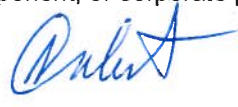


# Environment Act Proposal Form



Name of the development: Lalor Mine	
Type of development per Classes of Development Regulation (Manitoba Regulation 164/88): Class 2 Development (mine including onsite sewage treatment plant)	
Legal name of the proponent of the development: Hudson Bay Mining & Smelting Co., Limited	
Location (street address, city, town, municipality, legal description) of the development: Mine surface infrastrucutre is located within the Town of Snow Lake municipal boundary. See figures in attached EAP report.	
Name of proponent contact person for purposes of the environmental assessment: Stephen West, P.Eng.	
Phone: 204-687-2229 Fax: 204-687-2173	Mailing address: P.O. Box 1500 Flin Flon, MB R8A 1N9
Email address: steph.west@hudsonbayminerals.com	
Webpage address:	
Date:  APRIL 26, 2012	Signature of proponent, or corporate principal of corporate proponent:   Printed name: Stephen West

A complete Environment Act Proposal (EAP) consists of the following components:

- Cover letter
- Environment Act Proposal Form
- Reports/plans supporting the EAP (see "Information Bulletin - Environment Act Proposal Report Guidelines" for required information and number of copies)
- Application fee (Cheque, payable to Minister of Finance, for the appropriate fee)

Submit the complete EAP to:

Director  
Environmental Assessment and Licensing Branch  
Manitoba Conservation  
Suite 160, 123 Main Street  
Winnipeg, Manitoba R3C 1A5

For more information:

Phone: (204) 945-7100  
Fax: (204) 945-5229  
Toll Free: 1-800-282-8069, ext. 7100  
<http://www.gov.mb.ca/conservation/eal>

Per Environment Act Fees Regulation (Manitoba Regulation 168/96):	
Class 1 Developments .....	\$500
Class 2 Developments .....	\$5,000
Class 3 Developments:	
Transportation and Transmission Lines.....	\$5,000
Water Developments .....	\$50,000
Energy and Mining.....	\$100,000

## **Project Related Documents used in Support of the Lalor Mine Environment Act Proposal Report**

AECOM Canada Ltd. 2012. Proposed Lalor Mine Environmental Baseline Assessment. Project Number: 60157028 (402.19.3.3). Report dated March 28, 2012.

BGC Engineering Inc. 2012. Anderson Lake Expansion Pre-Feasibility Study Report. Project No. 0077-018-01.

Golder Associates Ltd. 2009. Hydrogeological Testing Program – Lalor Lake Zinc/Gold Project. Report Number: 09-1428-0012. Report dated July 23, 2009.

Hudson Bay Mining and Smelting Co., Ltd. 2009. Letter to Manitoba Conservation Re: Minor Amendment of Environment Act Licence No. 1919 S2 RR in relation to Lalor Ramp. Letter dated November 13, 2009. Including attached letter from AECOM Canada Ltd. to Hudson Bay Mining and Smelting Co., Ltd. Re: Environmental Assessment of Effects of Lalor Ramp Development. Letter dated November 13, 2009.

Hudson Bay Mining and Smelting Co. Ltd. 2010. Letter of Application to Manitoba Innovation, Energy and Mines. Letter dated March 3, 2010. Including attached AECOM report: AECOM Canada Ltd. 2010. The Lalor Zone Advanced Exploration Project Plan. Project Number 7223 018 00 (4.6.1). Report dated March 3, 2010.

Hudson Bay Mining and Smelting Co. Ltd. 2010. Letter to Manitoba Conservation Re: Wastewater Treatment System for the Lalor Advanced Exploration Project (“Lalor AEP”). Letter dated June 24, 2010. Including attached memorandum from AECOM Canada Ltd. to Hudson Bay Mining and Smelting Co., Ltd. HBMS, Lalor Advanced Exploration Project Wastewater Treatment Proposal to Manitoba Conservation. Memorandum dated May 28, 2010.

Hudson Bay Mining and Smelting Co., Ltd. 2010. Letter to Manitoba Conservation Re: Progress – Lalor Ramp Ventilation Raise. Letter dated July 21, 2010.

Hudson Bay Mining and Smelting Co., Ltd. 2011. Letter to Manitoba Conservation Re: Progress – Lalor Ramp Ventilation Raise. Letter dated February 4, 2011.



MINERAL RESOURCES DIVISION

File No. 79-2808B

Cash No. 2217 (Aug. 7/79)

Fee: \$ 5.00

**No. 2808**

This is to certify that:

Name of Holder ..... HUDSON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED

Address ..... Box 28, Toronto-Dominion Centre

City ..... TORONTO, Province ..... ONTARIO Telephone No. ....

Name of Resident Agent ..... W. M. Burbidge  
(if holder not resident of Manitoba)

Address ..... c/o Hudson Bay Exploration and Development Company Limited

City ..... FLIN FLON, Province ..... MANITOBA Telephone No. ....

is the recorded holder of the mineral disposition herein described and subject to any prior rights or any endorsement hereon, has the right to explore, prospect and develop all minerals (as defined in Manitoba Regulation 328/74) the property of the Crown, contained within the boundaries of the disposition.

This certificate is for five years from the date of issue, subject to all work commitments and compliance with "The Mines Act".

Disposition:

Claim/Claim Block No. C.B. 10605 "DUB 10605" Claim Map No(s) N.E. 16 - 63 E

Location Snow Lake area Recorded Area 480 acres

Issue Date: AUGUST 20th, 19 79.

Endorsement

F.H. Heidman, Acting Mining Recorder

~~NOTE: This certificate to be forwarded to the Recorder with letter of application for renewal of further term.~~

RENEWAL TERM	YEAR ENDING



MINERAL RESOURCES DIVISION

File No. 79-2809B

Cash No. 2218 (Aug. 7/79)

**No. 2809**

Fee: \$ 5.00

This is to certify that:

Name of Holder ..... HUDSON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED

Address ..... Box 28, Toronto-Dominion Centre

City ..... TORONTO, Province ..... ONTARIO Telephone No. ....

Name of Resident Agent ..... W. M. Burbidge

(if holder not resident of Manitoba)

Address ..... c/o Hudson Bay Exploration and Development Company Limited

City ..... Flin Flon, Province ..... Manitoba Telephone No. ....

is the recorded holder of the mineral disposition herein described and subject to any prior rights or any endorsement hereon, has the right to explore, prospect and develop all minerals (as defined in Manitoba Regulation 328/74) the property of the Crown, contained within the boundaries of the disposition.

This certificate is

~~The term of this certificate is for five years from the date of issue,~~ subject to all work commitments and compliance with "The Mines Act".

Disposition:

Claim/Claim Block No. ... C.B.10606 "DUB. 10606" Claim Map No(s) ... N.E.16 - 63 K

Location ..... Snow Lake area Recorded Area ..... 449 acres

Issue Date: ..... AUGUST 20th, 19 79.

Endorsement

F.H.Heidman, *F. H. Heidman* Acting Mining Recorder

~~NOTE: This Certificate to be forwarded to the Recorder with letter of application for renewal of further term~~

RENEWAL TERM	YEAR ENDING



MINERAL RESOURCES DIVISION

File No. 79-2810B

Cash No. 2219 (Aug. 7/79)

Fee: \$ 5.00

**No. 2810**



This is to certify that:

Name of Holder ..... HUDSON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED

Address ..... Box 28, Toronto-Dominion Centre

City ..... TORONTO, Province ..... ONTARIO Telephone No. ....

Name of Resident Agent ..... W. M. Burbidge  
(if holder not resident of Manitoba)

Address ..... c/o Hudson Bay Exploration and Development Company Limited

City ..... FLIN FLON, Province ..... MANITOBA Telephone No. ....

is the recorded holder of the mineral disposition herein described and subject to any prior rights or any endorsement hereon, has the right to explore, prospect and develop all minerals (as defined in Manitoba Regulation 328/74) the property of the Crown, contained within the boundaries of the disposition.

This certificate is

~~The term of this certificate is for five years from the date of issue,~~ subject to all work commitments and compliance with "The Mines Act".

Disposition:

~~Claim~~ Claim Block No. ... C.B. 10607 ..... **"DUB 10607"** Claim Map No(s) ..... **S.E. 16 - 63 K**

Location ..... Snow Lake area Recorded Area ..... 264 acres

Issue Date: ..... AUGUST 20th, 19 79.

Endorsement

F. H. Heidman, Acting *D. A. [Signature]*  
 Mining Recorder

~~NOTE: This certificate to be forwarded to the Recorder with letter of application for renewal of further term~~

RENEWAL TERM	YEAR ENDING

MINERAL RESOURCES DIVISION

File No. 79-2811B

Cash No. 2220 (Aug. 7/79)

Fee: \$ 5.00

**No. 2811**



This is to certify that:

Name of Holder ..... HUDSON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED

Address ..... Box 28, Toronto-Dominion Centre

City ..... TORONTO, Province ..... ONTARIO Telephone No. ....

Name of Resident Agent ..... W. M. Burbidge

(if holder not resident of Manitoba)

Address ..... c/o Hudson Bay Exploration and Development Company Limited

City ..... Flin Flon, Province ..... Manitoba Telephone No. ....

is the recorded holder of the mineral disposition herein described and subject to any prior rights or any endorsement hereon, has the right to explore, prospect and develop all minerals (as defined in Manitoba Regulation 328/74) the property of the Crown, contained within the boundaries of the disposition.

This certificate is

~~The term of this certificate is for five years from the date of issue,~~ subject to all work commitments and compliance with "The Mines Act".

Disposition:

Claim/Claim Block No. .... C.B. 10608 "DUE 10608" Claim Map No(s) .... S.B. 16 - 63 K

Location ..... Snow Lake area Recorded Area ..... 247 acres

Issue Date: ..... AUGUST 20th, 19 79.

Endorsement

*D. H. Heidman*  
F.H. Heidman, Acting Mining Recorder

**NOTE:**  
~~This Certificate to be forwarded to the Recorder with letter of application for renewal of further term.~~

RENEWAL TERM	YEAR ENDING



RECORDING OFFICES AT:

993 Century Street  
Winnipeg, Manitoba R3H 0W4  
Telephone 786-7931, Extension 297

Room 9, Provincial Building  
Third Street  
P.O. Box 2550  
The Pas, Manitoba R9A 1M4  
Telephone 623-6411, Extension 269

MINERAL DISPOSITION

No. 1058  
File No. 77-1058B  
Cash No. 7763  
Fee: \$ 67.05

CERTIFICATE



DUB

I hereby certify that:

Name (Holder)..... HUDSON BAY EXPLORATION AND DEVELOPMENT COMPANY LIMITED.....  
Address..... Box 28, Toronto-Dominion Centre, City..... TORONTO..... Prov..... ONTARIO.....  
Name (Agent if holder not resident of Manitoba)..... W. M. Burbidge.....  
Address..... e/o H.B.E. & D. Co. Ltd. City..... FLIN FLON,..... Prov..... Manitoba.....

is the recorded holder of the mineral disposition herein described and subject to any prior rights or any endorsement hereon, has the right to explore, prospect and develop all minerals (as defined in Manitoba Regulation 328/74) the property of the Crown, contained within the boundaries of the disposition.

The term of this certificate is for five years from the date of issue, subject to all work commitments and compliance with The Mines Act.

Disposition:

Claim/Claim Block No..... 5361.....  
Claim Map No(s)..... N.E. & S.E. 16 - 63 K..... 447 acres - \$ 67.05  
Location..... Snow Lake area.....  
Issue Date: ..... MAY 9th, ..... 19. 77: .....

Endorsement

*G. A. Catterall*  
Mining Recorder (G. A. Catterall)

NOTE: Mineral Disposition Certificate 1058 will be furnished when in print.  
This <sup>said</sup> Certificate to be forwarded to the Recorder with letter of application for renewal of term.



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

NTS AREA: 63K-16SE

RENEWAL OF MINING CLAIM LEASE NO. M5778 ✓ Ox no. 153

made in duplicate October 24, 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. M5778 (called the "Lease"), a copy of which is attached hereto, on the 8<sup>th</sup> day of April 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 8<sup>th</sup> day of April 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

Per:  Edward W. Yarrow  
Vice President, Exploration

Per: 

Brian G. Gordon  
General Counsel & Corporate Secretary



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

Mining Claim Lease Number
M-5778
File Number
57421

# This Indenture

made in duplicate this Eighth day of April  
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 and 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 3691, Group 421, situated Northwest of Chisel Lake in the Herb Lake Mining Division of The Pas Mining District, and otherwise known as the "Ox No. 153" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 11025 and containing by admeasurement Thirty-nine and thirty hundredths ( 39.30 ) acres more or less.

EL

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

Eighth day of April 1960

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

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
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.

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.

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 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.

LESSOR

*Charles H. Nuttall*  
Minister of Mines and Natural Resources

LESSEE

Hudson Bay Mining and Smelting Co., Limited  
*J. P. Mackay*  
DIRECTOR  
*W. R. Beck*  
ASST. SECRETARY

*Stewart*  
Ministry of Mines



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

NTS AREA: 63K-16SE

RENEWAL OF MINING CLAIM LEASE NO. M5779 ✓ Ox no. 154

made in duplicate October 24, 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. M5779 (called the "Lease"), a copy of which is attached hereto, on the 8<sup>th</sup> day of April 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 8<sup>th</sup> day of April 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

Per: \_\_\_\_\_  
CORPORATION

Edward W. Yarrow  
Vice President, Exploration

Per: \_\_\_\_\_

\_\_\_\_\_  
Vice President, Exploration



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

Mining Claim Lease Number
M-5779
File Number
57422

# This Indenture

made in duplicate this Eighth day of April  
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 and 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 ap-  
plication upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter re-  
served and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and con-  
tained, 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 3692, 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. 154" mining claim, as same is shown on a plan filed in  
the office of the Director of Surveys at Winnipeg as No. 11026 and  
containing by admeasurement Forty-four and forty-five hundredths  
(44.45) 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  
erectations 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

Eighth day of April 1960

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

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, condi-  
tions, 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
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 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.

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:

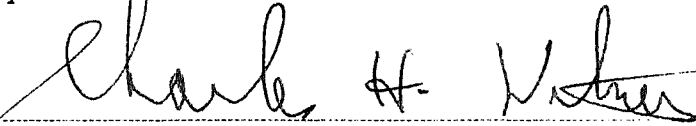
- (a) if at the time of expiry of this lease or the first renewal period thereof it forms part of a group constituted pursuant to subsection (9) of section 95 of the said regulations and ore or minerals are being produced by bona fide mining operations on one or more mining claims in such group this 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.

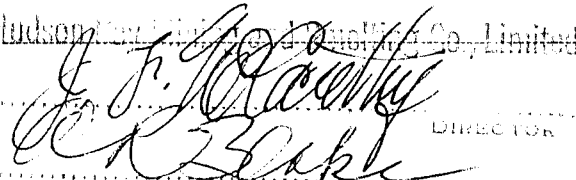
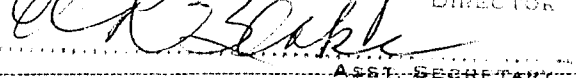
Where the context permits, the expression "lessee" herein includes the successors and assigns of the lessee, the expression "lessor" includes her heirs and successors.

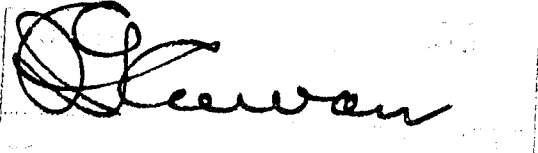
IN WITNESS WHEREOF the Minister of Mines and Natural Resources has executed this indenture for and on behalf of Her Majesty the Queen in Right of the Province of Manitoba, the lessor, and Hudson Bay Mining and Smelting Co., Limited the lessee, has hereunto affixed its corporate seal attested by the hands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

LESSOR

  
Minister of Mines and Natural Resources

LESSEE

Hudson Bay Mining and Smelting Co., Limited  
  
DIRECTOR  
  
ASST. SECRETARY





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

NTS AREA: 63K-16SE

RENEWAL OF MINING CLAIM LEASE NO. M5780 ✓ Ox NO. 155

made in duplicate October 24, 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. M5780 (called the "Lease"), a copy of which is attached hereto, on the 8<sup>th</sup> day of April 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 8<sup>th</sup> day of April 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

Per



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-5780
FILE NUMBER
57423

# This Indenture

made in duplicate this Eighth day of April 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 and 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 3693, 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. 155" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 11027 and containing by admeasurement Forty-five and ten hundredths (45.10) 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

Eighth day of April 1960

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

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
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.

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.

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 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.

LESSOR

Minister of Mines and Natural Resources

LESSEE

Hudson Bay Mining and Smelting Co., Limited

DIRECTOR

ASST. SECRETARY

*[Handwritten signature]*



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

NTS AREA: 63K-16SE

RENEWAL OF MINING CLAIM LEASE NO. M5781 ✓ Or no. 156

made in duplicate October 24, 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. M5781 (called the "Lease"), a copy of which is attached hereto, on the 8<sup>th</sup> day of April 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 8<sup>th</sup> day of April 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 Per.

CORPORATION

Per:

Edward W. Yarrow  
Vice President, Exploration

Brad G. Smith  
General Counsel & Secretary



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

MINING CLAIM LEASE NUMBER
M-5781
FILE NUMBER
57424

# This Indenture

made in duplicate this Eighth day of April  
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 and 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 ap-  
plication upon the terms and conditions herein contained.

NOW THIS INDENTURE WITNESSETH that in consideration of the rents and royalties hereinafter re-  
served and subject to the provisos, conditions, restrictions, and stipulations hereinafter expressed and con-  
tained, 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  
3694, Group 421, situated North of Chisel Lake in the Herb  
Lake Mining Division of The Pas Mining District, and other-  
wise known as the "Ox No.156" mining claim as same is shown  
on a plan filed in the office of the Director of Surveys at  
Winnipeg as No.11028, and containing by admeasurement Forty-  
nine and ninety-two hundredths ( 49.92) 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

Eighth day of April 19 60

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

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, condi-  
tions, 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 compensa-  
tion 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 never-  
theless 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 inspec-  
tor 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 and Smelting Com, 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 H. Walker  
Minister of Mines and Natural Resources

LESSEE Hudson Bay Mining and Smelting Co., Limited  
J. P. W. [Signature] DIRECTOR  
R. [Signature] ASST. SECRETARY

[Signature]



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

NTS AREA: SE1663K

RENEWAL OF MINING CLAIM LEASE NO. M 7278 ✓  
2004-3

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 7278 (called the "Lease"), a copy of which is attached hereto, on the 6<sup>th</sup> 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 6<sup>th</sup> 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-7278
FILE NUMBER
58315

# 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 3685, 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. 143" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No 12497 and containing by admeasurement Fifty-three and sixty-two hundredths (53.62) acres more or less.

el

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 . . . . . Sixty-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
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.

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.

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

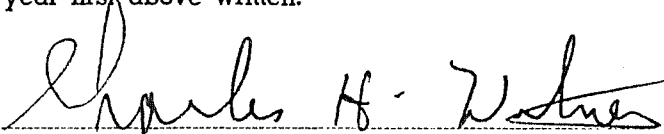
(b) after the second renewal of this lease or if this lease does not form part of a group as aforesaid or if it does form part of such a group and ore or minerals are not being produced by bona fide mining operations on one or more mining claims in such group, then this lease may be renewed only, upon 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.

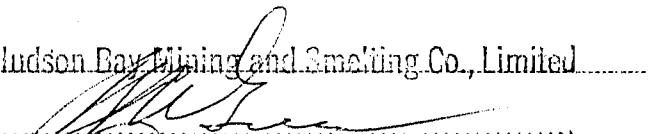
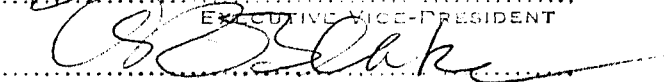
Where the context permits, the expression "lessee" herein includes the successors and assigns of the lessee, the expression "lessor" includes her heirs and successors.

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.

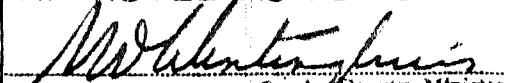
LESSOR

  
Minister of Mines and Natural Resources

LESSEE Hudson Bay Mining and Smelting Co., Limited

  
EXECUTIVE VICE-PRESIDENT  
  
ASST. SECRETARY

APPROVED AS TO FORM

  
Deputy Minister



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

NTS AREA: SE1663K

RENEWAL OF MINING CLAIM LEASE NO. M 7279 ✓  
2X 1-4

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 7279 (called the "Lease"), a copy of which is attached hereto, on the 6<sup>th</sup> 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 6<sup>th</sup> 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-7279
FILE NUMBER
58316

# 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 3686, 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. 144" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 12498 and containing by admeasurement Fifty and seventy-eight hundredths (50.78) 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 . . . . . Fifty-one . . . . .

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

*Charles H. V. Jones*  
Minister of Mines and Natural Resources

LESSEE

*Hudson Bay Mining and Smelting Co., Limited*

*W. J. Green*  
EXECUTIVE VICE-PRESIDENT

*C. J. Clark*  
ASST. SECRETARY

APPROVED AS TO FORM

*W. J. Green*  
and  
*C. J. Clark*  
Minister of Mines and Natural Resources



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

NTS AREA: SE1663K

RENEWAL OF MINING CLAIM LEASE NO. M 7280 ✓  
DX 145

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 7280 (called the "Lease"), a copy of which is attached hereto, on the 6<sup>th</sup> 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 6<sup>th</sup> 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-7280
FILE NUMBER
58317

# 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 3687, 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. 145" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 12499 and containing by admeasurement Fifty-three and thirty-seven hundredths (53.37) acres more or less.

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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 . . . . . Sixty-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

*Charles H. V. Jones*  
Minister of Mines and Natural Resources

LESSEE Hudson Bay Mining and Smelting Co., Limited

*W. H. ...*  
EXECUTIVE VICE-PRESIDENT

*G. ...*  
ASST. SECRETARY

APPROVED AS TO FORM

*W. H. ...*



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

NTS AREA: SE1663K

RENEWAL OF MINING CLAIM LEASE NO. M 7281<sup>✓</sup>  
DX 146

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 7281 (called the "Lease"), a copy of which is attached hereto, on the 6<sup>th</sup> 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 6<sup>th</sup> 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



Manitoba  
Industry, Trade  
and Mines



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-7281
FILE NUMBER
58318

# 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, Man.

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

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In the Province of Manitoba and being composed of Lot 3688, Group 421, situated Northwest of Chisel Lake in the Herb Lake Mining Division of The Pas Mining District and otherwise known as the "Ox No. 146" mining claim, as same is shown on a plan filed in the office of the Director of Surveys at Winnipeg as No. 12500 and containing by admeasurement Thirty-six and sixty-six hundredths (36.66) 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 . . . . . Thirty-seven . . . . .

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.

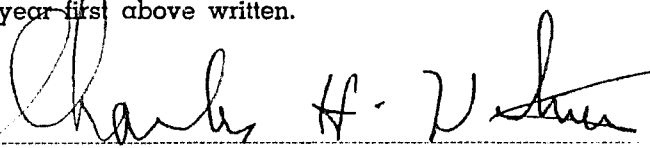
15. That if the lessor shall not, pursuant to the provisions of clause 11 hereof, have cancelled this lease prior to the expiration of the term of this lease or any renewed term thereof the lessee shall be entitled to a renewal of this lease and the lessor will grant to the lessee a renewal of this lease 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:

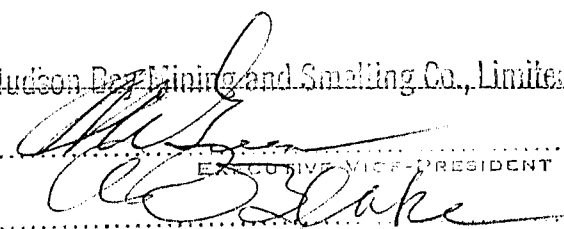
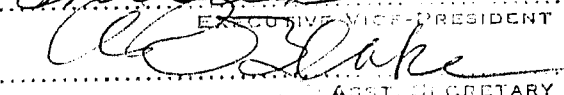
- (a) if at the time of expiry of this lease or the first renewal period thereof it forms part of a group constituted pursuant to subsection (9) of section 95 of the said regulations and ore or minerals are being produced by bona fide mining operations on one or more mining claims in such group this 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  
  
ASST. SECRETARY

APPROVED AS TO FORM  
  
Deputy Minister

**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 & Development Company 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:

PT. NW 2-68-18 W, PT. SW 11-68-18 W, PT. S ½ 10-68-18 W, PT. E ½ &  
PT. W ½ 9-68-18 W

Area: All Weather Road: 4km x 50 meters wide  
Parking Lot: 200m x 200m

(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, 2010, 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 \$414.00 plus GST per year.

Commerical Lot (parking)	\$210.00 plus GST per year
All Weather Road	\$104.00 plus GST per year
Permit Renewal Fee	\$10.00 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), (10) *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), (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.

- 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 increase the all weather road from 3.5km to 4km x 50 meters wide (to accommodate 2.5kV transmission line, which will follow the road on the north side, a 4 Km Discharge Line and a 4 Km Fresh Water line which will follow the road on the south side) and increase the parking lot from 30m x 40m to 200m x 200m on the Land and to complete the above noted within 24 months from the date of the issuance of the Permit.
- 3.02 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.
- 3.03 The Permittee agrees that the following structures and improvements on the Land are authorized under the Permit: NIL..
- 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 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.
- 3.10 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.
- 3.11 The Permittee understands and agrees that access to the Land is on an "as is" basis with no improvement to access to be provided by Manitoba.
- 3.12 This area is designated as "Limited Development" by the Town of Snow Lake Development Plan By-Law No. 824/03 and is zoned "LD" Limited Development by the Town of Snow Lake Zoning By-Law No. 846/06.
- 3.13 The subject property is within municipal boundaries of the Town of Snow Lake. Any development of privately owned property must comply with the municipality's by-laws.
- 3.14 Mineral Extraction operations require development permits from the town of Snow Lake as per Part Three, policy 4.b)vii) of the Zoning By-Law.
- 3.15 Parking facilities are subject to site requirements as per Part 6.3 of the Zoning By-Law.
- 3.16 The Permittee agrees to implement erosion and sediment control measures to minimize sediment entering the watercover if there is potential for this to occur.
- 3.17 Any new construction, replacement, or upgrade of culverts currently on the creek that drains in to Snow Lake are conducted to provide fish passage, unless there is site specific determination that this is not required and conducted in accordance with 1996 Manitoba Stream crossing Guidelines for the Protection of Fish and Fish Habitat. The work should be reviewed by the Department of Fisheries and Oceans Canada unless the work adheres to an Operational Statement of the Department of Fisheries and Oceans Canada.
- 3.18 It appears from the drawing provided that the freshwater intake line begins at a building adjacent to Lalor Lake. If the proponent replaces a portion of the line that is in Lalor Lake, then the intake needs to be screened and placed according to the Department of Fisheries and Oceans Canada's Freshwater Intake End of Pipe Screening Guideline.
- 3.19 The Permittee agrees to obtain a permit from the Department of Infrastructure & Transportation (Highway Traffic Board):
- a) If the upgrading for the access road connecting to PR 395 requires any construction within the 38.1 m (125 ft) control area adjacent to this highway.
  - b) The Permittee may contact the departments Access Management Section in Winnipeg (ph. 945-3941 or 945-0324) or their regional staff in Thompson (ph. 677-6555) for an access permit application form.

#### **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

Cathy Anderson  
Print Name of Witness

C. Anderson  
Signature of Witness

DATE: July 16, 2010

**WITNESS**  
SIGNED IN THE PRESENCE OF

Cathy Anderson  
Print Name of Witness

C. Anderson  
Signature of Witness

DATE: JULY 16, 2010

**PERMITTEE**  
David S. Bryson  
Senior Vice President, Chief Financial Officer

Hudson Bay Exploration & Development  
Company LTD.  
Name of Permittee

[Signature]  
Signature of Permittee

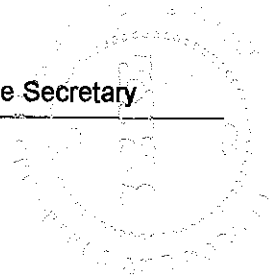
DATE: JULY 16, 2010

**PERMITTEE**  
H. Maura Lendon  
Senior Vice President,  
General Counsel and Corporate Secretary

[Signature]  
Name of Permittee

[Signature]  
Signature of Permittee

DATE: JULY 16, 2010



## 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.*

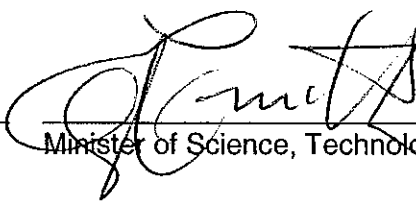


In witness whereof the Minister and the Lessee have executed this Lease on the dates shown below their respective signatures.

Signed, sealed and delivered  
in the presence of:

Her Majesty the Queen in right of the Province Of  
Manitoba

Witness 



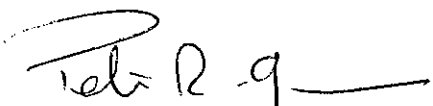
Minister of Science, Technology, Energy and Mines

Authorized Signatory  
Ernst & Young  
P. Eng.  
Director of Mines

Jan 2 2008

Date

Witness

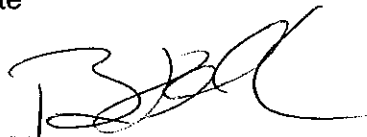


Lessee HUDSON BAY MINING & SMELTING  
COMPANY LIMITED (WPG)

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

**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 (13,000m<sup>2</sup>), Non Acid Generating Storage Pad (1,200 m<sup>2</sup>), Potential Acid Generating Storage Pad (1,139m<sup>2</sup>), 2 Polishing Ponds (50m dugouts), 1 Parking Lot/Storage Pad (200m x 200m), 1 Cold Storage Area (247m<sup>2</sup>), 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 Niedermair

Print Name of Witness

B. Niedermair

Signature of Witness

DATE: Aug 17, 2011

**WITNESS**

SIGNED IN THE PRESENCE OF

Brenda Niedermair

Print Name of Witness

B. Niedermair

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

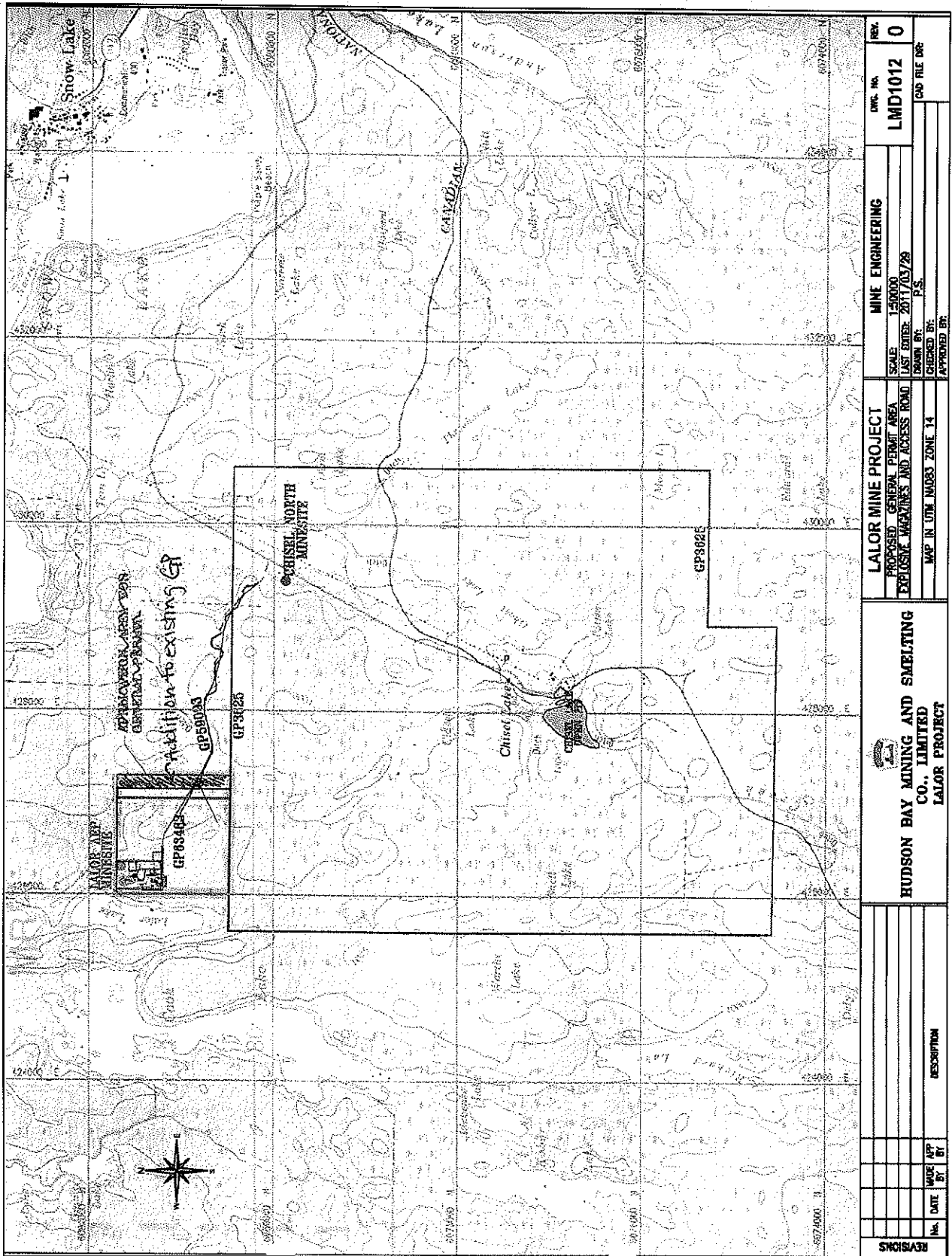
Tom Goodman

Signature of Permittee

DATE: Aug 17, 2011

SCHEDULE A1

Pt. 9-68-18 WPM – East of Lalor Lake



REVISIONS		DATE		MADE BY		DESCRIPTION	

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



**HUDSON BAY MINING AND  
SMELTING CO., LIMITED**

November 13, 2009

Manitoba Conservation  
ATTN: Tracey Braun  
Director, Environmental Assessment and Licensing Branch  
123 Main Street, Suite 160  
Winnipeg, Manitoba  
R3C 1A5

**Re: Minor Amendment of Environment Act Licence No. 1919S2 RR  
In relation to Lalor Ramp**

Dear Ms Braun,

We write to advise you of additional activity that will occur at the site of the Chisel North Mine. Hudson Bay Mining and Smelting Co., Limited ("HBMS") is exploring an area near Lalor Lake in relatively close proximity to the Chisel North Mine and other HBMS facilities. The new Lalor site has been identified having the potential for a significant, high-grade zinc deposit, as well as copper and gold deposits.

The Lalor deposits are separate and distinct from any existing deposit which has been developed for production.

HBMS intends to commence advanced exploration of Lalor with the construction of a ramp, which will be entirely underground (the "Lalor Ramp"). The Lalor Ramp will run to the Lalor deposits from the existing Chisel North underground production ramp leading from the underground workings of the Photo Lake Mine into the Chisel North deposit (the "Chisel Ramp").

**History of Applicable Licence**

The Chisel Ramp was driven from the underground workings of the Photo Lake Mine to the Chisel North deposit. Subsequently, exploitation of the Photo Lake deposit was completed. However, ore from the Chisel North deposit is brought up the Chisel Ramp to the surface at the Photo Lake Mine site, using the surface infrastructure constructed originally for the Photo Lake Mine.

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Page 1 of 5

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

**HUDBAY  
MINERALS**

HBMS is a wholly-owned subsidiary of HudBay Minerals Inc.



The Photo Lake Mine operated under Environment Act Licence No. 1919 S2, issued June 16, 1995. The Photo Lake Mine had surface infrastructure which was suited to support exploitation of the Chisel North deposit. Manitoba Environment therefore approved exploitation of the Chisel North deposit as a minor alteration of the Photo licence and re-issued it as Environment Act Licence No. 1919 S2 R, dated January 30, 1998 (the "Chisel North licence"). The Chisel North licence provided for continued use of the water treatment facilities located nearby at the Chisel open pit mine, pursuant to Environment Act Licence No. 1501 RR.

The Chisel North licence was last altered and re-issued March 10, 2000, as Environment Act Licence No. 1919 S2 RR.

A further minor alteration (water treatment plant augmentation) was approved by letter from Director of the Environmental Assessment and Licensing Branch, dated June 12, 2007.

### **Lalor Deposits**

The Lalor deposits are located approximately 3 km west of Highway 395, with an exploration road to the site constructed in 2008. It has been assessed that the Lalor deposits may be capable of producing 1.6 billion lbs of zinc, 150 million lbs of copper, 1.4 million oz of gold and 12 million oz of silver, over an 11-year period.

Further exploration is required to complete this assessment.

### **Project Description**

The Lalor Ramp will be entirely underground and will have a total length of 2,828 m. It will originate at the existing Chisel Ramp, approximately 1.8 km from the Chisel North Mine site, at a depth of 410 m. It will reach the target depth of 800 m at approximately a 13.5% grade. (Please see Figure 2 attached to the letter from our consultant, AECOM, dated November 13, 2009, which is enclosed for your consideration.)

Construction is expected to begin in December 2009 and take about 30 months to complete. At the latter stage of the 30-month period, it is expected that there will be a minor amount of early production in the zinc zone, brought to the surface and handled at the Chisel North Mine site, in accordance with the requirements of the Chisel North licence.

### **Project Plan**

#### Construction

- The Lalor Ramp will have a total length of 2,828 m. It will originate in the Chisel Ramp at an approximate depth of 410 m., approximately 1.8 km from the Chisel North Mine site. It will reach the target depth of 800 m at approximately a 13.5% grade.

- Construction of a 430 m exhaust raise near the start of the ramp will be initiated in January, 2010 and is expected to take 2 months to complete.
- Construction of a 792 m exhaust raise near the Lalor deposits will be initiated in May, 2012, with an estimated completion date in October 2012.
- At the latter stage of construction, there will be early production of the Lalor zinc deposit, as described above, brought to surface and handled at the Chisel North Mine site.

### Infrastructure

- The Chisel North Mine support infrastructure will be used during the Lalor Ramp project, augmented by the following minor changes and new temporary facilities:
  - A contractor's office/dry facility consisting of four (4) 15' x 60' trailers connected to the existing Chisel Lake Mine shower water and power system, with shower water from the dry facility discharged through the existing Chisel Lake system to the Open Pit;
  - A pump out tank for the storage of sewage;
  - Conversion of the existing exhaust raise to a downcast raise;
  - Installation of a new exhaust raise some 300 meters from the origin of the Lalor Ramp; and
  - Installation of a portable 16,000,000 BTU propane tank and fan at the downcast raise (to provide heat).
- Supply water for drilling equipment and other purposes will be provided from the existing Chisel North Mine supply, Chisel Lake and/or Ghost Lake, in accordance with existing licences. Anticipated additional average water input is approximately 50 US gpm.
- The anticipated additional maximum water output is 200 US gpm, which consists of recycled supply water and potential ground water.
- The power supply for the Lalor Ramp is the existing aboveground 25 KV power line from the former Chisel Lake Mine to the Photo Lake/Chisel North Mine site. The sub-station located at the existing Chisel North exhaust raise will be upgraded to convert 25 KV to 13.8 KV, which then will be distributed down to the ramp via the raise once it has been converted to a downcast raise.
- Solid waste disposal will be at existing approved HBMS waste disposal grounds.

### Waste Rock Management

- It is estimated that, during construction, approximately 326,000 m<sup>3</sup> of waste rock will be generated, with 80% as non acid-generating ("NAG") waste rock and 20% as potentially acid-generating waste rock ("PAG").
- Monitoring of waste rock acid generation potential will be ongoing throughout ramp construction.
- Preferentially, PAG rock will be returned underground at the Chisel North Mine. If PAG rock exceeds backfill requirements, the excess material will be temporarily stored on the existing acid waste rock stockpile located at the Photo Lake/Chisel North Mine site, in accordance with the Chisel North licence, and closed in accordance with closure requirements under *The Mines Act*.
- To the extent possible, non acid-generating rock will be used for road construction and placement of surface infrastructure, depending on the quality and hardness of the rock, and also may be used for backfill requirements at Chisel North Mine. In accordance with the Chisel North Environment Act License No. 1919 S2 RR, NAG rock hauled to the surface and not used for other purposes will be stored on the existing clean waste rock stockpile at the Photo Lake (Chisel North) Mine site.

### Water Management

- Groundwater seepage and ramp process water will be collected and discharged using existing facilities in accordance with Environment Act Licenses No. 1919 S2 RR and 1501 RR. To the extent possible, groundwater seepage will be mitigated by grouting.
- Water will be transferred via a pipeline in the raise leading from the Chisel North underground workings to the surface at the Chisel open pit and into the final discharge point located at the existing water treatment plant.
- The anticipated maximum additional water output during ramp construction is 200 US gpm, which consists of recycled supply water and potential ground water.

### **Monitoring**

No additional environmental monitoring measures are proposed as the current monitoring obligations under Environment Act Licenses No. 1919 S2 RR and and 1501 RR continue to be applicable.

## Environmental Assessment

We provided the above-noted information to environmental experts at AECOM for their review and requested their assessment of any change in environmental effects that may be associated with the construction of the Lalor Ramp, including production of the additional zinc deposit. AECOM's letter in reply, dated November 13, 2009, states the opinion that any change in environmental effects will be insignificant.

Accordingly, in our view, the intended construction does not require any amendment of Environment Act Licence No. 1919 S2 RR. We request that you accept this letter as notice of a minor alternation pursuant to section 14 of The Environment Act and grant your approval to implement same.

We look forward to hearing from you at your earliest opportunity, as construction is intended to commence in December 2009.

Please do not hesitate to contact me with any questions that you might have. Thank you very much for your kind attention to this matter.

Sincerely,



S.P. West, P.Eng.  
Environmental Superintendent

/mg

Encl.





AECOM  
99 Commerce Drive  
Winnipeg, MB, Canada R3P 0Y7  
www.aecom.com

204 477 5381 tel  
204 284 2040 fax

November 13, 2009

AECOM Project: 7223 018 00 (4)

Mr. Stephen West  
Hudson Bay Mining and Smelting Co., Limited  
P.O. Box 1500  
Flin Flon, Manitoba  
R8A 1N9

Dear Mr. West:

**Re: Environmental Assessment of Effects of Lalor Ramp Development**

Further to your request, I have reviewed the Project Description and Project Plan for the underground exploration ramp, which Hudson Bay Mining and Smelting Co., Limited ("HBMS") intends to construct from the existing Chisel North underground production ramp to the Lalor deposits ("the Lalor Ramp"). This letter states our assessment of the potential environmental effects of the Lalor Ramp project.

The following are the project description and project plan which you provided to us, including a map showing the location of the Chisel North Mine in relation to the Lalor Deposits (Figure 1) and schematic drawings of the proposed underground Lalor Ramp, (Figure 2 and Figure 3).

**Location of the Lalor Deposits**

The Lalor deposits are in the Flin Flon Greenstone Belt in north-western Manitoba, 3 km west of Highway 395 in the vicinity of the east shore of Lalor Lake, a small, headwater lake located approximately 8 km west of the Town of Snow Lake, Manitoba.

**Project Description**

The Lalor Ramp will be entirely underground and will have a total length of 2,828 m. It will originate at the existing Chisel Ramp, approximately 1.8 km from the Chisel North Mine site, at a depth of 410 m. It will reach the target depth of 800 m at approximately a 13.5% grade.

Construction of a 430 m exhaust raise near the start of the ramp will be initiated in January, 2010 and is expected to take 2 months to complete. Construction of a 792 m exhaust raise near the Lalor deposits will be initiated in May, 2012, with an estimated completion date in October 2012. At the latter stage of construction, there will be early production of the Lalor zinc deposit, as described above, brought to surface and handled at the Chisel North Mine site.

Construction is expected to begin in December, 2009 and take about 30 months to complete. At the latter stage of the 30-month period, it is expected that there will be a minor amount of early production in the zinc zone, brought to the surface and handled at the Chisel North Mine site, in accordance with the requirements of the Chisel North licence.

## Project Plan

### Surface Infrastructure

The Chisel North Mine support infrastructure will be used during the Lalor Ramp project, augmented by the following minor changes and new temporary facilities:

- o A contractor's office/dry facility consisting of four (4) 15' x 60' trailers connected to the existing Chisel Lake Mine shower water and power system, with shower water from the dry facility discharged through the existing Chisel Lake system to the Open Pit;
- o A pump out tank for the storage of sewage;
- o Conversion of the existing exhaust raise to a downcast raise;
- o Installation of a new exhaust raise some 300 meters from the origin of the Lalor Ramp; and
- o Installation of a portable 16,000,000 BTU propane tank and fan at the downcast raise (to provide heat).

Supply water for drilling equipment and other purposes will be provided from the existing Chisel North Mine supply, Chisel Lake and/or Ghost Lake, in accordance with existing licences. Anticipated additional average water input is approximately 50 US gpm. The anticipated additional maximum water output is 200 US gpm, which consists of recycled supply water and potential ground water.

The power supply for the Lalor Ramp is the existing aboveground 25 KV power line from the former Chisel Lake Mine to the Photo Lake/Chisel North Mine site. The sub-station located at the existing Chisel North exhaust raise will be upgraded to convert 25 KV to 13.8 KV, which then will be distributed down to the ramp via the raise once it has been converted to a downcast raise.

Solid waste disposal will be at existing approved HBMS waste disposal grounds.

### Waste Rock Management

It is estimated that, during construction, approximately 326,000 m<sup>3</sup> of waste rock will be generated, with 80% as non acid-generating ("NAG") waste rock and 20% as potentially acid-generating waste rock ("PAG"). Monitoring of waste rock acid generation potential will be ongoing throughout ramp construction.

Preferentially, PAG rock will be returned underground at the Chisel North Mine. If PAG rock exceeds backfill requirements, the excess material will be temporarily stored on the existing acid waste rock stockpile located at the Photo Lake/Chisel North Mine site, in accordance with the Chisel North licence, and closed in accordance with closure requirements under The Mines Act.

To the extent possible, non acid-generating rock will be used for road construction and placement of surface infrastructure, depending on the quality and hardness of the rock, and also may be used for backfill requirements at Chisel North Mine. In accordance with the Chisel North Environment Act License No. 1919 S2 RR, NAG rock hauled to the surface and not used for other purposes will be stored on the existing clean waste rock stockpile at the Photo Lake (Chisel North) Mine site.

#### Water Management

Groundwater seepage and ramp process water will be collected and discharged using existing facilities in accordance with Environment Act Licenses No. 1919 S2 RR and 1501 RR. To the extent possible, groundwater seepage will be mitigated by grouting.

Water will be transferred via a pipeline in the raise leading from the Chisel North underground workings to the surface at the Chisel open pit and into the final discharge point located at the existing water treatment plant.

The anticipated maximum additional water output during ramp construction is 200 US gpm, which consists of recycled supply water and potential ground water.

#### **Potential Environmental Effects and Mitigation**

The following is our assessment of the potential environmental issues associated with the Lalor Ramp project and our conclusions with respect to each of these issues.

#### Effects of Surface Structures

Minimal surface structures are being proposed for the development, as most of the support infrastructure is available from the existing Chisel North Mine site. A contractor's office/dry facility will be constructed at surface within the vicinity of the existing Photo Lake Mine site, and is expected to consist of four (4) 15' x 60' trailers connected to the existing Chisel North Mine shower water and power system. A pump-out tank will be installed for the storage of sewage. Shower water from the dry facility will be discharged through the existing Chisel North system to the Open Pit. Solid waste will be collected from the dry facility weekly and disposed of at an approved landfill site.

The overall environmental impacts from surface structures associated with the development and operation of the proposed ramp should be considered temporary and negligible.

#### Effects of Temporary Access Road

The area where the new exhaust raise will be constructed is a relatively flat area with no stream crossings or unique environmental features. Access to the area for construction will utilize an existing exploration trail. The overall environmental impact associated with development is expected to be temporary and insignificant.

### Effects of Fuel and Explosives

As noted in the project plan, no additional fuel storage will be required for the Lalor Ramp project. Underground equipment will be brought to the surface and refuelled at the existing Chisel North facility. Explosives used in construction will be stored on the surface in existing powder magazines. Day boxes of explosives will be used to transport the small amounts of explosives used underground, as required, with unused portions being returned to the magazines on a daily basis. Therefore, no change in environmental effects is expected.

Heat will be provided to the ramp by a portable 16 million BTU propane burner and fan to be installed at the existing exhaust raise which will be converted to a downcast raise. Fuel will be supplied by a propane tank which will be installed at the location of the downcast raise. The propane tank will be brought to the site using an existing access road off of PTH 395. Environmental impact associated with the propane tank is expected to be temporary and insignificant.

### Effects of Waste Rock

As noted above, it is estimated that construction of the Lalor Ramp will generate approximately 326,000 m<sup>3</sup> of waste rock, with 80% estimated to be non acid-generating ("NAG") rock, 20% potentially acid-generating ("PAG") rock.

The waste rock management portion of the project plan includes the mitigation efforts required to prevent any adverse effects that could result from this rock.

Monitoring of the waste rock acid generation potential of the rock will be ongoing, throughout the Lalor Ramp project. The procedures for the monitoring program are as follows: Samples of the rock will be collected at least once daily by the Project Geologist, each time the face is mapped. Each sample may represent more than one advance round, as up to three rounds may be taken each day. Daily samples will be accumulated and analyzed as one composite sample.

Static geochemical testing (acid base accounting) will be carried out on samples of any rock which could be brought to the surface, to assess the acid generation potential. In acid base accounting (ABA), the rock is titrated with sodium hydroxide to determine the amount of acid that can be consumed by the sample. The amount of acid consumed provides the acid neutralization potential (ANP) of the sample. The acid generating potential (AGP) is determined from the sulphur concentration in the sample tested. For the purposes of ABA, it is assumed that all sulphur can be converted to sulphuric acid. The difference between ANP and AGP provides the net neutralizing potential (NNP). The ratio of ANP to AGP provides a quantification of the potential for the rock to produce acid.

Where possible, NAG rock will be used for road construction and development of surface infrastructure, depending on the quality and hardness of the rock. As required in *Environment Act* License 1919 S2 RR (the "License"), NAG rock which is hauled to the surface and not used or returned underground will be stored on the existing clean waste rock stockpile at the Photo Lake (Chisel North) Mine site.

Rock that is classified as NAG, and therefore suitable for use on road and site development, will have an ANP to AGP ratio greater than 4:1 (the ANP will be at least four times the AGP). In the event that a material has a ratio of less than 4:1 and less than 0.4% sulfur, it may be treated as non-acid generating at the discretion of the HBMS Environment Department Superintendent. Rock with ratios lower than 2:1 will be classified as PAG rock.

The plan notes that, preferentially, PAG rock will be returned underground at the Chisel North Mine as backfill and any excess material will be temporarily stored on the existing acid waste rock stockpile located at the Photo Lake (Chisel North) Mine site as per the License.

In general, PAG material will be properly managed and effects associated with acid rock drainage will be mitigated by returning this material underground or through temporary storage at existing approved areas at the Chisel North Mine. No environmental impacts associated with acid rock drainage from the new development are anticipated. All drainage from the PAG stockpile will continue to be discharged to the existing water treatment plant.

#### Effects on Water

Emissions to water will be limited to groundwater and mine production water that will be directed to the existing drainage systems. The anticipated additional maximum water output during ramp development is 200 US gpm, which consists of recycled supply water and potential ground water.

As presently planned, no new discharge to surface waters will be developed. The use of existing waste rock stockpiles will not affect surface runoff volumes or quality. Groundwater seepage and ramp process water will be collected and discharged using the existing facilities at the Chisel North Mine as indicated in the License. Water will be transferred by pipeline in the raise leading from the Chisel North underground workings to the surface at Chisel North Mine and into the final discharge point located at the existing water treatment plant. Any additional inputs from the development are not expected to significantly alter the quality of any wastewater discharge.

It is expected that there will be no significant change to the quantity of water being discharged to the environment and wherever it is practical, mine water will be recycled to minimize the net volume of effluent released to the environment. It is also anticipated that there will be no measurable change to the water quality of the existing effluent streams as a result of this development.

#### Effects from Dust

Development and operation of the ramp may have the potential to cause increased road dust. This would be limited to waste rock hauling to surface, and no increases in dust are expected during ramp development as this work is being conducted underground. Any increases in road dust generated by hauling waste rock to surface can be effectively controlled with conventional dust control methods already in practice.



### Effects from Noise Emissions

Noise emissions during waste rock hauling will be typical of diesel vehicles. The effect is anticipated to be negligible based on the activity in the area.

### Effects from Air Emissions

The only other emission to air will be emissions from vehicles. In accordance with HBMS procedures, vehicles are to be well maintained to prevent the potential for adverse air impacts associated with vehicle exhaust.

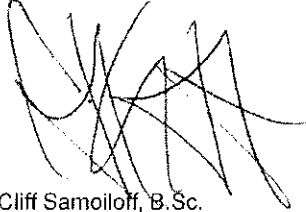
### **Environmental Assessment Conclusions**

Construction and operation of the Lalor Ramp will occur largely underground and utilize existing surface infrastructure, with minor additions and alterations.

- The environmental impacts from surface structures associated with the development and operation of the proposed ramp should be considered temporary and negligible as existing facilities will be utilized.
- Access to the area for the construction of the new ventilation and installation of the propane tank will utilize an existing access road and the overall environmental impact is expected to be temporary and insignificant.
- No additional diesel fuel, gasoline or explosive storage will be required for the Lalor Ramp project, thus there will be no associated environmental impacts.
- No environmental impacts associated with acid rock drainage are anticipated. PAG material will be properly managed and effects associated with acid rock drainage will be mitigated by returning potential PAG material underground or through temporary storage at existing approved areas at the Chisel North Mine.
- Emissions to water will be limited to groundwater and mine production water that will be directed to the existing drainage systems. It is anticipated that there will be no measurable change to the quality of the existing effluent streams as a result of this development.
- The effect of increased dust, noise and air emissions are expected to be temporary and negligible.

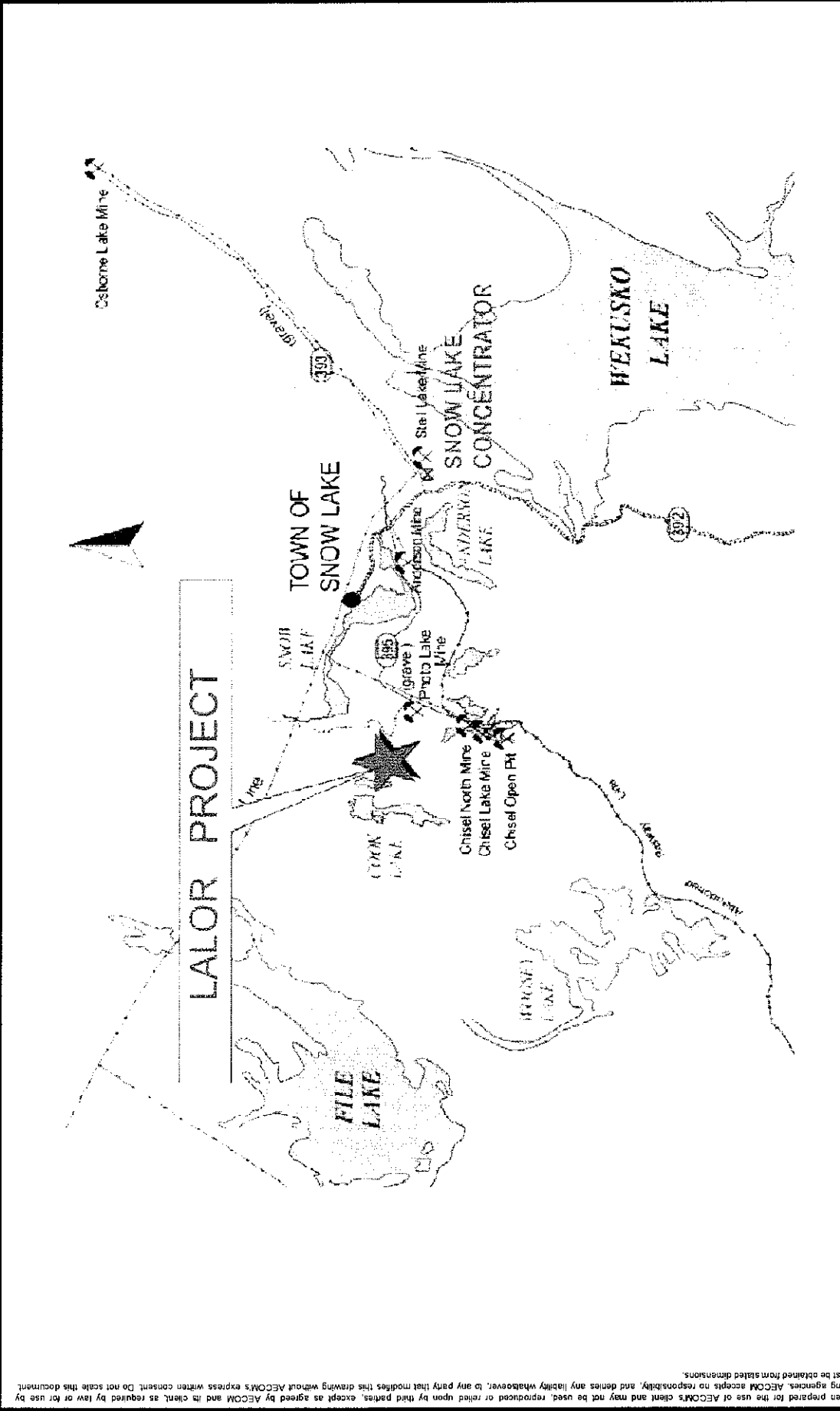
In summary, based on the information presented above, it is concluded that any change in environmental effects resulting from the addition of the Lalor Ramp to the Chisel North development will be insignificant.

Sincerely,  
AECOM Canada Ltd.

A handwritten signature in black ink, appearing to read 'Cliff Samoiloff', written over a faint, illegible stamp or background.

Cliff Samoiloff, B.Sc.  
Manager, Health & Safety Consulting

CS:dh

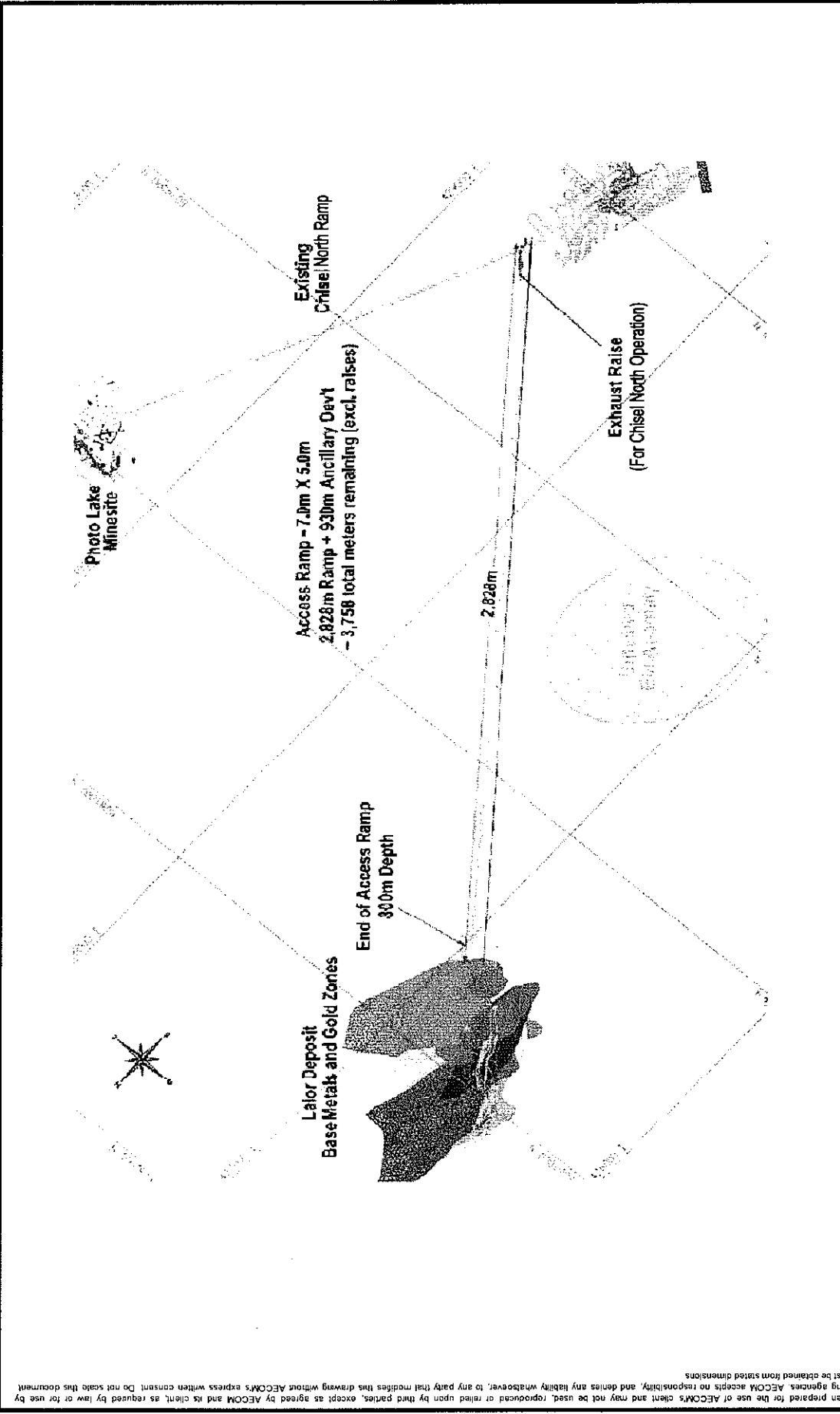


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Hudson Bay Mining & Smelting Co., Limited

Environmental Impact Assessment  
of Effects of Lalor Ramp  
Figure - 01



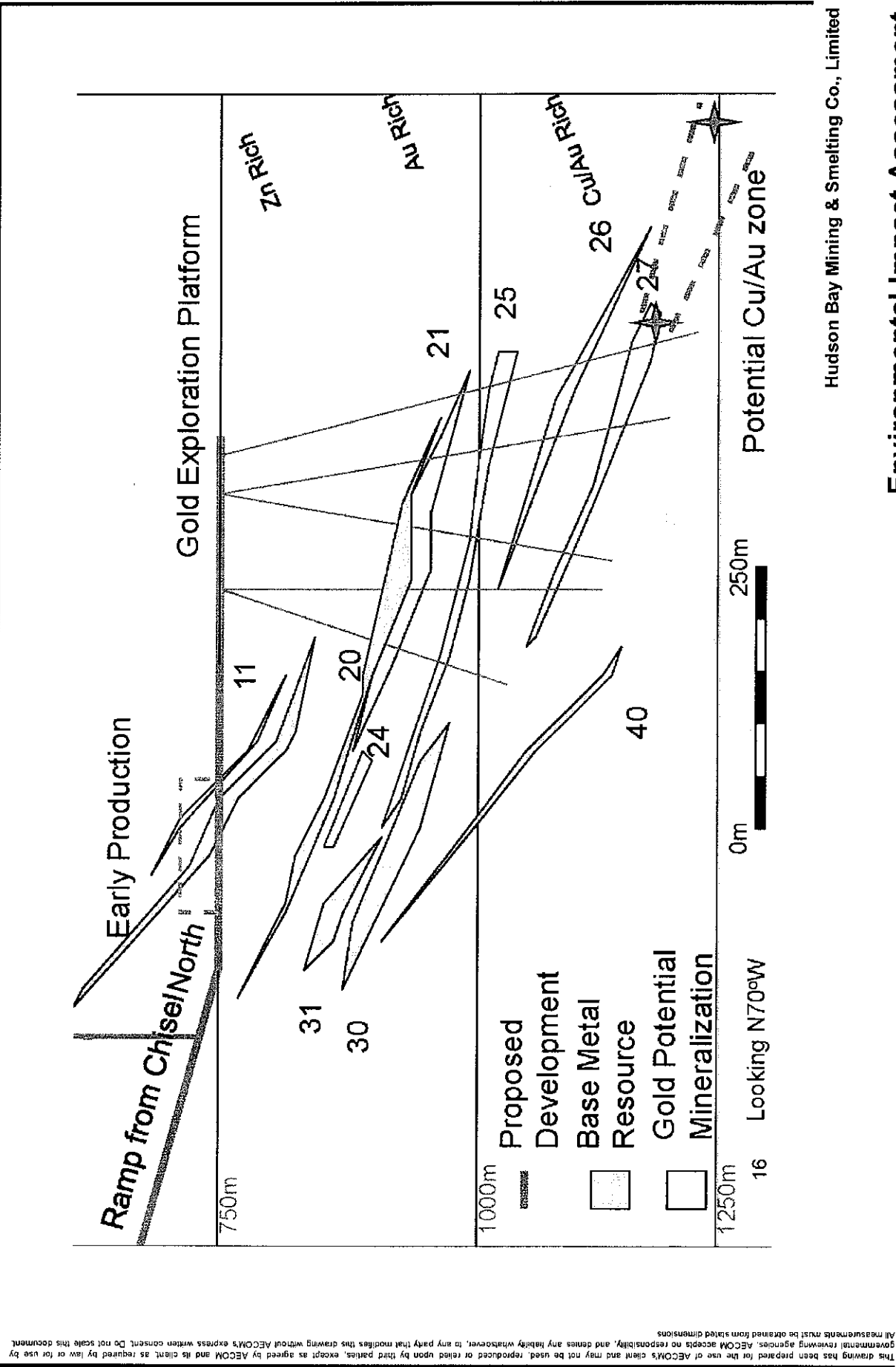


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Hudson Bay Mining & Smelting Co., Limited

Environmental Impact Assessment  
of Effects of Lalor Ramp  
Figure - 02





Hudson Bay Mining & Smelting Co., Limited

Environmental Impact Assessment  
 of Effects of Lalor Ramp  
 Figure - 03

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**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



**HUDSON BAY MINING AND  
SMELTING CO., LIMITED**

July 21, 2010

Manitoba Conservation  
ATTN: Tracey Braun  
Director, Environmental Assessment and Licensing Branch  
123 Main St., Suite 160  
Winnipeg, MB R3C 1A5

**Re: Progress – Lalor Ramp Ventilation Raise**

Dear Ms. Braun,

This letter is to update you on the progress of the Hudson Bay Mining and Smelting Co., Limited (HBMS) Lalor Ramp Project in the Snow Lake area, which was approved as a minor alteration of E.A. Licenses 1919 RR and 1501 RR by your letter dated December 3, 2009. The approval contemplated the construction of a new 2,828m underground ramp, with supporting ventilation raises (1,222m) and services, from the existing Chisel North ramp to the newly discovered Lalor deposit.

The underground contractor was mobilized December 18, 2009 and, as of July 10, 2010, 910m of underground development had been completed. We anticipate completion of the ramp in late 2011 or early 2012. The first of the two ventilation raises also is under construction. We anticipate completion of this ventilation raise in November, 2010.

The exact location of the second ventilation raise has now been determined based on a pilot test hole and geotechnical review. This raise is instrumental in providing ventilation near the end of the 2,828m ramp and must be in place by November 2011. In anticipation of this date, we are proceeding to tender August 2010, with an expected date to start surface preparation of September 2010 and expected completion in late 2011 or early 2012.

We will report to you again when the project is completed in late 2011 or early 2012 with updated information for your file.

Thank you very much for your continued attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen West', is written over a light blue horizontal line.

Stephen West P.Eng.  
Superintendent, Environment

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

**HUDBAY**  
MINERALS

HBMS is a wholly-owned subsidiary of HudBay Minerals Inc.



**HUDSON BAY MINING AND  
SMELTING CO., LIMITED**

February 4, 2011

Manitoba Conservation  
ATTN: Tracey Braun  
Director – Environmental Assessment and Licensing Branch  
123 Main Street, Suite 160  
Winnipeg, MB  
R3C 1A5

**RE: Progress – Lalor Ramp Ventilation Raise**

---

Dear Ms. Braun,

Further to our letter of July 21, 2010, we enclose a second report on the progress of the Hudson Bay Mining and Smelting Co., Limited. (HBMS) Lalor Ramp Project in the Snow Lake area, which was approved as a minor alteration of Environment Act Licenses 1919 S2 RR and 1501 RR by your letter dated December 3, 2009. The approval contemplated the construction of a new 2,828m underground ramp, with supporting ventilation raises (1,222m) and services, from the existing Chisel North ramp to the newly discovered Lalor deposit December 3, 2009.

At this time, the first of the two ventilation raises has been completed and some progress has been made with respect to the second. The enclosed report describes the completed first raise and summarizes the planning and commencement of construction of the second.

We will report to you again when the project is completed in early 2012 with updated information for your file.

Thank you very much for your continued attention to this matter.

Sincerely,

Stephen West, P.Eng.  
Superintendent, Environment

cc Kim Proctor, Lalor Project Manger  
Jay Cooper, Assistant Superintendent, Environment  
Sheryl A. Rosenberg, Thompson Dorfman Sweatman LLP  
file

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

**HUDBAY**  
MINERALS INC

HBMS is a wholly-owned subsidiary of HudBay Minerals Inc.



## **LALOR RAMP PROJECT**

**Progress Report to Tracey Braun,  
Director of Environmental Assessment and Licensing Branch  
February, 2011**

**HUDSON BAY MINING AND SMELTING CO., Limited ("HBMS")**



## Lalor Ramp Second Report on Progress February, 2011

### Introduction

The Lalor deposit is located approximately 215km east of Flin Flon and 18km west of the town of Snow Lake in the province of Manitoba at 54°52'N latitude, 100°08'W longitude and 303 m ASL. Further to HBMS' notice of alteration letter dated November 13, 2009 applying for approval of a minor alteration of *Environment Act* License No. 1919S2 RR and enclosed letter of even date from AECOM, the Director's reply granting approval of the requested minor alteration dated December 3, 2009, and HBMS report letter to Director Braun dated July 21, 2010, HBMS files this further report to advise the Director of progress made to date in construction and further planning of the Lalor Ramp project.

### Ramp Construction and the 435 m Ventilation Raise

The Lalor Ramp, as approved, is being constructed entirely underground and, when completed, will run 2,828 m in length from the Chisel North Ramp to the Lalor deposit. The ramp intersected the area of the planned 435m level ventilation raise in March, 2010. The 435 m raise described on page 3 of the notice of alteration letter, now has been completed. The site of the 435 m raise is located at UTM 428542.4 E, 6078537.5 N, and at 304.0 m elevation (NAD83). The surface infrastructure will be installed this summer, which involves the installation of the fan and heating systems.

With respect to the methodology used to construct the ventilation raises, it had been contemplated that both raises would be attempted by the raise bore method. The success of this method for the deeper exhaust raise was questionable due to risks



associated with its depth. As anticipated, the use of this method with the 435 m raise presented considerable difficulty and risk forcing HBMS to re-consider methodology to be used with the second, deeper raise. This reconsideration resulted in a planning decision to construct the second of the two raises by the conventional shaft sinking method. The following section describes the work undertaken to date with respect to the second raise.

### **The 835 m Ventilation Raise**

The site of the 835 m raise has been located at UTM 6080592N, 426752E, and at 305m elevation (NAD83). A pilot drill hole was navigationally drilled at this location in the spring of 2010. Samples were collected from each rock unit intersected and tested for compressive strengths. The core was also geo-technically logged to determine ground conditions. This sampling information verified that the proposed location would qualify as a good raise sinking location.

The drill hole also provided an opportunity to take regular samples throughout the hole to test for potentially acid generating rock (PAG). These test results indicate how much material of the raise waste rock will be PAG or non-acid generating (NAG), and at what depth the PAG material first appears. Waste rock management is being handled in accordance with the plan set out on page 4 of the notice of alteration. The test results are available for inspection at the request of the director.

The 835m raise will be 6.1m in circumference. All underground exhaust will be vented to surface through this raise. When the 835 m exhaust raise connects the Lalor Ramp to surface, it will establish the first phase of the total Lalor ventilation circuit. No further work can proceed on the ramp until this circuit has been made.

The raise site has been cleared and leveled with a total dimension of 130m x 100m. The raise sinking tender was awarded late November 2010, and JS Redpath mobilized



to site December 9<sup>th</sup>, 2010. By mid January the excavation work to establish the 6m deep collar had been completed. The contractor is currently placing the concrete forms in anticipation of pouring the concrete collar. The project schedule indicates the raise sinking will begin April 29<sup>th</sup>, 2011. The contractor is responsible for supplying all gear for the sinking of the raise and therefore is continuing with detailed engineering, and mobilization of temporary office, head frame, hoisthouse, hoist, etc.

HBMS is currently establishing power and water infrastructure to support the raise sinking. The Lalor Advanced Exploration Project (AEP) power line and freshwater/discharge lines are being installed along the Lalor road. Power and freshwater will branch off to the raise site. A discharge line from the raise site to the Lalor AEP site polishing pond is being installed. As the raise sinking progresses, the discharge water from the raise will be pumped into this discharge line. The polishing pond allows any solid material to settle, and the water will then be pumped back out down the main discharge line for 4km until it connects into the Chisel North discharge system to the Chisel Pit area.

As stated in the notice of alteration, there has been and will be no stockpiling or temporary storage of rock at the raise site. The rock from underground will be hoisted and dumped into the headframe bunker. This material will then be loaded into surface trucks directly from the storage bunker in the headframe and remove to either the Lalor site as fill (if NAG) or to the Chisel Pit area (PAG).

**Intersection with the Lalor AEP Shaft and Completion of the Lalor Ramp Project**

The 835 m raise is expected to be completed early 2012. The Lalor AEP shaft will not be completed until, at the earliest, mid 2013 (the tender has not yet closed). JS Redpath will keep the hoisting gear at the raise site until the Lalor AEP shaft has been commissioned. This raise hoisting gear will provide a second means of egress, as well as allow hoisting of mine rock versus trucking up the Lalor Ramp to surface (hoisting costs are must less than trucking costs). The raise will never be used for the daily transportation of men and materials.

Once the Lalor Ramp and the 835 m raise intersect, the focus will be to drive lateral development over to the AEP shaft. The underground lateral development between the exhaust raise and shaft will provide opportunity to develop an exploration platform, and head into the first sulphide bearing lens of Lalor. This lens contains both zinc rich sulphide, as well as gold bearing material. As stated in the Project Description section of the notice of alteration, there will be a minor amount of early production in the zinc zone. The use of the conventional shaft sinking method to build the 835 m raise presents an opportunity to save the costs and emissions associated with trucking this production and waste rock up the grade of the Lalor Ramp. Instead, all material extracted from the Lalor deposit at this stage will be hoisted up the 835 m raise and brought to an existing HBMS facility for either waste disposal or processing.

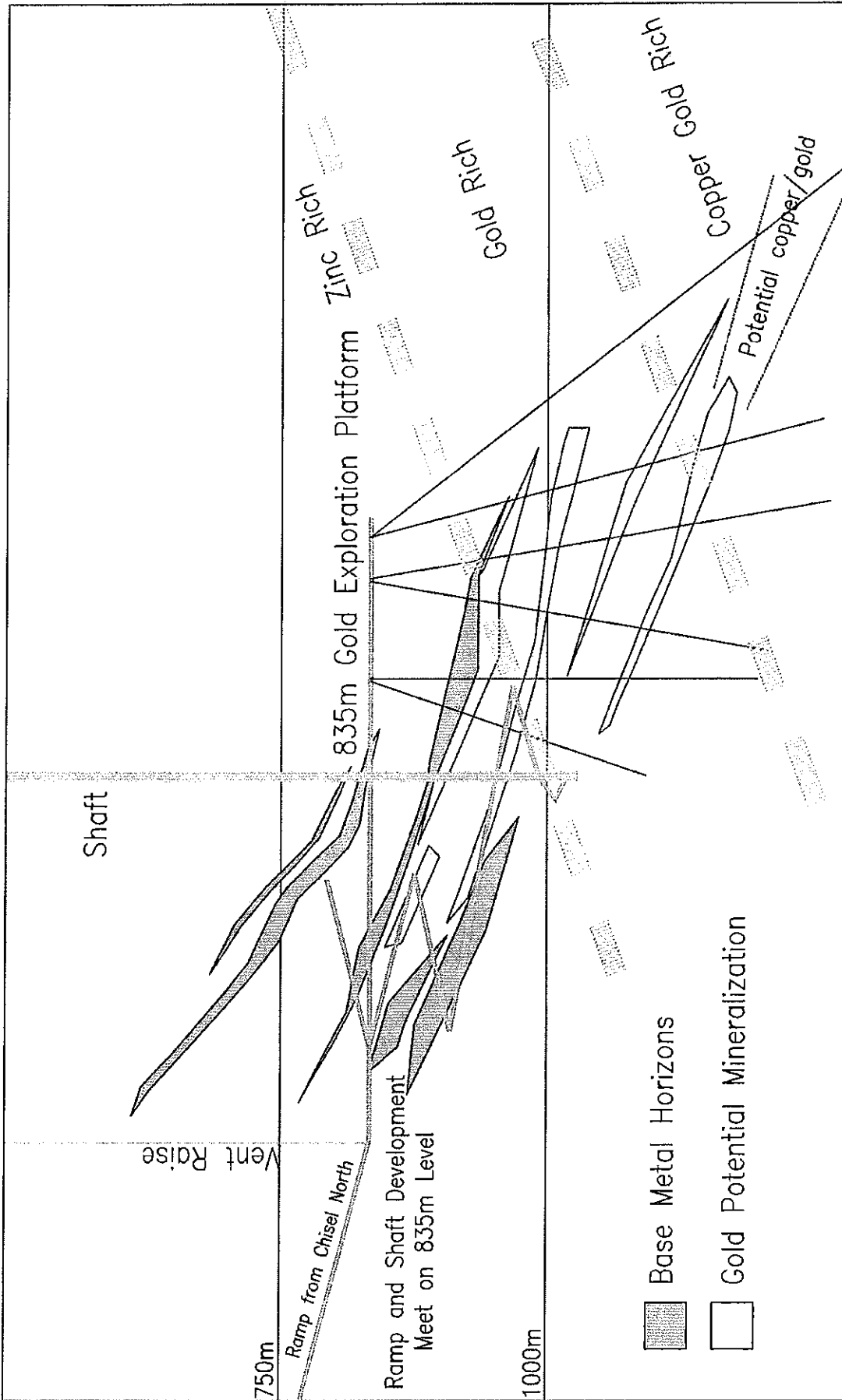
Once the Lalor AEP shaft has been commissioned, all waste/ore will be hoisted from this shaft. Therefore, the hoisting capabilities at the exhaust raise site will no longer be required. All surface gear associated with the exhaust raise will be removed, and the 6.1m exhaust raise opening will be fenced.

A further report will be provided once this stage has been reached.




**List of Figures:**

- Figure 1 Cross Section of Lalor Project
- Figure 2 General Location Map – Lalor AEP Site and Exhaust Raise Site
- Figure 3 Advanced Exploration Site Infrastructures
- Figure 4 835 m Raise Location
- Figure 5 835 m Raise Site Infrastructures
- Figure 6 Exhaust Raise Cross Section of Hoisting Arrangement Including Rock Handling Arrangement

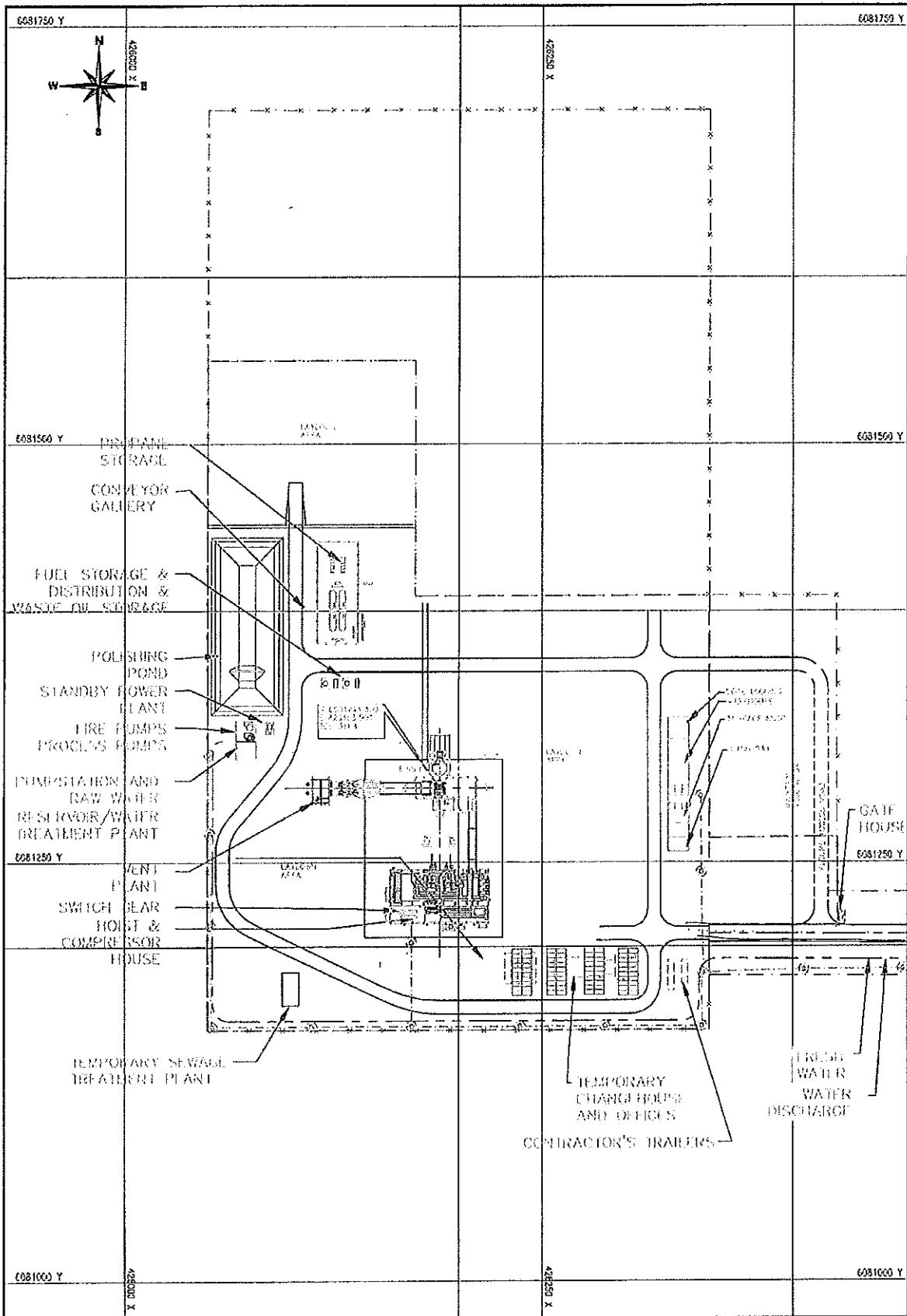


- Base Metal Horizons
- Gold Potential Mineralization

REVISIONS		MINE ENGINEERING		DWG. No.	REV.
1	02/16	DJS	Modify Ramp/VR Location		1
No.	DATE	MADE BY	APP BY	DESCRIPTION	
				LALOR PROJECT	
 <b>HUDSON BAY MINING AND SMELTING CO., LIMITED</b> MINES TECHNICAL SERVICES			SCALE: 1:5000 LAST EDITED: 2010/02/16 DRAWN BY: CHECKED BY: APPROVED BY:		
Figure 1 Cross Section of Lalor Project					







No.	DATE	MADE BY	APP BY	DESCRIPTION
3	10-12-08	P.S.		REMOVE HEAD/SHIFT BY 180 DEG.
2	10-11-20	P.S.		INSERT PROPANE SITE BY SIMCO
1	10-09-17	P.S.		REMOVE CAMP AND GENERAL PHYSCH

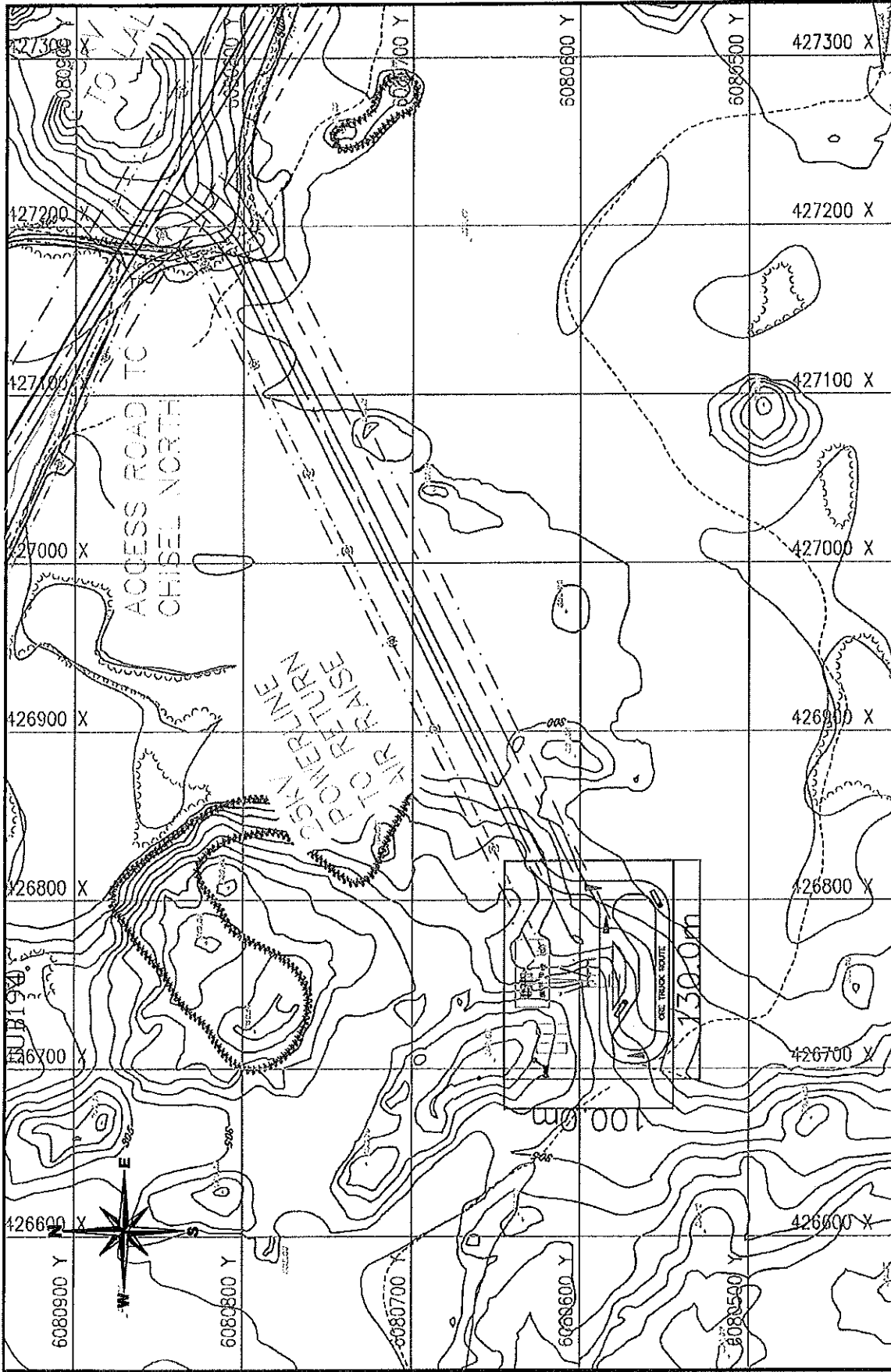
  
**HUDSON DAY MINING AND SMELTING CO., LIMITED**  
**LALOR PROJECT**

<b>LALOR PROJECT</b>	
SITE GENERAL ARRANGEMENT	

MINE ENGINEERING	
SCALE:	1:2000
LAST EDITED:	2011/01/20
DRAWN BY:	P.S.
CHECKED BY:	
DATE:	

DWG. No.	REV.
<b>LMD-1002 D</b>	<b>3</b>

Figure 3 Advanced Exploration Site Infrastructures



REVISIONS		LALOR PROJECT		MINE ENGINEERING		REV.
No.	DATE	MADE BY	APP BY	DESCRIPTION	DWG. No.	
						0
				<b>LALOR PROJECT</b>		
				Proposed Access Road to Return Vent Raise		
				Snow Lake, Manitoba		
				APPROVED BY:		
				CHECKED BY:		
				DRAWN BY: Paolo Strapazzon		
				LAST EDITED: 2010/08/05		
				SCALE: 1:3000		
				MINE ENGINEERING		
				Dwg. No.		
				REV.		
				sk_site_plan_surfaces		

Figure 4 835 m Raise Location



HUDSON BAY MINING AND SMELTING CO., LIMITED

LALOR PROJECT





# 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;



Hudson Bay Mining and Smelting Co., Limited  
Environment Act Licence No. 1501 RR  
Page 2 of 9

"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.

Hudson Bay Mining and Smelting Co., Limited  
Environment Act Licence No. 1501 RR  
Page 3 of 9

### 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:

Hudson Bay Mining and Smelting Co., Limited  
 Environment Act Licence No. 1501 RR  
 Page 4 of 9

<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.

Hudson Bay Mining and Smelting Co., Limited  
Environment Act Licence No. 1501 RR  
Page 5 of 9

**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) 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, 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:
- (a) Manitoba Regulation 97/88R, or any future amendment thereof, 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.
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:
- (a) measure the total volume (expressed as cubic metres) of effluent discharged through final discharge point #1 during that month;
  - (b) 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;
  - (c) 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;
  - (d) determine the total volume of effluent discharged through final discharge point #2 during that month;

Hudson Bay Mining and Smelting Co., Limited  
Environment Act Licence No. 1501 RR  
Page 6 of 9

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 (°C)
    - (iii) hardness (as CaCO<sub>3</sub>)
    - (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<sub>3</sub>)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  
Environment Act Licence No. 1501 RR  
Page 7 of 9

### 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

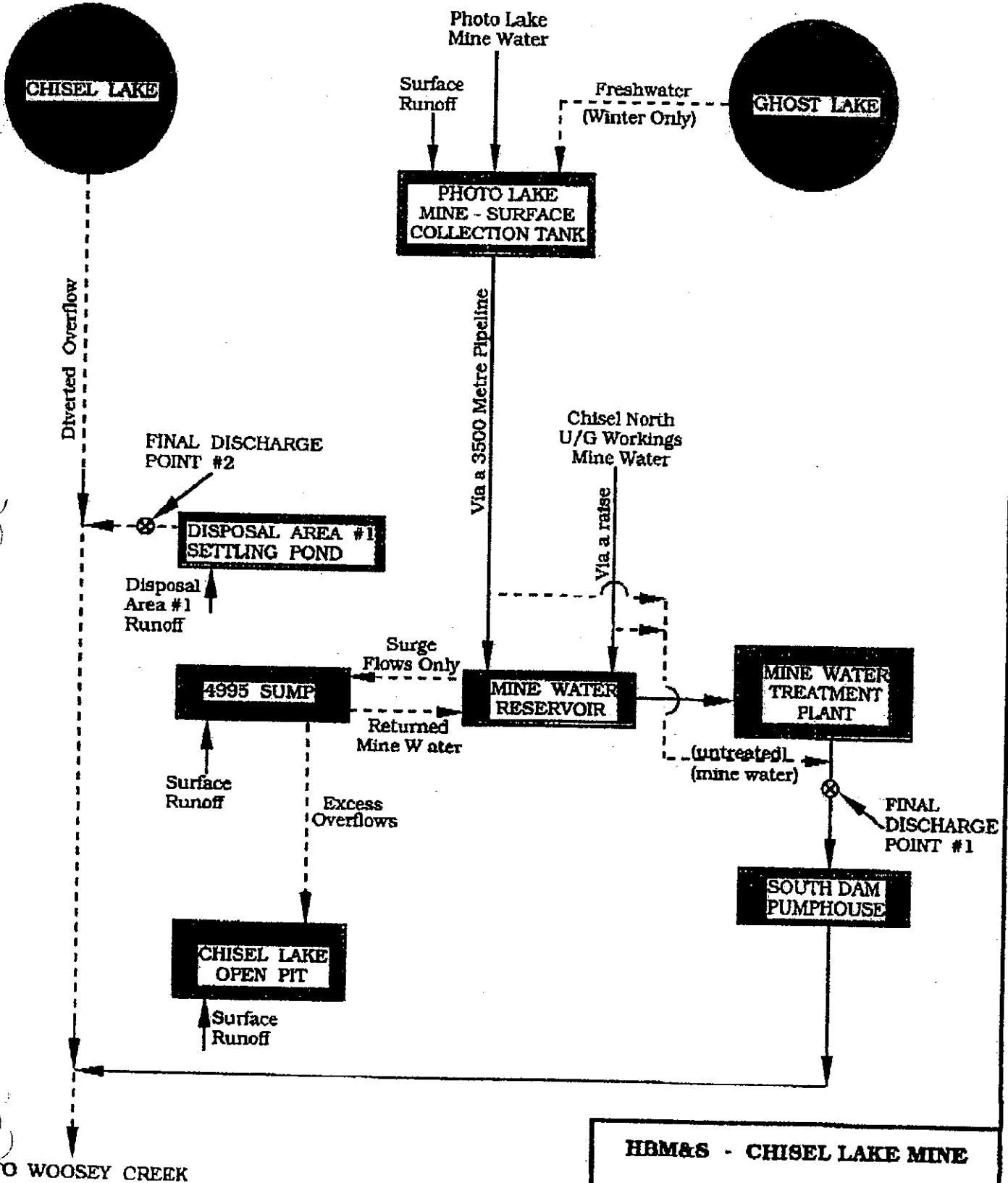
- A. This Licence replaces Environment Act Licence No. 1501 R which is hereby rescinded.
- B. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily 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

File: 2866.0

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

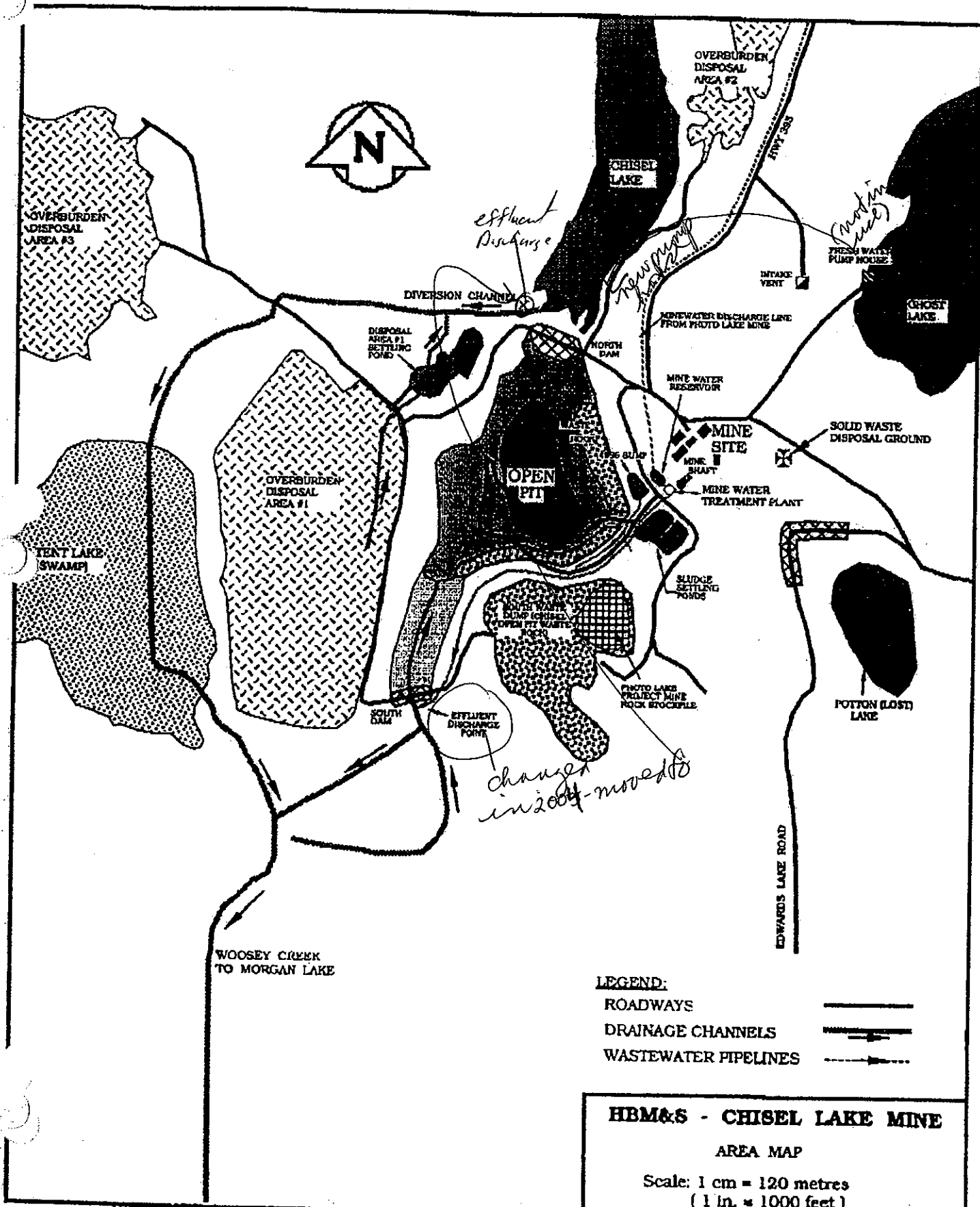


HBM&S - CHISEL LAKE MINE

MINE WATER FLOW SCHEMATIC



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



**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  $\text{CaCO}_3$  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 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;
- “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  $\text{CaCO}_3$  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**

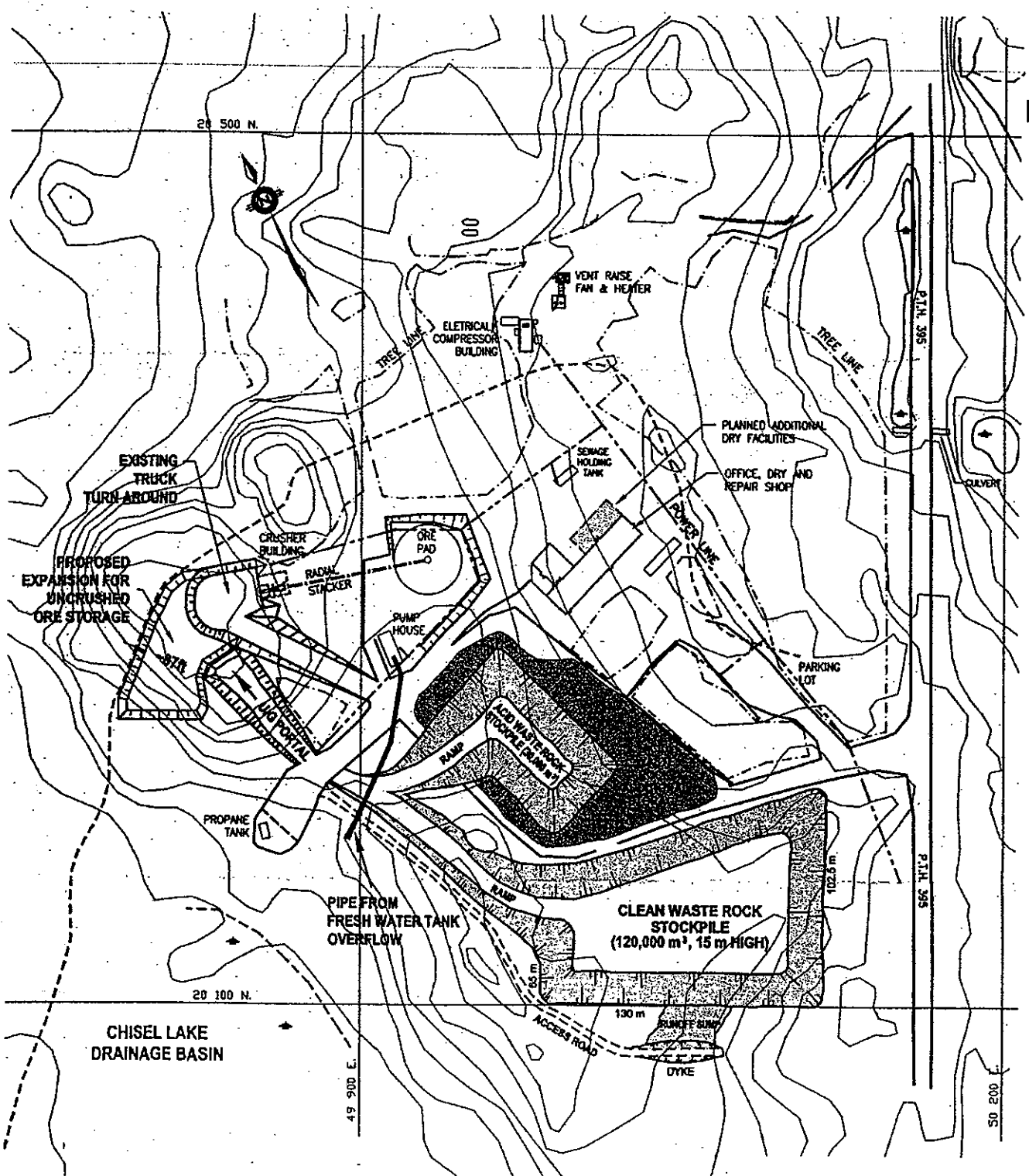
- A. This Licence replaces Environment Act Licence No. 1919 S2 R which is hereby rescinded.
- B. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily 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 Act Licence Loi sur l'environnement Licence

Manitoba  
Conservation  
Conservation  
Manitoba



Licence No./Licence n° 2648  
Issue Date/Date de délivrance May 18, 2004

**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 & SMELTING CO., LIMITED "the Licencee"**

for undertaking a Development, being the withdrawal of water from Chisel Lake (in Sec. 34 Twp. 67 Rge 18W) at a rate in excess of 200 cubic decameters per year for transfer to their Chisel North Mine, complemented with the detouring of treated effluent (controlled by Environment Act Licence No. 1501 RR) from the Chisel North Mine into Chisel Lake at a point near to and upstream of the natural outflow of Chisel Lake, from where the overflow of Chisel Lake would meet up with Woosey Creek, being the currently licenced discharge route used to direct treated minewater effluent to Morgan Lake, 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 Conservation to be equivalent to the SCC, or be able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the international standard ISO/IEC 17025, or otherwise approved by the Director;

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

**"cubic decametre"** means 1,000 cubic metres;

**"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 Federation; and

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

**“treated minewater effluent”** means water contaminated with pollutants in the course of mining activities, or surface runoff contaminated with pollutants in the course of coming in contact with an area disturbed by present or past mining activities, whereby such minewater has been treated, if necessary, to the extent of satisfying the most stringent of the effluent quality criteria as laid out in Environment Act Licence No. 1501 RR, or in the federal *Metal Mining Effluent Regulations* dated June, 2003, or as otherwise imposed upon the Licencee by reason of any concerns that may be raised in respect of the findings of any Environmental Effects Monitoring program undertaken pursuant to the federal *Metal Mining Effluent Regulations* on the minewater effluent being released at the final discharge point of effluent being released from the Chisel Lake mine site.

### GENERAL TERMS AND CONDITIONS

1. 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 acceptable to the Director; and
  - (b) have all analytical determinations undertaken by an accredited laboratory.
2. The Licencee shall report all the information requested through the provisions of this Licence in a manner and form acceptable to the Director.

### SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

#### Respecting Chisel Lake Water Withdrawal Activities

3. The Licencee shall not withdraw water from Chisel Lake in excess of 600 cubic decametres during any calendar year commencing with January 1, 2004.
4. The Licencee shall, at all times during the withdrawal of water from Chisel Lake, protect the resident fishery in Chisel Lake by incorporating and maintaining a fish screen, on the end of the intake pipe within Chisel Lake, that conforms to the Fisheries and Oceans Canada “Freshwater Intake-End-of-Pipe Fish Screen Guidelines”.
5. The Licencee shall manage the water withdrawal from Chisel Lake, and the diversion of treated minewater effluent into Chisel Lake, in such a way as to:
  - (a) prevent the drawdown of Chisel Lake from its normal operating level; and



- (b) prevent the degradation of the water quality of Chisel Lake to an extent that would be inconsistent with the "Final Draft – Manitoba Water Quality Standards, Objectives, and Guidelines", dated November 22, 2002, or any subsequent amendments thereto; or
- (c) prevent an increase in the concentration of any water quality parameter for which the natural background concentration already exceeds the "Final Draft – Manitoba Water Quality Standards, Objectives, and Guidelines", dated November 22, 2002, or any subsequent amendments thereto;

whereby Sub-clauses 5(b) and 5(c) of this Licence relate to any monitoring data determined at any of the three established HBM&S limnological stations on Chisel Lake.

6. The Licencee shall, if the Director determines (in consultation with Water Quality Management of Manitoba Water Stewardship) that the water quality of Chisel Lake is being impaired by the undertaking of the Development:
  - (a) modify the Development, to the satisfaction of the Director, and to the extent that would satisfactorily mitigate any identified adverse water quality impact; or
  - (b) terminate the Development.

#### **Respecting Monitoring and Reporting**

7. The Licencee shall throughout each calendar year during which water is withdrawn from Chisel Lake for transfer to the Chisel North Mine:
  - (a) continuously measure the monthly volumes of water being withdrawn from Chisel Lake using a water metre showing a cumulative read-out to an accuracy within  $\pm 5\%$ ;
  - (b) record the monthly volumes of water (i.e. the treated minewater effluent released from the minewater treatment plant at the Chisel Lake minesite) being returned to Chisel Lake;
  - (c) submit to the Director, by January 31<sup>st</sup> of each year, the monthly and annual total volumes of:
    - (i) water withdrawn from Chisel Lake; and
    - (ii) treated minewater effluent returned to Chisel Lake;during the preceding calendar year.
8. The Licencee shall, before implementing the Development, and in consultation with Water Quality Management of Manitoba Water Stewardship:
  - (a) collect one set water samples, at each of the three established HBM&S limnological stations on Chisel Lake to establish a water quality baseline;
  - (b) repeat the sampling of Chisel Lake water at the three established HBM&S limnological stations a minimum of 3 times (spring, summer and fall) each calendar year;
  - (c) collect water samples, once each month at approximate equal time intervals, of the water being withdrawn at the Chisel Lake pump house;
  - (d) analyze the water samples collected pursuant to Sub-clauses 8(a), 8(b) and 8(c) of this Licence for:
    - (i) pH;

- (ii) conductivity;
  - (iii) alkalinity;
  - (iv) hardness;
  - (v) major total cations (calcium, magnesium, potassium, sodium, iron and manganese);
  - (vi) major dissolved anions (chlorides and sulfates);
  - (vii) total nitrogen and total phosphorus; and
  - (viii) total metals (using an ICP or ICP-MS scan);
- unless and only with respect to the monthly sampling events, the Licencee is advised in writing by Water Quality Management of Manitoba Water Stewardship, that specific parameters can be temporarily or permanently discontinued; and
- (e) carry out the analyses the water samples collected pursuant to Sub-clauses 8(a), 8(b) and 8(c) of this Licence to detection limits satisfactory to the Director.
9. The Licencee shall, no later than 60 days following each water quality sampling event undertaken pursuant to Sub-clauses 8(a), 8(b) and 8(c) of this Licence, submit to the Director a signed report, and an electronic copy in Excel format, listing the determined water quality monitoring data in relation to the established baseline data and the criteria identified for the protection of aquatic life in the "Final Draft – Manitoba Water Quality Standards, Objectives, and Guidelines", dated November 22, 2002, or any subsequent amendment thereto.

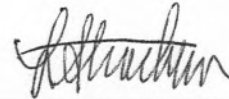
#### **Respecting Decommissioning and Rehabilitation**

10. The Licencee shall, upon the permanent cessation of the withdrawal of water from Chisel Lake for the Chisel North Mine:
- (a) dismantle and remove the installed water pumping station and intake pipe;
  - (b) remove any resulting foreign debris for recycling, or for disposal in a waste disposal ground licenced under *The Environment Act*, or permitted under *MB Regulation 150/91 of The Environment Act*; and
  - (c) restore Chisel Lake's natural outlet berm elevation, and any shore disturbances, to their historical and natural norm.

#### **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 the Licencee has not commenced construction of the Development within three years of the date of this Licence, the Licence is revoked.

- 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(1) of *The Environment Act*.



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**Larry Strachan, P. Eng.**  
**Director**  
**Environment Act**

**Client file: 5017.0**

# Licence to Use Water for INDUSTRIAL AND DOMESTIC Purposes

Manitoba  
Natural Resources  
Water Resources

1577 Dublin Avenue  
Winnipeg, Manitoba  
R3E 3J5



(Ghost Lake)

Issued in accordance with the provisions of  
The Water Rights Act and regulations made thereunder.

Licence No. 94-18  
(Renewal of Lic. No. 74-31)

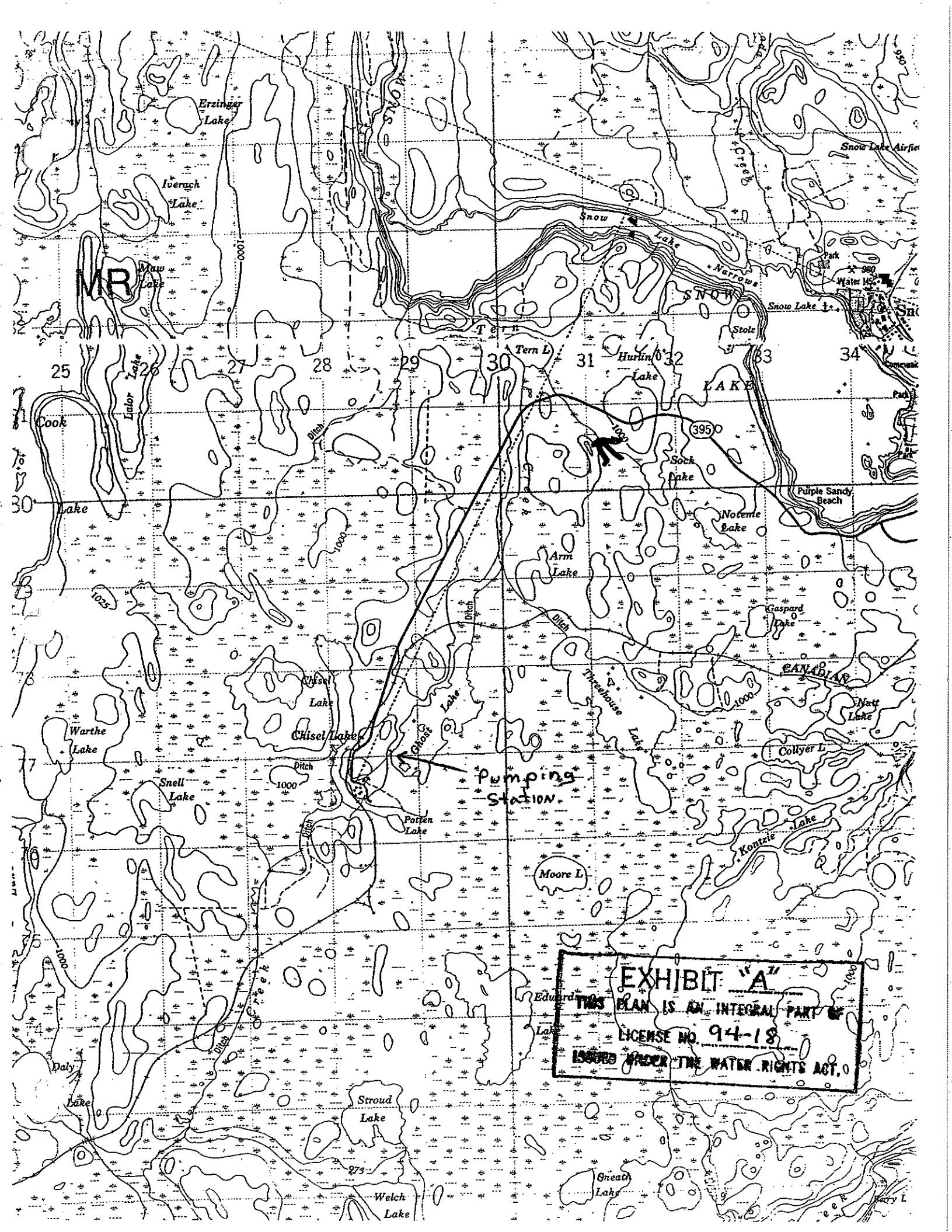
Know all men by these presents that in consideration of and subject to the provisions, conditions and restrictions hereinafter contained, the Minister of Natural Resources for the Province of Manitoba does by these presents give full right and liberty, leave and licence to **HUDSON BAY MINING AND SMELTING COMPANY CO., LIMITED**

of the \_\_\_\_\_ in the Province  
of Manitoba (hereinafter called "the LICENSEE") to divert water from **Ghost Lake**  
for **industrial and domestic** purposes by means of a pumping  
Installation (hereinafter called "the WORKS"), ~~the water to be used, and the WORKS to be placed,~~ on the following described lands:

In township 67 and Range 18 West of the Principal Meridian in  
Manitoba, and as more particularly shown on a plan filed in the office  
of the Director, Water Resources Branch, a copy of which is attached  
hereto and marked Exhibit "A".

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 and domestic** purposes.
2. The WORKS shall be operated in accordance with the terms herein contained.
3. The rate at which water shall be diverted pursuant hereto shall not exceed **0.02 (0.8 cfs)** cubic metres of water per second and the total quantity diverted in any one year shall not exceed **1600 (1300 ac.ft.)** cubic decametres.
- ~~4. No water shall be diverted during any period when the flow in \_\_\_\_\_ is less than \_\_\_\_\_ cubic metres per second as measured at \_\_\_\_\_~~
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 and domestic** 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 said Minister for cancellation.
8. Upon the execution of this Licence the LICENSEE hereby grants the said Minister and/or his Agents the right of ingress and egress to and from the said lands 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 his Agents in writing from time to time with regard to the operation and maintenance of the WORKS and appurtenances.
9. If for any reason whatsoever the Minister deems it advisable to cancel this Licence, he may do so by letter addressed to the LICENSEE at **Box 1500, Flin Flon, Manitoba, R8A 1N9** and thereafter this Licence shall be determined and at an end.
- ~~10. Notwithstanding anything preceding in this Licence the water shall be used, and the WORKS shall be placed, only on land owned by the LICENSEE.~~
11. The term of this Licence shall be **twenty (20)** years and this Licence shall become effective only on the date of execution hereof by a person so authorized in the Department of Natural Resources.



MR

CANADIAN

EXHIBIT "A"  
THIS PLAN IS AN INTEGRAL PART OF  
LICENSE NO. 94-18  
ISSUED UNDER THE WATER RIGHTS ACT.

SCHEDULE B

LICENCE FEES

- |   |         |
|---|---------|
| 1. Licence to construct drainage works  | \$25.00 |
| 2. Licence to divert water  | \$50.00 |
| 3. Additional annual fee for licence to divert water for industrial purposes and other purposes as those purposes are set out in Items 4 and 6 of section 9 of the Act (based on volume of water diverted multiplied by the corresponding rate per cubic decametre) |         |

Volume	Rate per cubic decametre
(a) for the first 100 cubic decametres per year	\$1.00
(b) for each cubic decametre over 100 but not exceeding 500 cubic decametres per year	1.25
(c) for each cubic decametre over 500 but not exceeding 10,000 cubic decametres per year	1.50
(d) for each cubic decametre over 10,000 but not exceeding 20,000 cubic decametres per year	1.75
(e) for each cubic decametre over 20,000 but not exceeding 100,000 cubic decametres per year	2.00
(f) for each cubic decametre over 100,000 cubic decametres per year	(See Note 1)
4. Any other licence	\$50.00

Note 1:

The rate per cubic decametre for volumes in excess of 100,000 cubic decametres shall be such as may be fixed from time to time by regulation under Section 26 of the Act.  
M.R. 19/90; 107/90

The Queen's Printer  
for the Province of Manitoba

**EXHIBIT "B"**

THIS PLAN IS AN INTEGRAL PART OF

LICENSE NO. ....

ISSUED UNDER THE WATER RIGHTS ACT.

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

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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 filed a proposal with the Department of Mines, Resources and Environmental Management in connection with the operation of a proposed ore concentrator to be located adjacent to the present Stall Lake Mine near Snow Lake, in the Local Government District of Snow Lake with associated noise and particulate emissions;

AND WHEREAS in the absence of limits being prescribed by a Regulation under the said Act, the 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 in Snow Lake, Manitoba, on the 19th and 20th days of September, 1977;

AND WHEREAS the Commission considered the proposal and evidence submitted at the hearing on the 14th day of November, 1977;

IT IS HEREBY ORDERED THAT

- 0.1. 3. 5. 3. m
1. The Applicant shall ensure that total particulate emissions from any area of the said concentrator, to the atmosphere, do not exceed 0.23 grams per standard cubic meter.<sup>1</sup>
  2. The Applicant shall ensure that fugitive dust emissions from vehicle traffic on the site of the said operation and/or wind entrainment of dust are minimized by surface treatment of roads, ~~covering stockpiles and/or~~ applying dust control products to sources of fugitive dust emissions associated with the operation of the said concentrator.

3. The Applicant shall, within 21 days of receiving a written request from the Environmental Management Division of the Department of Mines, Resources and Environmental Management, conduct emission tests on the sources of emission of particulates to the atmosphere in accordance with the method detailed in Appendix "A" to this Order.
4. The Applicant shall ensure that a high standard of maintenance and housekeeping is maintained on the site of the said concentrator.
5. The Applicant shall ensure that sounds emitted from the site or sites of the said operation including the water intake pumphouse and tailings discharge facilities do not result in one-hour equivalent continuous sound levels, as measured beyond the property line of the site or sites of the said operation and within 15 meters of a permanent or seasonal residence or a cottage located on a subdivision approved by the Manitoba Department of Tourism, Recreation and Cultural Affairs and which was in existence on the date of issuance of this Order, in excess of the sound level limits<sup>2</sup> contained in the following table:

	(i) May to September inclusive		(ii) October to April inclusive	
	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00
(a) For continuous or intermittent sounds which have neither significant impulsive characteristics <sup>3</sup> nor prominent discrete tones <sup>4</sup>	55 dBA	45 dBA	60 dBA	50 dBA



5. Continued . . .

	(i) May to September inclusive		(ii) October to April inclusive	
	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00	Day-Time 07:00 to 22:00	Night-Time 22:00 to 07:00
(b) For continuous or intermittent sounds which have significant impulsive characteristics <sup>3</sup> and/or prominent discrete tone(s) <sup>4</sup>	50 dBA	40 dBA	55 dBA	45 dBA

Order No. 765

Dated at the City of Winnipeg

this 29th day of December, 1977

  
 Chairman,  
 The Clean Environment Commission.

C-b-1644

1 - "standard cubic meter" means the volume of air occupying a cubic meter at 20° Celsius and 760 mm of mercury.

25

2 - as measured in terms of the equivalent continuous sound level averaged over a one hour period (60 minutes), using a sound level monitoring device which equals or surpasses the requirements of Canadian Standards Association Standard Z 107.1 - 1973 - (or the equivalent) for Type 2 sound level meters, operated on the "A - weighting network" and "slow" meter response.

- 3 - "impulsive characteristics" means hammering type sounds having peaks one second or more apart - ie. less than 60 impacts per minute.
- 4 - "prominent discrete tone(s)" means a sound having a one-third octave band sound level which, when measured in a one-third octave band, exceeds the arithmetic average of the sound levels on the two adjacent one-third octave bands on either side of such one-third octave band by:
- (a) 5 dB for such one-third octave band with a centre frequency from 500 Hertz to 20,000 Hertz, inclusive, provided such one-third octave band sound level exceeds the sound level of each adjacent one-third octave band, or;
  - (b) 8 dB for such one-third octave band with a centre frequency from 160 Hertz to 400 Hertz, inclusive, provided that such one-third octave band sound level exceeds the sound level of each adjacent one-third octave band, or;
  - (c) 15 dB for such one-third octave band with a centre frequency from 25 Hertz to 125 Hertz, inclusive, provided such one-third octave band sound level exceeds the sound level of each adjacent one-third octave band.

Source Testing for Particulate Emissions

Testing of sources of emission of particulates to the atmosphere shall be carried out in accordance with the "Standard Reference Methods of Source Testing: Measurement of Emissions of Particulates from Stationary Sources - EPS 1-AP-74-1" or an alternate method approved, in writing, by the Environmental Management Division of the Department of Mines, Resources and Environmental Management. Each emission test shall consist of at least three valid test runs and be carried out under normal plant operating conditions. All emission tests shall be observed by an inspector designated by the Environmental Management Division of the Department of Mines, Resources and Environmental Management and a copy of the test results shall be forwarded to the inspector within 21 days of completion of the testing.

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 <u>MPN Index</u> )		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.

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

