

to Watuak

May 2

Amendment -

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THIS INDENTURE made this 26th day of May Anno Domini One thousand nine hundred and fifty-six BETWEEN The Newfoundland and Labrador Corporation Limited a body corporate constituted by section 2 of The Newfoundland and Labrador Corporation Limited Act, 1951, the Act No. 88 of 1951, as amended by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1952, the Act No. 3 of 1952, (hereinafter called the "Lessor" which expression shall where the context so admits include the assignees and sub-lessees of the Lessor) of the one part AND Canadian Javelin Limited, a body politic and corporate, duly incorporated under the laws of Canada and having its head office at Montreal in the Province of Quebec, Canada (hereinafter called the "Lessee" which expression shall where the context so admits include the assignees and sub-lessees of the Lessee) of the other part.

PART I.

WHEREAS by an Indenture (hereinafter called the "Principal Indenture") dated the 26th day of May A.D. 1956, and made between His Honour Sir Leonard Cecil Outerbridge, Lieutenant-Governor in and over the Province of Newfoundland of the one part, and the Lessor of the other part, for the consideration therein mentioned ALL THAT piece or parcel of land described

in the Schedule to this Indenture was demised unto the Lessor for the term of ninety-nine years from the 26th day of May A.D. 1956, at a yearly rental of Three hundred and twenty (\$320.00) dollars and subject to the covenants and conditions contained therein AND WHEREAS the Lessor has agreed to demise to the Lessee the said piece or parcel of land described in the Schedule to this Indenture for the residue of the term created by the Principal Indenture (except the last day thereof) upon the terms and conditions hereinafter contained WITNESSETH that for and in consideration of the rents and royalties and of the covenants and conditions to be paid observed performed and fulfilled by the Lessee the Lessor hereby demises unto the Lessee ALL THAT piece or parcel of land (hereinafter called the "demised premises") described in the Schedule to this Indenture and delineated in red upon a plan hereto annexed which plan is to be taken as part hereof TOGETHER WITH the exclusive right to explore, investigate, develop, produce, extract, remove, process, make merchantable, store and sell all minerals both metallic and non-metallic in or under the demised premises TO HOLD the same unto the Lessee for the term of ninety-nine years from the 26th day of May A.D. 1956 except the last day thereof YIELDING AND PAYING THEREFOR yearly on the 31st day of December in each and every year the rental of Three hundred and twenty (\$320.00)

dollars (being at the rate of ten cents per acre) less such sums shall be expended by the Lessee after the execution of this Indenture, on the prospecting, exploration, development or mining of the demised premises or any part thereof.

PART II.

AND the Lessee covenants with the Lessor as follows:

1. That the Lessee will during the said term pay to the Lessor the rent and the royalties hereby reserved at the time and in the manner provided by these presents clear of all deductions other than those provided by this Indenture.

2.(a) That the Lessee shall pay to the Lessor, on or before the thirty-first day of March in each calendar year, as royalty in respect of the minerals gotten in or from the demised premises during the preceding calendar year, an amount equal to ten per cent (10%) of the "net income" as herein defined, derived by the Lessee from the mining operations on and in the demised premises during the preceding calendar year, provided, however, that the amount payable by the Lessee as such royalty in respect of any calendar year shall not be less than the amount to be obtained by assessing at six cents (6¢) a ton of two thousand two hundred and forty (2240) pounds all merchantable ore mined and shipped by the Lessee in and from the demised premises during that calendar year and that the

Handwritten note:
The amount payable by the Lessee as such royalty in respect of any calendar year shall not be less than the amount to be obtained by assessing at six cents (6¢) a ton of two thousand two hundred and forty (2240) pounds all merchantable ore mined and shipped by the Lessee in and from the demised premises during that calendar year and that the

amount payable by the Lessee as such royalty in respect of any calendar year shall not be more than the amount to be obtained by assessing at Thirty-three cents (33¢) a ton of two thousand two hundred and forty (2240) pounds all merchantable iron ore mined and shipped by the Lessee in and from the demised premises during that calendar year.

(b) "Net Income" as used herein upon which the said royalty shall be based is agreed to mean the gross proceeds derived by the Lessee during any calendar year from the sale by the Lessee of any and all metals or mineral products recovered and sold by the Lessee from the demised premises after deducting therefrom all costs of mining, processing, handling, transportation and hauling from the demised premises to the consumer together with all costs both direct and indirect incurred by the Lessee in the development and operation of the demised premises and the recovery and sale of metals and minerals therefrom and a reasonable allowance for depreciation but with no deduction for any taxes or depletion or any expenses of overhead outside of the Province of Newfoundland.

(c) All mines worked or operated by the Lessee on the premises demised under this Indenture and on any area or areas demised by any other lease issued to the Lessee under the provisions of the Agreement (hereinafter called the "Agreement") dated the 11th day of March, 1954, made between the Lessor and

the Lessee (the Lessee being therein described as "Canadian Javelin Foundries & Machine Works Limited", its name having been subsequently changed by Supplementary Letters Patent issued by the Secretary of State of Canada to "Canadian Javelin Limited") comprising any part of the reserved areas described in the First Schedule to the Agreement, shall be deemed to be and be dealt with as one and the same and not as separate mines.

3. That, pursuant to the provisions of the Agreement, the Lessee shall continue the prospecting and exploration of the reserved areas described in the First Schedule to the Agreement or some part thereof and shall continue to make expenditures on such prospecting and exploration in accordance with the provisions of the Agreement until the total expenditures required by Clause 4 of the Agreement have been made and all expenditures made in respect of prospecting and exploration on the area or areas comprised in this Indenture shall be deemed to be such expenditures on the reserved areas and a compliance with the provisions of the Agreement.

4.(1) That the Lessee shall after the execution of this Indenture proceed forthwith with mining operations of the minerals on the demised premises or some part thereof, provided that if it shall at any time thereafter elect not to proceed with or to discontinue mining operations of any part of the demised premises it shall give notice thereof to the Lessor and the lease granted by this Indenture shall in respect of that part of the demised premises therefore be surrendered and cancelled.

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(2) For the purposes of this Indenture "Mining Operations" means the production of broken ore delivered at the mouth of the shaft, tunnel or pit, ready for transportation to the concentrator.

5. That the working and getting of the minerals shall be performed in a skilful and workmanlike manner according to the most approved practices for the time being adopted in similar mines and fields.

6. That the Lessee shall, before the fifteenth day of February in each year during the currency of this Indenture, submit a report to the Lessor showing:

- (i) the total tonnage mined or produced during the previous calendar year or any part thereof included in the term;
- (ii) the concentrates obtained from the total tonnage mined or produced;
- (iii) the average metal content of minerals and concentrates produced or processed during the year;
- (iv) the places of sale of all products of the mine;
- (v) the total number of men employed;
- (vi) the total wages and salaries paid during the year;
- (vii) the gross value received from the sale of all minerals and concentrates; and

(viii) all other data and information whatsoever
as may be required by the Lessor.

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7. That the Lessee will permit the Lessor by its agents at all reasonable times to enter upon and inspect and examine the mine or mines and premises and every part thereof for the purpose of ascertaining the conditions thereof and the manner of working and managing same: Provided, however, that such inspection and examination shall in no way interfere with the working by the Lessee of the demised premises.

8. That the Lessee will maintain throughout the term herein granted good and sufficient corner posts or mounds and boundary marks according to the most approved mining practice for the time being adopted in similar mines and fields and in accordance with the Crown Lands (Mines and Quarries) Act, Chapter 175 of The Revised Statutes of Newfoundland, 1952.

9. That except where it is necessary to employ technical experts the Lessee shall at all times in the working and production of the minerals employ Newfoundland workmen if they are available.

10. That if the Government of Newfoundland shall at any time be desirous of acquiring any vacant lands, being part of the demised premises, for the purpose of building, making or erecting railways, roads, bridges or public buildings or works or for townsites or for agricultural settlements, or for sites

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for tourist purposes the Lessee shall, if it has not carried out or is not proposing to carry out developments thereon, release such lands to the Lessor and if the Lessee or its assignees or transferees have improved such lands they shall be surrendered upon payment by the Lessor of fair and reasonable compensation to be agreed upon between the parties and if not agreed upon to be settled by arbitration in the manner provided in Section 81 of The Newfoundland and Labrador Corporation Limited Act, 1951, the Act No. 88 of 1951 as amended by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1953, the Act No. 64 of 1953.

11. That the Lessee shall keep full and proper books of account and records of all minerals produced from the demised premises and of the quantities thereof sold, delivered to a smelter or otherwise disposed of and such books of account and records shall contain full particulars of all expenses, receipts and sales in connection with the operations of such production and disposal and all data and particulars necessary and proper for the compiling of the report referred to in paragraph 6 of this part of this Indenture and the Lessee shall submit to the Lessor on or before the 31st day of May in each and every year during the currency of this Indenture an account of the expenditure and gross revenues of the Lessee during the preceding calendar year,

12. That the Lessor may by its duly authorized agents or representative at all reasonable times inspect and audit the said books of account and records and take extracts therefrom for the information of the Lessor.

PART III.

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AND the Lessor hereby covenants with the Lessee as follows:

1. That the Lessee paying the rent and royalties hereby reserved and observing and performing and fulfilling the several covenants and conditions herein contained and on the part of the Lessee to be paid observed performed and fulfilled shall peaceably hold and enjoy the mines premises liberties and powers hereby demised and granted during the said term without any interruption by the Lessor or any parson right-fully claiming under or in trust for it.

2. That the Lessee shall have the full and free right liberty and licence during the continuance of this Indenture by way of surface or subterranean operations to work mine extract remove mill or process and sell for the benefit of the Lessee the minerals on in and under the demised premises and to do all other acts and things as are necessary for the purpose of mining or incidental thereto making compensation for any damage or injury sustained by the owner of any surface rights or the holder of any timber licence within the demised premises.

3. That the Lessor hereby undertakes and agrees to grant to the Lessee or its assignees or transferees from time to time such surface lands owned or controlled by the Lessor as may be reasonably necessary in connection with the Lessee's mining operations, including, without limiting the generality of the foregoing, such lands as may be reasonably necessary for

342 rights of way for telegraphs, telephones, electric power transmission lines, railways, tramways, or roads or sites for mills, works, factories, warehouses, townsites, wharves, piers, docks or other shipping facilities for the purposes of the efficient construction, maintenance or operation of any mining undertaking of the Lessee under this Indenture or for any other purposes incidental thereto, on such terms and conditions as to rental or otherwise as may from time to time and as to each particular request be mutually agreed upon as reasonable and equitable between the parties hereto, and any such grant may be by lease, licence or as may be agreed, but nothing in this clause shall have the effect of preventing the Lessor from granting at any time to any person any surface lands when any such lands have not been granted or specifically agreed to be granted to the Lessee or its assignees or transferees.

PART IV.

AND it is mutually agreed by and between the parties hereto:

1. That the Lessee may at any time determine the tenancy hereby created by giving to the Lessor six calendar months previous notice in writing to that effect and thereupon provided the Lessee shall up to the time of such determination pay the rents and perform and fulfill the covenants and conditions on the part of the Lessee to be paid observed performed and fulfilled the present demise and everything herein contained shall cease and be void save in respect of any rents and royalties which ought to be paid upon or before the determination of the tenancy.

2. That if at the determination of the tenancy there shall be minerals which have been produced won gotten and raised before the determination of the said tenancy and not removed from off the demised premises the Lessee shall have the right to remove the same within a period of six calendar months from the date of the determination of the tenancy and shall have full right of access to the demised premises for the above purpose.

3. That it shall be lawful for the Lessee to remove all buildings plant machinery and all articles and things of the Lessee in and upon or under the demised premises at any time within six months after the determination of the tenancy; Provided that the Lessor shall have the right by notice in writing to the Lessee to purchase all or any part of the said properties articles and things at the then reasonable market price to be determined, failing agreement thereon between the parties, by arbitration as hereinafter provided.

4. If and whenever any part of the rents or royalties hereby reserved or any part thereof shall be in arrear for thirty days or if any covenant or condition herein contained shall not have been duly performed or observed the Lessor upon giving sixty days notice in writing to the Lessee that such rents or royalties have not been paid and demanding payment thereof or that any covenant or condition has not been performed or observed may, at any time thereafter, if such payment is not made or such covenant or condition is not performed or observed within such period of notice, enter into and upon the demised premises

344 or any part thereof and thereupon this demise shall absolutely determine but without prejudice to the right of action of the Lessor in respect of any breach of the Lessee's covenants herein contained.

5. Notwithstanding any other provisions of this Lease, if the amount of any rents or royalties payable in any year under this Indenture or the performance or observance of any covenant or condition contained in this Indenture is in dispute between the Lessor and the Lessee, such rents shall be deemed due and payable, and such covenant or condition shall be required to be performed or observed within sixty days of the date of the award of the arbitrators appointed to decide such dispute in accordance with paragraph 7 of this part of this Indenture: Provided that the Lessee shall not be entitled to the benefit of this paragraph unless it has been paid the amount which it considers is payable in respect of such rents and royalties within thirty days of the date upon which the said rents and royalties are payable and provided further that if the full amount of such rents and royalties payable under the said award shall not be paid within the said sixty days after the date of such award then the Lessor may exercise the rights conferred on it by paragraph 4 of this part of this Indenture and the Lessor shall not be obliged to give the notice required thereby.

6. That should the mining operations of the Lessee cause subsidence of or other injury to the surface land of the demised premises, the Lessee shall not be liable to pay any compensation therefor to the Lessor.

7. That if any dispute, question or difference shall arise at any time between the Lessor and the Lessee as to any matter contained in this Indenture or touching or concerning the provisions of this Indenture or the construction, meaning, operation or effect thereof or arising out of or in relation to this Indenture then such dispute, question or difference shall be determined by arbitration in manner following:

The Lessor shall appoint one arbitrator, the Lessee shall appoint another, and the two arbitrators so appointed shall appoint a third or umpire, and in the event of the Lessor or the Lessee failing to appoint an arbitrator after seven clear days' notice by the Lessor or the Lessee, as the case may be, so to do, the Lessor or the Lessee may apply to the Supreme Court or a Judge thereof who may after due notice to the Lessor or the Lessee as the case may be, appoint such arbitrator, and the arbitrators so appointed by the Lessor or the Lessee and by the Court or Judge shall thereupon appoint a third arbitrator or umpire, and in the event of the last mentioned arbitrators failing to appoint a third arbitrator or umpire after seven clear days' notice from the Lessor or the Lessee so to do, the Supreme Court or Judge thereof may, on the application of the Lessor or the Lessee, as the case may be, appoint such third arbitrator or umpire, and the award of such arbitrators or any two of them shall be final and binding upon the parties.

8. The word "minerals" as used in this Indenture means any naturally occurring inorganic substance but does not include quarry materials, coal, oil, petroleum, natural gas, or salt.

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9. That the Lessee may at any time assign the Lease hereby granted or any interest of the Lessee therein by written assignment for such prices or other consideration and upon and subject to such terms and conditions as the Lessee deems proper.

10. Where the Lessee has brought a mine into production in the demised area, the demised area shall revert to the Lessor if the mine has ceased to operate for ten consecutive years.

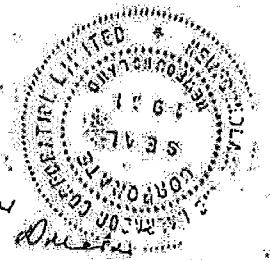
11. All the terms and provisions of The Newfoundland and Labrador Corporation Limited Act, 1951, the Act No. 88 of 1951, as amended by The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1952, the Act No. 3 of 1952 and The Newfoundland and Labrador Corporation Limited (Amendment) Act, 1953, the Act No. 64 of 1953, and all the terms and provisions of the lease of the demised area from the Government to the Lessor which are not inconsistent with this Indenture shall be and are hereby made part and parcel of this Indenture and should anything herein conflict with The Newfoundland and Labrador Corporation Limited Act, 1951, as amended, or with the said lease from the Government the said Act and the said lease shall prevail and the Lessee hereby covenants to abide by the terms and provisions of the said Act and the said lease.

IN WITNESS WHEREOF the Common Seals of Newfoundland and Labrador Corporation Limited and Canadian Javelin Limited were hereunto affixed in the presence of their duly authorized

officers and in accordance with their regulations on the day and year first before written.

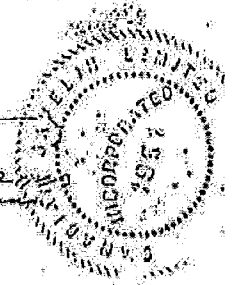
The Common Seal of The Newfoundland and Labrador Corporation Limited was hereunto affixed, in the presence of:

John A. [unclear]
Chairman



The Common Seal of Canadian Javelin Limited was hereunto affixed in the presence of:

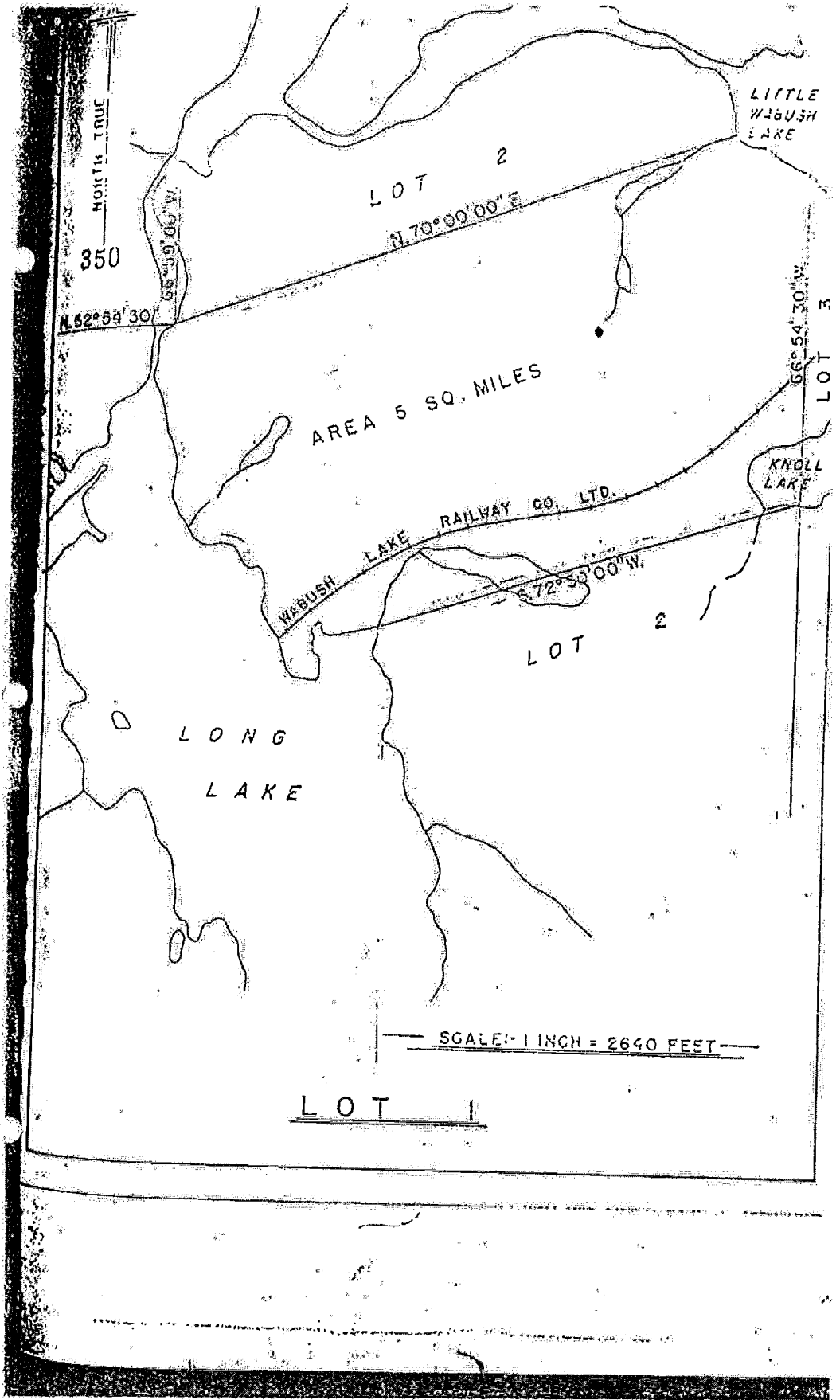
John A. [unclear]
President
Frank R. [unclear]
Sec. Treas.



SCHEDULE.

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Beginning at a point being the intersection of Meridian Sixty-six degrees fifty-four minutes thirty seconds West longitude and the south shore of Little Wabush Lake; thence running south along the said Meridian sixty-six degrees fifty-four minutes thirty seconds of West longitude to its intersection with the south shore of Knoll Lake; thence running by a line south seventy-two degrees thirty minutes west to its intersection with the eastern shore of Long Lake at the mouth of a small stream flowing from a small lake; thence running along the said eastern shore of Long Lake and a river flowing north from Long Lake in a general northwesterly direction to a point being the intersection of parallel fifty-two degrees fifty-four minutes thirty seconds north latitude with the Meridian sixty-six degrees fifty-nine minutes of West longitude; thence running by a line north seventy degrees east to a point on the western shore of Little Wabush Lake at the mouth of a small stream; thence running along the said western shore of Little Wabush Lake in a general southeasterly direction to the point of beginning, all bearings being referred to the True Meridian and containing an area of approximately five square miles; and being more particularly described and delineated in red upon the plan annexed to this Indenture; Excepting nevertheless from the above described land the right of way of Wabush Lake Railway Company Limited.



Dominion of Canada,
Province of Newfoundland,
St. John's,

To Wit: I, Leslie R. Curtis of St. John's
aforesaid, Queen's Counsel, make oath

and say as follows:

1. I am a Director of Newfoundland and Labrador Corporation Limited.
2. The Common Seal of the Company was affixed hereto in accordance with its regulations in that behalf in the presence of myself and Gregory J. Power, another Director, of the Company.

Sworn before me at St. John's
aforesaid this 17th
day of July A.D. 1936.

J. R. Power
Notary

Leslie R. Curtis

