERMS AND CONDITIONS

Respecting Liquid Effluent

4. The Licencee shall not release any effluent generated at the Development into the environment other than through:
 - (a) the 3,500 metre mine water discharge line leading via surface from Photo Lake Mine to Chisel Lake Mine; or

(b) via a pipeline in a raise leading from the Chisel North underground workings to the surface at Chisel Lake Mine;

and into the "mine water reservoir" or to the "final discharge point #1", as shown in Appendix 'A' attached to Environment Act Licence No. 1501 RR, from where effluent releases to the environment are controlled through Environment Act Licence No. 1501 RR.

5. The Licencee shall maximize the recycling of mine water, wherever practical, to minimize the net amount of effluent released into the environment.
6. The Licencee shall:
 - (a) direct all sewage generated at the mine site, except shower water only into an on-site sewage holding tank, wherefrom sewage is withdrawn only by a licensed contractor for disposal only into a treatment facility which has a Licence or Permit authorizing the acceptance of sewage; and
 - (b) ensure that the on-site sewage holding tank complies with the requirements of Manitoba Regulation 95/88R, or any future amendment thereto, respecting private sewage disposal systems and privies, whereby the sewage disposal system proposed for use is registered with The Pas Regional Office of Manitoba Environment before being placed into use.

Respecting Solids

7. The Licencee shall not use any contaminated soil or potentially acid-generating rock as a construction material in the surface development of this mine site or any other surface construction site, nor release such material to any other person as a construction material.
8. The Licencee shall store mined ore on the surface of the mine site only on:
 - (a) the "ore pad" identified in Appendix 'A' attached to this Licence, and limit the on-site ore stockpile on this ore pad to no more than 10,000 tonnes of ore; and
 - (b) the "proposed expansion for uncrushed ore storage" identified in Appendix 'A' attached to this Licence, and limit the on-site ore stockpile on this uncrushed ore pad to no more than 5,000 tonnes of ore;

at any time during the operating years of the Development, with the balance of the ore transported directly to the Stall Lake mill.

9. The Licencee shall, except for such non acid-generating rock which is used as construction material:
 - (a) store non acid-generating waste rock mined at the Development only at:
 - (i) the Photo Lake mine site, on the "clean waste rock stockpile" pad shown in Appendix 'A' attached to this Licence, up to a limit of 120,000 cubic metres in total volume, with a stockpile height not exceeding 15 metres above the base grade level; or

- (ii) at the "Photo Lake Project Mine Rock Stockpile" at the Chisel Lake Mine as shown in Appendix 'B' attached to Environment Act Licence No. 1501 RR;
 - (b) store potentially acid-generating waste rock mined at the Development only at:
 - (i) the Photo Lake mine site, on the "acid waste rock stockpile" pad shown in Appendix 'A' attached to this Licence, up to a limit of 30,000 cubic metres in total volume, with a height not exceeding 15 metres above the base grade level; or
 - (ii) at the "Photo Lake Project Mine Rock Stockpile" at the Chisel Lake Mine as shown in Appendix 'B' attached to Environment Act Licence No. 1501 RR; and
 - (c) upon the completion of mining at this Development:
 - (i) remove all materials stockpiled on the "ore pad" and the "acid waste rock stockpile" pad, along with the underlying sand and any other potentially acid-generating material, and deposit them in the mined-out stopes in the Development or remove them from mine site to a site approved by the Director; and
 - (ii) if the remaining "clean waste rock stockpile" is less than 50,000 cubic metres, remove all materials stockpiled on the "clean waste rock stockpile" along with the underlying sand, and deposit them in the mined-out stopes in the Development or remove them from the mine site to a site approved by the Director; or
 - (iii) if the remaining "clean waste rock stockpile" is greater than 50,000 cubic metres, implement the decommissioning measures for the materials stockpiled on the "clean waste rock stockpile" in accordance with the approved detailed Closure Plan.
10. The Licencee shall not deposit solid waste into the environment except into a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91, or any future amendment thereto.

Respecting Recyclable Waste

11. The Licencee shall not deposit bulky metallic wastes, used tires, used oil and other fluid lubricants, and any other class of recyclable waste substances as may be specified by the Director, into the environment except to:
- (a) a facility or infrastructure which accepts such materials for recycling, or
 - (b) a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91, or any future amendment thereto, where these recyclable substances are kept distinctly segregated from each other and are not buried (unless otherwise specified by the Director) so as to readily facilitate their recycling.
12. The Licencee shall make an effort to initiate and maintain a recycling program for those substances identified in, or through the provisions of, Clause 11 of this Licence.

Respecting Dangerous Goods or Hazardous Wastes

13. The Licencee shall comply with all the applicable requirements of:
- (a) Manitoba Regulation 97/88R, or any future amendment thereto, respecting the storage and handling of gasoline and associated products; and

- (b) the Manitoba Dangerous Goods Handling and Transportation Act, and regulations issued thereunder, respecting the handling, transport, storage and disposal of any dangerous goods brought onto or generated at the Development.
14. The Licencee shall ensure that used oil and hydraulic fluids removed from on-site machinery and vehicles are collected and transported in secure, properly labeled and non-leaking containers until recycled, and if temporarily stored on site, that the storage area consists of a base and dikes lined on the interior to the satisfaction of the Director.

Respecting Operational Monitoring, Record Keeping and Reporting

15. The Licencee shall collect weekly grab samples of undiluted mine water from the collection tank of the surface pump house, located near the portal of the decline ramp, and analyze them for the following substances:
- (a) pH;
 - (b) total arsenic;
 - (c) total copper;
 - (d) total lead;
 - (e) total nickel;
 - (f) total zinc; and
 - (g) total suspended solids.
16. The Licencee shall, in each month, determine both the total volume of undiluted mine water and the total volume of any added freshwater being directed from the Development to the Chisel Lake Mine, using flow rate measurement equipment and/or estimation techniques satisfactory to the Director.
17. The Licencee shall submit to the Director the analyses and flow rate data determined in accordance with Clauses 15 and 16 of this Licence no later than 30 days following the end of the month in which the samples were taken.
18. The Licencee shall:
- (a) in the summer of 1995 repeat the Photo Lake Drainage Limnology Survey as carried out in 1994 and as reported in the Environmental Impact Assessment dated March, 1995 but restricted to only those drainage basins actually affected by the Development, and report the results of the 1995 survey to the Director by June 30th of the following year; and
 - (b) undertake future limnology surveys on the Photo Lake drainage basin to coincide with the limnology studies required to be carried out on the Chisel Lake (Morgan/Woosey Lakes) as per Environment Act Licence No. 1501 RR, until the Director is satisfied that no further studies on the Photo Lake drainage basin need to be undertaken.
19. The Licencee shall, in each week during which waste rock is mined and brought to surface, compile a representative bulked sample of the mined waste rock, and analyze each bulked sample by acid-base accounting as to their total sulfur content, their total acid potential, their

neutralization potential, their net neutralization potential and their neutralizing potential ratio, as carried out and interpreted by qualified individuals.

20. The Licencee shall by January 31st of each year, submit a report to the Director on the achievements made over the preceding 12 months regarding the recycling program initiated pursuant to Clause 12 of this Licence.
21. The Licencee shall continually maintain the Emergency Response Plan submitted to and approved by the Director under Environment Act Licence No, 1919 S1, in a current status, and shall submit any future revisions to the approved Emergency Response Plan to the Director.

Respecting Decommissioning and Restoration

22. The Licencee shall:

- (a) provide the Director with:
 - (i) written notice three months in advance of any imminent permanent closure of this Development; or
 - (ii) provide the Director with an immediate notice of any sudden decision to temporarily close this Development whereby the Development would be placed in a mothballed state for re-opening in the foreseeable future;
- (b) comply with Manitoba Regulation 67/99, or any future amendment thereto, issued under The Mines and Minerals Act, respecting closure plans for mining developments, particularly in regards to addressing environmental issues including, but not necessarily limited to:
 - (i) the decommissioning of the underground workings and surface infrastructure associated with the Development;
 - (ii) the decommissioning of access roads and stream crossings used to access the mine site;
 - (iii) the containment, control or treatment of pollutants originating from the mine site of the Development;
 - (iv) the rehabilitation of the mine site area disturbed by the Development;
 - (v) the restoration or replacement of fish habitats disturbed, adversely affected or lost as a result of the Development; and
 - (vi) the strategy, scope, frequency and duration of post-closure environmental monitoring activities at the mine site; where applicable; and
- (c) in the course of progressive rehabilitation, as well as upon the permanent or temporary closure of this Development, implement the environmentally related aspects of the Closure Plan approved pursuant to Manitoba Regulation 67/99, or any future amendment thereto, to the satisfaction of the Director.

REVIEW OR REVOCATION

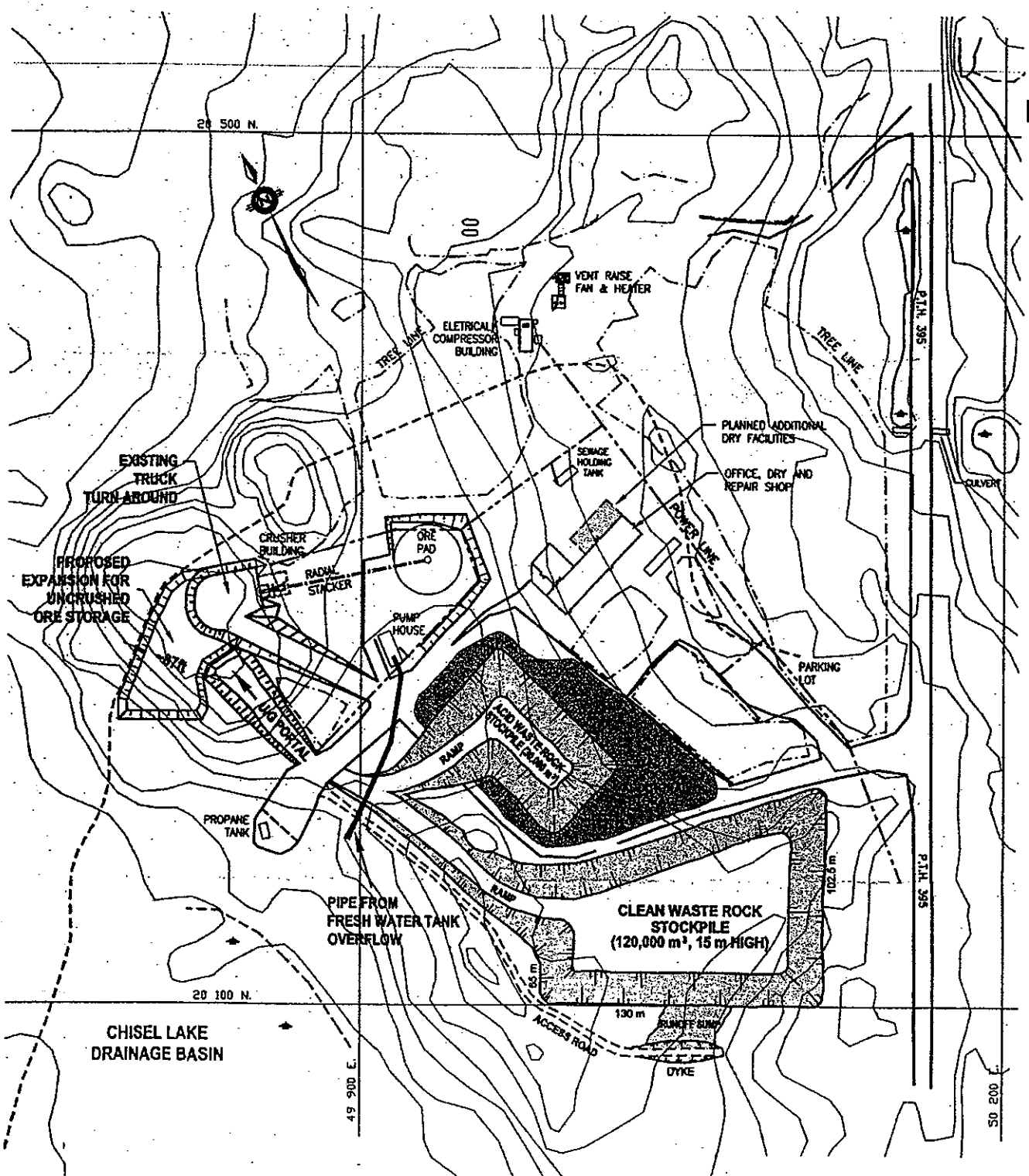
- A. This Licence replaces Environment Act Licence No. 1919 S2 R which is hereby rescinded.
- B. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.



Larry Strachan, P. Eng.
Director
Environment Act

File: 3841.0

APPENDIX 'A'
(Photo L. Mine Site)



**Conservation**

Environmental Stewardship Division
Environmental Assessment and Licensing Branch
123 Main Street, Suite 160, Winnipeg, Manitoba R3C 1A5
T 204 945-7100 F 204 945-5229
www.gov.mb.ca/conservation/eal

Files: 3841-0
2866.0

December 3, 2009

S.P. West, P.Eng.
Environmental Superintendent
Hudson Bay Mining & Smelting (HBM&S)
P.O. Box 500
Flin Flon MB R0J 1H0

Dear Mr. West:

Re: HBM&S Lalor Ramp Notice of Alteration (NoA) Dated November 13, 2009

I am responding to the above referenced NoA dated November 13, 2009, including supporting rationale prepared by AECOM, having been submitted to me under Section 14(1) of The Act for approval.

It is understood that the NoA consists of constructing a new 2,828 metre underground ramp from the existing chisel ramp to a new orebody identified as the Lalor Zone, plus 1,222 metres of exhaust raise and other ancillary support services, so as to subsequently mine that Lalor Zone. It is further understood that this undertaking would generate about 326,000 cu.m. of waste rock, of which about 65,200 cu.m. would consist of potentially acid generating (PAG) waste rock.

Since the management of PAG waste rock is captured in E.A. Licence 1919 S2 RR and the management of contaminated effluent releases from the property is captured in E.A. License No. 1501 RR, as well as by the federal Metal Mining Effluent Regulations, any change to the environmental effects of the licensed development is likely to be insignificant. I therefore approve the NoA as a minor alteration pursuant to Section 14(2) of the Environment Act, conditional upon the Licencee agreeing to have E.A. Licenses 1919 RR and 1501 RR updated, as deemed necessary.

Yours truly,

Tracey Braun, M. Sc.
Director
Environmental Assessment and Licensing

cc: D. Labossiere



~~Environment~~
Conservation

Environmental Mr

123 Main Street, Suite 160
Winnipeg MB R3C 1A5
CANADA

File: 3841.00

Fax: (204) 945-5229

Internet: <http://www.gov.mb.ca/environ>

*Copy: Joe/Ron
Rt SPW.*

March 10, 2000

Mr. Wayne Fraser, P. Eng.
Director Environment Control
Hudson Bay Mining & Smelting Co., Limited
Flin Flon MB R8A 1N9

Dear Mr. Fraser:

Re: Photo Lake Mine/Chisel Lake Mine - Notice of Alteration

This letter is in response to the Notice of Alteration (NoA) dated January 31, 2000, filed with Manitoba Environment by Hudson Bay Mining & Smelting Co., Limited (HBM&S) under Section 14(1) of The Environment Act on February 3, 2000.

In consideration of the information provided in the NoA, I regard the proposed alterations to constitute a minor alteration pursuant to Section 14(2) of The Environment Act. I hereby approve the implementation of the proposed alterations subject to the existing Licence No. 1919 S2 R being revised to reflect the proposed alteration. A copy of the revised Licence is enclosed. Other superficial revisions were incorporated into the revised Licence to update it to our current licence format and standard clauses.

I trust that the disposition of this matter meets with your satisfaction.

Yours truly,

Larry Strachan, P. Eng.
Director
Environmental Approvals

Enclosure

cc. S. Davis (enclosure included)

Letter from Strachan to Fraser
March 10, 2000
Page - 2 -

NOTE: Confirmation of Receipt of this Revised Licence No. 1919 S2 RR (by *Licencee only*) is required by the Director of Approvals. Please acknowledge receipt by signing in the space provided below and faxing (945-5229) back to the Department by March 17, 2000.



On behalf of Hudson Bay Mining & Smelting Co., Limited

16/03/00
Date

Environment Act Licence Loi sur l'environnement Licence

Manitoba
Conservation
Conservation
Manitoba



Licence No./Licence n° 1919 S2 RR

Issue Date/Date de délivrance June 16, 1995

Revised: January 30, 1998

Revised: March 10, 2000

IN ACCORDANCE WITH THE MANITOBA ENVIRONMENT ACT (C.C.S.M. c. E125)

THIS LICENCE IS ISSUED PURSUANT TO SECTIONS 11(1) AND 14(2) TO:

HUDSON BAY MINING AND SMELTING CO., LIMITED; "the Licencee"

as the Stage 2 Licence (revised)

to operate the Development called "Photo Lake Mine", located off Provincial Highway #395 at about 5 radial kilometres southwest of the Town of Snow Lake, within Township 68, Range 18 WPM, in accordance with the Proposal dated June 30, 1994, the Notice of Alteration dated January 5, 1998, and the Notice of Alteration dated January 31, 2000, filed under The Environment Act and subject to the following specifications, limits, terms and conditions:

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"Director" means an employee of the department appointed as such by the Minister;

"effluent" means treated or untreated mine water designated for release into the environment;

"grab sample" means a quantity of undiluted mine water or effluent collected at any given time;

- "mine"** includes all the surface and connected underground workings, overburden, waste rock and ore stockpiles, all ancillary buildings, wastewater treatment facilities and other infrastructure located on the mine site associated with the Development shown in Appendix 'A' attached to this Licence;
- "mine site"** includes the whole operational or disturbed area of land within the boundaries of those surface rights acquired and held by the Licencee for the operation of the Development;
- "mine water"** means water pumped to the surface from underground mine workings or an open pit, or leachate from ore or waste rock stockpiles, or sullage, or polluted surface runoff, or any combination thereof, but excluding surface runoff from the small area on the northern side of the mine site occupied by the backfill cement plant, the downcast fan building, and the electrical sub-station;
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 - (b) determine the environmental impact associated with the release of any pollutant(s) from the Development; or
 - (c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
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 - b) ensure that all analytical determinations are undertaken by an accredited laboratory.
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 - (a) the 3,500 metre mine water discharge line leading via surface from Photo Lake Mine to Chisel Lake Mine; or

(b) via a pipeline in a raise leading from the Chisel North underground workings to the surface at Chisel Lake Mine;

and into the "mine water reservoir" or to the "final discharge point #1", as shown in Appendix 'A' attached to Environment Act Licence No. 1501 RR, from where effluent releases to the environment are controlled through Environment Act Licence No. 1501 RR.

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 - (a) direct all sewage generated at the mine site, except shower water only into an on-site sewage holding tank, wherefrom sewage is withdrawn only by a licensed contractor for disposal only into a treatment facility which has a Licence or Permit authorizing the acceptance of sewage; and
 - (b) ensure that the on-site sewage holding tank complies with the requirements of Manitoba Regulation 95/88R, or any future amendment thereto, respecting private sewage disposal systems and privies, whereby the sewage disposal system proposed for use is registered with The Pas Regional Office of Manitoba Environment before being placed into use.

Respecting Solids

7. The Licencee shall not use any contaminated soil or potentially acid-generating rock as a construction material in the surface development of this mine site or any other surface construction site, nor release such material to any other person as a construction material.
8. The Licencee shall store mined ore on the surface of the mine site only on:
 - (a) the "ore pad" identified in Appendix 'A' attached to this Licence, and limit the on-site ore stockpile on this ore pad to no more than 10,000 tonnes of ore; and
 - (b) the "proposed expansion for uncrushed ore storage" identified in Appendix 'A' attached to this Licence, and limit the on-site ore stockpile on this uncrushed ore pad to no more than 5,000 tonnes of ore;

at any time during the operating years of the Development, with the balance of the ore transported directly to the Stall Lake mill.

9. The Licencee shall, except for such non acid-generating rock which is used as construction material:
 - (a) store non acid-generating waste rock mined at the Development only at:
 - (i) the Photo Lake mine site, on the "clean waste rock stockpile" pad shown in Appendix 'A' attached to this Licence, up to a limit of 120,000 cubic metres in total volume, with a stockpile height not exceeding 15 metres above the base grade level; or

- (ii) at the "Photo Lake Project Mine Rock Stockpile" at the Chisel Lake Mine as shown in Appendix 'B' attached to Environment Act Licence No. 1501 RR;
 - (b) store potentially acid-generating waste rock mined at the Development only at:
 - (i) the Photo Lake mine site, on the "acid waste rock stockpile" pad shown in Appendix 'A' attached to this Licence, up to a limit of 30,000 cubic metres in total volume, with a height not exceeding 15 metres above the base grade level; or
 - (ii) at the "Photo Lake Project Mine Rock Stockpile" at the Chisel Lake Mine as shown in Appendix 'B' attached to Environment Act Licence No. 1501 RR; and
 - (c) upon the completion of mining at this Development:
 - (i) remove all materials stockpiled on the "ore pad" and the "acid waste rock stockpile" pad, along with the underlying sand and any other potentially acid-generating material, and deposit them in the mined-out stopes in the Development or remove them from mine site to a site approved by the Director; and
 - (ii) if the remaining "clean waste rock stockpile" is less than 50,000 cubic metres, remove all materials stockpiled on the "clean waste rock stockpile" along with the underlying sand, and deposit them in the mined-out stopes in the Development or remove them from the mine site to a site approved by the Director; or
 - (iii) if the remaining "clean waste rock stockpile" is greater than 50,000 cubic metres, implement the decommissioning measures for the materials stockpiled on the "clean waste rock stockpile" in accordance with the approved detailed Closure Plan.
10. The Licencee shall not deposit solid waste into the environment except into a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91, or any future amendment thereto.

Respecting Recyclable Waste

11. The Licencee shall not deposit bulky metallic wastes, used tires, used oil and other fluid lubricants, and any other class of recyclable waste substances as may be specified by the Director, into the environment except to:
- (a) a facility or infrastructure which accepts such materials for recycling, or
 - (b) a waste disposal ground operating under the authority of a permit issued pursuant to Manitoba Regulation 150/91, or any future amendment thereto, where these recyclable substances are kept distinctly segregated from each other and are not buried (unless otherwise specified by the Director) so as to readily facilitate their recycling.
12. The Licencee shall make an effort to initiate and maintain a recycling program for those substances identified in, or through the provisions of, Clause 11 of this Licence.

Respecting Dangerous Goods or Hazardous Wastes

13. The Licencee shall comply with all the applicable requirements of:
- (a) Manitoba Regulation 97/88R, or any future amendment thereto, respecting the storage and handling of gasoline and associated products; and

- (b) the Manitoba Dangerous Goods Handling and Transportation Act, and regulations issued thereunder, respecting the handling, transport, storage and disposal of any dangerous goods brought onto or generated at the Development.
14. The Licencee shall ensure that used oil and hydraulic fluids removed from on-site machinery and vehicles are collected and transported in secure, properly labeled and non-leaking containers until recycled, and if temporarily stored on site, that the storage area consists of a base and dikes lined on the interior to the satisfaction of the Director.

Respecting Operational Monitoring, Record Keeping and Reporting

15. The Licencee shall collect weekly grab samples of undiluted mine water from the collection tank of the surface pump house, located near the portal of the decline ramp, and analyze them for the following substances:
- (a) pH;
 - (b) total arsenic;
 - (c) total copper;
 - (d) total lead;
 - (e) total nickel;
 - (f) total zinc; and
 - (g) total suspended solids.
16. The Licencee shall, in each month, determine both the total volume of undiluted mine water and the total volume of any added freshwater being directed from the Development to the Chisel Lake Mine, using flow rate measurement equipment and/or estimation techniques satisfactory to the Director.
17. The Licencee shall submit to the Director the analyses and flow rate data determined in accordance with Clauses 15 and 16 of this Licence no later than 30 days following the end of the month in which the samples were taken.
18. The Licencee shall:
- (a) in the summer of 1995 repeat the Photo Lake Drainage Limnology Survey as carried out in 1994 and as reported in the Environmental Impact Assessment dated March, 1995 but restricted to only those drainage basins actually affected by the Development, and report the results of the 1995 survey to the Director by June 30th of the following year; and
 - (b) undertake future limnology surveys on the Photo Lake drainage basin to coincide with the limnology studies required to be carried out on the Chisel Lake (Morgan/Woosey Lakes) as per Environment Act Licence No. 1501 RR, until the Director is satisfied that no further studies on the Photo Lake drainage basin need to be undertaken.
19. The Licencee shall, in each week during which waste rock is mined and brought to surface, compile a representative bulked sample of the mined waste rock, and analyze each bulked sample by acid-base accounting as to their total sulfur content, their total acid potential, their

neutralization potential, their net neutralization potential and their neutralizing potential ratio, as carried out and interpreted by qualified individuals.

20. The Licencee shall by January 31st of each year, submit a report to the Director on the achievements made over the preceding 12 months regarding the recycling program initiated pursuant to Clause 12 of this Licence.
21. The Licencee shall continually maintain the Emergency Response Plan submitted to and approved by the Director under Environment Act Licence No, 1919 S1, in a current status, and shall submit any future revisions to the approved Emergency Response Plan to the Director.

Respecting Decommissioning and Restoration

22. The Licencee shall:

- (a) provide the Director with:
 - (i) written notice three months in advance of any imminent permanent closure of this Development; or
 - (ii) provide the Director with an immediate notice of any sudden decision to temporarily close this Development whereby the Development would be placed in a mothballed state for re-opening in the foreseeable future;
- (b) comply with Manitoba Regulation 67/99, or any future amendment thereto, issued under The Mines and Minerals Act, respecting closure plans for mining developments, particularly in regards to addressing environmental issues including, but not necessarily limited to:
 - (i) the decommissioning of the underground workings and surface infrastructure associated with the Development;
 - (ii) the decommissioning of access roads and stream crossings used to access the mine site;
 - (iii) the containment, control or treatment of pollutants originating from the mine site of the Development;
 - (iv) the rehabilitation of the mine site area disturbed by the Development;
 - (v) the restoration or replacement of fish habitats disturbed, adversely affected or lost as a result of the Development; and
 - (vi) the strategy, scope, frequency and duration of post-closure environmental monitoring activities at the mine site; where applicable; and
- (c) in the course of progressive rehabilitation, as well as upon the permanent or temporary closure of this Development, implement the environmentally related aspects of the Closure Plan approved pursuant to Manitoba Regulation 67/99, or any future amendment thereto, to the satisfaction of the Director.

REVIEW OR REVOCATION

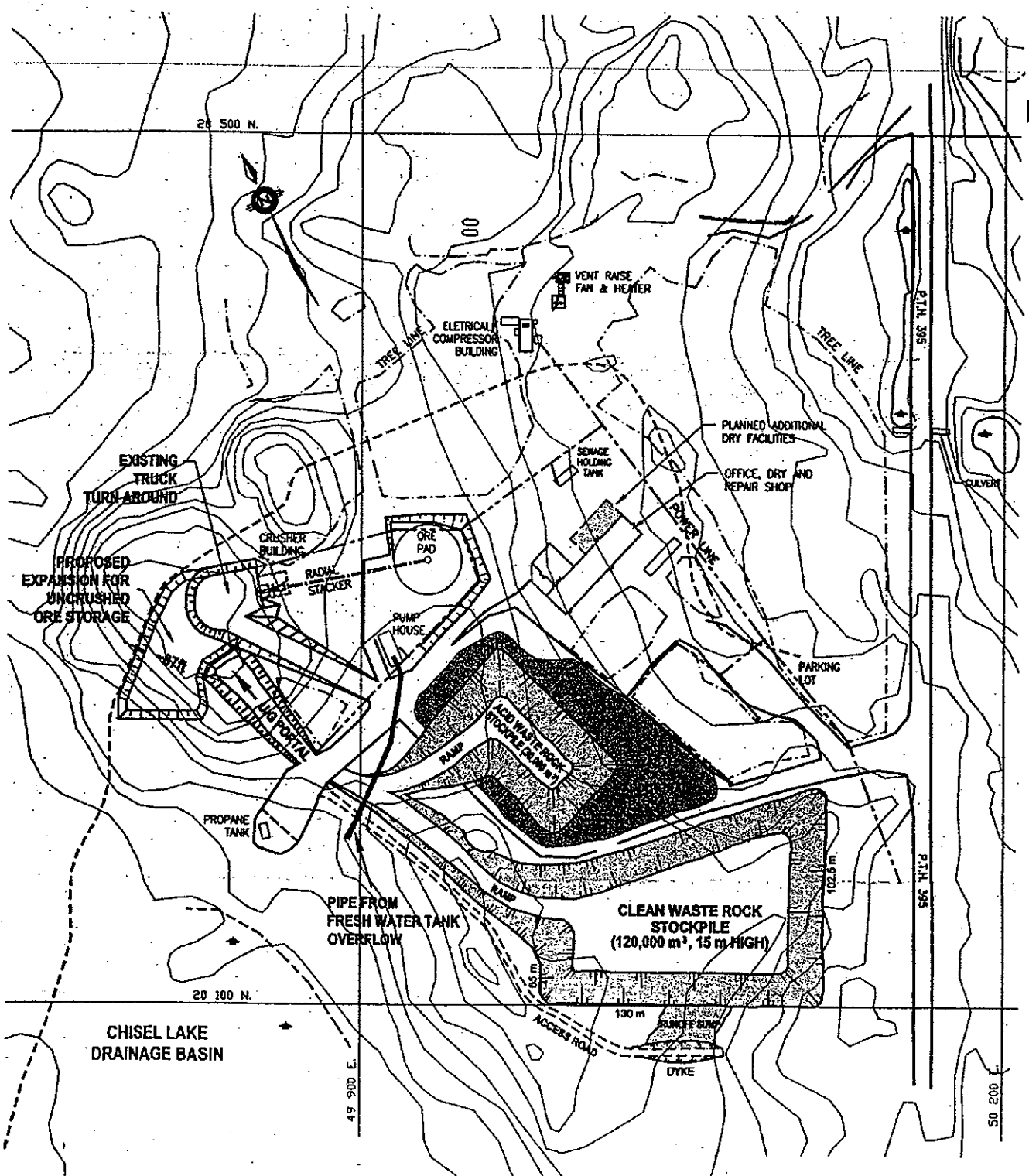
- A. This Licence replaces Environment Act Licence No. 1919 S2 R which is hereby rescinded.
- B. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.



Larry Strachan, P. Eng.
Director
Environment Act

File: 3841.0

APPENDIX 'A'
(Photo L. Mine Site)



**Conservation**

Environmental Stewardship Division
Environmental Assessment and Licensing Branch
123 Main Street, Suite 160, Winnipeg, Manitoba R3C 1A5
T 204 945-7100 F 204 945-5229
www.gov.mb.ca/conservation/eal

Files: 3841-0
2866.0

December 3, 2009

S.P. West, P.Eng.
Environmental Superintendent
Hudson Bay Mining & Smelting (HBM&S)
P.O. Box 500
Flin Flon MB R0J 1H0

Dear Mr. West:

Re: HBM&S Lalor Ramp Notice of Alteration (NoA) Dated November 13, 2009

I am responding to the above referenced NoA dated November 13, 2009, including supporting rationale prepared by AECOM, having been submitted to me under Section 14(1) of The Act for approval.

It is understood that the NoA consists of constructing a new 2,828 metre underground ramp from the existing chisel ramp to a new orebody identified as the Lalor Zone, plus 1,222 metres of exhaust raise and other ancillary support services, so as to subsequently mine that Lalor Zone. It is further understood that this undertaking would generate about 326,000 cu.m. of waste rock, of which about 65,200 cu.m. would consist of potentially acid generating (PAG) waste rock.

Since the management of PAG waste rock is captured in E.A. Licence 1919 S2 RR and the management of contaminated effluent releases from the property is captured in E.A. License No. 1501 RR, as well as by the federal Metal Mining Effluent Regulations, any change to the environmental effects of the licensed development is likely to be insignificant. I therefore approve the NoA as a minor alteration pursuant to Section 14(2) of the Environment Act, conditional upon the Licencee agreeing to have E.A. Licenses 1919 RR and 1501 RR updated, as deemed necessary.

Yours truly,

Tracey Braun, M. Sc.
Director
Environmental Assessment and Licensing

cc: D. Labossiere



Conservation and Water Stewardship

Climate Change and Environmental Protection Division
Environmental Approvals Branch
123 Main Street, Suite 160, Winnipeg, Manitoba R3C 1A5
T 204 945-8321 F 204 945-5229
www.gov.mb.ca/conservation/eal

CLIENT FILE NO.: 5568.00

May 10, 2012

Stephen West, P.Eng.
Hudson Bay Mining & Smelting Co. Ltd.
PO Box 1500
Flin Flon R8A 1N9

Dear Mr. West:

Enclosed is **Environment Act Licence No. 3005** dated May 10, 2012 issued in accordance with *The Environment Act* to the **Hudson Bay Mining & Smelting Co. Ltd.** for the construction, operation and maintenance of the Development being a 115kV substation, known as the Chisel North Substation, located on property contained within the existing Chisel North Mine near the Town of Snow Lake, in accordance with the Proposal filed under *The Environment Act*, dated February 15, 2012.

In addition to the enclosed Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with. A Notice of Alteration must be filed with the Director for approval prior to any alteration to the Development as licensed.

For further information on the administration and application of the Licence, please feel free to contact Darrell Ouimet, Environment Officer @ (204) 945-7067.

Pursuant to Section 27 of *The Environment Act*, this licensing decision may be appealed by any person who is affected by the issuance of this Licence to the Minister of Conservation within 30 days of the date of the Licence.

Yours truly,

Tracey Braun, M.Sc.
Director
Environment Act

Enc.

c: Don Labossiere, Director, Environmental Compliance and Enforcement
Public Registries

NOTE: Confirmation of Receipt of this Licence No. 3005 (*by the Licencee only*) is required by the Director of Environmental Assessment and Licensing. Please acknowledge receipt by signing in the space provided below and faxing a copy (letter only) to the Department by May 18, 2012.

Hudson Bay Mining & Smelting Co. Ltd.

Date

****A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES****

LICENCE

Licence No. / Licence n° 3005

Issue Date / Date de délivrance May 10, 2012

In accordance with The Environment Act (C.C.S.M. c. E125) /
Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

THIS LICENCE IS ISSUED TO : / CETTE LICENCE EST DONNÉE À :

HUDSON BAY MINING & SMELTING CO. LTD.:
"the Licencee"

for the construction, operation and maintenance of the Development being a 115kV substation, known as the Chisel North Substation, located on property contained within the existing Chisel North Mine near the Town of Snow Lake, in accordance with the Proposal filed under *The Environment Act*, dated February 15, 2012, and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence:

“**Department**” means Manitoba Conservation and Water Stewardship;

“**Director**” means an employee so designated pursuant to *The Environment Act*;

“**Environment Officer**” means an employee appointed as such by the Minister;

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. The Licencee shall not affect any land during the construction and operation of the Development which is not leased by the Province of Manitoba.

****A COPY OF THIS LICENCE AND MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES****

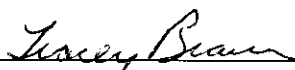
2. The Licencee shall establish any fuel storage areas required for the construction and operation of the Development:
 - a) a minimum distance of 100 metres from any waterbody; and
 - b) in compliance with the requirements of ***Manitoba Regulation 188/2001***, or any future amendment thereof, respecting ***Storage and Handling of Petroleum Products and Allied Products***.
3. The Licencee shall ensure fuel storage containers incorporate secondary containment in accordance with ***Manitoba Regulation 188/2001***, or any future amendment thereof, respecting ***Storage and Handling of Petroleum Products and Allied Products***.
4. The Licencee shall collect and dispose of all used petroleum products and other regulated hazardous wastes generated by the machinery used in the construction and operation of the Development in accordance with ***The Dangerous Goods Handling and Transportation Act***.
5. The Licencee shall, at all times during the construction of the Development, have available at the construction sites, materials to contain and recover spills of fuel and other fluids associated with construction machinery.
6. The Licencee shall during construction and operation of the Development:
 - a) immediately report any reportable spills to Manitoba Conservation's Accident Reporting Line at (204) 944-4888 pursuant to ***Manitoba Regulation 439/87***, respecting ***Environmental Accident Reporting***, or any future amendment thereof; and
 - b) at the request of the Director, provide a follow-up report to the Director on a reportable environmental accident outlining the cause(s) and proposed corrective action to prevent reoccurrence.
7. The Licencee shall dispose of solid waste and non-reusable demolition and construction debris from the Development at a waste disposal ground operating under the authority of a permit pursuant to ***Manitoba Regulation 150/91*** respecting ***Waste Disposal Grounds***, or any future amendment thereof, or a Licence pursuant to ***The Environment Act***.
8. The Licencee shall, during construction of the Development, dispose of all sewage and septage from on-site sanitary facilities in accordance with:
 - a) ***Manitoba Regulation 83/2003***, respecting ***Onsite Wastewater Management Systems Regulation***, or any future amendment thereof; or
 - b) this Licence.
9. The Licencee shall, prior to construction of the Development, provide a copy of this Licence to the contractor and subcontractor(s) involved in the Development and ensure they have a working knowledge and understanding of the conditions in the Licence.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

10. The Licencee shall, prior to commencement of construction activities for the oil containment facilities at the Development, submit to the Director the results of an Oil Containment Assessment. Oil containment Plans and Specifications, as recommended in the Oil Containment Assessment shall be approved by the Director prior to the commencement of construction of the oil containment facilities at the Development.
11. The Licencee shall construct and install the oil containment equipment as described in the Plans and Specifications approved by the Director as required by Clause 9 of this Licence.
12. The Licencee shall, prior to disposal of soil from salvaged station site, determine acceptable levels of any PCB contaminated soils tested from current CCME guidelines. A Manitoba Conservation and Water Stewardship, Northwest Region, Environment Officer shall be notified of any plans for disposal of contaminated soils and oil from the salvaged transformers, prior to disposal.

REVIEW AND REVOCATION

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- B. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of *The Environment Act*.
- C. If construction of the development has not commenced within five years of the date of this Licence, the Licence is revoked.



Tracey Braun, M.Sc.
Director
Environment Act

**PROVINCE OF MANITOBA
CROWN LANDS AND PROPERTY AGENCY**

SCHEDULE "A" TO CROWN LAND PERMIT NO. GP 59093 ("the Permit")

ISSUED BY:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA
represented herein by the Minister responsible for the Crown Lands and Property Agency
("Manitoba")

ISSUED TO:

Hudson Bay Exploration and Development Company Limited
(the "Permittee")

pursuant to *The Crown Lands Act* as amended from time to time.

WHEREAS:

- A) The Permittee has made an application to Manitoba for a Crown Land Permit for the Land (as described further in this Schedule); and
- B) Manitoba agrees to issue a Crown Land Permit to the Permittee, subject to the terms and conditions set out in this Schedule, which is Schedule "A" to the Permit, and the Standard Conditions attached to the Permit, for the land described as follows.

NW 2-68-18 W, SW 11-68-18 W, SE and SW 10-68-18 W, SE and NE 9-68-18 W

Area: 9.0 Acres

(the "Land")

THE PERMIT IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1.00 TERM AND RIGHT TO USE AND OCCUPY THE LAND

- 1.01 The Permit shall be effective from the date it is issued by Manitoba until December 31, 2007, subject to termination or extension under section 7.
- 1.02 Subject to the terms and conditions of the Permit, Manitoba grants to the Permittee the right to use and occupy the Land.

2.00 PAYMENT OF FEES AND TAXES

- 2.01 The Permittee shall pay to Manitoba rent equal to the annual fee prescribed from time to time by the Regulations under *The Crown Lands Act*, in accordance with such Regulations and the Permit, within 30 days of receipt of an invoice from Manitoba. The Permittee acknowledges that the current annual fee is
Commercial Lot (parking) \$210.00 plus GST per year
All Weather Road \$103.00 plus GST per year.

The annual fee for the All Weather Road is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (7) *Winter Roads*. The annual fee for a permit to use a winter road is \$100. plus one additional dollar for every kilometre of road.

The annual fee for the Commercial Lot (parking) is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (4) *Fees in respect of leases and permits* (d) for commercial lots that are used for purposes other than those referred to in clause (c), (i) one acre or less..\$210., (ii) each additional acre or portion of an acre..\$10.

- 2.02 The Permittee acknowledges that an application for renewal and administration fee in relation to the Permit shall be paid by the Permittee, as prescribed by the Land Administration Fees Regulation (M.R. 216/89) and as amended from time to time.
- 2.03 Payments of the annual fee and the administration fees shall be made in accordance with the directions contained in the invoice from Manitoba.
- 2.04 Manitoba may establish a new annual fee rate where there is a change in one or more of the following factors in order to reflect these changes:
 - a) the appraised value of the Land as determined by Manitoba;
 - b) the appraised value of the buildings and improvements owned by Manitoba;
 - c) the policy of Manitoba as set out in an Act of the Legislature or a Regulation relating to the determination of annual fee; or
 - d) the use of the buildings, infrastructure or Land.

- 2.05 Manitoba shall give notice to the Permittee 30 days prior to the effective date of an increase in the annual fee.
- 2.06 The Permittee shall pay all taxes, rates, duties and assessments whatsoever, whether municipal or otherwise, now or hereafter charged on the Land or in respect of the Permittee's use and occupation thereof.
- 2.07 The Permittee shall pay interest to Manitoba on any arrears of annual fee or administration fees at rate equal to the rate fixed from time to time by the Minister of Finance of Manitoba under section 25(1) of *The Financial Administration Act*. Failing such rate being fixed, interest shall be payable thereon at a rate equal to the rate fixed from time to time by Manitoba.
- 2.08 The Permittee shall pay to Manitoba an amount equal to any and all goods and services taxes now or hereafter imposed on, or collectible by Manitoba with respect to any amounts payable by the Permittee to Manitoba hereunder, whether characterized as a goods and services tax, sales tax, value added tax or otherwise ("Sales Taxes"). The intention of the parties is that Manitoba shall be fully reimbursed by the Permittee with respect to any and all Sales Taxes payable or collectible by Manitoba now or in the future.
- 2.09 The Permittee is responsible for and shall pay any and all costs, charges, impositions and expenses related to the Land, including, without limitation, all water, sewer, gas, telephone, or electric power charges.
- 2.10 If the Permittee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges as required, Manitoba may pay them or any of them and charge those payments to the Permittee who shall reimburse Manitoba forthwith and Manitoba may take the same steps for the recovery of those payments as it would be for the recovery of rent arrears.
- 2.11 The Permittee shall pay all amounts payable to Manitoba hereunder without any deduction or set-off whatsoever.

3.00 USE OF THE LAND

- 3.01 The Permittee shall use the Land for an all weather road and parking lot and for no other purpose, including non-use, without prior permission in writing from Manitoba. The Permittee shall use the existing access.
- 3.02 The Permittee agrees that the following structures and improvements on the Land are authorized under the Permit: nil.
- 3.03 Other than those developments and uses permitted under paragraphs 3.01 and 3.02 of this Schedule, the Permittee shall not construct, erect or alter any other buildings or structures on the Land or effect any change in use of the Land without prior permission in writing from Manitoba.
- 3.04 Manitoba has no obligation to survey or resurvey the Land, and the Permit shall create no such obligation on Manitoba to survey or resurvey the Land.
- 3.05 The Permittee agrees that removal or relocation of any existing Manitoba Hydro facilities shall be at his/her expense.
- 3.06 The Permit shall in no way limit Manitoba Hydro's or Manitoba's right to raise or lower the water levels on any body of water which may affect the Land and Manitoba Hydro or Manitoba shall not be held liable for changes in the water level. The Permit does not imply any guarantee of water levels at the Land.
- 3.07 The Permittee and its officers, directors, agents, invitees and employees, as applicable, shall be bound by the rules, regulations and guidelines made by Manitoba from time to time. All such rules, regulations and guidelines will be deemed to be incorporated into and form part of the Permit. Some form of advance public notice shall be provided for changes in these rules, regulations and guidelines.
- 3.08 The Permittee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the Land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local District Resource Officer before cutting any trees or commencing any work on the Land, including widening of the access road, obtaining a building permit from the Department of Labour before constructing any structures, as may be authorized by Manitoba, in accordance with the Manitoba Building Code and applicable Municipal By-laws and regulations. The Permittee shall provide Manitoba with a copy of work permits or building permits obtained at the request of Manitoba.

- 3.09 The Permittee understands and agrees that the four culverts to be installed have a design capacity that will be adequate to pass flows resulting from snow melt and rainstorm events. As the most significant crossing is that at the outlet of Drained Lake and the future intent is to replace the temporary bridge with a culvert, the Permittee is required to contact Manitoba Water Stewardship for assistance in determining the size of culvert prior to installation.
- 3.10 The Permittee agrees to obtain a permit from the Department of Infrastructure & Transportation (Highway Traffic Board):
- for any new, modified or relocated/removed access connection onto PR 395 ("highway");
 - for any construction above, on or below ground level within 38.1 m (125 ft.) from the edge of the highway right-of-way;

4.00 MAINTENANCE OF LAND

- 4.01 The Permittee agrees:
- to keep the Land, and all buildings and structures thereon, in a clean and sanitary condition free from inflammable materials, other than those contained in containers approved by the Canadian Standards Association;
 - to comply with all federal, provincial and municipal by-laws, Acts and regulations relating to the Permittee and/or the Land including, but not limited to, *The Crown Lands Act* and Regulations, *The Dangerous Goods Handling and Transportation Act* and Regulations and *The Environment Act* and Regulations, all as amended, replaced or substituted from time to time;
 - not to commit waste or damage the Land;
 - to keep the Land, and all buildings and structures thereon, in good and safe repair; and in a proper and neat condition and to repair in accordance with any notice from Manitoba;
 - to allow a person or persons on behalf of Manitoba to enter the Land, including all buildings and structures, at all reasonable times to examine the state of repair;
 - not to cut or remove any trees without prior written consent of Manitoba;
 - any shoreline development to be minimal on Crown land adjacent to lakes or rivers and limited only to facilities or uses approved in writing by Manitoba. Natural vegetation and features should have minimal disturbance, and a vegetative riparian zone should be maintained or encouraged.
- 4.02 The Permittee shall not release upon the Land or any part thereof any Pollutants (as defined in paragraph 4.05), but if Permittee does release any Pollutants, the Permittee shall:
- at his/her expense, immediately give Manitoba notice of the release; remove the Pollutants from the Land in a manner which conforms with all laws and regulations covering the handling, removal and management of the Pollutants and as may be directed or ordered by an Environment Officer or Director of the Environmental Approvals Branch, or such successor as appropriate, as soon as reasonably practicable; and
 - obtain from an independent Qualified Environmental Consultant, a report verifying the complete and proper removal thereof from the Land, if requested by Manitoba, otherwise the Permittee shall report as to the extent and nature of any failure to comply with this Section.
- 4.03 Any Pollutants noted in paragraph 4.02 shall not become the property of Manitoba notwithstanding any rule of the law to the contrary (save and except where such Pollutants are brought or created upon the Land by Manitoba or its servants, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee). At the option of Manitoba, any substance contaminated by such Pollutants shall become the property of the Permittee and at the Permittee's expense, the Permittee or, at Manitoba's option, Manitoba, shall remove the contaminated substance from the Land and make good any damage done in so doing.
- 4.04 The Permittee shall indemnify and save harmless Manitoba from all costs or expenses, liabilities, losses, claims, damages (including consequential damages, interest, penalties, fines or monetary sanctions), legal costs or fees on a solicitor and own client basis, and fees or expenses of professional consultants incurred by Manitoba by reason of Pollutants being present on the Land and resulting from the Permittee's use or occupation of the Land or the breach of any warranty or covenant of the Permittee in this Section.
- 4.05 In this Section, "Pollutants" means any product, solid, liquid, gas, smoke, odour, waste, radiation or organism, or any combination of these, that is foreign to or in excess of the natural constituents of the environment on the Land and that:
- has affected, is affecting or may affect the natural, physical, chemical or biological quality of the air, land and water; or
 - is, or is likely to be, injurious or damaging to the health or safety of a person(s), or injurious or damaging to property or to plant or animal life.

5.00 NO ASSIGNMENT OF PERMIT WITHOUT CONSENT

- 5.01 The Permittee shall not assign the Permit without the prior written consent of Manitoba, that consent not be unreasonably withheld. If the Permittee is a corporation, any change in ownership or control of the Permittee is deemed to be a proposed assignment.
- 5.02 Manitoba shall not unreasonably withhold consent to the assignment of the Permit for collateral (financing and security) purposes.
- 5.03 The Permittee shall submit an application on a form specified by Manitoba for approval to assign the Permit or any interest in the Permit.
- 5.04 Notwithstanding paragraphs 5.01 or 5.02, Manitoba may, in its sole discretion, refuse to assign the Permit if:
- a) the Permittee has not paid any and all outstanding rent and taxes in respect of the Land and improvements, or
 - b) the proposed assignee is not eligible to hold a Permit in accordance with then current laws, regulations and policies of Manitoba.
- 5.05 The Permittee shall not sublet or rent out the Land.
- 5.06 The Permit shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Permittee.

6.00 RESPONSIBILITY AND INSURANCE

- 6.01 Nothing contained in the Permit shall create any liability on the part of Manitoba or Manitoba Hydro for any damages caused or purported to be caused in respect to the Land by raising or lowering waters bordering upon or adjacent to the Land.
- 6.02 The Permittee shall use due care in the occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 6.03 The Permittee shall be solely responsible for and indemnify and save harmless Manitoba, its officers, employees and agents from and against all claims, liabilities and demands with respect to:
- a) any injury to persons (including death), damage or loss to property caused by, or related to the occupation of the Land or the performance of the Permit or the breach of any term or condition of the Permit by the Permittee, any agent, invitee, officer, director or employee of the Permittee or any other person authorized by the Permittee to occupy the Land, and
 - b) any omission or wrongful or negligent act of the Permittee, any agent, invitee, officer, director or employee of the Permittee or of any other person authorized by the Permittee to occupy the Land;
- unless such claims, liabilities, and demands arise out of the acts or omissions of Manitoba, its officers, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee.
- 6.04 It is the responsibility of the Permittee to discuss his/her insurance requirements with his/her insurance adviser/broker and to arrange for his/her own insurance coverage(s). However, at a minimum, the Permittee shall purchase and maintain comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence or claim. Manitoba reserves the right to require the Permittee to purchase and maintain a different minimum amount of liability insurance as specified by Manitoba from time to time by providing at least 180 days notice in writing of the change in the minimum amount to the Permittee. Evidence of insurance in the form of a Certificate of Insurance shall be provided by the Permittee upon request.
- 6.05 Notwithstanding paragraph 6.03, the Permittee agrees that any buildings, including any buildings existing at the issuance of the Permit, on the Land shall be maintained entirely at the Permittee's own risk, and the Permittee agrees to assume full responsibility for any damage or injury to persons or property situated on the Land resulting from flooding, erosion, ice damage, or temporary or permanent loss of Land accessibility. The Permittee agrees not to institute any action or make any claim against Manitoba or any employee or agent of Manitoba, including Manitoba Hydro, in respect to any personal injury caused by or related to flooding, whether or not the damage was occasioned by flooding resulting from the regulation or control of the adjacent waterway by Manitoba or Manitoba Hydro.
- 6.06 Notwithstanding paragraph 6.03, the Permittee agrees to indemnify and save harmless Manitoba and all employees and agents of Manitoba, including Manitoba Hydro, from and against all claims, liabilities and demands in respect of any damage to property or injury to persons located on the Land, which has been caused by flooding, erosion, ice damage, or temporary or permanent loss to Land accessibility.

6.07 The Permittee agrees not to institute any action or make any claim against the local government authority with respect to damage to any building or personal property or any injury to persons located on the Land that may be caused by flooding, erosion, ice damage, or temporary or permanent loss of land accessibility, as described herein and the Permittee agrees to enter into a written Agreement with the local government authority if the local government authority deems it necessary.

7.00 TERMINATION AND EXTENSION

7.01 The Permittee acknowledges that the Permit does not operate to prevent the sale or lease of the Land at any time during its term and is subject to the condition that Manitoba may give the Permittee notice of the cancellation thereof; and at the expiration of 30 days from the service of the notice, the Permit shall be cancelled.

7.02 Subject to 7.01 and provided that there has been no uncured default by the Permittee, including payment of rent, Manitoba may, in its discretion, automatically renew the Permit for a 1 year term on an annual basis and in accordance with then current laws, regulations or policies respecting rental rates and rental property of this type, unless otherwise notified by the Permittee.

7.03 Without restricting any other remedies available, Manitoba may, at its sole option, immediately terminate the Permit in writing if:

- a) the Permittee has failed to make any payment due hereunder, has misrepresented any fact on the application for the Crown Land Permit, or has failed to comply with any term or condition of the Permit and has not remedied that failure to comply within 30 days of receipt of notice in writing from Manitoba;
- b) the Permittee makes an assignment for the benefit of creditors, becomes bankrupt or insolvent, takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors (the appointment of a receiver or receiver and manager of the assets of the Permittee being conclusive evidence of insolvency), or if any certificate or order is made or granted for the winding-up or dissolution of the Permittee, voluntarily or otherwise;
- c) the Permittee suffers a lien under *The Builders' Lien Act* (Manitoba) or any similar or successor legislation registered against the Land or Manitoba's interest therein and does not contest the validity or the amount of the lien and do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Permittee.

7.04 Where the Permittee terminates the Permit under paragraph 7.02 or Manitoba terminates the Permit in accordance with paragraph 7.01 or 7.03, or upon the expiration of the term or any renewal term of the Permit:

- a) the Permittee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the date of expiration or termination of the Permit; and
- b) at the option of Manitoba:
 - (i) the Permittee and Manitoba may agree on the fair market value of the buildings or structures added to the Land by the Permittee and Manitoba may purchase such buildings or structures by paying to the Permittee that fair market value. If they fail to reach an agreement regarding the fair market value within 180 days of notice of termination being given by Manitoba, such value shall be determined by reference to the Land Value Appraisal Commission, or such other body as may hereafter be substituted therefor from time to time, or
 - (ii) the Permittee shall remove all buildings and structures added to the Land by the Permittee within six months of such expiry or termination, or such other term as agreed to by Manitoba, and where those buildings and structures are not removed within six months or the term agreed to by Manitoba, they shall become the property of Manitoba. At the end of such six months or term agreed to by Manitoba, any assets left on the property as at such date shall vest in Manitoba, and the Permittee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Permittee in such event.

7.05 Where Manitoba terminates the Permit in accordance with paragraph 7.01 in instances where the Permittee is entering into a purchase or lease Agreement in respect of the Land with Manitoba, all buildings and structures added to the Land by the Permittee shall be dealt with in accordance with the terms of that Agreement.

7.06 Where Manitoba terminates the Permit in accordance with paragraph 7.01 and 7.03 in instances where collateral assignments are recorded, it shall provide notice in writing of such termination to the holder of such collateral assignments (the "Security Holder"). The Security Holder:

- a) shall then be allowed a reasonable time frame of not less than 30 days as stipulated in the notice, to cure defaults of the Permittee, and upon doing so the Permit shall be deemed not to have terminated;
- b) shall not be obligated to go into possession; and

- c) shall be allowed to assign the Permittee's interest in the Permit to a third party purchaser, subject to the prior written consent of Manitoba being required, but which shall not be unreasonably withheld; provided that as a condition of any such assignment, such subsequent assignee shall execute such documentation as Manitoba considers reasonable to bind the assignee directly to Manitoba on the terms and conditions as contained in the Permit, and all defaults of the Permittee shall be cured and brought to good standing. In the event of such permitted assignment, the Permit shall be deemed not to have terminated.

8.00 ENTIRE PERMIT

- 8.01 The Permit, including this Schedule and any Standard Conditions attached to the Permit, constitutes the entire Permit. There are no undertakings, representations, warranties, covenants, guarantees, agreements or promises, express or implied, verbal or otherwise, other than those contained in the Permit.
- 8.02 No amendment or change to, or modification of, the Permit shall be valid unless it is in writing.

9.00 APPLICABLE LAW

- 9.01 The Permit shall be governed by, interpreted, performed and enforced in accordance with the laws of Manitoba.

10.00 NOTICES

- 10.01 Any notice or other communication to Manitoba under the Permit shall be in writing and shall be delivered or sent by mail, postage prepaid to: Lands Branch, Attention: Director, 308-25 Tupper St N, Portage la Prairie, MB R1N 3K1.
- 10.02 Any notice or other communication to the Permittee under the Permit shall be in writing and shall be delivered personally to the Permittee or an officer, director or employee of the Permittee or sent by mail, postage prepaid, to: Box 14, Group 368, RR #3, Winnipeg, Mb., R3C 2E7.
- 10.03 Any notice or communication sent by mail shall be deemed to have been received on the third business day following the date of mailing. If mail service is disrupted by labour controversy, notice shall be delivered personally.
- 10.04 Either party may provide notice of change of address to the other in writing and thereafter all notices or communications shall be provided to the new address.
- 10.05 Any notice or other communication signed by any employee, officer or minister of Manitoba acting in that capacity shall be deemed for the purposes of the Permit to be a notice or other communication executed by Manitoba.
- 10.06 Notwithstanding paragraphs 10.02 and 10.03 any written notice to be served or given by Manitoba to the Permittee under the Permit shall be effectively given or served by posting the same in a conspicuous place on the Land.

11.00 ADDITIONAL PROVISIONS

- 11.01 Time shall be of the essence of the Permit.
- 11.02 If any provision of the Permit is illegal or invalid or unenforceable at law it shall be deemed to be severed from the Permit and the remaining provisions shall nevertheless continue to be in full force and effect.
- 11.03 No waiver of any default under the Permit shall be binding unless acknowledged in writing by Manitoba. Any condoning, excusing or overlooking by Manitoba of any default shall not operate as a waiver of Manitoba's rights hereunder in respect of any subsequent default.
- 11.04 All headings in this Schedule are inserted for convenience of reference only and will not affect the construction and interpretation of the Permit.
- 11.05 If this Permit is issued to two or more persons as Permittee, the liability of each to pay rent and taxes and to perform all other obligations hereunder shall be joint and several. If the Permittee is a corporation, each person acknowledging the terms of the Permit on behalf of the Permittee by so signing hereby agrees to guarantee to Manitoba the performance by the Permittee of all obligations of the Permittee hereunder, and each such person shall be jointly and severally liable with the Permittee as Permittee hereunder.

11.06 If the Permittee remains in possession of the Land after the termination of the Permit and Manitoba accepts rent, the tenancy, in the absence of written Agreement, will be from month to month only and shall be subject to all terms of the Permit, including rent, except that the tenancy shall be from month to month.

11.07 The Permittee shall not be entitled to file a caveat against title to the Land respecting the Permit under *The Real Property Act* (Manitoba) as it may be amended, replaced or substituted from time to time.

11.08 Sections 4 and 6 shall survive the termination or expiration of the Permit

THE PERMITTEE or the Permittee's duly authorized representative, on the dates noted below, acknowledges that he/she has read and understands all the terms and conditions of the Permit and agrees to be bound by same.

WITNESS
SIGNED IN THE PRESENCE OF


PERMITTEE
Hudson Bay Exploration and Development
Company Limited

Allen J. Palmiere, President

Print Name of Witness

Name of Permittee

Signature of Witness

x 

Signature of Permittee

DATE:

DATE: Feb 26/08

WITNESS
SIGNED IN THE PRESENCE OF


PERMITTEE

Brian D. Gordon, Secretary

Print Name of Witness

Name of Permittee

Signature of Witness

x 

Signature of Permittee

DATE:

DATE: Feb 26/08

EFFECTIVE FROM 01-Jan-2013 TO 31-Dec-2013

Taxing Authority TOWN OF SNOW LAKE REGION NW

00001393 HUDSON BAY EXPLORATION & DEVPCOM/OTHER CLIENTS
JANELLE TOFFAN, LAND MGR.
BOX 1500
FLIN FLON MB
R8A 1N9 CD

Permit Number
GP 59093
Sys ID: 00059093

IS AUTHORIZED UNDER THE CROWN LAND ACT AND REGULATIONS THEREUNDER, SUBJECT TO CONDITIONS ON THE REVERSE SIDE, HEREUNDER OR ATTACHED, TO THE FOLLOWING DESCRIBED LAND FOR THE PURPOSE STATED BELOW.

LEGAL DESCRIPTION OF LAND

10.000 Acres

- SW 11-068-18 W
Block: Lot: Plan:
- SW 10-068-18 W
Block: Lot: Plan:
- SE 10-068-18 W
Block: Lot: Plan:
- B SW 09-068-18 W
Block: Lot: Plan:
- SE 09-068-18 W
Block: Lot: Plan:
- B NW 09-068-18 W
Block: Lot: Plan:
- NE 09-068-18 W
Block: Lot: Plan:
- B 02-068-18 W
Block: Lot: Plan:

DISPOSITION PARTICULARS

PT. NW 2-68-18 W, PT SW 11-68-18W, PT S 1/2 10-68-18W, PT E 1/2 & PT W 1/2 9-68-18W

SPECIFIC USE: 4.0 KM X 50 METERS WIDE ALL WEATHER ACCESS ROAD (TO ACCOMODATE A 4KM 25KV TRANSMISSION LINE, WHICH WILL FOLLOW THE ROAD ON THE NORTH SIDE, A 4KM DISCHARGE LINE AND A 4KM FRESH WATER LINE WHICH WILL FOLLOW THE ROAD ON THE SOUTH SIDE) AND A 200M X 200M

As shown on Sketch/Plan/map on file in the Crown Lands Office.

SPECIFIED USE: ROAD - ALL WEATHER

AUTHORIZED USE: To maintain and/or operate a(n):

- Commercial Lot - Other
- Parking Lot
- Road - All Weather
- Permit Renewal Fee

SPECIAL CONDITIONS: THIS PERMIT MUST BE POSTED ON BUILDING, READILY VISIBLE, FOR INSPECTION PURPOSES. ANNUAL RENTAL IS SET ACCORDING TO THE CROWN LANDS ACT. RENTAL FEES ARE REVIEWED ANNUALLY AND SUBJECT TO CHANGE. THIS ENCUMBRANCE IS SUBJECT TO A RECORDING FOR COLLATERAL PURPOSES ONLY, AS REGISTERED IN THE CROWN LANDS OFFICE, NEPEAWA, THE 5TH DAY OF NOVEMBER, 2012, AS NO. 4199-ELECTRONIC, IN FAVOUR OF THE BANK OF NOVA SCOTIA SUBJECT TO THE CONDITIONS OUTLINED IN SCHEDULE 'A' ATTACHED TO THE CROWN LAND PERMIT.

halor - Road / water line / Transmission line / Parking lot

*cc: Say Cooper
Tony Scheres
Tony Batt*

**PROVINCE OF MANITOBA
CROWN LANDS AND PROPERTY AGENCY**

SCHEDULE "A" TO CROWN LAND PERMIT NO. GP 63483 ("the Permit")

ISSUED BY:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA
represented herein by the Minister responsible for the Crown Lands and Property Agency
("Manitoba")

ISSUED TO:

Hudson Bay Mining and Smelting Co. Ltd.

(the "Permittee")

pursuant to *The Crown Lands Act* as amended from time to time.

WHEREAS:

- A) The Permittee has made an application to Manitoba for a Crown Land Permit for the Land (as described further in this Schedule); and
- B) Manitoba agrees to issue a Crown Land Permit to the Permittee, subject to the terms and conditions set out in this Schedule, which is Schedule "A" to the Permit, and the Standard Conditions attached to the Permit, for the land described as follows and as substantially similar to that set out on the map attached as Schedule A1:

Pt. 9-68-18 WPM – East of Lalor Lake

Area: 393.80 Acres

(the "Land")

THE PERMIT IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1.00 TERM AND RIGHT TO USE AND OCCUPY THE LAND

- 1.01 The Permit shall be effective from the date it is issued by Manitoba until December 31, 2011, subject to termination or extension under section 7.
- 1.02 Subject to the terms and conditions of the Permit, Manitoba grants to the Permittee the right to use and occupy the Land.

2.00 PAYMENT OF FEES AND TAXES

- 2.01 The Permittee shall pay to Manitoba rent equal to the annual fee prescribed from time to time by the Regulations under *The Crown Lands Act*, in accordance with such Regulations and the Permit, within 30 days of receipt of an invoice from Manitoba. The Permittee acknowledges that the current annual fee is \$788.00 plus GST per year.

The annual fee is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (4) *Fees in respect of leases and permits*, (c) for commercial lots that are used for (iii) a mine site..\$2/acre or portion of an acre with a minimum fee payable of \$100.;
- 2.02 The Permittee acknowledges that an application for renewal and administration fee in relation to the Permit shall be paid by the Permittee, as prescribed by the Land Administration Fees Regulation (M.R. 216/89) and as amended from time to time.
- 2.03 Payments of the annual fee and the administration fees shall be made in accordance with the directions contained in the invoice from Manitoba.
- 2.04 Manitoba may establish a new annual fee rate where there is a change in one or more of the following factors in order to reflect these changes:
 - a) the appraised value of the Land as determined by Manitoba;
 - b) the appraised value of the buildings and improvements owned by Manitoba;
 - c) the policy of Manitoba as set out in an Act of the Legislature or a Regulation relating to the determination of annual fee; or
 - d) the use of the buildings, infrastructure or Land.
- 2.05 Manitoba shall give notice to the Permittee 30 days prior to the effective date of an increase in the annual fee.

- 2.06 The Permittee shall pay all taxes, rates, duties and assessments whatsoever, whether municipal or otherwise, now or hereafter charged on the Land or in respect of the Permittee's use and occupation thereof.
- 2.07 The Permittee shall pay interest to Manitoba on any arrears of annual fee or administration fees at rate equal to the rate fixed from time to time by the Minister of Finance of Manitoba under section 25(1) of *The Financial Administration Act*. Failing such rate being fixed, interest shall be payable thereon at a rate equal to the rate fixed from time to time by Manitoba.
- 2.08 The Permittee shall pay to Manitoba an amount equal to any and all goods and services taxes now or hereafter imposed on, or collectible by Manitoba with respect to any amounts payable by the Permittee to Manitoba hereunder, whether characterized as a goods and services tax, sales tax, value added tax or otherwise ("Sales Taxes"). The intention of the parties is that Manitoba shall be fully reimbursed by the Permittee with respect to any and all Sales Taxes payable or collectible by Manitoba now or in the future.
- 2.09 The Permittee is responsible for and shall pay any and all costs, charges, impositions and expenses related to the Land, including, without limitation, all water, sewer, gas, telephone, or electric power charges.
- 2.10 If the Permittee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges as required, Manitoba may pay them or any of them and charge those payments to the Permittee who shall reimburse Manitoba forthwith and Manitoba may take the same steps for the recovery of those payments as it would be for the recovery of rent arrears.
- 2.11 The Permittee shall pay all amounts payable to Manitoba hereunder without any deduction or set-off whatsoever.

3.00 USE OF THE LAND

- 3.01 The Permittee agrees to construct an advanced exploration site/mine site on the Land and to complete the mine site within 24 months from the date of the issuance of the Permit.
- 3.02 The Permittee shall use the Land for an advanced exploration site/mine site and for no other purpose, including non-use, without prior permission in writing from Manitoba.
- 3.03 The Permittee agrees that the following structures and improvements on the Land are authorized under the Permit: 1 Non Acid Generating Storage Pad (13,000m²), Non Acid Generating Storage Pad (1,200 m²), Potential Acid Generating Storage Pad (1,139m²), 2 Polishing Ponds (50m dugouts), 1 Parking Lot/Storage Pad (200m x 200m), 1 Cold Storage Area (247m²), 1 Diesel Storage Tank (30,000 litres), 2 Propane Tanks (70,000 litres), 1 Maintenance Shop (19m x 19m), 1 Warehouse (12m x 30m), 5 Temporary Administration/Dry/Shop Complex Buildings (18m x 3.6m), 1 Concrete Batch Plant (19m x 13m), 1 Electrical Substation & Switchgear (57m x 36m), 1 Communications Tower (3m x 3m x 30m height), 1 Plenum Ventilation and Heating Fan Building (13.5m x 40m), 1 Headframe (10m x 16m x 53m), 1 Collarhouse (11m x 16m x 10m), Bins and Binhouse (10m x 18m x 40m (est)), 1 Hoisting House (32m x 58m), 1 Compressor Plant (18m x 25m), 1 Underground Utilidor (35m x 5m), 1 Packaged Sewage Treatment Plant (5m x 20m), 1 Freshwater Storage Tank (20,000 litres), 1 Security Gate, 1 Diesel Generator Plant (2.0 MW generator), 1 Portable Tanker Emulsion Magazine with Heating Coils (3.0m x 5.0m), 1 Portable Heated Magazine for Pressure Pots (Steel) (3.6m x 7.5m), 1 Portable Enclosure for Pump and Glycol Heater (Steel) (3.0m x 5.0m), 1 Portable Powder Magazine (Steel) (4.5 m x 9.0 m), 1 Portable 4,000 unit Detonator Magazine (Steel) (4.5m x 7.0m), Access Road (5.5m x 30m), Right of way clearing (22.6 m), Power to be a 600 v Teck Cable (no less than 0.7m) along the west side of the proposed access road, Transformer to be located on the east side of the proposed access road entrance and tied into the existing 25KV Power Line.
- 3.04 Other than those developments and uses permitted under paragraphs 3.01 and 3.02 of this Schedule, the Permittee shall not construct, erect or alter any other buildings or structures on the Land or effect any change in use of the Land without prior permission in writing from Manitoba.
- 3.05 The Permittee agrees to notify Manitoba of any building destroyed, demolished, or removed from the Land within 30 days of that occurrence; and to rebuild, replace or reinstate the building within 24 months of that occurrence.
- 3.06 It is the responsibility of the Permittee to place and maintain all buildings within the boundaries of the Land, and to obtain any Surveyor's Certificates necessary to effect or verify this condition.

- 3.07 Manitoba has no obligation to survey or resurvey the Land, and the Permit shall create no such obligation on Manitoba to survey or resurvey the Land.
- 3.08 The Permittee agrees that removal or relocation of any existing Manitoba Hydro facilities shall be at his/her expense.
- 3.09 The Permit shall in no way limit Manitoba Hydro's or Manitoba's right to raise or lower the water levels on any body of water which may affect the Land and Manitoba Hydro or Manitoba shall not be held liable for changes in the water level. The Permit does not imply any guarantee of water levels at the Land.
- 3.10 The Permittee and its officers, directors, agents, invitees and employees, as applicable, shall be bound by the rules, regulations and guidelines made by Manitoba from time to time. All such rules, regulations and guidelines will be deemed to be incorporated into and form part of the Permit. Some form of advance public notice shall be provided for changes in these rules, regulations and guidelines.
- 3.11 The Permittee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the Land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local District Resource Officer before cutting any trees or commencing any work on the Land, obtaining a building permit from the Department of Labour before constructing any structures, as may be authorized by Manitoba, in accordance with the Manitoba Building Code and applicable Municipal By-laws and regulations. The Permittee shall provide Manitoba with a copy of work permits or building permits obtained at the request of Manitoba.
- 3.12 The Permittee understands and agrees that additional environmental approvals including an Environment Act License will be required if a mine is developed beyond advanced exploration.
- 3.13 The Permittee understands and agrees that the submitted Closure Plan shall be adhered to if required to decommission the site.
- 3.14 Mineral extraction operations require development permit from the Town of Snow Lake as per Part Three, Policy 4.b)vii) of the Zoning By-Law.
- 3.15 The subject property is designated "Limited Development" by the Town of Snow Lake Development Plan By-Law No. 824-03 and is zoned "Limited Development" by the Town of Snow Lake Zoning By-Law No. 846/06.
- 3.16 The Permittee agrees that prior to beginning construction of the proposed culverts, the permittee is required to submit an application for a Water Licence to Construct Water Control Works.
- 3.17 The Permittee agrees to implement erosion and sediment control measures to minimize sediment entering the watercover if there is potential for this to occur.

4.00 MAINTENANCE OF LAND

- 4.01 The Permittee agrees:
- a) to keep the Land, and all buildings and structures thereon, in a clean and sanitary condition free from inflammable materials, other than those contained in containers approved by the Canadian Standards Association;
 - b) to comply with all federal, provincial and municipal by-laws, Acts and regulations relating to the Permittee and/or the Land including, but not limited to, *The Crown Lands Act* and Regulations, *The Dangerous Goods Handling and Transportation Act* and Regulations and *The Environment Act* and Regulations, all as amended, replaced or substituted from time to time;
 - c) not to commit waste or damage the Land;
 - d) to keep the Land, and all buildings and structures thereon, in good and safe repair; and in a proper and neat condition and to repair in accordance with any notice from Manitoba;
 - e) to allow a person or persons on behalf of Manitoba to enter the Land, including all buildings and structures, at all reasonable times to examine the state of repair;
 - f) not to cut or remove any trees without prior written consent of Manitoba;
 - g) any shoreline development to be minimal on Crown land adjacent to lakes or rivers and limited only to facilities or uses approved in writing by Manitoba. Natural vegetation and features should have minimal disturbance, and a vegetative riparian zone should be maintained or encouraged.
 - h) that alterations within the Crown Land Reserve are not to exceed 25% of the shoreline length and alterations/activities (including any proposed changes to near shore aquatic habitat) are to adhere to Department of Fisheries & Oceans activity specific operational statements or be reviewed by Department of Fisheries & Oceans.

- 4.02 The Permittee shall not release upon the Land or any part thereof any Pollutants (as defined in paragraph 4.05), but if Permittee does release any Pollutants, the Permittee shall:
- a) at his/her expense, immediately give Manitoba notice of the release; remove the Pollutants from the Land in a manner which conforms with all laws and regulations covering the handling, removal and management of the Pollutants and as may be directed or ordered by an Environment Officer or Director of the Environmental Approvals Branch, or such successor as appropriate, as soon as reasonably practicable; and
 - b) obtain from an independent Qualified Environmental Consultant, a report verifying the complete and proper removal thereof from the Land, if requested by Manitoba, otherwise the Permittee shall report as to the extent and nature of any failure to comply with this Section.
- 4.03 Any Pollutants noted in paragraph 4.02 shall not become the property of Manitoba notwithstanding any rule of the law to the contrary (save and except where such Pollutants are brought or created upon the Land by Manitoba or its servants, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee). At the option of Manitoba, any substance contaminated by such Pollutants shall become the property of the Permittee and at the Permittee's expense, the Permittee or, at Manitoba's option, Manitoba, shall remove the contaminated substance from the Land and make good any damage done in so doing.
- 4.04 The Permittee shall indemnify and save harmless Manitoba from all costs or expenses, liabilities, losses, claims, damages (including consequential damages, interest, penalties, fines or monetary sanctions), legal costs or fees on a solicitor and own client basis, and fees or expenses of professional consultants incurred by Manitoba by reason of Pollutants being present on the Land and resulting from the Permittee's use or occupation of the Land or the breach of any warranty or covenant of the Permittee in this Section.
- 4.05 In this Section, "Pollutants" means any product, solid, liquid, gas, smoke, odour, waste, radiation or organism, or any combination of these, that is foreign to or in excess of the natural constituents of the environment on the Land and that:
- a) has affected, is affecting or may affect the natural, physical, chemical or biological quality of the air, land and water; or
 - b) is, or is likely to be, injurious or damaging to the health or safety of a person(s), or injurious or damaging to property or to plant or animal life.

5.00 NO ASSIGNMENT OF PERMIT WITHOUT CONSENT

- 5.01 The Permittee shall not assign the Permit without the prior written consent of Manitoba, that consent not be unreasonably withheld. If the Permittee is a corporation, any change in ownership or control of the Permittee is deemed to be a proposed assignment.
- 5.02 Manitoba shall not unreasonably withhold consent to the assignment of the Permit for collateral (financing and security) purposes.
- 5.03 The Permittee shall submit an application on a form specified by Manitoba for approval to assign the Permit or any interest in the Permit.
- 5.04 Notwithstanding paragraphs 5.01 or 5.02, Manitoba may, in its sole discretion, refuse to assign the Permit if:
- a) the Permittee has not paid any and all outstanding rent and taxes in respect of the Land and improvements, or
 - b) the proposed assignee is not eligible to hold a Permit in accordance with then current laws, regulations and policies of Manitoba.
- 5.05 The Permittee shall not sublet or rent out the Land.
- 5.06 The Permit shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Permittee.

6.00 RESPONSIBILITY AND INSURANCE

- 6.01 Nothing contained in the Permit shall create any liability on the part of Manitoba or Manitoba Hydro for any damages caused or purported to be caused in respect to the Land by raising or lowering waters bordering upon or adjacent to the Land.
- 6.02 The Permittee shall use due care in the occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.

- 6.03 The Permittee shall be solely responsible for and indemnify and save harmless Manitoba, its officers, employees and agents from and against all claims, liabilities and demands with respect to:
- a) any injury to persons (including death), damage or loss to property caused by, or related to the occupation of the Land or the performance of the Permit or the breach of any term or condition of the Permit by the Permittee, any agent, invitee, officer, director or employee of the Permittee or any other person authorized by the Permittee to occupy the Land, and
 - b) any omission or wrongful or negligent act of the Permittee, any agent, invitee, officer, director or employee of the Permittee or of any other person authorized by the Permittee to occupy the Land;
- unless such claims, liabilities, and demands arise out of the acts or omissions of Manitoba, its officers, employees or agents, and provided such person is not the Permittee or an officer, director, agent or employee of the Permittee.
- 6.04 It is the responsibility of the Permittee to discuss his/her insurance requirements with his/her insurance adviser/broker and to arrange for his/her own insurance coverage(s). However, at a minimum, the Permittee shall purchase and maintain comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence or claim. Manitoba reserves the right to require the Permittee to purchase and maintain a different minimum amount of liability insurance as specified by Manitoba from time to time by providing at least 180 days notice in writing of the change in the minimum amount to the Permittee. Evidence of insurance in the form of a Certificate of Insurance shall be provided by the Permittee upon request.
- 6.05 Notwithstanding paragraph 6.03, the Permittee agrees that any buildings, including any buildings existing at the issuance of the Permit, on the Land shall be maintained entirely at the Permittee's own risk, and the Permittee agrees to assume full responsibility for any damage or injury to persons or property situated on the Land resulting from flooding, erosion, ice damage, or temporary or permanent loss of Land accessibility. The Permittee agrees not to institute any action or make any claim against Manitoba or any employee or agent of Manitoba, including Manitoba Hydro, in respect to any personal injury caused by or related to flooding, whether or not the damage was occasioned by flooding resulting from the regulation or control of the adjacent waterway by Manitoba or Manitoba Hydro.
- 6.06 Notwithstanding paragraph 6.03, the Permittee agrees to indemnify and save harmless Manitoba and all employees and agents of Manitoba, including Manitoba Hydro, from and against all claims, liabilities and demands in respect of any damage to property or injury to persons located on the Land, which has been caused by flooding, erosion, ice damage, or temporary or permanent loss to Land accessibility.
- 6.07 The Permittee agrees not to institute any action or make any claim against the local government authority with respect to damage to any building or personal property or any injury to persons located on the Land that may be caused by flooding, erosion, ice damage, or temporary or permanent loss of land accessibility, as described herein and the Permittee agrees to enter into a written Agreement with the local government authority if the local government authority deems it necessary.

7.00 TERMINATION AND EXTENSION

- 7.01 The Permittee acknowledges that the Permit does not operate to prevent the sale or lease of the Land at any time during its term and is subject to the condition that Manitoba may give the Permittee notice of the cancellation thereof; and at the expiration of 30 days from the service of the notice, the Permit shall be cancelled.
- 7.02 Subject to 7.01 and provided that there has been no uncured default by the Permittee, including payment of rent, Manitoba may, in its discretion, automatically renew the Permit for a 1 year term on an annual basis and in accordance with then current laws, regulations or policies respecting rental rates and rental property of this type, unless otherwise notified by the Permittee.
- 7.03 Without restricting any other remedies available, Manitoba may, at its sole option, immediately terminate the Permit in writing if:
- a) the Permittee has failed to make any payment due hereunder, has misrepresented any fact on the application for the Crown Land Permit, or has failed to comply with any term or condition of the Permit and has not remedied that failure to comply within 30 days of receipt of notice in writing from Manitoba;
 - b) the Permittee makes an assignment for the benefit of creditors, becomes bankrupt or insolvent, takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors (the appointment of a receiver or receiver and manager of the assets of the Permittee being conclusive evidence of insolvency), or if any certificate or order is made or granted for the winding-up or dissolution of the Permittee, voluntarily or otherwise;

- c) the Permittee suffers a lien under *The Builders' Lien Act* (Manitoba) or any similar or successor legislation registered against the Land or Manitoba's interest therein and does not contest the validity or the amount of the lien and do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Permittee.
- 7.04 Where the Permittee terminates the Permit under paragraph 7.02 or Manitoba terminates the Permit in accordance with paragraph 7.01 or 7.03, or upon the expiration of the term or any renewal term of the Permit:
- a) the Permittee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the date of expiration or termination of the Permit; and
 - b) at the option of Manitoba:
 - (i) the Permittee and Manitoba may agree on the fair market value of the buildings or structures added to the Land by the Permittee and Manitoba may purchase such buildings or structures by paying to the Permittee that fair market value. If they fail to reach an agreement regarding the fair market value within 180 days of notice of termination being given by Manitoba, such value shall be determined by reference to the Land Value Appraisal Commission, or such other body as may hereafter be substituted therefor from time to time, or
 - (ii) the Permittee shall remove all buildings and structures added to the Land by the Permittee within six months of such expiry or termination, or such other term as agreed to by Manitoba, and where those buildings and structures are not removed within six months or the term agreed to by Manitoba, they shall become the property of Manitoba. At the end of such six months or term agreed to by Manitoba, any assets left on the property as at such date shall vest in Manitoba, and the Permittee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Permittee in such event.
- 7.05 Where Manitoba terminates the Permit in accordance with paragraph 7.01 in instances where the Permittee is entering into a purchase or lease Agreement in respect of the Land with Manitoba, all buildings and structures added to the Land by the Permittee shall be dealt with in accordance with the terms of that Agreement.
- 7.06 Where Manitoba terminates the Permit in accordance with paragraph 7.01 and 7.03 in instances where collateral assignments are recorded, it shall provide notice in writing of such termination to the holder of such collateral assignments (the "Security Holder"). The Security Holder:
- a) shall then be allowed a reasonable time frame of not less than 30 days as stipulated in the notice, to cure defaults of the Permittee, and upon doing so the Permit shall be deemed not to have terminated;
 - b) shall not be obligated to go into possession; and
 - c) shall be allowed to assign the Permittee's interest in the Permit to a third party purchaser, subject to the prior written consent of Manitoba being required, but which shall not be unreasonably withheld; provided that as a condition of any such assignment, such subsequent assignee shall execute such documentation as Manitoba considers reasonable to bind the assignee directly to Manitoba on the terms and conditions as contained in the Permit, and all defaults of the Permittee shall be cured and brought to good standing. In the event of such permitted assignment, the Permit shall be deemed not to have terminated.

8.00 ENTIRE PERMIT

- 8.01 The Permit, including this Schedule and any Standard Conditions attached to the Permit, constitutes the entire Permit. There are no undertakings, representations, warranties, covenants, guarantees, agreements or promises, express or implied, verbal or otherwise, other than those contained in the Permit.
- 8.02 No amendment or change to, or modification of, the Permit shall be valid unless it is in writing.

9.00 APPLICABLE LAW

- 9.01 The Permit shall be governed by, interpreted, performed and enforced in accordance with the laws of Manitoba.

10.00 NOTICES

- 10.01 Any notice or other communication to Manitoba under the Permit shall be in writing and shall be delivered or sent by mail, postage prepaid to: Lands Branch, Attention: Director, 308-25 Tupper St N, Portage la Prairie, MB R1N 3K1.
- 10.02 Any notice or other communication to the Permittee under the Permit shall be in writing and shall be delivered personally to the Permittee or an officer, director or employee of the Permittee or sent by mail, postage prepaid, to: PO Box 1500, Flin Flon, MB, R8A 1N9.

- 10.03 Any notice or communication sent by mail shall be deemed to have been received on the third business day following the date of mailing. If mail service is disrupted by labour controversy, notice shall be delivered personally.
- 10.04 Either party may provide notice of change of address to the other in writing and thereafter all notices or communications shall be provided to the new address.
- 10.05 Any notice or other communication signed by any employee, officer or minister of Manitoba acting in that capacity shall be deemed for the purposes of the Permit to be a notice or other communication executed by Manitoba.
- 10.06 Notwithstanding paragraphs 10.02 and 10.03 any written notice to be served or given by Manitoba to the Permittee under the Permit shall be effectively given or served by posting the same in a conspicuous place on the Land.

11.00 ADDITIONAL PROVISIONS

- 11.01 Time shall be of the essence of the Permit.
- 11.02 If any provision of the Permit is illegal or invalid or unenforceable at law it shall be deemed to be severed from the Permit and the remaining provisions shall nevertheless continue to be in full force and effect.
- 11.03 No waiver of any default under the Permit shall be binding unless acknowledged in writing by Manitoba. Any condoning, excusing or overlooking by Manitoba of any default shall not operate as a waiver of Manitoba's rights hereunder in respect of any subsequent default.
- 11.04 All headings in this Schedule are inserted for convenience of reference only and will not affect the construction and interpretation of the Permit.
- 11.05 If this Permit is issued to two or more persons as Permittee, the liability of each to pay rent and taxes and to perform all other obligations hereunder shall be joint and several. If the Permittee is a corporation, each person acknowledging the terms of the Permit on behalf of the Permittee by so signing hereby agrees to guarantee to Manitoba the performance by the Permittee of all obligations of the Permittee hereunder, and each such person shall be jointly and severally liable with the Permittee as Permittee hereunder.
- 11.06 If the Permittee remains in possession of the Land after the termination of the Permit and Manitoba accepts rent, the tenancy, in the absence of written Agreement, will be from month to month only and shall be subject to all terms of the Permit, including rent, except that the tenancy shall be from month to month.
- 11.07 The Permittee shall not be entitled to file a caveat against title to the Land respecting the Permit under *The Real Property Act* (Manitoba) as it may be amended, replaced or substituted from time to time.
- 11.08 Sections 4 and 6 shall survive the termination or expiration of the Permit

THE PERMITTEE or the Permittee's duly authorized representative, on the dates noted below, acknowledges that he/she has read and understands all the terms and conditions of the Permit and agrees to be bound by same.

WITNESS

SIGNED IN THE PRESENCE OF

Brenda Niedermayer

Print Name of Witness

B. Niedermayer

Signature of Witness

DATE: Aug 17, 2011

WITNESS

SIGNED IN THE PRESENCE OF

Brenda Niedermayer

Print Name of Witness

B. Niedermayer

Signature of Witness

DATE: Aug 17, 2011

PERMITTEE

Hudson Bay Mining and Smelting Co. Ltd.

BRAD LANTZ

Name of Permittee

Brad Lantz

Signature of Permittee

DATE: Aug 17 11

PERMITTEE

Hudson Bay Mining and Smelting Co. Ltd.

Tom Goodman

Name of Permittee

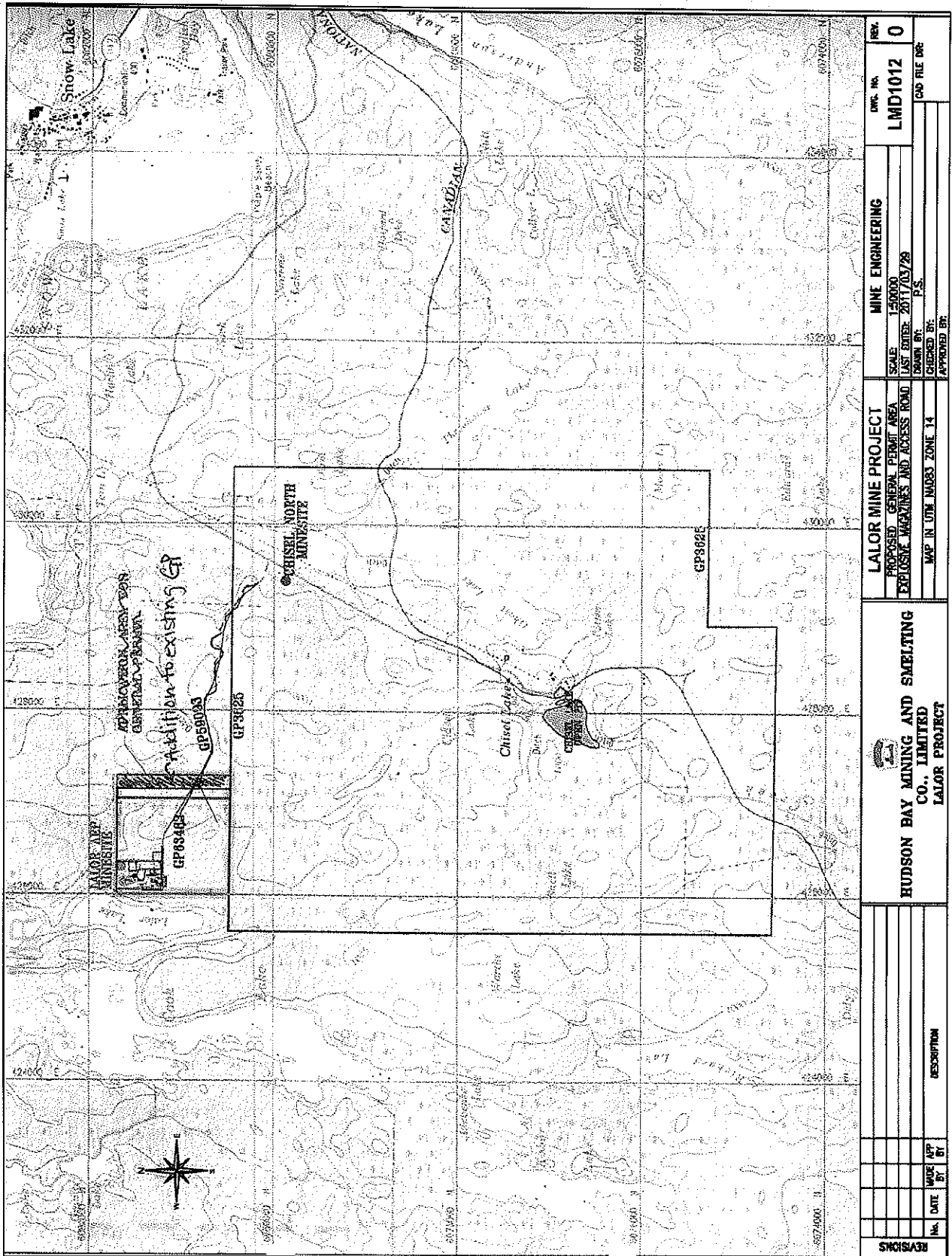
Tom Goodman

Signature of Permittee

DATE: Aug 17, 2011

SCHEDULE A1

Pt. 9-68-18 WPM – East of Lalor Lake



REVISIONS		DATE		MADE BY		DESCRIPTION	

		HUDSON BAY MINING AND SMELTING CO., LIMITED LALOR PROJECT	
LALOR MINE PROJECT PROPOSED GENERAL PERMIT AREA EXPLOSIVE MAGAZINES AND ACCESS ROAD MAP IN UTM NAD83 ZONE 14			
MINE ENGINEERING SCALE 1:50000 LAST DATE: 2017/03/28 DRAWN BY: P.S. CHECKED BY: APPROVED BY:		DMC. NO. LMD1012	REV. 0 CAD FILE DRG



Innovation, Energy and Mines

Mines Branch

360-1395 Ellice Ave, Winnipeg, Manitoba R3G 3P2

T 204 945-3116 F 204 948-2578

www.manitoba.ca

March 12, 2013

Hudson Bay Mining and
Smelting Co., Limited
P.O. Box 1500
Flin Flon MB R8A 1N9

Attention: Janelle Toffan

Dear Ms. Toffan:

Mineral Lease No. ML-334

Your application for a Certificate of Survey on Mineral Lease No. ML-334 has been processed.

Enclosed are:

- Copy of amended mineral lease document
- Certificate of Survey (copy of which has been forwarded to the Director of Surveys)

The rent due, based on the surveyed area of the lease, is now:

ML-334 796 has. @ \$10.50/ha. = \$8,358.00

Yours truly,

Susan Baker
Mining Recorder

Enclosures

Manitoba
spirited energy

PROVINCE OF MANITOBA

DEPARTMENT OF INNOVATION, ENERGY AND MINES

CERTIFICATE OF SURVEY

This is to certify that Mineral Lease No. ML-334 described as:

Lot 3858 Group 421 in Unsurveyed Township 68, Range 18 W.P.M. situated in Lalor Lake area.

AREA: 795.545 hectares

recorded in the name of:

Hudson Bay Mining and Smelting Co., Limited
P.O. Box 1500
Flin Flon MB R8A 1N9

has been surveyed.

This certificate is issued in accordance with the requirement of Section 37 of Mineral Disposition and Mineral Lease Regulation MR 64/92, which provides that the survey shall be accepted as establishing the boundaries of the mineral lease.

Dated at Winnipeg, Manitoba the 11th day of March, 2013.


A/Mining Recorder



MINERAL LEASE NO. ML-334

**GOVERNMENT OF MANITOBA
DEPARTMENT OF INNOVATION, ENERGY AND MINES
MINERAL LEASE**

THIS LEASE made in duplicate this 29th day of March, 2012.

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA,
represented by the Minister of Innovation, Energy and Mines**

(“Manitoba”)
of the First Part

- and -

Hudson Bay Mining and Smelting Co., Limited

(“the Lessee”)
of the Second Part

The parties agree as follows:

1. In this Lease:

- (a) the “Act” means *The Mines and Minerals Act*, of Manitoba (C.C.S.M. c. M162), and any regulations made under that Act, as amended, revised or substituted from time to time; and
- (b) any word or phrase in this Lease which is a defined word or phrase in the Act (such as “director”, “exploration”, “mine”, “mineral”, and “mineral access rights”) has the meaning given to it in the Act.

In the event of any conflict between the provisions of this Lease and the provisions of the Act, the provisions of the Act govern.

2. The Lessee:

- (a) acknowledges that this Lease is subject to *The Mines and Minerals Act*, of Manitoba (C.C.S.M. c. M162), and its regulations as amended, revised or substituted from time to time and agrees it is not entitled to compensation for any damages resulting from such amendments, revisions or substitutions;
- (b) acknowledges that the object and purpose of the Act is to provide for, encourage, promote and facilitate exploration, development and production of minerals and mineral product in Manitoba, consistent with the principles of sustainable development;
- (c) acknowledges that the principles of sustainable development include a shared responsibility to sustain a sound and healthy environment alongside the development of a sound and healthy mining industry, while working with local communities;
- (d) acknowledges and agrees that it is beneficial for the Lessee to keep the local community informed of its activities under this Lease and more specifically to communicate with affected First Nations throughout the term of the Lease.



3. Manitoba hereby conveys to the Lessee:

- (a) the exclusive right to the minerals, other than quarry minerals, that are the property of the Crown and are found in place, on, in or under the land described in Schedule "A" (the "Lands") being approximately ~~762~~ ^{795.545} hectares (see Schedule "A" - Legal Description of Lands attached); and
- (b) the mineral access rights required for the purpose of working the Lands and mining and producing minerals, other than quarry minerals, from it. These rights include the right to open and work a shaft or mine within the limits of the Lands and to erect buildings or structures on the Lands for that purpose;

on the terms and conditions set out in this Lease.

- 4. The term of this Lease is 21 years, starting **March 29, 2012**, and expiring **March 29, 2033** unless it is cancelled, surrendered or abandoned prior to the expiry date. Subject to compliance with the Act and the terms of this Lease, this Lease is renewable in accordance with the requirements of the Act for a second term of 21 years. The terms of the second term Lease will include the right to renew for a third term of 21 years, subject to compliance with the Act and the terms of the second term Lease.
- 5. The Lessee agrees to pay an annual rent to Manitoba, in an amount calculated in accordance with the Act, no later than 30 days after each anniversary of the start date of this Lease.
- 6. The Lessee forfeits his or her rights under this Lease if the Lessee fails to pay annual rent but in that event, may apply for relief from forfeiture in accordance with the Act.
- 7. This Lease is subject to a reserve of royalties in respect of Crown minerals that are produced under it. In accordance with the Act, payment of a royalty is not required where a tax is payable under *The Mining Tax Act* of Manitoba (C.C.S.M. c. M195).
- 8. In exercising its rights under this Lease, the Lessee agrees to comply with all laws and orders in force in Manitoba applicable to the Lessee's operations, including the Act and those laws relating to:
 - (a) occupational health and safety;
 - (b) environmental protection, public protection and safety; and
 - (c) resource conservation, management and development;and including any directions given, orders issued or requirements stipulated by any regulatory authority.
- 9. The Lessee must not commence mining the Lands, or where the Lessee has stopped mining, must not recommence mining the Lands, until the following documents have been filed with the director and approval to commence or recommence has been given by the director:
 - (a) written notice of the intention to commence or recommence mining;
 - (b) plans and schedules for the implementation of mining operations, including details of proposed processing in Manitoba of minerals mined under the Lease; and
 - (c) a closure plan.

These documents must be filed not less than 60 days before the date scheduled for the commencement or recommencement of mining under this Lease.



10. The Lessee must submit to the director reports of exploration work carried out under the Lease at the intervals set out in the Act and containing the information required by the Act.
11. The Lessee must, for the purpose of preventing inconvenience, damage, nuisance, obstruction or injury to:
 - (a) an owner or lawful occupant of the Lands; or
 - (b) an owner or lawful occupant of neighbouring lands; or
 - (c) a railway, right of way or road;

make arrangements for the safe and secure disposal of earth, rock, waste or refuse resulting from work done under the Lease and for the safe and secure disposal of water that is removed from the workings under the Lease.

12. Before:
 - (a) abandoning a mine; or
 - (b) closing a mine or otherwise rendering a mine inaccessible for a period of 90 days or longer;

the Lessee must give the director no less than 90 days written notice and submit to the director the reports, plans and statistical data required under the Act.

13. The Lessee must not transfer or otherwise dispose of the rights, in whole or in part, that are granted under this Lease or under the Act in respect of this Lease without the prior written consent of the minister.

Cancellation

14. If Manitoba has reasonable grounds to believe the Lessee has misused this Lease, or failed to comply with any term or condition of this Lease, or the Act, Manitoba will serve written notice on the Lessee setting out the grounds and the date and time for holding an inquiry into the matter. If, after holding an inquiry into the matter, Manitoba finds that the Lessee has misused this Lease, or failed to comply with any term or condition of this Lease, or the Act, Manitoba may:
 - (a) cancel this Lease in whole or part;
 - (b) fix a date by which the Lessee must remedy the breach;
 - (c) make any other order that Manitoba considers just and reasonable;

and must serve the order on the Lessee before the date on which the order takes effect.

15. Notwithstanding the expiry, surrender or cancellation of this Lease, the Lessee remains liable for:
 - (a) money owed for rent, royalties or other debt under this Lease;
 - (b) rehabilitation of the Lands or the cost of rehabilitating the Lands; and
 - (c) for any other obligation imposed on the Lessee under the Act.

Indemnification

16. The Lessee shall and does hereby indemnify and save harmless Manitoba, its Ministers, officers, employees and agents from any and all actions, suits, claims, demands or damages that may arise out of any act or thing done or omitted to be done by the Lessee, its officers, employees or agents with respect to the Lands or its activities under this Lease.

Notice

17. Except for notice to be served under section 14 of this Lease, which must be served either personally, or, subject to Canada Post confirmation of delivery, by mail to the last known address of the Lessee, any notice given or required under this Lease must be in writing and be



delivered personally, sent by facsimile or other means of electronic communication, or by prepaid registered mail and addressed as follows:

To Manitoba:

Mines Branch - Manitoba, Innovation, Energy and Mines
Unit 360 - 1395 Ellice Avenue
Winnipeg, Manitoba R3G 3P2

Facsimile:

To the Lessee:

Hudson Bay Mining and Smelting Co., Limited
P.O. Box 1500
Flin Flon MB R8A 1N9

A notice that is served by mail is presumed to be in effect on the day that Canada Post confirms is the day on which the notice is delivered to the above address.

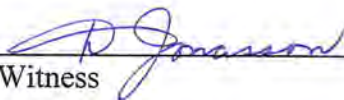
General


- 18. To be effective and binding, any waiver by Manitoba of a breach by the Lessee of any term or condition of this Lease must be in writing. Any such waiver extends only to the events of breach set out in the waiver and does not limit or affect the Manitoba's rights with respect to any other breach.
- 19. This Lease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and permitted assigns of the parties.
- 20. Any amendments to this Lease must be in writing and signed by both parties.
- 21. This Lease shall be interpreted in accordance with the laws of Manitoba.

In witness whereof the duly authorized representatives of Manitoba and the Lessee have executed this Lease on the dates shown below their respective signatures.


SIGNED IN THE PRESENCE OF:

HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF MANITOBA


Witness


Minister of Innovation, Energy and Mines
*Ernest Armit, P.Eng.
Director of Mines*
Authorized Signing Authority


APRIL 11 2012
Date


Witness


Lessee
**TOM A. GOODMAN
SENIOR VICE PRESIDENT & COO
HUBBAY MINERALS INC**

04 April 2012
Date

I certify that this mineral lease has been filed and recorded in the office of the recorder pursuant to subsection 107(2) of *The Mines and Minerals Act*.


Mining Recorder



SCHEDULE "A" to MINERAL LEASE NO. ML-334

LEGAL DESCRIPTION OF LANDS

Legal Description of the Lands:

~~All that portion of unsurveyed Township 68 Range 18 WPM contained within the limits of Mining Claims CB5361, CB10605 DUB 10605, CB10606 DUB 10606, CB10607 DUB 10607, CB10608 DUB 10608.~~

BE EA

Lot 3858, Group 421, Unsurveyed Township 68, Range 18 WPM situated in Lalor Lake Area

*Chisel Lake Mine
Expires 2019*

**PROVINCE OF MANITOBA
DEPARTMENT OF NATURAL RESOURCES**

Miscellaneous Lease No. 3793

LEASE MADE IN DUPLICATE, dated *March 23rd*, 19 99 .

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
MANITOBA, AS REPRESENTED BY THE HONOURABLE
MINISTER OF NATURAL RESOURCES,**

("the Crown")

-and-

**HUDSON BAY MINING & SMELTING CO. LIMITED OF THE
CITY OF FLIN FLON, IN MANITOBA**

("the Lessee")

made pursuant to The Crown Lands Act and The Short Forms Act.

The Crown and the Lessee agree as follows:

PART 1 - TERM OF AGREEMENT AND DESCRIPTION OF LAND

1(1) Subject to the terms of this Agreement, the Crown hereby leases to the Lessee the land as follows:

**Plans 12872, 12873, 12880, 12881 and 12884 Director of Surveys in
unsubdivided Township 67-18 WPM which define Lots 3581, 3582, 3596,
3597 and 3731 Group 421 (aka Ox Nos. 35,36,50 & 51 and WAW No. 39
FR MCS)**

**Excepting thereout all mines and minerals, together with the right to
enter, locate, mine for and remove minerals and all other estates, rights
and interests reserved to the Crown under the Crown Lands Act. ("the
land")**

for the term of 21 years, commencing on January 1, 1999, and ending on December 31, 2019.

PART 2 - QUIET ENJOYMENT

2(1) Subject to the terms of this Agreement, the Crown covenants with the Lessee for the quiet enjoyment of the land.

PART 3 - PAYMENT OF RENT

3(1) The Lessee shall pay to the Crown an annual rent of **THREE HUNDRED THIRTY EIGHT DOLLARS (\$338.00)**, to be paid in advance on or before **January 1st** in each year of this Agreement. The annual rent shall be paid to the **Minister of Finance** and addressed to the **Natural Resources Cashier, Box 42, 200 Saulteaux Crescent, Winnipeg, Manitoba, R3J 3W3.**

3(2) The Crown may establish a new rental rate where there is a change in one or more of the following factors to reflect these changes:

- (a) the appraised value of the raw land as determined by the Crown;
- (b) the policy of the Crown as set out in an Act of the Legislature or a Regulation relating to the determination of annual rent;
- (c) the use of the buildings or infrastructure.

3(3) The Crown shall give notice 30 days prior to the effective date of an increase in the annual rent.

3(4) The Lessee shall pay to the Crown interest on arrears of annual rent at the rate established by Regulation.

PART 4 - USE OF THE LAND

- 4(1) The Lessee agrees to use the land only for the purpose of mine site and no other purpose, including non-use. The lessee shall not effect any change in use of the land or buildings thereon without the prior written consent of the Crown.
- 4(2) The Lessee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local Natural Resources Officer before cutting any trees or commencing any work on the said land, constructing all structures allowed on the said lands in accordance with the Manitoba Building Code and Municipal By-laws and regulations.

PART 5 - MAINTENANCE OF LAND

- 5(1) The Lessee agrees:
- (a) to keep the land in a clean and sanitary condition free from inflammable materials;
 - (b) to comply with The Environment Act and all Regulations thereunder;
 - (c) not to commit waste or damage the land;
 - (d) to keep the land in good repair; and
 - (e) to allow a person or persons on behalf of the Crown to enter the land at all reasonable times to examine the state of repair.

PART 6 - PAYMENT OF TAXES AND UTILITIES

- 6(1) The lessee agrees to pay taxes.
- 6(2) The Lessee agrees to pay all water, sewage, gas, telephone and electric power charges and assessments in respect of the land.
- 6(3) If the Lessee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges and assessments as required by paragraphs (1) and (2), the Crown may pay them or any of them and charge those payments to the Lessee who shall reimburse the Crown forthwith and the Crown may take the same steps for the recovery of those payments as it would be for the recovery of rent and arrears.

PART 7 - MISCELLANEOUS

- 7(1) That the Lessee understands and agrees that the issuance of this lease in no way implies that either the Crown or the local government authority shall provide any services.
- 7(2) The Lessee shall promptly pay and discharge any liens, taxes or other charges incurred in respect of the land.
- 7(3) This Agreement creates no obligation for the Crown to survey or resurvey the land.
- 7(4) It is the responsibility of the Lessee to place and maintain all buildings within the boundaries of the land, and to obtain any Surveyor's Certificates necessary to effect or verify this condition.

PART 8 - NO ASSIGNMENT OR SUBLEASE WITHOUT CONSENT

- 8(1) The Lessee shall not assign or sublet the land without the consent of the Crown, that consent not to be unreasonably withheld.
- 8(2) The Lessee shall cause written notice of any assignment of the land for collateral purposes to be provided to the Crown on a form specified by the Crown for the Crown to register the assignment in accordance with The Crown Lands Act.

PART 9 - INSURANCE AND INDEMNITIES

- 9(1) Nothing contained in this lease shall create any liability on the part of the Crown or Manitoba Hydro for any damages caused or purported to be caused in respect to the said land by raising or lowering waters bordering upon or adjacent to the said land.

- 9(2) The lessee shall use due care in the operation of the land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 9(3) The Lessee shall be solely responsible for:
- (a) Any injury to persons (including death), damage or loss to property or infringement of rights caused by, or related to the operation of the land or the performance of this Agreement or the breach of any term or condition of this Agreement by the Lessee or any agent or employee of the Lessee, and
 - (b) Any omission or wrongful or negligent act of the Lessee, or of any agent or employee of the Lessee; and shall save harmless and indemnify the Crown, its officers, employees and agents from and against all claims, liabilities and demands with respect to clauses (a) and (b). This paragraph shall survive the termination or expiration of this Agreement.

PART 10 - TERMINATION AND EXTENSION

- 10(1) Subject to paragraph (2), provided there is no default by the Lessee, this Agreement may be renewed for an additional term of 21 years upon the terms and conditions determined by the Crown in accordance with then current laws, regulations or policies respecting rental rates for rental property of this type. The Lessee shall provide notice in writing to the Crown of its request to renew the Agreement in accordance with this Part at least six (6) months prior to the expiration of this Agreement.
- 10(2) The renewal procedure set out in paragraph (1) shall not apply if the Crown provides notice in writing to the Lessee at least one (1) year prior to the expiration of this Agreement stating that the Crown will not consent to a renewal of the Agreement.
- 10(3) The Crown or the Lessee may terminate this Agreement on December 31st of any year of this Agreement by giving notice in writing to the other party at least one (1) year prior to the date of termination.
- 10(4) In addition to its rights under paragraph (3), and without restricting any other remedies available, the Crown may, at its sole option, immediately terminate this Agreement in writing if:
- (a) the Lessee has failed to comply with any term or condition of this Agreement including the payment of rent and has not remedied that failure to comply within thirty (30) days of receipt of notice in writing from the Crown; or
 - (b) the Lessee becomes bankrupt or insolvent.
- 10(5) In the event that the Crown terminates this Agreement in accordance with paragraph (3), the Crown may re-enter the land and the Crown agrees to purchase all buildings and improvements added to the land by or on behalf of the Lessee for an amount equal to the fair market value of those buildings and improvements less an amount equal to any amounts owing to the Crown from the Lessee arising pursuant to this Agreement and all costs incurred by the Crown directly resulting from the default by the Lessee.
- 10(6) In the event that the Lessee terminates this Agreement in accordance with paragraph (3), the Lessee must vacate the land at Lessee's own expense prior to the date of termination. In the event that the land is not vacated by the termination date, the Crown has the right to remove for resale or demolition all buildings and improvements added to the land by or on behalf of the Lessee, and to charge and recover by all legal means available, the cost of removal and cleanup incurred by the Crown to the Lessee.

PART 11 - ENTIRE AGREEMENT

- 11(1) This document and the attached Schedules contain the entire agreement between the parties. There are no undertakings, representations or promises, express or implied, other than those contained in this Agreement.
- 11(2) No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.

PART 12 - APPLICABLE LAW

- 12 This agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba.

PART 13 - NOTICES

- 13(1) Any notice or other communication to the Crown under this Agreement shall be in writing and shall be delivered or sent by mail, postage prepaid to The Department of Natural Resources, Lands Branch; Box 20,000, 123 Main St. West, Neepawa, Manitoba. R0J 1H0.
- 13(2) Any notice or other communication to the Lessee under this Agreement shall be in writing and shall be delivered personally to the Lessee or an officer or employee of the Lessee or sent by mail postage prepaid, to Accounting Department, Box 1500, Flin Flon, MB R8A 1N9.
- 13(3) Any notice or communication sent by mail shall be deemed to have been received on the third (3rd) business day following the date of mailing. If mail service is disrupted by labour controversy, notice under Part 10 shall be delivered personally.
- 13(4) Either party may provide notice of change of address to the other in writing and thereafter all notice shall be provided to the new address.
- 13(5) Notwithstanding paragraphs (2) and (3) any written notice to be served or given by the Crown to the Lessee under this lease shall be effectively given or served by posting the same in a conspicuous place on the said land.

THIS AGREEMENT has been executed by the Minister of Natural Resources on behalf of the Province of Manitoba and by the Lessee or its duly authorized representative on the dates noted below.

SIGNED IN THE PRESENCE OF:

Witness

Witness

**HUDSON BAY MINING AND
SMELTING CO., LIMITED THE LESSEE(S)**



Edward W. Yarrow,
Vice President, Exploration

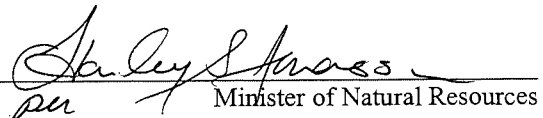
Per: 

Brian D. Gordon
General Counsel & Corporate Secretary

Per: _____

DATE

FOR THE GOVERNMENT OF MANITOBA


Minister of Natural Resources

DATE

ENDORSEMENTS



MANITOBA

*Account of file
copy*

#2876

DEPARTMENT OF MINES, NATURAL RESOURCES AND ENVIRONMENT
LANDS BRANCH

LEASE NO. 2876

THIS LEASE made in duplicate this Sixteenth day of January in the year of Our Lord One Thousand Nine Hundred and Seventy-nine in pursuance of "The Act Respecting Short Forms of Indentures" and of The Crown Lands Act,

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA, REPRESENTED HEREIN BY THE HONOURABLE THE MINISTER OF MINES, NATURAL RESOURCES AND ENVIRONMENT, (hereinafter called the "lessor")

OF THE FIRST PART

— and —

Hudson Bay Mining and Smelting Co., Limited,
Flin Flon, Manitoba, (hereinafter called the "lessee")

OF THE SECOND PART.

WITNESSETH THAT under The Crown Lands Act and, in consideration of the annual payments hereinafter mentioned and the covenants and agreements hereinafter contained on the part of the Lessee to be paid, observed and performed, the Lessor doth hereby lease unto the Lessee, subject to all acts, regulations and laws in effect from time to time, that tract of Crown Land situated in the Province of Manitoba and more particularly described as follows:—

That part or parts of Mineral Lease Nos. M-7191, M-7192, M-7200, M-7201, and M-7345 (O/C No. 224/59) dated September 6, 1960, and more particularly described as follows:

All those portions of Lots 3581, 3582, 3596, 3597, and 3731 in Group 421 otherwise known as OX Nos. 35, 36, 50, and 51 and WAW No. 39FR Mining Claims respectively contained within the limits of Chisel Lake as same is shown on plans of said lots filed in the office of Director of Surveys at Winnipeg as Nos. 12872, 12873, 12880, 12881, and 12884 respectively. Area - 64.14 acres more or less.

TO HAVE AND TO HOLD the said Lands for the purpose of maintaining a mine site and ancillary works and for no other purpose, during the term of twenty-one (21) years, to be computed from the First day of January, 1978.

THE EXERCISE AND ENJOYMENT OF THE RIGHTS herein granted is subject to the following terms and conditions which are hereby mutually covenanted and agreed to by and between the Lessor and the Lessee:

The Lessee shall pay in advance on or before the first day of January in each year during the term hereof an annual rent of \$ 65.00 or \$1.00 per acre provided that the amount of such annual rental is subject to review and may be increased by the Lessor on the first day of January 1979 and each year thereafter, conditional that the Lessee be formally advised of such increase at least 90 days prior to the due date.

This Lease is contingent upon the Lessee holding and continuing to hold, in good standing, the related mineral disposition and is subject to cancellation upon the termination of such mineral disposition.

The Lessee shall have the exclusive surface rights on the area described herein, subject to Section 6(7) and Section 59 of The Mines Act.

The Lessee shall be responsible for obtaining and complying with the provisions of an Order under the Clean Environment Act.

THE LESSEE covenants with the Lessor as follows:

- To pay taxes
- And to keep the premises in good repair
- And to keep the grounds in a clean and sanitary condition free from inflammable material
- And to provide sanitary arrangements so constructed as not to cause any nuisance
- And that the Lessor or his duly authorized representative may enter and view the state of repair
- And that the Lessee will repair according to notice
- And that the Lessee will not assign or sublet without leave

PROVISO for re-entry by said Lessor for non-payment of rent or non-performance of covenants.

And that nothing herein contained shall create any liability on the part of the Crown or any agency of the Crown for damage of any kind whatsoever caused or purported to be caused to the said premises or to structures thereon for any reason whatsoever.

PROVIDED FURTHER and it is also agreed that on the termination or expiration of the within lease (provided the same shall not have been terminated for non-payment of rent or non-performance of covenants) and provided the Lessee shall have faithfully performed all covenants on his part herein contained, the Lessee is to have the privilege of removing any buildings, fences or other improvements which may have been erected by him on the said Land during the said term provided such removal be completed within ninety (90) days from the date of such termination or expiration.

IF THE LESSEE, having faithfully paid the rent hereby reserved and faithfully observed and performed all and every stipulation, proviso and condition herein contained is desirous of obtaining a renewal for a further term, the Lessee shall give to the Lessor six months' notice in writing of his desire to renew the within lease and the Lessor may grant to the Lessee a renewal lease for a further period.

The Lessor covenants with the Lessee for quiet enjoyment.

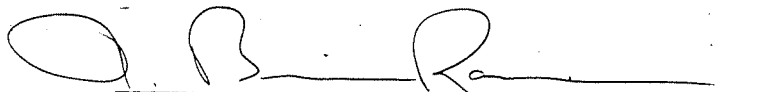
THIS LEASE is given and accepted under the provisions of The Crown Lands Act and all provisions of such Act and amendments thereto which are or may be applicable hereto shall apply to and form part of this agreement as if actually incorporated herein, and the parties hereto shall be entitled to the benefits and privileges conferred and subject to the duties and liabilities imposed by the said Act.

THESE PRESENTS AND everything herein contained shall enure to the benefit of and be binding upon the executors, administrators, successors and assigns of the parties hereto and wherever the singular or masculine are used herein the same shall be construed as meaning the plural, feminine or neuter where the context or the parties thereto so require, and in the event of there being more than one Lessee all covenants shall be joint as well as several.

IN WITNESS WHEREOF the party of the first part has caused these presents to be executed under the seal and by the Hand of the Minister of Mines, Natural Resources and Environment and the party of the second part has set his hand and seal the day and year first above written.

SIGNED, SEALED AND DELIVERED

(WITNESS)



(MINISTER OF MINES, NATURAL RESOURCES AND ENVIRONMENT)

HUDSON BAY MINING AND SMELTING CO., LIMITED



(LESSEE)

(WITNESS)



PLAN OF SURVEY OF

OX No 35 M.C.
LOT 3581
SITUATED ON CHISEL LAKE IN THE
HERB LAKE DIVISION - THE PAS MINING DISTRICT
MANITOBA
SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
SCALE: 200 FEET = 1 INCH.

Filed in the office of
 the Registrar of Surveys
 at Winnipeg on Plan No 12872

C. S. [Signature]
 Director of Surveys
 Approved but not confirmed
 March 4th 1920

C. S. [Signature]
 Director of Surveys
 Confirmed
 Sept 1, 1920.

C. S. [Signature]
 Director of Surveys

I, John Abooper Webb of the City of Saskatoon, Manitoba Land Surveyor, make oath and say that I was present at and did personally supervise the survey represented by this plan, that the survey and plan are correct, and that the survey was made between the 1st and 10th days of May 1920.

Sworn before me at the City of Saskatoon, in Saskatchewan this 10 day of [blank] 1920

[Signature]
 J. A. Webb
 M.L.S.

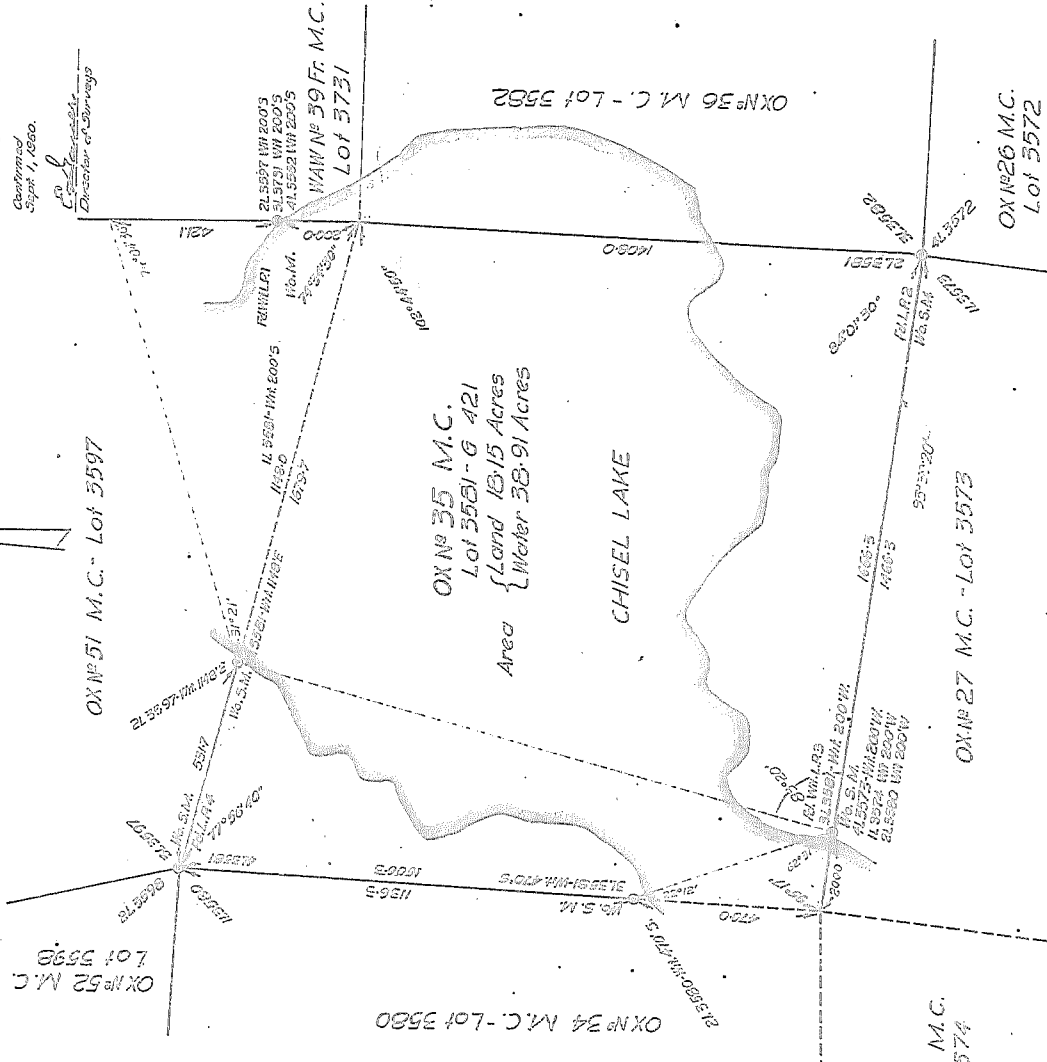
A Commissioner for Oaths in and for the Province of Saskatchewan.
 My Commissioner expires [blank] 1924.

NOTE:
 All distances are in feet and decimals of a foot.
 Measurements founded on the ground are shown thus -
 Measurements created on the ground are shown thus -
 Limits of claim are indicated red.

Reading is derived from Astronomical Observation on the West boundary of OX No. 35, Lot 3581 and is taken from the Meridian through a point 151' north of the S.W. corner of said claim.

INSCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

- 1st Post of OX No 35, O.S.M., March 4th, 1925, C. Asmus, Lic. P.54937, 200 S.
- 2 Post OX No 35, C. Asmus.
- 3rd Post No 3, OX No 35, C. Asmus, 200 W.
- 4 Post OX No 35, C. Asmus.



PLAN OF SURVEY OF
OX No 36 M.C.

LOT 3582 GROUP 421
SITUATED ON CHISEL LAKE IN THE
HERS LAKE DIVISION - THE PAS MINING DISTRICT
MANITOBA
SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
SCALE: 200 FEET = 1 INCH.

I, John Hooper Webb of the City of Saskatoon, Manitoba Land Surveyor,
make oath and say that I was present and did personally supervise
the survey represented by this plan, that the survey and plan are correct,
and that the survey was made between the 1st and 15th days of May
1928.

Sworn before me at the City
of Saskatoon, in Saskatchewan,
this 15th day of June 1928.

J. R. [Signature]
A Commissioner for Oaths
in and for the Province of Saskatchewan.
My Appointment expires Dec. 31, 1928.

NOTE:

All distances are in feet and decimals of a foot.
Measurements founded on the ground are shown thus -
Measurements enclosed on the ground are shown thus -
Limits of claim are bordered red.

Claim is shown from Astronomical Observation on the West
corner of O'Neil's C. Lot 3587 and is exchanged from
the Meridian through a point 452' north of the S.W. corner
of said claim.

INSCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

- No 1 Post OX No 36, C. Asmus, Inc. P. 3407,
11-24 M., March 5th 1928.
- No 2 Post OX No 36, C. Asmus.
- No 5 Post OX No 36, C. Asmus.
- Wit Post No 4 OX No 36, C. Asmus, 2008.

Filed in the office of
the Director of Surveys
at Winnipeg on Plan No 12873

C. S. [Signature]
Director of Surveys

Approved but not confirmed
March 24th 1928

C. S. [Signature]
Director of Surveys

Confirmed
Sept 1, 1928.

C. S. [Signature]
Director of Surveys

OX No 49 M.C. - Lot 3595

WAW No 39 Fr. M.C. - Lot 3751

OX No 51 M.C.
Lot 3597

OX No 56 M.C.
Lot 3582 - G. 421
Area (Land 45-47 Acres
{ Water 4.34 Acres

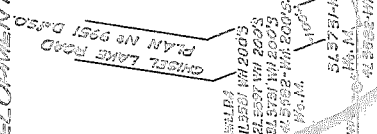
OX No 55 M.C. - Lot 3581

OX No 27 M.C.
Lot 3575

OX No 26 M.C. - Lot 3572

OX No 25 M.C.
Lot 3571

OX No 37 M.C. - Lot 3563



PLAN OF SURVEY OF
OX N° 50 M.C.

LOT 3596 GROUP 421

SITUATED ON CHISEL LAKE IN THE
HERB LAKE DIVISION - THE PAS MINING DISTRICT
MANITOBA

SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
SCALE: 200 FEET = 1 INCH.

I, John Hooper, Clerk of the City of Saskatoon, Manitoba Land Surveyor,
do hereby certify that this plan and all particulars appearing thereon
are as shown by this plan, that the survey and plan are correct
and that the survey was made between the 15th and 31st days of June,
1959.

Sworn before me at the City of
Saskatoon, in Saskatchewan
this 15th day of June, 1959.
J. A. Mills
Notary Public
AD 4339

A Commissioner for Oaths
in and for the Province of Saskatchewan.
My Appointment expires Dec. 31, 1960.

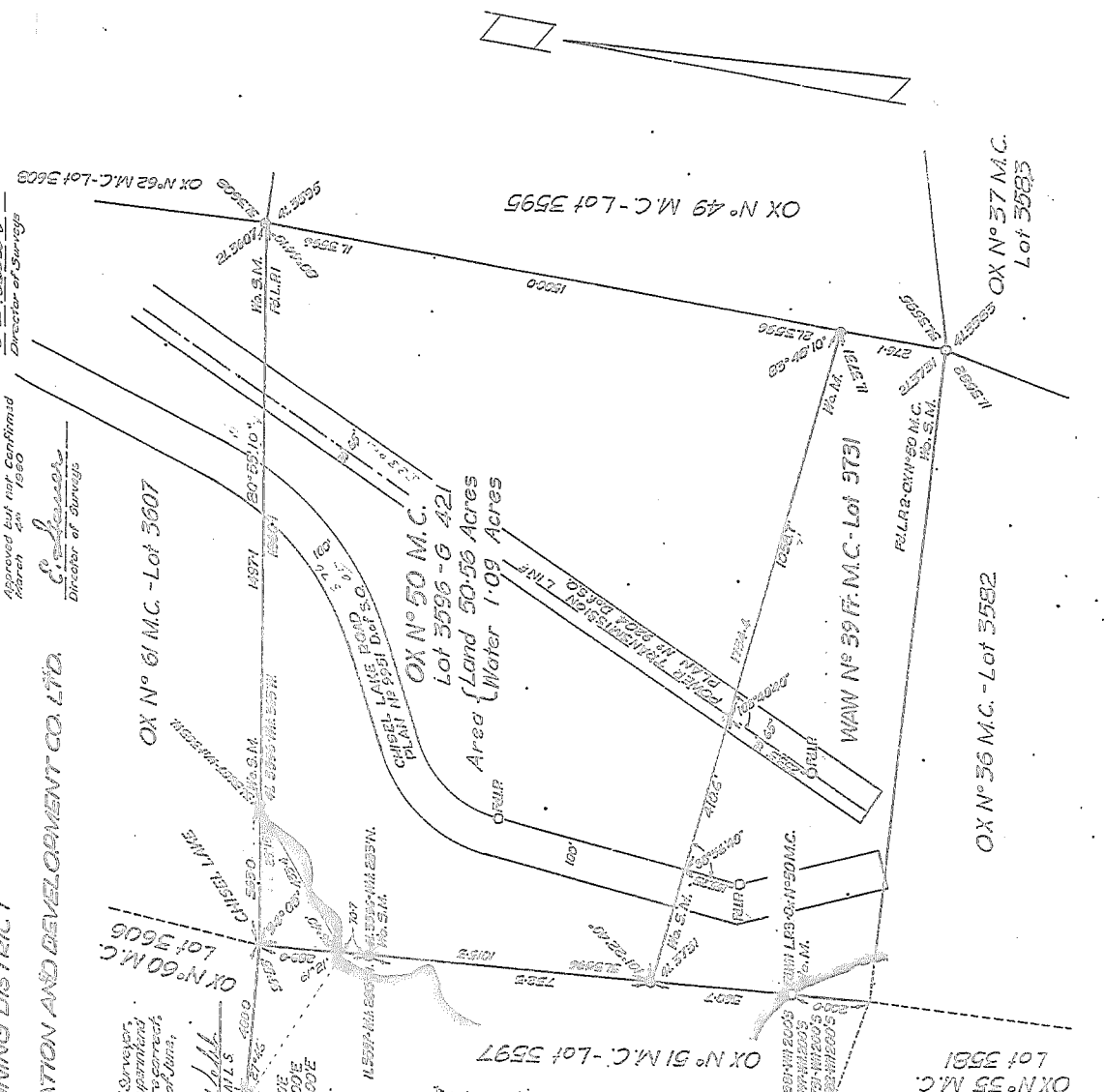
NOTE:
All distances are in feet and decimals thereof.
Monuments founded thereon are shown thus: \circ
Limits of claim are bordered red.

Bearing is derived from Astronomical Observation on the West
boundary of OX (M.C. Lot 3597-G-421) and is related from
the Meridian through a point 468' north of the S.W. corner
of said claim.

INSCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

- # 1 Post OX 50, G. 20 P.M., Metal 5" x 1955, G. Gregg, L.C. 5167.
- # 2 Post OX 50, G. Gregg.
- M. 200'S. #3 Post OX 50, G. Gregg.
- M. Post N° 4-400'E, G. 120, G. Gregg.

Post 1 Claim N° P 5-207	Post 2 Claim N° P 5-207	Post 3 Claim N° P 5-207	Post 4 Claim N° P 5-207
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Filed in the office of
the Director of Surveys
at Winnipeg on Feb
N° 12880
Approved
Sept. 1, 1959.
C. J. ...
Director of Surveys
Approved but not confirmed
March 24, 1950
C. J. ...
Director of Surveys

Filed in the office of the Director of Surveys at Winnipeg on Plan N^o 12881

Approved but not confirmed March 4th 1950
 Director of Surveys
 Confirmed Sept 1, 1952
 Director of Surveys

PLAN OF SURVEY OF
 OX N^o 51 M.C.
 LOT 3597 GROUP 421
 SITUATED ON CHISEL LAKE IN THE
 HERB LAKE DIVISION - THE PAS MINING DISTRICT.
 MANITOBA
 SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
 SCALE: 200 FEET = 1 INCH.

I, John Edgar Webb of the City of Saskatoon, Manitoba Land Surveyor, make solemnly swear that I was present and did personally supervise and check the survey and that the survey was made between the 16th and 23rd days of June, 1952.

Sworn before me at the City of Saskatoon, in Saskatchewan this 10 day of October, A.D. 1952
 John A. Webb
 M.L.S.
 OX N^o 59 M.C. Lot 3505
 A Commissioner for Oaths
 in and for the Province of Saskatchewan.
 My Affidavit expires - Feb. 11, 1953.

NOTE:
 All distances are in feet, and bearings are in degrees, minutes and seconds.
 Monuments are in iron pipes or rods, unless otherwise stated.
 Limits of claim are indicated by red lines.
 Bearings derived from Astronomical Observations on the West boundary of OX N^o 41 M.C. Lot 3501 are reckoned from the Meridian through a point 464' north of the S. lit corner of said claim.

DESCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

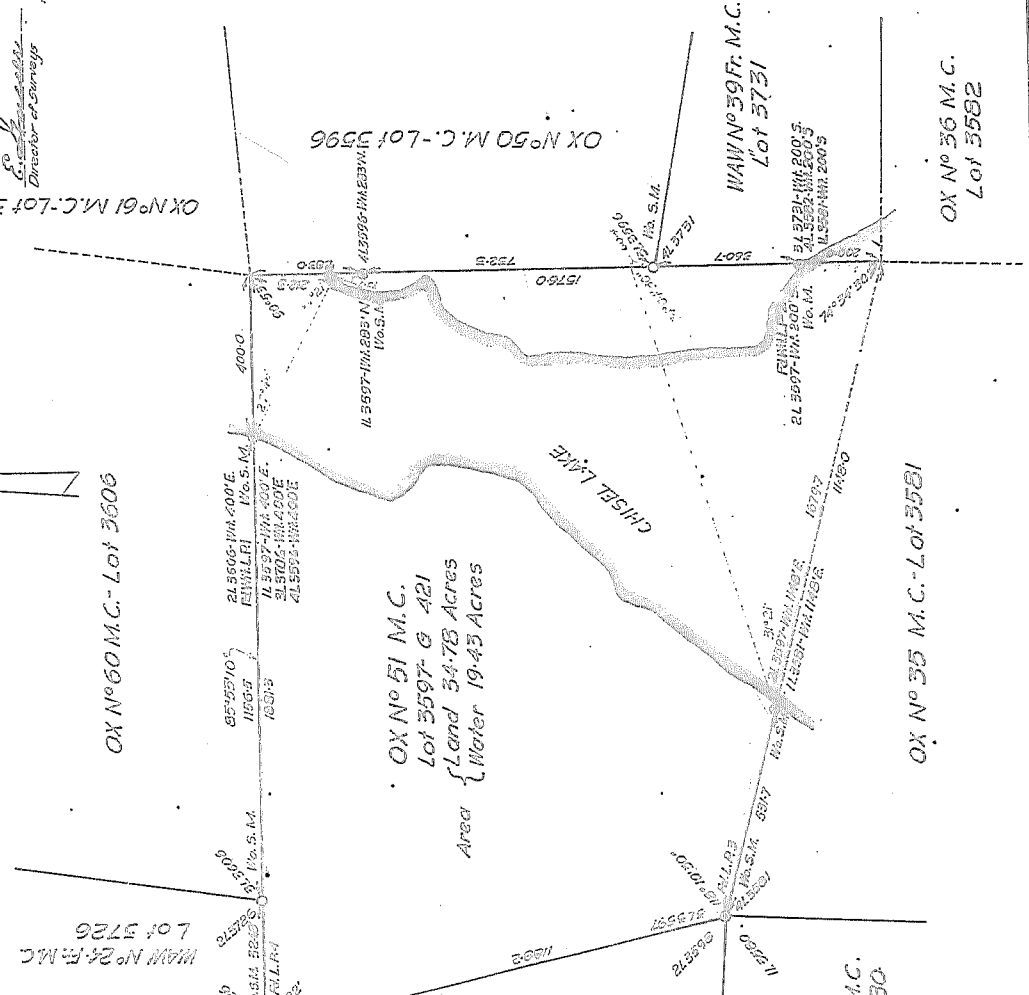
Post 1 Corner N ^o P-34203	Post 2 Corner N ^o P-34203	Post 3 Corner N ^o P-34203	Post 4 Corner N ^o P-34203
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1st Post = 1, 400' E., OX #51, G. Bregg.
 i.e. W 5167', S. 50 P.M., March 5th, 1955.

1st Post # 2, 200' S., OX #51, G. Bregg.

1st Post OX #51, G. Bregg.

1st Post OX #51, G. Bregg.



OX N^o 61 M.C. - Lot 3607
 OX N^o 60 M.C. - Lot 3606
 OX N^o 51 M.C. Lot 3597 @ 421
 Area Land 34.78 Acres
 Water 19.43 Acres
 OX N^o 52 M.C. - Lot 3598
 OX N^o 54 M.C. Lot 3580
 OX N^o 55 M.C. - Lot 3581
 OX N^o 56 M.C. Lot 3582
 HAW N^o 59 Fr. M.C. Lot 3731

PLAN OF SURVEY OF
MAN N° 39 FT. M.C.

LOT 3731 GROUP 421
SITUATED ON CHISEL LAKE IN THE
HERB LAKE DIVISION - THE PAS MINING DISTRICT
MANITOBA
SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
SCALE: 200 FEET = 1 INCH

I, John Hooper Webb of the City of Saskatoon, Manitoba Land Surveyor, make oath and say that I was present at and did personally supervise this survey represented by this plan, that the survey and plan are correct, and that the survey was made between the 1st and 14th days of November, 1933.

John M. Webb
M.L.S.

Sworn before me at the City of Saskatoon, in Saskatchewan this 10 day of ~~Nov~~ Dec. A.D. 1933

R. C. F. ...
A Commissioner for Oaths in and for the Province of Saskatchewan. My Appointment expires Dec. 31 1934.

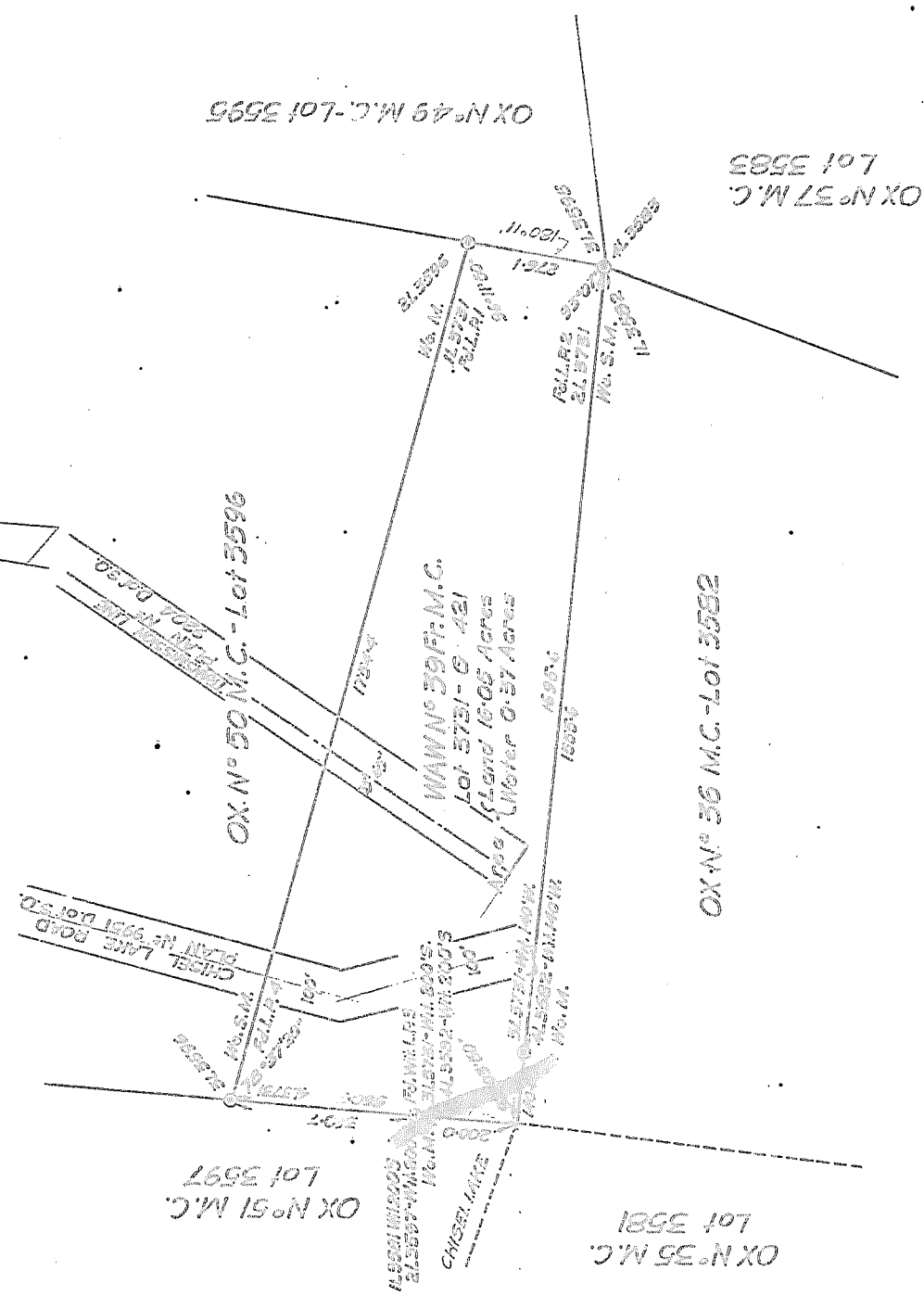
NOTE:
All distances are in feet and decimals of a foot.
Monuments found on the ground are shown thus: ○
Monuments erected on the ground are shown thus: ●
Limits of claim are bordered red.

Bearing is derived from Astronomical Observation on the West boundary of City M.C. Lot 3731-Gr-421 and is reckoned from the Meridian through a point 464' north of the S.M. center of said claim.

INSCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

- 1 1 Foot MAN 39 Ft. A. Mison, L.S. P. 4455, 2.00 P.M., Nov. 7th, 1933.
- 1 2 Foot MAN 39 Ft. A. Mison.
- 1 3 Foot MAN 39 Ft. M.M. 800 S. A. Mison.
- 1 4 Foot MAN 39 Ft. A. Mison.

Filed in the office of the Director of Surveys of Manitoba as Plan N° 12884
E. Johnson
Director of Surveys
Approved but not Confirmed March 4th 1930
E. Johnson
Director of Surveys
Confirmed Sept. 1, 1902
E. Johnson
Director of Surveys



Child to Tent L. Water Diversion
Expires 2019

PROVINCE OF MANITOBA
DEPARTMENT OF NATURAL RESOURCES
Miscellaneous Lease No. 3794

LEASE MADE IN DUPLICATE, dated *March 23rd*, 1999.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE
OF MANITOBA, AS REPRESENTED BY THE
HONOURABLE MINISTER OF NATURAL RESOURCES,

("the Crown")

-and-

HUDSON BAY MINING & SMELTING CO. LIMITED, OF THE
CITY OF FLIN FLON, IN MANITOBA

("the Lessee")

made pursuant to The Crown Lands Act and The Short Forms Act.

The Crown and the Lessee agree as follows:

PART 1 - TERM OF AGREEMENT AND DESCRIPTION OF LAND

1(1) Subject to the terms of this Agreement, the Crown hereby leases to the Lessee the land as follows:

Plans 12870, 12711 and 12713 Director of Surveys in unsubdivided Township 67-18 WPM which define Lots 3579, 3598 and 3599 Group 421 (aka Ox Nos. 33, 52 & 53 MCS)

Excepting thereout all mines and minerals, together with the right to enter, locate, mine for and remove minerals and all other estates, rights and interests reserved to the Crown under the Crown Lands Act. ("the land")

for the term of 21 years, commencing on January 1, 1999, and ending on December 31, 2019.

PART 2 - QUIET ENJOYMENT

2(1) Subject to the terms of this Agreement, the Crown covenants with the Lessee for the quiet enjoyment of the land.

PART 3 - PAYMENT OF RENT

3(1) The Lessee shall pay to the Crown an annual rent of **FOUR HUNDRED EIGHT DOLLARS (\$408.00)**, to be paid in advance on or before **January 1st** in each year of this Agreement. The annual rent shall be paid to the **Minister of Finance** and addressed to the **Natural Resources Cashier, Box 42, 200 Saulteaux Crescent, Winnipeg, Manitoba, R3J 3W3.**

- 3(2) The Crown may establish a new rental rate where there is a change in one or more of the following factors to reflect these changes:
- (a) the appraised value of the raw land as determined by the Crown;
 - (b) the policy of the Crown as set out in an Act of the Legislature or a Regulation relating to the determination of annual rent;
 - (c) the use of the buildings or infrastructure.
- 3(3) The Crown shall give notice 30 days prior to the effective date of an increase in the annual rent.
- 3(4) The Lessee shall pay to the Crown interest on arrears of annual rent at the rate established by Regulation.

PART 4 - USE OF THE LAND

- 4(1) The Lessee agrees to use the land only for the purpose of a water diversion channel from Chisel Lake to Tent Lake and no other purpose, including non-use. The lessee shall not effect any change in use of the land or buildings thereon without the prior written consent of the Crown.
- 4(2) The Lessee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local Natural Resources Officer before cutting any trees or commencing any work on the said land, constructing all structures allowed on the said lands in accordance with the Manitoba Building Code and Municipal By-laws and regulations.

PART 5 - MAINTENANCE OF LAND

- 5(1) The Lessee agrees:
- (a) to keep the land in a clean and sanitary condition free from inflammable materials;
 - (b) to comply with The Environment Act and all Regulations thereunder;
 - (c) not to commit waste or damage the land;
 - (d) to keep the land in good repair; and
 - (e) to allow a person or persons on behalf of the Crown to enter the land at all reasonable times to examine the state of repair.

PART 6 - PAYMENT OF TAXES AND UTILITIES

- 6(1) The lessee agrees to pay taxes.
- 6(2) The Lessee agrees to pay all water, sewage, gas, telephone and electric power charges and assessments in respect of the land.
- 6(3) If the Lessee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges and assessments as required by paragraphs (1) and (2), the Crown may pay them or any of them and charge those payments to the Lessee who shall reimburse the Crown forthwith and the Crown may take the same steps for the recovery of those payments as it would be for the recovery of rent and arrears.

PART 7 - MISCELLANEOUS

- 7(1) That the Lessee understands and agrees that the issuance of this lease in no way implies that either the Crown or the local government authority shall provide any services.
- 7(2) The Lessee shall promptly pay and discharge any liens, taxes or other charges incurred in respect of the land.
- 7(3) This Agreement creates no obligation for the Crown to survey or resurvey the land.
- 7(4) It is the responsibility of the Lessee to place and maintain all buildings within the boundaries of the land, and to obtain any Surveyor's Certificates necessary to effect or verify this condition.

PART 8 - NO ASSIGNMENT OR SUBLEASE WITHOUT CONSENT

- 8(1) The Lessee shall not assign or sublet the land without the consent of the Crown, that consent not to be unreasonably withheld.
- 8(2) The Lessee shall cause written notice of any assignment of the land for collateral purposes to be provided to the Crown on a form specified by the Crown for the Crown to register the assignment in accordance with The Crown Lands Act.

PART 9 - INSURANCE AND INDEMNITIES

- 9(1) Nothing contained in this lease shall create any liability on the part of the Crown or Manitoba Hydro for any damages caused or purported to be caused in respect to the said land by raising or lowering waters bordering upon or adjacent to the said land.
- 9(2) The lessee shall use due care in the operation of the land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 9(3) The Lessee shall be solely responsible for:
 - (a) Any injury to persons (including death), damage or loss to property or infringement of rights caused by, or related to the operation of the land or the performance of this Agreement or the breach of any term or condition of this Agreement by the Lessee or any agent or employee of the Lessee, and
 - (b) Any omission or wrongful or negligent act of the Lessee, or of any agent or employee of the Lessee; and shall save harmless and indemnify the Crown, its officers, employees and agents from and against all claims, liabilities and demands with respect to clauses (a) and (b). This paragraph shall survive the termination or expiration of this Agreement.

PART 10 - TERMINATION AND EXTENSION

- 10(1) Subject to paragraph (2), provided there is no default by the Lessee, this Agreement may be renewed for an additional term of 21 years upon the terms and conditions determined by the Crown in accordance with then current laws, regulations or policies respecting rental rates for rental property of this type. The Lessee shall provide notice in writing to the Crown of its request to renew the Agreement in accordance with this Part at least six (6) months prior to the expiration of this Agreement.
- 10(2) The renewal procedure set out in paragraph (1) shall not apply if the Crown provides notice in writing to the Lessee at least one (1) year prior to the expiration of this Agreement stating that the Crown will not consent to a renewal of the Agreement.
- 10(3) The Crown or the Lessee may terminate this Agreement on December 31st of any year of this Agreement by giving notice in writing to the other party at least one (1) year prior to the date of termination.

- 10(4) In addition to its rights under paragraph (3), and without restricting any other remedies available, the Crown may, at its sole option, immediately terminate this Agreement in writing if:
- (a) the Lessee has failed to comply with any term or condition of this Agreement including the payment of rent and has not remedied that failure to comply within thirty (30) days of receipt of notice in writing from the Crown; or
 - (b) the Lessee becomes bankrupt or insolvent.
- 10(5) In the event that the Crown terminates this Agreement in accordance with paragraph (3), the Crown may re-enter the land and the Crown agrees to purchase all buildings and improvements added to the land by or on behalf of the Lessee for an amount equal to the fair market value of those buildings and improvements less an amount equal to any amounts owing to the Crown from the Lessee arising pursuant to this Agreement and all costs incurred by the Crown directly resulting from the default by the Lessee.
- 10(6) In the event that the Lessee terminates this Agreement in accordance with paragraph (3), the Lessee must vacate the land at Lessee's own expense prior to the date of termination. In the event that the land is not vacated by the termination date, the Crown has the right to remove for resale or demolition all buildings and improvements added to the land by or on behalf of the Lessee, and to charge and recover by all legal means available, the cost of removal and cleanup incurred by the Crown to the Lessee.

PART 11 - ENTIRE AGREEMENT

- 11(1) This document and the attached Schedules contain the entire agreement between the parties. There are no undertakings, representations or promises, express or implied, other than those contained in this Agreement.
- 11(2) No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.

PART 12 - APPLICABLE LAW

- 12 This agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba.

PART 13 - NOTICES

- 13(1) Any notice or other communication to the Crown under this Agreement shall be in writing and shall be delivered or sent by mail, postage prepaid to The Department of Natural Resources, Lands Branch; Box 20,000, 123 Main St. West, Neepawa, Manitoba. R0J 1H0.
- 13(2) Any notice or other communication to the Lessee under this Agreement shall be in writing and shall be delivered personally to the Lessee or an officer or employee of the Lessee or sent by mail postage prepaid, to Accounting Department, Box 1500, Flin Flon MB R8A 1N9.
- 13(3) Any notice or communication sent by mail shall be deemed to have been received on the third (3rd) business day following the date of mailing. If mail service is disrupted by labour controversy, notice under Part 10 shall be delivered personally.
- 13(4) Either party may provide notice of change of address to the other in writing and thereafter all notice shall be provided to the new address.


13(5) Notwithstanding paragraphs (2) and (3) any written notice to be served or given by the Crown to the Lessee under this lease shall be effectively given or served by posting the same in a conspicuous place on the said land.

THIS AGREEMENT has been executed by the Minister of Natural Resources on behalf of the Province of Manitoba and by the Lessee or its duly authorized representative on the dates noted below.


**HUDSON BAY MINING AND
SMELTING CO., LIMITED
FOR THE LESSEE(S)**

SIGNED IN THE PRESENCE OF:

Witness

Per:  Edward W. Yarrow,
Vice President, Exploration

Witness

Per:  Brian D. Gordon
General Counsel & Corporate Secretary

DATE

FOR THE GOVERNMENT OF MANITOBA



For the Minister of Natural Resources

March 23 / 99
DATE

ENDORSEMENTS

AFFIDAVIT OF WITNESS

PROVINCE OF MANITOBA

TO WIT:

)
)
)
)
)

I,

(Print Witness Full Name, no initials)
of the _____ of _____,
(Town, Village, Municipality) (Name of Town, etc.)
in the Province of Manitoba,

(occupation)

MAKE OATH AND SAY:

1. **THAT** I was personally present and did see the within Instrument and Duplicates thereof duly signed, sealed and executed by _____
_____.
2. **THAT** the said Instrument and Duplicates were executed at _____

(Name of Town, Village, etc.)
3. **THAT** I know the party(s) and am satisfied that he/she/each is over the age of 18 years.
4. **THAT** I am the subscribing witness to the said Instrument and Duplicates.

SWORN before me at the _____)
(Town, Village, Municipality))
of _____, in the)
(Name of Town, etc.))
Province of Manitoba, this _____)
(Day))
day of _____, _____)
(Month) (year))

Witness Signs Here



MANITOBA

#2877

DEPARTMENT OF MINES, NATURAL RESOURCES AND ENVIRONMENT

LANDS BRANCH

LEASE NO. 2877

THIS LEASE made in duplicate this Sixteenth day of January in the year of Our Lord One Thousand Nine Hundred and Seventy-nine in pursuance of "The Act Respecting Short Forms of Indentures" and of The Crown Lands Act,

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA, REPRESENTED HEREIN BY THE HONOURABLE THE MINISTER OF MINES, NATURAL RESOURCES AND ENVIRONMENT, (hereinafter called the "lessor")

OF THE FIRST PART

- and -

Hudson Bay Mining and Smelting Co., Limited, Flin Flon, Manitoba, (hereinafter called the "lessee")

OF THE SECOND PART.

WITNESSETH THAT under The Crown Lands Act and, in consideration of the annual payments hereinafter mentioned and the covenants and agreements hereinafter contained on the part of the Lessee to be paid, observed and performed, the Lessor doth hereby lease unto the Lessee, subject to all acts, regulations and laws in effect from time to time, that tract of Crown Land situated in the Province of Manitoba and more particularly described as follows:-

That part or parts of Mineral Lease Nos. M-7202, M-7203, and M-7189 (O/C No. 224/59) dated September 6, 1960, and more particularly described as follows:

Lots 3570, 3598, and 3599 in Group 421 otherwise known as OX Nos. 33, 52, and 53 Mining Claims respectively excepting out of said Lot 3579 all those portions covered by the waters of Tent Lake which lots are shown on plans filed in the office of the Director of Surveys at Winnipeg as Nos. 12870, 12711, and 12712 respectively. Area - 99.98 acres more or less.

TO HAVE AND TO HOLD the said Lands for the purpose of maintaining a diversion of water from Chisel Lake to Tent Lake by means of a new channel and for no other purpose, during the term of twenty-one (21) years, to be computed from the First day of January, 1978.

THE EXERCISE AND ENJOYMENT OF THE RIGHTS herein granted is subject to the following terms and conditions which are hereby mutually covenanted and agreed to by and between the Lessor and the Lessee:

The Lessee shall pay in advance on or before the first day of January in each year during the term hereof an annual rent of \$ 100.00 or \$1.00 per acre provided that the amount of such annual rental is subject to review and may be increased by the Lessor on the first day of January 1979 and each year thereafter, conditional that the Lessee be formally advised of such increase at least 90 days prior to the due date.

This Lease is contingent upon the Lessee holding and continuing to hold, in good standing, the related mineral disposition and is subject to cancellation upon the termination of such mineral disposition.

The Lessee shall have the exclusive surface rights on the area described herein, subject to Section 6(7) and Section 59 of The Mines Act.

The Lessee shall be responsible for obtaining and complying with the provisions of an Order under the Clean Environment Act.

THE LESSEE covenants with the Lessor as follows:

- To pay taxes
- And to keep the premises in good repair
- And to keep the grounds in a clean and sanitary condition free from inflammable material
- And to provide sanitary arrangements so constructed as not to cause any nuisance
- And that the Lessor or his duly authorized representative may enter and view the state of repair
- And that the Lessee will repair according to notice
- And that the Lessee will not assign or sublet without leave

PROVISO for re-entry by said Lessor for non-payment of rent or non-performance of covenants.

And that nothing herein contained shall create any liability on the part of the Crown or any agency of the Crown for damage of any kind whatsoever caused or purported to be caused to the said premises or to structures thereon for any reason whatsoever.

PROVIDED FURTHER and it is also agreed that on the termination or expiration of the within lease (provided the same shall not have been terminated for non-payment of rent or non-performance of covenants) and provided the Lessee shall have faithfully performed all covenants on his part herein contained, the Lessee is to have the privilege of removing any buildings, fences or other improvements which may have been erected by him on the said Land during the said term provided such removal be completed within ninety (90) days from the date of such termination or expiration.

IF THE LESSEE, having faithfully paid the rent hereby reserved and faithfully observed and performed all and every stipulation, proviso and condition herein contained is desirous of obtaining a renewal for a further term, the Lessee shall give to the Lessor six months' notice in writing of his desire to renew the within lease and the Lessor may grant to the Lessee a renewal lease for a further period.

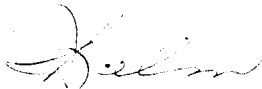
The Lessor covenants with the Lessee for quiet enjoyment.

THIS LEASE is given and accepted under the provisions of The Crown Lands Act and all provisions of such Act and amendments thereto which are or may be applicable hereto shall apply to and form part of this agreement as if actually incorporated herein, and the parties hereto shall be entitled to the benefits and privileges conferred and subject to the duties and liabilities imposed by the said Act.

THESE PRESENTS AND everything herein contained shall enure to the benefit of and be binding upon the executors, administrators, successors and assigns of the parties hereto and wherever the singular or masculine are used herein the same shall be construed as meaning the plural, feminine or neuter where the context or the parties thereto so require, and in the event of there being more than one Lessee all covenants shall be joint as well as several.

IN WITNESS WHEREOF the party of the first part has caused these presents to be executed under the seal and by the Hand of the Minister of Mines, Natural Resources and Environment and the party of the second part has set his hand and seal the day and year first above written.

SIGNED, SEALED AND DELIVERED



(WITNESS)



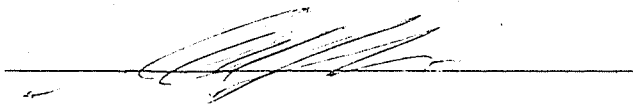
(MINISTER OF MINES, NATURAL RESOURCES AND ENVIRONMENT)

HUDSON BAY MINING AND SMELTING CO., LIMITED



(LESSEE)

(WITNESS)



I certify that the within instrument is duly
entered and registered in the Office of the
Lands Surveyor, Dept. of Mines, Resources &
Environmental Management.

Winnipeg, Manitoba, this 25th day of June 1994

A.D. 19... at ... o'clock ... M.

W. J. BROWN


Entry No. 2879

PLAN OF SURVEY OF
 OX N° 53 M.C.
 LOT 5599 GROUP 421
 SITUATED WEST OF CHISEL LAKE IN THE
 HERS LAKE DIVISION - THE PAS MINING DISTRICT
 MANITOBA
 SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
 SCALE: 200 FEET = 1 INCH.

I, John Hopper, West of the City of Saskatoon, Manitoba Land Surveyor, make oath and say that I was present at and did personally examine the survey represented by this plan, that the survey is a true and correct one, and that the survey was made by the said John Hopper, Surveyor, on the 15th day of June, 1953.

Sworn before me of the City of Saskatoon, in Saskatchewan, this 10th day of October, 1953.

John Hopper
 J. Hopper, Surveyor
 A Commissioner for Oaths in and for the Province of Saskatchewan, My 10th day of October, 1953.

NOTE:
 All distances are in feet and decimals of a foot. Measurements are taken on the ground and shown thus - . Limits of claim are bordered red.

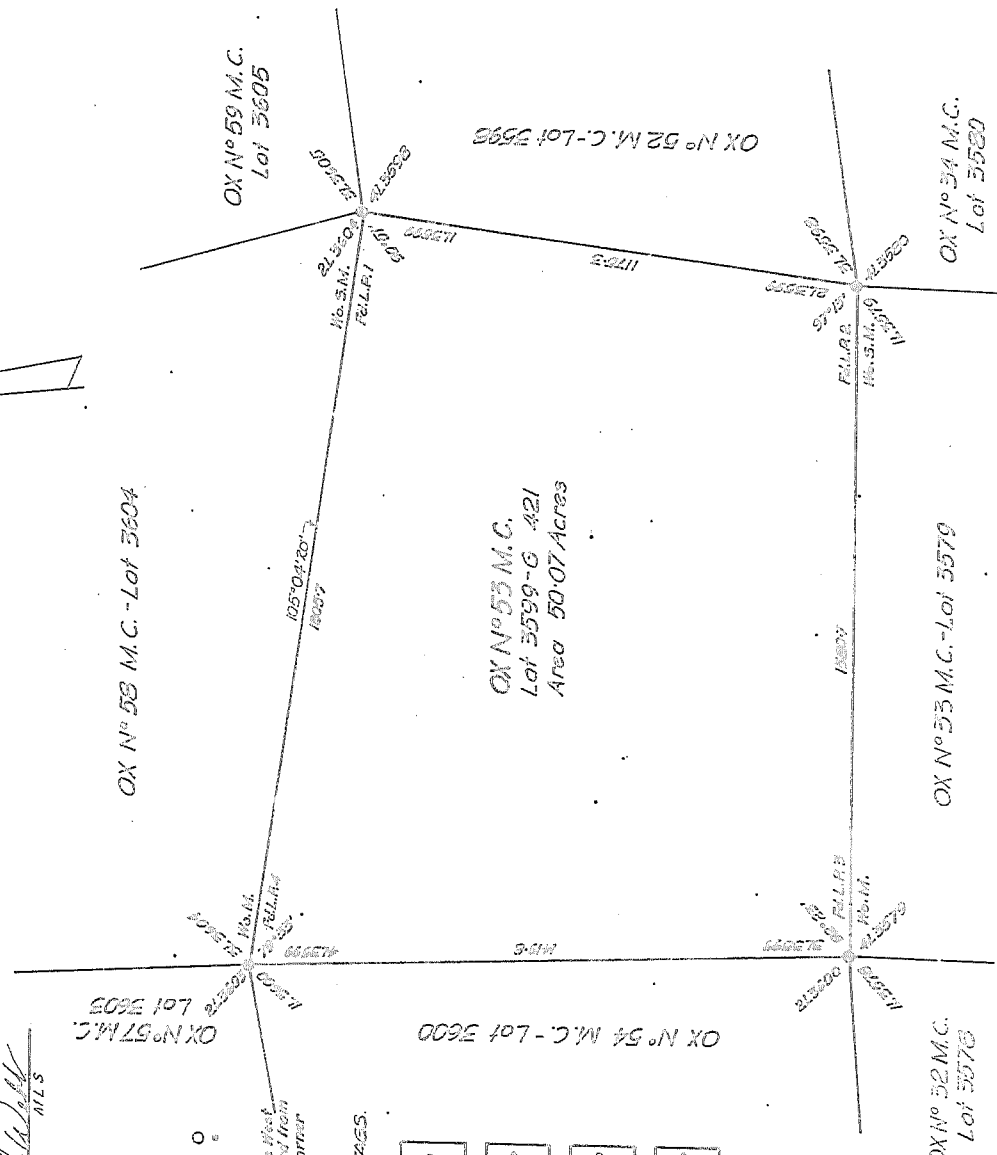
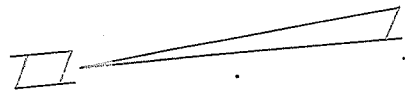
Beating is curved from a true meridian observation on the West boundary of OX N° 53 M.C. Lot 5599 and is related from the meridian through a point 100' north of the S.W. corner of said claim.

DESCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

- 1 Post OX N° 53, S. 100 A. M., March 8th, 1953, G. E. E. & G. E. E.
- 2 Post OX N° 53, G. E. E. & G. E. E.
- 3 Post OX N° 53, G. E. E. & G. E. E.
- 4 Post OX N° 53.

Post 1 Claim No P-5599	Post 2 Claim No P-5599	Post 3 Claim No P-5599	Post 4 Claim No P-5599
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Filed in the office of the Director of Surveys of Manitoba as Plan N° 12712
 Approved but not confirmed Feb. 17th 1960
 Director of Surveys
 Confirmed Sept. 1, 1950
 Director of Surveys



Filed in the office of
 the Director of Surveys
 at Winnipeg on Plan No 12711

Approved and per confirmed
 Feb. 17th 1960
 Director of Surveys
 Confirmed
 Sept. 1, 1960
 Director of Surveys

PLAN OF SURVEY OF
 OX No 52 M.C.
 LOT 3598 GROUP 421
 SITUATED WEST OF CHISEL LAKE IN THE
 HERB LAKE DIVISION - THE PAST MINING DISTRICT
 MANITOBA
 SURVEYED FOR HUDSON BAY EXPLORATION AND DEVELOPMENT CO. LTD.
 SCALE: 300 FEET = 1 INCH.

I, John Abner Webb of the City of Saskatoon, Manitoba Land Surveyor,
 make oath and say that I was present and did, personally supervise and
 the survey represented by this plan, that the survey, and plan are correct
 and that the survey was made between the island and days of June,
 1959.

Sworn before me at the City of
 Saskatoon, in Saskatchewan
 this 10th day of October, 1959

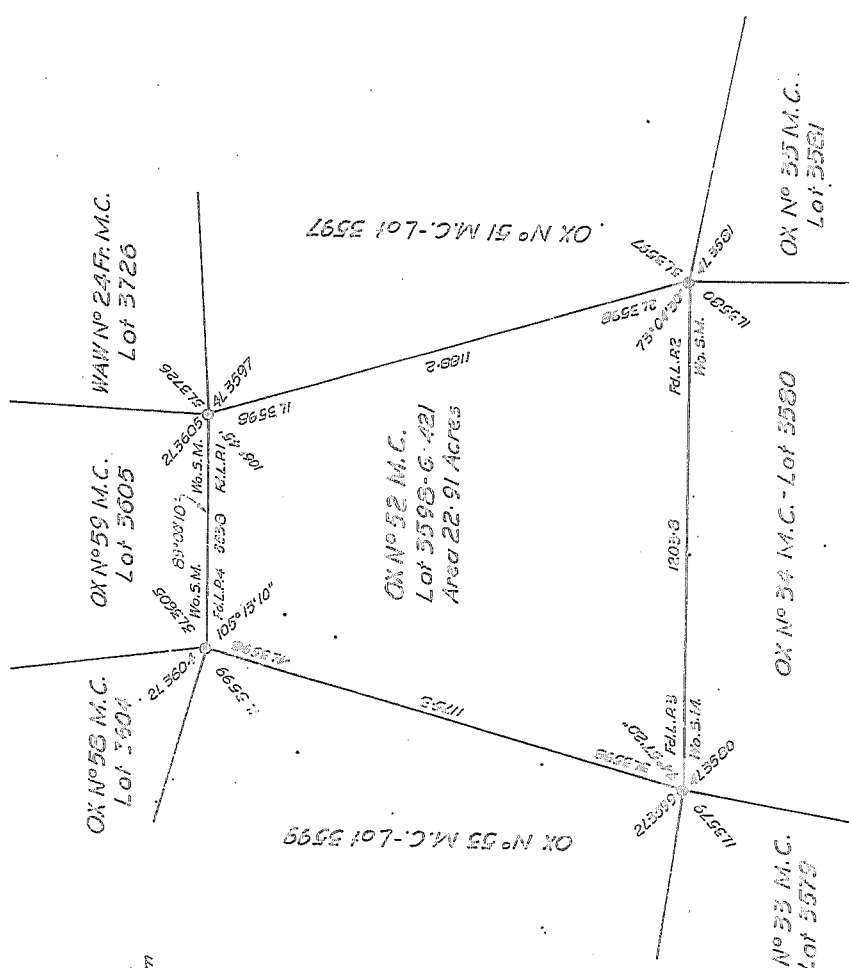
[Signature]
 A Commissioner for Oaths
 in and for the Province of Saskatchewan,
 My Office is at Regina - 255, St. James

NOTE:
 All distances are in feet and decimals of a foot.
 Measurements shown on the ground are shown thus: \circ
 Limits of claim are bordered red.

Base line is derived from Astronomical Observation on the West
 boundary of OX No 1 M.C. Lot 5697 - G-421. It is derived from
 the Meridian through a point 454' north of the S.W. corner
 of said claim.

INSCRIPTIONS ON LOCATION POSTS AND METAL TAGS.

- Post 1
 Claim No
 P 54209
 - Post 2
 Claim No
 P 54209
 - Post 3
 Claim No
 P 54209
 - Post 4
 Claim No
 P 54209
- f 1 Post OX # 52, G. Bregg, March 5th,
 1955, G. Bregg, Lic. W 5167.
- f 2 Post OX # 52, G. Bregg.
- f 3 Post OX # 52, G. Bregg.
- f 4 Post OX # 52, G. Bregg.



**PROVINCE OF MANITOBA
CROWN LANDS AND PROPERTY AGENCY
Crown Land Lease No. Misc 56558**

THIS LEASE, MADE IN DUPLICATE the 26th day of April, 2007.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA
represented herein by the Minister responsible for the Crown Lands and Property Agency
("Manitoba")

- and -

Hudson Bay Mining & Smelting Co. Limited
(the "Lessee")

pursuant to *The Crown Lands Act* as amended from time to time.

WHEREAS:

- A) The Lessee has made an application to Manitoba to lease the Land (as described further in this Agreement); and
- B) Manitoba agrees to lease to the Lessee, in accordance with the terms of this Agreement, the land described as follows and as substantially similar to that set out on the map attached as Schedule A:

Pt. Sec 4, 9 & 10-68-17 WPM

Area: 12.75 acres

(the "Land")

for the term of 21 years, commencing on January 1, 2007 and ending on December 31, 2027.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1.00 USE OF THE LAND

- 1.01 The Lessee shall use the Land as a transmission line and for no other purpose, including non-use, without prior permission in writing from Manitoba.
- 1.02 The Lessee agrees that the following structures and improvements on the Land are authorized under the Lease: nil.
- 1.03 Other than those developments and uses permitted under paragraphs 1.01 and 1.02 of this Lease, the Lessee shall not construct, erect or alter any buildings or structures on the Land or effect any change in use of the Land without prior permission in writing from Manitoba.
- 1.04 The Lessee agrees to notify Manitoba of any building destroyed, demolished, or removed from the Land within 30 days of that occurrence; and to rebuild, replace or reinstate the building within 24 months of that occurrence.
- 1.05 It is the responsibility of the Lessee to place and maintain all buildings within the boundaries of the Land, and to obtain any Surveyor's Certificates necessary to effect or verify this condition.
- 1.06 Manitoba has no obligation to survey or resurvey the Land, and this Agreement shall create no such obligation on Manitoba to survey or resurvey the Land.
- 1.07 The Lessee agrees that removal or relocation of any existing Manitoba Hydro facilities will be at his/her expense.
- 1.08 The Lessee understands and agrees that the issuance of this Agreement in no way implies that either Manitoba or the local government authority shall provide any services.
- 1.09 The Lessee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the Land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local District Resource Officer before cutting any trees or commencing any work on the Land, obtaining a building permit from the Department of Labour before constructing any structures, as may be authorized by Manitoba, in accordance with the Manitoba Building Code and applicable Municipal By-laws and regulations. The Lessee shall provide Manitoba with a copy of work permits or building permits obtained at the request of Manitoba.

- 1.10 The Permittee agrees to obtain a permit from the Department of Infrastructure & Transportation (Access Management Section):
- a) for any new, modified or relocated access connection onto Provincial Road 392 or 395 ("highway") (including change in use of a driveway); or
 - b) to change the use of the Land or buildings; or
 - c) to place/construct any structures (including the alteration of existing buildings) above, on or below ground level within 38.1 m (125 ft.) from the edge of the highway right-of-way; or
 - d) to place any planting within 15.2 m (50 ft.) from the edge of the highway right-of-way, and shall provide Manitoba with a copy of the permit.

2.00 QUIET ENJOYMENT

- 2.01 Subject to the terms of this Agreement, Manitoba covenants with the Lessee for the quiet enjoyment of the Land.

3.00 PAYMENT OF FEES AND TAXES

- 3.01 The Lessee shall pay to Manitoba in each year throughout the term of this Agreement rent equal to the annual fee prescribed from time to time by the Regulations under *The Crown Lands Act*, in accordance with such Regulations and this Agreement, within 30 days of receipt of an invoice from Manitoba. The Lessee acknowledges that the current annual fee is \$330.00 plus GST per year.

The annual fee is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (4) *Fees in respect of leases and permits*, (d) for commercial lots that are used for purposes other than those referred to in clause (c)..(i) one acre or less...\$210., and, (ii) each additional acre or portion of an acre...\$10.

- 3.02 The Lessee acknowledges that administration fees in relation to this Agreement shall be paid by the Lessee, as prescribed by the Land Administration Fees Regulation (M.R. 216/89) and as amended from time to time.
- 3.03 Payments of the annual fee and the administration fees shall be made in accordance with the directions contained in the invoice from Manitoba.
- 3.04 Manitoba may establish a new annual fee rate where there is a change in one or more of the following factors in order to reflect these changes:
- a) the appraised value of the raw land as determined by Manitoba;
 - b) the policy of Manitoba as set out in an Act of the Legislature or a Regulation relating to the determination of annual fee;
 - c) the use of the buildings, infrastructure or land.
- 3.05 Manitoba shall give notice to the Lessee 30 days prior to the effective date of an increase in the annual fee.
- 3.06 The Lessee shall pay all taxes, rates, duties and assessments whatsoever, whether municipal or otherwise, now or hereafter charged on the Land or in respect of the Lessee's use and occupation thereof. Some form of advance notice shall be provided for changes in these taxes, rates, duties and assessments.
- 3.07 The Lessee shall pay interest to Manitoba on any arrears of annual fee or administration fees at a rate equal to the rate fixed from time to time by the Minister of Finance of Manitoba under section 25(1) of *The Financial Administration Act*. Failing such rate being fixed, interest shall be payable thereon at a rate equal to the rate fixed from time to time by Manitoba.
- 3.08 The Lessee shall pay to Manitoba an amount equal to any and all goods and services taxes now or hereafter imposed on, or collectible by Manitoba with respect to any amounts payable by the Lessee to Manitoba hereunder, whether characterized as a goods and services tax, sales tax, value added tax or otherwise ("Sales Taxes"), it being the intention of the parties that Manitoba shall be fully reimbursed by the Lessee with respect to any and all Sales Taxes payable or collectible by Manitoba now or in the future.
- 3.09 The Lessee is responsible for and shall pay any and all costs, charges, impositions and expenses related to the Land, including without limitation, all electric power charges.
- 3.10 The Lessee shall pay all amounts payable to Manitoba hereunder without any deduction or set-off whatsoever.
- 3.11 If the Lessee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges and assessments as required, Manitoba may pay them or any of them and charge those payments to the Lessee who shall reimburse Manitoba forthwith and Manitoba may take the same steps for the recovery of those payments as it would be for the recovery of rent and arrears.

4.00 MAINTENANCE OF LAND

4.01 The Lessee agrees:

- a) to keep the Land, and all buildings and structures thereon, in a clean and sanitary condition free from inflammable materials, other than those contained in containers approved by the Canadian Standards Association;
- b) to comply with all federal, provincial and municipal by-laws, Acts and regulations relating to the Lessee and/or the Land including, but not limited to, *The Crown Lands Act* and Regulations, *The Dangerous Goods Handling and Transportation Act* and Regulations, *The Environment Act* and Regulations and *The Public Health Act* and Regulations, all as amended, replaced or substituted from time to time;
- c) not to commit waste or damage the Land;
- d) to keep the Land, and all buildings and structures thereon, in good and safe repair; and in a proper and neat condition and to repair in accordance with any notice from Manitoba;
- e) to allow a person or persons on behalf of Manitoba to enter the Land, including all buildings and structures, at all reasonable times to examine the state of repair;
- f) not to cut or remove any trees without prior written consent of Manitoba;
- g) any shoreline development to be minimal on Crown land adjacent to lakes or rivers and limited only to facilities or uses approved in writing by Manitoba. Natural vegetation and features should have minimal disturbance, and a vegetative riparian zone should be maintained or encouraged.

4.02 The Lessee shall not release upon the Land or any part thereof any Pollutants (as defined in paragraph 4.05), but if Lessee does release any Pollutants, the Lessee shall, at his/her expense, immediately give Manitoba notice of the release; remove the Pollutants from the Land in a manner which conforms with all laws and regulations covering the handling, removal and management of the Pollutants and as may be directed or ordered by an Environment Officer or Director of the Environmental Approvals Branch, or such successor as appropriate, as soon as reasonably practicable; and obtain from an independent Qualified Environmental Consultant, a report verifying the complete and proper removal thereof from the Land, if requested by Manitoba, otherwise the Lessee shall report as to the extent and nature of any failure to comply with this Section.

4.03 Any Pollutants noted in paragraph 4.02 shall not become the property of Manitoba notwithstanding any rule of the law to the contrary (save and except where such Pollutants are brought or created upon the Land by Manitoba or its servants, employees or agents, and provided such person is not the Lessee or an officer, director, agent or employee of the Lessee). At the option of Manitoba, any substance contaminated by such Pollutants shall become the property of the Lessee and at the Lessee's expense, the Lessee or, at Manitoba's option, Manitoba, shall remove the contaminated substance from the Land and make good any damage done in so doing.

4.04 The Lessee shall indemnify and save harmless Manitoba from all costs or expenses, liabilities, losses, claims, damages (including consequential damages, interest, penalties, fines or monetary sanctions), legal costs or fees on a solicitor and own client basis, and fees or expenses of professional consultants incurred by Manitoba by reason of Pollutants being present on the Land and resulting from the Lessee's use or occupation of the Land or the breach of any warranty or covenant of the Lessee in this Section. This indemnity shall survive the termination of this Agreement, notwithstanding anything to the contrary in this Agreement.

4.05 In this Section, "Pollutants" means any product, solid, liquid, gas, smoke, odour, waste, radiation or organism, or any combination of these, that is foreign to or in excess of the natural constituents of the environment on the Land and that:

- a) has affected, is affecting or may affect the natural, physical, chemical or biological quality of the air, land and water; or
- b) is, or is likely to be, injurious or damaging to the health or safety of a person(s), or injurious or damaging to property or to plant or animal life.

5.00 NO ASSIGNMENT OF SUBLEASE WITHOUT CONSENT

5.01 Subject to paragraph 5.04, the Lessee shall not assign this Agreement or sublet the Land without the prior written consent of Manitoba, that consent not to be unreasonably withheld. If the Lessee is a corporation, any change in ownership or control of the Lessee is deemed to be a proposed assignment or subletting.

5.02 Subject to paragraph 5.04, Manitoba shall not unreasonably withhold consent to the assignment of this Agreement for collateral (financing and security) purposes.

5.03 The Lessee shall submit an application on a form specified by Manitoba for approval to assign the Agreement or any interest in the Agreement.

5.04 This Agreement shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Lessee.

6.00 INSURANCE AND INDEMNITIES

6.01 Nothing contained in this Agreement shall create any liability on the part of Manitoba or Manitoba Hydro for any damages caused or purported to be caused in respect to the Land by raising or lowering waters bordering upon or adjacent to the Land.

6.02 The Lessee shall use due care in the occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.

6.03 The Lessee shall be solely responsible for and indemnify and save harmless Manitoba, its officers, employees and agents from and against all claims, liabilities and demands with respect to:

a) any injury to persons (including death), damage or loss to property caused by, or related to the occupation of the Land or the performance of this Agreement or the breach of any term or condition of this Agreement by the Lessee, any agent, invitee, officer, director or employee of the Lessee or any other person authorized by the Lessee to occupy the Land, and

b) any omission or wrongful or negligent act of the Lessee, or of any other person authorized by the Lessee, any agent, invitee, officer, director or employee of the Lessee to occupy the Land; unless such claims, liabilities, and demands arise out of the acts or omissions of Manitoba, its officers, employees or agents, and provided such person is not the Lessee or an officer, director, agent or employee of the Lessee. This paragraph shall survive the termination or expiration of this Agreement.

6.04 It is the responsibility of the Lessee to discuss his/her insurance requirements with his/her insurance adviser/broker and to arrange for his/her own insurance coverage(s). However, at a minimum, the Lessee shall purchase and maintain comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence or claim. Manitoba reserves the right to require the Lessee to purchase and maintain a different minimum amount of liability insurance as specified by Manitoba from time to time by providing at least 180 days notice in writing of the change in the minimum amount to the Lessee. Evidence of insurance in the form of a Certificate of Insurance shall be provided by the Lessee upon request.

6.05 Notwithstanding paragraph 6.03, the Lessee agrees that any buildings, including any buildings existing at the date of the approval of this lease, on the Land shall be maintained entirely at the Lessee's own risk, and the Lessee agrees to assume full responsibility for any damage or injury to persons or property situated on the Land resulting from flooding, erosion, ice damage, or temporary or permanent loss of Land accessibility. The Lessee agrees not to institute any action or make any claim against Manitoba or any employee or agent of Manitoba, including Manitoba Hydro, in respect to any personal injury caused by or related to flooding, whether or not the damage was occasioned by flooding resulting from the regulation or control of the adjacent waterway by Manitoba or Manitoba Hydro. This paragraph shall survive the termination or expiration of this Agreement.

6.06 Notwithstanding paragraph 6.03, the Lessee agrees to indemnify and save harmless Manitoba and all employees and agents of Manitoba, including Manitoba Hydro, from and against all claims, liabilities and demands in respect of any damage to property or injury to persons located on the Land, which has been caused by flooding, erosion, ice damage, or temporary or permanent loss to Land accessibility. This paragraph shall survive the termination or expiration of this Agreement.

6.07 The Lessee agrees not to institute any action or make any claim against the local government authority with respect to damage to any building or personal property or any injury to persons located on the land that may be caused by flooding, erosion, ice damage, or temporary or permanent loss of land accessibility, as described herein and the Lessee agrees to enter into a written agreement with the local government authority if the local government authority deems it necessary. This paragraph shall survive the termination or expiration of this Agreement.

7.00 TERMINATION AND EXTENSION

7.01 Provided that there has been no uncured default by the Lessee, this Agreement may be renewed, at the option of the Lessee, by notice as set out below for one additional term of 21 years in accordance with then current laws, regulations or policies respecting rental rates and rental property of this type. The Lessee may exercise the Lessee's option to renew this Agreement at any time after 6 months before the expiration of the Agreement and prior to 2 months before the expiration of the Agreement.

7.02 At the end of the term hereof or any renewal term, this Agreement will expire.

- 7.03 The Lessee may terminate this Agreement in any year of this Agreement by giving notice in writing to Manitoba at least 1 year prior to the date of termination.
- 7.04 Without restricting any other remedies available, Manitoba may, at its sole option, immediately terminate this Agreement in writing if:
- a) the Lessee has failed to make any payment due hereunder or has failed to comply with any other term or condition of this Agreement and has not remedied that failure to comply within 90 days of receipt of notice in writing from Manitoba;
 - b) the Lessee makes an assignment for the benefit of creditors, becomes bankrupt or insolvent, takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors (the appointment of a receiver or receiver and manager of the assets of the Lessee being conclusive evidence of insolvency), or if any certificate or order is made or granted for the winding-up or dissolution of the Lessee, voluntarily or otherwise;
 - c) the Lessee suffers a lien under *The Builders' Lien Act* (Manitoba) or any similar or successor legislation registered against the Land or Manitoba's interest therein and does not contest the validity or the amount of the lien and do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Lessee.
- 7.05 Where the Lessee terminates this Agreement in accordance with paragraph 7.03, or Manitoba terminates this Agreement in accordance with paragraph 7.04, or upon the expiration of the term or any renewal term of this Agreement:
- a) The Lessee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the expiration or termination of this Agreement;
 - b) At the option of Manitoba:
 - (i) the Lessee and Manitoba may agree on the fair market value of the buildings or structures added to the Land by the Lessee and Manitoba may purchase such buildings or structures by paying to the Lessee that fair market value, or
 - (ii) the Lessee shall remove all buildings and structures added to the Land by the Lessee within six months of such expiry or termination, and where those buildings and structures are not removed within 180 days they shall become the property of Manitoba. At the end of such six months, any assets left on the property as at such date shall vest in Manitoba, and the Lessee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Lessee in such event.
- 7.06 Where Manitoba terminates this Agreement in accordance with paragraph 7.04 in instances where collateral assignments are recorded, it shall provide notice in writing of such termination to the holder of such collateral assignments (the "Security Holder"). The Security Holder:
- a) shall then be allowed a reasonable time frame of not less than 90 days as stipulated in the notice, to cure defaults of the Lessee, and upon doing so this Agreement shall be deemed not to have terminated;
 - b) shall not be obligated to go into possession; and
 - c) shall be allowed to assign the Lessee's interest in this Agreement to a third party lessee, subject to the prior written consent of Manitoba being required, but which shall not be unreasonably withheld; provided that as a condition of any such assignment, such subsequent assignee shall execute such documentation as Manitoba considers reasonable to bind the assignee directly to Manitoba on the terms and conditions as contained in this Agreement, and all defaults of the Lessee shall be cured and brought to good standing. In the event of such permitted assignment, this Agreement shall be deemed not to have terminated.
- 7.07 Notwithstanding any other provision of this Agreement, Manitoba may terminate this Agreement at any time by giving the Lessee 90 days notice in writing, and upon the expiration of such period of 90 days from the giving of the notice, this Agreement and the term hereby demised shall absolutely cease and determine and be at an end. Upon such termination:
- a) The Lessee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the expiration or termination of this Agreement;
 - b) The Lessee shall, within 180 days of such expiry or termination, remove all personal property of the Lessee from the Land; and
 - c) At the option of the Lessee:
 - (i) the Lessee may require Manitoba, by notice in writing to Manitoba within 180 days of such expiry or termination, to pay to the Lessee the fair market value of the buildings or structures located on the Land and Manitoba shall purchase such buildings or structures by paying the Lessee that fair market value. When determining such fair market value, regard shall not be had to the fact that this Agreement has been terminated by Manitoba in accordance with this section, and accordingly such fair market value shall include the fair market value of a permitted assignment of the Lessee's rights under this agreement. Such fair market value shall be determined by agreement between Manitoba and the Lessee or, if they fail to reach an agreement within 180 days of such notice being received by Manitoba, by reference to the Land Value Appraisal Commission, or such other body as may hereafter be substituted therefor from time to time; or

(ii) the Lessee shall remove all buildings and structures added to the Land within 180 days of such expiry or termination, and where no such notice has been given by the Lessee in accordance with paragraph 7.07(c)(i) above and where those buildings and structures are not removed as set out in paragraph 7.07(c)(ii) above, they shall become the property of Manitoba. At the end of such 180 days, any assets left on the Land as at such date shall vest in Manitoba, and the Lessee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Lessee in such event, except any payment arising from the giving of notice as provided in paragraph 7.07(c)(i) above.

8.00 ENTIRE AGREEMENT

8.01 This document contains the entire Agreement between the parties. There are no undertakings, representations, warranties, covenants, guarantees, agreements or promises, express or implied, verbal or otherwise, other than those contained in this Agreement.

8.02 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.

9.00 APPLICABLE LAW

9.01 This Agreement shall be governed by, interpreted, performed and enforced in accordance with the laws of Manitoba.

10.00 NOTICES

10.01 Any notice or other communication to Manitoba under this Agreement shall be in writing and shall be delivered or sent by mail, postage prepaid to: The Director, Lands Branch, Box 20,000, 123 Main Street West, Neepawa MB., R0J 1H0.

10.02 Any notice or other communication to the Lessee under this Agreement shall be in writing and shall be delivered personally to the Lessee or an officer, director or employee of the Lessee or sent by mail, postage prepaid, to: Box 1500, Flin Flon, MB, R8A 1N9.

10.03 Any notice or communication sent by mail shall be deemed to have been received on the third business day following the date of mailing. If mail service is disrupted by labour controversy, notice shall be delivered personally.

10.04 Either party may provide notice of change of address to the other in writing and thereafter all notices or communications shall be provided to the new address.

10.05 Any notice or other communication signed by any employee, officer or minister of Manitoba acting in that capacity shall be deemed for the purposes of this Agreement to be a notice or other communication executed by Manitoba.

10.06 Notwithstanding paragraphs 10.02 and 10.03 any written notice to be served or given by Manitoba to the Lessee under this Agreement shall be effectively given or served by posting the same in a conspicuous place on the said land.

11.00 ADDITIONAL PROVISIONS

11.01 Time shall be of the essence of this Agreement.

11.02 If any provision of this Agreement is illegal or invalid or unenforceable at law it shall be deemed to be severed from this Agreement and the remaining provisions shall nevertheless continue to be in full force and effect.

11.03 No waiver of any default under this Agreement shall be binding unless acknowledged in writing by Manitoba. Any condoning, excusing or overlooking by Manitoba of any default shall not operate as a waiver of Manitoba's rights hereunder in respect of any subsequent default.

11.04 All headings in this Agreement are inserted for convenience of reference only and will not affect the construction and interpretation of this Agreement.

11.05 If two or more sign this Agreement as Lessee, the liability of each to pay rent and taxes and to perform all other obligations hereunder shall be joint and several. If the lessee is a corporation, each person signing on behalf of the Lessee by so signing hereby agrees to guarantee to Manitoba the performance by the Lessee of all obligations of the Lessee hereunder, and each such person shall be jointly and severally liable with the Lessee as lessee hereunder.

11.06 If the Lessee remains in possession of the Land after the termination of this Agreement and Manitoba accepts rent, the tenancy, in the absence of written agreement, will be from month to month only and shall be subject to all terms of this Agreement, including rent, except that the tenancy shall be from month to month.

11.07 The Lessee shall not be entitled to file a caveat against title to the Land respecting this Agreement under *The Real Property Act* (Manitoba) as it may be amended, replaced or substituted from time to time.

12.00 LESSEE'S PERSONAL INFORMATION

12.01 The Lessee acknowledges that:

- a) personal information pertaining to the Lessee will be collected and used by Manitoba Conservation and the Crown Lands and Property Agency (CLPA) for purposes of their administering this Lease Agreement;
- b) the collection and use of such personal information is under the authority of *The Crown Lands Act* (Manitoba) and the Government of Manitoba's Conservation Programs; and
- c) Manitoba Conservation and CLPA may each disclose such personal information between their organizations in order for them to carry out their respective roles and responsibilities under *The Crown Lands Act* (Manitoba) and the Manitoba Conservation Programs.

Such personal information will be protected by the protection of privacy provisions of *The Freedom of Information and Protection of Privacy Act* (Manitoba).

THIS AGREEMENT has been executed by the Minister responsible for the Crown Lands and Property Agency or the Minister's duly authorized representative on behalf of the Province of Manitoba and by the Lessee or the Lessee's duly authorized representative on the dates noted below.

WITNESS

SIGNED IN THE PRESENCE OF

Print Name of Witness

Signature of Witness

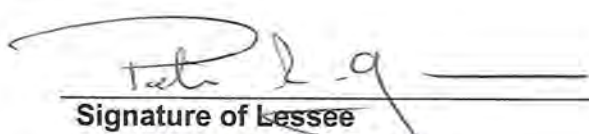
Date

LESSEE

Hudson Bay Mining & Smelting Co. Limited

Peter R. Jones President & CEO

Name of Lessee



Signature of Lessee

Date April 12/07

WITNESS

SIGNED IN THE PRESENCE OF

Print Name of Witness

Signature of Witness

Date

LESSEE

Hudson Bay Mining & Smelting Co. Limited

Brian D. Gordon VP & General Counsel


Name of Lessee



Signature of Lessee

Date April 12/07

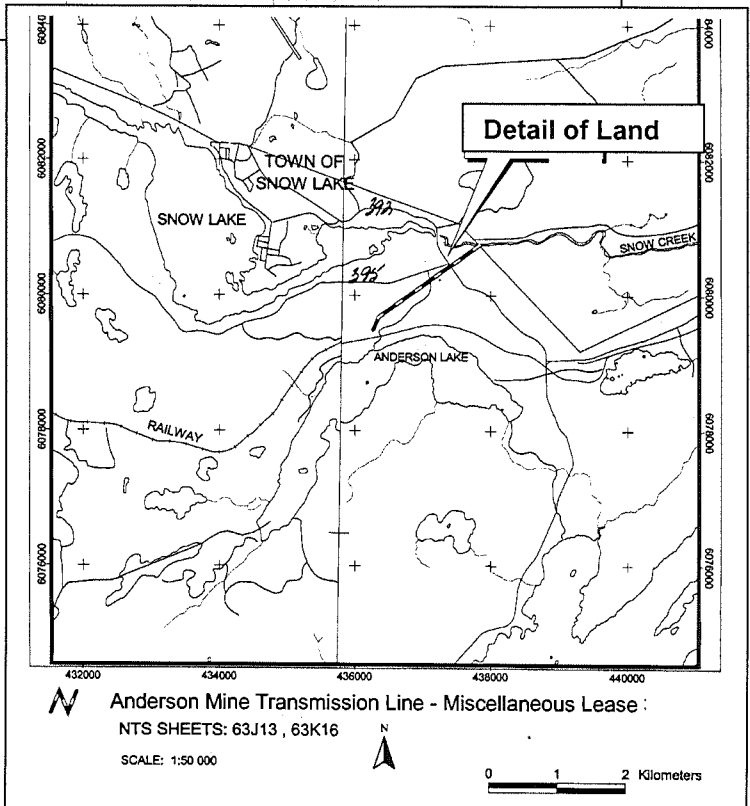
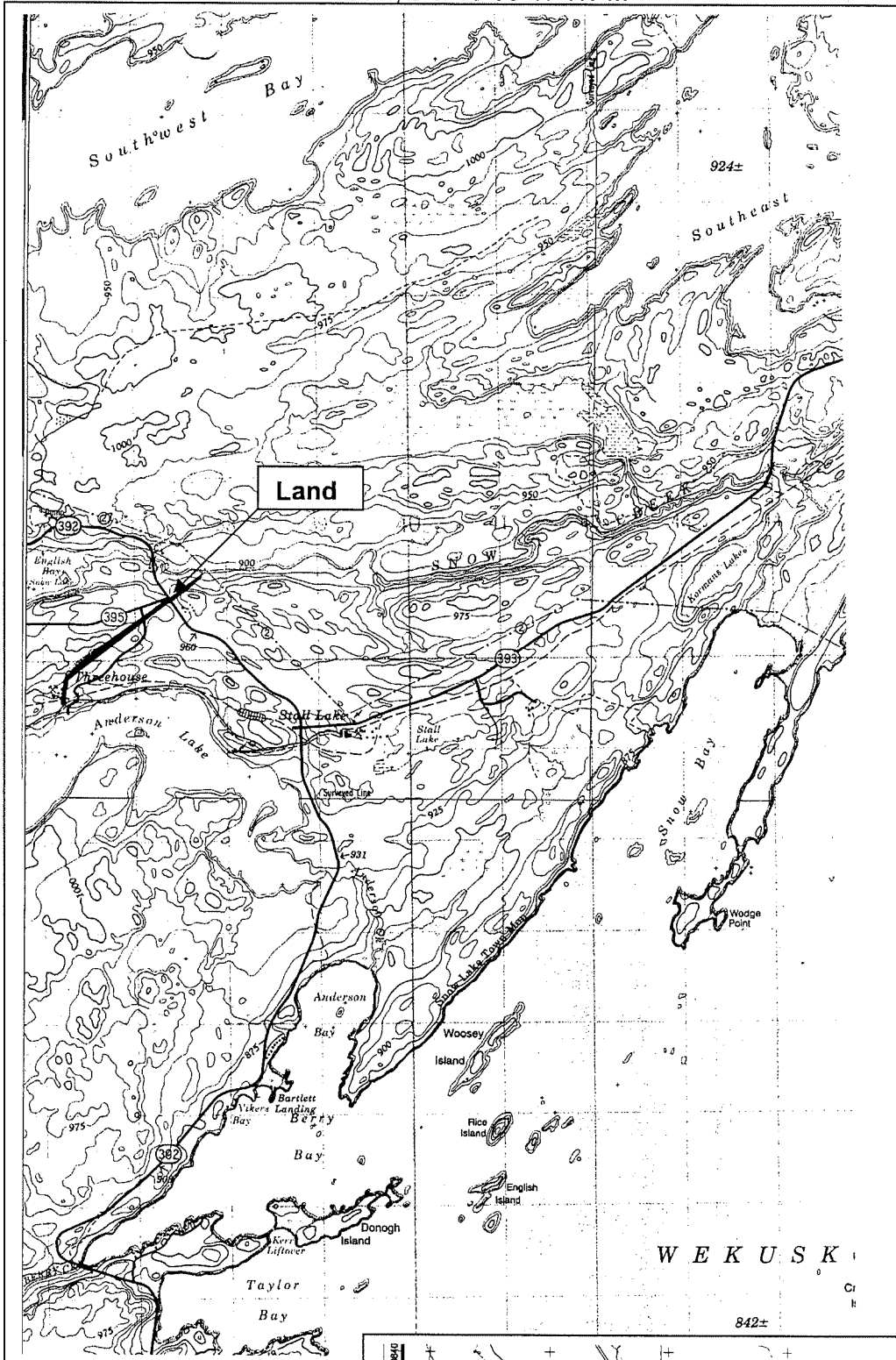
THE GOVERNMENT OF MANITOBA



as represented by
the Minister responsible for the
Crown Lands and Property Agency

Date April 26, 2007

SCHEDULE A
Pt. Sec 4, 9 & 10-68-17 WPM



AFFIDAVIT OF WITNESS

PROVINCE OF MANITOBA

TO WIT:

I, _____
(Print full name of Witness, including middle name)

of the Town / City / Village / Postal District of

_____,
(Print name of Town/etc.)

in the Province of Manitoba, _____,
(Print occupation of Witness)

MAKE OATH AND SAY:

1. **THAT** I was personally present and did see the within Instrument duly signed, sealed and executed by _____.
2. **THAT** the said Instrument was executed at _____, Manitoba.
(Print name of Town/etc.)
3. **THAT** I know the said party and am satisfied that he/she is over the age of 18 years.
4. **THAT** I am the subscribing witness to the said Instrument.

Sworn / Declared / Affirmed before me at the _____)
 _____)
 Town / City / Village / Postal District of _____)
 _____, in the Province of Manitoba,)
 (Print name of Town/etc.))
 this _____ day of _____, 2007.)
 (Day) (Month))
)

Signature of Witness

Signature of Commissioner for Oaths, etc.

A Commissioner for Oaths, lawyer, Justice of the Peace, Magistrate, Judge, RCMP officer, Sheriff, Postmaster, Mayor, Reeve or Municipal Clerk, or, the Secretary-Treasurer of any school district.
(leave applicable description and strike out others)

in and for the Province of Manitoba.

My Commission expires _____
(year/month/day)

**PROVINCE OF MANITOBA
CROWN LANDS AND PROPERTY AGENCY
Crown Land Lease No. Misc 56559**

THIS LEASE, MADE IN DUPLICATE the 26th day of April, 2007.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA
represented herein by the Minister responsible for the Crown Lands and Property Agency
("Manitoba")

- and -

Hudson Bay Mining & Smelting Co. Limited
(the "Lessee")

pursuant to *The Crown Lands Act* as amended from time to time.

WHEREAS:

- A) The Lessee has made an application to Manitoba to lease the Land (as described further in this Agreement); and
- B) Manitoba agrees to lease to the Lessee, in accordance with the terms of this Agreement, the land described as follows and as substantially similar to that set out on the map attached as Schedule A:

Pt 00-68-17 WPM – Road Plan 5066 NLTO

Area: 7.5 acres 3.04ha

(the "Land")

for the term of 21 years, commencing on January 1, 2007 and ending on December 31, 2027.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1.00 USE OF THE LAND

- 1.01 The Lessee shall use the Land as an all weather road and for no other purpose, including non-use, without prior permission in writing from Manitoba.
- 1.02 The Lessee agrees that the following structures and improvements on the Land are authorized under the Lease: nil.
- 1.03 Other than those developments and uses permitted under paragraphs 1.01 and 1.02 of this Lease, the Lessee shall not construct, erect or alter any buildings or structures on the Land or effect any change in use of the Land without prior permission in writing from Manitoba.
- 1.04 The Lessee agrees to notify Manitoba of any building destroyed, demolished, or removed from the Land within 30 days of that occurrence; and to rebuild, replace or reinstate the building within 24 months of that occurrence.
- 1.05 It is the responsibility of the Lessee to place and maintain all buildings within the boundaries of the Land, and to obtain any Surveyor's Certificates necessary to effect or verify this condition.
- 1.06 Manitoba has no obligation to survey or resurvey the Land, and this Agreement shall create no such obligation on Manitoba to survey or resurvey the Land.
- 1.07 The Lessee agrees that removal or relocation of any existing Manitoba Hydro facilities will be at his/her expense.
- 1.08 The Lessee understands and agrees that the issuance of this Agreement in no way implies that either Manitoba or the local government authority shall provide any services.
- 1.09 The Lessee shall comply with all federal, provincial and municipal laws and regulations, and obtain all licences and permits necessary for the lawful use of the Land, which, without restricting the generality of the foregoing, includes obtaining a work permit from the local District Resource Officer before cutting any trees or commencing any work on the Land, obtaining a building permit from the Department of Labour before constructing any structures, as may be authorized by Manitoba, in accordance with the Manitoba Building Code and applicable Municipal By-laws and regulations. The Lessee shall provide Manitoba with a copy of work permits or building permits obtained at the request of Manitoba.

- 1.10 The Permittee agrees to obtain a permit from the Department of Infrastructure & Transportation (Access Management Section):
- a) for any new, modified or relocated access connection onto Provincial Road 392 or 395 ("highway") (including change in use of a driveway); or
 - b) to change the use of the Land or buildings; or
 - c) to place/construct any structures (including the alteration of existing buildings) above, on or below ground level within 38.1 m (125 ft.) from the edge of the highway right-of-way; or
 - d) to place any planting within 15.2 m (50 ft.) from the edge of the highway right-of-way, and shall provide Manitoba with a copy of the permit.

2.00 QUIET ENJOYMENT

- 2.01 Subject to the terms of this Agreement, Manitoba covenants with the Lessee for the quiet enjoyment of the Land.

3.00 PAYMENT OF FEES AND TAXES

- 3.01 The Lessee shall pay to Manitoba in each year throughout the term of this Agreement rent equal to the annual fee prescribed from time to time by the Regulations under *The Crown Lands Act*, in accordance with such Regulations and this Agreement, within 30 days of receipt of an invoice from Manitoba. The Lessee acknowledges that the current annual fee is \$100.00 plus GST per year.

The annual fee is as prescribed by the Crown Lands Fees Regulation (M.R. 130/91), (7) *Winter roads*...The annual fee for a permit to use a winter road is \$100. plus one additional dollar for every kilometre of road.

- 3.02 The Lessee acknowledges that administration fees in relation to this Agreement shall be paid by the Lessee, as prescribed by the Land Administration Fees Regulation (M.R. 216/89) and as amended from time to time.
- 3.03 Payments of the annual fee and the administration fees shall be made in accordance with the directions contained in the invoice from Manitoba.
- 3.04 Manitoba may establish a new annual fee rate where there is a change in one or more of the following factors in order to reflect these changes:
- a) the appraised value of the raw land as determined by Manitoba;
 - b) the policy of Manitoba as set out in an Act of the Legislature or a Regulation relating to the determination of annual fee;
 - c) the use of the buildings, infrastructure or land.
- 3.05 Manitoba shall give notice to the Lessee 30 days prior to the effective date of an increase in the annual fee.
- 3.06 The Lessee shall pay all taxes, rates, duties and assessments whatsoever, whether municipal or otherwise, now or hereafter charged on the Land or in respect of the Lessee's use and occupation thereof. Some form of advance notice shall be provided for changes in these taxes, rates, duties and assessments.
- 3.07 The Lessee shall pay interest to Manitoba on any arrears of annual fee or administration fees at a rate equal to the rate fixed from time to time by the Minister of Finance of Manitoba under section 25(1) of *The Financial Administration Act*. Failing such rate being fixed, interest shall be payable thereon at a rate equal to the rate fixed from time to time by Manitoba.
- 3.08 The Lessee shall pay to Manitoba an amount equal to any and all goods and services taxes now or hereafter imposed on, or collectible by Manitoba with respect to any amounts payable by the Lessee to Manitoba hereunder, whether characterized as a goods and services tax, sales tax, value added tax or otherwise ("Sales Taxes"), it being the intention of the parties that Manitoba shall be fully reimbursed by the Lessee with respect to any and all Sales Taxes payable or collectible by Manitoba now or in the future.
- 3.09 The Lessee is responsible for and shall pay any and all costs, charges, impositions and expenses related to the Land, including without limitation, all electric power charges.
- 3.10 The Lessee shall pay all amounts payable to Manitoba hereunder without any deduction or set-off whatsoever.
- 3.11 If the Lessee fails to pay any and all taxes or water, sewer, gas, telephone, or electric power charges and assessments as required, Manitoba may pay them or any of them and charge those payments to the Lessee who shall reimburse Manitoba forthwith and Manitoba may take the same steps for the recovery of those payments as it would be for the recovery of rent and arrears.

4.00 MAINTENANCE OF LAND

4.01 The Lessee agrees:

- a) to keep the Land, and all buildings and structures thereon, in a clean and sanitary condition free from inflammable materials, other than those contained in containers approved by the Canadian Standards Association;
- b) to comply with all federal, provincial and municipal by-laws, Acts and regulations relating to the Lessee and/or the Land including, but not limited to, *The Crown Lands Act* and Regulations, *The Dangerous Goods Handling and Transportation Act* and Regulations, *The Environment Act* and Regulations and *The Public Health Act* and Regulations, all as amended, replaced or substituted from time to time;
- c) not to commit waste or damage the Land;
- d) to keep the Land, and all buildings and structures thereon, in good and safe repair; and in a proper and neat condition and to repair in accordance with any notice from Manitoba;
- e) to allow a person or persons on behalf of Manitoba to enter the Land, including all buildings and structures, at all reasonable times to examine the state of repair;
- f) not to cut or remove any trees without prior written consent of Manitoba;
- g) any shoreline development to be minimal on Crown land adjacent to lakes or rivers and limited only to facilities or uses approved in writing by Manitoba. Natural vegetation and features should have minimal disturbance, and a vegetative riparian zone should be maintained or encouraged.

4.02 The Lessee shall not release upon the Land or any part thereof any Pollutants (as defined in paragraph 4.05), but if Lessee does release any Pollutants, the Lessee shall, at his/her expense, immediately give Manitoba notice of the release; remove the Pollutants from the Land in a manner which conforms with all laws and regulations covering the handling, removal and management of the Pollutants and as may be directed or ordered by an Environment Officer or Director of the Environmental Approvals Branch, or such successor as appropriate, as soon as reasonably practicable; and obtain from an independent Qualified Environmental Consultant, a report verifying the complete and proper removal thereof from the Land, if requested by Manitoba, otherwise the Lessee shall report as to the extent and nature of any failure to comply with this Section.

4.03 Any Pollutants noted in paragraph 4.02 shall not become the property of Manitoba notwithstanding any rule of the law to the contrary (save and except where such Pollutants are brought or created upon the Land by Manitoba or its servants, employees or agents, and provided such person is not the Lessee or an officer, director, agent or employee of the Lessee). At the option of Manitoba, any substance contaminated by such Pollutants shall become the property of the Lessee and at the Lessee's expense, the Lessee or, at Manitoba's option, Manitoba, shall remove the contaminated substance from the Land and make good any damage done in so doing.

4.04 The Lessee shall indemnify and save harmless Manitoba from all costs or expenses, liabilities, losses, claims, damages (including consequential damages, interest, penalties, fines or monetary sanctions), legal costs or fees on a solicitor and own client basis, and fees or expenses of professional consultants incurred by Manitoba by reason of Pollutants being present on the Land and resulting from the Lessee's use or occupation of the Land or the breach of any warranty or covenant of the Lessee in this Section. This indemnity shall survive the termination of this Agreement, notwithstanding anything to the contrary in this Agreement.

4.05 In this Section, "Pollutants" means any product, solid, liquid, gas, smoke, odour, waste, radiation or organism, or any combination of these, that is foreign to or in excess of the natural constituents of the environment on the Land and that:

- a) has affected, is affecting or may affect the natural, physical, chemical or biological quality of the air, land and water; or
- b) is, or is likely to be, injurious or damaging to the health or safety of a person(s), or injurious or damaging to property or to plant or animal life.

5.00 NO ASSIGNMENT OF SUBLEASE WITHOUT CONSENT

5.01 Subject to paragraph 5.04, the Lessee shall not assign this Agreement or sublet the Land without the prior written consent of Manitoba, that consent not to be unreasonably withheld. If the Lessee is a corporation, any change in ownership or control of the Lessee is deemed to be a proposed assignment or subletting.

5.02 Subject to paragraph 5.04, Manitoba shall not unreasonably withhold consent to the assignment of this Agreement for collateral (financing and security) purposes.

5.03 The Lessee shall submit an application on a form specified by Manitoba for approval to assign the Agreement or any interest in the Agreement.

5.04 This Agreement shall be binding upon the executors, administrators, heirs, successors and any permitted assigns of the Lessee.

6.00 INSURANCE AND INDEMNITIES

6.01 Nothing contained in this Agreement shall create any liability on the part of Manitoba or Manitoba Hydro for any damages caused or purported to be caused in respect to the Land by raising or lowering waters bordering upon or adjacent to the Land.

6.02 The Lessee shall use due care in the occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.

6.03 The Lessee shall be solely responsible for and indemnify and save harmless Manitoba, its officers, employees and agents from and against all claims, liabilities and demands with respect to:

a) any injury to persons (including death), damage or loss to property caused by, or related to the occupation of the Land or the performance of this Agreement or the breach of any term or condition of this Agreement by the Lessee, any agent, invitee, officer, director or employee of the Lessee or any other person authorized by the Lessee to occupy the Land, and

b) any omission or wrongful or negligent act of the Lessee, or of any other person authorized by the Lessee, any agent, invitee, officer, director or employee of the Lessee to occupy the Land; unless such claims, liabilities, and demands arise out of the acts or omissions of Manitoba, its officers, employees or agents, and provided such person is not the Lessee or an officer, director, agent or employee of the Lessee. This paragraph shall survive the termination or expiration of this Agreement.

6.04 It is the responsibility of the Lessee to discuss his/her insurance requirements with his/her insurance adviser/broker and to arrange for his/her own insurance coverage(s). However, at a minimum, the Lessee shall purchase and maintain comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence or claim. Manitoba reserves the right to require the Lessee to purchase and maintain a different minimum amount of liability insurance as specified by Manitoba from time to time by providing at least 180 days notice in writing of the change in the minimum amount to the Lessee. Evidence of insurance in the form of a Certificate of Insurance shall be provided by the Lessee upon request.

6.05 Notwithstanding paragraph 6.03, the Lessee agrees that any buildings, including any buildings existing at the date of the approval of this lease, on the Land shall be maintained entirely at the Lessee's own risk, and the Lessee agrees to assume full responsibility for any damage or injury to persons or property situated on the Land resulting from flooding, erosion, ice damage, or temporary or permanent loss of Land accessibility. The Lessee agrees not to institute any action or make any claim against Manitoba or any employee or agent of Manitoba, including Manitoba Hydro, in respect to any personal injury caused by or related to flooding, whether or not the damage was occasioned by flooding resulting from the regulation or control of the adjacent waterway by Manitoba or Manitoba Hydro. This paragraph shall survive the termination or expiration of this Agreement.

6.06 Notwithstanding paragraph 6.03, the Lessee agrees to indemnify and save harmless Manitoba and all employees and agents of Manitoba, including Manitoba Hydro, from and against all claims, liabilities and demands in respect of any damage to property or injury to persons located on the Land, which has been caused by flooding, erosion, ice damage, or temporary or permanent loss to Land accessibility. This paragraph shall survive the termination or expiration of this Agreement.

6.07 The Lessee agrees not to institute any action or make any claim against the local government authority with respect to damage to any building or personal property or any injury to persons located on the land that may be caused by flooding, erosion, ice damage, or temporary or permanent loss of land accessibility, as described herein and the Lessee agrees to enter into a written agreement with the local government authority if the local government authority deems it necessary. This paragraph shall survive the termination or expiration of this Agreement.

7.00 TERMINATION AND EXTENSION

7.01 Provided that there has been no uncured default by the Lessee, this Agreement may be renewed, at the option of the Lessee, by notice as set out below for one additional term of 21 years in accordance with then current laws, regulations or policies respecting rental rates and rental property of this type. The Lessee may exercise the Lessee's option to renew this Agreement at any time after 6 months before the expiration of the Agreement and prior to 2 months before the expiration of the Agreement.

7.02 At the end of the term hereof or any renewal term, this Agreement will expire.

- 7.03 The Lessee may terminate this Agreement in any year of this Agreement by giving notice in writing to Manitoba at least 1 year prior to the date of termination.
- 7.04 Without restricting any other remedies available, Manitoba may, at its sole option, immediately terminate this Agreement in writing if:
- a) the Lessee has failed to make any payment due hereunder or has failed to comply with any other term or condition of this Agreement and has not remedied that failure to comply within 90 days of receipt of notice in writing from Manitoba;
 - b) the Lessee makes an assignment for the benefit of creditors, becomes bankrupt or insolvent, takes the benefit of, or becomes subject to, any statutes that may be in force relating to bankrupt or insolvent debtors (the appointment of a receiver or receiver and manager of the assets of the Lessee being conclusive evidence of insolvency), or if any certificate or order is made or granted for the winding-up or dissolution of the Lessee, voluntarily or otherwise;
 - c) the Lessee suffers a lien under *The Builders' Lien Act* (Manitoba) or any similar or successor legislation registered against the Land or Manitoba's interest therein and does not contest the validity or the amount of the lien and do all things necessary to obtain and register a discharge forthwith after the lien has come to the notice of the Lessee.
- 7.05 Where the Lessee terminates this Agreement in accordance with paragraph 7.03, or Manitoba terminates this Agreement in accordance with paragraph 7.04, or upon the expiration of the term or any renewal term of this Agreement:
- a) The Lessee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the expiration or termination of this Agreement;
 - b) At the option of Manitoba:
 - (i) the Lessee and Manitoba may agree on the fair market value of the buildings or structures added to the Land by the Lessee and Manitoba may purchase such buildings or structures by paying to the Lessee that fair market value, or
 - (ii) the Lessee shall remove all buildings and structures added to the Land by the Lessee within six months of such expiry or termination, and where those buildings and structures are not removed within 180 days they shall become the property of Manitoba. At the end of such six months, any assets left on the property as at such date shall vest in Manitoba, and the Lessee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Lessee in such event.
- 7.06 Where Manitoba terminates this Agreement in accordance with paragraph 7.04 in instances where collateral assignments are recorded, it shall provide notice in writing of such termination to the holder of such collateral assignments (the "Security Holder"). The Security Holder:
- a) shall then be allowed a reasonable time frame of not less than 90 days as stipulated in the notice, to cure defaults of the Lessee, and upon doing so this Agreement shall be deemed not to have terminated;
 - b) shall not be obligated to go into possession; and
 - c) shall be allowed to assign the Lessee's interest in this Agreement to a third party lessee, subject to the prior written consent of Manitoba being required, but which shall not be unreasonably withheld; provided that as a condition of any such assignment, such subsequent assignee shall execute such documentation as Manitoba considers reasonable to bind the assignee directly to Manitoba on the terms and conditions as contained in this Agreement, and all defaults of the Lessee shall be cured and brought to good standing. In the event of such permitted assignment, this Agreement shall be deemed not to have terminated.
- 7.07 Notwithstanding any other provision of this Agreement, Manitoba may terminate this Agreement at any time by giving the Lessee 90 days notice in writing, and upon the expiration of such period of 90 days from the giving of the notice, this Agreement and the term hereby demised shall absolutely cease and determine and be at an end. Upon such termination:
- a) The Lessee shall deliver up possession of the Land to Manitoba and shall not remain in possession of the Land following the expiration or termination of this Agreement;
 - b) The Lessee shall, within 180 days of such expiry or termination, remove all personal property of the Lessee from the Land; and
 - c) At the option of the Lessee:
 - (i) the Lessee may require Manitoba, by notice in writing to Manitoba within 180 days of such expiry or termination, to pay to the Lessee the fair market value of the buildings or structures located on the Land and Manitoba shall purchase such buildings or structures by paying the Lessee that fair market value. When determining such fair market value, regard shall not be had to the fact that this Agreement has been terminated by Manitoba in accordance with this section, and accordingly such fair market value shall include the fair market value of a permitted assignment of the Lessee's rights under this agreement. Such fair market value shall be determined by agreement between Manitoba and the Lessee or, if they fail to reach an agreement within 180 days of such notice being received by Manitoba, by reference to the Land Value Appraisal Commission, or such other body as may hereafter be substituted therefor from time to time; or

(ii) the Lessee shall remove all buildings and structures added to the Land within 180 days of such expiry or termination, and where no such notice has been given by the Lessee in accordance with paragraph 7.07(c)(i) above and where those buildings and structures are not removed as set out in paragraph 7.07(c)(ii) above, they shall become the property of Manitoba. At the end of such 180 days, any assets left on the Land as at such date shall vest in Manitoba, and the Lessee shall be deemed to have released and quit-claimed any interest therein to and in favour of Manitoba. No compensation or payment whatsoever shall be payable therefor by Manitoba to the Lessee in such event, except any payment arising from the giving of notice as provided in paragraph 7.07(c)(i) above.

8.00 ENTIRE AGREEMENT

8.01 This document contains the entire Agreement between the parties. There are no undertakings, representations, warranties, covenants, guarantees, agreements or promises, express or implied, verbal or otherwise, other than those contained in this Agreement.

8.02 No amendment or change to, or modification of, this Agreement shall be valid unless it is in writing and signed by both parties.

9.00 APPLICABLE LAW

9.01 This Agreement shall be governed by, interpreted, performed and enforced in accordance with the laws of Manitoba.

10.00 NOTICES

10.01 Any notice or other communication to Manitoba under this Agreement shall be in writing and shall be delivered or sent by mail, postage prepaid to: The Director, Lands Branch, Box 20,000, 123 Main Street West, Neepawa MB., R0J 1H0.

10.02 Any notice or other communication to the Lessee under this Agreement shall be in writing and shall be delivered personally to the Lessee or an officer, director or employee of the Lessee or sent by mail, postage prepaid, to: Box 1500, Flin Flon, MB, R8A 1N9.

10.03 Any notice or communication sent by mail shall be deemed to have been received on the third business day following the date of mailing. If mail service is disrupted by labour controversy, notice shall be delivered personally.

10.04 Either party may provide notice of change of address to the other in writing and thereafter all notices or communications shall be provided to the new address.

10.05 Any notice or other communication signed by any employee, officer or minister of Manitoba acting in that capacity shall be deemed for the purposes of this Agreement to be a notice or other communication executed by Manitoba.

10.06 Notwithstanding paragraphs 10.02 and 10.03 any written notice to be served or given by Manitoba to the Lessee under this Agreement shall be effectively given or served by posting the same in a conspicuous place on the said land.

11.00 ADDITIONAL PROVISIONS

11.01 Time shall be of the essence of this Agreement.

11.02 If any provision of this Agreement is illegal or invalid or unenforceable at law it shall be deemed to be severed from this Agreement and the remaining provisions shall nevertheless continue to be in full force and effect.

11.03 No waiver of any default under this Agreement shall be binding unless acknowledged in writing by Manitoba. Any condoning, excusing or overlooking by Manitoba of any default shall not operate as a waiver of Manitoba's rights hereunder in respect of any subsequent default.

11.04 All headings in this Agreement are inserted for convenience of reference only and will not affect the construction and interpretation of this Agreement.

11.05 If two or more sign this Agreement as Lessee, the liability of each to pay rent and taxes and to perform all other obligations hereunder shall be joint and several. If the lessee is a corporation, each person signing on behalf of the Lessee by so signing hereby agrees to guarantee to Manitoba the performance by the Lessee of all obligations of the Lessee hereunder, and each such person shall be jointly and severally liable with the Lessee as lessee hereunder.

11.06 If the Lessee remains in possession of the Land after the termination of this Agreement and Manitoba accepts rent, the tenancy, in the absence of written agreement, will be from month to month only and shall be subject to all terms of this Agreement, including rent, except that the tenancy shall be from month to month.

11.07 The Lessee shall not be entitled to file a caveat against title to the Land respecting this Agreement under *The Real Property Act* (Manitoba) as it may be amended, replaced or substituted from time to time.

12.00 LESSEE'S PERSONAL INFORMATION

- 12.01 The Lessee acknowledges that:
- a) personal information pertaining to the Lessee will be collected and used by Manitoba Conservation and the Crown Lands and Property Agency (CLPA) for purposes of their administering this Lease Agreement;
 - b) the collection and use of such personal information is under the authority of *The Crown Lands Act* (Manitoba) and the Government of Manitoba's Conservation Programs; and
 - c) Manitoba Conservation and CLPA may each disclose such personal information between their organizations in order for them to carry out their respective roles and responsibilities under *The Crown Lands Act* (Manitoba) and the Manitoba Conservation Programs.

Such personal information will be protected by the protection of privacy provisions of *The Freedom of Information and Protection of Privacy Act* (Manitoba).

THIS AGREEMENT has been executed by the Minister responsible for the Crown Lands and Property Agency or the Minister's duly authorized representative on behalf of the Province of Manitoba and by the Lessee or the Lessee's duly authorized representative on the dates noted below.

WITNESS

SIGNED IN THE PRESENCE OF

Print Name of Witness

Signature of Witness

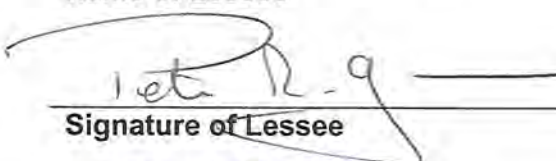
Date

LESSEE

Hudson Bay Mining & Smelting Co. Limited

Peter R. Jones President & CEO

Name of Lessee



Signature of Lessee

Date April 12/07

WITNESS

SIGNED IN THE PRESENCE OF

Print Name of Witness

Signature of Witness

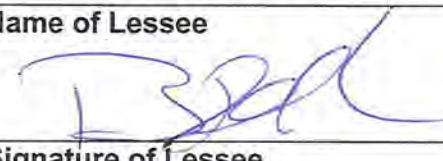
Date

LESSEE

Hudson Bay Mining & Smelting Co. Limited

Brian D. Gordon VP & General Counsel

Name of Lessee



Signature of Lessee

Date April 12/07

THE GOVERNMENT OF MANITOBA

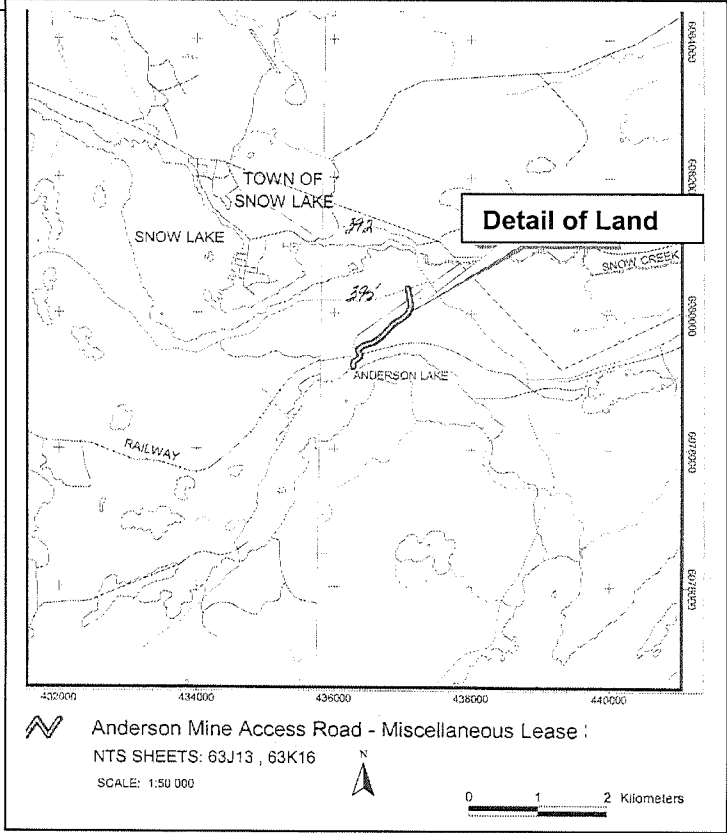
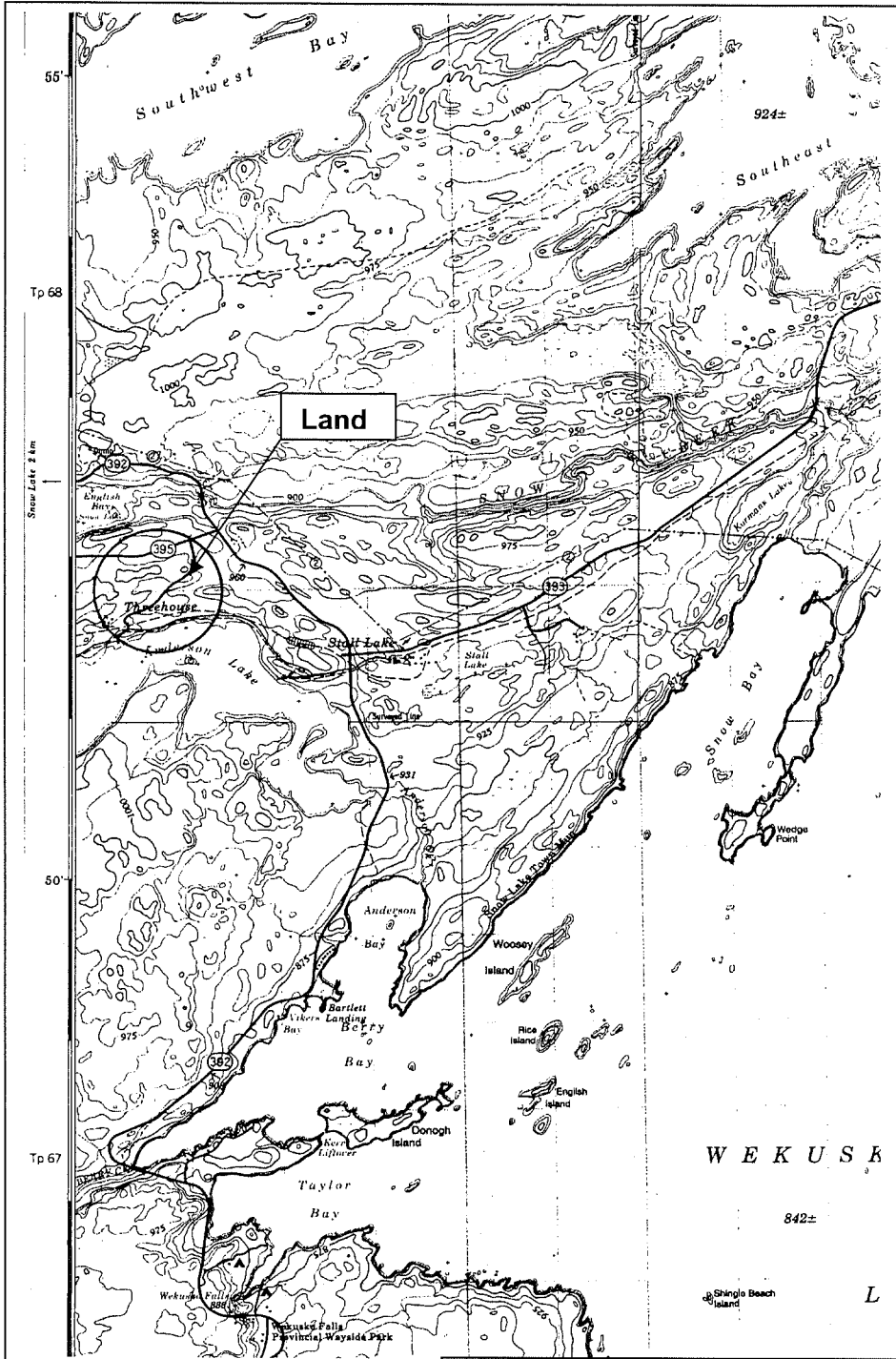


as represented by

the Minister responsible for the
Crown Lands and Property Agency

Date April 26, 2007

SCHEDULE A
Pt 00-68-17 WPM – Road Plan 5066 NLTO



AFFIDAVIT OF WITNESS

PROVINCE OF MANITOBA

TO WIT:

I, _____
(Print full name of Witness, including middle name)

of the Town / City / Village / Postal District of

_____,
(Print name of Town/etc.)

in the Province of Manitoba, _____,
(Print occupation of Witness)

MAKE OATH AND SAY:

1. **THAT** I was personally present and did see the within Instrument duly signed, sealed and executed by _____.
2. **THAT** the said Instrument was executed at _____, Manitoba.
(Print name of Town/etc.)
3. **THAT** I know the said party and am satisfied that he/she is over the age of 18 years.
4. **THAT** I am the subscribing witness to the said Instrument.

Sworn / Declared / Affirmed before me at the _____)
 _____)
 Town / City / Village / Postal District of _____)
 _____, in the Province of Manitoba,)
 (Print name of Town/etc.) _____)
 this _____ day of _____, 2007.)
 (Day) (Month) _____)
 _____)

Signature of Witness

Signature of Commissioner for Oaths, etc.

A Commissioner for Oaths, lawyer, Justice of the Peace, Magistrate, Judge, RCMP officer, Sheriff, Postmaster, Mayor, Reeve or Municipal Clerk, or, the Secretary-Treasurer of any school district.
(leave applicable description and strike out others)

in and for the Province of Manitoba.

My Commission expires _____
(year/month/day)

QUARRY LEASE

Quarry
Lease No.QL-1928

THIS LEASE made in duplicate this 29th day of November, 2007

BETWEEN:

Her Majesty the Queen in right of the
Province of Manitoba, represented by the
Minister of Science, Technology, Energy
and Mines

(the "Minister")

of the First Part

- and -

HUDSON BAY MINING & SMELTING
COMPANY LIMITED (WPG)
1906-201 PORTAGE AVENUE
WINNIPEG MB R3B 3K6

(the "Lessee")

of the Second Part

The parties agree as follows:

1. In this Lease:

(a) "Act" means The Mines and Minerals Act, Cap. M162 C.C.S.M., as amended, revised or substituted from time to time;

(b) "regulations" means regulations made pursuant to the Act, and as amended, revised or substituted from time to time;

2. Subject and pursuant to the Act and regulations, the Minister conveys to the lessee the exclusive right to explore for, develop, and produce the following quarry minerals, namely

CLAY, GRAVEL, ROCK OR STONE -----

that are the property of the Crown and are found on or under the land described as:

All that portion of unsurveyed Township 68 Range 18 WPM contained within the

21
following limits determined by Coordinates from NAD 83 (CSRS 98) being in UTM 6°
Zone 14, expressed in metres and further described as follows:
Commencing at a point of coordinates 428669 E, 6080611 N , thence Ely to a point of
coordinates 429069 E, 6080611 N, thence Sly to a point of coordinates 429069 E,
6080336 N, thence Wly to a point of coordinates 428669 E, 6080336 N thence Nly to the
point of commencement.

(the "Lands") and being 11 hectares, more or less, for a term of 10 years, commencing the
26th day of November, 2007 renewable in accordance with the Act.

3. The Lessee shall comply with the Act and regulations; including, without restricting the
generality of the foregoing, the payment of rent, royalty and rehabilitation levy prescribed
thereunder.
4. The Lessee shall and does hereby indemnify and save harmless the Minister against any and
all actions, suits, claims or demands that may be brought or made against the Minister for or
by reason of any act or thing done or omitted to be done by the Lessee or its agents with
respect to the Lands.
5. To be effective and binding, any waiver by the Minister of a breach by the Lessee of any term
or condition of this Lease, the Act or the regulations must be in writing. Any such waiver shall
extend only to the events of breach enumerated therein and shall not limit or affect the
Minister's rights with respect to any other breach.
6. If the Lessee defaults, breaches, fails to perform or observe any term or condition of this
Lease, the Act or the regulations, and any such event is not remedied within such notice
period as the Minister may give, the Minister may cancel this Lease. Notwithstanding any
such cancellation by the Minister, the rights of the Minister against the Lessee shall not be
prejudiced and the Minister shall have the full remedies against the Lessee as if the Lease
remained in full force and effect.
7. Any notice to a party hereto shall be in writing and may be delivered personally, sent by
telegram, telex, telecopier or other means of electronic communication, or may be forwarded
by mail subject to Canada Post confirmation of delivery to that party at the following address:

To the Minister:

Science, Technology, Energy and Mines
Unit 360-1395 Ellice Avenue
Winnipeg, Manitoba
R3G 3P2

To the Lessee:

HUDSON BAY MINING & SMELTING
COMPANY LIMITED (WPG)
1906-201 PORTAGE AVENUE
WINNIPEG MB R3B 3K6

8. This lease shall be interpreted in accordance with the laws of Manitoba.

9. Any amendments to this Lease shall be in writing and signed by both parties.
10. The Lessee shall not assign this lease except with the prior written consent of the Minister which shall not be unreasonably withheld. Any obligations of the Lessee outstanding at the date of any assignment shall remain the responsibility of the Lessee, to the extent the obligations are not performed by the permitted assignee.
11. This Lease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and permitted assigns of the parties.
12. Additional clauses:

The lessee shall comply with The Workplace Safety and Health Act and Regulation.

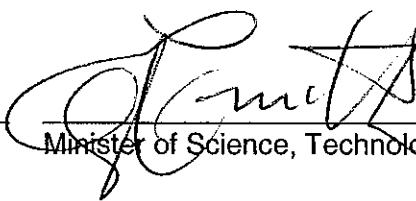


In witness whereof the Minister and the Lessee have executed this Lease on the dates shown below their respective signatures.

Signed, sealed and delivered
in the presence of:

Her Majesty the Queen in right of the Province Of
Manitoba

Witness 



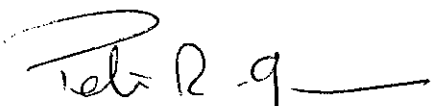
Minister of Science, Technology, Energy and Mines

Authorized Signatory
Ernest R. Smith, P. Eng.
Director of Mines

Jan 2 2008

Date

Witness

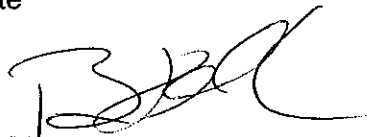


Lessee HUDSON BAY MINING & SMELTING
COMPANY LIMITED (WPG)

Per: Peter R. Jones President & CEO

Dec 21, 2007

Date



Per: Brian D. Gordon VP & General Counsel

IN ACCORDANCE WITH SECTION 141(3) OF
THE MINES AND MINERALS ACT THIS
QUARRY LEASE IS HEREBY RECORDED AND
THIS STAMP SHALL CONSTITUTE A
CERTIFICATE OF FILING AND RECORDING.

Jan 4/08 
Dated Mining Recorder



SURFACE LEASE SL-2

PROVINCE OF MANITOBA
DEPARTMENT OF ENERGY & MINES

SURFACE LEASE

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
MANITOBA, represented herein by the Minister of Energy and Mines,

(the "Lessor"),

- and -

HUDSON BAY MINING AND SMELTING CO., LIMITED
Box 1500
Flin Flon MB R8A 1N9

(the "Lessee").

Whereas the Lessee is the holder of the following mineral leases, namely:

<u>Disposition or Lease No.</u>	<u>Date of Disposition or Lease</u>	<u>Name of Claim</u>	<u>Land Description</u>	<u>Area in Hectares</u>
M-5726	December 9, 1980		SE 16-63K	20.90
M-5732	December 9, 1980		SE 16-63K	20.90
M-5733	December 9, 1980		SE 16-63K	7.97
M-7276	September 6, 1981		SE 16-63K	14.70

AND WHEREAS the Lessee has applied in accordance with subsection 149(1) of The Mines and Minerals Act, to the Director of Mines for a surface lease for the efficient and economical performance of its mining operations.

THE LESSOR AND LESSEE AGREE AS FOLLOWS:

SECTION 1: DEFINITIONS

- In this lease,
 - "Act" means The Mines and Minerals Act, Cap. M162 CCSM, as amended, revised or substituted from time to time;
 - "Minister" means the minister charged with the administration of the Act; and
 - "regulations" means the regulations made pursuant to the Act, as amended, revised or substituted from time to time.

SECTION 2: MINES AND MINERALS ACT

- This Lease is subject to the provisions of the Act and regulations.

SECTION 3: LAND

- Subject to the terms of this Lease, the Lessor hereby leases to the Lessee the surface of the following land:

Lots 3680, 3681, 3698 and 3699 in Group 421 as shown on plans filed in the Office of the Director of Surveys at Winnipeg as Nos. 11531 (excluding 2.47 hectares as shown on plans filed in the office of the Director of Surveys at Winnipeg as Nos. 9951 and 9204), 10839, 10845 and 10846 respectively in Township 68, Range 18 WPM

AREA: 64.47 hectares more or less

("the Land").

SECTION 4: TERM

4. This Lease shall commence on the 24th day of October, 1994, and shall terminate upon the termination or expiration of the mineral leases to which it relates.

SECTION 5: RENT

- 5(1) The Lessee shall, in respect of each year or portion of a year in the term of the lease in advance, pay an annual rent no later than thirty days following the anniversary of the commencement date of the lease, to the Lessor in the amount set out in the regulations.
- 5(2) The Lessee shall pay to the Lessor interest on arrears of rent at the rate established by the regulations.

SECTION 6: USE OF LAND

6. The Lessee shall only use the Land for the efficient and economical performance of the Lessee's mining operations.

SECTION 7: QUIET ENJOYMENT

7. The Lessor covenants with the Lessee for the quiet enjoyment of the Land.

SECTION 8: PAYMENT OF TAXES AND UTILITIES

- 8(1) The Lessee agrees to pay all taxes related to the Land.
- 8(2) The Lessee agrees to pay all water, sewage, gas, telephone and electric power charges and assessments in respect of the Land.

SECTION 9: MAINTENANCE OF LAND

9. The Lessee agrees:
- (a) to keep the Land in a clean and sanitary condition and store all flammable materials as required by law;
 - (b) to comply with The Environment Act and all regulations thereunder;
 - (c) not to commit waste or damage the Land, except as reasonably inherent in the mining operations of the Lessee under this Lease;
 - (d) to keep any buildings, structures or improvements on the Land in good repair as compatible with their use under this Lease; and
 - (e) to allow a person or persons on behalf of the Lessor to enter the Land at all reasonable times to examine the condition of the Land.

SECTION 10: FORFEITURE

10. Subject to the Act, the rights of the Lessee under this Lease are forfeited where the Lessee fails to pay the annual rent no later than thirty days following the anniversary date of the commencement of the Lease or fails to comply with the Act or regulations or with a term or condition of the Lease.

SECTION 11: VACATE LAND/REMOVAL OF BUILDINGS AND EQUIPMENT/GOOD REPAIR

- 11(1) Upon the termination of this Lease, the Lessee:
- (a) shall vacate and cease using, possessing or occupying the Land, and deliver possession thereof to the Lessor; and
 - (b) shall remove from the Land any building, structure, machinery, chattel or item of personal property, upon the Land, that is owned, or was placed there, by the Lessee.
- 11(2) Except as otherwise provided by the Act or regulations, where the property referred to in clause 11(1)(b) is not removed from the Land within one year after the termination of this Lease, such property vests in the Lessor and the Lessor may sell, lease or otherwise dispose of the property as the Lessor considers appropriate.

SECTION 12: COMPLY WITH LAW

12. The Lessee shall comply with all federal, provincial and municipal laws and regulations thereto, as in force from time to time and obtain all licences and permits necessary for the lawful use of the Land.

SECTION 13: MISCELLANEOUS

- 13(1) The Lessee understands and agrees that the issuance of this Lease in no way implies that either the Lessor or the local government authority shall provide any services.
- 13(2) The Lessee shall promptly pay and discharge any liens, taxes or other charges incurred in respect of the Land.
- 13(3) It is the responsibility of the Lessee to place and maintain all buildings within the boundaries of the Land, and when requested by the Lessor, to obtain any Surveyor's Certificates necessary to effect or verify this condition.

SECTION 14: INDEMNITY

- 14(1) The Lessee shall use due care in its operations and occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 14(2) The Lessee shall be solely responsible for:
- (a) any injury to persons (including death), damage or loss to property or infringement of rights caused by, or related to the operation of the Lessee under or in the performance of this Agreement or the breach of any term or condition of this Agreement, by the Lessee or any agent or employee of the Lessee, during the term of this Lease and until the Lessee finally vacates the Land and complies with its obligations under clause 11(1)(b); and
 - (b) any omission or wrongful or negligent act of the Lessee, or of any agent or employee or the Lessee related thereto;

and shall save harmless and indemnify the Lessor, its officers, employees and agents from and against all claims, liabilities and demands with respect to clauses (a) and (b).

This subsection shall survive the termination or expiration of this Agreement.

SECTION 15: NO ASSIGNMENT

15. The Lessee may not transfer or assign the Lease, nor convey any of the mineral access rights described in the Lease, without the prior written consent of the Minister.

SECTION 16: AMENDMENT

16. No amendment or change to, or modification, of this Agreement shall be valid unless it is in writing and signed by both parties.

SECTION 17: WAIVER

17. To be effective and binding, any waiver by the Lessor of a breach by the Lessee of any term or condition of this Lease, the Act or the regulations, must be in writing. Any such waiver shall extend only to events of the breach enumerated therein and shall not limit or affect the Lessor's rights with respect to any other breach.

SECTION 18: ENTIRE AGREEMENT

18. This document contains the entire agreement between the parties. There are no undertakings, representations or promises, express or implied, other than those contained in this Agreement.

SECTION 19: APPLICABLE LAW

19. This Agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba.

SECTION 20: SUCCESSORS

20. This Lease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and permitted assigns of the parties.

DUB 10607

DUB 10608

CB 5361

CB 5781

CB 578

CB 10607

CB 10608

CB 5780

CB 5779



Sock Lake

Photo Lake

201

WAW 36 Fr. (1735)

WAW 33 Fr. (1736)

WAW 20 Fr. (3722)

WAW 19 Fr. (3721)

WAW 17 Fr. (3719)

WAW 16 Fr. (3718)

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Grouped under Order-in-Council No. 224/59

NTS AREA: 63J-13SE

RENEWAL OF MINING CLAIM LEASE NO. M5726

ox 139 (256)

made in duplicate September 4, 2001

BETWEEN Her Majesty the Queen in Right of the Province of Manitoba, represented herein by the Minister of Industry, Trade and Mines, called the "Lessor" and

HUDSON BAY MINING AND SMELTING CO., LIMITED

called the "Lessee".

WHEREAS the Lessor and the Lessee executed a Mining Claim Lease No. M5726 (called the "Lease"), a copy of which is attached hereto, on the 9th day of December 1959.

AND WHEREAS the Lease provides a right of renewal;

NOW the Lessor and the Lessee agree to a 2nd Renewal of the Lease for a term of 21 years to be computed from the 9th day of December 2001, upon all covenants, terms and conditions contained in the Lease.

IN WITNESS WHEREOF the Minister of Industry, Trade and Mines has executed this Lease for and on behalf of Her Majesty the Queen in the Right of the Province of Manitoba, the Lessor, and

HUDSON BAY MINING AND SMELTING CO., LIMITED

the Lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

for Minister of Industry, Trade and Mines

HUDSON BAY MINING AND
SMELTING CO., LIMITED

CORPORATION

Per:

E.W. Yarrow

Vice President, Exploration

Per:

Brian D. Gordon
General Counsel & Corporate Secretary

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The Mining Claim covered by this lease is part of a Group constituted under Order-in-Council 224/59 issued pursuant to Section 95 (9) of the regulations made under The Mines Act.

MINING CLAIM LEASE NUMBER
M-5726
FILE NUMBER
55569

This Indenture

made in duplicate thisninth....day ofDecember..... in the year of our Lord one thousand nine hundred and fifty-nine.

BETWEEN Her Majesty the Queen in right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called "the lessor" of the first part, and
Hudson Bay Mining & Smelting Co. Limited,
500 Royal Bank Building,
Winnipeg, Manitoba

hereinafter called the "lessee," of the second part.

WHEREAS the lessee having applied for a lease under "The Mines Act," and the regulations made thereunder of the mining rights in the mining claim hereinafter described, the lessor has granted such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter reserved and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and contained, the lessor hereby grants, demises, and leases unto the lessee all the minerals, other than (except as reasonably incidental to or useful in the operations for mining, milling, smelting, or refining the minerals covered by this lease) oil and natural gas, coal, oil shale, salt, granite, limestone, marble, sandstone, slate or any building stone and clay, gravel, marl, peat or sand, and other than the minerals included in a placer claim, which are now or hereafter may be found under, throughout, or upon all that certain parcel of land situate

In the Province of Manitoba and being composed of Lot 3681, Group 421, situated North of Chisel Lake in the Herb Lake Mining Division of The Pas Mining District and otherwise known as the "Ox No. 139" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 10839 and containing by admeasurement Fifty-one and sixty-five hundredths (51.65) acres more or less.

and subject to the restrictions contained in the said regulations with full and exclusive liberty, power, and authority for the lessee, his agents, servants, and workmen to search for, dig, mine, procure, and carry away, all of the said minerals wherever they may be found within the limits of the said land, and to dig, procure, open, and work any shafts or mines within the limits of the said land and upon the said land to make such erections and buildings as shall from time to time be necessary and proper for the more effectual working of the said mines and for the procuring and making fit for sale the minerals to be mined within the limits aforesaid, and with all and every those rights and privileges granted to lessees in and by all the said regulations.

TO HOLD and enjoy all the powers and privileges hereby granted subject to the regulations aforesaid and the provisions hereinafter mentioned and the said lands hereby demised unto the lessee henceforth for a term of twenty-one years to be computed from the

.....ninth.....day ofDecember..... 19 59,

renewable for further terms upon the conditions as hereinafter provided: Yielding and paying therefor during the said term the sum ofFifty-two.....

Dollars payable in advance; and also rendering and paying therefor unto the lessor such royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, which royalty shall be payable in the manner in the said Act provided.

PROVIDED ALWAYS that this demise is granted upon and subject to the following provisos, conditions, restrictions, and stipulations, that is to say:—

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg, the rent and royalty hereby reserved, and shall and will make all returns at the times and in the manner herein or in or under the said regulations prescribed.
2. That the lessee shall and will well and truly and faithfully observe, perform, and abide by all the obligations, conditions, provisos, restrictions and reservations in or under the said "The Mines Act" and regulations made thereunder imposed upon lessees.
3. That the lessee shall and will keep correct books of such kind and in such form as may be prescribed by the lessor, showing the quantity and value of the minerals taken out of the said lands, and whenever required so to do shall submit such books to the inspection of any officer or person appointed or authorized by the lessor to examine the same for the purpose of verifying the returns made by the lessee.
4. That the lessee shall also make proper and reasonable compensation to any railway company for any damage caused to the right of way or station grounds of the railway or other property

of the company upon the said lands, the amount of such compensation to be ascertained and settled in the manner provided by said regulations with respect to matters in dispute in relation to the acquisition of surface rights.

5. That the lessee shall and will permit any inspector or other person duly authorized in that behalf, with all proper or necessary assistants, at all reasonable times during the said term, quietly to enter into and upon the said lands, mines, and premises, and into all buildings erected thereon, and into any part thereof, and to survey and examine the state and condition thereof, and for the purpose aforesaid to descend all pits and shafts, and to enter and use all adits, tunnels, shafts, rises, wings, levels, galleries, drives and excavations, and to use all roads, ways, engines, ropes, machinery, gear, appliances, materials and other things in and on the said land and mines which shall by him be deemed necessary, without making any compensation for the same, so nevertheless that in so doing no unnecessary interference is caused with the carrying on of the mining work of the lessee; and shall and will by all means in his power aid and facilitate such inspector or other person in making such entry, survey, and examination.



Grouped under Order-in-Council No. 224/59

NTS AREA: 63J-13SE

RENEWAL OF MINING CLAIM LEASE NO. M5732

Ox 160 (256)

made in duplicate September 4, 2001

BETWEEN Her Majesty the Queen in Right of the Province of Manitoba, represented herein by the Minister of Industry, Trade and Mines, called the "Lessor" and

HUDSON BAY MINING AND SMELTING CO., LIMITED

called the "Lessee".

WHEREAS the Lessor and the Lessee executed a Mining Claim Lease No. M5732 (called the "Lease"), a copy of which is attached hereto, on the 9th day of December 1959.

AND WHEREAS the Lease provides a right of renewal;

NOW the Lessor and the Lessee agree to a 2nd Renewal of the Lease for a term of 21 years to be computed from the 9th day of December 2001, upon all covenants, terms and conditions contained in the Lease.

IN WITNESS WHEREOF the Minister of Industry, Trade and Mines has executed this Lease for and on behalf of Her Majesty the Queen in the Right of the Province of Manitoba, the Lessor, and

HUDSON BAY MINING AND SMELTING CO., LIMITED

the Lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

for Minister of Industry, Trade and Mines

HUDSON BAY MINING AND
SMELTING CO., LIMITED

CORPORATION

Per:

E. W. Yarrow

Vice President, Exploration

Per:

Brian D. Gordon

General Counsel & Corporate Secretary

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The Mining Claim covered by this lease is part of a Group constituted under Order-in-Council 221/59 issued pursuant to Section 95 (9) of the regulations made under The Mines Act.

MINING CLAIM LEASE NUMBER
M-5732
FILE NUMBER
55575

This Indenture

made in duplicate this ...ninth... day ofDecember..... in the year of our Lord one thousand nine hundred and fifty-nine

BETWEEN Her Majesty the Queen in right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called "the lessor" of the first part, and
 Hudson Bay Mining & Smelting Co. Limited,
 500 Royal Bank Building,
 Winnipeg, Manitoba

hereinafter called the "lessee," of the second part.

WHEREAS the lessee having applied for a lease under "The Mines Act," and the regulations made thereunder of the mining rights in the mining claim hereinafter described, the lessor has granted such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter reserved and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and contained, the lessor hereby grants, demises, and leases unto the lessee all the minerals, other than (except as reasonably incidental to or useful in the operations for mining, milling, smelting, or refining the minerals covered by this lease) oil and natural gas, coal, oil shale, salt, granite, limestone, marble, sandstone, slate or any building stone and clay, gravel, marl, peat or sand, and other than the minerals included in a placer claim, which are now or hereafter may be found under, throughout, or upon all that certain parcel of land situate

In the Province of Manitoba and being composed of Lot 3698, Group 421, situated North of Chisel Lake in the Herb Lake Mining Division of The Pas Mining District and otherwise known as the "Ox No. 160" mining claim as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 10845 and containing by admeasurement Fifty-one and sixty-five hundredths (51.65) acres more or less.

and subject to the restrictions contained in the said regulations with full and exclusive liberty, power, and authority for the lessee, his agents, servants, and workmen to search for, dig, mine, procure, and carry away, all of the said minerals wherever they may be found within the limits of the said land, and to dig, procure, open, and work any shafts or mines within the limits of the said land and upon the said land to make such erections and buildings as shall from time to time be necessary and proper for the more effectual working of the said mines and for the procuring and making fit for sale the minerals to be mined within the limits aforesaid, and with all and every those rights and privileges granted to lessees in and by all the said regulations.

TO HOLD and enjoy all the powers and privileges hereby granted subject to the regulations aforesaid and the provisions hereinafter mentioned and the said lands hereby demised unto the lessee henceforth for a term of twenty-one years to be computed from the

.....ninth.....day ofDecember.....19 59,

renewable for further terms upon the conditions as hereinafter provided: Yielding and paying therefor during the said term the sum of

.....Fifty-two.....

Dollars payable in advance; and also rendering and paying therefor unto the lessor such royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, which royalty shall be payable in the manner in the said Act provided.

PROVIDED ALWAYS that this demise is granted upon and subject to the following provisos, conditions, restrictions, and stipulations, that is to say:—

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg, the rent and royalty hereby reserved, and shall and will make all returns at the times and in the manner herein or in or under the said regulations prescribed.
2. That the lessee shall and will well and truly and faithfully observe, perform, and abide by all the obligations, conditions, provisos, restrictions and reservations in or under the said "The Mines Act" and regulations made thereunder imposed upon lessees.
3. That the lessee shall and will keep correct books of such kind and in such form as may be prescribed by the lessor, showing the quantity and value of the minerals taken out of the said lands, and whenever required so to do shall submit such books to the inspection of any officer or person appointed or authorized by the lessor to examine the same for the purpose of verifying the returns made by the lessee.
4. That the lessee shall also make proper and reasonable compensation to any railway company for any damage caused to the right of way or station grounds of the railway or other property of the company upon the said lands, the amount of such compensation to be ascertained and settled in the manner provided by said regulations with respect to matters in dispute in relation to the acquisition of surface rights.
5. That the lessee shall and will permit any inspector or other person duly authorized in that behalf, with all proper or necessary assistants, at all reasonable times during the said term, quietly to enter into and upon the said lands, mines, and premises, and into all buildings erected thereon, and into any part thereof, and to survey and examine the state and condition thereof, and for the purpose aforesaid to descend all pits and shafts, and to enter and use all adits, tunnels, shafts, rises, wings, levels, galleries, drives and excavations, and to use all roads, ways, engines, ropes, machinery, gear, appliances, materials and other things in and on the said land and mines which shall by him be deemed necessary, without making any compensation for the same, so nevertheless that in so doing no unnecessary interference is caused with the carrying on of the mining work of the lessee; and shall and will by all means in his power aid and facilitate such inspector or other person in making such entry, survey, and examination.

6. That the lessee shall and will during the said term, open, use and work any mines and works opened and carried on by him upon the said lands in such manner only as is usual and customary in skilful and proper mining operations of similar character when conducted by proprietors themselves on their own lands, and when working the same shall keep and preserve the said mines and works from reasonably avoidable injury and damage, and also the adits, tunnels, shafts, rises, wings, levels, drifts, watercourses, roads, ways, works, erections, and fixtures therein and thereon in good repair and condition except such of the matters and things last aforesaid as shall from time to time be considered by any inspector or other person authorized by the lessor to inspect and report upon such matters and things to be unnecessary for the proper working of any such mine, but so that no supports placed in any mine, or any timbers or frame work necessary to the use and maintenance of shafts or other approaches thereto or tramways thereon, shall be removed or impaired, and in such state and condition shall and will at the end or sooner determination of the said term deliver peaceable possession thereof and of the said lands to the lessor.

7. And that the lessee shall not in the exercise of such liberty and power in any way have the right to conflict or interfere with, hinder or make difficult in any way the mining operation of any other minerals than the minerals hereby leased, which the lessor or his grantees may at any time wish to carry on in respect of minerals heretofore leased or granted; and the lessee covenants with the lessor that he will not attempt to mine for the said minerals on the said land or to make erections of buildings thereon in any place which may be so near to any spot in which such other leased or granted minerals may exist as in any way to interfere in the opinion of the lessor with the mining, extraction, use or preparation for sale of such other minerals.

8. And that the lessee, his servants, agents, or workmen, shall in accordance with the provisions of the said regulations have a right of way over and upon the said lands and with or without carts, sleighs, vehicles, and horses or other animals, for the purpose of digging for, working and carrying away the minerals hereby leased.

9. That no waiver on behalf of the lessor of any breach of any or either of the provisos, conditions, restrictions, and stipulations herein contained, whether negative or positive in form, shall take effect, or be binding upon him, unless the same be expressed in writing under the authority of the lessor; and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the lessor's rights with respect to any other or future breach.

10. That no implied covenant or liability of any kind on the lessor's part is created by the use of the word "demise" or "lease" herein, or by the use of any other word or words herein, or shall otherwise arise by reason of these presents or anything therein contained.

11. That if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed (except payment of royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, where the lessee has appealed the assessment for such royalty pursuant to said Act) and the lessor shall have given notice in writing to the lessee of such default requiring the lessee to cure or put an end to the same and the lessee shall fail to cure or put an end to such default within a reasonable time after the giving of such notice then and in any of the said cases it shall be lawful for the lessor by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or

accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

12. That any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

13. That within six months from the termination of this lease from any cause if all rent and royalty due thereunder shall have been paid and all provisos, conditions, restrictions and stipulations hereby imposed upon the lessee shall have been duly observed and performed, the lessee may remove from the said lands all tools and machinery, buildings, and erections which he may have placed thereon, but shall not remove or impair any of the supports, timbers, or frameworks aforesaid which are necessary to the use and maintenance of the shafts or other approaches to any mine on the said lands, or any tramways or ladders therein, or any article, matter, or thing the removal of which might cause such mine to fall, cave in or give way, and that in default of removal within such period of six months all such tools and machinery, buildings and erections shall be absolutely forfeited and shall become and be the property of the lessor; provided however that nothing herein contained shall be construed to apply to any such property on the said lands not forming part of the underground workings if the lessee is the owner or lessee of the surface thereof or otherwise to derogate from the rights of the lessee as such owner or lessee of the surface.

14. That this lease does not authorize the lessee, during the term hereof, to use the demised premises, or permit or allow any person or persons to occupy any portion of the surface for any purpose whatsoever other than for mining operations.

15. That if the lessor shall not, pursuant to the provisions of clause 11 hereof, have cancelled this lease prior to the expiration of the term of this lease or any renewed term thereof the lessee shall be entitled to a renewal of this lease and the lessor will grant to the lessee a renewal of this lease for a further term of twenty-one years upon all the covenants, terms and conditions herein contained including this covenant for renewal, but subject to the following terms and conditions, namely:

(a) if at the time of expiry of this lease or the first renewal period thereof it forms part of a group constituted pursuant to subsection (9) of section 95 of the said regulations and ore or minerals are being produced by bona fide mining operations on one or more mining claims in such group this lease shall be renewed at the rental specified in subsection (3) of section 95 of the said regulations, or at such rental as may be provided in any regulation substituted therefor, and

(b) after the second renewal of this lease or if this lease does not form part of a group as aforesaid or if it does form part of such a group and ore or minerals are not being produced by bona fide mining operations on one or more mining claims in such group, then this lease may be renewed only, upon the terms and subject to the provisions of said section 95 other than said subsection (9) thereof.

16. That except where inconsistent with the other terms and conditions contained in this lease the provisions of "The Mines Act" being Chapter 166, Revised Statutes of Manitoba, 1954, and any amendments thereto and the regulations and orders made thereunder of general applicability shall form part of the lease as though every item, word and thing therein set forth had been set forth therein.

Where the context permits, the expression "lessee" herein includes the successors and assigns of the lessee, the expression "lessor" includes her heirs and successors.

IN WITNESS WHEREOF the Minister of Mines and Natural Resources has executed this indenture for and on behalf of Her Majesty the Queen in Right of the Province of Manitoba, the lessor, and Hudson Bay Mining & Smelting Co., Limited the lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

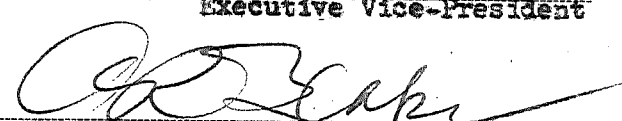
LESSOR

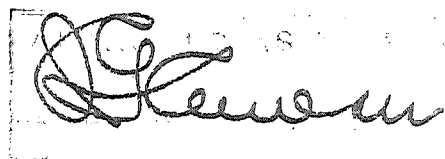

Minister of Mines and Natural Resources

LESSEE

Hudson Bay Mining and Smelting Co., Limited


Executive Vice-President


Assistant Secretary





Grouped under Order-in-Council No. 224/59

NTS AREA: 63J-13SE

RENEWAL OF MINING CLAIM LEASE NO. M5733 Ox no. 161 Fr. (2SC)

made in duplicate September 4, 2001

BETWEEN Her Majesty the Queen in Right of the Province of Manitoba, represented herein by the Minister of Industry, Trade and Mines, called the "Lessor" and

HUDSON BAY MINING AND SMELTING CO., LIMITED

called the "Lessee".

WHEREAS the Lessor and the Lessee executed a Mining Claim Lease No. M5733 (called the "Lease"), a copy of which is attached hereto, on the 9th day of December 1959.

AND WHEREAS the Lease provides a right of renewal;

NOW the Lessor and the Lessee agree to a 2nd Renewal of the Lease for a term of 21 years to be computed from the 9th day of December 2001, upon all covenants, terms and conditions contained in the Lease.

IN WITNESS WHEREOF the Minister of Industry, Trade and Mines has executed this Lease for and on behalf of Her Majesty the Queen in the Right of the Province of Manitoba, the Lessor, and

HUDSON BAY MINING AND SMELTING CO., LIMITED

the Lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

for Minister of Industry, Trade and Mines

HUDSON BAY MINING AND
SMELTING CO., LIMITED

CORPORATION

Per:
E.W. Yarrow
Vice President, Exploration

Per:

Brian D. Gordon

General Counsel & Corporate Secretary

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The Mining Claim covered by this lease is part of a Group constituted under Order-in-Council 224/59 issued pursuant to Section 95 (9) of the regulations made under The Mines Act.

Mining Claim Lease Number	M-5733
File Number	55576

This Indenture

made in duplicate thisninth day of December in the year of our Lord one thousand nine hundred and fifty-nine

BETWEEN Her Majesty the Queen in right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called "the lessor" of the first part, and

Hudson Bay Mining & Smelting Co. Limited,
500 Royal Bank Building,
Winnipeg, Manitoba

hereinafter called the "lessee," of the second part.

WHEREAS the lessee having applied for a lease under "The Mines Act," and the regulations made thereunder of the mining rights in the mining claim hereinafter described, the lessor has granted such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter reserved and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and contained, the lessor hereby grants, demises, and leases unto the lessee all the minerals, other than (except as reasonably incidental to or useful in the operations for mining, milling, smelting, or refining the minerals covered by this lease) oil and natural gas, coal, oil shale, salt, granite, limestone, marble, sandstone, slate or any building stone and clay, gravel, marl, peat or sand, and other than the minerals included in a placer claim, which are now or hereafter may be found under, throughout, or upon all that certain parcel of land situate

In the Province of Manitoba and being composed of Lot 3699, Group 421, situated about one mile North East of Chisel Lake in the Herb Lake Mining Division of The Pas Mining District and otherwise known as the "Ox No. 161 Fr." mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 10846 and containing by admeasurement Nineteen and seventy hundredths (19.70) acres more or less.

and subject to the restrictions contained in the said regulations with full and exclusive liberty, power, and authority for the lessee, his agents, servants, and workmen to search for, dig, mine, procure, and carry away, all of the said minerals wherever they may be found within the limits of the said land, and to dig, procure, open, and work any shafts or mines within the limits of the said land and upon the said land to make such erections and buildings as shall from time to time be necessary and proper for the more effectual working of the said mines and for the procuring and making fit for sale the minerals to be mined within the limits aforesaid, and with all and every those rights and privileges granted to lessees in and by all the said regulations.

TO HOLD and enjoy all the powers and privileges hereby granted subject to the regulations aforesaid and the provisions hereinafter mentioned and the said lands hereby demised unto the lessee henceforth for a term of twenty-one years to be computed from the

.ninth day of December 19 59,

renewable for further terms upon the conditions as hereinafter provided: Yielding and paying therefor during the said term the sum of

.Twenty

Dollars payable in advance; and also rendering and paying therefor unto the lessor such royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, which royalty shall be payable in the manner in the said Act provided.

PROVIDED ALWAYS that this demise is granted upon and subject to the following provisos, conditions, restrictions, and stipulations, that is to say:—

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg, the rent and royalty hereby reserved, and shall and will make all returns at the times and in the manner herein or in or under the said regulations prescribed.
2. That the lessee shall and will well and truly and faithfully observe, perform, and abide by all the obligations, conditions, provisos, restrictions and reservations in or under the said "The Mines Act" and regulations made thereunder imposed upon lessees.
3. That the lessee shall and will keep correct books of such kind and in such form as may be prescribed by the lessor, showing the quantity and value of the minerals taken out of the said lands, and whenever required so to do shall submit such books to the inspection of any officer or person appointed or authorized by the lessor to examine the same for the purpose of verifying the returns made by the lessee.
4. That the lessee shall also make proper and reasonable compensation to any railway company for any damage caused to the right of way or station grounds of the railway or other property

of the company upon the said lands, the amount of such compensation to be ascertained and settled in the manner provided by said regulations with respect to matters in dispute in relation to the acquisition of surface rights.

5. That the lessee shall and will permit any inspector or other person duly authorized in that behalf, with all proper or necessary assistants, at all reasonable times during the said term, quietly to enter into and upon the said lands, mines, and premises, and into all buildings erected thereon, and into any part thereof, and to survey and examine the state and condition thereof, and for the purpose aforesaid to descend all pits and shafts, and to enter and use all adits, tunnels, shafts, rises, wings, levels, galleries, drives and excavations, and to use all roads, ways, engines, ropes, machinery, gear, appliances, materials and other things in and on the said land and mines which shall by him be deemed necessary, without making any compensation for the same, so nevertheless that in so doing no unnecessary interference is caused with the carrying on of the mining work of the lessee; and shall and will by all means in his power aid and facilitate such inspector or other person in making such entry, survey, and examination.

6. That the lessee shall and will during the said term, open, use and work any mines and works opened and carried on by him upon the said lands in such manner only as is usual and customary in skilful and proper mining operations of similar character when conducted by proprietors themselves on their own lands, and when working the same shall keep and preserve the said mines and works from reasonably avoidable injury and damage, and also the adits, tunnels, shafts, rises, wings, levels, drifts, watercourses, roads, ways, works, erections, and fixtures therein and thereon in good repair and condition except such of the matters and things last aforesaid as shall from time to time be considered by any inspector or other person authorized by the lessor to inspect and report upon such matters and things to be unnecessary for the proper working of any such mine, but so that no supports placed in any mine, or any timbers or frame work necessary to the use and maintenance of shafts or other approaches thereto or tramways thereon, shall be removed or impaired, and in such state and condition shall and will at the end or sooner determination of the said term deliver peaceable possession thereof and of the said lands to the lessor.

7. And that the lessee shall not in the exercise of such liberty and power in any way have the right to conflict or interfere with, hinder or make difficult in any way the mining operation of any other minerals than the minerals hereby leased, which the lessor or his grantees may at any time wish to carry on in respect of minerals heretofore leased or granted; and the lessee covenants with the lessor that he will not attempt to mine for the said minerals on the said land or to make erections of buildings thereon in any place which may be so near to any spot in which such other leased or granted minerals may exist as in any way to interfere in the opinion of the lessor with the mining, extraction, use or preparation for sale of such other minerals.

8. And that the lessee, his servants, agents, or workmen, shall in accordance with the provisions of the said regulations have a right of way over and upon the said lands and with or without carts, sleighs, vehicles, and horses or other animals, for the purpose of digging for, working and carrying away the minerals hereby leased.

9. That no waiver on behalf of the lessor of any breach of any or either of the provisos, conditions, restrictions, and stipulations herein contained, whether negative or positive in form, shall take effect, or be binding upon him, unless the same be expressed in writing under the authority of the lessor; and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the lessor's rights with respect to any other or future breach.

10. That no implied covenant or liability of any kind on the lessor's part is created by the use of the word "demise" or "lease" herein, or by the use of any other word or words herein, or shall otherwise arise by reason of these presents or anything therein contained.

11. That if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed (except payment of royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, where the lessee has appealed the assessment for such royalty pursuant to said Act) and the lessor shall have given notice in writing to the lessee of such default requiring the lessee to cure or put an end to the same and the lessee shall fail to cure or put an end to such default within a reasonable time after the giving of such notice then and in any of the said cases it shall be lawful for the lessor by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or

accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

12. That any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

13. That within six months from the termination of this lease from any cause if all rent and royalty due thereunder shall have been paid and all provisos, conditions, restrictions and stipulations hereby imposed upon the lessee shall have been duly observed and performed, the lessee may remove from the said lands all tools and machinery, buildings, and erections which he may have placed thereon, but shall not remove or impair any of the supports, timbers, or frameworks aforesaid which are necessary to the use and maintenance of the shafts or other approaches to any mine on the said lands, or any tramways or ladders therein, or any article, matter, or thing the removal of which might cause such mine to fall, cave in or give way, and that in default of removal within such period of six months all such tools and machinery, buildings and erections shall be absolutely forfeited and shall become and be the property of the lessor; provided however that nothing herein contained shall be construed to apply to any such property on the said lands not forming part of the underground workings if the lessee is the owner or lessee of the surface thereof or otherwise to derogate from the rights of the lessee as such owner or lessee of the surface.

14. That this lease does not authorize the lessee, during the term hereof, to use the demised premises, or permit or allow any person or persons to occupy any portion of the surface for any purpose whatsoever other than for mining operations.

15. That if the lessor shall not, pursuant to the provisions of clause 11 hereof, have cancelled this lease prior to the expiration of the term of this lease or any renewed term thereof the lessee shall be entitled to a renewal of this lease and the lessor will grant to the lessee a renewal of this lease for a further term of twenty-one years upon all the covenants, terms and conditions herein contained including this covenant for renewal, but subject to the following terms and conditions; namely:

(a) if at the time of expiry of this lease or the first renewal period thereof it forms part of a group constituted pursuant to subsection (9) of section 95 of the said regulations and ore or minerals are being produced by bona fide mining operations on one or more mining claims in such group this lease shall be renewed at the rental specified in subsection (3) of section 95 of the said regulations, or at such rental as may be provided in any regulation substituted therefor, and

(b) after the second renewal of this lease or if this lease does not form part of a group as aforesaid or if it does form part of such a group and ore or minerals are not being produced by bona fide mining operations on one or more mining claims in such group, then this lease may be renewed only, upon the terms and subject to the provisions of said section 95 other than said subsection (9) thereof.

16. That except where inconsistent with the other terms and conditions contained in this lease the provisions of "The Mines Act" being Chapter 166, Revised Statutes of Manitoba, 1954, and any amendments thereto and the regulations and orders made thereunder of general applicability shall form part of the lease as though every item, word and thing therein set forth had been set forth therein.

Where the context permits, the expression "lessee" herein includes the successors and assigns of the lessee, the expression "lessor" includes her heirs and successors.

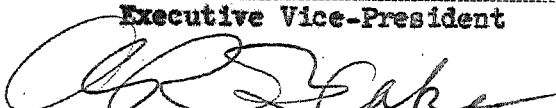
IN WITNESS WHEREOF the Minister of Mines and Natural Resources has executed this indenture for and on behalf of Her Majesty the Queen in Right of the Province of Manitoba, the lessor, and Hudson Bay Mining & Smelting Co., Limited the lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

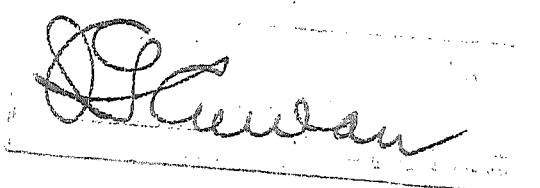
LESSOR


Minister of Mines and Natural Resources

LESSEE HUDSON BAY MINING AND SMELTING CO., LIMITED


Executive Vice-President


Assistant Secretary





SURFACE LEASE NO. SL-7

**PROVINCE OF MANITOBA
DEPARTMENT OF ENERGY & MINES**

SURFACE LEASE

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
MANITOBA**, represented herein by the Minister of Energy and Mines,

(the "Lessor"),

- and -

**HUDSON BAY MINING AND
SMELTING CO., LIMITED**
Box 1500
Flin Flon MB R8A 1N9

(the "Lessee").

Whereas the Lessee is the holder of the following mineral leases, namely:

<u>Disposition or Lease No.</u>	<u>Date of Disposition or Lease</u>	<u>Name of Claim</u>	<u>Land Description</u>	<u>Area in Hectares</u>
M5724	December 9, 1959	OX 108	SE 16-63K	20.90
M7309	September 6, 1960	WAW 3 FR.	SE 16-63K	5.03

AND WHEREAS the Lessee has applied in accordance with subsection 149(1) of The Mines and Minerals Act, to the Director of Mines for a surface lease for the efficient and economical performance of its mining operations.

THE LESSOR AND LESSEE AGREE AS FOLLOWS:

SECTION 1: DEFINITIONS

- In this lease,
 - "Act" means **The Mines and Minerals Act**, Cap. M162 CCSM, as amended, revised or substituted from time to time;
 - "Minister" means the minister charged with the administration of the Act; and
 - "regulations" means the regulations made pursuant to the Act, as amended, revised or substituted from time to time.

SECTION 2: MINES AND MINERALS ACT

- This Lease is subject to the provisions of the Act and regulations.

SECTION 3: LAND

- Subject to the terms of this Lease, the Lessor hereby leases to the Lessee the surface of the following land:

In Unsurveyed Township 68-18-WPM, Lots 3652 and 3705 Group 421 Plans 10837 and 10656 respectively, Director of Surveys at Winnipeg. Excluding road plan 9951 and Transmission Line Plan 9204 Director of Surveys at Winnipeg.

Area: 22.64 hectares more or less.

("the Land").

SECTION 4: TERM

4. This Lease shall commence on the 5th day of March, 1999, and shall terminate upon the termination or expiration of the mineral lease or disposition to which it relates.

SECTION 5: RENT

- 5(1) The Lessee shall, in respect of each year or portion of a year in the term of the lease in advance, pay an annual rent no later than thirty days following the anniversary of the commencement date of the lease, to the Lessor in the amount set out in the regulations.

- 5(2) The Lessee shall pay to the Lessor interest on arrears of rent at the rate established by the regulations.

SECTION 6: USE OF LAND

6. The Lessee shall only use the Land for the efficient and economical performance of the Lessee's mining operations.

SECTION 7: QUIET ENJOYMENT

7. The Lessor covenants with the Lessee for the quiet enjoyment of the Land.

SECTION 8: PAYMENT OF TAXES AND UTILITIES

- 8(1) The Lessee agrees to pay all taxes related to the Land.

- 8(2) The Lessee agrees to pay all water, sewage, gas, telephone and electric power charges and assessments in respect of the Land.

SECTION 9: MAINTENANCE OF LAND

9. The Lessee agrees:

- (a) to keep the Land in a clean and sanitary condition and store all flammable materials as required by law;
- (b) to comply with The Environment Act and all regulations thereunder;
- (c) not to commit waste or damage the Land, except as reasonably inherent in the mining operations of the Lessee under this Lease;
- (d) to keep any buildings, structures or improvements on the Land in good repair as compatible with their use under this Lease; and
- (e) to allow a person or persons on behalf of the Lessor to enter the Land at all reasonable times to examine the condition of the Land.

SECTION 10: FORFEITURE

10. Subject to the Act, the rights of the Lessee under this Lease are forfeited where the Lessee fails to pay the annual rent no later than thirty days following the anniversary date of the commencement of the Lease or fails to comply with the Act or regulations or with a term or condition of the Lease.

SECTION 11: VACATE LAND/REMOVAL OF BUILDINGS AND EQUIPMENT/GOOD REPAIR

- 11(1) Upon the termination of this Lease, the Lessee:

- (a) shall vacate and cease using, possessing or occupying the Land, and deliver possession thereof to the Lessor; and
- (b) shall remove from the Land any building, structure, machinery, chattel or item of personal property, upon the Land, that is owned, or was placed there, by the Lessee.

- 11(2) Except as otherwise provided by the Act or regulations, where the property referred to in clause 11(1)(b) is not removed from the Land within one year after the termination of this Lease, such property vests in the Lessor and the Lessor may sell, lease or otherwise dispose of the property as the Lessor considers appropriate.

SECTION 12: COMPLY WITH LAW

12. The Lessee shall comply with all federal, provincial and municipal laws and regulations thereto, as in force from time to time and obtain all licences and permits necessary for the lawful use of the Land.

SECTION 13: MISCELLANEOUS

- 13(1) The Lessee understands and agrees that the issuance of this Lease in no way implies that either the Lessor or the local government authority shall provide any services.
- 13(2) The Lessee shall promptly pay and discharge any liens, taxes or other charges incurred in respect of the Land.
- 13(3) It is the responsibility of the Lessee to place and maintain all buildings within the boundaries of the Land, and when requested by the Lessor, to obtain any Surveyor's Certificates necessary to effect or verify this condition.

SECTION 14: INDEMNITY

- 14(1) The Lessee shall use due care in its operations and occupation of the Land to ensure that no person is injured, no property is damaged or lost and no rights are infringed.
- 14(2) The Lessee shall be solely responsible for:
 - (a) any injury to persons (including death), damage or loss to property or infringement of rights caused by, or related to the operation of the Lessee under or in the performance of this Agreement or the breach of any term or condition of this Agreement, by the Lessee or any agent or employee of the Lessee, during the term of this Lease and until the Lessee finally vacates the Land and complies with its obligations under clause 11(1)(b); and
 - (b) any omission or wrongful or negligent act of the Lessee, or of any agent or employee or the Lessee related thereto;

and shall save harmless and indemnify the Lessor, its officers, employees and agents from and against all claims, liabilities and demands with respect to clauses (a) and (b).

This subsection shall survive the termination or expiration of this Agreement.

SECTION 15: NO ASSIGNMENT

15. The Lessee may not transfer or assign the Lease, nor convey any of the mineral access rights described in the Lease, without the prior written consent of the Minister.

SECTION 16: AMENDMENT

16. No amendment or change to, or modification, of this Agreement shall be valid unless it is in writing and signed by both parties.

SECTION 17: WAIVER

17. To be effective and binding, any waiver by the Lessor of a breach by the Lessee of any term or condition of this Lease, the Act or the regulations, must be in writing. Any such waiver shall extend only to events of the breach enumerated therein and shall not limit or affect the Lessor's rights with respect to any other breach.

SECTION 18: ENTIRE AGREEMENT

18. This document contains the entire agreement between the parties. There are no undertakings, representations or promises, express or implied, other than those contained in this Agreement.

SECTION 19: APPLICABLE LAW

19. This Agreement shall be interpreted, performed and enforced in accordance with the laws of Manitoba.

SECTION 20: SUCCESSORS

20. This Lease shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and permitted assigns of the parties.

SECTION 21: NOTICES

21(1) Any notice to a party under this Lease shall be in writing and shall be delivered personally, sent by telegram, telex, telecopier, facsimile or other means of electronic communication, or may be forwarded by first class, prepaid registered mail, to that party at the following address:

TO THE MINISTER:

Department of Energy and Mines
Mining Recorder's Office
Unit 360 - 1395 Ellice Avenue
Winnipeg, Manitoba R3G 3P2

TO THE LESSEE:

Hudson Bay Mining & Smelting Co., Limited
Box 1500
Flin Flon MB R8A 1N9

- 21(2) Any notice sent by mail shall be deemed to have been received on the fifth (5th) business day following the date of mailing. If mail service is disrupted by labour controversy, then any notice shall be delivered personally.
- 21(3) Either party may provide notice of change of address to the other in writing and thereafter all notices shall be provided to the new address.
- 21(4) Notwithstanding paragraphs (1) and (2) any written notice to be served or given by the Lessor to the Lessee under this Lease shall be effectively given or served by posting the same in a conspicuous place on the said Land.

This Agreement has been executed by the Minister of Energy and Mines on behalf of Her Majesty the Queen in Right of the Province of Manitoba and by the Lessee by its duly authorized representatives on the dates noted below:

SIGNED IN THE PRESENCE OF:

FOR HER MAJESTY
THE QUEEN IN RIGHT
OF THE PROVINCE OF
MANITOBA

Witness *D. J. Mason*

[Signature]

Minister of Energy and
Mines
Date *April 30 '99*

Witness

~~FOR «lessee»~~ **HUDSON BAY MINING AND
SMELTING CO., LIMITED**

PER: *[Signature]*

Lessee
Edward W. Yarrow,
Vice President, Exploration

Position
Date *APRIL 16, 1999*

PER: *[Signature]*

Brian D. Gordon
General Counsel & Corporate Secretary



Grouped under Order-in-Council No. 224/59

NTS AREA: SE1663K

RENEWAL OF MINING CLAIM LEASE NO. M 7309

WAW 3FR

made in duplicate June 5, 2002

BETWEEN Her Majesty the Queen in Right of the Province of Manitoba, represented herein by the Minister of Industry, Trade and Mines, called the "Lessor" and

HUDSON BAY MINING AND SMELTING CO., LIMITED

called the "Lessee".

WHEREAS the Lessor and the Lessee executed a Mining Claim Lease No. M 7309 (called the "Lease"), a copy of which is attached hereto, on the 6th day of September 1960.

AND WHEREAS the Lease provides a right of renewal;

NOW the Lessor and the Lessee agree to a 2nd Renewal of the Lease for a term of 21 years to be computed from the 6th day of September 2002, upon all covenants, terms and conditions contained in the Lease.

IN WITNESS WHEREOF the Minister of Industry, Trade and Mines has executed this Lease for and on behalf of Her Majesty the Queen in the Right of the Province of Manitoba, the Lessor, and

HUDSON BAY MINING AND SMELTING CO., LIMITED

the Lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

for Minister of Industry, Trade and Mines

HUDSON BAY MINING AND
SMELTING CO., LIMITED

Corporation

Edward W. Yarrow,
Vice President, Exploration

The Mining Claim covered by this lease is part of a Group constituted under Order-in-Council 224/59 issued pursuant to Section 95 (9) of the regulations made under The Mines Act.

MINING CLAIM
LEASE NUMBER

M-7309

FILE NUMBER

58346

This Indenture

made in duplicate this . . Sixth . . . day of September
in the year of our Lord one thousand nine hundred and . . Sixty .

BETWEEN Her Majesty the Queen in right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called "the lessor" of the first part, and

Hudson Bay Mining & Smelting Co. Limited,
500 Royal Bank Building,
Winnipeg, Manitoba

hereinafter called the "lessee," of the second part.

WHEREAS the lessee having applied for a lease under "The Mines Act," and the regulations made thereunder of the mining rights in the mining claim hereinafter described, the lessor has granted such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter reserved and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and contained, the lessor hereby grants, demises, and leases unto the lessee all the minerals, other than (except as reasonably incidental to or useful in the operations for mining, milling, smelting, or refining the minerals covered by this lease) oil and natural gas, coal, oil shale, salt, granite, limestone, marble, sandstone, slate or any building stone and clay, gravel, marl, peat or sand, and other than the minerals included in a placer claim, which are now or hereafter may be found under, throughout, or upon all that certain parcel of land situate

In the Province of Manitoba and being composed of Lot 3705, Group 421, situated North of Ghost Lake in the Herb Lake Mining Division of The Pas Mining District and otherwise known as the "Waw No. 3 Fr." mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 10656 and containing by admeasurement twelve and forty-three hundredths (12.43) acres more or less.

and subject to the restrictions contained in the said regulations with full and exclusive liberty, power, and authority for the lessee, his agents, servants, and workmen to search for, dig, mine, procure, and carry away, all of the said minerals wherever they may be found within the limits of the said land, and to dig, procure, open, and work any shafts or mines within the limits of the said land and upon the said land to make such erections and buildings as shall from time to time be necessary and proper for the more effectual working of the said mines and for the procuring and making fit for sale the minerals to be mined within the limits aforesaid, and with all and every those rights and privileges granted to lessees in and by all the said regulations.

TO HOLD and enjoy all the powers and privileges hereby granted subject to the regulations aforesaid and the provisions hereinafter mentioned and the said lands hereby demised unto the lessee henceforth for a term of twenty-one years to be computed from the

. Sixth day of September 1960
renewable for further terms upon the conditions as hereinafter provided: Yielding and paying therefor during the said term the sum of Thirteen

Dollars payable in advance; and also rendering and paying therefor unto the lessor such royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, which royalty shall be payable in the manner in the said Act provided.

PROVIDED ALWAYS that this demise is granted upon and subject to the following provisos, conditions, restrictions, and stipulations, that is to say:—

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg, the rent and royalty hereby reserved, and shall and will make all returns at the times and in the manner herein or in or under the said regulations prescribed.

2. That the lessee shall and will well and truly and faithfully observe, perform, and abide by all the obligations, conditions, provisos, restrictions and reservations in or under the said "The Mines Act" and regulations made thereunder imposed upon lessees.

3. That the lessee shall and will keep correct books of such kind and in such form as may be prescribed by the lessor, showing the quantity and value of the minerals taken out of the said lands, and whenever required so to do shall submit such books to the inspection of any officer or person appointed or authorized by the lessor to examine the same for the purpose of verifying the returns made by the lessee.

4. That the lessee shall also make proper and reasonable compensation to any railway company for any damage caused to the right of way or station grounds of the railway or other property

of the company upon the said lands, the amount of such compensation to be ascertained and settled in the manner provided by said regulations with respect to matters in dispute in relation to the acquisition of surface rights.

5. That the lessee shall and will permit any inspector or other person duly authorized in that behalf, with all proper or necessary assistants, at all reasonable times during the said term, quietly to enter into and upon the said lands, mines, and premises, and into all buildings erected thereon, and into any part thereof, and to survey and examine the state and condition thereof, and for the purpose aforesaid to descend all pits and shafts, and to enter and use all adits, tunnels, shafts, rises, wings, levels, galleries, drives and excavations, and to use all roads, ways, engines, ropes, machinery, gear, appliances, materials and other things in and on the said land and mines which shall by him be deemed necessary, without making any compensation for the same, so nevertheless that in so doing no unnecessary interference is caused with the carrying on of the mining work of the lessee; and shall and will by all means in his power aid and facilitate such inspector or other person in making such entry, survey, and examination.

6. That the lessee shall and will during the said term, open, use and work any mines and works opened and carried on by him upon the said lands in such manner only as is usual and customary in skillful and proper mining operations of similar character when conducted by proprietors themselves on their own lands, and when working the same shall keep and preserve the said mines and works from reasonably avoidable injury and damage, and also the adits, tunnels, shafts, rises, wings, levels, drifts, watercourses, roads, ways, works, erections, and fixtures therein and thereon in good repair and condition except such of the matters and things last aforesaid as shall from time to time be considered by any inspector or other person authorized by the lessor to inspect and report upon such matters and things to be unnecessary for the proper working of any such mine, but so that no supports placed in any mine, or any timbers or frame work necessary to the use and maintenance of shafts or other approaches thereto or tramways thereon, shall be removed or impaired, and in such state and condition shall and will at the end or sooner determination of the said term deliver peaceable possession thereof and of the said lands to the lessor.

7. And that the lessee shall not in the exercise of such liberty and power in any way have the right to conflict or interfere with, hinder or make difficult in any way the mining operation of any other minerals than the minerals hereby leased, which the lessor or his grantees may at any time wish to carry on in respect of minerals heretofore leased or granted; and the lessee covenants with the lessor that he will not attempt to mine for the said minerals on the said land or to make erections of buildings thereon in any place which may be so near to any spot in which such other leased or granted minerals may exist as in any way to interfere in the opinion of the lessor with the mining, extraction, use or preparation for sale of such other minerals.

8. And that the lessee, his servants, agents, or workmen, shall in accordance with the provisions of the said regulations have a right of way over and upon the said lands and with or without carts, sleighs, vehicles, and horses or other animals, for the purpose of digging for, working and carrying away the minerals hereby leased.

9. That no waiver on behalf of the lessor of any breach of any or either of the provisos, conditions, restrictions, and stipulations herein contained, whether negative or positive in form, shall take effect, or be binding upon him, unless the same be expressed in writing under the authority of the lessor; and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the lessor's rights with respect to any other or future breach.

10. That no implied covenant or liability of any kind on the lessor's part is created by the use of the word "demise" or "lease" herein, or by the use of any other word or words herein, or shall otherwise arise by reason of these presents or anything therein contained.

11. That if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed (except payment of royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, where the lessee has appealed the assessment for such royalty pursuant to said Act) and the lessor shall have given notice in writing to the lessee of such default requiring the lessee to cure or put an end to the same and the lessee shall fail to cure or put an end to such default within a reasonable time after the giving of such notice then and in any of the said cases it shall be lawful for the lessor by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or

accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

12. That any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

13. That within six months from the termination of this lease from any cause if all rent and royalty due thereunder shall have been paid and all provisos, conditions, restrictions and stipulations hereby imposed upon the lessee shall have been duly observed and performed, the lessee may remove from the said lands all tools and machinery, buildings, and erections which he may have placed thereon, but shall not remove or impair any of the supports, timbers, or frameworks aforesaid which are necessary to the use and maintenance of the shafts or other approaches to any mine on the said lands, or any tramways or ladders therein, or any article, matter, or thing the removal of which might cause such mine to fall, cave in or give way, and that in default of removal within such period of six months all such tools and machinery, buildings and erections shall be absolutely forfeited and shall become and be the property of the lessor; provided however that nothing herein contained shall be construed to apply to any such property on the said lands not forming part of the underground workings if the lessee is the owner or lessee of the surface thereof or otherwise to derogate from the rights of the lessee as such owner or lessee of the surface.

14. That this lease does not authorize the lessee, during the term hereof, to use the demised premises, or permit or allow any person or persons to occupy any portion of the surface for any purpose whatsoever other than for mining operations.

15. That if the lessor shall not, pursuant to the provisions of clause 11 hereof, have cancelled this lease prior to the expiration of the term of this lease or any renewed term thereof the lessee shall be entitled to a renewal of this lease and the lessor will grant to the lessee a renewal of this lease for a further term of twenty-one years upon all the covenants, terms and conditions herein contained including this covenant for renewal, but subject to the following terms and conditions, namely:

- (a) if at the time of expiry of this lease or the first renewal period thereof it forms part of a group constituted pursuant to subsection (9) of section 95 of the said regulations and ore or minerals are being produced by bona fide mining operations on one or more mining claims in such group this lease shall be renewed at the rental specified in subsection (3) of section 95 of the said regulations, or at such rental as may be provided in any regulation substituted therefor, and
- (b) after the second renewal of this lease or if this lease does not form part of a group as aforesaid or if it does form part of such a group and ore or minerals are not being produced by bona fide mining operations on one or more mining claims in such group, then this lease may be renewed only, upon the terms and subject to the provisions of said section 95 other than said subsection (9) thereof.

16. That except where inconsistent with the other terms and conditions contained in this lease the provisions of "The Mines Act" being Chapter 166, Revised Statutes of Manitoba, 1954, and any amendments thereto and the regulations and orders made thereunder of general applicability shall form part of the lease as though every item, word and thing therein set forth had been set forth therein.

Where the context permits, the expression "lessee" herein includes the successors and assigns of the lessee, the expression "lessor" includes her heirs and successors.

IN WITNESS WHEREOF the Minister of Mines and Natural Resources has executed this indenture for and on behalf of Her Majesty the Queen in Right of the Province of Manitoba, the lessor, and Hudson Bay Mining & Smelting Co. Limited the lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

LESSOR

Charles A. V. Lewis
 Minister of Mines and Natural Resources

LESSEE

Hudson Bay Mining & Smelting Co. Limited
[Signature]
 PRESIDENT
[Signature]
 ASST. SECRETARY

APPROVED AS TO FORM
[Signature]
 Deputy Minister



Grouped under Order-in-Council No. 224/59

NTS AREA: 63J-13SE

RENEWAL OF MINING CLAIM LEASE NO. M5724

Ox NO. 108
(754)

made in duplicate September 4, 2001

BETWEEN Her Majesty the Queen in Right of the Province of Manitoba, represented herein by the Minister of Industry, Trade and Mines, called the "Lessor" and

HUDSON BAY MINING AND SMELTING CO., LIMITED

called the "Lessee".

WHEREAS the Lessor and the Lessee executed a Mining Claim Lease No. M5724 (called the "Lease"), a copy of which is attached hereto, on the 9th day of December 1959.

AND WHEREAS the Lease provides a right of renewal;

NOW the Lessor and the Lessee agree to a 2nd Renewal of the Lease for a term of 21 years to be computed from the 9th day of December 2001, upon all covenants, terms and conditions contained in the Lease.

IN WITNESS WHEREOF the Minister of Industry, Trade and Mines has executed this Lease for and on behalf of Her Majesty the Queen in the Right of the Province of Manitoba, the Lessor, and

HUDSON BAY MINING AND SMELTING CO., LIMITED

the Lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

for Minister of Industry, Trade and Mines

**HUDSON BAY MINING AND
SMELTING CO., LIMITED**

CORPORATION

Per:

E. W. Yarrow
Vice President, Exploration

Per:

Brian D. Gordon
General Counsel & Corporate Secretary

The Mining Claim covered by this lease is part of a Group constituted under Order-in-Council 224/59 issued pursuant to Section 95 (9) of the regulations made under The Mines Act.

MINING CLAIM LEASE NUMBER
M-5724
FILE NUMBER
55567

This Indenture

made in duplicate this ...ninth... day ofDecember..... in the year of our Lord one thousand nine hundred and fifty-nine

BETWEEN Her Majesty the Queen in right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called "the lessor" of the first part, and

Hudson Bay Mining & Smelting Co. Limited,
500 Royal Bank Building,
Winnipeg, Manitoba

hereinafter called the "lessee," of the second part.

WHEREAS the lessee having applied for a lease under "The Mines Act," and the regulations made thereunder of the mining rights in the mining claim hereinafter described, the lessor has granted such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter reserved and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and contained, the lessor hereby grants, demises, and leases unto the lessee all the minerals, other than (except as reasonably incidental to or useful in the operations for mining, milling, smelting, or refining the minerals covered by this lease) oil and natural gas, coal, oil shale, salt, granite, limestone, marble, sandstone, slate or any building stone and clay, gravel, marl, peat or sand, and other than the minerals included in a placer claim, which are now or hereafter may be found under, throughout, or upon all that certain parcel of land situate

In the Province of Manitoba and being composed of Lot 3652, Group 421, situated North of Ghost Lake in the Herb Lake Mining Division of The Pas Mining District and otherwise known as the "Ox No. 108" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 10837 and containing by admeasurement Fifty-one and sixty-five hundredths (51.65) acres more or less.

and subject to the restrictions contained in the said regulations with full and exclusive liberty, power, and authority for the lessee, his agents, servants, and workmen to search for, dig, mine, procure, and carry away, all of the said minerals wherever they may be found within the limits of the said land, and to dig, procure, open, and work any shafts or mines within the limits of the said land and upon the said land to make such erections and buildings as shall from time to time be necessary and proper for the more effectual working of the said mines and for the procuring and making fit for sale the minerals to be mined within the limits aforesaid, and with all and every those rights and privileges granted to lessees in and by all the said regulations.

TO HOLD and enjoy all the powers and privileges hereby granted subject to the regulations aforesaid and the provisions hereinafter mentioned and the said lands hereby demised unto the lessee henceforth for a term of twenty-one years to be computed from the

.....ninth.....day ofDecember.....19 59,
renewable for further terms upon the conditions as hereinafter provided: Yielding and paying therefor during the said term the sum of

.....Fifty-two..... Dollars payable in advance; and also rendering and paying therefor unto the lessor such royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, which royalty shall be payable in the manner in the said Act provided.

PROVIDED ALWAYS that this demise is granted upon and subject to the following provisos, conditions, restrictions, and stipulations, that is to say:—

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg, the rent and royalty hereby reserved, and shall and will make all returns at the times and in the manner herein or in or under the said regulations prescribed.

2. That the lessee shall and will well and truly and faithfully observe, perform, and abide by all the obligations, conditions, provisos, restrictions and reservations in or under the said "The Mines Act" and regulations made thereunder imposed upon lessees.

3. That the lessee shall and will keep correct books of such kind and in such form as may be prescribed by the lessor, showing the quantity and value of the minerals taken out of the said lands, and whenever required so to do shall submit such books to the inspection of any officer or person appointed or authorized by the lessor to examine the same for the purpose of verifying the returns made by the lessee.

4. That the lessee shall also make proper and reasonable compensation to any railway company for any damage caused to the right of way or station grounds of the railway or other property

of the company upon the said lands, the amount of such compensation to be ascertained and settled in the manner provided by said regulations with respect to matters in dispute in relation to the acquisition of surface rights.

5. That the lessee shall and will permit any inspector or other person duly authorized in that behalf, with all proper or necessary assistants, at all reasonable times during the said term, quietly to enter into and upon the said lands, mines, and premises, and into all buildings erected thereon, and into any part thereof, and to survey and examine the state and condition thereof, and for the purpose aforesaid to descend all pits and shafts, and to enter and use all adits, tunnels, shafts, rises, wings, levels, galleries, drives and excavations, and to use all roads, ways, engines, ropes, machinery, gear, appliances, materials and other things in and on the said land and mines which shall by him be deemed necessary, without making any compensation for the same, so nevertheless that in so doing no unnecessary interference is caused with the carrying on of the mining work of the lessee; and shall and will by all means in his power and facilitate such inspector or other person in making such entry, survey, and examination.

6. That the lessee shall and will during the said term, open, use and work any mines and works opened and carried on by him upon the said lands in such manner only as is usual and customary in skilful and proper mining operations of similar character when conducted by proprietors themselves on their own lands, and when working the same shall keep and preserve the said mines and works from reasonably avoidable injury and damage, and also the adits, tunnels, shafts, rises, wings, levels, drifts, watercourses, roads, ways, works, erections, and fixtures therein and thereon in good repair and condition except such of the matters and things last aforesaid as shall from time to time be considered by any inspector or other person authorized by the lessor to inspect and report upon such matters and things to be unnecessary for the proper working of any such mine, but so that no supports placed in any mine, or any timbers or frame work necessary to the use and maintenance of shafts or other approaches thereto or tramways thereon, shall be removed or impaired, and in such state and condition shall and will at the end or sooner determination of the said term deliver peaceable possession thereof and of the said lands to the lessor.

7. And that the lessee shall not in the exercise of such liberty and power in any way have the right to conflict or interfere with, hinder or make difficult in any way the mining operation of any other minerals than the minerals hereby leased, which the lessor or his grantees may at any time wish to carry on in respect of minerals heretofore leased or granted; and the lessee covenants with the lessor that he will not attempt to mine for the said minerals on the said land or to make erections of buildings thereon in any place which may be so near to any spot in which such other leased or granted minerals may exist as in any way to interfere in the opinion of the lessor with the mining, extraction, use or preparation for sale of such other minerals.

8. And that the lessee, his servants, agents, or workmen, shall in accordance with the provisions of the said regulations have a right of way over and upon the said lands and with or without carts, sleighs, vehicles, and horses or other animals, for the purpose of digging for, working and carrying away the minerals hereby leased.

9. That no waiver on behalf of the lessor of any breach of any or either of the provisos, conditions, restrictions, and stipulations herein contained, whether negative or positive in form, shall take effect, or be binding upon him, unless the same be expressed in writing under the authority of the lessor; and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the lessor's rights with respect to any other or future breach.

10. That no implied covenant or liability of any kind on the lessor's part is created by the use of the word "demise" or "lease" herein, or by the use of any other word or words herein, or shall otherwise arise by reason of these presents or anything therein contained.

11. That if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed (except payment of royalty on the sales of the products of such minerals as may from time to time be set under the provisions of The Mining Royalty and Tax Act, Revised Statutes of Manitoba, 1954, Chapter 169, where the lessee has appealed the assessment for such royalty pursuant to said Act) and the lessor shall have given notice in writing to the lessee of such default requiring the lessee to cure or put an end to the same and the lessee shall fail to cure or put an end to such default within a reasonable time after the giving of such notice then and in any of the said cases it shall be lawful for the lessor by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or

accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

12. That any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

13. That within six months from the termination of this lease from any cause if all rent and royalty due thereunder shall have been paid and all provisos, conditions, restrictions and stipulations hereby imposed upon the lessee shall have been duly observed and performed, the lessee may remove from the said lands all tools and machinery, buildings, and erections which he may have placed thereon, but shall not remove or impair any of the supports, timbers, or frameworks aforesaid which are necessary to the use and maintenance of the shafts or other approaches to any mine on the said lands, or any tramways or ladders therein, or any article, matter, or thing the removal of which might cause such mine to fall, cave in or give way, and that in default of removal within such period of six months all such tools and machinery, buildings and erections shall be absolutely forfeited and shall become and be the property of the lessor; provided however that nothing herein contained shall be construed to apply to any such property on the said lands not forming part of the underground workings if the lessee is the owner or lessee of the surface thereof or otherwise to derogate from the rights of the lessee as such owner or lessee of the surface.

14. That this lease does not authorize the lessee, during the term hereof, to use the demised premises, or permit or allow any person or persons to occupy any portion of the surface for any purpose whatsoever other than for mining operations.

15. That if the lessor shall not, pursuant to the provisions of clause 11 hereof, have cancelled this lease prior to the expiration of the term of this lease or any renewed term thereof the lessee shall be entitled to a renewal of this lease and the lessor will grant to the lessee a renewal of this lease for a further term of twenty-one years upon all the covenants, terms and conditions herein contained including this covenant for renewal, but subject to the following terms and conditions, namely:

(a) if at the time of expiry of this lease or the first renewal period thereof it forms part of a group constituted pursuant to subsection (9) of section 95 of the said regulations and ore or minerals are being produced by bona fide mining operations on one or more mining claims in such group this lease shall be renewed at the rental specified in subsection (3) of section 95 of the said regulations, or at such rental as may be provided in any regulation substituted therefor, and

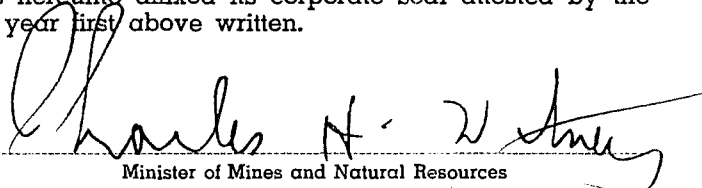
(b) after the second renewal of this lease or if this lease does not form part of a group as aforesaid or if it does form part of such a group and ore or minerals are not being produced by bona fide mining operations on one or more mining claims in such group, then this lease may be renewed only, upon the terms and subject to the provisions of said section 95 other than said subsection (9) thereof.

16. That except where inconsistent with the other terms and conditions contained in this lease the provisions of "The Mines Act" being Chapter 166, Revised Statutes of Manitoba, 1954, and any amendments thereto and the regulations and orders made thereunder of general applicability shall form part of the lease as though every item, word and thing therein set forth had been set forth therein.

Where the context permits, the expression "lessee" herein includes the successors and assigns of the lessee, the expression "lessor" includes her heirs and successors.

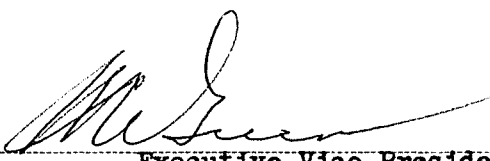
IN WITNESS WHEREOF the Minister of Mines and Natural Resources has executed this indenture for and on behalf of Her Majesty the Queen in Right of the Province of Manitoba, the lessor, and Hudson Bay Mining & Smelting Co., Limited the lessee, has hereunto affixed its corporate seal attested by the hands of its proper officers in that behalf the day and year first above written.

LESSOR

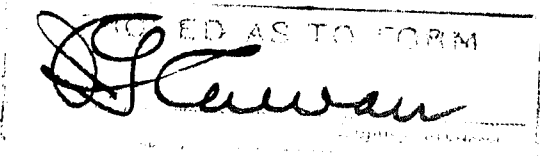

Minister of Mines and Natural Resources

LESSEE

HUDSON BAY MINING AND SMELTING CO., LIMITED


Executive Vice-President,


Assistant Secretary



SURFACE LEASE NO.
M-110
FILE NO.
63180

This Indenture

made in duplicate this25th.....day ofSeptember...
in the year of our Lord one thousand nine hundred and sixty-four.

BETWEEN Her Majesty the Queen in the right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called the lessor, of the first part, and

Hudson Bay Mining and Smelting Company, Limited,
Flin Flon,
Manitoba.

hereinafter called the lessee, of the second part.

WHEREAS the lessee is the owner of the following mining claim, namely:

Lease No.	Date of Lease	Name of Claim	Surveyed Description	Area in Acres
M-5721	Dec. 9, 1959	Astra 25 Fr.	Lot 1646 Grp. 422	43.96
M-7366	Sept. 6, 1960	Chalco No. 13	Lot 1640 "	49.03
M-7491	Feb. 22, 1961	Chalco No. 14	Lot 1753 "	50.62

AND WHEREAS the lessee has applied under the provisions of "The Mines Act" and the regulations made thereunder for a lease of the available surface rights of such mining claim and the lessor has decided to grant such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rent hereinafter reserved and subject to the provisos, conditions, restrictions and stipulations hereinafter expressed and contained the lessor hereby grants, demises and leases unto the lessee the surface rights of the lands comprised within the said mining claim, such lands being described as follows:

All and singular that certain parcel or tract of land situate, lying and being in the

In the Herb Lake Mining Division of The Pas Mining District in Township Sixty-eight in Range Seventeen West of the Principal Meridian in Manitoba and being Lot 1646 and all those portions of Lots 1640 and 1753 lying to the Northwest of Anderson Lake in Group 422 as said lots are otherwise known as Astra No. 25 Fr. and Chalco Nos. 13 and 14 Mining Claims on plans filed in the Office of the Director of Surveys at Winnipeg as Nos. 9749, 9748 and 14690 respectively. Excepting out of said Lots 1646 and 1753 all those portions thereof taken for the Right-of-Way of the Canadian National Railway as the same is shown bordered pink on a plan registered in the Neepawa Land Titles Office as No. 794. The above lands contain by admeasurement a net area of Ninety-three and forty-eight one-hundredths acres more or less.

TO HOLD the same unto the lessee so long as its lease of the said mining claim and any renewal thereof shall continue in force, provided nevertheless that the lessor may at any time, by giving the lessee three months previous notice in writing of his intention in that behalf, determine this demise without compensation to the lessee for such determination or for any buildings or other improvements which it shall have placed upon the said lands, but in case of such determination the lessee shall have the privilege of removing from the said lands any such buildings and improvements: Yielding and paying therefor the yearly sum of one dollar per acre, payable yearly in advance.

PROVIDED ALWAYS and this demise is granted upon and subject to the following provisos, conditions, restrictions and stipulations, that is to say:

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg the rent hereby reserved.

2. And that the lessee shall not nor will during the said term assign, underlet or part with the possession of the demised premises or any portion thereof without the consent in writing of the lessor.

3. And that it shall be lawful for the Minister or any person thereunto authorized by him at all reasonable times to enter upon the demised premises to examine the condition thereof.

4. And that in case the lessee shall use and operate on the said lands an engine by steam power, it will provide an engine of proper construction and equipped with approved devices and appliances to prevent the escape of fire and sparks and will keep it in good repair and prudently manage and control the same.

5. And that the lessee will at all times keep the said lands free from any inflammable matter and debris due to the cutting of timber and other trees and also plough and keep ploughed a space surrounding the lessee's works of such area as an authorized officer of the Mines Branch or Forest Service of the Department of Mines and Natural Resources determines, provided such officer should think ploughing to be practicable and necessary and should require the lessee to perform such work.

6. And that the lessee will keep the said lands in sanitary condition.

7. And that if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded

or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed, then and in any of the said cases it shall be lawful for the lessor (without judicial inquiry), by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of the giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

8. And that any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

9. That the Provisions of "The Mines Act" being Chapter 166, Revised Statutes of Manitoba, 1954, and any amendments thereto and the regulations and orders made thereunder shall form part of the lease as though every item, word and thing therein set forth had been set forth herein.

Where the context allows the expression "lessor" includes the Minister of Mines and Natural Resources and the successors in office for the time being of the Minister, and the expression "lessee" includes the successors and assigns of the lessee.

IN WITNESS WHEREOF the parties hereto have duly executed these presents.

SIGNED, SEALED and DELIVERED

by the lessor in the presence of

Hudson Bay Mining and Smelting Co., Limited

EXECUTIVE VICE-PRESIDENT
ASST. SECRETARY

Minister of Mines and Natural Resources.

And by the lessee in the presence of

Witness.

Lessee.

SURFACE LEASE NO.
M-332
FILE NO.
58339

This Indenture

made in duplicate this twelfth day of August
in the year of our Lord one thousand nine hundred and ~~sixty-five~~.

BETWEEN Her Majesty the Queen in the right of the Province of Manitoba, represented herein by the Minister of Mines and Natural Resources, hereinafter called the lessor, of the first part, and

Rudson Bay Mining and Smelting Co., Limited,
Flin Flon, Manitoba.

hereinafter called the lessee, of the second part.

WHEREAS the lessee is the owner of the following mining claim, namely:

Lease No.	Date of Lease	Name of Claim	Surveyed Description	Area in Acres
H-7302	September 6, 1960	Ram No. 346 Fr.	Lot 1294, Grp. 422	25.5

AND WHEREAS the lessee has applied under the provisions of "The Mines Act" and the regulations made thereunder for a lease of the available surface rights of such mining claim and the lessor has decided to grant such application upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rent hereinafter reserved and subject to the provisos, conditions, restrictions and stipulations hereinafter expressed and contained the lessor hereby grants, demises and leases unto the lessee the surface rights of the lands comprised within the said mining claim, such lands being described as follows:

All and singular that certain parcel or tract of land situate, lying and being in the In the Herb Lake Mining Division of The Pas Mining District and being Lot 1294 in Group 422 situated Northeast of Anderson Lake and otherwise known as Ram No. 346 Fractional Mining Claim as the same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 8892, ~~showing thereon the Snow Lake and Stall Lake Roads as the same are shown on plans registered in the Neepawa Land Titles Office as Nos. 4257 and 4571 respectively and showing thereon the land taken for the Right-of-Way of the Canadian National Railway Company as the same is shown on a plan registered in the Neepawa Land Titles Office as No. 794 and granting thereon all Mines and Minerals, together with the right to enter, locate, prospect, mine for and remove minerals and all other estates, rights and interests reserved to the Crown under the Crown Lands Act. The above land contains by admeasurement a net area of Twenty-one and eighty-four one-hundredths acres more or less.~~

Area	Ram No. 346 Fr.	25.5 acres
	Less to Plan 4257	4.47 acres
	Less to Plan 4571	.66 acres
	Less to Plan 794	1.53 acres
Net Area		6.66 acres
		21.84 acres

TO HOLD the same unto the lessee so long as its lease of the said mining claim and any renewal thereof shall continue in force, provided nevertheless that the lessor may at any time, by giving the lessee three months previous notice in writing of his intention in that behalf, determine this demise without compensation to the lessee for such determination or for any buildings or other improvements which it shall have placed upon the said lands, but in case of such determination the lessee shall have the privilege of removing from the said lands any such buildings and improvements: Yielding and paying therefor the yearly sum of one dollar per acre, payable yearly in advance.

PROVIDED ALWAYS and this demise is granted upon and subject to the following provisos, conditions, restrictions and stipulations, that is to say :

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg the rent hereby reserved.

2. And that the lessee shall not nor will during the said term assign, underlet or part with the possession of the demised premises or any portion thereof without the consent in writing of the lessor.

3. And that it shall be lawful for the Minister or any person thereunto authorized by him at all reasonable times to enter upon the demised premises to examine the condition thereof.

4. And that in case the lessee shall use and operate on the said lands an engine by steam power, it will provide an engine of proper construction and equipped with approved devices and appliances to prevent the escape of fire and sparks and will keep it in good repair and prudently manage and control the same.

5. And that the lessee will at all times keep the said lands free from any inflammable matter and debris due to the cutting of timber and other trees and also plough and keep ploughed a space surrounding the lessee's works of such area as an authorized officer of the Mines Branch or Forest Service of the Department of Mines and Natural Resources determines, provided such officer should think ploughing to be practicable and necessary and should require the lessee to perform such work.

6. And that the lessee will keep the said lands in sanitary condition.

7. And that if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded

or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed, then and in any of the said cases it shall be lawful for the lessor (without judicial inquiry), by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of the giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

8. And that any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

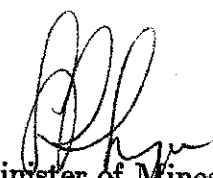
9. That the Provisions of "The Mines Act" being Chapter 166, Revised Statutes of Manitoba, 1954, and any amendments thereto and the regulations and orders made thereunder shall form part of the lease as though every item, word and thing therein set forth had been set forth herein.

Where the context allows the expression "lessor" includes the Minister of Mines and Natural Resources and the successors in office for the time being of the Minister, and the expression "lessee" includes the successors and assigns of the lessee.

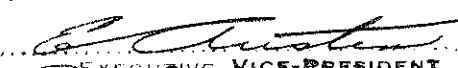
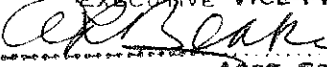
IN WITNESS WHEREOF the parties hereto have duly executed these presents.

SIGNED, SEALED and DELIVERED

by the lessor in the presence of


Minister of Mines and Natural Resources.

And by the lessee in the presence of

Hudson Bay Mining and Smelting Co., Limited

EXECUTIVE VICE-PRESIDENT

ASST. SECRETARY

Witness.

Lessee.

PROVIDED ALWAYS and this demise is granted upon and subject to the following provisos, conditions, restrictions and stipulations, that is to say :

1. That the lessee shall and will well and truly pay or cause to be paid to the lessor at Winnipeg the rent hereby reserved.

2. And that the lessee shall not nor will during the said term assign, underlet or part with the possession of the demised premises or any portion thereof without the consent in writing of the lessor.

3. And that it shall be lawful for the Minister or any person thereunto authorized by him at all reasonable times to enter upon the demised premises to examine the condition thereof.

4. And that in case the lessee shall use and operate on the said lands an engine by steam power, it will provide an engine of proper construction and equipped with approved devices and appliances to prevent the escape of fire and sparks and will keep it in good repair and prudently manage and control the same.

5. And that the lessee will at all times keep the said lands free from any inflammable matter and debris due to the cutting of timber and other trees and also plough and keep ploughed a space surrounding the lessee's works of such area as an authorized officer of the Mines Branch or Forest Service of the Department of Mines, ~~and Natural Resources~~ determines, provided such officer should think ploughing to be practicable and necessary and should require the lessee to perform such work.

6. And that the lessee will keep the said lands in sanitary condition.

7. And that if the rent hereby reserved or any part thereof shall be unpaid for thirty days after becoming payable (whether payment thereof shall have been demanded

or not), or if any covenant, proviso, stipulation, or condition on the part of the lessee herein contained shall not be performed or observed, then and in any of the said cases it shall be lawful for the lessor (without judicial inquiry), by notice in writing to cancel these presents and terminate the estate or term hereby demised and thereupon these presents and everything therein contained and the estate or term shall from the time of the giving of such notice absolutely cease, determine and be void without re-entry or any other act or any suit, or legal proceedings to be brought or taken, provided that the lessor shall nevertheless be entitled to recover from the lessee the rent then accrued or accruing and moreover that any right of action of the lessor against the lessee in respect of any antecedent breach of any of the said covenants, provisos, stipulations, or conditions shall not thereby be prejudiced.

8. And that any notice affecting the tenancy hereunder which the lessor may desire to serve upon the lessee shall be sufficiently served on the lessee if left addressed to him on the demised premises or posted to him addressed to his last known address or if left at the said address. A notice sent by post shall be deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent. Such notice may be legally given by the Minister, Deputy Minister, Assistant Deputy Minister or Director of Mines.

M160 1970
9. That the Provisions of "The Mines Act" being Chapter 103, Revised Statutes of Manitoba, 1931, and any amendments thereto and the regulations and orders made thereunder shall form part of the lease as though every item, word and thing therein set forth had been set forth herein.

Where the context allows the expression "lessor" includes the Minister of Mines ~~and Natural Resources~~ and the successors in office for the time being of the Minister, and the expression "lessee" includes the successors and assigns of the lessee.

*** Resources and Environmental Management

Resources and Environmental Management ***

IN WITNESS WHEREOF the parties hereto have duly executed these presents.



SIGNED, SEALED and DELIVERED

by the lessor in the presence of


Minister of Mines and Natural Resources
Environmental Management

HUDSON BAY MINING AND SMELTING CO., LIMITED

And by the lessee in the presence of

Witness.

Lessee.



Water Use Licensing Section
Box 16, 200 Saulteaux Crescent
Winnipeg MB R3J 3W3

Telephone : 204-945-3983
Fax : 204-945-7419

March 14, 2012

File: Hudson Bay Mining and Smelting Co. Ltd. -12

Hudson Bay Mining and Smelting Co. Ltd
Air and Water Programs
Box 1550
Flin Flon, MB R8A 1N9

Dear Joel Nilsen,

Herewith you will find your copy of Licence No. **2011-110** issued under *The Water Rights Act*. Licence No. **2011-110** will expire on **March 7, 2022**. You may apply for renewal of this licence not more than 365 days and not less than 90 days prior to the expiry date.

I have also enclosed a copy of a form that may be used to record your **daily** and annual water use as per Clause 13 of your licence. This form is to be completed each year and returned to this office no later than February 1st of the following year. Additional water use forms are available on-line at www.gov.mb.ca/waterstewardship under *Licensing, Regulation & Policy – Water Use Licensing – Forms*.

You may also e-mail your water usage to us at wateruse@gov.mb.ca. Please remember to include in your message (a) your Water Rights licence number (b) the year for which you are reporting, and (c) the unit of measurement (e.g. litres, US gallons, Imperial gallons, clock time, etc.) applicable to your system.

If you have any questions regarding this licence, please contact the undersigned at 204-945-3983.

Yours truly,

A handwritten signature in black ink, appearing to read "Chris McCombe".

Christopher McCombe
Database Manager
Water Use Licensing Section

Licence to Use Water for Industrial Purposes



Project: Snow Lake Concentrator

Issued in accordance with the provisions of
The Water Rights Act and regulations made thereunder.

Licence No.: **2011-110**
(Original Lic. No.: 78-019)
U.T.M.: Zone 14 434261 E
6079763 N

Know all men by these presents that in consideration of and subject to the provisos, conditions and restrictions hereinafter contained, the Minister of Water Stewardship for the Province of Manitoba does by these presents give full right and liberty, leave and licence to **Hudson Bay Mining and Smelting Co., Limited** in the Province of Manitoba (hereinafter called "the LICENSEE") to divert water from the **Snow Lake** for **industrial** purposes by means of a pumping installation, pipeline(s) and any other appurtenances (hereinafter called "the WORKS"), the water to be used, and the WORKS to be placed, on the following described lands:

Township 68 and Range 17 West of the Principal Meridian in Manitoba,

and more particularly shown on a plan filed in the office of the Executive Director, Regulatory and Operational Services Division, a copy of which plan is hereto attached and marked Exhibit "A" for **industrial** purposes on the following described lands:

Snow Lake Concentrator (Stall Lake Mill Complex)

This licence is issued upon the express condition that it shall be subject to the provisions of The Water Rights Act and Regulations and all amendments thereto and, without limiting the generality of the aforesaid, to the following terms and conditions, namely:

1. The water shall be used solely for **industrial** purposes.
2. The WORKS shall be operated in accordance with the terms herein contained.
3. a) The maximum rate at which water may be diverted pursuant hereto shall not exceed **0.038 cubic metres per second (1.3 cubic feet per second)**.
b) The total quantity of water diverted in any one year shall not exceed **1150 cubic decametres (932.32 acre feet)**.
4. Upon notification to the LICENSEE by the Minister or the Minister's agents, the LICENSEE shall not divert water from the **Snow Lake** during any period when the lake level at the pumping WORKS, is at or below a specified elevation.
5. The LICENSEE does hereby remise, release and forever discharge Her Majesty the Queen in Right of the Province of Manitoba, of and from all manner of action, causes of action, claims and demands whatsoever which against Her Majesty the LICENSEE ever had, now has or may hereafter have, resulting from the use of water for **industrial** purposes.
6. In the event that the rights of others are infringed upon and/or damage to the property of others is sustained as a result of the operation or maintenance of the WORKS and the rights herein granted, the LICENSEE shall be solely responsible and shall save harmless and fully indemnify Her Majesty the Queen in Right of the Province of Manitoba, from and against any liability to which Her Majesty may become liable by virtue of the issue of this Licence and anything done pursuant hereto.
7. This Licence is not assignable or transferable by the LICENSEE and when no longer required by the LICENSEE this Licence shall be returned to the Executive Director, Regulatory and Operational Services Division, for cancellation on behalf of the Minister.
8. Upon the execution of this Licence the LICENSEE hereby grants the Minister or the Minister's agents the right of ingress and egress to and from the lands on which the WORKS are located for the purpose of inspection of the WORKS and the LICENSEE shall at all times comply with such directions and/or orders that may be given by the Minister or the Minister's agents in writing from time to time with regard to the operation and maintenance of the WORKS.
9. This Licence may be amended, suspended or cancelled by the Minister in accordance with The Water Rights Act by letter addressed to the LICENSEE at **P.O. Box 1550, Flin Flon, MB, R8A 1N9, Canada** and thereafter this Licence shall be determined to be at an end.
10. Notwithstanding anything preceding in this Licence, the LICENSEE must have legal control, by ownership or by rental, lease, or other agreement, of the lands on which the WORKS shall be placed and the water shall be used.
11. The term of this Licence shall be **ten (10) years** and this Licence shall become effective only on the date of execution hereof by a person so authorized in the Department of Water Stewardship. The LICENSEE may apply for renewal of this Licence not more than 365 days and not less than 90 days prior to the expiry date.
12. This Licence expires automatically upon the loss of the legal control of any of the lands on which the WORKS are located or on which water is used, unless the Licence is transferred or amended by the Minister upon application for Licence transfer or amendment.

13. The LICENSEE shall keep records of daily and annual water use and shall provide a copy of such records to the Executive Director, Regulatory and Operational Services Division, not later than February 1st of the following year.
14. The LICENSEE shall install and maintain, on the pumping WORKS, a water measuring device acceptable to the Executive Director, Regulatory and Operational Services Division, that will accurately measure the instantaneous water flow and the accumulated annual volume of water diverted from the water source.
15. The LICENSEE shall hold and maintain all other regulatory approvals that may be required and shall comply with all other regulatory requirements for the construction, operation, or maintenance of the WORKS or to divert or use water as provided by this Licence.

In witness whereof I the undersigned hereby agree to accept the aforesaid Licence on the terms and conditions set forth therein and hereby set my hand and seal this 2 day of February A.D. 2012.

SIGNED, SEALED AND DELIVERED
in the presence of

B. Niedermair } Brad Lantz (Seal)
Witness Licensee

Canada, PROVINCE OF MANITOBA To Wit:

I, Brenda Fleming Niedermair of the city
of Flin Flon in the Province of Manitoba, MAKE OATH AND SAY:

1. That I was personally present and did see Brad Lantz, the within named party, execute the within Instrument.
2. That I know the said _____ and am satisfied that he/she is of the full age of eighteen years.
3. That the said Instrument was executed at _____ aforesaid and that I am subscribing witness thereto.

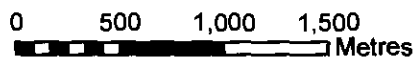
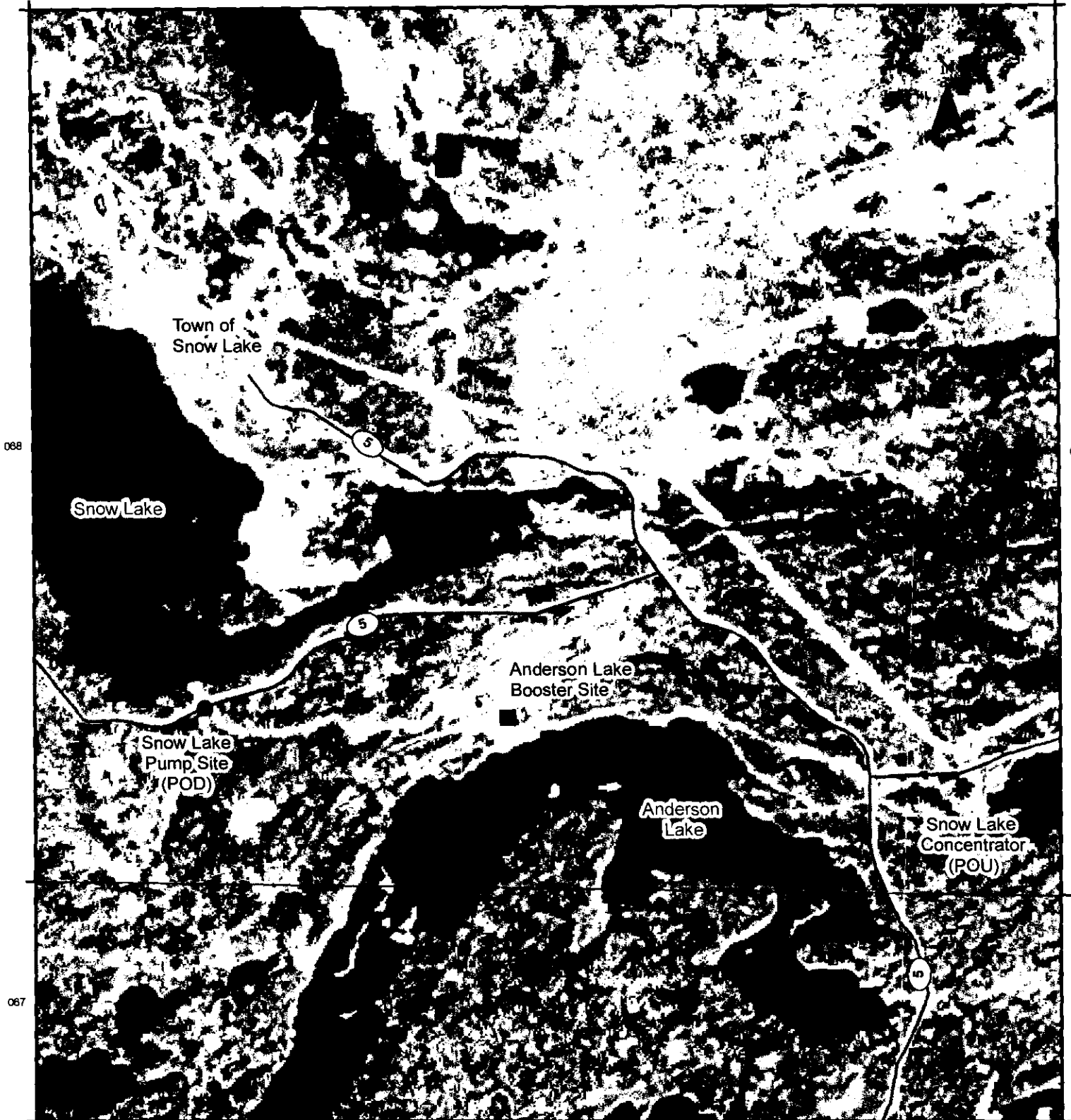
SWORN BEFORE me at the CITY OF FLIN FLON
in the Province of Manitoba this 2nd day of February A.D. 2012.

Anita Seelbach } _____
A COMMISSIONER FOR OATHS Witness
in and for the Province of Manitoba

My Commission expires November 26, 2012

Issued at the City of Winnipeg, in the Province of Manitoba, this 7th day of March A.D. 2012.

Rob M. Stoes
The Honourable the Minister of Water Stewardship



LOCATION PLAN
 FOR
 HUDSON BAY MINING &
 SMELTING CO., LIMITED
 68-17 WPM

EXHIBIT: "A"
 THIS PLAN IS AN INTEGRAL PART OF
 LICENCE NO. 2011-110
 ISSUED UNDER THE WATER RIGHTS ACT



Annual Water Use and Temperature Report for 20__

Pursuant to The Water Rights Act

LICENSEE'S NAME				LICENCE NO.
POST OFFICE ADDRESS				PHONE NO.
LOCATION OF WELL:				
QUARTER/	SECTION	TOWNSHIP	RANGE	OR OTHER (SPECIFY)
DESIGN PUMPING RATE: LITRES PER SECOND _____ OR OTHER (SPECIFY) _____				
NOTE 1: QUANTITIES OF WATER IN TABLE BELOW EXPRESSED IN (CHECK ONE)				
<input type="checkbox"/> LITRES		<input type="checkbox"/> DECAMETRES		
<input type="checkbox"/> OTHER (SPECIFY): _____				
METER READING DECEMBER 31/20 _____				
NOTE2: LICENSEE MUST COMPLETE "ANNUAL WATER USE AND TEMPERATURE REPORT" FOR EACH CALENDAR YEAR AND FORWARD THE REPORT TO THE WATER USE LICENSING SECTION AT THE ABOVE ADDRESS NOT LATER THAN FEB. 1 OF THE FOLLOWING YEAR.				

DAY OF MONTH	MAY				JUNE				JULY				AUGUST			
	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION	PRODUCTION WELL TEMP (°C)	RETURN WELL TEMP (°C)	METER READING	MONTHLY CONSUMPTION
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2																
3																
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