

**SCHAFT CREEK
JOINT VENTURE**

between

TECK RESOURCES LIMITED

and

COPPER FOX METALS INC.

July 15, 2013

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**SCHAFT CREEK
JOINT VENTURE AGREEMENT**

THIS AGREEMENT (the “**Agreement**”) is dated as of July 15, 2013

BETWEEN:

TECK RESOURCES LIMITED, a corporation existing under the laws of Canada

(hereinafter called “**Teck**”)

AND:

COPPER FOX METALS INC., a corporation existing under the laws of British Columbia

(hereinafter called “**Copper Fox**”)

WHEREAS:

- A. Teck and Copper Fox are parties to an agreement dated January 1, 2002 (the “**2002 Agreement**”) under which Copper Fox had an option to acquire, subject to the Teck Back-in Right (as defined in the 2002 Agreement), all of Teck’s direct and indirect interest in the Schaft Creek property located in the Province of British Columbia.
- B. Following the date of the 2002 Agreement, additional claims were acquired by each of Copper Fox and Teck and added to the property governed by the 2002 Agreement. The Schaft Creek property governed by this Agreement, more fully described and shown on the map attached hereto as Schedule C (which includes such additional claims), is referred to in this Agreement as the “**Property**”.
- C. Teck’s direct and indirect interest in the Property was comprised of a 70% direct participating interest (the “**Direct Holding**”) and an indirect 23.4% carried interest (the “**Indirect Holding**”) through a 78% shareholding in Liard Copper Mines Ltd. (“**Liard**”) which holds a 30% interest in the project. In this Agreement “**interest in the Property**” means a corresponding interest in both the Direct Holding and Indirect Holding. Teck’s Interest was subject to certain underlying agreements described in the 2002 Agreement.
- D. The Parties wish to enter into this Agreement to provide, among other matters, for the formation of a joint venture with a similar result as if Teck had exercised the Back-in Right at a 75% level and set out the terms of the joint venture formed to further explore and, if warranted, develop the Property.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the

premises and mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

1. INTERPRETATION

1.1 **Definitions.** The words, phrases and expressions defined in Schedule A, which is attached to and forms part of this Agreement, shall have the meanings attributed to them in Schedule A.

2. REPRESENTATIONS AND WARRANTIES

2.1 **Copper Fox Representations and Warranties.** Copper Fox warrants and represents to Teck that:

- (a) it is duly organized and validly existing under the laws of British Columbia;
- (b) the Underlying Agreements are legal, valid and binding agreements which are in full force and effect and in good standing, according to their terms;
- (c) the Property is accurately described in Schedule C attached hereto;
- (d) it has not granted or created any mortgages, liens, charges, pledges, security interests or other financial encumbrances against the Property, and it has not granted any person the right to use the Property;
- (e) the Property is free and clear of all liens, charges and encumbrances arising from operations on or related to the Property (except for liens for taxes not yet due, other inchoate liens and liens contested in good faith by Copper Fox) and Copper Fox has not done any work or entered into any commitments whereby the Property has been or may become encumbered;
- (f) it has the right and necessary lawful authority to explore for minerals on the Property as such exploration work is currently conducted;
- (g) the mineral claims and other rights that comprise the Property are in good standing with respect to the filing of work and payment of fees and taxes;
- (h) except as disclosed in Schedule E, it is not a party to any agreements, other than the 2002 Agreement and the Underlying Agreements, with respect to the Property including surface owner agreements, water use agreements or other rights or interests to the lands covered by the Property;
- (i) it has not received notice of any suits, actions, prosecutions, investigations or proceedings, actual, pending or threatened, against or affecting Copper Fox or Teck, or that relates to or may have an adverse effect on the Property or Copper Fox's or Teck's ownership or rights to explore and develop the Property;

- (j) it has the right, power and authority to enter into this Agreement free of any consent rights, preferential purchase rights or other restrictions held by other parties, and it has obtained all internal corporate approvals, consents and authorizations necessary to enter into this Agreement and complete the transactions contemplated in this Agreement;
- (k) prior to the date of this Agreement, Copper Fox has incurred \$88 million in Expenditures on the Property under the 2002 Agreement;
- (l) this Agreement is legal, valid and binding as against Copper Fox in accordance with its terms;
- (m) there are no writs, injunctions, orders or judgements outstanding, no law suits, claims, proceedings or investigations pending or threatened, relating to the use, maintenance or operation of the Property, whether related to environmental, archaeological or similar matters, or otherwise;
- (n) no hazardous or toxic materials, substances, pollutants, contaminants or wastes have been released into the environment, or deposited, discharged, placed or disposed of at, on or near the Property as a result of Copper Fox's operations carried out on the Property, nor, to the best of Copper Fox's knowledge, has any of the above occurred nor has the Property been used at any time by any person as a landfill or waste disposal site;
- (o) to Copper Fox's knowledge, there is no basis for law suits, claims, proceedings or investigations referred to in §2.1(m) being instituted or filed;
- (p) Schedule G sets out the Assets held in the name of Copper Fox as of the date hereof;
- (q) Schedule G sets out, under the heading "Licenses and Permits", the licenses and permits relating to the Property and, except as indicated in that Schedule, each of which is in good standing and assignable to Teck without consent; and
- (r) Schedule G sets out, under the heading "Transferred Contracts", the contracts to which Copper Fox is a party included in the Assets and, except as indicated in that Schedule, each contract listed is in good standing and is assignable to Teck without consent.

2.2 Teck Representation and Warranties. Teck warrants and represents to Copper Fox that:

- (a) it is duly organized and validly existing under the laws of Canada;
- (b) it has the right, power and authority to enter into this Agreement, and it has obtained all necessary internal corporate approvals, consents and authorizations to enter into this Agreement and complete the transactions contemplated in this Agreement; and

- (c) this Agreement is legal, valid and binding as against Teck in accordance with its terms.

3. INDEMNIFICATION

3.1 **Indemnification by Copper Fox.** Subject to §3.3, Copper Fox will indemnify, hold harmless and release Teck, its officers, directors and employees from and against any and all Liabilities arising:

- (a) during the period from the date hereof to and including July 15, 2015 (the “**Survival Period**”), from any of Copper Fox’s representations or warranties set forth in §2.1 of this Agreement, other than the representations and warranties set forth in §2.1(n) or §2.1(o), being incorrect or untrue when made or any state of facts contrary to any such representation or warranty;
- (b) from any of Copper Fox’s representations and warranties set forth in §2.1(n) or §2.1(o) being incorrect or untrue when made or any state of facts contrary to any such representation or warranty; and
- (c) from any breach of Copper Fox’s covenants, duties, obligations or agreements contained in this Agreement.

3.2 **Indemnification by Teck.** Subject to §3.3, Teck will indemnify and hold harmless and release Copper Fox, its officers, directors and employees from and against any and all Liabilities arising:

- (a) during the Survival Period, from any of Teck’s representations or warranties set forth in §2.2 of this Agreement being incorrect or untrue when made or any state of facts contrary to any such representation or warranty; and
- (b) from any breach of Teck’s covenants, duties, obligations or agreements contained in this Agreement.

3.3 **Limitation.** No Party shall be liable to another Party hereto in contract, tort or otherwise for special or consequential damages, including, without limiting the generality of the foregoing, loss of profits or revenues suffered by the Indemnified Party. The limits of liability in this §3 do not apply to claims made by a third party against the Indemnified Party, its directors officers and employees for the third party’s special or consequential damages, provided that the third party is not an associate or affiliate of the Indemnified Party.

3.4 **Administration.** The Party entitled to indemnification under this §3 (in this Agreement, the “Indemnified Party”) shall give the Party which is obligated to indemnify the Indemnified Party under this §3 (the “**Indemnifying Party**”) prompt Notice of any claim made pursuant to the foregoing indemnifications (as applicable, a “Claim”), including any inquiry or investigation by a government agency that the Indemnified Party believes may lead to a Claim. The Indemnifying Party shall have the responsibility of contesting, defending,

litigating, settling or satisfying any Claim made against the Indemnified Party, using counsel acceptable to the Indemnified Party, acting reasonably; failing which, the Indemnified Party shall have the right to be represented by separate counsel at the Indemnifying Party's risk and expense in connection with any such Claim and the Indemnifying Party shall be absolutely barred from any allegations or defenses relating to alleged defects, errors or omissions in such defense. Neither Party shall settle any Claim without the Indemnified Party's prior written consent, which consent shall not be unreasonably withheld.

4. ACQUISITION OF INTEREST, FORMATION OF A JOINT VENTURE

4.1 Acquisition of Interest.

- (a) Teck hereby covenants to Copper Fox that:
 - (i) concurrently with the entering into of this Agreement by the Parties, Teck will make a cash payment of \$20 million to Copper Fox;
 - (ii) subject to §4.2(b), Teck will make a cash payment of \$20 million to Copper Fox within three Business Days of the Production Decision; and
 - (iii) subject to §4.2(b), Teck will make a cash payment of \$20 million to Copper Fox within three Business Days of the Completion Date.
- (b) Teck hereby acquires, in consideration of its commitment to make payments as set out in §4.1(a), an unconditional 75% Direct Holding in the Property which, together with the share of the Indirect Holding it will retain under this Agreement, comprise an unconditional 75% Interest.

4.2 Further Payments.

- (a) Teck hereby further covenants to Copper Fox that Teck will:
 - (i) be responsible for and contribute 100% of Pre-Production Costs, without dilution to Copper Fox, until Teck has paid an aggregate of \$60 million of Pre-Production Costs; and
 - (ii) contribute further funds, by way of loan to Copper Fox, as provided in §10.4(b).
- (b) In the event that Pre-Production Costs exceed \$60 million, Teck will fund Copper Fox's pro rata share, in accordance with its Interest, of such Pre-Production Costs with such funding:
 - (i) firstly, applied to reduce the amount required to be paid under §4.1(a)(iii), and the amount of the reduction shall be deemed paid by Copper Fox;
 - (ii) secondly, if the amount of the payment under §4.1(a)(iii) is reduced to zero, applied to reduce the amount of the payment required under §4.1(a)(ii), and the amount of the reduction shall be deemed paid by Copper Fox; and

(iii) thirdly, if the amounts of the payments under §4.1(a)(iii) and §4.1(a)(ii) are reduced to zero, paid by loan as provided in §10.4(b).

4.3 **Joint Venture.** The Parties hereby agree to associate and participate in a single purpose unincorporated joint venture (the "**Joint Venture**") for the purposes of further exploring the Property and, if deemed warranted, of developing, constructing and operating a Mine.

4.4 **Business Opportunity.** Except as expressly provided in this Agreement, each Party shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with this Joint Venture, without consulting the other. The doctrines of "corporate opportunity" or "business opportunity" shall not be applied to any other activity of any Party, and, except as otherwise provided in §24, no Party shall have any obligation to the others for any opportunity to acquire any securities of any person or any property outside the area of interest contemplated in §24. Unless that Party has otherwise agreed in writing, no Party shall have any obligation to mill, beneficiate or otherwise treat any minerals or any other Party's share of production in any facility which it owns or controls. Conversely, the Joint Venture shall not have any obligation to mill, beneficiate or otherwise treat any minerals produced by a Party from lands not comprising the Property.

4.5 **Ownership Proportionate to Interest.** Except as otherwise provided in this Agreement, the Parties shall own the Property, the Assets and any Mine all in proportion to their respective Interests.

4.6 **Initial Interests.** The initial Interests at the date hereof will be Teck as to 75% and Copper Fox as to 25%. Each Party will, for purposes of calculation of Interests as contemplated in §4.7, be deemed to have initial Costs as follows:

Teck: \$66.0 million
Copper Fox: \$22.0 million

4.7 **Calculation of Interests.** Prior to the date of a Production Decision, the respective Interests of the Parties shall be determined from time to time as set out in the following formula:

$$\text{Interest of a Party (expressed as a percentage)} = 100 \times \frac{(\text{the Party's deemed initial Costs as set out in §4.6}) + (\text{the Party's contributions to Costs made after the date of this Agreement})}{(\text{the total of all Parties' deemed initial Costs as set out in §4.6}) + (\text{the total of all Parties' contributions to Costs made after the date of this Agreement})}$$

provided that the Pre-Production Costs paid solely by Teck in accordance with §4.2(a)(i) and amounts paid by Teck under §10.4(b) will be treated in this formula as if paid by Teck and Copper Fox in accordance with their Interests so as to avoid dilution.

4.8 **Costs.** Subject to §4.2(a)(i), each Party shall be liable for its *pro rata* share of Costs and liabilities in accordance with its Interest.

- 4.9 **Multiple Participants.** If there are more than two Parties with an Interest the calculation formula in §4.7 will be applied mutatis mutandis as required provided that an assignment by a Party of all or part of its Interest will carry with it an assignment of that proportion of the aggregate of the Party's Costs to the time of assignment which equals the percentage of the Party's Interest which is being assigned.
- 4.10 **Pre-Production and Early Works Records.** All Costs shall be deemed to be Pre-Production Costs unless identified as relating to Early Works Costs in the relevant Program under §10.2 or by the Operator in an invoice issued under §10.8. The principal amount of any outstanding loan to Copper Fox under §10.4(b), §14.3(b), the interest rate applicable from time to time thereon and the amount of interest payable shall, absent manifest error, be conclusively evidenced by the books and records of Teck; provided that the failure of Teck to timely record any such amount shall not affect the obligation of Copper Fox to pay amounts due thereon in accordance with this Agreement.

5. **PROVISION OF SECURITY RE: PERMITS**

- 5.1 The Parties recognize that the Property and Assets held under this Agreement are, and may continue to be, comprised of certain licences, property leases, grants, concessions, permits and other rights and interests which require security to be deposited with applicable regulatory authorities either as cash, letter of guarantee, irrevocable letters of credit or some other form acceptable to the regulatory authorities. The Parties agree that as security is required to be posted, each of the Parties will deposit security, in such form as may be acceptable to regulatory authorities, in an aggregate amount required by such authorities which will be in the following proportions: Teck as to 75% and Copper Fox as to 25%, and to maintain that security in place for the duration required by such regulatory authorities and, if it is time limited security, to replace it as it becomes due.

6. **HOLDING THE PROPERTY; ASSETS**

- 6.1 **Transfer of Property and Assets.** Copper Fox shall promptly transfer title and custody to the Property and any Assets it holds in its or an Affiliates name as directed by the Operator. Until the time the Property or an Asset are so transferred, any title to the Property or such Asset in the name of Copper Fox shall be held by Copper Fox as bare trustee and agent for the benefit of the Parties in accordance with their Interests as determined in accordance with this Agreement. Copper Fox shall use reasonable efforts to obtain and then deliver to the Operator, consents and approvals to the assignments of any Assets or Property to the Operator or as otherwise directed by the Operator. Teck may, to the extent the mining recorder will accept the same, record a memorandum of its Interest under this Agreement against title to the Property.

- 6.2 **Holding of Property and Assets.** Following the transfer of title to the Property or any Asset from Copper Fox, the Operator or Holdco, as the case may be, will hold title to the Property and such Asset held in its name as bare trustee and agent for the benefit of the Parties in accordance with their Interests as determined in accordance with this Agreement. Teck and Copper Fox may, to the extent the mining recorder will accept the same, record a memorandum of its Interest under this Agreement against title to the Property.
- 6.3 **Delivery to Operator.** In addition to the requirements of §6.1, Copper Fox shall forthwith deliver to the Operator:
- (a) custody of any books and records pertaining to the Property or Assets that it has in its custody or control; and
 - (b) such documents and instruments relating to the Assets or the Property as are reasonably required or reasonably requested by the Operator to transfer all of the rights, responsibilities, duties and status held by Copper Fox as titleholder to the Property and Assets and as the company advancing the development of the Property under the 2002 Agreement.
- 6.4 **Liard Shares.**
- (a) Teck is the owner of 1,475,536 common shares of Liard (the “**Teck JV Liard Shares**”). The Teck JV Liard Shares shall be held by Teck, or the Operator as the case may be, as bare trustee and agent for the benefit of the Parties in accordance with their Interests as determined in accordance with this Agreement and are subject to this Agreement and form part of the Assets.
 - (b) Copper Fox is the registered owner of 29,342 common shares of Liard (the “**Copper Fox Non-JV Liard Shares**”). The Copper Fox Non-JV Liard Shares are held by Copper Fox for its own benefit and, except as provided in §6.5(c), are not subject to this Agreement and are not part of the Assets.
 - (c) §24.2 governs acquisitions of any interest in securities of Liard by Teck or Copper Fox from the date of this Agreement. In this Agreement, “**JV Liard Shares**” refers to the Teck JV Liard Shares and any securities of Liard contributed to the Joint Venture pursuant to §24.2 and any securities or property that such securities might be converted or exchanged into as part of a corporate action of Liard affecting all holders of common shares.
- 6.5 **Voting.**
- (a) No Party may exercise any voting rights associated with the JV Liard Shares except as directed by the Management Committee. Subject to §6.5(d), the Operator shall have the sole right to vote the JV Liard Shares, subject to the direction of the Management Committee.
 - (b) The Management Committee may not direct the Operator to vote the JV Liard Shares to approve a proposal regarding a material amendment to an

Underlying Agreement that Liard is party to without approval of a representative appointed by each Party.

- (c) Copper Fox shall vote the Copper Fox Non-JV Liard Shares as the JV Liard Shares are voted.
- (d) At any time that the board of directors of Liard is comprised of at least four directors and Copper Fox has at least a 25% Interest, the Operator shall exercise the voting rights belonging to the JV Liard Shares from time to time to nominate and vote for one individual who Copper Fox has, acting reasonably, identified to the Operator as a candidate for the Liard board of directors. Nothing in this §6.5(d) limits the ability of the Management Committee to nominate and vote for individuals put forth by Teck as candidates for the Liard board of directors.

6.6 **Distributions.** Any distributions received by a Party in respect of the JV Liard Shares that may be held in its name will be held by it as bare trustee and agent for the benefit of the Parties in accordance with their Interests as determined in accordance with this Agreement. Each Party shall transfer title to any such distributions as the Management Committee may direct.

6.7 **Shareholder Materials.** If a Party receives materials intended for shareholders of Liard, it will forward a copy of those materials to one representative of the other Party on the Management Committee.

7. **CONVERSION ROYALTY**

7.1 **Conversion to Royalty.** §10 and §14 contemplate that if a Party's Interest has been reduced below 20% as a result of dilution or certain elections, that Party's Interest will be assigned to the other Party in return for a "**Conversion Royalty**" and thereafter that Party shall have no further rights or Interest, save and except for the Conversion Royalty. Subject to §7.2, the "Conversion Royalty" to which any Party is entitled hereunder means a 15% interest in Net Profits, as defined and set out in Schedule F.

7.2 **Effect of Conversion to Royalty.** The 15% Net Profits royalty which comprises the Conversion Royalty is the maximum royalty that will be payable to each of Copper Fox and Teck and their assigns (the "Maximum Royalty"). If either Copper Fox or Teck transfers a portion of its Interest to a third party as permitted by this Agreement, the Maximum Royalty shall be allocated between the transferor and the third party in such proportions to which they have agreed, which proportions shall be stated in a Notice to be delivered (in the case of Copper Fox) by the transferor under §23 and failing that statement in that Notice then in proportion to the Interest held by them immediately upon closing the sale or transfer.

7.3 **Obligations on Conversion to Royalty.** Upon conversion to the Conversion Royalty, the holder of the Royalty (the "**Royaltyholder**") shall have the

obligations of a Party surrendering its Interest under §27.1(a) and §27.1(d) and §27.2.

8. MANAGEMENT COMMITTEE

- 8.1 **Establishment.** Upon the formation of the Joint Venture, a management committee (the “**Management Committee**”) shall be formed to manage all Programs and Plans on the Property with Teck and Copper Fox each having two representatives. Teck and Copper Fox may nominate alternate members to the Management Committee who shall be entitled to attend and vote at meetings if the relevant representative is unable to attend. Either Teck or Copper Fox may at any time, by Notice to the other, remove its representative(s) on the Management Committee and designate a new representative(s). Except as otherwise expressly stated in this Agreement, Management Committee decisions will be made by Simple Majority vote based on the Interests of the Parties and each Party’s representatives shall have a collective vote equal to the Interest held by the Party they represent.
- 8.2 **Matters to be Decided.** The Management Committee shall, subject to the terms of this Agreement, have the general responsibility and authority for the management of the operations and affairs of the Joint Venture. Without limiting generality but subject to this Agreement, the Management Committee may:
- (a) from time to time establish the objectives, policies and strategies relating to the Joint Venture and Work to be carried out hereunder that do not conflict with the provisions of this Agreement, it being agreed that the Operator shall be responsible for the supervision and carrying out of such objectives, policies and strategies;
 - (b) receive and consider proposed Programs and Plans submitted to it by the Operator and to approve the same, with or without such amendments, additions, deletions and/or changes thereto as the Management Committee, in its sole discretion but subject to §8.2(c) may consider advisable;
 - (c) during the currency of any Program or Plan hereunder and notwithstanding the prior approval thereof by the Management Committee, review the same and amend the same as it considers advisable, provided always that the Management Committee shall have no power to increase the amount of moneys to be expended upon any Program or Plan without the prior written approval of each of the Parties participating in such Program and Plan;
 - (d) give such reasonable and lawful directions and instructions to the Operator relating to the carrying out of the objectives, policies and strategies of the Joint Venture as it thinks fit, provided that no Party’s individual Management Committee representative as such shall have any power to act or give directions or instructions hereunder;

- (e) approve and authorize the abandonment of any part of the Property in accordance with this Agreement;
- (f) terminate any Program or Plan prior to its completion, in which case the Operator shall, upon completion of such termination and discharge of all liabilities related thereto, refund to the Participants their proportionate share of any moneys on hand and previously contributed with respect to such Program or Plan by the Participants;
- (g) approve any amendments and modifications to the Accounting Procedure, except as provided in §8.2(k); and
- (h) consider and decide upon any questions which may arise under this Agreement in connection with the objectives, policies and strategies established by the Management Committee hereunder.

The following Management Committee decisions will be made by unanimous consent of the representatives on the Management Committee:

- (i) prosecute lawsuits on behalf of the Joint Venture where damages claimed are in excess of \$5,000,000, for clarity this is subject to each Party's right to act on its own behalf;
- (j) to conduct any business other than related to exploration exploring the Property and developing, constructing and operating a Mine; and
- (k) any amendments and modifications to the Accounting Procedure that materially reduce the rights of a Party to receive information thereunder.

8.3 No Authority. For clarity the Management Committee shall not have the responsibility or authority for the following, which rights lie with the Parties with respect to their Interests in the Joint Venture and as may be provided in this Agreement:

- (a) the right to pledge, mortgage, charge or otherwise encumber a Party's Interest;
- (b) the right to sell, lease or exchange all or any of a Party's Interest; and
- (c) the right to terminate this Agreement.

8.4 Frequency of Meetings. The Management Committee shall meet not less than once quarterly. All meetings of the Management Committee shall be held in Vancouver, B.C. unless all representatives on the Management Committee agree otherwise and any representative may call a meeting at any time by giving seven days' Notice to the other representatives of the time and place of such meeting and the general nature of the business to be conducted, but only a representative appointed by the Operator shall be entitled to call a meeting less than three months after the date of the last meeting of the Management Committee. Any representative on the Management Committee, or his alternate, may waive in writing the giving of Notice before or after the meeting.

- 8.5 **Decision by Written Consent.** Any resolution in writing signed by all representatives on the Management Committee in one or more counterparts shall be as valid and binding as if passed at a meeting of the Management Committee duly called and constituted. The Chairman of a meeting of the Management Committee may require that a resolution duly passed at a meeting be reduced to writing and signed by all of the representatives present at that meeting in order to properly record such resolution.
- 8.6 **Quorum.** A quorum for any Management Committee meeting shall consist of at least one representative of each Party present in person or by telephone; provided that the representatives of a Party shall be entitled to give Notice to the Chairman declining to attend but consenting to the meeting being held to deal with matters on the agenda whereupon the quorum shall consist of at least one representative of the other Party. If a quorum is present at the commencement of the meeting, the Management Committee shall be competent to exercise all of the authorities, powers and discretion bestowed upon it hereunder, but subject to the express provisions of this Agreement. If a quorum is not present within 30 minutes after the time fixed for holding any meeting, the meeting shall be adjourned to the third Business Day thereafter at the same time and place. Notice of any adjournment shall be given forthwith to each member of the Management Committee who was not present at the adjourned meeting. At the adjourned meeting, the representatives (or their respective alternates) present in person at the adjourned meeting shall form a quorum and may transact the business for which the meeting was originally convened. Notwithstanding the foregoing, during the periods that Teck is solely responsible for contributing Pre-Production Costs pursuant to §4.2(a)(i), or providing funding for Copper Fox's pro rata share of the Costs pursuant to §10.4(b) or §14.3(b), a quorum for any Management Committee meeting shall consist of at least one representative of Teck only unless Copper Fox has given Notice specifying that it wishes to attend the meeting in question, in which case the first sentence and remainder of this §8.6 (other than this last sentence) will apply to that meeting only.
- 8.7 **Records.** The Management Committee shall appoint a secretary (who need not be a member of the Management Committee) who shall keep a record of the meetings of the Management Committee, and circulate to all representatives minutes of each meeting promptly after the conclusion thereof. Each Party shall have the right to examine and take extracts of all records of the Management Committee (which shall be maintained by the Operator), at reasonable times and on reasonable Notice at the Operator's offices during regular business hours.
- 8.8 **Decisions Binding on Parties.** Management Committee decisions made in accordance with this Agreement shall be binding upon all of the Parties.
- 8.9 **Chairman.** A representative of the Operator shall be the chairman of Management Committee meetings.

8.10 **Representatives Expenses.** Each Party shall bear the costs and expenses incurred by its representatives in attending meetings of the Management Committee.

9. OPERATOR

9.1 **Operator.** Except as otherwise specifically provided for herein to the contrary, Teck will act as the Operator under this Agreement and of all Programs and Plans, and shall be entitled to remain as Operator so long as Teck holds at least 50.0% Interest (failing which the Party holding the single largest Interest shall have the right to elect to act as Operator) or until it resigns. The Operator will be responsible for the daily direction of exploration, development and mining activities which it carries out on behalf of the Joint Venture. The Operator shall manage and carry out such Work as the Management Committee may approve and in connection therewith shall, in advance, if reasonably possible give notice to the Management Committee of any change in Work which the Operator considers material and, if it is not reasonably possible, the Operator shall give notice to the Management Committee as soon thereafter as is reasonably possible.

9.2 **Status of Operator.** The Operator shall have the sole and exclusive right and authority to manage and carry out or manage all Programs and Plans on the Property and to incur the Costs required for that purpose. In so doing the Operator shall, unless it obtains the approval of the Management Committee to do otherwise:

- (a) comply with the provisions of all agreements or instruments of title under which the Property or Assets are held, including without limitation, the Underlying Agreements but excluding royalties thereunder as contemplated by §19.4;
- (b) subject to §17, perform such assessment work or make payments in lieu thereof and pay such rentals, taxes or other payments and do all such other things as may be necessary to maintain the Property in good standing, including, without limiting generality, staking, restaking, registering and renewal of mineral claims, and applying for licenses, leases, grants, concessions, permits, patents and other rights to and interests in the minerals and required land use;
- (c) pay all Costs properly incurred promptly as and when due;
- (d) keep the Property free and clear of all liens, charges and encumbrances arising from its operations hereunder (except liens for taxes not yet due, other inchoate liens and liens contested in good faith by the Operator) and shall proceed with all diligence to contest and discharge any such lien that is filed and shall keep the Property in good standing by doing all necessary exploration work and all other acts and things which may be necessary in that regard;

- (e) permit the non-Operator, or its representatives duly authorized by it in writing, at its own risk and expense, access to the Property at all reasonable times and access to all factual records in the possession of the Operator, its representatives and agents in connection with Work done on or with respect to the Property;
- (f) furnish the non-Operator with the following:
 - (i) annual reports for each year during the conduct of the Work carried out by the Operator on or with respect to the Property and results obtained;
 - (ii) regular (no less than quarterly) technical progress updates in printed or digital formats on the status of exploration;
 - (iii) diamond drilling results promptly following completion of quality assurance controls;
 - (iv) immediate report of any results the Operator determines is material to the Property; and
 - (v) reports and other information that the non-Operator may reasonably request promptly following the request;
- (g) prosecute claims or, where a defense is available, defend litigation arising out of Work, provided that any Party may join in the prosecution or defense at its own expense;
- (h) maintain accounts in accordance with the Accounting Procedure; provided, that the Operator's judgement on matters related to accounting shall govern if its accounting practices are in accordance with IFRS generally accepted accounting principles;
- (i) at the direction of the Management Committee at any time following the earlier of (x) the Completion Date and (y) the date on which Copper Fox sends a Notice to Teck declining Teck's offer under §14.3 to arrange financing, to open and maintain on behalf of the Joint Venture such bank account or bank accounts as the Management Committee may direct, which account or accounts shall be separate from the other bank accounts of the Operator;
- (j) perform its duties and obligations hereunder in a sound and workmanlike manner, in accordance with sound mining and engineering practices; and
- (k) perform its duties and obligations hereunder in compliance with all applicable laws.

9.3 Parties to Keep Operator in Funds. Except for costs to be solely funded by Teck as contemplated in §4, the Operator's obligation to manage and carry out Work approved by the Management Committee or to perform any of its duties or obligations under this Agreement is subject to the other Parties paying their proportionate share of required funds in a timely way according to an approved

schedule of advances or within the time limits contemplated in this Agreement for the payment of invoices for Costs.

- 9.4 **Overruns.** The Operator shall endeavour to complete each Program within budget but will be entitled to a Cost overrun of 15%. Any Cost overruns in excess of the aforesaid 15%, save and except for those in connection with Costs required to preserve the environment or save life, limb and property, shall be for the sole account of the Operator. If the Operator anticipates that Costs to complete any approved Work will exceed those budgeted, including any contingency amounts, it will give Notice to the Management Committee and if the Management Committee (with any Party who does not contribute to any part of the applicable Program not being entitled to vote) does not approve an increase in the Costs budgeted for that Work, the Operator may terminate any approved Work upon the funds budgeted therefor having been exhausted. Notwithstanding the foregoing, if the Operator is Teck and Teck is solely responsible for, or is required to contribute Copper Fox's portion of, the Costs associated with a Program, whether pursuant to §4.2(a)(i), §10.4 or §14.3, the Operator shall not be required to seek Management Committee approval.
- 9.5 **Emergency Expenditures.** Notwithstanding anything herein contained to the contrary, the Operator shall be entitled to incur, and the Participants shall be responsible for their respective share of, any Costs expended which the Operator deems necessary to preserve or protect life, limb, property or the environment in respect of the Property or Assets and the operations hereunder.
- 9.6 **Resignation of Operator.** The Party acting as Operator may resign as Operator on at least 90 days' Notice to all the parties.
- 9.7 **Replacement of Operator.** If a Party resigns or is removed as Operator the Management Committee shall thereupon select another Party to become Operator effective the date established by the Management Committee.
- 9.8 **Transition to New Operator.** Upon ceasing to be Operator, the former Operator shall forthwith deliver to the new Operator:
- (a) custody of the Mine, Assets and Property and any books and records pertaining to the Assets, Mine and Property which it prepared or maintained in its capacity as Operator;
 - (b) share certificates, duly executed, transferring 100% ownership of Holdco and any other single purpose company established as contemplated in §9.10;
 - (c) such documents as may be necessary to transfer the operating authority of any separate bank account maintained for the Joint Venture;
 - (d) such documents as may be necessary to transfer any uncrystallized security interest held by the Operator pursuant to §16.3; and

- (e) such other documents and instruments relating to the Joint Venture as are reasonably necessary to transfer all of the rights, responsibilities, duties and status as Operator held by the previous Operator.

The new Operator shall assume all of the rights, responsibilities, duties, and status of the previous Operator as provided in this Agreement. The new Operator shall have no obligation to hire any person employed by the former Operator in connection with Work at the date it resigns or is removed. Any employees of Holdco shall not be affected by the change in Operator or the transfer of ownership of Holdco.

- 9.9 **No New Operator Selected.** If the Operator resigns or is removed and no other Party consents to act as Operator the Joint Venture shall be terminated and the Party which was the Operator may, if it consents to act, continue to act as Operator to effect the termination and the other parties being obligated to fund their respective proportionate shares of the Costs incurred.
- 9.10 **Holdco as Single Purpose Company.** For ease of administration, the Operator may, without reducing or limiting its obligations under this Agreement, established Holdco as a wholly-owned single purpose company to enable the Operator to perform its duties under this Agreement and for purposes of §6.2. The Operator shall hold the shares of Holdco issued to it in trust for the Joint Venture and will not pledge, mortgage, charge or otherwise encumber those shares except with the approval of the Management Committee. In carrying out its activities hereunder, the Operator shall provide general administrative services as contemplated in §9.11 but otherwise shall be entitled to retain such labour, directly or to do so indirectly through Holdco, and to contract third parties to provide such specialty services, in each case as the Operator acting in good faith considers necessary to permit the effective but efficient conduct of such Work, and with budgets therefor, as may be approved under this Agreement. The Operator shall indicate in draft Programs or Plans submitted hereunder the Work which is intended to be subcontracted and the Work intended to be performed by employees of the Operator and Holdco and the Cost associated therewith and it being further agreed that all subcontracts shall, to the extent reasonably practicable, be in writing and copies of those subcontracts kept with the Joint Venture books and records.
- 9.11 **Operator's Fees.** It is not intended that the Party acting as the Operator shall profit nor suffer any loss by virtue of it acting in its capacity as Operator, however the Operator shall not be required to submit to an audit of this principle. The Accounting Procedure provides for the manner in which the Operator will account for Costs expended pursuant to this Agreement. The Accounting Procedure does not contemplate a charge for services to be performed by the Operator's head office functions. In this subsection, "**head office functions**" means ordinary course administrative services, head office overhead, use of the corporate infrastructure, and other general services provided by the Operator and its Affiliates which may include but are not limited to the officers of the company

and their expenses, all in-house legal, accounting, human resources, insurance, taxes, payroll, data processing and employee benefit administration functions as well as office rents, office supplies and other expenditures made for the benefit of the work performed by persons in those functions. The costs of those head office functions are not recovered directly as a Cost. However, the Operator shall provide those head office services and for that shall be entitled to a charge (in this section the “**Operator’s fee**”), in addition to the direct Costs, but calculated as a percentage of those Costs, calculated without reference to the charge itself, as follows:

- (a) of 10% of all costs, expenses, charges and outlays under §9.11, reduced to 5% on amounts in excess of \$50,000 on any single third party contract, incurred prior to a Production Decision;
- (b) of 2% on all costs, expenses, charges and outlays under §9.11 incurred after a Production Decision is made for the Property and before commencement of commercial production on the Property; and
- (c) of 3% on all costs, expenses, charges and outlays under §9.11 incurred after commencement of commercial production on the Property.

10. **PROGRAMS**

10.1 **Initial and Subsequent Programs.** Until such time as a Production Decision is made, the Operator shall propose draft Programs, by February 28th of each year, for Management Committee approval. Any Program to prepare a Feasibility Study shall be prepared under a separate Program and shall be for such term as the Operator feels is appropriate for the completion of such Feasibility Study. The Operator shall propose an initial draft Program subsequent to the date hereof for Management Committee approval.

10.2 **Contents of Draft Programs.** Each Program proposed by the Operator shall contain

- (a) a statement in reasonable detail of the proposed Work;
- (b) a budget of Costs anticipated to be incurred, which budget may include a reasonable allowance for contingencies, and shall include all Costs expected to be charged to the Joint Account under the Accounting Procedure including all overhead, office administration and the Operator's fee contemplated in §9.11;
- (c) identification of any Early Works Costs; and
- (d) a monthly estimate of budgeted Costs.

10.3 **Election to Contribute to Approved Programs.** Each Party may, within 30 days of Management Committee approval, elect to contribute all or a lesser part of its proportionate share of the Costs required to conduct each Program. If a Party (a “**Non-Contributor**”) elects or is deemed to have elected not to contribute any part of its proportionate share of the Costs of a Program, the other

Party (a “**Contributor**”) that has elected to contribute its proportionate share of the Costs of the Program may give Notice to the Operator and the Non-Contributor stating that it will contribute, in addition to its own proportionate share, the portion of the proportionate share of the Non-Contributor which the Non-Contributor has not committed to fund. In this latter case, the Interests of the Parties shall be adjusted according to §4.6 so that each Party holds an Interest proportionate to its initial and actual contributions, without duplication. Notwithstanding the foregoing, if the Operator is Teck and Teck is solely responsible for, or is required to contribute Copper Fox’s portion of, the Costs associated with a Program, whether pursuant to §4.2(a)(i), §10.4 or §14.3, Copper Fox shall be deemed to have elected to contribute all of its proportionate share of Costs.

10.4 **Payments By Teck.**

- (a) Notwithstanding §4.8, 9.3, 9.4, 10.3, 10.8 and 12.1, Teck shall have the obligation to solely fund 100% of Pre-Production Costs, without dilution to Copper Fox, as and to the extent provided in §4.2(a)(i).
- (b) In the event that:
 - (i) the payments required under §4.1(a)(ii) and §4.1(a)(iii) have been reduced to zero due to the operation of §4.2(b), and further Pre-Production Costs are incurred prior to a Production Decision; or
 - (ii) any Early Works Costs are incurred prior to a Production Decision;

Teck will, on behalf of Copper Fox and without dilution to Copper Fox, within the time periods provided in this Agreement for a Participant to contribute to Costs, contribute Copper Fox’s pro rata share, in accordance with its Interest, of those Pre-Production Costs or Early Works Costs. Teck and Copper Fox agree that Teck’s contributions on behalf of Copper Fox pursuant to this §10.4(b) are loans to Copper Fox, accruing interest at the Prime Rate plus 2%. Teck shall be entitled to recover the principal and interest of any such loans from 90% of the operating profits of the Mine attributable to Copper Fox’s account after the retirement of any project debt financing incurred prior to the Completion Date and the recovery by Teck of any project financing costs as contemplated in §14.3(b)(ii).

10.5 **Operator Not to Proceed Unless Program is Fully Funded.** Notwithstanding anything else in this Agreement, the Operator will not proceed with any Program which is not fully subscribed. If the Parties fully subscribe to a Program, the Operator will proceed with such Program.

10.6 **Maintenance of Interest.** If any Program is completed or suspended or terminated prior to completion with less than 80% of the budgeted Costs having been incurred, the Operator shall give Notice thereof to the Non-Contributor and the Non-Contributor may elect, upon Notice and payment to the Operator within 30 days of completion of the Operator’s Notice, its proportionate share of the actual Costs incurred and thereby maintain its Interest.

10.7 **Conversion Royalty.** If any Party has its Interest diluted to less than 20% in the Joint Venture, it will be deemed to have assigned its Interest and its rights, other than to receive the Conversion Royalty, to the other Party(ies) (in their proportionate share) in consideration of the Conversion Royalty.

10.8 **Payment of Invoices.** If the approved Program established a schedule of advances the non-Operator shall pay its proportionate share of Costs to the Operator on or before the date set out in the schedule without the necessity of any invoice by the Operator. If no schedule of advances was established for the Program the Operator shall be entitled to invoice each Participant:

- (a) for that Participant's proportionate share of Costs incurred and paid by the Operator, provided the invoices are no more frequently than monthly; or
- (b) for an advance of that Participant's proportionate share of Costs, provided the invoice is for an amount reasonably in advance of requirements and does not exceed the requirements for the next month.

Each invoice shall be signed by some responsible official of the Operator. Each Participant shall pay the amount invoiced to the Operator within 30 days of receipt of the invoice. The Parties acknowledge that payments on the account of Copper Fox shall be remitted by Teck to the extent required pursuant to §10.4.

10.9 **Default in Payment.** If a Party has elected to contribute to a Program and does not pay the scheduled advance or cash call or, within 30 days, the amount invoiced for that Program, the Operator may, by Notice, demand payment. If a demand Notice is made as aforesaid, it shall contain a reminder to the Party upon which demand is being made that its Interest will be converted to the Conversion Royalty if payment of its proportionate share is not made as demanded. If payment is not made within 30 days of demand Notice, the other Party may elect to advance the amount of the defaulted payment and the Defaulting Party shall be deemed to have assigned and conveyed its Interest and its rights, other than to receive the Conversion Royalty, to the other Party, and in consideration therefore the Defaulting Party will be entitled to receive the Conversion Royalty, capped at such Party's initial and actual contributions to Costs, without duplication, hereunder.

10.10 **Copper Fox Program.** If by March 1 in any calendar year Teck does not propose a Program with a budget of at least \$500,000 in Costs, Copper Fox may, by April 15 in that year, submit a draft Program with a budget of at least \$500,000 in Costs. Copper Fox's submission of a draft Program shall be a commitment on its part to fund the entire Costs budgeted for that Program if Teck elects not to contribute. If:

- (a) within 15 days, Teck elects to fund its share of the Costs of Copper Fox's Program, Teck may modify the work plan, but not the budget, for the Program and carry it out; or
- (b) if Teck does not elect to fund its share of Costs, Copper Fox shall carry out the Program and Teck's Interest will be diluted as contemplated in

§4.7; provided that, if Copper Fox completes the Program with less than 80% of the budgeted Costs having been incurred, Teck may contribute its proportionate share of the actual Costs incurred and thereby maintain its Interest.

11. **SUSPENSION OR PREMATURE TERMINATION OF PROGRAM**

11.1 **Suspension or Premature Termination.** The Operator may suspend or terminate prematurely any Program with the prior consent of the Parties or the Management Committee when the Operator, in good faith, considers that conditions are not suitable for the proper continuation or completion of the Program or if the results to that point substantially impair or eliminate the technical rationale upon which the Program was predicated. If, in the circumstances, the Operator considers the obtaining of prior consent impracticable, the Operator may unilaterally suspend or prematurely terminate the Subsequent Program but shall forthwith thereafter give Notice thereof to the Participants.

12. **MANDATORY PROGRAM**

12.1 **Mandatory Program.** If, in any year prior to a Production Decision, there is no approved Program and circumstances are such that the Operator must incur Costs in order to maintain tenure to the Property, to or obligations imposed by law or protect life and property, the Operator shall be entitled to propose a program (the "**Mandatory Program**") of Costs to maintain tenure to the Property, to satisfy contractual obligations that have been entered into as the result of a previously approved Program and to satisfy obligations imposed by law or protect life and property. The Mandatory Program shall be deemed to be approved and each of the Parties shall be obligated to contribute its proportionate share of Costs. If payment is not made within 30 days of a Notice of demand thereafter, the other Party may elect to advance the amount of the defaulted payment. The Defaulting Party shall then have 365 days to reimburse the Party that advanced the amount of the defaulted payment, with interest at the Prime Rate plus 2% per annum. Should reimbursement not be made by the date aforesaid, the Defaulting Party shall be deemed to have assigned and conveyed its Interest and its rights, other than to receive the capped Conversion Royalty noted below, to the other Party, and in consideration therefore the Defaulting Party will be entitled to receive the Conversion Royalty to an amount capped at its initial and actual contribution to Costs, without duplication. If a demand Notice is made as aforesaid, it shall contain a reminder to the Party upon which demand is being made that its Interests under this Agreement will be converted to the capped Conversion Royalty if payment of its proportionate share is not made as demanded.

13. FEASIBILITY STUDY

- 13.1 **Management Committee Feasibility Study.** The Management Committee may direct the Operator to prepare a Feasibility Study as a separate Program.
- 13.2 **Feasibility Study Progress.** If a Program is approved by the Management Committee to commence a Feasibility Study, the Operator shall keep the non-Operator generally informed of developments. The non-Operator shall be entitled to second, at its cost, a representative to the Property so that the non-Operator can remain informed so as to be able to participate in Management Committee meetings to review the Feasibility Study and, if a Production Decision is made, to make its election under §14 promptly. Upon the Operator completing a Feasibility Study, it will provide a copy of the same to the non-Operator. The non-Operator shall cause its employees, directors, consultants and advisors to agree to keep the contents of the Feasibility Study and matters which come to its attention while the Feasibility Study is being prepared confidential and will not make disclosure unless in accordance with §29.1 and §29.2.
- 13.3 **Inquiries.** The non-Operator will make its own inquiries in relation to the matters in the Feasibility Study and the Operator will be under no liability to the non-Operator in respect of the contents or conclusions of the Feasibility Study.
- 13.4 **Approval.** The Management Committee shall meet to consider a Feasibility Study, no sooner than 60 days after it was delivered to each Party, unless the Parties agree to an earlier meeting.

14. PRODUCTION DECISION AND FUNDING

- 14.1 **Production Decision.** The Management Committee may make a Production Decision based on a work plan and budget (a “**Production Plan**”) prepared by the Operator and approved by the Management Committee and based on an approved Feasibility Study with such modifications, if any, as the Management Committee considers necessary or desirable.
- 14.2 **Production Plan.** The Management Committee may approve a Production Plan (including a Mine construction Cost estimate, with reasonable allowance for contingencies, which the Management Committee considers necessary to implement the Production Plan, together with a schedule of advances which the Parties shall be required to make in respect of Costs required to construct and to operate the Mine) (a “**Production Decision**”). Thereupon the Operator shall give Notice to each of the Parties of the Production Decision including with that Notice a copy of the Production Plan.
- 14.3 **Funding.** Upon a Production Decision Teck will, by Notice to Copper Fox, make an irrevocable offer to Copper Fox to:
- (a) use all reasonable commercial efforts to arrange project debt financing for not less than 60% of the projected Capital Costs on a limited recourse

basis, or such portion of the projected Capital Costs that Teck determines is commercially available on reasonable terms at the relevant time on a limited (to Copper Fox) recourse basis, after technical completion (and in connection with project financing Teck will be entitled to arrange such financing on such terms as it deems fit (including posting any completion guarantees as contemplated in §14.3(b)(ii)) and may commit, on behalf of Copper Fox, the whole of the Property and Copper Fox's Interest as security for such financing); and

- (b) if the projected Capital Costs exceed the amount available from project debt financing, and if Teck in its sole discretion elects nonetheless to put the Property into commercial production, Teck shall provide Copper Fox's equity portion on a subordinated loan basis at the Prime Rate plus 2%. In this latter event Teck shall be entitled to recover the principal and interest of such subordinated loan from 90% of the operating profits of the Mine attributable to Copper Fox's account after:
 - (i) the retirement of project debt financing; and
 - (ii) the recovery by Teck of its project financing costs, including interest and, if Teck has been required to post completion guarantees with project debt financing, a guarantee fee equal to 5% of the principal amount of Copper Fox's pro rata share, based on its Interest, of any project debt financing Teck has arranged; and

Copper Fox will give Notice to Teck within 60 days of Teck's Notice aforesaid whether it wishes to accept the offer or it declines the offer and will provide its own financing.

14.4 Election to Contribute. Subject to §14.3, each Party may, by Notice within 150 days of receipt of Notice of a Production Decision, elect to participate in placing the Property into production by committing to contribute its proportionate share of the Costs required to construct and to operate the Mine in proportion to its Interest, or some lesser share but at least 20%. If a Party so elects to contribute, it shall be deemed to hold an Interest equivalent to that percentage which it elected to contribute. If a Party elects not to contribute at least a 20% share, it shall be deemed to have assigned and conveyed to the other Party its Interest and its rights, other than to receive the Conversion Royalty and in consideration therefor the non-contributing Party will be entitled to receive the Conversion Royalty. If a Party elects to fund some lesser share than its entire Interest percentage, but at least 20%, the Interest that was forgone in the election shall be deemed to have been assigned to the other Party, for no consideration, if such other Party elects to increase its contribution thereby. If elections have not been made to fully fund the Mine construction Costs then the Production Plan shall be deemed withdrawn.

14.5 Security for Loans. Subject to §14.3, a Party that elected to contribute to Mine construction Costs as contemplated in §14.3 shall separately provide its share of Mine construction Costs. Solely in order to secure loans to meet its contributions

toward Mine construction Costs, a Party may pledge, mortgage, charge or otherwise encumber its Interest, provided that pledgee, mortgagee, holder of the charge or encumbrance undertakes in writing with all of the Parties that:

- (a) its security shall be held subject to this Agreement;
- (b) its remedies under that security shall be limited to the sale of the whole (but only the whole) of the encumbering Party's secured interest; and
- (c) its security and right of payment shall be subordinate to the terms of this Agreement.

15. MINE CONSTRUCTION AND OPERATIONS

15.1 **Construction of Mine.** Subject to §14.4, the Operator shall proceed with construction with all reasonable dispatch after a Production Decision has been made. Construction shall be substantially in conformity with the Production Plan approved under §14.2, but subject to the right of the Management Committee to approve such variations in construction as the Management Committee may deem advisable. Upon Mine construction commencing the Operator shall provide monthly progress reports to the non-Operator within 30 days of the end of the month until the Completion Date.

15.2 **Approval of Plans.** Commencing with the Completion Date, all Work shall be planned and conducted and all estimates, reports and statements shall be prepared and made on the basis of annual operating plans ("**Operating Plans**") approved by the Management Committee. Operating Plans will be decided by the Management Committee on a calendar year basis taking into reasonable account the views of the Parties in respect of the Operating Plans with the intent that Operating Plans will be designed so that the Mine is operated at production rates contemplated in the Production Plan but subject to the right of the Management Committee to approve such reasonable variations in production rates as it may deem advisable. If the Management Committee is deadlocked over the first or any subsequent Operating Plan, the Operating Plan proposed by the Operator will prevail provided the budget does not exceed the budget forecast for that year in the Production Plan, or a forecast subsequently unanimously approved by the Management Committee, plus 10%; provided that if the Operator bona fide believes that a budget so limited will not permit efficient conduct of Work, the Operator shall be entitled to promptly submit a Mine Suspension Plan to the Management Committee, which shall be deemed to be approved by the Management Committee in lieu of the Operating Plan unless, within 21 days of submission thereof, the Management Committee otherwise determines.

15.3 **Contents of Operating Plan.** Each Operating Plan shall contain the following:

- (a) a plan of the proposed Work;
- (b) a detailed estimate of all Costs plus a reasonable allowance for contingencies;

- (c) an estimate of the quantity and quality of the ore to be mined and the concentrates or metal to be produced; and
- (d) such other facts and projections as may be necessary to reasonably illustrate the operational and fiscal results intended to be achieved by the Operating Plan.

Upon request of any Participant the Operator shall meet with that Participant to discuss the Operating Plan and shall provide such additional or supplemental information as that Participant may reasonably require with respect thereto.

- 15.4 **Submission of Operating Plan.** With the exception of the calendar year during which the Completion Date occurs, for each calendar year following the Completion Date (each, an “**Operating Year**”), the Operator shall submit an Operating Plan to the Participants not later than October 30 of the year immediately preceding the Operating Year to which the Operating Plan relates.
- 15.5 **Amendment of Operating Plans.** Subject to receiving any approvals that may be required from project lenders to a Party, the Management Committee may from time to time, at any time, amend any Operating Plan.
- 15.6 **Reserve for Rehabilitation.** At such time as the Operator, acting reasonably and in good faith, considers appropriate and is consistent with generally accepted industry and accounting practices, the Operator may include within the Operating Plan such procedures or financial reserves which the Operator considers necessary to secure the orderly funding of rehabilitation and reclamation Costs of the Mine and Property.

16. **PAYMENT OF MINE CONSTRUCTION AND OPERATING COSTS**

- 16.1 **Advances and Invoices of Construction Costs and Operating Costs.** The Operator may invoice no more frequently than monthly for Mine construction Costs or Mine operating Costs incurred or to cash call in accordance with a schedule of advances as laid out in the approved Production Plan or Operating Plan or, if no such schedule exists, not more than 30 days in advance for Costs estimated to be incurred in accordance with the approved Production Plan or Operating Plan. If a Participant protests the correctness of an invoice it shall nevertheless be required to make the payment but without prejudice to its right to audit opinion under §7 of Schedule B.
- 16.2 **Default Bears Interest.** If a Party does not pay the amount invoiced within 30 days, the Operator may, by Notice, demand payment. If payment is not made within 30 days of demand Notice, the other Party may elect to pay all or a portion of the unpaid Cost share of the Defaulting Party. If the other Party advances such unpaid Cost share, then it shall be entitled to recover the amount so paid, together with interest thereon from the date so paid at a per annum rate equal to Prime Rate plus 2% per annum, calculated monthly.

16.3 **Operator's Lien.** To secure the due and punctual payment by each Party of its proportionate share of Mine construction Costs and Mine operating Costs and, where applicable, interest payable under this Agreement, when the same shall become due and payable, each Party (in §16.3 to §16.6, the "**Grantor**") hereby grants a security interest to and in favour of the other Party (in §16.3 to §16.6, the "**Lienholder**") in:

- (a) the undivided share of Products produced or to be produced from the Property owned or to be owned by the Grantor; and
- (b) the Interest of the Grantor in the Property and this Agreement.

Unless and until enforced against a Party, the security interests hereby created shall in no way hinder or prevent a Party, at any time or from time to time from:

- (a) dealing with its share of production, in the ordinary course of its business; provided that any forward sale commitments by a Party shall be without prejudice to enforcement by the Lienholder of its security interest in respect of any Products which have not at the time been delivered to fill those sales commitments; or
- (b) selling, assigning, conveying, transferring or otherwise disposing of its Interest in accordance with the provisions of §23;

subject always to compliance with the provisions of §14.3 and §14.5, entering into a security instrument in accordance with those sections and provided that any such action is not in breach of any provision of this §16.3.

16.4 **Sale of Interest.** The Lienholder making the advance contemplated in §16.2, on Notice to the other Parties and the Grantor that the Lienholder is enforcing its lien, shall have the right to take possession of all or a portion of the Grantor's Interest and to sell, or purchase, that Interest to recover the amount of such default by:

- (a) first offering that Interest to the other Parties, for that price which is the average of the fair market value stated in two appraisals obtained by the Lienholder from independent well-recognized appraisers competent in the appraisal of mining properties; and
- (b) if the other Parties elect not to purchase all of that Interest as aforesaid, then by selling that Interest, either in whole or in part or in separate parcels at public auction or by private tender (the Parties other than the Grantor being entitled to bid) at a time and on whatever terms the Lienholder may arrange, having first given Notice to the Grantor of the time and place of the sale.

As a condition of the sale as contemplated in this §16.4, the purchaser shall agree to be bound by this Agreement except for any amounts due and owing by the Grantor and, prior to acquiring the Interest, shall deliver Notice to that effect to the Parties.

- 16.5 **Property in Production.** If the Property is in production the Lienholder will, in the interim of completing its sale or purchase under §16.4, have a prior and a first right to receive, sell and retain the profits from the share of Products of the Grantor until the Lienholder has received proceeds of a value equal to (after the costs of sale of the Products and costs of enforcement of the lien) the amount advanced, together with interest thereon at the rate specified in §16.2 and any royalties paid by the Grantor to parties to the Underlying Agreements.
- 16.6 **Sale of Share of Production.** If the Lienholder enforces its lien against the Grantor's proportionate share of Products from the Property, it may sell those Products and, in so doing:
- (a) if it deems necessary to effect a sale of those Products, the Lienholder may also commit the Grantor's proportionate share of Products to be produced from the Property for the next succeeding six months for sale to the purchaser; and
 - (b) the Lienholder shall not be accountable to the Grantor notwithstanding that any sale under this §16.6 may be at a price and on terms less favourable than those applicable to the sale by the Lienholder of its own share of production.

17. **ABANDONMENT OF PROPERTY**

- 17.1 **Abandonment.** If the Management Committee elects to abandon any portion of the Property and a representative of any Party (the "**Contesting Party**") on the Management Committee has voted against such abandonment, then each Party shall be given Notice promptly of the proposed abandonment at least 90 days prior to the anniversary of any tenure due date for the portion of the Property to be abandoned. If the Contesting Party, within 30 days of receiving a Notice of abandonment, notifies the Management Committee that the Contesting Party wishes to acquire the abandoned Property, then the Parties shall cause a transfer of the abandoned Property to the Contesting Party for nominal consideration as soon as practicable thereafter.

18. **INDEMNIFICATION DURING JOINT VENTURE**

- 18.1 **Indemnification of Operator.** Subject to §18.5, each Party shall indemnify and save the Operator harmless from and against any and all Liabilities sustained in the performance of its duties in acting as Operator following the formation of the Joint Venture.
- 18.2 **Exclusion from Indemnification.** Notwithstanding §18.1, the Operator shall not be indemnified nor held harmless by any of the Parties for any Liabilities resulting from the negligence or wilful misconduct of the Operator or its officers, employees or agents.

18.3 **Deeming of no Negligence.** An act or omission of the Operator or its officers, employees or agents done or omitted to be done:

(a) at the direction, or within the scope of the direction, of the Management Committee; or

(b) with the concurrence of the Management Committee; or

(c) unilaterally and in good faith by the Operator to protect life or property;

shall be deemed not to be negligence or wilful misconduct provided that the Operator has otherwise performed its duties and obligations as contemplated in §9.2(j) of this Agreement.

18.4 **Indemnity Proportionate to Interests.** The obligation of the other Parties to indemnify and save the Operator harmless pursuant to §18.1 shall be in proportion to their respective Interest as at the date that the Liabilities occurred or arose.

18.5 **Other Provisions.** The provisions of §3.3 and §3.4 shall apply, mutatis mutandis, to the indemnity obligations set out in this §18.

19. TAKING IN KIND

19.1 **Taking in Kind.** Subject to §16.3 and the last sentence hereof, a Participant shall take, in kind f.o.b. the Mine site, its proportionate share of any Products and separately dispose of the same. Any extra costs and expenses incurred by the Operator by reason of a Participant not taking in kind and making separate dispositions as aforesaid, shall be paid by that Participant directly in accordance with §16. Notwithstanding the foregoing, until such time as Teck has been fully repaid, with applicable interest and costs contemplated by 14.3(b)(ii), the principal amount of any loans it has made to Copper Fox pursuant to §10.4(b) or §14.3(b), Copper Fox hereby appoints Teck as its sole marketing agent to sell and dispose of Copper Fox's proportionate share of Products. Teck shall be entitled to deduct from the proceeds of sale of Copper Fox's proportionate share of Products, Copper Fox's proportionate share of the costs of operating and maintaining Teck's facilities contemplated by §19.2 for so long as Teck agrees to store Copper Fox's proportionate share of Products, and make partial repayment of the loans as provided in §10.4(b) and §14.3(b) and, following those deductions Teck will remit the remaining net proceeds of the sale to Copper Fox.

19.2 **Receiving Facilities.** Each Participant shall construct, operate and maintain, all at its own cost and expense, any and all facilities which may be necessary to receive and store and dispose of its proportionate share of Product commensurate with the rate produced.

19.3 **Product Not Taken.** If a Party has not made the necessary arrangements to take in kind and store its share of Products as aforesaid the Operator shall, at the sole cost and risk of that Party, store, in any location where it will not interfere with Work, the Products owned by that Party. The Operator and the other

Parties shall be under no responsibility with respect to the Products so moved and stored. All Costs involved in moving and providing storage shall be billed directly to, and be the sole responsibility of, the Party whose share of Products is so stored.

- 19.4 **Underlying Agreement Royalties.** Each Party shall, in respect of its share of Products, pay its proportionate share of any royalties payable under the Underlying Agreements.

20. **MINE SUSPENSION**

- 20.1 **Mine Suspension Plan.** The Operator may and shall upon request made by the Management Committee, at any time after the completion date of Mine construction, prepare its recommendations as to a suspension of Work during periods of sustained, or, if acting reasonably, the Operator anticipates there will be a sustained period of, negative operating cash flow. The Operator's recommendation shall include a Plan (in this Agreement called the "**Mine Suspension Plan**"), in reasonable detail, of the activities to be performed, and level of care and maintenance necessary, to maintain the Assets and Property during the period of suspension and the Costs to be incurred and a schedule of advances which the Participants will be required to make in respect of those Costs. The Management Committee may approve the Mine Suspension Plan with such changes as it deems necessary.

- 20.2 **Implementation of Mine Suspension Plan.** If the Management Committee approves the Mine Suspension Plan the Operator shall suspend Work in accordance therewith and the Participants shall be committed to contribute their proportionate share of the Costs incurred in connection therewith. If the Mine Suspension Plan contemplates a suspension of Work for a definite time, the Management Committee may cause Work to be resumed at any time upon the resolution of the issues which led to the need to suspend. If the Mine Suspension Plan contemplated an indefinite suspension of Work, the Property and Mine shall be maintained on a care and maintenance basis in accordance with annual Plans and budgets presented by the Operator consistent with the Mine Suspension Plan approved by the Management Committee and each Party shall be obligated to contribute its proportionate share of the Costs thereof as if these Costs were Mandatory Costs. If Work is indefinitely suspended, Work may only be resumed upon the provisions of §13 and §14 having been applied.

21. **MINE CLOSURE**

- 21.1 The Operator may, and shall upon request made by the Management Committee, at any time after the Completion Date, prepare its recommendations as to the permanent termination of all Work. The Operator's recommendation shall include a Plan (in this Agreement called the "**Mine Closure Plan**"), in reasonable detail, of the Work to be performed to close the Mine and reclaim the

Property in compliance with all laws and the Operator's usual reclamation practices. If:

- (a) the Operator recommends a permanent termination based upon its bona fide conclusion that economic reserves at the Mine have been exhausted and the Property has insufficient potential to add sufficient new reserves to support operations, the Management Committee may, by Simple Majority; or
- (b) in any other case the Management Committee deems warranted, the Management Committee may, by unanimous approval

approve the Mine Closure Plan with such changes as the Management Committee deems necessary.

21.2 Implementation of Mine Closure Plan. If the Management Committee approves the Mine Closure Plan the Operator shall:

- (a) implement the Mine Closure Plan, as approved, whereupon the Participants shall be committed to pay, in proportion to their respective Interest, such Costs as may be required to implement that Mine Closure Plan, which payment shall be due and payable upon receipt of the Operator's invoices either for advances on Costs, such advances not to be for amounts in excess of anticipated requirements for the next three months or for Costs incurred and to bear interest if not paid within 30 days from the date of the invoice until paid at the Prime Rate plus 2% per annum;
- (b) remove, sell and dispose of such Mine and Assets as may reasonably be removed and disposed of profitably and such other Mine and Assets as the Operator may be required to remove pursuant to applicable environmental and mining laws; and
- (c) sell, abandon or otherwise dispose of the Property, if to a Participant or an affiliate then upon Management Committee approval with that Participant not being entitled to vote;

provided that the disposal price for the Mine and Assets and the Property shall be the best price obtainable and, in any event, not less than any prices which the Management Committee has established approving the Mine Closure Plan and the net revenues, if any, from the removal and sale shall be credited to the Participants in proportion to their respective Interests.

21.3 If Mine Closure Plan Not Approved. If the Management Committee does not approve the Operator's recommended Mine Closure Plan, the Operator shall maintain operations in accordance with the Mine Suspension Plan as approved pursuant to §20, but at the expense of those Participants who voted against approval of the Mine Closure Plan.

22. CURING DEFAULT

22.1 **Cure.** Except for the provisions of this Agreement providing for elections to contribute and contributions to Programs, Mandatory Programs, Production Plans, Operating Plans, Mine Suspension Plans and Mine Closure Plans with which the Parties must strictly comply, and except as otherwise provided in this Agreement, if any Party (a “**Defaulting Party**”) is in breach or default of any requirement herein set forth, the other Party may give Notice to the Defaulting Party specifying the breach or default. The Defaulting Party shall not be considered to be in default under this Agreement if it promptly, and in any event within 30 days, after the giving of Notice of default by the other Party, the Defaulting Party has failed promptly to take reasonable steps to cure the breach or default by the appropriate performance. Upon any such failure the other Party shall be entitled to seek any remedy it may have on account of such default.

22.2 Failure to make Milestone Payments.

- (a) Subject to the right to cure set forth in §22.1 and to the reductions in payment provided under §4.2(b), in the event that Teck fails to make the payment required under §4.1(a)(ii) within 10 Business Days after the Production Decision Copper Fox may, in its sole discretion, by Notice delivered to Teck, immediately terminate this Agreement, and upon such termination this Agreement shall be of no further force or effect and Teck shall have no interest in the Property and Copper Fox shall have a 100% interest in the Property; provided, however, that Teck shall:
- (i) satisfy its obligations which arose at any time prior to the effective date of termination from its operations on or in respect of the Property, including its liability for Pre-Production Costs under §4.2(a)(i) and its pro rata share, in accordance with its Interest, of all other obligations and liabilities in accordance with §4.8;
 - (ii) leave the Property in good standing with respect to work commitments, the filing of assessment work and paying of rental fees and taxes for a period of 120 days from the date of termination, free and clear of all liens, charges and encumbrances arising from operations hereunder (except for taxes not yet due, other inchoate liens and liens contested in good faith by Teck) and in good standing with respect to all applicable environmental, safety and other statutory rules, regulations and orders arising from or applicable to Work done on the Property by Teck;
 - (iii) deliver to Copper Fox, within 90 days of termination, a comprehensive report on all Work carried out by Teck on the Property (limited to factual matters only), together with all drill cores, assay samples, copies of all maps, drill logs, assay results and other factual technical data compiled by Teck with respect to the Property which were not previously delivered to Copper Fox; and

- (iv) deliver a Notice of abandonment and release in favour of Copper Fox, of any interest in the Property in form and substance acceptable to Copper Fox, acting reasonably and the Parties shall as soon as practicable thereafter cause a transfer of the Property and all Assets to Copper Fox in consideration of the sum of \$1.00 payable by Copper Fox.
- (b) Subject to the right to cure set forth in §22.1 and to the reductions in payment provided under §4.2(b), in the event that Teck fails to make the payment required under §4.1(a)(iii) within 10 Business Days after the Completion Date, the amount payable under §4.1(a)(iii) shall be deemed to be the principal amount of a loan outstanding between Copper Fox, as creditor, and Teck as debtor, and Teck's obligation under §4.1(a)(iii), but not the resulting loan, shall be deemed satisfied. The loan will accrue interest at the Prime Rate plus 4% and shall be payable upon demand.

23. RESTRICTIONS ON ALIENATION

23.1 **Restrictions on Copper Fox Right to Alienate.** Except in accordance with this section and subject to Teck committing the whole of the Property (or any portion thereof) on Copper Fox's behalf as security for required financing pursuant to §14.3, Copper Fox shall not transfer, convey, assign, mortgage or grant an option in its Interest or its rights under this Agreement or any portion thereof.

23.2 Permissible Transfers by Copper Fox.

- (a) If Copper Fox wishes to transfer, convey, assign, mortgage or grant an option in its Interest, other than to an Affiliate, it may do so in the manner set out in §23.3.
- (b) If Copper Fox wishes to sell or dispose of its Interest to an Affiliate, it may do so, provided that Copper Fox shall transfer the entirety of its Interest and provide a guarantee to the other Parties, in form reasonably satisfactory to the Operator, guaranteeing the obligations of the Affiliate under this Agreement and provided, further, that the sale to the Affiliate shall be subject to the Affiliate entering into an agreement with the remaining Participants whereby it agrees to be bound by the provisions of this Agreement. Copper Fox shall prevent any entity to whom it has transferred an Interest pursuant to this §(b) to take or permit any action whereby that Affiliate will cease to be an Affiliate without first either causing the Affiliate to retransfer that Interest to Copper Fox or causing it to offer the Interest then held by it to the other Participants in the manner provided in §23.3.

23.3 **Right of First Offer.** Copper Fox will, prior to selling or disposing of all or any portion of its Interest, first offer to sell the Interest to Teck for cash consideration and upon such other terms and conditions as Copper Fox deems fit. Copper Fox may not transfer, convey, assign, mortgage or grant an option of an Interest unless a proportionate Interest in the Direct Interest, Indirect Interest, Property,

Assets and any Mine and this Agreement are to be transferred, conveyed, assigned, mortgaged or optioned together. Teck shall be entitled to elect, upon notice to Copper Fox, within 60 days of its offer, to purchase the Interest to be disposed of for price and on the terms set out in Copper Fox's offer, in which case the closing of the sale and purchase shall take place at a mutually agreeable time and place within 60 days of Teck's election to purchase. If, within 60 days of Copper Fox's offer to sell, Teck elects not to purchase the Interest for the price upon those terms and conditions Copper Fox will be free to dispose of that Interest to a third party at any time within six months of the expiry of the time for Teck to make an election but only for a cash consideration equal to or greater than the cash consideration stated in Copper Fox's offer to sell to Teck, and upon no more favourable terms and conditions as the offer to sell to Teck, provided, however, that the sale of the Interest to the third party shall be subject to the third party entering into an agreement with Teck whereby it agrees to be bound by the provisions of this Agreement (including, but not limited to, the restrictions on alienation that Copper Fox is subject to). Any Interest not disposed of by Teck as aforesaid will remain subject to the provisions of this subsection.

23.4 **Acquisition by Purchaser of Portion of Costs.** Upon Teck or a third party acquiring all or a portion of Copper Fox's Interest, Teck or the third party will be deemed to have acquired a corresponding portion of Copper Fox's Costs. The third party will be entitled to all the rights and benefits accruing, and be subject to the same duties and obligations attributable, to the Interest which it has purchased from Copper Fox, including, without limiting the generality of the foregoing, the right to participate in any further Programs, Mandatory Programs, Production Plans, Operating Plans, Mine Suspension Plans and Mine Closure Plans and the right to have its Interest increased or reduced in the same manner as Copper Fox in the event the third party does not participate in Programs, Mandatory Programs, Production Plans, Operating Plans, Mine Suspension Plans and Mine Closure Plans.

23.5 **Teck Right to Alienate.** Teck shall be entitled to transfer, convey, assign, mortgage or grant an option in its Interest and rights to this Agreement free of any preferential purchase rights in favour of Copper Fox. However, Teck shall not sell, assign or transfer its Interest to a third party unless the transferee delivers an agreement to Copper Fox whereby the third party agrees to be bound by the terms and conditions of this Agreement.

24. **AREA OF INTEREST; LIARD SHARES**

24.1 **Area of Interest.** During the term of this Agreement, there shall be an area of interest around the Property which will comprise those lands which wholly or in part are within the area lying within a distance of two kilometers from the external perimeter of the Original Property (which for greater certainty and without limitation, shall not include any portion of the Original Property that is dropped and subsequently acquired by the other Party pursuant to the terms and conditions of this Agreement) (the "**Area of Interest**"). If a Party or any of its

Affiliates, acquires or stakes or registers an interest in any surface or water rights or mineral property within the Area of Interest, it will offer to have those rights or property included in this Agreement; it being agreed that the Parties shall consult each other prior to making any acquisitions of lands or interests in land held by third parties within the Area of Interest. The other Party shall have 30 days to elect whether to accept that offer and, where appropriate, pay its share of the costs of acquisition; failing which election and payment, the acquiring Party may retain the rights or property or shares so acquired free of the terms of this Agreement. This Agreement shall not restrict the rights of either Party to acquire mineral rights or other property outside the Area of Interest.

24.2 **Liard Shares.** During the term of the Joint Venture formed hereunder, if a Party or any of its Affiliate acquires legal or beneficial interest in any Liard Shares, other than pursuant to a distribution referred to in §6.4(c), it will offer to have that legal or beneficial interest included in this Agreement. The other Party shall have 30 days to elect whether to accept that offer and, where appropriate, pay its share of the costs of acquisition; failing which election and payment, the acquiring Party may retain the interest in the Liard Shares so acquired free of the terms of this Agreement. This Agreement shall not restrict the rights of either Party to acquire shares or ownership interests in any publicly traded company that holds Liard Shares. From the date of this Agreement, the non-Operator shall not commence or conclude discussions, or enter into any agreement with any holder of Liard Shares (other than the Operator) regarding the acquisition or disposition of Liard Shares. If either Party is approached by a holder of Liard Shares regarding a transaction involving Liard Shares, that Party will inform the other Party and, if the approached Party is the non-Operator, will refer the holder to the Operator. The Operator will inform the non-Operator prior to the commencement of discussions with a holder of Liard Shares regarding the acquisition of those shares.

25. **RELATIONSHIP OF THE PARTIES**

25.1 **Tenants in Common.** The rights, duties, obligations and liabilities of the Parties shall be several and not joint nor joint and several, it being the express purpose and intention of the Parties that their respective Interests shall be held as tenants in common.

25.2 **No Partnership.** Nothing herein contained shall be construed as creating a partnership of any kind or as imposing upon any Party any partnership duty, obligation or liability to any other Party hereto.

25.3 **No Holding Out.** No Party shall, except when required by this Agreement or by any law, by-law, ordinance, rule, order or regulation, use, suffer or permit to be used, directly or indirectly, the name of any other Party for any purpose related to the Interest.

26. PARTITION

26.1 **Waiver of Right to Partition.** Each of the Parties waives, during the term of this Agreement, any right to partition of the Property or the Assets or any part thereof and no Party shall seek or be entitled to partition of the Property or the Assets whether by way of physical partition, judicial sale or otherwise during the term of this Agreement.

27. WITHDRAWAL OR SURRENDER OF INTEREST

27.1 **Notice of Surrender.** Any Party may, at any time upon Notice, withdraw from the Joint Venture formed under this Agreement or surrender its entire Interest to the other Party by giving the other Party Notice of withdrawal, which shall indicate an effective date for withdrawal or surrender not less than three months after the date on which the Notice is given and contain an undertaking that the surrendering Party will:

- (a) satisfy its proportionate share, based on its then Interest, of all obligations and liabilities which arose at any time prior to the date of withdrawal or surrender;
- (b) at the surrendering Party's sole cost and expense, transfer to the remaining Party its Interest in consideration of the sum of \$1.00 payable by the remaining Party and must, to the extent it is reasonably able, on the effective date of withdrawal or surrender as specified in the Notice, execute and deliver to the remaining Party all appropriate documentation necessary to effect the transfer of the Interest;
- (c) pay, or make provision by way of bond or irrevocable documentary credit or some other security acceptable to the remaining Participants for payment of its proportionate share, based on its then Interest, of the estimated Costs of rehabilitating the Mine site and of reclamation as if Work had terminated permanently as at the effective date of withdrawal or surrender; and
- (d) hold in confidence, for a period of two years from the effective date of withdrawal or surrender, all information and data which it acquired pursuant to this Agreement.

27.2 **Release.** Upon withdrawal or surrender of its entire Interest as contemplated in §27.1 and upon delivery of a release in writing, in form acceptable to counsel for the other Party, releasing the other Parties from all claims and demands hereunder, the withdrawing or surrendering Party shall be relieved as to the other Parties of all obligations or liabilities with respect to the Interest which it has withdrawn or surrendered except for those which arose or accrued or were accruing due on or before the date of the withdrawal or surrender. For the sake of clarity, a withdrawal or surrender shall not relieve the Operator from its obligations under §9.8.

27.3 **Joining In.** A Party to whom a Notice has been given as contemplated in §27.1 may elect, by Notice within 90 days to the Party which first gave the Notice, to accept the withdrawal or surrender, in which case in §27.1 and 27.2 shall apply, or to join in the withdrawal or surrender. If all of the Parties join in the withdrawal or surrender, the Joint Venture shall be terminated in accordance with §31.1 and the Mine shall be closed in accordance with §21.2 or Mine operations shall be suspended in accordance with §21.3, as the case may be.

28. **FORCE MAJEURE**

28.1 **Prevented or Delayed Performance.** A Party may claim force majeure if such Party is prevented from or delayed in performing any obligation under this Agreement by any cause beyond its reasonable control, excluding only lack of finances, but including, without limitation, acts of God, strikes, lockouts, or other industrial disputes, laws, rules and regulations or orders of any duly constituted court or governmental authority, acts of terrorism, acts of the public enemy, war, insurrection, riots, fire, storm, flood, unusually harsh weather causing delay, explosion, government restriction, failure to obtain any approvals required from regulatory authorities or unavailability of equipment, materials or transport (provided the approvals were properly applied for and pursued in good faith and on a timely basis or the equipment, materials or transport were sought in a timely way) any delay by a regulatory authority in renewing a tenure to the Property or, where a Party is entitled thereto, to a higher form of tenure being issued (provided applications therefor were made reasonably in advance of the tenure due date and pursued in good faith), interference by third party interests groups (including environmental lobbyists and indigenous peoples' groups) or other causes whether of the kind enumerated above or otherwise, then the time for the performance of that obligation shall be extended for a period equivalent to the total period the cause of the prevention or delay persists regardless of the length of such total period.

28.2 **Social and Political Unrest.** A Party may also claim force majeure, if such Party, acting reasonably, believes that social or political unrest in the region of the Property or the threat of that unrest will endanger the safety of its employees or the employees of its contractors if the Party were to continue with the Work Program unless such social or political unrest is caused by action or inaction by that Party.

28.3 **Notice and Mitigation.** The Party that claims force majeure shall promptly give Notice to the other Party and shall take all reasonable steps to remove or remedy the cause of the prevention or delay insofar as it is reasonably able to do so and as soon as possible. The Party claiming force majeure will provide the other Party with a regular written report summarizing events that have occurred and prospects for resolution and will update the other Party on request by the other Party and will provide prompt Notice to the other Parties upon the termination of the event or events of force majeure.

29. CONFIDENTIALITY AND DISCLOSURE

29.1 **Confidentiality of Information.** Each Party agrees that all information obtained hereunder (whether in electronic or tangible form) shall be the exclusive property of the Parties and shall not be publicly disclosed or used other than for the activities contemplated hereunder, except as required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction or in connection with the filing of an annual information form, prospectus or similar document, or financing activities of a Party, or with the written consent of the other Party, such consent not to be unreasonably withheld, provided that the provisions of this section do not apply to information which is or becomes part of the public domain other than through a breach of the terms hereof.

29.2 **Proposed Disclosure.** A Party (or its Affiliates) proposing:

- (a) a press release; or
- (b) other written public disclosure, to the extent that such public disclosure contains material information not previously publicly disclosed;

relating to the Joint Venture, including the terms of this Agreement, the Work, or the activities of the Parties or their Affiliates with respect thereto, shall provide a copy to the other Party for its information and comments using its commercially reasonable efforts to ensure it is provided at least three Business Days, prior to release. Any comments that the receiving Party may make shall not be considered certification by the other Party of the accuracy of the information in such release, or a confirmation by it that the content of such release complies with the rules, policies, by-laws and disclosure standards of the applicable regulatory authorities or stock exchanges. If the receiving Party fails to provide comments within said time period the providing Party may, subject to §29.3, make the proposed release.

29.3 **Naming.** Each Party shall obtain prior approval of the other Party before issuing any press release, other public disclosure or public statement using the other Party's name, the name of any of the officers, directors or employees of the other Party, or the name of any of its affiliates. The foregoing prohibition shall not apply if disclosure of the other Party's name is, in the opinion of counsel to a Party, required by applicable public disclosure requirements however in such a case the Party wishing to make the disclosure must provide a copy to the other Party for its information and comments using all commercially reasonable to ensure the other Party is provided at least three Business Days prior to release. However, such approval shall not be considered certification by the other Party of the accuracy of the information in such release, or a confirmation by it that the content of such release complies with the rules, policies, by-laws and disclosure standards of the applicable regulatory authorities or stock exchanges.

29.4 **Timely Disclosure.** For greater certainty and notwithstanding the foregoing, the Parties acknowledge and agree that the provisions of §29.2 shall not operate so as to prevent either Party from complying with its timely disclosure obligations

under applicable law and regulations or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction.

30. **NOTICES**

30.1 Any notice ("**Notice**"), consent, direction or other instrument given hereunder shall be in writing and will, if delivered, be deemed to have been given and received on the Business Day following the day it was delivered and, if sent by facsimile prior to 5:00 p.m. local time (of the place of receipt), be deemed to have been given or received on the Business Day following the day it was so sent, or in the case of facsimile sent outside normal business hours, on the next following Business Day. Any Notice to be given under this Agreement will be addressed as follows:

If to **Teck**:

Teck Resources Limited
3300 - 550 Burrard Street
Vancouver, BC
Canada
V6C 0B3
Attention: Corporate Secretary
Fax: (604) 699-4729

If to **Copper Fox** at:

Copper Fox Metals Inc.
650, 340 – 12th Avenue S.W.
Calgary, Alberta
T2R 1L5
Attention: Elmer Stewart, President
and C.E.O.
Fax: (403) 264-2920

Any Party may at any time give to the other Notice of any change of address of the Party giving such Notice and from and after the giving of such Notice, the address or addresses therein specified will be deemed to be the address of such Party for the purposes of giving Notice hereunder.

31. **TERM**

31.1 **Termination.** This Agreement shall terminate upon the occurrence of the earliest of:

- (a) except with respect to the Conversion Royalty received by a Party under this Agreement, one Party acquiring 100% Interest;
- (b) termination by Copper Fox pursuant to §22.2(a);
- (c) the withdrawal or surrender of all Parties pursuant to §27;
- (d) the Property being completely decommissioned and abandoned and all obligations and liabilities of the Joint Venture having been satisfied; provided that all reclamation associated with permanent shut-down on the Property has been carried out as required by applicable laws and regulations and all remaining amounts having been distributed; or
- (e) sale or other disposition of the Property and Assets following the written agreement by the Parties to wind down and terminate the Joint Venture.

- 31.2 **Rule Against Perpetuities.** If any right, power or interest of any Party in any property under this Agreement would violate the rule against perpetuities, then such right, power, or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of execution of this Agreement.
- 31.3 **Unsatisfied Obligations.** Termination shall not affect any amount owing, obligation or liability existing or incurred prior to the date of such termination, nor any obligation of any Party to maintain security under §5.
- 31.4 **Preservation of Books and Records After Termination.** Prior to the distribution of the Mine, Property and assets or the net revenues received on the disposal thereof on termination of this Agreement, the Management Committee shall meet on call by the Operator to approve a procedure for the retention, maintenance and disposal of the Joint Venture books and records (the "Documents") and appoint such Party as may consent thereto to ensure that all proper steps are taken to implement and maintain that procedure. If a quorum is not present at the meeting or if the Management Committee fails to approve a procedure as aforesaid, the Operator shall retain, maintain and dispose of the Documents according to such procedure, in compliance with all applicable laws, as the Operator deems fit for a term no less than the period within which a Party may be subject to audit under the *Income Tax Act* (Canada) in respect of Costs expended by the Operator pursuant to this Agreement. The Party entrusted with the retention, maintenance and disposal of the Documents shall estimate the costs and expenses incidental thereto and shall be entitled to receive payment of those costs and expenses prior to any distribution being made of the Mine, Property and Assets or the net revenues received on the disposal thereof.

32. **GOVERNING LAW**

- 32.1 **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the Parties agree to attorn to the jurisdiction of the courts of the Province of British Columbia on any legal proceedings related to this Agreement.

33. **TAXATION**

- 33.1 **Tax Benefits.** All Costs incurred hereunder shall be for the account of the Party or Parties making or incurring the same and each Party on whose behalf any Costs have been incurred shall be entitled to claim all tax benefits, write-offs and deductions with respect thereto. Copper Fox agrees that it will not claim tax benefits, tax write-offs and deductions with respect to Pre-Production Costs paid by Teck under §4.2(a)(i).
- 33.2 **GST Election.** The Parties shall elect under section 273 of the *Excise Tax Act* to designate the Operator as the operator for purposes of that section so that the

Operator may account for GST jointly on behalf of all the Parties in connection with the Joint Venture.

33.3 **Payments between Parties.** The Parties agree that any payments between them under this Agreement are exclusive of any applicable tax under Part IX of the *Excise Tax Act* and that any such tax applicable to a payment between them shall be charged on top of the payment.

34. **INSURANCE**

34.1 **Joint Venture Insurance.** Promptly following the date of this Agreement, the Management Committee may cause the Operator to place and maintain with a reputable insurer or insurers insurance, if any, as the Management Committee in its discretion deems advisable in order to protect the Participants together with such other insurance as any Participant may by notice reasonably request. The Operator shall, upon the written request of any Participant, provide it with evidence of that insurance.

34.2 **Party's Independent Insurance.** §34.1 shall not preclude any Party from placing, for its own account, insurance for greater or other coverage as that placed by the Operator.

35. **GENERAL**

35.1 **Intellectual Property.** All inventions conceived during the subsistence of this Agreement in the course of Work by personnel of a Party shall be the property of that Party, who shall take the steps necessary for assignment of such inventions to it by its employees. Each party hereby grants to each Participant, while it remains a Participant, for use by the latter and their Affiliates in their own wholly-owned operations a non-exclusive royalty-free license in Canada and elsewhere under any patents which issue on inventions defined in the first sentence of this subsection, which licence shall survive the termination of this Agreement. It is understood that any license granted does not entitle the holder to sell or sublicense any relevant Intellectual Property.

35.2 **Further Acts.** Each of the Parties shall do all such further acts and execute and deliver such further deeds and documents as shall be reasonably required in order fully to perform the terms of this Agreement.

35.3 **Amendments.** No amendment or modification of this Agreement shall be valid unless made in writing and duly executed by the Parties.

35.4 **No Waiver.** The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Party's right thereafter to enforce any provision or exercise any right.

- 35.5 **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall be ineffective in such jurisdiction only to the extent of such prohibition or unenforceability without affecting the remaining provisions of this Agreement.
- 35.6 **Number and Gender.** This Agreement shall be read with such changes in gender or number as the context shall require.
- 35.7 **Headings.** The captions in this Agreement have been provided for ease of reference and shall be disregarded in interpreting this Agreement.
- 35.8 **References.** Unless otherwise stated, a reference to a Schedule means a Schedule of this Agreement and the symbol “§” followed by a number or some combination of numbers and letters refers to the provision of this Agreement so designated and the symbol “§” followed by a letter within a provision refers to a clause within such provision. A reference to “this Agreement”, “hereof”, “hereunder”, “herein” or words of similar meaning, means this agreement including the schedules hereto, together with any amendments thereof.
- 35.9 **Further Assurances.** Each of the Parties hereto shall execute and deliver, at the reasonable request of the other Party hereto, such additional documents, instruments, conveyances and assurances and take such further actions as such other party may reasonably request to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.
- 35.10 **Entire Agreement.** This Agreement, the Ancillary Agreement and the agreements referred to in this Agreement, as they relate to the Property, comprise the entire agreement between the Parties relating to the Property and Assets and supersedes all previous negotiations and communications related to the terms set out in this Agreement, including without limitation the 2002 Agreement.
- 35.11 **Counterparts.** This Agreement may be executed in counterparts and delivered electronically, each of which when so executed shall be deemed an original, and such counterparts shall together constitute but one and the same instrument.

[Signatures appear on the following page]


IN WITNESS WHEREOF the Parties hereto have duly entered into this Agreement as of the day and year first above written.

TECK RESOURCES LIMITED

COPPER FOX METALS INC.

By: 
Name: **PETER ROZEE**
Title: **SENIOR VICE PRESIDENT,
COMMERCIAL & LEGAL AFFAIRS**

By: _____
Name:
Title:

By: 
Name: **KAREN L. DUNFEE**
Title: **CORPORATE SECRETARY**

IN WITNESS WHEREOF the Parties hereto have duly entered into this Agreement as of the day and year first above written.

TECK RESOURCES LIMITED

COPPER FOX METALS INC.

By: _____
Name:
Title:

By: *Elmer B Stewart*
Name: *ELMER B. STEWART*
Title: *PRESIDENT*

By: _____
Name:
Title:

This is **Schedule A** to the Agreement between
TECK RESOURCES LIMITED and COPPER FOX METALS INC.
dated July 15, 2013

DEFINITIONS

In this Agreement, the following words and phrases have the following meanings:

- (a) “**2002 Agreement**” has the meaning given in Recital A;
- (b) “**Accounting Procedure**” means the accounting procedures set out in Schedule B to this Agreement, as such accounting procedures may be amended or replaced by the Management Committee from time to time.
- (c) “**Affiliate**” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with, such Person.
- (d) “**Agreement**” means the agreement between Teck and Copper Fox to which this schedule is attached.
- (e) “**Ancillary Agreement**” means the agreement between Teck and Copper Fox dated the date hereof pursuant to which Teck agreed to make certain payments to Copper Fox.
- (f) “**Area of Interest**” has the meaning given in §24.1.
- (g) “**Assets**” means all tangible and intangible goods, chattels, improvements or other items including, without limiting generality, land, buildings, equipment, the JV Liard Shares, the Transferred Contracts, but excluding the Property, acquired for or made to the Property under this Agreement or in connection with the 2002 Agreement or in connection with the Joint Venture.
- (h) “**Business Day**” means any day other than a day that is a Saturday, Sunday or a statutory holiday in British Columbia.
- (i) “**Capital Costs**” has the meaning given in §3.01(b)(i) of Schedule F.
- (j) “**Claim**” has the meaning given in §3.4.
- (k) “**Completion Date**” means the date on which the Management Committee determines that the project of preparing and equipping a Mine for commercial production is complete.
- (l) “**Contesting Party**” has the meaning given in §17.1.

- (m) “**Control**” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlled” has a meaning correlative thereto.
- (n) “**Conversion Royalty**” has the meaning given in §7.1.
- (o) “**Copper Fox Non-JV Liard Shares**” has the meaning given in §6.4(b).
- (p) “**Costs**” means all costs, liabilities incurred, expenses, charges and outlays, direct and indirect, made or incurred by the Operator on or in respect of Work after the date of this Agreement, including without limiting generality, all on-site costs, any payments to holders of surface rights, and taxes (but excluding taxes which are recoverable such as GST).
- (q) “**Defaulting Party**” has the meaning given in §22.1.
- (r) “**Direct Holding**” has the meaning given in Recital C.
- (s) “**Documents**” has the meaning given in §31.4
- (t) “**Early Works Costs**” means Costs incurred prior to a Production Decision for major equipment or infrastructure acquisitions or construction that would typically be made in conjunction with or following a Production Decision, including, but not limited to, construction of permanent roads suitable for Mine Operations; construction of transportation for shipping of Product, equipment and materials related to construction of milling facilities and construction of facilities for use primarily in operating a Mine.
- (u) “**Feasibility Study**” means a National Instrument 43-101 technical report prepared pursuant to this Agreement that shows the feasibility of placing the Property or part thereof into commercial production. Any Feasibility Study prepared pursuant to this Agreement shall contain the geological, engineering, operating, economic and other factors that the Operator considers relevant, in sufficient detail to provide a comprehensive analysis of the economic and technical viability of constructing and operating a mine on the Property. The Feasibility Study shall examine the following matters: ore reserves; mining methods; metallurgy and processing (including metal recovery); environment, tailings and waste disposal; capital and operating cost estimates; manpower, social and community affairs; transportation methods and costs; marketing; project financing alternatives; a sensitivity analysis; such other matters as the Operator considers appropriate. The Feasibility Study shall include at least the following information:
- (i) a description of that part of the Property to be covered by the proposed mine;

- (ii) the estimated recoverable reserves of minerals and the estimated composition and content thereof;
 - (iii) the proposed procedure for development, mining and production;
 - (iv) results of ore amenability tests;
 - (v) the nature and extent of the facilities proposed to be acquired which may include mill facilities, if the size, extent and location of the ore body makes such mill facilities feasible, in which event the study shall also include a preliminary design for such mill;
 - (vi) the total costs, including capital budget, which are reasonably required to purchase, construct and install all structures, machinery and equipment required for the proposed mine, including a schedule of timing of such requirements;
 - (vii) all environmental impact studies and costs;
 - (viii) the period in which it is proposed the Property shall be brought to commercial production;
 - (ix) such other data and information as are reasonably necessary to substantiate the existence of an ore deposit of sufficient size and grade to justify development of a mine, taking into account relevant business, tax and other economic considerations; and
 - (x) working capital requirements for the initial four months of operation of the Property as a mine or such longer period as may be reasonably justified in the circumstances.
- (v) **“head office functions”** has the meaning given in §9.11.
 - (w) **“Holdco”** has the meaning given in §9.10.
 - (x) **“IFRS”** means International Financial Reporting Standards adopted by International Accounting Standards Board from time to time.
 - (y) **“Indemnified Party”** has the meaning given in §3.4.
 - (z) **“Indemnifying Party”** has the meaning given in §3.4.
 - (aa) **“Indirect Holding”** has the meaning given in Recital C.
 - (bb) **“Intellectual Property”** means proprietary designs, drawings, specifications, plans, computer software, inventions, whether or not patented or patentable, know-how and other similar intellectual property.
 - (cc) **“Interest”** means an undivided beneficial interest in the Property, the Assets and any Mine.
 - (dd) **“Joint Venture”** has the meaning given in §4.3

- (ee) “**JV Liard Shares**” has the meaning given in §6.4(c).
- (ff) “**Liabilities**” means collectively claims, causes of action, liabilities, obligations, losses, damages, penalties, fines, settlements, costs or expenses of any nature whatsoever, including without limitation reasonable attorneys’ fees and disbursements
- (gg) “**Liard**” has the meaning given in Recital C.
- (hh) “**Liard Share**” has the meaning given in §6.4.
- (ii) “**Lienholder**” has the meaning given in §16.3.
- (jj) “**Management Committee**” has the meaning given in §8.1.
- (kk) “**Mandatory Program**” has the meaning given in §12.
- (ll) “**Maximum Royalty**” has the meaning given in §7.2
- (mm) “**Mine**” means the workings established and assets acquired in order to bring the Property or a portion thereof into commercial production, including, without limiting generality, development headings, plant and concentrator installations and all infrastructure, plant, housing, airport, roads and other facilities.
- (nn) “**Mine Closure Plan**” has the meaning given in §21.1.
- (oo) “**Mine Suspension Plan**” has the meaning given in §20.1.
- (pp) “**Non-Contributor**” has the meaning given in §10.3.
- (qq) “**Notice**” has the meaning given in §30.1.
- (rr) “**Operating Plans**” has the meaning given in §15.2.
- (ss) “**Operating Year**” has the meaning given in §15.4.
- (tt) “**Operator**” has the meaning given in §9.
- (uu) “**Operator’s fee**” has the meaning given in §9.11.
- (vv) “**Original Property**” means the “Property” as defined in the 2002 Agreement, as it existed on the date of the 2002 Agreement, but excluding therefrom any claims or other mineral properties that were abandoned subsequent to the date of the 2002 Agreement
- (ww) “**Participant**” means a Party that is contributing to Costs.

(xx) "**Party**" or "**Parties**" means the parties to this Agreement and their respective successors and permitted assigns which become parties pursuant to this Agreement.

(yy) "**Person**" means any individual, corporation, undertaking, partnership, trustee, trust or unincorporated association, joint venture, syndicate, sole proprietorship, executor, administrator, or other legal representatives, regulatory body, or agency, government, governmental agency, authority or entity, however designated or constituted.

(zz) "**Plans**" means a Work plan and budget of Work to be carried out following a Production Decision contemplated in §14 and include Production Plans, Operating Plans, Mine Suspension Plans and Mine Closure Plans.

(aaa) "**Pre-Production Costs**" means all Costs incurred prior to a Production Decision other than Early Works Costs. Payments made to Stewart Bulk Terminals Ltd. from the date of this Agreement pursuant to the land reservation agreement made as of October 11, 2011 between Stewart Bulk Terminals Ltd. and Copper Fox are included in "**Pre-Production Costs**".

(bbb) "**Prime Rate**" means the weighted average of the rates of interest for the period of calculation as stated by the Bank of Montreal, Main Office, Vancouver, British Columbia, as being charged by it on Canadian Dollar demand loans to its most creditworthy domestic commercial customers.

(ccc) "**Production Decision**" has the meaning given in §14.2.

(ddd) "**Production Plan**" has the meaning given in §14.1.

(eee) "**Products**" means ores, concentrates and minerals mined from the Property, or solutions, concentrates or cathodes retrieved through leaching or solution mining or solution extraction/electrowinning or other processing of mineralized material mined from the Property.

(fff) "**Program**" means a Work plan and budget estimate of Work to be carried out prior to the approval of a Production Plan.

(ggg) "**Property**" has the meaning given in § Recital B.

(hhh) "**Simple Majority**" means a decision made by a majority in excess of 50% of the votes entitled to be cast.

(iii) "**Survival Period**" has the meaning given in §3.1(a).

(jii) "**Teck**" has the meaning given in § the introduction.

(kkk) "**Teck JV Liard Shares**" has the meaning given in §6.4(a).

(III) “**Underlying Agreements**” means the agreements listed in Schedule D.

(mmm) “**Work**” means every kind of work done on or in respect of the Property or Mine by the Operator under the direction of the Management Committee or pursuant to approved Programs and Plans, or deemed approved Mandatory Programs or to protect life, limb, property or environment, including, without limiting generality, investigating, prospecting, mapping, exploring, geochemical surveys, geophysical surveys, assaying, trenching, drilling, geochemical analyses, developing, property maintenance, reporting, preparing reports, estimates and studies, permitting, designing, equipping, improving, surveying, mine construction and mining, milling, concentrating, rehabilitation, reclamation and environmental protection.

(nnn) “**\$**” means Canadian Dollars.

This is **Schedule B** to the Agreement between
TECK RESOURCES LIMITED and **COPPER FOX METALS INC.**
dated July 15, 2013

ACCOUNTING PROCEDURE

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1. INTERPRETATION

1.2 *Definitions*

In this Appendix the following words, phrases and expressions shall have the following meanings:

(a) “**Agreement**” means the Agreement to which this Accounting Procedure is attached as Schedule B.

(b) “**Count**” means a physical inventory count.

(c) “**Employees**” means those employees of the Operator who are assigned to and directly engaged in the conduct of Work, whether on a full-time or part-time basis, but excludes officers of the Operator and personnel who are employed in the Operator’s head office functions.

(d) “**Employee Benefits**” means the Operator’s cost of holiday, vacation, sickness, disability benefits, field bonuses, paid to and the Operator’s cost of established plans for employee’s group life insurance, hospitalization, pension, retirement and other customary plans maintained for the benefit of Employees, which costs may be charged as a percentage assessment on the salaries and wages of Employees, on a basis consistent with the Operator’s cost experience.

(e) **“Government Contributions”** means the costs or contributions made by the Operator pursuant to assessments imposed by governmental authority which are applicable to the salaries or wages of Employees.

(f) **“Joint Account”** means the books of account maintained by the Operator to record all costs, expenses, credits and other transactions arising out of or in connection with the Work.

(g) **“Material”** means the personal property, equipment and supplies acquired or held, at the direction or with the approval of the Management Committee, for use in the Work, the cost of which was included in Costs under the Agreement.

(h) **“Minesite”** means that portion of the Property on which the Mine is or is to be established.

(i) **“Minesite Offices”** means the office maintained at the Minesite together with any sub-office or sub-offices near the Minesite to the extent the latter are deemed necessary and approved by the Management Committee.

(j) **“Reasonable Expenses”** means the reasonable expenses of Employees for which those Employees may be reimbursed under the Operator’s usual expense account practice; including, without limiting generality, any relocation expenses necessarily incurred in order to properly staff the Work if the relocation is approved by the Management Committee.

2. **RECONCILIATIONS**

2.1 The Operator shall from time to time, and in any event not less than quarterly when material contributions are made, deliver to each of the Participants a statement indicating all charges and credits to the Joint Account summarized by appropriate classifications indicative of the nature of the charges and credits and a reconciliation of transactions in the relevant bank account and of those transactions to funds advanced by the Participants to the relevant bank account.

The Operator shall deliver a final statement on completion of each Program or Plan reconciling the Costs expended against the budget approved therefor and the transactions in the account.

2.2 The Operator shall, upon request by a Participant, provide it the information that the Participant may reasonably request in order for it to make its tax filings in Canada or in order for it to satisfy its reporting obligations under relevant securities laws.

3. **DIRECT CHARGES**

3.1 Subject to §4 of this Schedule B, the Operator shall charge the Joint Account with the following items expended in respect of Work approved or deemed to

have been approved under Programs or Plans contemplated in the Agreement:

- (a) **Contractor's Charges:**
All proper costs relative to the Work incurred under contracts entered into by the Operator with third parties.
- (b) **Labour Charges:**
 - (i) The salaries and wages of Employees in an amount calculated by taking the full monthly salary or wage of each Employee multiplied by that fraction which has as its numerator the total time for the month that the Employees were directly engaged in the conduct of Work and as its denominator the total normal working time for the month of the Employee, which time shall not be less than that used in the numerator;
 - (ii) the Reasonable Expenses of the Employees; and
 - (iii) Employee Benefits and Government Contributions in respect of the Employees in an amount proportionate to the charge made to the Joint Account in respect to their salaries and wages.
- (c) **Office Maintenance:**
The cost of maintaining and operating the Minesite Office. The cost of head office functions are to be charged as contemplated in §9.11 of the Agreement; provided that if professional, administrative, clerical or other personnel of the Operator such as, but without limiting generality, geologists, geophysicists, engineers, shall be considered to be Employees and not be considered to be head office functions even though they may be located at the Operator's head office. To the extent those personnel are required to provide a significant amount of their time in furtherance of Work, and the provision of their services has been identified in a budget and approved by the Management Committee as part of a Program or Plan, the labour charges and a pro rata share of the office maintenance costs associated with those personnel may be charged to the Joint Account on the same basis as Employees.
- (d) **Material:**
Material purchased or furnished by the Operator for use in connection with Work as provided under §4 of this Schedule B.
- (e) **Transportation Charges:**
The cost of transporting Employees and Material necessary for the Work.
- (f) **Service Charges:**
 - (i) The cost of services and utilities procured from outside sources other than services covered by paragraph 3.1(i) of this Schedule B. The costs of consultant services shall not be charged to the Joint Account unless the retaining of the consultant is contemplated in a

Program or Plan or is approved, in advance or after being retained, by the Management Committee; and

- (ii) The use and service of equipment and facilities furnished by the Operator as provided in §4.5 of this Schedule B.

(g) ***Damages and Losses to Joint Property:***

All costs necessary for the repair or replacement of the Mine or Assets made necessary because of damages or losses incurred by fire, flood, storm, theft, accident or other cause. The Operator shall furnish each Participant with written particulars of the damages or losses incurred as soon as practicable after the damage or loss has been discovered. The proceeds, if any received on claims against any policies of insurance placed pursuant to the Agreement in respect of those damages or losses shall be credited to the Joint Account.

(h) ***Legal Expense:***

All costs of handling, investigating and settling litigation relating to the Assets, Mine or Property, or recovering the Assets, including, without limiting generality, attorney's fees, court costs, costs of investigation or procuring evidence and amounts paid in settlement or satisfaction of any litigation or claims; provided, however, that, unless otherwise approved in advance by the Management Committee, no charge shall be made for the services of the Operator's legal staff or the fees and expenses of outside solicitors.

(i) ***Taxes:***

All taxes, duties or assessments of every kind and nature (except income taxes) assessed or levied upon or in connection with the Assets, Mine or Property, the Work thereon, or the production therefrom, which have been paid by the Operator for the benefit of the parties.

(j) ***Insurance:***

Net premiums paid for

- (i) such policies of insurance on or in connection with the Work as may be required to be carried by law; and
- (ii) such other policies of insurance as the Operator may carry for the protection of the parties under the Agreement; and
- (iii) the applicable deductibles in event of an insured loss.

(k) ***Rentals:***

Fees, rentals and other similar charges required to be paid for acquiring, recording and maintaining title to the Property, Mine and Assets and, to the extent payable by the Operator, rentals and royalties which are paid as a consequence of the Work.

- (l) **Community Relations:**
Costs incurred for the purposes of local community consultation or engagement and relationship development including non-statutorily required payments to local community governments, or community organizations associated with the project such as funding for community engagement, negotiation of agreements with local governments or community organizations, and payments made pursuant to community agreements.
- (m) **Permits:**
Permit costs, fees and other similar charges which are assessed by various governmental agencies in connection with Work.
- (n) **Other Expenditures:**
Such other costs and expenses which are not covered or dealt with in the foregoing provisions of this §3.1 of this Schedule B as are incurred with the approval of the Management Committee for the necessary and proper conduct of the Work or as may be contemplated in the Agreement.

4. PURCHASE OF MATERIAL

- 4.1 Subject to §4.4 of this Schedule B the Operator shall purchase all Materials and procure all services required in the Work.
- 4.2 Materials purchased and services procured by the Operator directly for the Work shall be charged to the Joint Account at the price paid by the Operator less all discounts actually received.
- 4.3 So far as it is reasonably practical and consistent with efficient and economical operations, the Operator shall purchase, furnish or otherwise acquire only such Material and Assets as may be required for immediate use or as a spare where Good Practices so require. The Operator shall attempt to minimize the accumulation of surplus stocks of Material.
- 4.4 Any Participant may sell Material or services required in the Work to the Operator for such price and upon such terms and conditions as the Management Committee may approve; provided that any Material or services provided by an Affiliate of the Operator are to be on terms which the Operator, in good faith, believes to be competitive with terms available from arm's length third parties being Material or services of like quality and quantity available for provision to the Property.
- 4.5 Notwithstanding the foregoing provisions of this §4, the Operator shall be entitled to supply for use in connection with the Work equipment and facilities which are owned by the Operator and to charge the Joint Account with such reasonable Costs as the Management Committee considers or approves is commensurate

with the ownership and use thereof.

5. DISPOSAL OF MATERIAL

- 5.1 The Operator, with the approval of the Management Committee, may sell any Material which has become surplus to the foreseeable needs of the Work for the best price and upon the most favourable terms and conditions available.
- 5.2 Any Participant or its Affiliates may purchase from the Operator any Material which may become surplus to the foreseeable needs of the Work for such price and upon such terms and conditions as the Management Committee may approve.
- 5.3 In conjunction with the termination of the Agreement, the Management Committee may approve the division of any Material held by the Operator at that date may be made between the Participants in kind or be taken by a Participant in lieu of a portion of its proportionate share of the net revenues received from the disposal of the Assets, Mine and Property. If the division to a Participant be in lieu, it shall be for such price and on such terms and conditions as the Management Committee may approve and that Participant agree to, that Participant not being entitled to vote on the Management Committee resolution approving that division.
- 5.4 The net revenues received from the sale of any Material to third parties or to a Participant shall be credited to the Joint Account.

6. APPOINTMENT OF AUDITOR

- 6.1 Unless waived by all the Participants in respect of a particular fiscal year of the Joint Venture, the Management Committee shall appoint an auditor to provide, at the expense of the Joint Venture, annual audited statements of the Joint Venture to the Participants. Except as hereinafter provided, that auditor shall be a well-recognized national auditing firm, which may be an auditor of one or more of the Participants, which has expertise in auditing operating mines in Canada and has offices and staff that can accommodate the management of the audit.
- 6.2 A Participant shall be entitled, upon Notice to the Operator and the other Participants within 60 days after the end of an Operating Year, to request that an independent external auditor other than the auditor appointed by the Management Committee provide the Participants with their opinion that any statement or invoice delivered pursuant to the Agreement in respect of that Operating Year has been prepared in accordance with this Agreement. All statements or invoices presented to each Participant by the Operator during any Operating Year shall conclusively be presumed to be true and correct upon the expiration of 12 months following the end of the Operating Year to which the invoice or statement relates. The cost of the auditor's opinion referred to in this

§6.2 of this Schedule B shall be solely for the account of the Participant requesting the auditor's opinion, unless the audit discloses an error which is in excess of the greater of (x) 1% and (y) \$100,000, and adverse to that Participant, in which case the cost shall be solely for the account of the Operator. Any adjustments resulting from the auditor's opinion shall be settled within 14 days of receipt of the opinion.

7. INVENTORIES

- 7.1 The Operator shall maintain records of Material in reasonable detail.
- 7.2 The Operator shall forthwith after any material inventory counts have been performed reconcile the inventory with the Joint Account and provide each Participant with a statement listing the overages and shortages. The Operator shall not be held accountable for any shortages of inventory except such shortages as may have arisen due to a lack of diligence on the part of the Operator.

8. CONFLICT

- 8.1 If there is a conflict between this schedule and a provision in the Agreement, the Agreement shall prevail.

9. UPDATE

- 9.1 The Management Committee shall from time to time consider whether updates to this schedule are necessary, including following the Completion Date.

**This is SCHEDULE C to the Agreement between
TECK RESOURCES LIMITED and COPPER FOX METALS INC.
dated July 15, 2013**

PROPERTY DESCRIPTION

The Property consists of the following:

Code	Name	Grant Date	Expiry Date	Official Area Value	Official Area Unit
514595	CL 514595	06/16/2005	10/30/2018	1653.042	Ha
514596	CL 514596	06/16/2005	10/30/2018	1550.962	Ha
514598	CL 514598	06/16/2005	10/30/2018	1412.623	Ha
514603	CL 514603	06/16/2005	10/30/2018	1291.057	Ha
514637	CL 514637	06/17/2005	10/30/2018	1256.712	Ha
514721	CL 514721	06/17/2005	10/30/2018	1169.948	Ha
514723	CL 514723	06/17/2005	10/30/2018	139.745	Ha
514724	CL 514724	06/17/2005	10/30/2018	471.387	Ha
514725	CL 514725	06/17/2005	10/30/2018	313.607	Ha
514728	CL 514728	06/17/2005	10/30/2018	435.569	Ha
515035	CL 515035	06/22/2005	10/30/2018	383.005	Ha
515036	CL 515036	06/22/2005	10/30/2018	191.645	Ha
548487	Block B1	01/02/2007	01/15/2018	434.782	Ha
548488	Block B2	01/02/2007	01/15/2018	434.989	Ha
548489	Block B3	01/02/2007	01/15/2018	365.568	Ha
548490	Block B4	01/02/2007	01/15/2018	121.904	Ha
548492	Block C1	01/02/2007	01/15/2018	435.603	Ha
548493	Block C2	01/02/2007	01/15/2018	435.829	Ha
548494	Block C3	01/02/2007	01/15/2018	436.064	Ha
548495	Block C4	01/02/2007	01/15/2018	436.309	Ha
548496	Block C5	01/02/2007	01/15/2018	436.695	Ha
548498	Block C6	01/02/2007	01/15/2018	227.243	Ha
548759	Area A	01/05/2007	01/15/2018	365.065	Ha
548764	Area B1	01/05/2007	01/15/2018	366.043	Ha
548766	Area B2	01/05/2007	01/15/2018	418.111	Ha
548767	Area B3	01/05/2007	01/15/2018	435.382	Ha
548768	Area B4	01/05/2007	01/15/2018	435.600	Ha
548769	Area B5	01/05/2007	01/15/2018	418.185	Ha

Code	Name	Grant Date	Expiry Date	Official Area Value	Official Area Unit
548770	Area B6	01/05/2007	01/15/2018	418.186	Ha
548771	Area B7	01/05/2007	01/15/2018	418.189	Ha
548772	Area B8	01/05/2007	01/15/2018	418.189	Ha
548760	Area C1	01/05/2007	01/05/2018	436.903	Ha
548761	Area C2	01/05/2007	01/05/2018	437.115	Ha
548762	Area C3	01/05/2007	01/05/2018	367.411	Ha
548763	Area C4	01/05/2007	01/05/2018	122.542	Ha
547789	CL 547789	12/21/2006	12/21/2018	418.695	Ha
547798	CL 547798	12/21/2006	12/21/2018	226.999	Ha
551325	Area D1	02/06/2007	02/06/2018	435.177	Ha
551326	Area D2	02/06/2007	02/06/2018	435.170	Ha
551328	Area D3	02/06/2007	02/06/2018	417.708	Ha
577025	SC South 1	02/23/2008	06/05/2015	437.832	Ha
577026	SC South 2	02/23/2008	06/05/2015	438.037	Ha
577028	SC South 3	02/23/2008	06/05/2015	438.242	Ha
577031	SC South 4	02/23/2008	06/05/2015	438.486	Ha
577033	SC SOUTH 5	02/23/2008	06/05/2015	438.732	Ha
577034	SC SOUTH 6	02/23/2008	06/05/2015	438.936	Ha
577037	SC SOUTH 7	02/23/2008	06/05/2015	439.020	Ha
577039	SC SOUTH 8	02/23/2008	06/05/2015	438.876	Ha
577042	SC SOUTH 9	02/23/2008	06/05/2015	438.897	Ha
517462	CL 517462	07/12/2005	12/15/2018	17.436	Ha
569460	Greater Kopper	11/05/2007	12/15/2018	2769.098	Ha
521312	Schaft 1	10/18/2005	12/15/2018	191.784	Ha
854488	Silver Fox 86	05/13/2011	12/15/2018	366.558	Ha
854495	Silver Fox 87	05/13/2011	12/15/2018	366.269	Ha
854513	Silver Fox 89	05/14/2011	12/15/2018	157.184	Ha
854523	White Rabbit 90	05/14/2011	12/15/2018	208.925	Ha
854536	Silver Fox 91	05/14/2011	12/15/2018	156.937	Ha
855206	Ptarmigan 93	05/18/2011	12/15/2018	208.768	Ha
855207	Ptarmigan 95	05/18/2011	12/15/2018	278.339	Ha
855348	White Rabbit 92	05/21/2011	12/15/2018	104.431	Ha
855461	Ptarmigan 97	05/24/2011	12/15/2018	104.368	Ha
855735	White Rabbit 101	05/26/2011	12/15/2018	191.496	Ha
855736	White Rabbit 102	05/26/2011	12/15/2018	139.309	Ha
855842	Ptarmigan 103	05/27/2011	12/15/2018	104.392	Ha
855868	Tern 120	05/30/2011	12/15/2018	295.405	Ha
855869	Tern 121	05/30/2011	12/15/2018	34.754	Ha
855872	Tern 103	05/30/2011	12/15/2018	138.751	Ha

Code	Name	Grant Date	Expiry Date	Official Area Value	Official Area Unit
856232	Silver Fox 118	06/03/2011	12/15/2018	139.726	Ha
856238	Silver Fox 119	06/03/2011	12/15/2018	157.230	Ha
856450	Elk 151	06/08/2011	06/05/2015	105.016	Ha
856464	Elk 152	06/08/2011	06/05/2015	69.983	Ha
856487	Elk 152	06/09/2011	06/05/2015	157.520	Ha
856673	Elk 153	06/10/2011	06/05/2015	174.987	Ha
857427	Elk 154	06/21/2011	06/05/2015	279.935	Ha
857428	Elk 155	06/21/2011	06/05/2015	69.999	Ha
857528	Elk 156	06/22/2011	06/05/2015	122.491	Ha
862647	Elk 158	07/04/2011	06/05/2015	140.006	Ha
865007	Tern 125	07/07/2011	12/15/2018	243.131	Ha
865167	Tern 127	07/08/2011	12/15/2018	242.960	Ha
865328	Elk 166	07/09/2011	06/05/2015	175.027	Ha
865619	Elk 167	07/11/2011	06/05/2015	140.051	Ha
866050	Tern 128	07/13/2011	12/15/2018	104.251	Ha
866517	Tern 130	07/18/2011	12/15/2018	138.784	Ha
866518	Tern 131	07/18/2011	12/15/2018	208.137	Ha
866536	Tern 132	07/18/2011	12/15/2018	208.006	Ha
866630	Tern 131	07/19/2011	12/15/2018	51.988	Ha
866669	Tern 133	07/20/2011	12/15/2018	69.351	Ha
866670	Tern 134	07/20/2011	12/15/2018	34.715	Ha
866671	Tern 135	07/20/2011	12/15/2018	17.333	Ha
866677	Tern 135	07/20/2011	12/15/2018	17.329	Ha
866678	Tern 136	07/20/2011	12/15/2018	86.822	Ha
866889	Tern 137	07/20/2011	12/15/2018	17.343	Ha
884429	Gold Bear	08/07/2011	12/15/2018	87.097	Ha
895838	Eagle 800	09/01/2011	06/05/2015	245.197	Ha
895839	Eagle 801	09/01/2011	06/05/2015	332.726	Ha
895840	Eagle 802	09/01/2011	06/05/2015	157.558	Ha
895841	Eagle 803	09/01/2011	06/05/2015	315.270	Ha
895842	Eagle 804	09/01/2011	06/05/2015	175.062	Ha
896151	Eagle 805	09/06/2011	06/05/2015	52.520	Ha
896152	Eagle 806	09/06/2011	06/05/2015	35.016	Ha
896353	Eagle 807	09/09/2011	06/05/2015	140.081	Ha
896516	Eagle 808	09/11/2011	06/05/2015	140.073	Ha
896517	Eagle 809	09/11/2011	06/05/2015	105.045	Ha
900649	Eagle 810	09/25/2011	06/05/2015	210.145	Ha
908069	Tern Around	10/08/2011	12/15/2018	69.501	Ha
910209	Tern Around	10/12/2011	12/15/2018	121.455	Ha

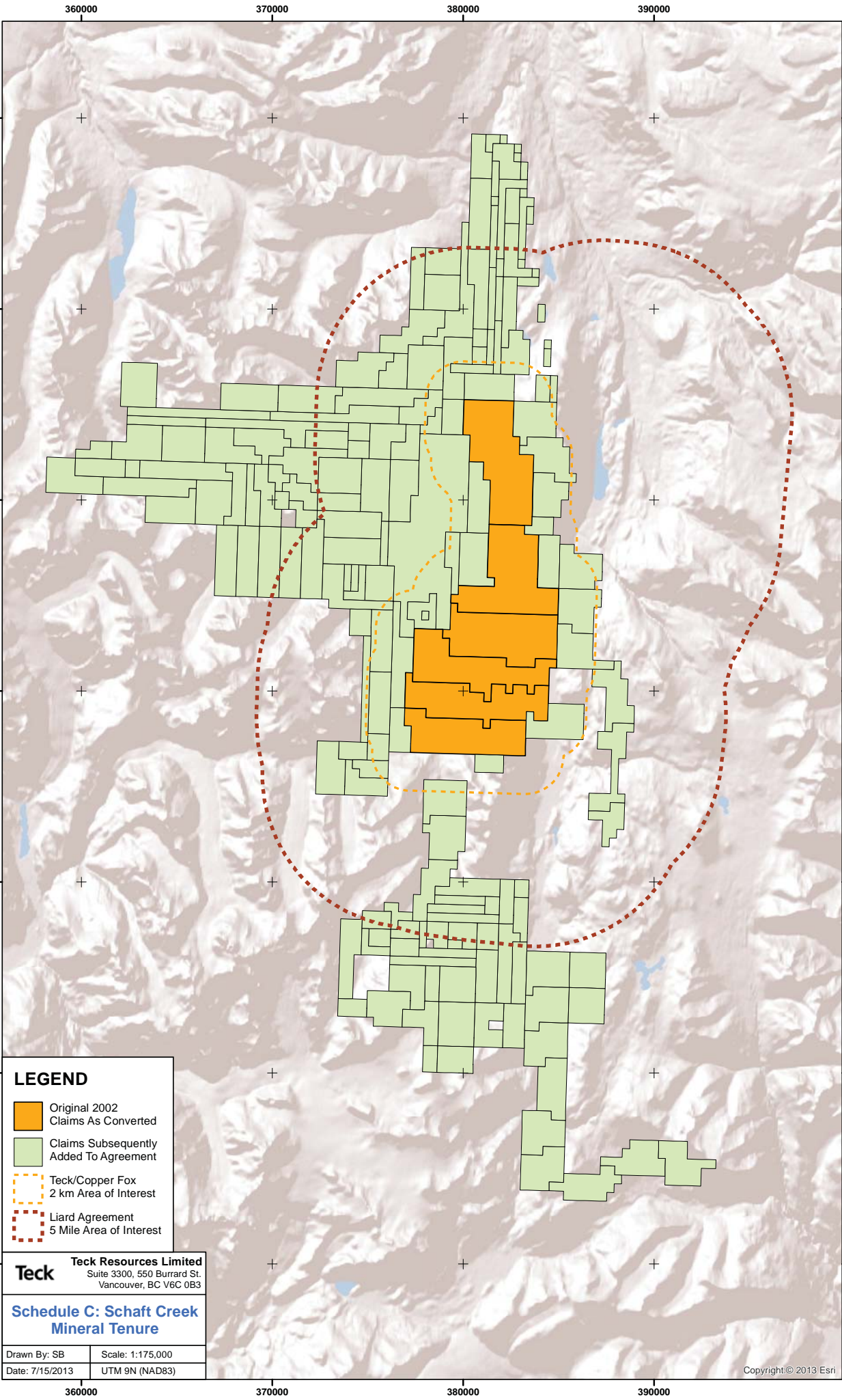
Code	Name	Grant Date	Expiry Date	Official Area Value	Official Area Unit
910229	Tern Around	10/12/2011	12/15/2018	121.551	Ha
927669	Tern Left	11/01/2011	12/15/2018	69.509	Ha
928489	Tern West	11/08/2011	12/15/2018	69.493	Ha
936631	Eagle 815	12/07/2011	12/15/2018	262.100	Ha
946510	Eagle 816	02/06/2012	12/15/2018	384.347	Ha
949269	Eagle 812	02/14/2012	06/05/2015	262.888	Ha
949270	Eagle 811	02/14/2012	06/05/2015	315.465	Ha
950890	Eagle 814	02/20/2012	06/05/2015	105.055	Ha
952292	Eagle 813	02/23/2012	06/05/2015	438.146	Ha
952293	Eagle 817	02/23/2012	06/05/2015	350.340	Ha
953131	Eagle 818	02/27/2012	06/05/2015	263.006	Ha
880149	Bonanza	08/03/2011	06/05/2015	350.262	Ha
880189	Bonanza1	08/03/2011	06/05/2015	350.420	Ha
955309	Tern North	03/04/2012	12/15/2018	225.332	Ha
961029	North Tern 2	03/13/2012	12/15/2018	416.298	Ha
961049	Nort Tern 3	03/13/2012	12/15/2018	381.954	Ha
961110	Silver Eagle 900	03/13/2012	06/05/2015	280.408	Ha
964509	Silver Eagle 902	03/16/2012	06/05/2015	140.136	Ha
964529	Silver Eagle 903	03/16/2012	06/05/2015	332.823	Ha
965029	Silver Eagle 901	03/17/2012	06/05/2015	105.202	Ha
968529	Silver Eagle 904	03/21/2012	06/05/2015	367.973	Ha
969349	Silver Eagle 905	03/21/2012	06/05/2015	385.251	Ha
969369	Silver Eagle 906	03/21/2012	06/05/2015	140.183	Ha
970769	Silver Rabbit	03/24/2012	12/15/2018	435.049	Ha
970789	Silver Rabbit 2	03/24/2012	12/15/2018	347.952	Ha
971953	Tern South	03/26/2012	12/15/2018	208.690	Ha
971956	Tern South 2	03/26/2012	12/15/2018	382.344	Ha
971957	Tern South 3	03/26/2012	12/15/2018	104.355	Ha
978394	South Tern 4	04/06/2012	12/15/2018	260.839	Ha
866909	Juskatla Resources 2	07/20/2011	12/15/2018	104.280	Ha
900609	Juskatla Resources 3	09/25/2011	12/15/2018	17.357	Ha
900629	Juskatla Resources 4	09/25/2011	12/15/2018	34.672	Ha
903029	Juskatla Resources 5	09/28/2011	12/15/2018	17.358	Ha
903049	Juskatla Resources 6	09/28/2011	12/15/2018	17.331	Ha
903069	Juskatla Resources 7	09/28/2011	12/15/2018	34.692	Ha
903089	Juskatla Resources 8	09/28/2011	12/15/2018	17.374	Ha
952412	Retern100	02/24/2012	12/15/2018	104.304	Ha
952423	Retern101	02/24/2012	12/15/2018	52.152	Ha
952427	Retern 102	02/24/2012	12/15/2018	52.081	Ha

Code	Name	Grant Date	Expiry Date	Official Area Value	Official Area Unit
952428	Retern 103	02/24/2012	12/15/2018	34.735	Ha
986762	Retern 105	05/16/2012	12/15/2018	17.341	Ha
978694	Crown 500	04/09/2012	12/15/2018	400.187	Ha
978695	Crown 501	04/09/2012	12/15/2018	417.574	Ha
978696	Crown 502	04/09/2012	12/15/2018	417.585	Ha
978697	Crown 503	04/09/2012	12/15/2018	139.211	Ha
978732	Crown 504	04/10/2012	12/15/2018	434.857	Ha
978733	Crown 505	04/10/2012	12/15/2018	208.760	Ha
978734	Crown 506	04/10/2012	12/15/2018	434.779	Ha
978739	Crown 507	04/10/2012	12/15/2018	243.670	Ha
978892	Crown 507	04/10/2012	12/15/2018	295.970	Ha
978912	Crown 508	04/10/2012	12/15/2018	191.518	Ha
978913	Crown 509	04/10/2012	12/15/2018	278.554	Ha
979914	Crown 510	04/12/2012	12/15/2018	191.334	Ha
979915	Crown 511	04/12/2012	12/15/2018	435.122	Ha
979916	Crown 512	04/12/2012	12/15/2018	69.620	Ha
979917	Crown 513	04/12/2012	12/15/2018	417.876	Ha
979918	Crown 514	04/12/2012	12/15/2018	347.839	Ha
984402	Crown 515	05/08/2012	12/15/2018	417.784	Ha
984422	Crown 516	05/08/2012	12/15/2018	435.221	Ha
984442	Crown 517	05/08/2012	12/15/2018	383.099	Ha
985562	Crown 519	05/10/2012	12/15/2018	434.670	Ha
985563	Crown 520	05/10/2012	12/15/2018	434.492	Ha
986782	Crown 521	05/16/2012	12/15/2018	434.683	Ha
986802	Crown 522	05/16/2012	12/15/2018	417.299	Ha
992022	Panda 1	05/31/2012	12/15/2018	434.290	Ha
992023	Panda 2	05/31/2012	12/15/2018	417.135	Ha
992042	Panda 3	05/31/2012	12/15/2018	434.646	Ha
992062	Panda 4	05/31/2012	12/15/2018	347.255	Ha
996622	Panda 5	06/12/2012	12/12/2013	260.336	Ha
996642	Panda 6	06/12/2012	12/12/2013	243.035	Ha
1015257	CL 1015257	12/12/2012	12/12/2013	278.855	Ha
1015342	CL 1015342	12/17/2012	12/17/2013	104.577	Ha
1015350	CL 1015350	12/17/2012	12/17/2013	52.282	Ha
1015359	CL 1015359	12/17/2012	12/17/2013	52.282	Ha
1019476	Tern 2 U	05/13/2013	05/13/2014	503.592	Ha
1019477	Tern 2 U	05/13/2013	05/13/2014	225.955	Ha
1019728	CL 1019728	05/23/2013	05/23/2014	140.032	Ha
1019730	CL 1019730	05/23/2013	05/23/2014	69.642	Ha

Code	Name	Grant Date	Expiry Date	Official Area Value	Official Area Unit
976357	Huron 047	04/02/2012	04/02/2014	209.43	Ha

The map on the following page is for illustrative purposes only and has no legal effect.

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LEGEND

- Original 2002 Claims As Converted
- Claims Subsequently Added To Agreement
- Teck/Copper Fox 2 km Area of Interest
- Liard Agreement 5 Mile Area of Interest

Teck **Teck Resources Limited**
 Suite 3300, 550 Burrard St.
 Vancouver, BC V6C 0B3

Schedule C: Schaft Creek Mineral Tenure

Drawn By: SB	Scale: 1:175,000
Date: 7/15/2013	UTM 9N (NAD83)

This is **SCHEDULE D** to the Agreement between
TECK RESOURCES LIMITED and **COPPER FOX METALS INC.**
dated July 15, 2013

UNDERLYING AGREEMENTS

1. Agreement between Liard Copper Mines Ltd. and Hecla Operating Company dated February 22, 1968.
2. Mining and Option Agreement between Paramount Mining Ltd. and Hecla Operating Company dated March 7, 1969.
3. Liard-Hecla Option - Supplemental Agreement between Liard Copper Mines Ltd. and Hecla Operating Company dated March 7, 1969.
4. Boundary Determination Agreement between Paramount Mining Ltd., Liard Copper Mines Ltd. and Hecla Operating Company dated March 7, 1969.
5. Final Boundary Determination Agreement between Paramount Mining Ltd., Liard Copper Mines Ltd. and Hecla Operating Company dated October 15, 1972.
6. Paramount-Hecla Option - Supplemental Agreement between Paramount Mining Ltd. and Hecla Operating Company dated October 15, 1972.
7. Liard-Hecla Option – Second Supplemental Agreement between Liard Copper Mines Ltd. and Hecla Operating Company dated October 15, 1972.
8. Assignment and Assumption Agreement between Hecla Operating Company, Teck Corporation and Liard Copper Mines Ltd. dated December 7, 1978.
9. Liard-Hecla (Teck) Option – Third Supplemental Agreement between Liard Copper Mines Ltd. and Teck Corporation dated December 7, 1978.
10. Letter agreement from Teck Corporation to Liard Copper Mines Ltd. dated January 10, 1980 re the additional Teck properties.

This is **SCHEDULE E** to the Agreement between
TECK RESOURCES LIMITED and COPPER FOX METALS INC.
dated July 15, 2013

1. Sale and purchase agreement between Copper Fox Metals Inc. and Charles James Greig and John Bernard Kreft dated March 18, 2011 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
2. Agreement between Copper Fox Metals Inc. and Pembroke Mining Corp. dated March 22, 2011 with respect to the purchase by Copper Fox Metals Inc. of the Schaft Creek North Claims.
3. Sale and purchase agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated September 14, 2011 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
4. Sale and purchase agreement between Copper Fox Metals Inc. and Jaraslov Ruza dated February 16, 2012 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
5. Sale and purchase agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated March 12, 2012 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
6. Sale and purchase agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated May 1, 2012 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
7. Agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated June 4, 2012 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
8. Sale and purchase agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated July 24, 2012.
9. Sale and purchase agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated December 18, 2012 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
10. Sale and purchase agreement between Copper Fox Metals Inc. and Randy John Marko and Paul James Mott dated May 13, 2013 with respect to the purchase by Copper Fox Metals Inc. of certain mineral tenures.
11. Land Reservation Agreement between Stewart Bulk Terminals Ltd. and Copper Fox Metals Inc. dated October 11, 2011

12. Facilities Study Agreement between British Columbia Hydro and Power Authority
and Copper Fox Metals Inc. dated March 14, 2013

This is **SCHEDULE F** to the Agreement between
TECK RESOURCES LIMITED and COPPER FOX METALS INC.
dated July 15, 2013

NET PROFITS ROYALTY

1. OBLIGATION

- 1.01 If a Party becomes entitled to a Conversion Royalty pursuant to the Agreement (the “**Royaltyholder**”), then each Participant (the “**Royaltypayor**”) shall calculate Net Profits as at the end of each calendar quarter subsequent to the Completion Date.
- 1.02 Subsequent to the Completion Date, the Royaltypayor shall within 60 days of the end of each calendar quarter:
- (a) deliver to the Royaltyholder a statement indicating:
 - (i) the Gross Receipts during the calendar quarter;
 - (ii) the deductions therefrom made in the order itemized in §2.01 of this Schedule F;
 - (iii) the amount of Net Profits remaining, if any; and
 - (iv) the amount of those Net Profits, if any, to which the Royaltyholder is entitled; and
 - (b) pay or cause to be paid to the Royaltyholder that percentage of the Net Profits, if any, to which the Royaltyholder is entitled under the Agreement.
- 1.03 Nothing contained in the Agreement or this Schedule F shall be construed as conferring on the Royaltyholder any right to or interest in any Property or Assets except the right to receive royalty payments from the Royaltypayor as and when due.

2. NET PROFITS DEFINED

- 2.01 “**Net Profits**” means the amount by which Gross Receipts exceed the then net unrecovered amounts of the following classes of Costs made in the following itemized order:
- (a) Marketing Costs;
 - (b) Distribution Costs;
 - (c) Operating Costs;
 - (d) Taxes and Royalties;
 - (e) Interest Costs;
 - (f) Capital Costs; and
 - (g) Exploration Costs.

- 2.02 For greater certainty, in calculating Net Profits at any time, each of the classes of Costs shall constitute a separate pool from which all Costs deducted on any previous quarterly calculation shall be removed and to which Costs of those classes recorded since the date of the Agreement (in the case of the first quarterly calculation) or since the date of the last quarterly calculation (in the case of any calculation subsequent to the first quarterly calculation) shall be added.
- 2.03 If the application of credits to a pool of Costs results in a negative balance in that pool of Costs, the amount of any negative balance from a Cost pool shall be applied to reduce the balances then remaining in pools itemized in §2.01 of this Schedule F in the order itemized.

3. DEFINITIONS

- 3.01 In addition to the definitions provided in the Agreement and without limiting the generality thereof:
- (a) **“Completion Date”** means the date on which the Royaltypayor determines that the project of preparing and equipping a Mine for commercial production is complete.
- (b) **“Costs”** means all items of outlay and expense whatsoever, both direct and indirect, with respect to Work recorded by the Royaltypayor in accordance with its accounting practices applicable from time to time and, without limiting generality, more particularly:
- (i) **“Capital Costs”** means
- (A) all Costs of preparing and equipping a Mine for commercial production which are recorded by the Royaltypayor from and including the Production Decision Date to and including the Completion Date and all Costs of obtaining financing and providing security; and
- (B) a charge of 2% of the Capital Costs referred to in paragraph (A) in return for its overhead functions which are not charged directly;
- (ii) **“Distribution Costs”** means all Costs of
- (A) transporting Products from a Mine or a concentrating plant to a smelter, refinery or other place of delivery designated by the purchaser and, in the case of concentrates tolled, of transporting the metal from a smelter to the place of delivery designated by the purchaser;
- (B) handling, warehousing and insuring the Products; and

- (C) in the case of concentrates tolled, of smelting and refining, including any penalties thereon or in connection therewith;
- (iii) **“Exploration Costs”** means:
- (A) all Costs recorded by the Royaltypayor prior to the Production Decision Date; and
- (B) a charge which shall not aggregate more than 10% of the Exploration Costs referred to in paragraph (A) in return for its overhead functions which are not charged directly;
- (iv) **“Interest Costs”** means interest computed quarterly and not in advance and being the aggregate of the interest determined for each month in the quarter as follows:
- (A) the average of the opening and closing monthly outstanding balances for each month of the net unrecovered amounts of all Costs in the classes enumerated in §2.01 of this Schedule F;
- multiplied by,
- (B) the Prime Rate plus 2%;
- multiplied by,
- (C) the number of days in the month;
- divided by,
- (D) the number of days in the Year.
- These Interest Costs are in lieu of an inclusion in Costs for the interest charged by third party project lenders of Capital Costs and Operating Costs;
- (v) **“Marketing Costs”** means such reasonable charge for marketing of ores and concentrates sold or of concentrates tolled as is consistent with generally accepted industry marketing practices;
- (vi) **“Operating Costs”** means:
- (A) all Costs recorded by the Royaltypayor subsequent to the Completion Date, including, without limiting generality, an amount to be established by the Royaltypayor in good faith as representing the cost of rehabilitation which will have to be spent after commercial production has terminated, it being agreed that the Royaltypayor may charge a portion of that cost to the royalty account over a reasonable period of time commencing no sooner than five years prior to the anticipated termination of commercial production; and

- (B) a charge of 2.5% of the Operating Costs referred to in paragraph (A) in return for its overhead functions which are not charged directly;
- (vii) **“Taxes and Royalties”** means all taxes (other than income taxes), royalties or other charges or imposts provided for pursuant to any law or legal obligation imposed by any government if paid by the Royaltypayor.
- (c) **“Gross Receipts”** means the aggregate of all receipts, recoveries or amounts received by or credited to the Royaltypayor in connection with this Agreement including, without limiting the generality of the foregoing:
- (i) the receipts from the sale of the Royaltypayor's proportionate share of Products produced from the Mine together with interest on those receipts calculated as follows:
 - (A) the aggregate of the cumulative daily receipts for each day of the quarter;
 - divided by,
 - (B) the number of days in the quarter;
 - multiplied by,
 - (C) the Prime Rate;
 - multiplied by,
 - (D) the number of days in the quarter;
 - divided by,
 - (E) the number of days in the Year;
 - (ii) all proceeds received from the sale of the Property or Assets subsequent to the Operative Date;
 - (iii) all insurance recoveries (including amounts received to settle claims) in respect of loss of, or damage to any portion of the Property or Assets subsequent to the Operative Date;
 - (iv) all amounts received as compensation for the expropriation or forcible taking of any portion of the Property or Assets subsequent to the Operative Date;
 - (v) the fair market value, at the Property, of those assets, if any, that are transferred from the Property for use by the Royaltypayor elsewhere subsequent to the Completion Date; and
 - (vi) the amount of any negative balance remaining after the reallocation of negative balances pursuant to §2.03 of this Schedule F; to the extent that those receipts, recoveries or amounts have not been applied by the Royaltypayor as a recovery of any of the classes of Costs itemized in §2.01 of

this Schedule F;
provided that where any Products are sold to, or treated in, a smelter or refinery owned or controlled by Royaltypayor, the pricing for that sale or treatment will be established by Royaltypayor on an arm's-length basis so as to be fairly competitive with pricing, net of transportation, insurance, treatment charges and other related costs, then available on world markets for product of like quantity and quality.

- (d) **"Mine"** means the workings established and assets acquired in order to bring the Property or a portion thereof into commercial production, including, without limiting generality, development headings, plant and concentrator installations and all infrastructure, plant, housing, airport, roads and other facilities.
- (e) **"Operative Date"** means the date of the Agreement.
- (f) **"Prime Rate"** means the weighted average of the rates of interest for the period of calculation as stated by the Bank of Montreal, Main Office, Vancouver, British Columbia, as being charged by it on Canadian Dollar demand loans to its most creditworthy domestic commercial customers.
- (g) **"Production Decision Date"** means the date on which a decision is made by the Royaltypayor to establish and operate a Mine on the Property.
- (h) **"Products"** shall mean ores, concentrates and minerals mined from the Property, or solutions, concentrates or cathodes retrieved through leaching or solution mining or solution extraction/electrowinning or other processing of mineralized material mined from the Property.
- (i) **"Property"** has the meaning attributed to it in the Agreement.
- (j) **"Trading Activities"** shall have the meaning set out in §6 of this Schedule F.

4. **ROYALTYPAYOR TO DETERMINE OPERATIONS**

4.01 The Royaltypayor will have complete discretion concerning the nature, timing and extent of all exploration, development, mining and other operations conducted on or for the benefit of the Property and may suspend operations and production on the Property at any time it considers prudent or appropriate to do so. The Royaltypayor will owe the Royaltyholder no duty to explore, develop or mine the Property, or to do so at any rate or in any manner other than that which the Royaltypayor may determine in its sole and unfettered discretion. The Royaltypayor may, but will not be obligated to treat, mill, heap leach, sort, concentrate, refine, smelt, or otherwise process, beneficiate or upgrade the ores, concentrates, and other products at sites located on or off the Property, prior to sale, transfer, or conveyance to a purchaser, user, or consumer. The Royaltypayor will not be liable for mineral values lost in processing under sound practices and procedures, and no royalty will be due on any such lost mineral values.

5. **COMMINGLING**

5.01 Ores, concentrates and derivatives mined or retrieved from the Property may be commingled with ores, concentrates or derivatives mined or retrieved from other properties. All determinations required for calculation of Net Profits, including without limitation the amount of the metals contained in or recovered from ores, solutions, concentrates or derivatives mined or retrieved from the Property, the amount of the metals contained in or recovered from commingled ores, solutions, concentrates or derivatives, gross revenues from the sale of Products, and costs and expenses allocated to the Property or Products shall be made in accordance with prudent engineering, metallurgical and cost accounting practices.

6. **TRADING ACTIVITIES**

6.01 The Royaltypayor may, but need not, engage in forward sales, future trading or commodity options trading, and other price hedging, price protection, and speculative arrangements ("**Trading Activities**") which may involve the possible delivery of base or precious metals produced from the Property. The Parties acknowledge and agree that the Royaltyholder shall not be entitled to participate in the proceeds or be obligated to share in any losses generated by the Trading Activities.

7. **ADJUSTMENTS AND VERIFICATION**

7.01 Payment of any Net Profits by the Royaltypayor shall not prejudice the right of the Royaltypayor to protest the correctness of the statement

supporting the payment; provided, however, that all statements presented to the Royaltyholder by the Royaltypayor for any quarter shall conclusively be presumed to be true and correct upon the expiration of 12 months following the end of the quarter to which the statement relates, unless within that 12-month period that the Royaltypayor gives notice to the Royaltyholder making claim on the Royaltyholder for an adjustment to the statement which will be reflected in subsequent payment of Net Profits.

- 7.02 The Royaltypayor shall not adjust any statement in favour of itself after the expiration of 12 months following the end of the quarter to which the statement relates.
- 7.03 The Royaltyholder may from time to time request reasonable supporting documentation for statements that are within the period contemplated in §7.01 and the Royaltypayor, acting in good faith, shall provide the same promptly to the Royaltyholder.
- 7.04 If the supporting documentation and any discussion with the Royaltypayor do not resolve the Royaltyholder's concerns, the Royaltyholder shall be entitled upon notice to the Royaltypayor to request from the Royaltypayor that mutually accepted auditors be requested to provide the Royaltyholder with their opinion that any statement delivered pursuant to §1.02 of this Schedule F in respect of any quarterly period falling within the 12-month period immediately preceding the date of the Royaltyholder's notice has been prepared in accordance with this Agreement. When giving any notice aforesaid, the Royaltyholder will articulate the matter or matters of concern to it.
- 7.05 The time required for giving the audit opinion contemplated in §7.04 of this Schedule F shall not extend the time for the taking of exception to and making claim on the Royaltyholder for adjustment as provided in §7.01 of this Schedule F.
- 7.06 The cost of the auditors opinion referred to in §7.04 of this Schedule F shall be shared by the Royaltypayor and Royaltyholder unless the audit opinion reveals that Net Profits have been overstated or understated by more than 3%, in which case the cost shall be solely for the account of the Royaltypayor.

- 7.07 The provisions of §7.04 and 7.06 are intended to provide an effective mechanism for the Royaltyholder to resolve its unresolved concerns regarding Net Profits accounting and not to effect a regular audit of the Net Profits calculation.

This is **SCHEDULE G** to the Agreement between
TECK RESOURCES LIMITED and COPPER FOX METALS INC.
dated July 15, 2013

Assets

Heavy Equipment/Camp Vehicles

- Finning Canada D5NL GP CAT purchased May 2006
- Campbell River Boatland (1982) Ltd. (Komatsu) purchased May 2006
- Finning Canada Bucket purchased June 2006
- Finning Canada Bradco 509 Backhoe with Mounting Bracket purchased June 2006
- Finning Canada Excavator purchased February 2007
- Finning Canada 315B Rock Guard purchased April 2007
- Campbell River Boatland (1982) Ltd. 2 RTV 900 Kubotas purchased April 2007
- Lyncorp International Ltd. Kubotas purchased June 2007
- Douglas Lake Equipment LP Kubota & Quad purchased September 2011
- 4 New Holand ATVs purchased October 2011
- Arctic Cat TRV purchased October 2011

Buildings

- Alta-Fab Structures Ltd. Building (May 2007)

Transferred Contracts

- Land Reservation Agreement between Stewart Bulk Terminals Ltd. and Copper Fox Metals Inc. dated October 11, 2011
- Facilities Study Agreement between British Columbia Hydro and Power Authority and Copper Fox Metals Inc. dated March 14, 2013

Licenses and Permits

- Mines Act Permit MX-1-647, Approval #11-0100455-0705 issued to Copper Fox

Metals Inc. for a term commencing on March 31, 2011 and expiring on March 31, 2015.

- Free Use Permit Mx-1-647:2011 issued to Copper Fox Metals Inc. for a term to commence on July 5, 2011 until the earliest of (a) the day upon which the Mines Act Permit is close, (b) March 31, 2015, or (c) at Copper Fox's request, giving notice that all contractual and legislative obligations associated with the Free Use Permit have been completed.
- Transport Canada Safety and Security Equivalency Certificate SA 10322 (Ren.1) issued to Copper Fox Metals Inc. on April 20, 2012 expiring on April 30, 2014.