This Agreement is dated the 25th day of August, 2010.

BETWEEN

HER MAJESTY THE QUEEN
IN RIGHT OF BRITISH COLUMBIA
as represented by the Minister of State for Mining and the Minister of
Forests and Range and Minister Responsible for the Integrated Land
Management Bureau
(“British Columbia”)

and

THE McLEOD LAKE INDIAN BAND
as represented by its Chief and Council
(“McLeod Lake”)

(each a “Party”, together referred to as the “Parties”)

THE PARTIES AGREE AS FOLLOWS.

Section 1 Definitions

“Agreement” means this Economic and Community Development Agreement;

“Annual Payments” means the payments to be made by British Columbia to
McLeod Lake each year pursuant to section 3, and “Annual Payment” means
any one such payment;

“BC Fiscal Year” means a period beginning on April 1 of a calendar year and
ending on March 31 of the next calendar year;

“Consultation and Accommodation Process” means the consultation and
accommodation process set out in section 5.1(b) which is the means by which
Provincial Agencies will fulfill any consultation and accommodation obligations
relating to any Government Actions that may impact McLeod Lake’s Section 35
Rights after the Effective Date of the Agreement;

“Council” means the McLeod Lake Council;

“Effective Date of the Agreement” means the date upon which this Agreement
has been ratified and is signed by both of the Parties;
“Fiscal Year of the Mine” has the same meaning as in the Mineral Tax Act;

“Government Actions” means all processes, decisions, authorizations, permits, licences, approvals, Crown land dispositions, agreements, and other actions whatsoever entered into or otherwise taken by a Provincial Agency in relation to the Project at any time either before or after the Effective Date of the Agreement;

“Holdback” has the meaning given to that term in section 3.3;

“Member” means a member of McLeod Lake as defined by the McLeod Lake Membership Code;

“McLeod Lake” means the McLeod Lake Indian Band;

“Mine Fiscal Year” means a Fiscal Year of the Mine during which the Proponent is an Operator of the Project;

“Mineral Tax Act” means the Mineral Tax Act, R.S.B.C. 1996, c. 291, as amended from time to time, and legislation in addition to or in substitution therefor which assesses a tax in favour of the Province similar to the tax presently assessed under the Mineral Tax Act;

“Operator” has the same meaning as in the Mineral Tax Act;

“Overpayment Amount” has the same meaning given to that term in section 3.1(c)(ii);

“Payment Statement” means the financial statement containing the tax information referred to in section 3.1(b) that British Columbia will provide to McLeod Lake under section 3.1(a);

“Project” means, unless otherwise agreed in writing by the Parties:

1. the Mt. Milligan Mine project which is the subject of the Environmental Assessment Certificate issued to Terrane Metals Corporation on March 16, 2009 and which is at the site of Mt. Milligan, approximately 67 kilometres northwest of the community of McLeod Lake, and includes its associated infrastructure, access roads, power facilities and other physical facilities;

2. any changes or modifications to the infrastructure and facilities described in paragraph (1) that may be made from time to time;

3. all matters relating to the exploration, planning, permitting, construction, maintenance, repair, operation and reclamation of the project and its infrastructure and facilities described in paragraphs (1) and (2); and

4. any expansion of the Mt. Milligan Mine project or any of the
infrastructure and facilities of the kind described in paragraphs (1) and (2) that would be associated with a material expansion in the mine project, but only if such expansion is located within the "potential project expansion area" set out in the map attached as Appendix 1.

"Proponent" means the Operator who from time to time is responsible for the Project and for paying Mineral Tax Act tax payments in relation to the Project to British Columbia;

"Provincial Agency" means British Columbia including:

1. any minister, public official, employee, person acting on behalf of, or as an agent of British Columbia; and

2. any government corporation;

"Section 35 Rights" means rights recognized and affirmed by section 35(1) of the Constitution Act, 1982;

"Term" has the meaning given to that term in section 7.1; and

"Trust" means the trust established by McLeod Lake pursuant to section 3.2.

Section 2 Recognition and Respective Interests

2.1 Respective Interests

The Parties recognize and respect the following:

a. the proposed mine site for the Project is located within McLeod Lake's Claimed Traditional Territory, in which McLeod Lake possesses Section 35 Rights under McLeod Lake Adhesion and Settlement Agreement to Treaty No. 8;

b. McLeod Lake has a history of use of the proposed mine site area;

c. the Tse'khene ancestors of McLeod Lake historically had the dominant aboriginal presence in the area of the proposed mine site;

d. the purposes of this agreement are to confirm understandings reached between the Parties with respect to how British Columbia will meet its legal obligations to consult with and to accommodate McLeod Lake in relation to the Project, and to share resource revenue received by British Columbia from the Project with McLeod Lake so
that it may pursue activities that will enhance the social and
economic well being of its Members;

e. the Parties will utilize this Agreement to demonstrate leadership and
respect for each others' interests, while developing a successful
long-term working relationship intended to address fundamental
McLeod Lake concerns;

f. British Columbia and McLeod Lake have undertaken a shared
commitment to strengthening relationships on a government-to-
government basis, and to focusing efforts to close the socio-economic
gaps between Aboriginal and non-Aboriginal peoples, which will
require a relationship between McLeod Lake and British Columbia
based on enhanced collaboration, effective working partnerships and
mutual respect and accountability;

g. British Columbia is interested in facilitating and developing a
thriving, competitive, safe and environmentally responsible mineral
resource sector, and for increasing contributions to the local and
provincial economy for the benefit of all British Columbians;

h. British Columbia and McLeod Lake acknowledge how McLeod Lake’s
support of the Project through this agreement assists in the
realization of contributions to the local economy for the benefit not
just of McLeod Lake but for all communities in the region; and

i. the Parties acknowledge the importance of McLeod Lake and the
Proponent, developing a benefits agreement between them in relation
to the Project and that the negotiation and execution of this
Agreement should not be seen or interpreted as in any way limiting,
or diminishing the value of, a benefits agreement between McLeod
Lake and the Proponent.

Section 3    Provincial Payments

3.1   Annual Payments

a. British Columbia will within 60 days after the end of a BC Fiscal
Year, provide a Payments Statement to McLeod Lake for that BC
Fiscal Year. The first Payments Statement will be provided following
the first BC Fiscal Year in which British Columbia receives a tax
payment from the Proponent under the Mineral Tax Act.

b. The Payments Statement for a BC Fiscal Year will contain the
following information in relation to the Proponent’s tax liability,
payments and refunds under the *Mineral Tax Act* relating to the Project:

i. the total amount of tax, penalty and interest assessed or reassessed during the BC Fiscal Year;

ii. the total amount of tax, penalty and interest paid by the Proponent during the BC Fiscal Year in relation to any previous or current Mine Fiscal Year other than a Mine Fiscal Year that ended before the Effective Date of the Agreement; and

iii. the total amount of tax and penalty refunded to the Proponent and interest paid to the Proponent during the BC Fiscal Year in relation to any Mine Fiscal Year other than a Mine Fiscal Year that ended before the Effective Date of the Agreement.

c. Subject to compliance by McLeod Lake with the provisions of section 5.4,

i. if the amount in section 3.1(b)(ii) exceeds the amount in section 3.1(b)(iii), British Columbia will, subject to section 3.3, pay to the Trust fifteen (15) percent of the difference between those two amounts. British Columbia will make this payment within 90 days after British Columbia has sent to McLeod Lake and the Trust the Payments Statement; and

ii. if the amount in section 3.1(b)(ii) is less than the amount in section 3.1(b)(iii), British Columbia will off-set 15 (fifteen) percent of the difference between those two amounts (the “Overpayment Amount”) against any subsequent payments British Columbia would otherwise have to make to the Trust under this Agreement in relation to any subsequent BC Fiscal Year.

d. In the event that the Proponent is no longer responsible for making *Mineral Tax Act* payments in relation to the Project, such that there will be no subsequent payment to the Trust under this Agreement, British Columbia will send to McLeod Lake and the Trust a notice of any Overpayment Amount that remains outstanding, and British Columbia will deduct the Overpayment Amount from the Holdback.

e. For the purposes of calculating the amount refunded to the Proponent pursuant to section 3.1(b)(iii), and irrespective of whether there continues to be a Mine Fiscal Year with respect to the Project, British Columbia will include any amounts that are refunded to the Proponent as a result of any reclamation tax credits attributable to the Project that are claimed at the end of the Project after the Proponent is no longer liable to pay any tax under the *Mineral Tax Act*. 
f. McLeod Lake understands that British Columbia may audit the Proponent from time to time to review the accuracy of Mineral Tax Act payments over a specific period of time, and also understands that the Proponent may appeal any assessment or reassessment of tax, penalty or interest to the Minister responsible for administering the Mineral Tax Act and then to a court. McLeod Lake understands that any such audits or appeals may require an adjustment to the amount of the payments British Columbia will provide to the Trust in subsequent years, and may also affect the amounts that may be off-set pursuant to section 3.1(c)(ii).

g. If British Columbia conducts an audit of the Proponent, British Columbia will report in writing to McLeod Lake and the Trust the results of the audit and specifically whether the Proponent had made overpayments, underpayments or correct payments under the Mineral Tax Act for the period of time subject to the audit. In the event of any appeal by the Proponent of any assessment or reassessment, British Columbia will report in writing to McLeod Lake and the Trust the results of the appeal.

h. Notwithstanding whether there continues to be a Mine Fiscal Year with respect to the Project, British Columbia may either make a payment to the Trust, or off-set (or make a deduction from the Holdback, as the case may be) pursuant to section 3.1(c)(ii), based on the results of any subsequent audit of the Proponent or assessment or reassessment decision by the Minister or a court.

i. During the Term, British Columbia will notify McLeod Lake of any significant changes made to the Mineral Tax Act tax regime.

j. McLeod Lake acknowledges that Mineral Tax Act revenues fluctuate and any revenue-sharing payments from British Columbia will vary over time.

3.2 Delivery of Payments

a. McLeod Lake will establish and maintain a Trust to receive Annual Payments, and will provide to British Columbia a legal opinion stating that:

i. the Trust is validly constituted according to the terms of this Agreement;

ii. the trustees of the Trust are legally capable of accepting rights granted and obligations imposed under this Agreement;

iii. the primary purpose of the Trust is to benefit McLeod Lake and to enable McLeod Lake to achieve the payment objectives set out
in section 5.3(a); and

iv. the Trust may not be collapsed, unless the Parties agree otherwise, as long as this Agreement is in effect or, if the Term has ended, as long as there is money in the Trust to be disbursed in accordance with its purposes.

b. McLeod Lake will ensure that the Trust agreement establishing the Trust will have the payment objectives set out in section 5.3(a) as purposes of the Trust and that annual audit statements of the Trust, prepared in accordance with generally accepted accounting principles, are required.

c. McLeod Lake will provide to British Columbia a copy of the Trust agreement after it is completed.

d. McLeod Lake will provide to British Columbia name, address and account information respecting the Trust to enable British Columbia to make payments to the Trust.

e. All payments which British Columbia is obliged to make pursuant to the Agreement are to be remitted to the Trust. For greater certainty, British Columbia will not be obligated to make any payments under this Agreement until McLeod Lake have complied with section 3.2(a), (b) and (c) to the reasonable satisfaction of British Columbia.

f. British Columbia will be entitled to rely on any notice of change of address or accounts set out in any McLeod Lake Band Council Resolution received by British Columbia.

3.3 Holdback

Notwithstanding any provision of this Agreement, British Columbia will hold back five (5) percent of each payment made pursuant to section 3.1. The cumulative total of all amounts held back, along with interest thereon, is referred to herein as the Holdback. The Holdback will be governed by the following provisions:

a. Interest will accrue on the Holdback, such interest to be calculated monthly at an interest rate equal to the rate paid to British Columbia by its principal banker and added to the Holdback;

b. British Columbia will, within ninety (90) days of the end of the end of the first BC Fiscal Year in which an amount has been held back pursuant to this section 3.3 and each BC Fiscal Year thereafter, provide to McLeod Lake a statement disclosing the balance of the Holdback and the interest credited to the Holdback during the BC Fiscal Year;
c. British Columbia will be entitled to deduct from the Holdback any Overpayment Amount and will contemporaneously with the making of the deduction provide McLeod Lake with a revised statement disclosing the balance of the Holdback; and

d. At the request of McLeod Lake, the balance or a portion of the Holdback will be paid to the Trust within ninety (90) days of the date on which the Province acting reasonably determines that there is no possibility of any further refunds related to reclamation tax credits being made to the Proponent, or that the Proponent ceases to be eligible for any further refunds in relation to reclamation tax credits for the Project.

e. For greater certainty the Province may access funds in the Holdback only in connection with the provisions of sections 3.1(d), 3.1(h) and 3.3(c).

3.4 Confidential Information

a. McLeod Lake and the Trust will keep confidential information that British Columbia explicitly denotes as “Confidential”, including the Payment Statements and any information that relates to tax payment information under the Mineral Tax Act, and will not disclose such information to any other person, unless compelled to do otherwise by law.

b. Notwithstanding section 3.4(a) McLeod Lake and the Trust, may disclose confidential information to their advisors, including legal and accounting advisors, provided that those advisors agree to keep the information confidential.

c. Notwithstanding any other provision of this Agreement, British Columbia's obligation to provide a Payment Statement to McLeod Lake or to provide information that is confidential under the Mineral Tax Act is subject to British Columbia obtaining written consent from the Proponent for sharing such information.

Section 4 Representations and Warranties

4.1 McLeod Lake Representations

McLeod Lake represents and warrants to British Columbia, on which British Columbia will rely in entering into this Agreement, the following:
a. it has the legal authority, as represented by the Chief and Councillors of McLeod Lake to enter into this Agreement and to make the covenants and representations in the Agreement, all of which have been duly authorized and executed by McLeod Lake;

b. it has obtained or had the opportunity to obtain the advice of their own financial, legal, tax and other professional advisors with respect to this Agreement; and

c. it enters into this Agreement for, and on behalf of, all of its Members, and that the Agreement is binding upon McLeod Lake and its Members.

4.2 Provincial Representations

British Columbia represents and warrants to McLeod Lake that it has the legal authority to enter into this Agreement and carry out its obligations in accordance with it.

Section 5 Engagement, Acknowledgements and Covenants

5.1 Engagement on the Project

a. Subject to section 5.1(d), with respect to any proposed Government Actions relating to the Project which may be taken after the Effective Date of the Agreement and which may impact McLeod Lake’s Section 35 Rights, Provincial Agencies will consult with McLeod Lake, and McLeod Lake will participate as appropriate, in accordance with the Consultation and Accommodation Process, for the purposes of identifying potential mitigation or accommodation measures that may be appropriate for the Government Action but will not include any financial or economic component.

b. The Consultation and Accommodation Process is as follows:

i. Provincial Agencies will provide to McLeod Lake advance written notification of a proposed Government Action that may adversely affect any of McLeod Lake’s Section 35 Rights together with relevant information about the proposed activity;

ii. Provincial Agencies will provide a reasonable period of time for McLeod Lake to prepare its views on the proposed Government Action;
iii. Provincial Agencies will provide a reasonable opportunity for McLeod Lake to present its views as to potential adverse impacts on the exercise of any Section 35 Rights, together with any suggestions as to how any such impact may be avoided, mitigated, minimized or otherwise accommodated (other than by compensation), and Provincial Agencies will provide a reasonable opportunity to discuss the views and attempt to resolve any concerns;

iv. Provincial Agencies will undertake a full and fair consideration of any views presented by McLeod Lake;

v. in the absence of a presentation of views by McLeod Lake within a reasonable period of time, Provincial Agencies will undertake a full and fair consideration of all relevant information available respecting how to avoid, mitigate, minimize or otherwise accommodate (other than by compensation) any potential adverse impacts on any of McLeod Lake's Section 35 Rights; and,

vi. Provincial Agencies will provide, in writing where appropriate, to McLeod Lake notification of the decision taken, how the views presented by McLeod Lake were taken into account, and what measures, if necessary, were taken to avoid, mitigate minimize, or otherwise accommodate any potential adverse impacts on any of McLeod Lake's Section 35 Rights.

c. McLeod Lake agrees that by complying with the Consultation and Accommodation Process, Provincial Agencies will be deemed to have fulfilled any duty to consult and accommodate with respect to a Government Action that may adversely affect McLeod Lake's Section 35 Rights.

d. The Consultation and Accommodation Process does not prejudice or affect the process of consultation in relation to any decision after the Effective Date of the Agreement pursuant to the Environmental Assessment Act, but for greater certainty this provision is not intended to nor will it be interpreted to limit the generality of any of the provisions of section 5.2.

e. Within 2 years of the Effective Date of the Agreement, either Party may request that both Parties review the adequacy of the Consultation and Accommodation Process and consider whether there is mutual agreement to amend section 5.1(b) in order to address the concerns of one or both Parties.
5.2 Acknowledgements and Covenants

McLeod Lake acknowledges and covenants that:

a. Provincial Agencies have and will be deemed to have fulfilled any legal obligations of consultation and accommodation to McLeod Lake and its Members in relation to the Project and associated Government Actions carried out before the Effective Date of the Agreement;

b. British Columbia will be deemed to have fulfilled any legal obligations of consultation by complying with the Consultation and Accommodation Process set out in section 5.1.(b) and to have satisfied any claims of financial or economic accommodation with McLeod Lake and its Members in relation to the Project and associated Government Actions which arise after the Effective Date of the Agreement;

c. this Agreement resolves any past or future demands or claims with respect to the Project in relation to Provincial Agencies with respect to the issues of capacity funding, third-party studies or payments, or other compensation or disbursements of any kind, including any claims related to the consultation activities described in section 5.1 above; and

d. this Agreement resolves any past or future demands or claims with respect to the Project in relation to Provincial Agencies with respect to the issues of revenue generation by British Columbia, including revenue-sharing and economic benefits.

5.3 Payment Objectives

a. McLeod Lake covenants that it will use the Annual Payments provided under this Agreement for socio-economic objectives on behalf of its Members, including objectives for education, housing, infrastructure, health, economic development and governance capacity, as McLeod Lake determines appropriate over time. For clarity, McLeod Lake may use all, or a portion of, Annual Payments received in any given year for priority objectives in that year, or may hold such payments for implementing socio-economic objectives in future years.

b. Whether or not the Term has ended, McLeod Lake covenants that it will continue to use the monies received under this Agreement for the objectives set out in section 5.3(a) even if the Trust is collapsed.

5.4 Reports

a. Within 1 year of receiving its first Annual Payment and every 2 years thereafter, McLeod Lake will develop and provide a copy of a 3-year strategic plan that outlines goals and specific outcomes with respect to
strengthening governance capacity and addressing socio-economic objectives set out in section 5.3(a).

b. Within ninety (90) days of receipt of an Annual Payment under this Agreement, and subject to section 5.4(c), McLeod Lake will provide to British Columbia and its Members a report that describes how the payments received under this Agreement were used during the previous year and how they have helped McLeod Lake achieve the strategic plan referred to in section 5.4(a).

c. The strategic plan pursuant to section 5.4(a) and the report pursuant to section 5.4(b) will be published by McLeod Lake on the web or in a manner that can reasonably be expected to bring the strategic plan and report to the attention of the public.

d. Whether or not the Term has ended, McLeod Lake will continue to provide to British Columbia the documents referred to in section 5.4(b) for an additional twelve months after McLeod Lake receives the last Annual Payment from British Columbia, of which British Columbia will notify McLeod Lake in writing.

e. McLeod Lake will, on the request of British Columbia, provide copies of annual audit statements of the Trust and a written summary of the activities of the Trust to ensure that expenditures have been made in accordance with the terms of this Agreement.

5.5 Release

McLeod Lake hereby releases and forever discharges British Columbia including any Provincial Agency from all actions, causes of action, claims, proceedings, debts, duties, demands, interest, fines, costs, expenses and compensation of whatsoever amount and kind with respect to the Project and the subject matter of the covenants set out in section 5.2.

5.6 No Proceedings

McLeod Lake covenants and agrees that:

a. without restricting the generality of section 5.5, it will not bring or continue any action or other proceeding, in its own name or by representative action, against British Columbia in regard to the subject matter of the release in section 5.5; and

b. it will not challenge or impede, directly or indirectly, the right of British Columbia or the Proponent, or any of their respective employees, contractors, agents, representatives or invitees, to gain access to the Project and to carry out any activities associated with the development and operations of the Project.
5.7 Assistance

McLeod Lake will promptly, upon request by British Columbia, cooperate with British Columbia and provide its support to British Columbia in contesting or otherwise seeking to resolve any action that might be taken by any Member that is inconsistent with section 5.5 or section 5.6 or with any of the other obligations of McLeod Lake in this Agreement.

5.8 Continuing Obligations

The Parties acknowledge and agree that they intend this Agreement to benefit and bind British Columbia and McLeod Lake, including present and future Members and Chiefs and Councils of McLeod Lake, on an ongoing basis and accordingly the acknowledgements, releases and covenants given by McLeod Lake in sections 5.2 through 5.6 are intended to remain fully binding and enforceable despite the end of the Term and despite any matter whatsoever including any determination by a court or a tribunal of competent jurisdiction, or any other recognition, of any Section 35 Rights held by McLeod Lake.

5.9 Payment Disputes

If there is a dispute as to the proper amount of payment then either Party may give the other notice of the same and upon the giving of such notice the Parties will diligently seek to resolve that dispute. Until any such dispute is finally resolved by agreement or the final decision of a court or arbitrator, and the expiration of any applicable appeal periods, British Columbia will be deemed to be in compliance with its obligation to make payments under section 3.1.

Section 6 Assignment

6.1 McLeod Lake will not assign, either directly or indirectly, this Agreement or any right of McLeod Lake under this Agreement without the prior written consent of British Columbia.

Section 7 Term

7.1 The term of this Agreement (the "Term") will commence on the Effective Date of the Agreement and will continue for as long as tax, interest and penalties payable by the Proponent are subject to reassessment under applicable legislation, unless this Agreement:

a. terminates or is extended by mutual agreement of the Parties; or
b. terminates at the end of the sixty (60) day period referred to in section 8.1.

7.2 The Parties' rights and obligations which by their nature extend beyond the expiration or termination of the Agreement will survive the expiration or termination of the Agreement.

Section 8 Termination

8.1 Either Party may terminate this Agreement prior to the end of the Term on the grounds set out in sections 8.2 or 8.3 by giving the other Party sixty (60) days advance written notice of the intent to terminate the Agreement and the reasons for terminating the Agreement. During the sixty (60) day period, representatives of the Parties will meet in order to discuss the circumstances which gave rise to the written notice and in order to determine whether there is a basis for rescinding the notice.

8.2 McLeod Lake will have the right to terminate this Agreement in accordance with section 8.1 if:

a. British Columbia fails to make a payment to McLeod Lake as contemplated by section 3, other than a failure to pay as a result of a dispute concerning the proper amount of payment; or

b. British Columbia is not in compliance with its obligations under this Agreement.

8.3 British Columbia will have the right to terminate this Agreement in accordance with section 8.1 if:

a. McLeod Lake is not in compliance with its obligations under this Agreement;

b. any representation or warranty made by McLeod Lake in this Agreement is untrue or incorrect;

c. changes are made to the Trust that, in the opinion of British Columbia, are inconsistent with the terms of the legal opinion referred to in section 3.2, or the trust is collapsed; or

d. McLeod Lake commences (in its own name or in the name of its Chief acting on behalf of McLeod Lake or its Members) any legal proceeding against British Columbia, or activates a proceeding in abeyance, in relation to the Project.
8.4 If the Term ends otherwise than on the last day of a Mine Fiscal Year:

i. no payment will be payable to the Trust under this Agreement in relation to that portion of the Mine Fiscal Year after the date on which the Term ends or in relation to any subsequent Mine Fiscal Year,

ii. subject to section 8.4(i) above, the obligations of British Columbia set out in sections 3.1(a) through (h) will continue, but only to the extent that tax, penalty or interest is assessed or reassessed, or amounts are received from, or refunded or paid to, the Proponent by British Columbia in relation to Mine Fiscal Years ending between the Effective Date of the Agreement and the date the Term ends.

8.5 The Holdback, if any, will, after the end of the Term, continue to be governed by the provisions of section 3.3.

Section 9 Review and Amendment of Agreement

9.1 If during the Term, British Columbia enters into an economic and community development agreement in relation to the Project with another First Nation, British Columbia will inform McLeod Lake of this fact and provide a copy of the agreement.

9.2 Either Party may notify the other in writing whether it wishes to review this Agreement and to negotiate any potential amendments to this Agreement. After receiving any such notice, the Parties will only negotiate any potential amendments to this Agreement if both Parties agree to such negotiations.

9.3 Any amendment of this Agreement agreed to by the Parties must be in writing and signed by the Parties.

Section 10 Dispute Resolution

10.1 A “Dispute” is defined, for the purposes of this section, as any disagreement:

a. about which written notice of a dispute is given in accordance with sections 10.4 and 11.1; and
b. which relates to the interpretation of this Agreement.

10.2 "Mediation" is defined, for the purposes of this section 10, as a structured negotiation assisted by a neutral mediator who has skill and experience in mediation and who has no authority to impose a solution on the Parties.

10.3 No part of this section 10 applies in respect of a Government Action which potentially adversely affects or infringes a Section 35 Right.

10.4 Any Party may give written notice of a Dispute to the other Party, which must include a summary of the particulars of the dispute.

10.5 Within ten (10) working days, the Parties will meet and will attempt to resolve the Dispute through unassisted collaborative negotiation.

10.6 The Parties may agree to vary a procedural requirement contained in this section 10 as it applies to a particular Dispute.

10.7 No Party may commence a court proceeding concerning a Dispute without first proceeding to mediation as provided for in section 10.8, except:

a. to prevent the loss of a right of action due to the expiration of a limitation period;

b. to obtain interlocutory or interim relief; or

c. if the matter is considered by the Party to be of an urgent nature.

10.8 If the Parties are unable to resolve a Dispute through informal collaborative negotiations and a Party wishes to invoke this section 10.8, that Party will deliver a written notice ("Notice to Mediate") to the other Party, requiring commencement of mediation. The following will apply to mediation pursuant to this section 10:

a. Upon receiving a Notice to Mediate, a Party directly engaged in a Dispute will participate in the mediation.

b. The mediation will be conducted by one mediator appointed by agreement of the Parties. If there is no such agreement within 30 days after delivery of the Notice to Mediate, the mediator will be appointed by the British Columbia Mediator Roster Society using the Society's mediation rules.

c. The mediation will be conducted in the manner that the mediator considers necessary and appropriate to assist the Parties to resolve the Dispute in a fair, efficient and cost-effective manner.
d. The mediation is terminated at the earliest of:

i. the expiration of 30 days after the appointment of the mediator or any longer period agreed to by the Parties;

ii. the withdrawal from the mediation of a Party by notice in writing to the mediator, provided that no such Party may withdraw until after the first meeting with the mediator;

iii. the date on which the Parties agree in writing to terminate the mediation; or

iv. the date on which the Parties sign a written agreement resolving the Dispute.

e. The Parties will:

i. on request of the other Party, provide timely disclosure of sufficient information and documents to enable a full examination of the subject matter being negotiated, with the exception of privileged documents and subject to applicable information and privacy legislation and other laws imposing confidentiality requirements;

ii. make every reasonable effort to appoint negotiating representatives with sufficient authority to reach an agreement, or with ready access to such authority; and

iii. negotiate in good faith.

f. The mediation process and all its related proceedings will be and will remain confidential, unless the Parties agree otherwise.

g. A Party may withdraw from mediation at any time by providing written notice of its intent to the mediator.

h. The mediation will not restrict in any way the positions that each of the Parties may take in any dispute, arbitration or court proceeding.

i. The mediator will not issue a report or make any recommendations unless requested to do so in writing by the Parties.

j. Any agreement reached through mediation will be recorded in writing, signed by authorized representatives of the Parties and delivered to the Parties.

k. The Parties will each bear the costs of their own participation, representation and appointments in the mediation. The Parties will share equally all common costs of the mediation, including fees of the
mediator, costs of meeting rooms, actual and reasonable disbursements incurred by the mediator, and fees of the British Columbia Mediator Roster Society.

10.9 If the Parties are unable to resolve a Dispute through mediation in accordance with section 10.8, and after termination of the mediation under section 10.8(d), with the written agreement (the “Arbitration Agreement”) of the Parties, the dispute will be referred to and resolved by arbitration. The following will apply to an arbitration pursuant to this section 10.9.

a. Unless the Parties otherwise agree, the arbitration will be conducted by an arbitrator appointed by agreement of the Parties. If there is no such agreement within 30 days after the date of signing of the Arbitration Agreement, the arbitrator will be appointed by the British Columbia International Commercial Arbitration Centre, or if the Centre is unavailable, any other independent and impartial body or individual acceptable to the Parties.

b. The arbitration process and all its related proceedings will be and will remain confidential, unless the Parties agree otherwise.

c. Subject to the exceptions in applicable arbitration legislation, the decision of the arbitrator is final and binding on the Parties for the term of this Agreement.

d. Except as otherwise ordered by the arbitrator,

i. the Parties will each bear the costs of their own participation, representation and appointments in the arbitration, and

ii. the Parties will share equally all common costs of the arbitration, including fees of the arbitrator, costs of hearing and meeting rooms, actual and reasonable disbursements incurred by the arbitrator, and administration fees of the British Columbia Commercial Arbitration Centre or other appointing authority.

10.10 The Parties may also choose other appropriate approaches to assist in reaching resolution of the Dispute.

10.11 Nothing in this section 10 creates a cause of action where none otherwise exists.
Section 11 Notice and Delivery

11.1 Where in this Agreement any notice or other communication is required to be given by any of the Parties, it will be made in writing. It will be effectively given:

a. by personal delivery to the address of the Party set out below, on the date of delivery;

b. by pre-paid registered mail to the address of the Party mentioned in this Agreement, on the date the registered mail is delivered; or

c. by facsimile, to the facsimile number of the Party set out in this Agreement, on the date the facsimile is received.

11.2 The address and facsimile numbers of the Parties are:

a. McLeod Lake:
   McLeod Lake Indian Band
   General Delivery,
   McLeod Lake, BC VOJ 2G0
   Fax: (250) 750-4420
   Attention: Chief

b. British Columbia:
   Ministry of Energy, Mines and Petroleum Resources
   PO Box 9315 Stn Prov Govt
   Victoria, BC V8W 9N1
   Fax: (250) 952-0111
   Attention: Executive Director, Aboriginal Relations Branch

11.3 Any Party may at any time give notice to the other Party of any change of address or facsimile number in accordance with section 11.1.

Section 12 General Provisions

12.1 Nothing in this Agreement prohibits McLeod Lake from participating in government programs for which it may be eligible.

12.2 This Agreement does not constitute a section 35 or land claim agreement within the meaning of sections 25 and 35 of the Constitution.
Except as expressly contemplated herein, this Agreement does not create, expand, amend, define, affirm, recognize, limit, deny, abrogate, extinguish, replace or derogate from any McLeod Lake Section 35 Rights which are recognized and affirmed by section 35(1) of the Constitution Act, 1982.

This Agreement does not change or affect the position either Party has, or may have, regarding its jurisdiction, responsibilities and decision-making authority, and it should not be interpreted in a manner that would affect or unlawfully interfere with any legislative authority of British Columbia or any lawful authority of McLeod Lake.

No partnership, joint venture, agency, fiduciary or employment relationship will be deemed to be created by this Agreement or by any actions of the Parties under this Agreement.

Except as contemplated herein, this Agreement does not limit the position either Party may take in any legal or administrative proceedings or in any discussions or negotiations between the Parties.

Nothing in this Agreement is to be construed as an acceptance of or admission by a Party of the position of the other Party or as an admission of liability.

This Agreement does not constitute an admission that the Project, including any Government Action associated with the Project, has resulted or will result in any unjustified infringement of any Section 35 Rights.

This Agreement does not constitute any admission of an obligation to provide financial or economic benefits, as provided in this Agreement, as part of British Columbia’s obligation to consult and accommodate in relation to the Project.

This Agreement is to be governed by the applicable laws of Canada and British Columbia.

McLeod Lake acknowledges that British Columbia has informed McLeod Lake of the requirements of the Financial Administration Act.

There will be no presumption that any ambiguity in any of the terms of this Agreement should be interpreted in favour of either Party.

This Agreement and any amendment to it constitute the entire Agreement between the Parties with respect to the subject matter of this Agreement, unless otherwise agreed in writing by the Parties.
12.14 If any part of this Agreement is void or unenforceable at law, it shall be severed from this Agreement and the rest of the Agreement shall remain in effect and fully enforceable.

12.15 If any part of this Agreement is void or unenforceable at law, the Parties agree to negotiate and attempt to reach agreement, to the extent reasonably possible and as their respective interests may require, on a replacement for the severed part with a view to achieving the intent of the Parties as expressed in this Agreement. The Parties may agree to refer the matter to the dispute resolution process set out in section 10.

12.16 All headings in this Agreement are for convenience only and do not form a part of this Agreement and are not intended to interpret, define, limit, enlarge, modify or explain the scope, extent or intent of this Agreement or any of its provisions.

12.17 In this Agreement, words in the singular include the plural, and words in the plural include the singular unless the context or any specific definition otherwise requires.

12.18 The use of the word “including” is to be read as not limiting the generality of the preceding term or phrase.

12.19 In this Agreement, any reference made to a statute includes all regulations made under that statute and any amendments or replacements.

12.20 No term, condition, covenant or other provision of this Agreement will be considered to have been waived by the Parties unless such waiver is expressed in writing by the Parties.

12.21 All references in this Agreement to a designated section or other subdivision or to an Appendix are to the designated section or other subdivision of, or Appendix to, this Agreement.

12.22 Any reference to a corporate entity includes and is also a reference to any corporate entity that was a predecessor to, or that is a successor to, such entity.

12.23 The following appendix is attached to and forms part of this Agreement:

Appendix 1 Map of the Project showing the “potential project expansion area”.

12.24 This Agreement may be executed in counterparts and by facsimile by the Parties.
APPENDIX 1

Map of the Project showing the “potential project expansion area”
HER MAJESTY THE QUEEN IN RIGHT OF BRITISH COLUMBIA as represented by the Minister of State for Mining

Honourable Minister Randy Hawes

HER MAJESTY THE QUEEN IN RIGHT OF BRITISH COLUMBIA as represented by the Minister of Forests and Range and Minister Responsible for Integrated Land Management Bureau

Honourable Minister Pat Bell

McLEOD LAKE INDIAN BAND as represented by the Chief and Councillors of McLeod Lake Indian Band

Chief Derek Orr,
McLeod Lake Indian Band

Josephine Tylee, Councillor

Witness