

EXHIBIT NL-8

PRICE - ASAPCO
1976 CO-TENANCY AGREEMENT
AND SCHEDULES

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CO-TENANCY AGREEMENT

THIS AGREEMENT made and entered into as of the 1st
day of January, 1976.

A M O N G :

TERRA NOVA PROPERTIES LTD., a
company incorporated under the
laws of the Province of
Newfoundland,

(herein individually called "TNP")

OF THE FIRST PART

- and -

THE MACLEAN MINING COMPANY LIMITED,
a company incorporated under the
laws of the Province of Newfoundland,

(herein individually called "MacLean")

OF THE SECOND PART

(TNP and MacLean are herein sometimes
collectively called "Price" or a
"Participant")

- and -

PRICE (NFLD.) PULP & PAPER LIMITED,
(formerly Anglo-Newfoundland
Development Company Limited), a
company incorporated under the
laws of the Province of Newfoundland,

(herein called "A.N.D.")

OF THE THIRD PART

- and -

ASARCO INCORPORATED, a corporation
incorporated under the laws of the
State of New Jersey, one of the
United States of America,

(herein called "Asarco" or a
"Participant")

OF THE FOURTH PART

WHEREAS TNP holds a sublease for 99 years less 1 day
of all the mineral rights originally granted to A.N.D. for 99
years from January 12, 1905 and May 1, 1905 respectively (the
"Sublease" which term and most other terms used herein
are more completely defined in Article I) within areas aggregating
approximately 2,000 square miles in the Exploits River area of
Newfoundland and more particularly defined in Act No. 5 Edward
VII, Chapter X (June 15, 1905) of the Colony of Newfoundland
and its Dependencies and in an agreement dated January 9, 1905
between A.N.D. and Reid-Newfoundland Company (herein collectively
called the "1905 Areas");

WHEREAS under an agreement dated December 12, 1928
between TNP and Asarco (herein called the "1928 Agreement") certain
mineral rights within 30 miles of the old main shaft of the
Buchans River mine in the 1905 Areas and in lands adjacent
thereto are being mined and explored by Asarco on behalf of itself
and TNP, as more particularly described in the 1928 Agreement;

WHEREAS under an agreement dated October 22, 1947 between TNP, A.N.D. and Buchans Mining Company, Limited (rights and obligations now held by Asarco) (herein called the "1947 Agreement"), certain of the remaining mineral rights in the 1905 Areas are being explored by Asarco on behalf of itself and TNP, as more particularly described in the 1947 Agreement;

WHEREAS under an agreement dated July 16, 1948 between A.N.D., TNP and Buchans Mining Company, Limited (rights and obligations now held by Asarco) as amended by an agreement dated July 31, 1970 (herein called the "Amended 1948 Agreement") 4 areas aggregating approximately 48.332 square miles (herein collectively called the "Crown Lease Areas") are held by Asarco and A.N.D. as tenants-in-common of the Province of Newfoundland and are being explored by Asarco on behalf of itself and TNP, as more particularly described in the Amended 1948 Agreement;

WHEREAS MacLean was incorporated by TNP and with the consent of Asarco under agreements dated December 21, 1961 and January 1, 1962 between TNP, MacLean and Asarco and between MacLean, TNP, A.N.D. and Asarco, respectively, (herein collectively called the "1962 Agreements.") TNP assigned to MacLean all its rights with respect to a specific area within the area covered by the 1928 Agreement known as the "MacLean Ore Body" on terms and conditions requiring MacLean to comply with all the terms

and conditions of the 1928 and 1947 Agreements as they relate to the MacLean Ore Body;

WHEREAS the 1928 Agreement, the 1947 Agreement and the 1962 Agreements, as amended and supplemented to date (herein collectively called the "1905 Area Agreements") would terminate on March 18, 1976 unless extended and there are differences of opinion between the parties as to Asarco's right to extend the term of the 1905 Area Agreements pursuant to the terms and conditions in the 1947 Agreement and as to the scope and extent of the limited areas within the 1905 Areas to be covered by any such extension;

WHEREAS TNP is desirous of participating with Asarco in the management of production and exploration activities within the Crown Lease Areas and those portions of the 1905 Areas which have been selected by mutual agreement for these purposes;

WHEREAS Asarco and TNP have settled descriptions of:

- (i) approximately 0.806 square miles of mineral rights and approximately 14.348 square miles of surface rights (herein called the "Buchans Mine Area");
- (ii) 10 areas aggregating approximately 22.4 square miles within the 1905 Areas (collectively called the "1905 Exploration Areas");
- and (iii) 3 areas within the 1905 Areas aggregating approximately 90.5 square miles (collectively called the "First Offering Areas");

AND WHEREAS each of the parties desires that the 1905 Area Agreements and the Amended 1948 Agreement (herein collectively called the "Prior Agreements") be amended and restated as of the effective date hereof to govern their ongoing relationship with respect to the 1905 Areas and Crown Lease Areas and to read as herein set forth.

NOW THEREFORE IN CONSIDERATION of the mutual promises herein contained, the parties agree as follows:

ARTICLE 1

Definitions

Unless the context otherwise requires whenever used in this agreement or the Schedules hereto, the meanings specified in this Article shall apply to the following terms and shall be equally applicable to the singular and plural forms of such terms:

1.01 "Additional Mine and Plant" shall mean any Fixed Assets acquired as a result of Capital Expenditures made pursuant to a specific proposal under Part IV.

1.02 "Affiliate" means in respect of either Participant:

(a) a corporation which, directly or indirectly, owns more than 50% of the issued and outstanding Voting Shares of such Participant or, in the case of Price, one of the legal entities comprising that Participant (a "Parent"); or

(b) a corporation more than 50% of whose issued and outstanding Voting Shares are, directly or indirectly, owned by such Participant, or, in the case of Price, one of the legal entities comprising that Participant, or a Parent.

For purposes of this Section "Voting Shares" shall mean shares having ordinary voting power (other than upon the happening of a contingency) for the election of directors.

1.03 "Agreement" shall mean this Co-Tenancy Agreement and any amendments thereto.

1.04 "Buchans Co-Ordinate System" means that system of triangulation which takes the centre of the Lucky Strike shaft as north 5,000 feet and east 5,000 feet.

1.05 "Buchans Mine Area" shall mean:

(a) the mineral rights to those areas referred to as the Lucky Strike, Rothermere, MacLean and Oriental ore bodies aggregating approximately 0.806 square miles and more particularly described in Part I of Schedule "A" hereto;

(b) together with such extensions of such mineral rights as can be most economically mined from the workings used in connection with (a) above; and

(c) approximately 14.35 square miles of surface rights more particularly described in Part 2 of Schedule "A" hereto.

1.06 "Buchans Mine and Plant" shall mean the mine, shafts, mine workings, access thereto, processing plants and other facilities within the Buchans Mine Area, together with all buildings, structures, machinery, equipment, power, fuel, water supply, waste disposal, roads, railroads and other loading, storage and transportation facilities relating thereto or for use in connection therewith whether or not within the Buchans Mine Area held by or for the Participants as tenants-in-common from time to time for the purpose of carrying on the Co-Tenancy Operation.

1.07 "Capital Expenditure" shall mean all costs incurred by or on behalf of the Participants, which would constitute a capital expenditure as distinguished from all operating, administrative, maintenance and repair expenses in accordance with generally accepted accounting principles.

1.08 "Contingency Fund" shall mean such cash or liquid investments as the Owners Committee shall require the Participants to make available in order to satisfy all obligations in connection with the permanent or temporary shut down in whole or in part of the Co-Tenancy Operation, whether or not such obligations are recognized in the accounts of the Production Manager and including without limitation, severance pay and pension obligations.

1.09 "Co-Tenancy Operation" shall mean:

(a) the operation of the Premises and the production, transportation, storage and delivery to each Participant of its share of Product; and

(b) the implementation of a Feasibility Study unanimously approved by the Owners Committee; conducted for the Participants as tenants-in-common by the Production Manager.

1.10 "Crown Lease Areas" shall mean the 4 areas referred to as Buchans Junction West Group, Buchans Junction East Group, Grey River Group and Great Burnt Lake Group aggregating 16.072, 2.0, 6.61 and 23.65 square miles respectively as the same may be extended and renewed from time to time under the Indentures more particularly described in Schedule "B" hereto.

1.11 "Current Assets" shall mean all assets which in accordance with generally accepted accounting principles would normally be regarded as current and including, in any event, all cash, investments, accounts receivable, and inventories of Products, materials and supplies on hand held by the Participants as a result of the Prior Agreements on January 1, 1976 and all such assets acquired and held thereafter by the Participants under this Agreement.

1.12 "Exploration Activities" shall mean any activities and operations which have for their purpose the discovery, location and evaluation of mineral occurrences and deposits within one or more of the Exploration Areas and the use of equipment and assets forming part of the Properties and Premises for the performance of such activities and operations conducted for the Participants as tenants-in-common by the Exploration Manager but shall not include the preparation or implementation of a Feasibility Study.

1.13 "Exploration Areas" shall mean the 1905 Exploration Areas, the Crown Lease Areas and the New Exploration Areas.

1.14 "Exploration Costs" shall mean all costs and expenses, whether of a capital or operating nature, which are incurred and actually paid or accrued from and after January 1, 1976 by the Exploration Manager in accordance with Schedule "C" hereto for or on behalf of the Participants for prospecting, exploration and development to the stage where a Feasibility Study is commenced in respect of any of the Exploration Areas and the carrying on of Exploration Activities.

1.15 "Exploration Manager" shall mean Price, except as otherwise provided in Section 17.06.

1.16 "Feasibility Study" shall mean the document or documents relating to the economic feasibility of mining and processing minerals located in one or more Separate Exploration Areas and shall include:

(a) reasonable assessments of the size and grade of the mineable ore reserves;

(b) reasonable assessments of the amenability of the ores to metallurgical treatment;

(c) if ores in which the Participants have different Interests are to be commingled, a fair and equitable scheme or plan for allocating Product to each Participant;

(d) financial and engineering studies on the feasibility and costs of using all or part of the facilities forming part of the Premises, for mining, concentrating, transporting, storing and selling mineral products from such an Exploration Area by integration with the existing Co-Tenancy Operation; or

(e) if (d) is not appropriate, financial and engineering studies on the feasibility and costs of the construction, maintenance and operation of a plant and other facilities for mining and concentrating ores from the indicated ore deposits independent of the Buchans Mine and Plant used in the Co-Tenancy Operation.

Area and of the 1905 Exploration Areas, and shall initially hold that Interest in the ~~Premises~~ ^{everything as Buckner Area} and in those portions of the ~~Pro~~ ^{portions within the 1905 Exploration Areas}, as is set forth opposite its name below:

<u>Name of Participant</u>	<u>Interest</u>
Price	51%
Asarco	49%

and each Participant hereby dedicates all its respective Interests from time to time therein to the Co-Tenancy Operation and to the Exploration Activities as the case may be.

2.02 Subject to the terms and conditions of this Agreement, the parties hereto hereby agree that each Participant initially holds that Interest in the rights and obligations under the indentures referred to in Schedule "B", and shall initially hold that Interest in the Properties located in the ~~Crown Lease Areas~~, as is set forth opposite its name below:

<u>Name of Participant</u>	<u>Interest</u>
Price	50%
Asarco	50%

and each Participant hereby dedicates all its respective Interests from time to time therein to Exploration Activities and, subject to the preparation and implementation of a Feasibility Study, to the Co-Tenancy Operation.

2.03 Asarco hereby relinquishes all its rights under the 1928 Agreement and the 1947 Agreement and Price hereby agrees that, subject to the provisions of Part III, if any prospecting or exploration work is proposed to be carried out in any part of the First Offering Areas, Asarco shall be given an opportunity to contribute 49% of the costs of such work and in return therefor shall be entitled to an 49% Interest with Price under the Sublease, in the mineral rights to those portions of the First Offering Areas together with any other part of the 1905 Areas covered by such work herein sometimes called a "New Exploration Area".

2.04 The Participants, in respect of those portions of the Sublease where they are co-tenants under this Agreement and in proportion to their respective Interests in the Premises or Properties, as the case may be, severally agree with A.N.D.:

(a) to pay and to hold A.N.D. harmless in respect of any tax, royalty, or other amount payable by A.N.D.:

(i) under or by virtue of the agreement (the "Reid Lease Agreement") dated January 9, 1905 between A.N.D. and Reid-Newfoundland Company as amended by the Indenture dated January 27, 1948 more particularly described in subsection 1.35(e), or under or by virtue of the agreements (the "Reid Purchase Agreements") entered into in 1975 between Reid Newfoundland Company Limited and Mines and Forests (Newfoundland) Limited, as vendors, and A.N.D., as purchaser, under which A.N.D.

acquired the freehold interest in the lands covered by the Reid Lease Agreement ~~subject to paying the royalty contained in the Reid Lease Agreement~~; provided that the Participants shall not be required to pay more in satisfaction of the royalty obligation under the Reid Purchase Agreements than they would have had to pay under the Reid Lease Agreement; and

(ii) under or by virtue of the agreement dated January 12, 1905 between Newfoundland and A.N.D. as confirmed and amended by Act No. 5, Edward VII, Chapter X of the Colony of Newfoundland and its Dependencies as amended to date; and

(b) to pay and to hold A.N.D. harmless in respect of any tax or other amount required to be paid as and from January 1, 1976 by A.N.D. in respect of the grant of the right to engage in mining operations in the aforementioned portions of the Sublease insofar as such amount relates to the Co-Tenancy Operation or Exploration Activities.

2.05 ~~A.N.D. agrees with each of Price and Asarco to appropriate such water rights and surface rights~~ (excluding areas occupied by railways or forming part of railway rights-of-way) controlled by it as are reasonably required for purposes of the Co-Tenancy Operation and Exploration Activities; provided, however that:

(a) the Owners Committee shall demonstrate to A.N.D. the purposes and uses for any streams or waters or water-courses and/or surface rights which the Participants require for the Co-Tenancy Operation or Exploration Activities;

(b) the purposes and uses for any such water rights or surface rights shall not unduly interfere with, diminish, or obstruct at any time A.N.D. in the enjoyment and exercise of its own rights except to the extent that A.N.D. has heretofore sub-demised such rights to Price; and

(c) the purposes and uses for any such water rights or surface rights shall not contravene any contractual obligations of A.N.D. or applicable legislation including without limitation the rules and regulations of any federal or provincial agency relating to protection of the environment.

2.06 A.N.D. further agrees with each of Price and Asarco that if a Feasibility Study relating to any one or more Exploration Areas within the 1905 Areas should recommend bringing into production any ore body and declare it to have economic viability beyond 2004, at the request of either of them and at their cost and expense it will take such appropriate steps as are required to renew their tenancies hereunder in respect of any such areas subject to a renewal of its lease of such areas by the Newfoundland Government and subject to the terms and conditions of any such renewal. In concert with them and

using its best efforts A.N.D. also agrees to negotiate with the Newfoundland Government for an appropriate renewal of its own rights under Act No. 5 Edward VII, Chapter 8. It is agreed that A.N.D. shall not be liable for any failure to obtain such renewal provided that such failure is not the result of its own wilful or wrongful act or omission.

ARTICLE 3.

Owners Committee and Management of Co-Tenancy Operation and Exploration Activities

3.01 An Owners Committee (herein sometimes called the "Committee") is hereby established to which each Participant shall be entitled to appoint 5 members. The names, postal addresses and telex numbers of the persons initially appointed to the Owners Committee by the respective Participants are:

	<u>Name</u>	<u>Postal Address</u>	<u>Telex No.</u>
By Price:	C.R. Tittmore	Abitibi Paper Company Limited, P.O. Box 21, 22nd Floor, Toronto-Dominion Centre, Toronto, Ontario. M5K 1B3	022090
	H.C. Rosier	Abitibi Paper Company Limited, P.O. Box 21, 22nd Floor, Toronto-Dominion Centre, Toronto, Ontario. M5K 1B3	022090

<u>Name</u>	<u>Postal Address</u>	<u>Telex No.</u>
R.E. Membery	Abitibi Paper Company Limited, P.O. Box 21, 22nd Floor, Toronto-Dominion Centre, Toronto, Ontario. M5K 1B3	022090
A.A. Labreque	The Price Company Limited 65 St. Anne Street, Quebec, Quebec G1R 3X5	0113511
G.L. Colborne	The Price Company Limited Mineral Resources Division, P.O. Box 385, Commerce Court North, Toronto, Ontario. M5L 1G3	0622321
By Asarco: J.E.A. MacDonald	Asarco Incorporated Mining Department, 120 Broadway, New York, N.Y. 10005.	00-125991
Norman Visnes.	Asarco Incorporated Mining Department, 120 Broadway, New York, N.Y. 10005.	00-125991
J. R. Hart	Asarco Incorporated Buchans Unit, Buchans, Newfoundland, Canada.	01-163546
R. L. Brown	Asarco Incorporated Exploration Department, 120 Broadway, New York, N.Y. 10005	00-125991
Morris B. Hecox, Jr.	Asarco Incorporated Law Department, 120 Broadway, New York, N.Y. 10005	00-125991

3.02 At all meetings of the Owners Committee a member appointed by Price shall act as chairman and Asarco shall appoint another person (who need not be a member of the Committee) to act as Secretary of the meeting. The Secretary of each meeting shall prepare and distribute to all members of the Committee a written record of the decisions taken at each meeting. Each Participant shall be entitled to cast one vote, which vote shall be declared by the senior member of the Participant in question. Seniority will be indicated at the beginning of each meeting. In the case of a tie vote, the senior representative of Asarco, and the Senior representative of Price will have a second or casting vote as determined under Section 3.03.

3.03 So long as Asarco is acting as Production Manager hereunder, the senior representative of Asarco shall have a casting vote in connection with any matters relating to mine operations. For this purpose, "mine operations" shall mean extraction, concentrating and operations incident to the production and shipment of mineral products and developing and equipping for mining operations any part of the Premises, together with labour relations relating thereto. The senior representative of Price shall have a casting vote on all other matters which, without limitation, shall include the following:

- (a) all matters affecting or relating to the Exploration Areas;

(b) the apportionment of Operating Costs, Capital Expenditure, Product and any other matters that require apportionment between TNP and MacLean;

(c) the use and disposition of the Premises or parts thereof after they are no longer required by the Production Manager;

(d) plans and budgets to comply with environmental laws and regulations;

(e) plans and budgets to fund severance pay and pension obligations including the amounts to be contributed or allocated to the Contingency Fund but only to the extent required to meet legal obligations and commitments from time to time;

(f) issues relating to the social and political impact of operations on the residents of the areas in and around the Buchans Mine Area and the Exploration Areas;

(g) the disposition of townsite buildings and other items of infrastructure to employees and others provided the same does not hinder the Production Manager in the efficient carrying out of his duties; and

(h) relations with federal and provincial governments and regulatory bodies, other than in respect of mine operations.

If any dispute arises as to which Participant has the casting vote in respect of any matter, that issue may be submitted by either Participant to arbitration in accordance with the provisions of Article 32 hereof.

3.04 Any Participant may at any time and from time to time remove any person appointed by it to the Owners Committee and substitute another appointee. Such removals and appointments shall only take effect after written notice thereof, with the postal address and telex number of the new appointee, has been given to the other Participant.

3.05 At least 14 business days notice shall be given of each meeting of the Owners Committee; provided, however, that no notice of a meeting shall be necessary when two or more members representing each Participant on the Owners Committee are present and unanimously agree upon the meeting being held and the agenda for it. Meetings of the Owners Committee shall be held at quarterly intervals, or at such other intervals as the Committee may decide. In addition, the Participants may convene a special meeting at any time either of them deems appropriate by 8 business days notice setting forth the matter or matters to be considered at the meeting in question. Meetings of the Owners Committee shall be held at such places within or outside Canada as it may from time to time decide. A quorum for meetings of the Owners Committee shall consist of at least one member appointed by each

Participant. If a quorum is not present for any meeting, the members present shall adjourn for not less than 14 days and notice shall be given each member of the Committee of the time, place, and any changes in the agenda for the adjourned meeting. On such adjourned date the meeting shall be validly constituted if any 2 members or more are present irrespective of whether they represent only one Participant.

3.06 The Owners Committee may make a decision on any matter without a meeting provided that such decision shall be evidenced by writing, signed in one or more counterparts by two or more members of each Participant on the Owners Committee. Any decision so signed shall be as binding as if decided at a meeting of the Owners Committee.

3.07 The Owners Committee shall be the ultimate authority and as such is empowered to make all decisions in respect of the Co-Tenancy Operation and Exploration Activities and all such decisions made in accordance with the provisions of this Agreement shall be binding on each Participant. At all meetings of the Owners Committee and in respect of the decisions evidenced by writing, each member of the Committee shall be acting solely as a representative of the Participant which appointed him and shall have full power and authority to represent, bind and vote for such Participant in all matters to be decided by the Owners Committee. Each Participant shall bear the expenses incurred by

4.02 In addition to their obligations under Section 4.01, Price in the proportion of 51% and Asarco in the proportion of 49% agree each for itself to provide or arrange for such funds as the Owners Committee may decide are reasonably required for working capital for the Co-Tenancy Operation and for contributions to the Contingency Fund.

4.03 (a) Price and Asarco agree that as of January 1, 1976, the total amount remaining to be paid by Price to Asarco for 51% of the Current Assets at that time is \$4,753,031 (Canadian Funds); payment of the said amount shall be made by Price as to \$729,623 by the assumption of 51% of the current liabilities outstanding as of that date, and as to the balance of \$4,023,408 (the "Price Initial Deficiency") in accordance with this Section 4.03, all as more particularly itemized in Schedule "H" hereto.

Asarco agrees that it will lend to Price all funds required to be paid by Price from time to time in respect of the current liabilities assumed by Price, as itemized in Schedule H, and all funds required to be contributed by Price from time to time in respect of Operating Costs and Capital Expenditures for the Co-Tenancy Operation under the provisions of Articles 4, 8 and 11 during the period from January 1, 1976 to the date (herein called the "Settlement Date") which is the earlier of:

- (i) January 1, 1978; or
- (ii) Price's payment to Asarco of the Price Current Indebtedness (defined below) plus interest on the Price Current Indebtedness on the last day of each calendar month calculated at a per

annum interest rate of 1% over the New York Prime Rate.

The "Price Current Indebtedness" at any particular time shall mean the amount, if any, by which the sum of the Price Initial Deficiency plus any loans made by Asarco to Price pursuant to this Subsection 4.03(a) before that particular time exceeds the sum of all amounts paid by Price to Asarco before that particular time pursuant to Subsection 4.03(b). Asarco further agrees that as soon as practicable following each six month period between January 1, 1976 and the Settlement Date it will provide Price with detailed calculations of the Price Current Indebtedness at the close of business at the end of each of the six calendar months comprising each six month period, together with the New York Prime Rate for each calendar month in each six month period.

(b) Subject to Asarco complying with Subsection 4.03(a), Price agrees to pay Asarco the Price Current Indebtedness and interest thereon in accordance with the following schedule:

(i) By August 31, 1976 an amount equal to the aggregate of:

(A) the proceeds received by Price during the 6 month period commencing January 1, 1976 and ending June 30, 1976 from the sale of Price's share of Product under Articles 2 and 21 of this Agreement (in this Section 4.03 called "Price's Product"); and

(B) 1/4 of the amount of the Price Current Indebtedness on June 30, 1976, together with interest

at the rate of 1% over the New York Prime Rate for each of the months in the said 6 month period on the respective amounts of the Price Current Indebtedness on the last day of each of the said months.

(ii) By February 28, 1977 an amount equal to the aggregate of:

(A) the proceeds received by Price during the 6 month period commencing July 1, 1976 and ending December 31, 1976 from the sale of Price's Product; and

(B) 1/3 of the Price Current Indebtedness on December 31, 1976, together with interest at the rate of 1% over the New York Prime Rate for each of the months in the said 6 month period on the respective amounts of the Price Current Indebtedness on the last day of each of the said months.

(iii) By August 31, 1977 an amount equal to the aggregate of:

(A) the proceeds received by Price during the 6 month period commencing January 1, 1977 and ending June 30, 1977 from the sale of Price's Product; and

(B) 1/2 of the Price Current Indebtedness on June 30, 1977 together with interest at the rate of 1% over the New York Prime Rate for each of the months in the said 6 month period on the respective amounts of the Price Current Indebtedness on the last day of each of the said months.

(iv) By February 28, 1978 an amount equal to the aggregate of:

(A) the proceeds received by Price during the 6 month period commencing July 1, 1977 and ending December 31, 1977 from the sale of Price's Product; and

(B) the balance of the Price Current Indebtedness on December 31, 1977 together with interest at the rate of 1% over the New York Prime Rate for each of the months in the period commencing July 1, 1977 and ending on January 31, 1978 on the respective amounts of the Price Current Indebtedness on the last day of each of the said months.

(c) Asarco agrees that Price may prepay in whole or in part the Price Current Indebtedness and any unpaid balance of interest on the last day of any calendar month without notice or penalty. Asarco further agrees that on reasonable notice from Price, it will provide Price with such detailed calculations of the Price Current Indebtedness at the end of any month and the New York Prime Rate for such month as may be requested by Price for the purpose of enabling Price to exercise the right of prepayment contained in this Subsection 4.03(c).

(d) During the period January 1, 1976 to December 31, 1977, Price agrees to enter into a sales agency agreement with Asarco for the sale of Price's Product in the form of Schedule "I" hereto. Price further agrees that until it has complied with the provisions of Subsections 4.03(b), it will take all actions reasonably requested by counsel for Asarco to assign to Asarco:

(i) as security for its obligations under Subsection 4.03(b), all its interest in inventories of Products;

(ii) as security for its obligations under Subsection 4.03(b), all receivables under sales contracts for Price's Product; and

(iii) in satisfaction of its obligations under sub-clauses (i)(A), (ii)(A), (iii)(A) and (iv)(A) of Subsection 4.03(b), all payments from the sale of Price's Product; each such payment shall reduce the Price Current Indebtedness and any unpaid balance of interest at the time such payment is received by Asarco.

(e) From and after the Settlement Date, Price will contribute 51% of Operating Costs and Capital Expenditures required for the Co-Tenancy Operation in accordance with Articles 4, 8 and 11.

4.04 Subject to Part III hereof, all Exploration Costs incurred in respect of the 1905 Exploration Areas or New Exploration Areas shall be paid for by the Participants in the proportion of 51% for Price and 49% for Asarco and in respect of the Crown Lease Areas in the proportion of 50% for Price and 50% for Asarco, as the case may be, except in the case of Asarco electing to reduce or terminate its contributions to Exploration Costs under any Written Program in respect of any one or more of the Separate Exploration Areas.

4.05 For the purpose of better securing payment to the Production Manager of all amounts required to be paid to it pursuant to this Agreement, each of the Participants shall, as and when requested in writing by the other Participant, execute and deliver such deeds, documents and instruments (herein collectively called the "Cross Charge") creating in favour of the other Participant a charge upon such Participant's interest in any Current Assets and any contracts for the sale of Product. Each Participant agrees to obtain all necessary consents and approvals in relation thereto and to duly register and record the same and such other notices or documents relating thereto in the place or places where such registration, filing or recordation may be required to perfect the security created thereby and to fully protect the other Participant thereunder.

4.06 Except with the unanimous approval of the Owners Committee, no eventuality is seen for change in the respective Interests of Price and Asarco in the Premises during the term of their co-tenancy in respect thereof. If one Participant fails to contribute any funds required to be contributed in accordance with Sections 4.01, 4.02 and 4.03 (herein "Defaulting Participant") and if the other Participant (herein "Contributing Participant") contributes such funds (herein "Additional Funds") the Contributing Participant (who shall be under no obligation to contribute Additional Funds) shall be entitled to charge the Defaulting Participant interest on Additional Funds at 2 per cent per annum over the daily average prime lending rate in effect during the same period on commercial loans in Canada made by The Royal Bank of Canada. In addition to a Contributing Participants' rights under any Cross Charge given under Section 4.05 or at law to recover any Additional Funds and interest thereon, a Contributing Participant shall be entitled to require the Production Manager to deliver to the Contributing Participant a portion of the Defaulting Participant's entitlement to Product having a market value equivalent to the Additional Funds and interest thereon supplied by the Contributing Participant in whole or in partial satisfaction of the Defaulting Participants' indebtedness to a Contributing Participant; provided, however, that under any combination of such remedies a Contributing Participant shall not be reimbursed for more than the aggregate of Additional Funds and interest thereon as aforesaid.

PART II - PRODUCTION PROVISIONS

ARTICLE 5

Appointment of Asarco as Production Manager

5.01 The Participants hereby appoint Asarco as Production Manager and Asarco accepts such appointment upon the terms and conditions herein set forth. ~~Should Asarco wish to be relieved of the duties of Production Manager, it may resign as such effective 12 months following written notice to Price.~~ Notwithstanding any such resignation, the Participants shall continue to be bound by the terms hereof as between themselves and Price, after consultation with Asarco, shall be entitled to appoint a third party to be the successor Production Manager.

5.02 The Co-Tenancy Operation shall be conducted by the Production Manager for and on behalf of the Participants. Each Participant agrees that the Production Manager shall be their agent in carrying on the Co-Tenancy Operation in accordance with this Agreement and each Participant agrees to give the Production Manager such evidences of authority as may be required to permit it to fulfil the Production Manager's functions set forth herein.

5.03 In the performance of its services hereunder, Production Manager shall exercise such skill, care and diligence in accordance with good mining and milling practice as is usual and necessary

for the proper carrying out of such services; however, Production Manager shall not be liable for any act or omission provided that it has acted in good faith and is not grossly negligent. Subject to this proviso, all liabilities to third parties, and all losses, damages and expenses by reason of injury to person, including death, or damage to property, arising out of Asarco's performance as Production Manager shall be deemed a chargeable Operating Cost to the extent not covered by insurance.

5.04 For acting as Production Manager hereunder, Asarco shall be entitled to a monthly fee to cover its general administration expenses. Such fee shall be a Operating Cost shared by the Participants. For each of the 1976 and 1977 calendar years such fee shall be in the amount of \$4,166.67 per month provided, however, that Asarco or Price shall have the right to reopen negotiations concerning the said charge at the end of 1977 and thereafter at the end of each calendar year and if a satisfactory basis for remuneration cannot be agreed upon within a 2 month period thereafter, Asarco and Price agree to be bound by the result of arbitration conducted under Article 32. The existing charge shall continue until a revised charge, if any, shall be agreed to or the making of an arbitration award.

ARTICLE 6

Limitation on Production Manager's Authority

6.01 Without prior approval of the Owners Committee as evidenced by the annual operating program and budgets or other written approval, the Production Manager shall not:

(a) enter into:

- (i) any individual purchase exceeding \$25,000.00;
- (ii) aggregate capital expenditures or commitments under construction contracts exceeding \$60,000.00 in any fiscal year;
- (iii) leases having aggregate rental in excess of \$12,000.00 in any fiscal year; and
- (iv) any leases having a term in excess of 2 years.

(b) encumber the Premises or any part thereof or any Participant's interests therein; and

(c) settle any claim in an aggregate amount in excess of \$5,000.00.

6.02 The Production Manager shall obtain approval from the Owners Committee to its annual estimated Operating Costs, cash and Capital Expenditure budgets, its proposals for substantial development work, and to its proposals for negotiating collective labour agreements. Thereafter, the Production Manager

shall advise the members of the Owners Committee as soon as reasonably possible of any anticipated increases in approved annual estimated Operating Costs and Capital Expenditure budgets of 10% or more and of the status of labour negotiations on a regular basis.

ARTICLE 7

Statement of Work

7.01 Subject to Articles 5 and 6 hereof, ~~Production Manager~~ shall conduct the Co-Tenancy Operation, furnish the necessary labour and materials therefor and have the authority and responsibility to do all other things necessary or appropriate for the proper conduct thereof, including without limitation the following:

(a) keep and maintain the Buchans Mine and Plant and other physical items included in the Premises and used in the Co-Tenancy Operation in good condition and repair and efficient operating condition and make, or contract for the making of, on behalf of the Participants, such alterations, improvements and additions thereto and replacements thereof as Production Manager may deem necessary or advisable in the interest of economy and efficiency of operation, all in accordance with good mining and engineering practice;

(b) provide and pay for all materials, labour, water, tools, equipment, light, power, transportation and other facilities necessary or desirable in the conduct of the Co-Tenancy Operation;

(c) pay or cause to be paid for the account of the Participants respectively, all property, business, sales, use and excise taxes and customs duties due by them as a result of their acquisition or use of the Premises, and promptly furnish to the Participants copies of any assessments of such taxes received by the Production Manager and, at the request of any Participant, contest any such assessment;

(d) procure from experts and consultants such special engineering, design, legal and other professional services as may be necessary or desirable in connection with the conduct of the Co-Tenancy Operation; provided, however, that no single item or group of related items of such services shall be procured without the consent of the Owners Committee if at the time of the retention of such expert or consultant it is reasonable to estimate that the cost thereof will exceed \$5,000.00.

(e) perform or cause to be performed for the account of the Participants respectively all of their obligations, the performance of which is required in order to maintain in good standing all mine, mineral, surface and equipment leases and

8.03 Subject to the provisions of Section 4.03 and promptly after execution of this agreement and as requested thereafter from time to time each Participant shall deposit or cause to be deposited in said funds at the times and in the manner provided in Article 10 hereof the sums provided for therein; provided, however, that the total amount of the deposits in the Operating Working Fund, regardless of the source thereof, shall at no time exceed the estimated Operating Costs of the Production Manager, budgeted on the cash requirement basis, for the then current and the next succeeding month plus the estimated Capital Expenditures of the Production Manager for the same period.

ARTICLE 9

Product Specifications and Scheduling

9.01 Production Manager shall maintain product specifications in accordance with good mining practice in the mining and treatment of minerals hereunder. The Production Manager shall endeavour to have available sufficient Product during each calendar quarter to meet all reasonable commitments under concentrate sales contracts; provided that such concentrate sales contracts do not exceed production from the Co-Tenancy Operation.

ARTICLE.10

Operating Costs and Capital Expenditures Reimbursable to Production Manager

10.01 Subject to the provisions of Articles 4 and 8 of this Agreement, Price and Asarco will in proportion to their respective Interests in the Premises reimburse the Production Manager for all Operating Costs and Capital Expenditures (except as provided in Section 10.02) reasonably incurred and actually paid or accrued in the execution and performance of its duties under this Agreement, such costs to include, but not by way of limitation, the following items:

(a) compensation including all remuneration in whatever form for personal services rendered by full time employees regularly stationed at or in the vicinity of the Buchans Mine Area and the Premises. This includes but is not limited to salaries, wages, premiums for overtime and extra pay shifts, bonuses and social security and old age benefits, employee insurance, contributions to employee pension, retirement, disability and death benefit plans, sick leave and other fringe benefits;

(b) travelling, lodging, subsistence and incidental expenses of the employees referred to in Section 10.01(a) above, incurred in the discharge of duties connected with the performance of this Agreement;

(c) rentals, royalties, permit and licence fees;

(d) charges for utility services such as power, gas, water and communications, including telephone, telegraph and radio, and the cost and expense of installing or rendering any such service;

(e) subject to Section 5.03, costs incurred to replace or repair damage or loss not compensated by insurance or otherwise;

(f) taxes (except those imposed upon, by reason of, or measured by income or profit), together with any interest or penalties reasonably incurred in connection with contested payments.

(g) reasonable costs of employees health, welfare, and training activities such as first aid clinics, recreational activities and employee training and counselling services incurred in the improvement of working conditions and employer-employee relations;

(h) reasonable costs of the operation or furnishing of food or dormitory services for Production Manager's and Exploration Manager's employees at or in the vicinity of the Buchans Mine Area and the Premises. Receipts from any such operations will be treated as credits;

(i) charges for legal, auditing, accounting, engineering and consulting services rendered by professionals not employees of Production Manager or any subsidiary thereof and related costs reasonably incurred in connection with the performance of duties under this Agreement;

(j) office expenses, including supplies, equipment, rent, or any other expenses incident to office maintenance and operation;

(k) in-bound and out-bound freight, express, cartage and portage charges relating to the Co-Tenancy Operation;

(l) costs of materials, supplies and services required for the Co-Tenancy Operation;

(m) premiums on insurance which Production Manager is required or permitted to carry hereunder;

(n) costs of fidelity bonds covering Production Manager's employees;

(o) maintenance and repair expenses necessary or appropriate to keep all portions of the Premises used in the Co-Tenancy Operation in good condition and repair and in efficient operating condition;

(p) costs incurred for the purchase of machinery, equipment, services and facilities required for the Co-Tenancy Operation, for alterations, improvements, replacements and additions to the Premises, all as required or permitted under the annual budgets as revised from time to time by the Owners Committee;

(q) reasonable charges by the central engineering, beneficiating and milling departments of the Production Manager; and

(r) reasonable costs for one visit and audit per annum by the Production Manager's internal auditor; provided that Price shall receive copies of all reports, recommendations and memoranda prepared by Production Manager's internal auditor and further provided that Price also may charge the reasonable costs for one visit and audit per annum by its internal auditor to Operating Costs hereunder and in such event Asarco shall receive copies of all reports, recommendations and memoranda prepared by Price's internal auditor.

10.02 Without the written consent of one member of the Owners Committee appointed by each Participant, the Production Manager shall not incur any of the following expenses:

(a) compensation for personal services of employees not regularly stationed at or in the vicinity of the Buchans Mine Area or the Premises unless elsewhere employed on a full time basis directly related to the Co-Tenancy Operation;

(b) travel, lodging, subsistence and incidental expenses of the employees of Production Manager other than those referred to in Section 10.01 hereof;

(c) costs of advertising;

(d) contributions, scholarships and donations in excess of \$5,000.00 per year; and

(e) costs of research and product development.

ARTICLE 11

Programs, Budgets and Payments

11.01 The Production Manager shall prepare an annual program and budget of estimated Operating Costs and Capital Expenditures for the Co-Tenancy Operation, including amounts to be allocated or contributed to the Contingency Fund and on a monthly basis details as to proposed exploration, development, mining, construction and production work to be carried out setting forth estimated itemized costs therefor. As soon as practicable following entry into this Agreement, the Production Manager shall prepare and distribute the annual program and budget for the 1976 and 1977 calendar years and thereafter the Owners Committee shall meet to consider and approve with or without amendments such annual programs and budgets. In 1977 and each year thereafter, the Owners Committee shall meet to consider and approve with or without amendments annual programs and budgets for the next ensuing calendar years. Such program and budgets shall be furnished

by the Production Manager to each member of the Owners Committee appointed by Price at least 30 days prior to the annual meeting of the Committee held pursuant to this Article.

11.02 Annual programs and budgets as so approved and amended shall be binding on the Production Manager who shall carry on the Co-Tenancy Operation in accordance therewith to the extent practicable and subject to differences in actual costs incurred from those estimated.

11.03 All Operating Costs and Capital Expenditures shall be incurred in accordance with instructions approved or issued by the Owners committee. All such costs and expenditures properly incurred pursuant to this Agreement shall be paid for by the Participants as set forth in Article 4 hereof.

11.04 Subject to the provisions of Section 4.03 and as soon as practicable after the date when this Agreement shall come into effect, each Participant shall deposit or cause to be deposited in the Operating Working Fund its pro rata share, based upon its interest in the Premises of such sum as the Production Manager and the Owners Committee may approve to have on deposit therein.

11.05 (a) Based upon the budgets submitted to and approved by the Owners Committee as the same may be revised from time to time, Production Manager shall submit to each Participant on or before the 15th day of each calendar month

a current cash estimate for the Co-Tenancy Operation for the next calendar month which shall show:

(i) separately the estimated cash disbursements which the Production Manager will be required to make from such funds for:

(A) items constituting reimburseable Operating Costs of Production Manager in performing services hereunder;

(B) items constituting Capital Expenditures for replacement or acquisition of machinery and equipment.

(C) any other expenditures approved by the Owners Committee;

(ii) the extent if any to which such disbursements will be satisfied out of cash in the Operating Working Fund after allowing for the cash balance to be maintained in the Operating Working Fund as approved by the Owners Committee;

(iii) the amounts, if any, which were remitted to Production Manager by each Participant pursuant to Subsection 11.05(b) in the immediately preceding calendar month; and

(iv) the aggregate cash amount which each Participant in proportion to its Interest in the Premises will be required to furnish to Production Manager for such disbursements.

(b) Subject to the provisions of Section 4.03, the Participants will, by the last day of the calendar month on which such cash estimate was received or such later date as Production Manager may request, remit to Production Manager the cash amount required under subparagraph (a) (iv) above.

ARTICLE 12

Shutdown Contingencies

12.01 A Subcommittee of the Owners Committee to act only in an advisory capacity will be established to effect a liaison with the Newfoundland government and agencies thereof in connection with the shutdown on a permanent or temporary basis of the Co-Tenancy Operation or any part thereof.

12.02 This Sub-Committee may consult with the Government generally:

(a) on ways and means to convert the townsite to a municipality; and

(b) to the extent considered feasible by the Owners Committee, on ways and means to transfer ownership of other items of infrastructure to those selected therefor.

12.03 Subject to the provisions of Article 8.02 and except as required to satisfy all obligations between the Participants relating to the Buchans Mine Area and the Co-Tenancy Operation, any surplus in the Contingency Fund shall be paid out to Price and to Asarco in accordance with their respective contributions thereto.

ARTICLE 13

Co-operation with the Exploration Manager

13.01 In accordance with policies approved by the Owners Committee, Production Manager shall co-operate with Exploration Manager in the conduct of Exploration Activities. Subject to its not diminishing the efficiency and economy of the Co-Tenancy Operation wherever practicable, the Production Manager shall make available such portions of the Premises as the Exploration Manager may request from time to time. Without limiting the generality of this principle, it is understood that the Exploration Manager shall have reasonable access to and use of the following in connection with the conduct of Exploration Activities:

(a) laboratories, computers and other technical equipment and technical facilities together with operators and technicians responsible therefor;

(b) all geological, geophysical, geochemical and other exploration data and information;

(c) all drafting and surveying equipment and facilities and other office equipment facilities and workers;

(d) all snowmobiles, trucks, cars, airplanes, heavy equipment and other modes of transportation and communications equipment not transferred to the Properties; and

(e) all repair and maintenance facilities.

ARTICLE 14

Patents

14.01 Any know-how, invention or discovery, whether patentable or not, which is made or conceived and reduced to practice by the Production Manager acting in that capacity, its employees or agents, in the performance of its services hereunder (herein "Subject Invention") shall be the property of Production Manager subject, however, to the following conditions:

(a) the Subject Invention shall be subject to the provisions of Section 14.01 hereof;

(b) upon request therefor Production Manager shall grant to the other Participant an irrevocable, non-exclusive, non-transferable and royalty-free licence to practice the Subject Invention throughout the world;

(c) Production Manager shall not license the practice of the Subject Invention by, or transfer the same to, any person other than the other Participant except upon such conditions and for such royalty as the Owners Committee may specify, such royalty, if any, to be paid to the Participants in proportion to their respective percentage interests in the Premises at the time of the payment of such royalty; and

(d) all costs of Production Manager incurred in obtaining or endeavouring to obtain or in the maintenance of any such patent or patents on the Subject Invention shall be deemed to be an Operating Cost hereunder.

ARTICLE 15

Assignments and Subcontracts by Production Manager

15.01 Except for assignments in whole to an Affiliate under

conditions where Asarco, as Production Manager remains jointly and severally liable with the assignee for all obligations of Production Manager hereunder neither this agreement nor any interest herein nor any claim arising hereunder shall be transferred or assigned by Production Manager without the prior written consent of the Participants nor shall Production Manager subcontract any of its duties hereunder without the prior written consent of one of the members of the Owners Committee appointed by each Participant.

PART III - EXPLORATION PROVISIONS

ARTICLE 16

Appointment of Price as Exploration Manager, Base of Prior
Exploration Costs and Control of Certain Assets

16.01 The Participants hereby appoint Price as Exploration Manager and Price accepts such appointment upon the terms and conditions herein set forth.

16.02 Exploration Activities shall be conducted by the Exploration Manager for and on behalf of the Participants. The Participants agree that the Exploration Manager shall be their agent for the carrying out of Exploration Activities in accordance with this Agreement and each Participant agrees to give the

Exploration Manager such evidences of authority as may be required to permit it to fulfil the Exploration Manager's functions set forth herein.

16.03 In the performance of its services hereunder, Exploration Manager shall exercise such skill, care and diligence in accordance with good prospecting and exploration practice as is usual and necessary for the proper carrying out of such services; however, Exploration Manager shall not be liable for any act or omission provided that it has acted in good faith and is not grossly negligent. Subject to this proviso, all liabilities to third parties, and all losses, damages and expenses by reason of injury to person, including death, or damage to property, arising out of Price's performance as Exploration Manager shall be deemed a chargeable Exploration Cost to the extent not covered by insurance.

16.04 The Exploration Manager shall be entitled to a monthly fee during the conduct of programs to cover its general administration expenses. Such fee shall be a charge included in Exploration Costs to be shared by the Participants. For each of the 1976 and 1977 calendar years such charge shall be 10% of the aggregate Exploration Costs incurred in each month which qualify as Exploration Costs under paragraphs 1, 2, and 5 and 3% of those which qualify under paragraph 4 of Schedule "C" hereto. Such charge shall not, however apply to charges referred to in paragraphs 3 and 6 of Schedule C nor to invoices in respect of any contracted services. Price or Asarco

shall have the right to reopen negotiations concerning such fee at the end of 1977 and thereafter at the end of each calendar year and if a satisfactory basis for remuneration cannot be agreed upon within a 2 month period thereafter, Asarco and Price agree to be bound by the result of arbitration conducted under Article 32. The existing charge shall continue until a revised charge, if any, shall be agreed to or the making of an arbitration award.

16.05 The aggregate expenditures incurred and paid by both Participants under the 1905 Area Agreements in each of the 1905 Exploration Areas which if they had been incurred and paid hereunder would qualify as Exploration Costs are set forth after the descriptions of each area on Schedule "E" attached to and forming part of this Agreement. For all purposes under this Agreement, such aggregate prior expenditures shall be treated as Exploration Costs incurred and paid hereunder with Price deemed to have incurred and paid 51% and Asarco 49%.

16.06 The aggregate expenditures incurred and paid by both Participants under the Amended 1948 Agreement in each of the Crown Lease Areas which if they had been incurred and paid hereunder would qualify as Exploration Costs are set forth after the descriptions of each such area on Schedule "B" attached to and forming part of this Agreement. For all purposes under this Agreement, such aggregate prior expenditures shall be treated as Exploration Costs

incurred and paid hereunder with Price deemed to have incurred and paid 50% and Asarco 50%.

16.07 Schedule "F" attached to and forming part of this Agreement lists certain assets by this Agreement made part of the Properties which were acquired under the 1905 Area Agreements and whose principal use is related to Exploration Activities. With respect to such assets, whenever it will not interfere with the conduct of Exploration Activities and when requested by the Production Manager, the Exploration Manager shall make such assets available for the use of the Production Manager.

ARTICLE 17

Preparation of Programs and Budgets by Exploration Manager, Contributions Thereto and Changes in Ownership

17.01 The Exploration Manager shall prepare all Written Programs for Exploration Activities proposed to be carried out in all or part of any of the Separate Exploration Areas or any Offered Area which when approved by the Owners Committee shall be binding upon the Participants. No Written Program without the consent of Asarco shall contemplate in the aggregate annual Exploration Costs in all Separate Exploration Areas of more than \$300,000. The Exploration Manager shall conduct Exploration Activities in accordance with approved Written Programs and subject to the following:

(a) The Exploration Manager has submitted to Asarco and Asarco has approved and elected to contribute 49% of a Written Program of Exploration Activities for the 1976 calendar year under which estimated Exploration Costs aggregate \$315,000.00.

(b) Written Programs for Exploration Activities in subsequent years will be proposed from time to time by the Exploration Manager for presentation to the Owners Committee; provided, however, that the Exploration Manager shall not propose a Written Program for the next program until at least 75% of the approved Exploration Costs have been expended under the existing program. Not later than 45 days prior to the proposing of each Written Program, the Exploration Manager shall initiate discussions with Asarco before preparing a Written Program for presentation to the Owners Committee.

(c) Upon approval of a Written Program by the Owners Committee, Asarco shall have 60 days from the date of such approval to decide, in respect of each Separate Exploration Area referred to in the Written Program: (i) which constitutes a Crown Lease Area, whether it will contribute 50%; and/or (ii) which constitutes an Offered Area, a 1905 Exploration Area or a New Exploration Area, whether it will contribute 49%; in each case of the proposed Exploration Costs therefor under such Written Program or whether it will reduce or terminate its contributions for any areas referred in clause (i) or (ii) above in which case

the provisions of Sections 17.01 (d), 17.03, 17.04 and 17.05 as the case may be, hereof shall apply. If Asarco shall fail to deliver to the Exploration Manager written notice specifying its election with respect to each of the Separate Exploration Areas or Offered Areas covered by any Written Program within such 60 day period, Asarco shall be deemed to have elected to terminate its contributions to Exploration Costs for each Separate Exploration Area and Offered Area covered by such Written Program in respect of which it has failed to deliver an election.

(d) If Asarco elects to reduce or terminate or is deemed to have elected to terminate its contributions to Exploration Costs for any Separate Exploration Area, Price shall be entitled to increase its contributions thereto and proceed with the Written Program therefor. If the Exploration Manager proceeds with the program and expends not less than 90% of the aggregate Exploration Costs contemplated by such Written Program for that Separate Exploration Area, Asarco shall thereafter be limited to electing to contribute to subsequent Written Programs for such Separate Exploration Area not more than the percentage, if any, it contributed to the immediately preceding Written Program for such Separate Exploration Area.

(e) The Exploration Manager is authorized to make all necessary expenditures and commitments under approved Written Programs. The Exploration Manager shall exercise all reasonable diligence to avoid

expenditures or commitments in excess of any authorized budget without the advance consent of Asarco, provided, however, that Asarco shall be liable for its share of any excess Exploration Costs to which it has consented and, in any event, shall be liable for its share of any excess Exploration Costs which do not exceed an authorized budget by more than 10%. Any over-expenditure which exceeds such percentage and is not so consented to shall be paid by the Exploration Manager and shall not be considered in any calculations made hereunder.

17.02 If the actual Exploration Costs incurred in carrying out any Written Program in any Separate Exploration Area are less than the costs budgeted for that area in said Written Program by more than 10% and Asarco has reduced its contributions to Exploration Costs for that Separate Exploration Area, then Asarco's percentage interest in such area shall not be reduced pursuant to Section 17.03 hereof until Asarco has been informed in writing of the amount of the actual costs for such Separate Exploration Area and been given 30 days from the receipt of such information to pay the percentage share it paid under the immediately proceeding Written Program.

17.03 If Asarco has reduced its contributions to Exploration Costs for any Separate Exploration Area and the Exploration Manager has complied with Section 17.01(d) or 17.02 then, the percentage Interests of each of the Participants in the Properties located

in the Separate Exploration Area in question shall be recalculated from time to time to the nearest 1/10 of 1% in accordance with the following:

(a) Price's percentage Interest in each such Separate Exploration Area shall be equal to the percentage obtained when the aggregate Section 16.05 contributions and subsequent contributions to Exploration Costs for that area by Price are divided by the aggregate of such Section 16.05 and subsequent contributions to Exploration Costs for that area by both Price and Asarco and the result is multiplied by 100; and

(b) Asarco's percentage Interest in each such Separate Exploration Area shall be equal to the percentage obtained when the aggregate Section 16.05 contributions and subsequent contributions to Exploration Costs for that area by Asarco are divided by the aggregate of such Section 16.05 and subsequent contributions to Exploration Costs for that area by both Asarco and Price and the result is multiplied by 100.

17.04. **If Asarco's percentage Interest in any Separate Exploration Area at any time falls below 10% then:**

(a) if the Separate Exploration Area in question is a New Exploration Area, Asarco will lose all of its right, title and interest in and to such area and without any action on the part of Price, Price shall hold a 100% Interest in such area and be entitled to deal with the Properties therein free of any claim by Asarco to any interest therein; or

(b) if the Separate Exploration Area in question is a ~~Crown Lease Area or a 1905 Exploration Area~~, Asarco will lose all of its right, title and interest in and to such area without any action on the part of Price and Price shall thereafter hold and be entitled to deal with a 100% Interest in the Properties therein free of any claim by Asarco to any interest therein other than the ~~right to receive a 10% net profits royalty~~ determined and payable in accordance with Schedule "G" hereto. Such area shall thereafter be referred to as a ~~"Royalty Area"~~.

17.05 If the Exploration Manager includes proposed Exploration Costs for any Offered Area in a first Written Program for such area and Asarco does not elect to contribute 49% of the proposed Exploration Costs for the Offered Area then, Price shall be entitled to carry out the proposed work itself or invite a third party to contribute 49% of such proposed Exploration Costs for the Offered Area. In either case, if 90% of the proposed Exploration Costs in such Written Program are expended by Price alone or with a third party in an Offered Area the part thereof which forms part of a First Offering Area hereunder, notwithstanding any provision hereof to the contrary, shall thereafter be excluded from the First Offering Areas of which it previously formed a part and shall no longer be subject to the terms and conditions of this Agreement. If Asarco contributes 49% of the Exploration Costs incurred in the Offered Area, then Asarco shall have earned a 49% Interest with Price in the Offered

Area which shall for all purposes hereunder be treated as a "New Exploration Area". The size of the First Offering Areas hereunder shall be reduced by the deletion of those portions of the 1905 Areas which are included in the New Exploration Area.

17.06 If the Exploration Manager, without the consent of Asarco, fails to submit a Written Program in any calendar year in respect of any one Separate Exploration Area, then Asarco may submit a Written Program to Exploration Manager confined to that Separate Exploration Area and with estimated Exploration Costs not exceeding \$150,000 within 30 days after the end of such year. Price shall be entitled to contribute its share in whole or in part to the estimated Exploration Costs to be incurred in such program by giving Asarco written notice of such election within 30 days of receiving any such Written Program. The failure of Price to give Asarco written notice within such 30 day period shall be deemed an election by Price not to contribute anything to such Written Program. If Price elects to contribute its full share to such Written Program, Price shall carry out such program. Otherwise, Asarco shall assume the duties of the Exploration Manager hereunder with respect to such Separate Exploration Area and carry out such Written Program. Thereafter, with respect to such Separate Exploration Area, all the provisions of this Article 17 and any other provisions of this Agreement necessary for the proper interpretation of such provisions shall be read and

construed so as to give Asarco the rights and obligations of Price and of the Exploration Manager with respect thereto, except that in the application of Section 17.04, if Price's Interest falls to 10% or less, then the interest of Price without its making any further contribution to Exploration Costs, shall be converted into a 10% net profits royalty as provided in Subsection 17.04(b) regardless of whether the Separate Exploration Area in question was a New Exploration Area, a Crown Lease Area or a 1905 Exploration Area.

ARTICLE 18

Geological Information and Reports

18.01 Each Participant shall have the right to full and complete geological information and data including interpretations thereof in the possession of the other Participant at the time of entering into this Agreement and thereafter obtained by either Participant from Exploration Activities hereunder or relating to the Properties in accordance with and subject to the following:

(a) During the conduct of any program and thereafter until fully reported, the Exploration Manager shall prepare and provide Asarco with a summary monthly report (or on such other basis as may be mutually agreed upon) describing all Exploration Activities. So often as requested by Asarco, the Exploration Manager shall

also provide Asarco with copies of pertinent drill logs, assay records, maps, reports and related information and data.

(b) Prior to submitting any report in respect of Exploration Activities or the Properties to any government agency, the Exploration Manager shall provide Asarco with a copy. The Exploration Manager shall prepare and file all reports required by law in connection with the Exploration Areas and Asarco shall co-operate in the preparing and filing of such reports. If a Participant is required to file a report (other than a report called for hereunder) with respect to any of the Properties with any regulatory authority, it shall, depending on what is feasible in the circumstances, either provide the other Participant with a copy of such report or make available a copy thereof for inspection and the Participants shall co-operate with each other in the preparation of any such reports.

(c) Each Participant, by its duly authorized representatives shall be entitled at all reasonable times to access to the Exploration Areas to inspect the operations and activities being conducted thereon.

(d) The data and information coming into the possession of a Participant by virtue of this agreement shall be kept confidential and shall not be disclosed to third parties without the consent of the other Participant except as required by law or the rules and

regulations of any Stock Exchange or Securities Commission having jurisdiction and in such event the Participant making such required disclosure shall first deliver a copy thereof to the other Participant. Notwithstanding the foregoing, any Participant may at any time and without the consent of the other Participant share all or any of such data and information with a consultant or any Affiliate, provided that such consultant or Affiliate shall agree with such Participant to preserve the confidential nature of such data and information.

ARTICLE 19

Accounts, Invoices and Settlements

19.01 The Exploration Manager shall keep accurate accounts and records of all transactions under this agreement including all Exploration Costs and the contributions credited to or made or deemed to have been made by the Participants and shall enter all appropriate credits and debits in respect of each Separate Exploration Area.

19.02 The Exploration Manager shall invoice Asarco for its share of the Exploration Costs under Written Programs on a monthly basis. Asarco shall pay such invoices within 30 days of receipt of same. If any invoice is not paid within 30 days after notice by the Exploration Manager that payment is in default, at the

Exploration Manager's option, Asarco shall be deemed to have elected to terminate its contributions to Written Programs in respect of the Separate Exploration Area being invoiced and the provisions of Article 17 shall govern. The Exploration Manager may, in its sole discretion, request an advance from Asarco on a monthly basis for its share of Exploration Costs estimated to be incurred in that month.

PART IV - PROVISIONS TO DEAL WITH NEW ORE

ARTICLE 20

Feasibility Study and Proposals for Implementation

20.01 If, in the opinion of either Participant an indicated ore body has been delineated in any Separate Exploration Area and such Participant has maintained its original Interest in such Separate Exploration Area, then such Participant (herein called a "Qualified Participant") may propose to the Owners Committee the preparation of a Feasibility Study on the economic viability of the indicated ore deposit. If there is disagreement in the Owners Committee on any aspect of the preparation of such a study, either Qualified Participant may at its own expense commission an independent source to prepare such a study and the other Participant shall co-operate by furnishing all information regarding the indicated ore deposit. The results of any Feasibility Study

shall be submitted to both Participants as soon as practical following its completion.

20.02 At any time after the preparation and submission to each Participant of a Feasibility Study recommending the bringing into commercial production of any indicated ore deposit under Section 20.01 (herein called a "Favourable Feasibility Study") written proposals for financing all aspects required to implement the Favourable Feasibility Study (herein collectively called a "Proposal") may be submitted to the Participants. If the Feasibility Study has been commissioned by the Owners Committee and paid for by both Participants, then the Owners Committee shall have the exclusive right for 3 months following the submission of a Favourable Feasibility Study to prepare and submit a Proposal to the Participants. On the other hand, if the Favourable Feasibility Study was commissioned and paid for by one Qualified Participant, that Qualified Participant shall be entitled to prepare and submit a Proposal to the other Participant concurrently with or as soon as practical following the submission of the Favourable Feasibility Study. If the Owners Committee shall fail to submit a Proposal within such 3 month period, then any Qualified Participant who has paid its participating percentage of the cost of preparing the Favourable Feasibility Study may submit such a Proposal to the other Participant. If recommended in the Favourable Feasibility Study, a Proposal may contemplate the bringing into commercial production of the

Properties containing such indicated ore deposit as part of an operation integrated in whole or in part with the Buchans Mine and Plant or as a completely separate operation. The Proposal may relate to all or part of the Properties located in the Separate Exploration Area which was the subject of the Favourable Feasibility Study and may specify the Products to be produced.

20.03 Subject to Asarco being a Qualified Participant, agreeing to contribute its original participating percentage of the estimated costs, expenses and outlays necessary to implement the Proposal, and complying with Section 20.05 if there is not unanimous approval of the Proposal by the Owners Committee, Asarco shall be the Production Manager in relation to such indicated ore deposit, shall be in charge of equipping such Separate Exploration Area for production and of managing the mining operations thereof, all on the terms and conditions herein which refer to the Co-Tenancy Operation, which shall apply to such indicated ore deposit "mutatis mutandis" and the Properties covered by such Proposal shall thereafter form part of the Premises.

20.04 If Asarco is not a Qualified Participant in respect of any Separate Exploration Area(s) which are the subject of a Favourable Feasibility Study or if Asarco does not agree to contribute its original percentage of all costs, expenses and outlays necessary to implement a Favourable Feasibility Study therefor, then, subject to complying with Sections 20.05 and 20.06 in any case

where Asarco does not concur in a Proposal put forth by Price; the Properties in question shall not become part of the Premises and the Areas in question shall be New Production Areas and Price shall be:

(i) the Production Manager thereof; and

(ii) in charge of equipping such New Production Area and managing all operations therein on the terms and conditions herein set forth which refer to the Co-Tenancy Operation except as the same may be varied by Price's Proposal with respect to such New Production Area.

20.05 Should the unanimous approval of the Owners Committee not be obtained to a Proposal, such Proposal may only be proceeded with on the following basis:

(a) the Qualified Participant wishing to proceed with the Proposal must submit a written commitment to the other Participant (whether such other Participant is also a Qualified Participant or not) relating to the estimated costs, expenses and outlays necessary to implement the Proposal and construct the Additional Mine and Plant. Such written commitment would be in such detail as would reasonably be necessary to enable the other Participant to decide whether to participate in the Proposal or not; and

(b) in particular, a Proposal would:

(i) contain appropriate detail on the equitable adjustment of the rights of each Participant to Product and their respective Interests in the Premises and/or the Properties (including Additional Mine and Plant) should one of them elect not to participate in the Proposal to the full extent;

(ii) be reasonable and equitable having regard to all factors relating to the proposed Additional Mine and Plant, including without limitation, the use to be made of the whole or any part of the existing Premises and/or Buchans Mine and Plant under the terms of the Proposal; and

(iii) be reasonable having regard to good mining and business practice and have reasonable commercial practicability;

(c) within 90 days of the receipt of a written commitment under Subsection 20.05(a) the Participant to whom it was made must elect by notice in writing to the submitting Participant:

(i) to participate in the proposed Additional Mine and Plant;

(ii) not to participate in the proposed Additional Mine and Plant; or

(iii) not to participate in the proposed Additional Mine and Plant and to refer the matter of compliance with Section 20.05(b) to arbitration.

20.06 Upon expiration of the 90 day period referred to in Section 20.05(c) the Proposal may be proceeded with and the respective Interests of each Participant in the Premises and/or the Properties (including the Additional Mine and Plant) would be varied from time to time in accordance with the provisions of the Proposal provided, however, that no Proposal may be undertaken while it is the subject matter of arbitration hereunder.

PART V - GENERAL PROVISIONS

ARTICLE 21

Taking of Product in Kind

21.01 Each Participant shall take delivery of Product in kind at the port of shipment from the Province of Newfoundland in proportion to its Interest in the Premises or Properties from which the Product derives. Where the Participants have differing Interests in ores which are commingled to produce Product entitlement thereto shall be settled by mutual agreement failing which the issue may be arbitrated by either Participant under Article 32.

For purposes of the phrase "economic exhaustion" this shall occur whenever a skilled and prudent miner who is knowledgeable concerning costs and economics of the mining industry, would abandon permanently the possible future mining of any remaining minerals as uneconomic, rather than continue the upkeep and maintenance of the mining and processing facilities therefor on a standby basis and incur the costs thus involved. If a difference should arise between the Participants concerning such occurrence, it shall be determined by arbitration, but if one Participant is willing to advance such standby costs, which shall be subject to recoupment (plus a sum equal to interest thereon at the current Royal Bank of Canada prime rate plus 2%) only from mineral product produced, then it shall be conclusively presumed that economic exhaustion has not occurred so long as standby costs are so advanced.

23.02 Subject to compliance with the provisions of Section 23.03, this Agreement may be earlier terminated in part, in respect of:

(a) the Buchans Mine Area and the Premises by Asarco at any time after January 1, 1980 on 18 months advance written notice of termination to Price; or

(b) any 1905 Exploration Area, New Exploration Area or the First Offering Areas, by Asarco at the commencement of any

calendar year on not less than 90 days advance written notice of termination to Price; or

(c) in respect of any Crown Lease Area by either Participant at the commencement of any calendar year on 90 days advance written notice of termination to the other Participant; or

(d) as to the Buchans Mine Area and the Premises or any Exploration Area or the First Offering Areas or in respect of any Properties at any time by mutual consent.

Furthermore, 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 His Late Majesty King George the Fifth of England, living on January 1, 1976.

23.03 Upon the termination of this Agreement as to the Buchans Mine Area and the Premises or as to any other area and the Properties therein all rights and obligations of the parties to this Agreement with respect to such area shall cease, except:

(a) their obligations to settle accounts for Operating Costs, Capital Expenditures, contributions to the Contingency Fund and Exploration Costs, as the case may be, and any liability or obligation incurred prior to or arising out of termination; and

(b) if termination occurs as to the Buchans Mine Area and the Premises or in respect of any other area subject to this Agreement (except the Crown Lease Areas) pursuant to Section 23.01 or 23.02(a), (b) and (d), then the Premises and/or Properties involved in such termination except for Current Assets which shall be dealt with in accordance with Sub-sections 23.03 (d) and (e) shall revert to the sole ownership of Price without payment of any compensation or indemnity to Asarco whatsoever;

(c) if termination occurs in respect of any Crown Lease Area pursuant to Section 23.02(c), the Participant giving the notice of termination shall, without cost to the other Participant, vest all its Interest in the Properties in the Crown Lease Area in question at the time of termination in the other Participant;

(d) if termination occurs pursuant to Section 23.01(a) or (b) or Section 23.02(d), Current Assets involved in such termination shall be liquidated at the best terms obtainable and divided between the Participants in accordance with their respective Interests in the assets involved; and

(e) For purposes of Subsection 23.03(d) Current Assets shall include all surplus cash not required to meet obligations, materials, supplies, inventories of Product in any stage of mining or processing except for ore in stopes, deferred insurance expense and other deferred expense items. Such

Current Assets shall be divided or liquidated and the returns divided between the Participants in proportion to their Interests in the assets involved.

23.04 Any Participant whose Interest is vested in another Participant under this Article 23 shall execute and deliver all necessary assignments and transfers to transfer and record its Interest in the Premises and Properties in the area in question prior to termination in the other Participant or its designee.

ARTICLE 24

Insurance Coverage for Co-Tenancy Operation and Exploration Activities

24.01 Prior to and throughout the continuance of the Co-Tenancy Operation and Exploration Activities, the Production and Exploration Managers respectively shall comply with the requirements of and maintain full coverage under the Workmen's Compensation and employer's liability laws of the Province of Newfoundland. All costs applicable to that coverage and the protection provided thereby to both Participants shall constitute part of Operating Costs if incurred by the Production Manager or Exploration Costs if incurred by the Exploration Manager.

24.02 In connection with the Co-Tenancy Operation the Production Manager shall obtain for and on behalf of the Participants from

a reputable insurance carrier, contractors and manufacturers public liability insurance naming each of the Participants as an insured and with limits as to persons, accidents and property damage all as approved by the Owners Committee from time to time. The Production Manager and if required by the Owners Committee, the Exploration Manager shall also obtain for and on behalf of the Participants from a reputable insurance carrier automobile public liability insurance and automobile property damage insurance naming each Participant as an insured with limits in each case, as approved by the Owners Committee. Premiums in respect of any such insurance shall form part of Operating Costs or Exploration Costs as directed by the Owners Committee.

24.03 Nothing contained in this Article 24 is to be construed as limiting insurance needs with respect to the Premises or the Properties or any operations carried out therein and the Owners Committee shall have entire discretion and authority to decide on all aspects of insurance coverage which it deems necessary to obtain.

ARTICLE 25

Books, Records and Inspections

25.01 The Participants shall at all times have access to the Premises and Properties.

25.02 Each of the Production and Exploration Managers will keep full detailed separate accounts, books and records of all costs and expenses incurred by it pursuant to this Agreement. The Participants shall be given access to all the books, records, correspondence, contracts, invoices, vouchers and memoranda as relate to the Co-Tenancy Operation and to Exploration Activities. Production and Exploration Managers will preserve all such books and records.

25.03 Production Manager shall facilitate the rights of the Participants and their employees and agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same and the work performed and to be performed under this Agreement. Production Manager shall provide all reasonable facilities and assistance for the safety and convenience of such inspectors in the performance of their duties, including the furnishing of office space and secretarial services at the Premises or elsewhere as may be required. The Participants and their employees and agents, shall have the right at all reasonable times to inspect, review and require the Production Manager to furnish copies of the books and records relating to the Premises, including correspondence and maps, relating to the performance of its services hereunder, wherever the same may be located, and in the performance of such functions to consult the employees of Production Manager, and in collaboration with such employees also any contrac-

tors retained by Production Manager and its employees.

The Participants shall have the right to authorize any lending institution to which it is or expects to become indebted, and any persons designated by such lending institution, to visit and inspect the Premises, examine (either by employees of such lending institution or independent accountants employed by it) the books of account of the Production Manager relating to the performance of its services hereunder, and discuss the affairs, finances and accounts of the Production Manager relating to such performance, with officers or representatives of the Production Manager or with its independent accountants all at such reasonable times and as often as such lending institution may desire; provided, however, that any person exercising such rights under authorization from a Participant shall be required to comply with all work rules in force at the Mine and Plant. Also, all inspections by agents of the Participants shall not interfere with Production Manager's or Exploration Manager's operations and shall be at the sole risk of their principals.

25.04 Any matters disclosed in audited financial statements for the Co-Tenancy Operation delivered to a Participant, if not disputed within 3 months of such delivery shall be conclusively deemed to be correct.

ARTICLE 26

Assignments, Transfers and Other Dispositions

26.01 Except as otherwise herein expressly provided neither Participant shall divest, assign, transfer or otherwise dispose of or in any way encumber any of its rights, interests or benefits under this Agreement or delegate any of its obligations hereunder without the prior written consent of the other Participant, which consent, if any, may at the sole discretion of the other Participant be made subject to, among other things, the conditions set forth in Section 26.02 and a right of first refusal.

26.02 The provisions of Section 26.01 shall not apply to a transfer to an Affiliate of a Participant, provided that any such transfer shall be subject to the following conditions:

(a) the transfer shall cover the entire Interest and all of the rights, interests and benefits of the transferring Participant in respect of the Premises and the Properties;

(b) the transferee shall give its written commitment to be bound by all the terms of this Agreement;

(c) the transferring Participant shall not be released from any of its obligations or liabilities under this Agreement unless the other Participant consents to such release; and

(d) except where the transferee corporation is the Parent of the transferor hereunder the other Participant shall be furnished a written commitment by the transferor regarding the retention of ownership and control of sufficient of the issued and outstanding capital stock (whether or not voting) of the transferee corporation so that such transferee corporation shall continue to qualify as an Affiliate of the transferor during the continuance of this Agreement. Any written commitment required to be furnished under this Subsection 26.02(d) shall be made by either:

- (i) the transferor in the case of a transfer to its subsidiary, or
- (ii) the Parent of the transferor in the case of a transfer to another subsidiary of the Parent.

26.03 The provisions of Section 26.01 shall not prevent any party hereto from entering into an amalgamation or corporate reorganization which will have the effect in law of the amalgamated or surviving company possessing all the property, rights and interests and being subject to all the debts, liabilities and obligations of each amalgamating or predecessor company.

26.04 The provisions of Section 26.01 shall not prevent any Participant from encumbering the whole or any part of its

Interest in the Properties for purposes of borrowing moneys or obtaining funds or credit (herein called "Borrowing") in connection with the bona fide corporate objectives of the encumbering Participant, either from a recognized financial institution or from any other legal entity where the Borrowing is secured by the general credit and assets of the encumbering Participant.

ARTICLE 27

Waiver of Right of Partition

27.01 Each Participant waives the benefit of all provisions of law, as now in effect or as enacted in the future, relating to actions for partition of real and personal property, and agrees that it will not resort to any action at law or in equity to partition the real or personal property subject to this Agreement.

ARTICLE 28

Nature of Obligations Created Hereby, Indemnity, Etc.

28.01 Except for the relationship between TNP and MacLean, the rights and obligations of each party to this Agreement shall be in every case several and not joint or joint and several.

28.02 The Participants hereby create a single purpose venture designed to carry out the Co-Tenancy Operation and Exploration Activities and divide Product amongst themselves in proportion to their respective Interests in the Premises and Properties.

No Participant shall have any authority to act for, or to assume any obligation or responsibility on behalf of, any other Participant except as otherwise herein expressly provided. The Participants have not created a partnership and nothing contained in this Agreement shall in any manner whatsoever constitute any Participant, the partner, agent or legal representative of any other Participant, or create any fiduciary relationship between them, for any purpose whatsoever or be construed as an agreement to share profits derived from or losses incurred from activities conducted hereunder.

28.03 Except in the case of gross negligence or wilful wrong, each Participant, in proportion to its Interest in the Premises or Properties as the case may be, shall indemnify and hold harmless the other Participant from and against any claims of or liability to any third person asserted upon the ground that action taken under this Agreement in respect of the Premises or Properties has resulted in or will result in any loss or damage to such third person to the extent, but only to the extent, that such claim or liability is paid by such other Participant in an amount in excess of the amount payable by reason of such other Participant's Interest in the Premises or Properties in question.

28.04 Except as expressly provided in this Agreement, each party shall have the free and unrestricted right independently to engage in and receive the full benefit of any and all business endeavours of any sort whatsoever whether or not competitive with the endeavours contemplated herein without consulting the other or inviting or allowing the other any interest therein. No party shall be under any fiduciary or other duty to any other party which will prevent it from engaging in or enjoying the benefits of competing endeavours which are in the general scope of the endeavours contemplated herein. In particular, without limiting the foregoing, no party shall have any obligation to any other party as to:

(a) the erection of any smelter or refinery whether or not such smelter or refinery treats ores or concentrates produced from the Buchans Mine Area or any of the Separate Exploration Areas; and

(b) any opportunity to acquire any mining property, interest or right offered to it at any time (i) within a Royalty Area; or (ii) outside of the Buchans Mine Area and the Separate Exploration Areas; or, within the boundaries of latter areas after the termination of this Agreement with respect to such area.

ARTICLE 29

Notice

29.01 Any notice, election, consent or other writing required or contemplated under the terms of this Agreement (herein "Notice") shall be effective:

(a) when personally served upon the party to be given such Notice at the address designated by it for such service;

(b) 24 hours (or such further number of hours which includes 8 normal business hours) after telexing or cabling when telexed or cabled to the party to be given such Notice at the number or address, as the case may be, designated by it;

(c) 7 days after the same shall have been deposited in the Canadian or United States mail, properly addressed, certified or registered with return receipt requested, and with postage thereon fully prepaid; or

(d) upon actual receipt thereof by such party at such address;

whichever shall first occur. Until otherwise specified by Notice in writing the addresses for such Notices shall be:

if to TNP, MacLean or A.N.D.:

P.O. Box 385, Commerce Court North,
Toronto M5L 1G3, Ontario, Canada,
Attention: G.L. Colborne, Esq.

Telex: 0622321

with a copy of such Notice to:

The Price Company Limited,
65 Ste. Anne Street,
Quebec G1R 3X5, Quebec,
Attention: A.A. Labreque, Esq., Q.C.,
Chairman of the Board and General Counsel

if to Asarco:

Asarco Incorporated
120 Broadway,
New York, N.Y. 10005
Attention: M.B. Hecox, Jr.,
Assistant General Counsel

Telex: 00-125991

ARTICLE 30

Tax Elections under Canadian and U.S. Law

30.01 Each party hereto shall be entitled for Canadian tax purposes to take advantage of any deductions from revenues belonging to it or elections which may be available under the provisions of applicable federal and provincial tax laws and regulations in relation to the costs and expenses incurred by it. Where such deductions or elections are permitted to the parties individually but a joint election is required, each agrees that it will join with the other and execute and deliver any documentation required in

connection therewith and otherwise furnish such information and take such action as may be reasonably requested by the other party in connection therewith; provided that, nothing herein contained shall require any party to take any action which in the written opinion of counsel for that party is likely to be detrimental to that party's Canadian or United States tax position.

30.02 If Asarco so requires, Price agrees to elect that all operations under this Agreement and each of them with respect to such operations, be excluded from the application of all the provisions of Subchapter K of Chapter 1 of Subtitle A of the United States Internal Revenue Code of 1954 and all amendments thereto; provided that, except for such election, nothing herein contained shall require any party to take any action which in the written opinion of counsel for that party is likely to be detrimental to that party's Canadian or United States tax position. Inasmuch as Asarco advanced the funds used to acquire the Fixed Assets forming part of the Premises at the date of this Agreement, the Participants agree that all depreciation allowances under United States income tax law in respect of those Fixed Assets will be for Asarco's account. Any party who is not subject to United States income tax joins in such election or takes action hereunder in respect of United States income tax solely as an accommodation to any party who is so subject, and its joining in such election or taking such action shall in no way constitute or be construed as constituting a submission to the tax jurisdiction of the United States.

ARTICLE 31

Unavoidable Delays

31.01 No party hereto shall be liable to any other party and no party hereto shall be deemed in default under this Agreement for any failure or delay to perform any of its covenants and agreements caused or arising out of any act not within the control of the party excluding lack of funds but including, without limitation, acts of God, strikes, lockouts, or other industrial disputes, acts of the public enemy, riots, fire, storm, flood, explosion, government restriction, failure to obtain any approvals required from regulatory authorities, including environmental protection agencies, unavailability of equipment or other causes whether of the kind enumerated above or otherwise which is not reasonably within the control of the party. No right of a party shall be affected for failure or delay of the party to meet any condition of this Agreement, which failure or delay is caused by one of the events above referred to and all times provided for in this Agreement shall be extended for a period commensurate with the period of the delay and so far as possible, the party affected will take all reasonable steps to remedy the delay caused by the events above referred to provided, however, that nothing contained in this Article shall require any party to settle any industrial dispute or to test the constitutionality of any law enacted by the Province of Newfoundland or by Canada.

ARTICLE 32

Disputes and Arbitration

32.01 Each party agrees that all questions or matters in dispute under this Agreement shall be determined by arbitration between them.

32.02 For purposes of this Article, TNP, MacLean and A.N.D. shall be one "Participant" and Asarco the other Participant and A.N.D. alone shall be entitled to Act for MacLean and TNP. It shall be a condition precedent to the right of any Participant to submit any matter to arbitration pursuant to the provisions hereof that such Participant intending to refer any matter to arbitration shall have given not less than 10 days prior written notice of its intention so to do to the other Participant. On the expiration of such 10 days, the Participant who gave such notice may proceed to refer the dispute to arbitration as herein provided.

32.03 The Participant entitled to refer a matter to arbitration under Section 32.02 shall proceed by appointing one arbitrator, and shall notify the other Participant of such appointment and the other Participant shall within 10 days after receiving such notice, appoint an arbitrator, and the two arbitrators so named, before proceeding to act, shall within 5 days of the appointment of the second arbitrator, unanimously

agree on the appointment of a third arbitrator to act with them and be chairman of the arbitration herein provided for. The Participants agree that the persons to be appointed as arbitrators shall be experienced in the areas of knowledge in which the dispute arises and that the chairman shall be a member of the Newfoundland bar who is not associated with either Participant. If the other Participant shall fail to appoint an arbitrator within 10 days after receiving notice of the appointment of the first arbitrator, the first arbitrator shall be the only arbitrator. If the arbitrators appointed by the parties shall be unable to agree on the appointment of the chairman, he shall be appointed by a Judge of the Supreme Court of Newfoundland on the application of either Participant. The chairman, or in the case where only one arbitrator is appointed, the single arbitrator, shall fix the time and place for the purpose of hearing the evidence and representations of the Participants and he shall: (i) preside over the arbitration; (ii) determine all questions of procedure not herein provided for; and (iii) in such determinations consider the common law rules of evidence. After hearing any evidence and representations that each Participant may submit, the single arbitrator or the arbitrators shall make an award and reduce the same to writing and deliver one copy thereof to each Participant. If such award requires one of the Participants to act in a particular manner, such Participant shall be given a reasonable period having regard to the action required to be taken in which to comply with the award. Each

Participant agrees that the award of a majority of the arbitrators or in the case of a single arbitrator, the said arbitrator, shall be final and binding upon each of them and there shall be no appeal therefrom. The cost of arbitration shall be paid as specified in the award. A judgment may be entered upon the award made pursuant to such arbitration in a court of competent jurisdiction.

ARTICLE 33

Interpretation, Governing Law, Further Assurances and Evidence of Interests

33.01 All references to dollars in this Agreement are to Canadian dollars and for purposes of operations hereunder, the fiscal year or fiscal period will be the calendar year. The index, headings and subheadings in this Agreement have been inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

33.02 This Agreement shall be a contract made in the Province of Newfoundland and governed by the laws of that Province and the laws of Canada applicable therein. The provisions hereof shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. The termination of this Agreement under Article 23 in respect of

any area shall not affect its application and effect in respect of any other area nor shall the settlement of all accrued obligations in respect of one area affect the continued operation of this Agreement in respect of other areas.

33.03 This Agreement constitutes the sole understanding of the parties hereto with respect to the subject matter hereof and supersedes all other agreements written or oral between them in respect of prospecting, exploration and mining in Newfoundland and Labrador including without limiting all the provisions of the 1905 Area Agreements, the Amended 1948 Agreement and a letter agreement dated August 25, 1948 between Buchans Mining Company, Limited (rights and obligations now held by Asarco) and TNP. In the result, all areas covered by such agreements and not expressly made subject to this Agreement and the Schedules hereto shall be deemed to be quit claimed or otherwise transferred by Asarco into the sole ownership of Price as of January 1, 1976. No modification, alteration or waiver of the terms of this Agreement shall be binding unless the same shall be in writing, dated subsequent to the date of this Agreement and duly executed by the parties hereto.

33.04 Each party hereto shall execute such documents, assignments, endorsements, instruments and evidences of transfer and shall give such further assurances as shall be necessary or appropriate in connection with the performance of its obligations

any Separate Exploration Area and changes in the ~~area~~ to the provisions of Article 17 need not be evidenced during the currency of this Agreement by the execution and recording of instruments or documents but each Participant's Interest in the Premises shall be shown in the books of the Production Manager and in the Properties shall be shown in the books of the Exploration Manager; provided, however, that either Participant at any time upon the request of the other Participant shall execute and acknowledge in form sufficient for recording in the Province of Newfoundland and shall deliver to the other Participant, such notices, contracts, deeds or other instruments incorporating, referring to or carrying out the provisions of this Agreement or as may be reasonably necessary to preserve, protect and evidence the Interests of the Participants under this Agreement.

IN WITNESS WHEREOF the parties hereto on the dates set forth below opposite their respective signatures have executed this Agreement as of the day and year first above written.

DATED: *aug. 16, 1976*

TERRA NOVA PROPERTIES ^{LIMITED} ~~INC.~~ ^{QNS}
by *Ch. Littlemore*
(title) PRESIDENT c/s
by *Julian May*
(title) SECRETARY

DATED: *July 30, 1976*

THE MACLEAN MINING COMPANY LIMITED
by *[Signature]* c/s
(title) *President*
[Signature]
(title) SECRETARY

DATED: *Aug. 16, 1976*

PRICE (NFLD.) PULP & PAPER LIMITED
by *[Signature]* c/s
(title) *PRESIDENT*
[Signature]
(title) SECRETARY

ATTEST:

by: *[Signature]*
(title) *Asst. Secretary*

ASARCO INCORPORATED
by *[Signature]* c/s
(title) *Vice President*

DATED: *August 9, 1976*

THIS IS SCHEDULE "A" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP & PAPER LIMITED AND ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

Buchans Mine Area

Part 1 - Mineral Rights

The mineral rights within that area of land near Buchans and bounded by the Buchans Co-Ordinate System as follows:

1. Beginning at the intersection of co-ordinate line north 9500 with co-ordinate line west 500; thence approximately south fifty-six degrees east to a point with co-ordinate north 5500 and east 5500; thence south one thousand five hundred feet; thence west one thousand five hundred feet; thence approximately north fifty-six degrees west to a point with co-ordinates north 8000 and west 2000; thence north one thousand five hundred feet; thence east one thousand five hundred feet to the point of beginning; the said land containing an area of approximately .625 square miles;
2. Beginning at the intersection of co-ordinate line north 7,200 with co-ordinate line east 12,100; thence south one thousand two hundred feet; thence west four thousand two hundred feet; thence north one thousand two hundred feet; thence east four thousand two hundred feet to the point of beginning, the said land containing an area of approximately .181 square miles.

Total Square Mileage 0.806

Part 2 - Surface Rights

The surface rights within that area of land near Buchans and bounded by the Buchans Co-Ordinate System as follows:

1. Beginning at the intersection of co-ordinate line north 22,500 with co-ordinate line east 10,000; thence south seven thousand five hundred feet; thence east five thousand feet; thence south seventeen thousand five hundred feet; thence west seventeen thousand five hundred feet; thence north twenty-five thousand feet; thence east twelve thousand five hundred feet to the point of beginning, the said land containing an area of approximately 14.35 square miles.

Total Square Mileage 14.35

THIS IS SCHEDULE "B" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP & PAPER LIMITED and ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

Crown Lease Areas

The areas of land from time to time covered by the following Indentures as the same may be extended and renewed from time to time:

1. "Buchans Junction West Group"
 - (a) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 1, Lot A, more particularly described in the Schedule thereto and containing an area of 5.06 square miles;
 - (b) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 2, Lot B, more particularly described in the Schedule thereto and containing an area of 4.998 square miles;
 - (c) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 3, Lot E, more particularly described in the Schedule thereto and containing an area of 4.999 square miles; and
 - (d) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 4, Lot F, more particularly described in the Schedule thereto and containing an area of 1.015 square miles.

Total Square Mileage 16.072

Agreed base of Exploration Costs to December 31, 1975
for Buchans Junction West Group - \$265,052.00

2. "Buchans Junction East Group"

Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 5, Lot J more particularly described in the Schedule thereto and containing an area of 2.0 square miles.

Total Square Mileage 2.0

Agreed base of Exploration Costs to December 31, 1975
for Buchans Junction East Group - \$10,246.00

3. "Grey River Group"

(a) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 6, Lot K, more particularly described in the Schedule thereto and containing an area of 5.0 square miles;

(b) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 7, Lot L, more particularly described in the Schedule thereto and containing an area of 0.89 square miles; and

(c) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 8, Lot M, more particularly described in the Schedule thereto and containing an area of 0.72 square miles.

Total Square Mileage 6.61

Agreed base of Exploration Costs to December 31, 1975
for Gray River Group - \$889,691.00

4. "Great Burnt Lake Group"

- (a) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 9, Lot N, more particularly described in the Schedule thereto and containing an area of 4.98 square miles;
- (b) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 10, Lot O, more particularly described in the Schedule thereto and containing an area of 4.96 square miles;
- (c) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 11, Lot P, more particularly described in the Schedule thereto and containing an area of 4.96 square miles;
- (d) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 12, Lot Q, more particularly described in the Schedule thereto and containing an area of 3.74 square miles; and
- (e) Indenture made as of December 31st, 1967 between the Province of Newfoundland as Lessor and Price (NFLD.) Pulp & Paper Limited and American Smelting and Refining Company as Lessees covering Lease Number 13, Lot R, more particularly described in the Schedule thereto and containing an area of 5.01 square miles.

- 4 -

Total Square Mileage 23.65

Agreed base of Exploration Costs to December 31,
1975 for the Great Burnt Lake Group - \$1,063,297.00

Total Square Mileage of all groups	48.332
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THIS IS SCHEDULE "C" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP AND PAPER LIMITED AND ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

Charges Included in Exploration Costs

1. Salaries and wages of employees of Exploration Manager and; when requested by Exploration Manager, of Production Manager (except that, without the written consent of one member of the Owners Committee appointed by each Participant, services of employees who are not referred to in Written Programs shall not be charged) prorated for the time such employees are directly engaged in Exploration Activities and the related cost of:
 - (i) annual leave, sickness, public holiday, long service leave and other benefits, assessments and obligations required to be paid by law; and
 - (ii) the current cost of plans for employee group life insurance, medical services and hospitalization, superannuation, pension, thrift plans and other benefits of like nature.
2. Travel and living expenses of employees referred to in paragraph 1 while away from their regular place of employment in connection with Exploration Activities provided that such expenses shall not include those incurred on visits of inspection.
3. Fees and charges of outside contractors, consultants and engineers engaged in connection with Exploration Activities.
4. Costs of material, equipment, supplies and services purchased for use in connection with Exploration Activities. Rental at normal rental rates in the area on equipment owned by the Exploration Manager or others and not part of the Premises or Properties, including transportation costs. So far as it is reasonably practical and consistent with the efficient and economical conduct of the Buchans Operation, the Exploration Manager shall second materials, equipment and supplies from the Premises for use in Exploration Activities.
5. Other direct costs, expenses, liabilities and charges incurred and paid in carrying out Exploration Activities.
6. If the Exploration Manager wishes to make use of any part of the Premises or Properties for any purpose unconnected with Exploration Activities, Exploration Manager shall only be permitted to do so after agreement in writing with Asarco regarding proper remuneration to be paid for permitting Exploration Manager to use such part of the Premises or Properties for other than Exploration Activities.

THIS IS SCHEDULE "D" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP & PAPER LIMITED AND ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

First Offering Areas

The areas of land described as follows:

1. The shortest distance on the ground between the following points of latitude and longitude:

- (i) $48^{\circ} - 30' - 37''$ north, $57^{\circ} - 20' - 42''$ west;
- (ii) $48^{\circ} - 28' - 46''$ north, $57^{\circ} - 19' - 08''$ west;
- (iii) $48^{\circ} - 26' - 39''$ north, $57^{\circ} - 24' - 40''$ west;
- (iv) $48^{\circ} - 28' - 30''$ north, $57^{\circ} - 26' - 14''$ west;

the said land containing an area of approximately 12.12 square miles.

2. The shortest distance on the ground between the following points of latitude and longitude:

- (i) $48^{\circ} - 32' - 46''$ north, $57^{\circ} - 13' - 18''$ west;
- (ii) $48^{\circ} - 32' - 16''$ north, $57^{\circ} - 12' - 40''$ west;
- (iii) $48^{\circ} - 29' - 32''$ north, $57^{\circ} - 17' - 34''$ west;
- (iv) $48^{\circ} - 39' - 02''$ north, $57^{\circ} - 18' - 12''$ west;

the said land containing an area of approximately 3.73 square miles.

3. All that area of land near Millertown Junction and bounded as follows: beginning at the intersection of the north boundary of the Price Newfoundland Grant and meridian of longitude $56^{\circ} - 20'$ west; thence south along the said meridian to its intersection with the south boundary of the Price Newfoundland Grant; thence in a west southwesterly direction along the said boundary to its intersection with meridian of longitude $56^{\circ} - 35'$ west; thence north along the said meridian to its intersection with the north boundary of the Price Newfoundland Grant; thence in a general easterly direction along the said boundary to the point of beginning, the said land containing an area of approximately 74.73 square miles.

THIS IS SCHEDULE "E" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP & PAPER LIMITED and ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

1905 Exploration Areas

The mineral rights within those areas of land described as follows:

1. "Buchans, Area 1":

Situate near Buchans and bounded by the Buchans Co-Ordinate System as follows: beginning at the intersection of co-ordinate line north 10,000 with co-ordinate line west 7,500; thence south two thousand five hundred feet, thence west two thousand five hundred feet, thence north two thousand five hundred feet, thence east two thousand five hundred feet to the point of beginning, the said land containing an area of approximately .224 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$356,330.00

2. "Buchans, Area 2":

Situate near Buchans and bounded by the Buchans Co-Ordinate System as follows: beginning at the intersection of co-ordinate line north 8,000 with co-ordinate line west 3,500; thence south five thousand five hundred feet, thence west four thousand feet, thence north five thousand five hundred feet, thence east four thousand feet to the point of beginning, the said land containing an area of approximately .789 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$159,844.00

3. "Buchans, Area 3":

Situate near Buchans and bounded by the Buchans Co-Ordinate System as follows: beginning at the intersection of co-ordinate line north 15,500 with co-ordinate line east 14,500; thence south eight thousand feet, thence west three thousand five hundred feet, thence north eight thousand feet, thence east three thousand five hundred feet to the point of beginning, the said land containing an area of approximately 1.004 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$383,938.00

4. "Tulks Prospect":

The shortest distance on the ground between the following points of latitude and longitude:

- (i) $48^{\circ} - 31' - 26''$ north; $57^{\circ} - 11' - 32''$ west;
- (ii) $48^{\circ} - 30' - 54''$ north; $57^{\circ} - 11' - 10''$ west;
- (iii) $48^{\circ} - 30' - 20''$ north; $57^{\circ} - 12' - 58''$ west;
- (iv) $48^{\circ} - 30' - 52''$ north; $57^{\circ} - 13' - 20''$ west;

the said land containing an area of approximately 1.00 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$453,476.00

5. "Tulks Horizon Extension":

The shortest distance on the ground between the following points of latitude and longitude:

- (i) $48^{\circ} - 29' - 38''$ north, $57^{\circ} - 14' - 58''$ west;
- (ii) $48^{\circ} - 29' - 13''$ north, $57^{\circ} - 14' - 13''$ west;
- (iii) $48^{\circ} - 26' - 43''$ north, $57^{\circ} - 17' - 25''$ west;
- (iv) $48^{\circ} - 27' - 08''$ north, $57^{\circ} - 18' - 10''$ west;

the said land containing an area of approximately 2.87 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$8,752.00

6. "Skidder Prospect":

The shortest distance on the ground between the following points of latitude and longitude:

- (i) $48^{\circ} - 44' - 30''$ north, $57^{\circ} - 54' - 30''$ west;
- (ii) $48^{\circ} - 43' - 00''$ north, $57^{\circ} - 54' - 30''$ west;
- (iii) $48^{\circ} - 43' - 00''$ north, $57^{\circ} - 57' - 00''$ west;
- (iv) $48^{\circ} - 44' - 30''$ north, $57^{\circ} - 57' - 00''$ west;

the said land containing an area of approximately 3.32 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$144,426.00

7. "Redcross Lake":

The shortest distance on the ground between the following points of latitude and longitude:

- (i) 48° - 23' - 25" north, 56° - 59' - 44" west;
- (ii) 48° - 22' - 27" north, 56° - 59' - 44" west;
- (iii) 48° - 22' - 27" north, 57° - 31' - 41" west;
- (iv) 48° - 23' - 25" north, 57° - 31' - 41" west;

the said land containing an area of approximately 1.72 square miles.

Agreed base of Exploration Costs to December 31, 1975 - \$48,120.00

8. "Lucky Strike Low Grade Mineralization":

Situate near Buchans and bounded by the Buchans Co-Ordinate System as follows: beginning at the intersection of co-ordinate line north 6,000 with co-ordinate line east 5,700; thence south one thousand five hundred feet; thence west two thousand four hundred feet; thence north one thousand five hundred feet; thence east two thousand four hundred feet to the point of beginning, the said land containing an area of approximately .129 square miles.

Agreed base of Exploration Costs to December 31, 1975 - Nil

9. "Mill Tailings Disposal Area, Area 1":

Situate near Buchans and bounded by the Buchans Co-Ordinate System as follows: beginning at the intersection of co-ordinate line north 5,500 with co-ordinate line east 6,000; thence south six thousand five hundred feet; thence west five thousand feet; thence north six thousand five hundred feet; thence east five thousand feet to the point of beginning, the said land containing an area of approximately 1.166 square miles.

Agreed base of Exploration Costs to December 31, 1975 - Nil

10. "Mill Tailings Disposal Area, Area 2":

Shown on the Buchans Sheet of the National Topographic System and bounded as follows: beginning at a point at ordinary high water mark on the north shore of Red Indian Lake at its intersection with meridian of longitude $56^{\circ}-40'$ west; thence south along the said meridian to its intersection with parallel of latitude $48^{\circ}-46'$ north; thence due west to longitude $56^{\circ}-47'$ west; thence due north to the north shore of Red Indian Lake at ordinary high water mark; thence easterly along the said shore to the point of beginning, the said land containing an area of 10.11 square miles.

Agreed base of Exploration Costs to December 31, 1975 - Nil

THIS IS SCHEDULE "F" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP & PAPER LIMITED AND ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

Items Forming Part of Properties

The following items of exploration equipment and facilities:

1. Mobile Equipment:

- (a) J-5 tractor;
- (b) 2-wheel tilt trailer;
- (c) 1 Beaver aircraft CF-LPF;
- (d) 3 pickup trucks;
- (e) 3 Bombadiers.

2. Laboratory Equipment:

- (a) 1 Vickers polarizing microscope;
- (b) 1 Leitz transformer and light unit;
- (c) 1 Frampton 18 inch diamond saw;
- (d) 1 Lortone polisher;
- (e) 2 pulverizers;
- (f) 1 crusher;
- (g) 1 Perkim-Elmer No. 303 A.A. unit;
- (h) 1 Mettler 2010 Balance.

3. Geophysical and Survey Equipment:

- (a) 2 Crone radem units;
- (b) 1 McPhar M-700 magnetometer;
- (c) 6 Brunton compasses;
- (d) 5 survey compasses and tripods;
- (e) 1 plane table and alidade;
- (f) 1 transit and tripod;
- (g) 12 prospectors compasses;
- (h) 4 S.P. units;
- (i) 3 I.P. units;
- (j) 2 topographies.

4. Metal Plan and File Cabinets:

- (a) 1 Artmetal plan file cabinet;
- (b) 1 Mayline plan file cabinet;
- (c) 1 2-drawer file cabinets;
- (d) 5 4-drawer file cabinets;
- (e) 2 Staycor tube file cabinets;
- (f) 2 Hamilton plan cabinets.

5. Camping Equipment:

- (a) 4 mobile bunkhouses;
- (b) 13 propane ranges;
- (c) 2 oil ranges;
- (d) 20 oil space heaters;

- (e) 15 propane refrigerators;
- (f) 6 canoes, 1 rowboat, 2 aluminium boats;
- (g) 6 3.5 h.p., 1 5.5 h.p., 1 9.5 h.p., 2 7.5 h.p. and 1 10.0 h.p., all outboard motors;
- (h) 3 portable lighting plants.

6. Facilities used by Exploration Staff:

- (a) station house for storage of equipment and supplies;
- (b) assay laboratory at rear part of building;
- (c) building to west of office building and used to house diamond saw and core logging;
- (d) 5 diamond drill core sheds;
- (e) aircraft hanger and docking facilities located at Buchans Lake;
- (f) drafting room and 3 small adjoining offices.

7. Communications Equipment:

- (a) 15 Marconi S.S.B. radios;
- (b) 1 remote receiver, located near Sandy Lake Road;
- (c) 1 barometer.

8. Drafting Equipment:

- (a) 10 drafting tables;
- (b) 1 pantograph;
- (c) 1 light table.

THIS IS SCHEDULE "G" TO A CO-TENANCY AGREEMENT BETWEEN TERRA NOVA PROPERTIES LTD., THE MACLEAN MINING COMPANY LIMITED, PRICE (NFLD.) PULP & PAPER LIMITED and ASARCO INCORPORATED MADE AS OF JANUARY 1, 1976

Calculation and Payment of 10% Net Profits Royalty

If all the Interest of one of the Participants in any Separate Exploration Area is converted to a 10% net profits royalty and thereafter any of the minerals in that Royalty Area are brought into commercial production by the other Participant (herein sometimes called the "Operator") the Operator shall, subject to and in accordance with the terms and conditions herein contained, pay to the Participant with the royalty interest (herein sometimes called "Non-Operator") an aggregate royalty with respect to the value of production from such Royalty Area equal to 10% of the Net Profits (defined below). The royalty herein provided shall not include any portion of the gross revenues or costs attributable to smelting or refining.

(a) For purposes of the royalty herein provided, it is agreed that Operator and Non-Operator shall first be entitled to the return of their entire investment in Exploration Costs with respect to the Separate Exploration Area in question before its conversion to a Royalty Area. Such investment shall be repaid to them in the proportions in which they contributed Exploration Costs out of the first cash flow to Operator from the Royalty Area. Thereafter, "Net Profits" for purposes hereof shall mean gross revenues received from the sale or deemed sale as hereinafter provided, of ore produced from such Royalty Area or concentrates derived therefrom less Costs (defined below).

(b) "Costs" for purposes of calculating Net Profits shall mean all costs and expenses attributable to exploration and development (not including reimbursed Exploration Costs) research, mining, milling, concentrating, production, handling, delivery and sale of ores or concentrates derived from such Royalty Area, including without limiting:

- (i) the aggregate amount of all interest and commitment fees incurred for borrowed money;
- (ii) all costs and expenses incurred in connection with the design, purchase, rental, construction and installation of all mining, milling, concentrating, shipping, transportation and access facilities;
- (iii) all costs and expenses of renting, operating, maintaining, replacing, expanding, modifying, altering or changing the mining, milling, concentrating, shipping, transportation and access facilities and equipment from time to time;

2. Remuneration of Sales Agent: For 1976 and 1977, Sales Agent shall be entitled to a fee of \$1.00 (U.S. Funds) per dry metric ton (2,204.62 pounds avoirdupois) of Price's Product sold by Sales Agent to any person, firm or corporation which is not controlled in fact by it. Such Fee may be deducted from any proceeds of sale received by Sales Agent. Sales Agent or Sellers shall have the right to re-open negotiations concerning the remuneration of Sales Agent at the end of 1977 and thereafter at the end of each calendar year. If a satisfactory basis for remuneration cannot be agreed upon within a two month period, Sales Agent and Sellers agree to be bound by the results of arbitration conducted under paragraph 6 hereof. Subject to the right of either party to terminate this agreement under paragraph 1, the existing remuneration shall continue until a revised remuneration, if any, shall be agreed to or the making of an arbitration award.

3. Terms of Sale and Proceeds: Sales Agent shall endeavor to sell at a time and on terms and conditions which in Sales Agent's judgment are most favourable to Seller in view of conditions prevailing in world markets for the products to be sold hereunder. In any event, the timing, terms, and conditions of such sales shall be no less favourable to Seller than Sales Agent will receive on the sale of Sales Agent's minerals and other products owned by it or produced for its account under the Co-Tenancy Agreement. Sales Agent agrees to arrange for

sales of Price's Product and its own share of minerals and other products on a pro rata basis. Sales Agent shall hold the proceeds of sale from Price's Product for the account of and in trust for Sellers, and, subject to Section 4.03 of the said Co-Tenancy Agreement, shall remit such proceeds to Sellers within one business day of the receipt of the proceeds of each sale by the Sales Agent. Until changed by written notice from Sellers and subject to Section 4.03 of said Co-Tenancy Agreement, Sales Agent shall effect such remittance by deposit in account number 11560-6, New York Agency of Bank of Montreal, 2 Wall Street, New York, N.Y., U.S.A.

4. Consultation and Authorization of Sales Agent: Sales Agent agrees to consult and confer with Sellers prior to entering into negotiations for the sale of Price's Product, but it is agreed that the decision of Sales Agent as to the terms of any such agreement and as to whether any such agreement should be entered into by Sales Agent as agent for Sellers shall be final and binding on Sellers provided that Sales Agent acts in good faith and uses its best effort to sell Price's Product on a competitive basis. Provided that Sales Agent is acting in accordance with the terms and conditions hereof, Sales Agent shall

have requisite authority to charter ships, make loading and unloading arrangements, enter into bills of lading, make settlement of amounts owing and instruct assayors and umpires and furthermore to do any other acts necessary under the sales agreements contemplated hereby. Sales Agent shall invoice Sellers for Seller's share, if any, of any delivery costs incurred in the transportation of Price's Product from Newfoundland port to purchaser.

5. Authority to Act for Sellers: By entering into this agreement and until changed by written notice to Sales Agent appointing another sole and exclusive agent and representative, Sellers hereby appoint TNP as their sole and exclusive agent and representative in all matters pertaining to this agreement. In this regard, Sales Agent may sell Price's Product without regard to the ownership of such product as between MacLean and TNP and may pay over the proceeds of sales to TNP or as TNP may in writing direct.

6. Arbitration: Each party agrees that all questions or matters in dispute under this agreement shall be determined by arbitration between them. For purposes of this paragraph, TNP and MacLean shall be one party and Sales Agent, the other party and TNP alone shall be entitled to act for MacLean. It shall be a condition precedent to the right of any party to submit any matter to arbitration pursuant to the provisions hereof that such party intending to refer any matter to arbitration shall

have given not less than 10 days prior written notice of its intention to so do to the other party. On the expiration of such 10 days the party who gave such notice may proceed to refer the dispute to arbitration as herein provided. The party entitled to refer a matter to arbitration under this paragraph shall proceed by appointing one arbitrator, and shall notify the other party of such appointment and the other party shall within 10 days after receiving such notice, appoint an arbitrator, and the two arbitrators so named, before proceeding to act, shall within 5 days of the appointment of the second arbitrator, unanimously agree on the appointment of a third arbitrator to act with them and be chairman of the arbitration herein provided for. The parties agree that the persons to be appointed as arbitrators shall be experienced in the areas of knowledge in which the dispute arises and that the chairman shall be a member of the Newfoundland bar who is not associated with either party. If the other party shall fail to appoint an arbitrator within 10 days after receiving notice of the appointment of the first arbitrator, the first arbitrator shall be the only arbitrator. If the arbitrators appointed by the parties shall be unable to agree on the appointment of the chairman, he shall be appointed by a Judge of the Supreme Court of Newfoundland on the application of either party. The chairman, or in the case where only one arbitrator is appointed, the single arbitrator, shall fix the time and place for the purpose of hearing the evidence and representations of the parties and he shall: (i) preside over the arbitration; (ii) determine all questions of procedure not herein provided for; and (iii) in such determinations consider the common law rules of evidence. After hearing any

evidence and representations that each party may submit, the single aribtrator or the arbitrators shall make an award and reduce the same to writing and deliver one copy thereof to each party. If such award requires one of the parties to act in a particular manner, such party shall be given a reasonable period having regard to the action required to be taken in which to comply with the award. Each party agrees that the award of a majority of the arbitrators or in the case of a single arbitrator, the said arbitrator, shall be final and binding upon each of them and there shall be no appeal therefrom. The cost of arbitration shall be paid as specified in the award. A judgment may be entered upon the award made pursuant to such arbitration in a court of competent jurisdiction.

7. Assignment: It is agreed that Sales Agent shall not be entitled to assign this agreement without the written consent of Sellers. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

8. Notice: Any notice, consent or other writing required or contemplated under the terms of this agreement (herein "Notice") shall be effective:

(a) when personally served upon the party to be given such Notice at the address designated by it for such service;

(b) 24 hours (or such further number of hours which includes 8 normal business hours) after telexing or cabling when telexed or cabled to the party to be given such Notice at the number or address, as the case may be, designated by it;

(c) 7 days after the same shall have been deposited in the Canadian or United States mail, properly addressed, certified or registered with return receipt requested, and with postage thereon fully prepaid; or

(d) upon actual receipt thereof by each party at such address; whichever shall first occur. Until otherwise specified by Notice in writing, the addresses for such Notices shall be:

if to TNP or MacLean:

P.O. Box 385, Commerce Court North,
Toronto, M5L 1G3, Ontario, Canada,
Attention: G.L. Colborne, Esq.
Telex: 0622321

with a copy of such Notice to:

The Price Company Limited,
65 Ste. Anne Street,
Quebec G1R 3X5, Quebec.
Attention: A.A. Labreque, Esq., Q.C.,
Chairman of the Board and General Counsel.

if to Asarco:

Asarco Incorporated,
120 Broadway,
New York, N.Y. 10005,
U.S.A.
Attention: Manager of the Ore Department
Telex: 00-125991

with a copy of such Notice to

Attention: M. B. Hecox, Jr., Esq.,
Assistant General Counsel

Asarco at the same address.

9. Governing Law, Currence and General: This agreement shall be deemed to have been made in the Province of Newfoundland and shall be subject to the laws of that province and the laws

of Canada applicable therein. All headings used hereunder are for convenience of reference and shall not affect the interpretation of this agreement.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day and year first above written.

ASARCO INCORPORATED

per: *Norman Isaac*
(Title) Vice President

per: *Marie B. Hewitt*
(Title) Asst. Secretary

c/s

TERRA NOVA PROPERTIES LTD.

per: _____
(Title)

c/s

per: _____
(Title)

THE MACLEAN MINING COMPANY LIMITED

per: _____
(Title)

c/s

per: _____
(Title)