

PUBLIC UTILITIES ACT

Pursuant to section 17 of the *Public Utilities Act*, the Commissioner in Executive Council orders as follows:

1. The Yukon Utilities Board is directed to approve, as provided in subsection 3.1 of the Board's Electrical Service Regulations made on June 25, 1996, the Agreement among the Government of the Yukon, Yukon Energy Corporation (YEC) and Anvil Range Mining Corporation (Anvil) dated August 7, 1997 and filed with the Board, so as to exempt YEC and Anvil from section 4.18 of the said Electrical Services Regulations when YEC reconnects electrical service to Anvil in accordance with the said agreement.

Dated at Whitehorse, in the Yukon Territory, this 7 day of August, 1997.

Administrator of the Yukon

LOI SUR LES ENTREPRISES DE SERVICE PUBLIC

Le Commissaire en conseil exécutif, conformément à l'article 17 de la *Loi sur les entreprises de service public*, décrète ce qui suit :

1. La Régie des entreprises de service public du Yukon est tenue d'approuver, au titre du paragraphe 3.1 de ses règlements pris le 25 juin 1996 et intitulés «Electric Service Regulations», l'entente du 7 août 1997, déposée auprès de la Régie, entre le Gouvernement du Yukon, la Société d'énergie du Yukon (S.E.Y.) et Anvil Range Mining Corporation (Anvil), de sorte à soustraire Anvil de l'application du paragraphe 4.18 des mêmes règlements lorsque Anvil sera rebranchée au réseau électrique de la S.E.Y.

Fait à Whitehorse, dans le territoire du Yukon, ce 7 août 1997.

Administrateur du Yukon

TRI-PARTITE AGREEMENT

THIS TRI-PARTITE AGREEMENT is made as of August 7, 1997 among:

YUKON ENERGY CORPORATION

("YEC")

AND

**THE GOVERNMENT OF YUKON AS
REPRESENTED BY THE MINISTER OF
ECONOMIC DEVELOPMENT**

("Yukon")

AND

ANVIL RANGE MINING CORPORATION

("Anvil")

RECITALS

A. Anvil is indebted to YEC for the supply of electricity to its facilities in Faro, Yukon, in the amount of \$2,843,724.10 as at July 31, 1997 ("YEC Debt"), as set out in Schedule "A", of which \$119,999.89, levied pursuant to the Yukon Utility Board, Board Order #1997-2 and related orders ("Appeal Rider Amount"), is disputed by Anvil and is subject to an appeal by Anvil to the Yukon Court of Appeal.

B. YEC has filed a claim of lien under the *Yukon Miners Lien Act* dated and registered as Quartz Registered Document No. RHO1112 on March 14, 1997 and a claim for lien under the *Yukon Miners Lien Act* dated May 9, 1997 and registered May 12, 1997 as Quartz Registered Document No. RHO1135 ("YEC Security").

C. Anvil is or will become indebted to Cominco Ltd. ("Cominco") in accordance with the terms of a loan agreement between Anvil and Cominco dated as of August 6, 1997 ("Loan Agreement") which provides for a term loan ("Term Loan") of \$15,000,000 to be secured by, among other things, a demand debenture and a general security agreement ("Cominco Security").

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D. Cominco has agreed to make the Term Loan provided that YEC agrees to subordinate the YEC Security to the Cominco Security on the terms set out in the form of subordination agreement ("Subordination Agreement") attached as Schedule "B".

E. Yukon and Anvil have agreed on a plan for financial assistance in respect of the repayment of \$1,500,000 of the YEC Debt ("Yukon Debt") on the terms set out below.

F. Anvil has agreed to repay the balance of the YEC Debt ("Balance of YEC Debt") on the terms set out below.

AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. **Subordination**

YEC and Anvil will enter into the Subordination Agreement with Cominco.

2. **Acknowledgment**

Anvil acknowledges that the YEC Debt as at July 31, 1997 is comprised of the various amounts shown on Schedule "A", subject only to the dispute relating to the Appeal Rider Amount; and that notwithstanding the assignment set out in Section 3 Anvil must still pay the GST relating to the assigned amount.

3. **YEC Assignment**

YEC will assign \$1,500,000 of the YEC Debt (not including GST or the Appeal Rider Amount) and YEC Security to Yukon as at July 31, 1997 in consideration of the payment by Yukon to YEC of the amount of \$1,500,000.

4. **Payment of Yukon Debt**

(a) Anvil will pay to Yukon the Yukon Debt as follows:-

- (i) in 9 equal consecutive monthly instalments of \$166,666.67 each plus interest calculated and compounded monthly from August 1, 1997 on the amount outstanding at Prime Rate plus ½%; and
- (ii) the first instalment of which will be made on the day which is 120 days after Anvil's First Commercial Shipment of Concentrate from its Faro mine site.

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- (b) "Prime Rate" means the annual rate of interest announced at the relevant time by The Toronto-Dominion Bank as a reference rate in effect for determining interest rates on Canadian dollar commercial loans made by it in Canada.
- (c) "First Commercial Shipment of Concentrate" means the date of the bill of lading for the first shipment of concentrate from the Faro mine site out of Skagway, Alaska after the date of this Agreement.

5. Payment of Balance of YEC Debt

Anvil will pay the Balance of YEC Debt, less the Appeal Rider Amount, being \$1,223,724.21 to YEC in 3 equal instalments of \$407,908.07 each, on the 30th, 60th and 90th days after Anvil's First Commercial Shipment of Concentrate together with a service charge of 1% per month on the amount unpaid from time to time calculated and compounded monthly from August 1, 1997 until the amount is fully paid.

6. Payment of Appeal Rider Amount

With respect to the Appeal Rider Amount, if the appeal to the Yukon Court of Appeal relating to it is dismissed or is otherwise determined so that the whole or any part of that amount is confirmed to be payable by Anvil to YEC, Anvil will pay that amount plus interest at 1% per month calculated and compounded monthly from the time it became payable to the time of payment, either:-

- (i) in equal instalments at the same time as the instalments remaining payable under Section 5 above are to be made, but
- (ii) if the dates for those instalments have passed, then within 30 days after the dismissal or confirmation.

7. YUB Approval

Yukon Utility Board ("YUB") approval must be obtained, either by Yukon direction or other means, in order to restore electrical service for Anvil at the Faro mine in accordance with the above, notwithstanding that Anvil has not paid all outstanding invoices as required pursuant to Electric Service Regulation #4.18.

8. Extension of Yukon Debt Payments

The payments under Section 4 above will be subject to being extended in accordance with the formula set out in Schedule "C" but any extension will terminate if any of the events set out in Section 10 occur.

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9. Financial Statements

Anvil will, by the 30th day of each month, provide YEC and Yukon with monthly financial statements including budgets, a balance sheet and statements of operation and deficit and cash flow for the previous month beginning September 30, 1997 for the month of August 1997 certified by Anvil's Chief Financial officer and any other financial information reasonably required from time to time by either Yukon or YEC, until the whole amount of the YEC Debt has been repaid.

10. Acceleration and Prepayment

- (a) If any of the following events occurs each of YEC and Yukon may declare the whole of the unpaid balance of the amounts then owing by Anvil to YEC and Yukon, respectively, to be immediately due and payable; namely:
- (i) Anvil defaults under any of its obligations under this Agreement;
 - (ii) there is any material adverse change in the financial condition of Anvil;
 - (iii) if Cominco makes demand for repayment of the whole or any part of the Term Loan or takes any action to enforce any of the Cominco Security;
 - (iv) any party files any claim of lien against the interest of Anvil in any of its mining claims, or takes any seizure or execution proceedings against any of Anvil's property which is not removed within 15 days;
 - (v) Anvil makes assignment for the benefit of its creditors;
 - (vi) a receiver or receiver-manager is appointed to control the conduct of Anvil's business or to take possession of any of its property;
 - (vii) Anvil becoming bankrupt or insolvent or takes the benefit of any statute for bankrupt or insolvent debtors;
 - (viii) an order is made for the winding-up of Anvil, or other termination of its corporate existence;
 - (ix) Anvil abandons its operations or having commenced milling operations ceases its milling operations at the Faro mine site other than for repair or maintenance;
 - (x) Anvil disposes of its mining claims in Yukon; or

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- (xi) no First Commercial Shipment of Concentrate is made prior to June 30, 1998.
- (b) Anvil may prepay the whole or any amount of the YEC Debt at any time without notice or bonus.
- (c) The provisions of this Section 10 override any extension referred to in Section 8.

11. **Other Covenants**

- (a) Anvil acknowledges that if at any time Anvil raises capital, either publicly or privately, in excess of \$25,000,000 net of the cost of raising funds paid to arm's length third parties ("Excess"), Cominco has the right to call for repayment of the Term Loan to the extent of the Excess.
- (b) If there is an Excess and:
 - (i) Cominco calls for repayment as in (a) above any balance of the Excess after that repayment will be used to pay the Balance of the YEC Debt plus service charge and then the Yukon Debt and interest; or
 - (ii) if Cominco does not call for repayment under (a) above the Excess will be used to pay the Balance of the YEC Debt and service charge and then the Yukon Debt and interest.

12. **Reconnection Charges**

Anvil will pay YEC for service after reconnection within 21 days of being invoiced each month by YEC in accordance with the rates approved by the YUB including:

- (a) *interim* Rate Schedule 39, which currently includes each of the following:
 - (i) Demand Charge of \$18.60 per kV.A of billing demand each billing month after reconnection, with billing demand each month to be no less than the highest metered kV.A demand recorded by Anvil in the previous 12-month period including the current billing month (the highest metered kV.A demand recorded in the last 12 months currently being 23,200.59 kV.A recorded in October 1996);
 - (ii) Base Load Energy Charge of 4.728¢ per KW.h for energy used that does not exceed the Base Load Energy amount plus 10.45¢ per KW.h for all energy consumed in excess of the Base Load;
 - (iii) Fixed Charge of \$21,448 per billing month.

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- (b) all riders applicable to Rate Schedule 39, including the following riders currently applicable thereto:
 - (i) Rider F of 0.3132¢ per kW.h of energy purchased;
 - (ii) Rider G of 4.16% of Rate Schedule 39 charges;
 - (iii) Appeal Rider of 5.5% of Rate Schedule 39 charges;
- (c) any adjustments to Rate Schedule 39 and to any riders applicable thereto that are approved by the YUB when 1997 rates are finalized pursuant to Board Order 1997-6, including any requirement by the Board for Anvil to pay its full cost of service for 1997 pursuant to Order-in-Council 1995/90;
- (d) any adjustments to Rate Schedule 39 and to any riders applicable thereto that are approved by the YUB to be charged by YEC after 1997;
- (e) this Agreement does not preclude Anvil from challenging any decision of the YUB but in any event Anvil will still be required, notwithstanding any such challenge, to pay all invoices for utility charges when due subject to appropriate adjustment or reimbursement after any such challenge is finally dealt with by legal process;
- (f) YEC acknowledges that Anvil disputes the jurisdiction of the YUB to order collection of any amounts under the Appeal Rider which is subject to legal challenge by Anvil.

13. **Forecast Charges**

- (a) Anvil has presently forecast its power requirements at the Faro mine at approximately 2,900 MW.h per month for three months, starting August 1, 1997 (or as soon thereafter as service is reconnected pursuant to this Agreement), following thereafter by reopening of the mill and monthly power requirements as previously forecast for 1997 with annual requirements approximating 180,000 MW.h., and Anvil will promptly notify YEC of any changes to this forecast.
- (b) Using August, 1997 as an example, Anvil will be required to pay the following amounts for the month of August based on rates currently in place.

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(i)	Demand charge (18.60 - 23,200.59 kV.A)	\$431,530.97
(ii)	Base Load Energy charge (2900 MW.h x \$.04728)	\$137,112.00
(iii)	Fixed charge	<u>\$ 21,448.00</u>
	Rate 39 charges	\$590,090.97
	Rider F (.03132 kW.h)	\$9,082.80
	Rider G (4.16%)	\$24,547.78
	Appeal (5.5%)	<u>\$32,455.00</u>
	Total	\$656,176.55 plus GST
14.	Notice	
(a)	Any notice or other communication required or permitted to be given under this Agreement shall be in writing unless otherwise specified and shall be effectively given if mailed in Canada by first class mail, postage prepaid, delivered or sent by telecopier or other electronic means of communication which results in a printed signed document, addressed or directed as follows:	
	<u>To YEC at:</u>	
	Box 5920 Whitehorse, YT Y1A 5L7 Attention: President Fax No: (403) 393-6327	
	<u>To Yukon at:</u>	
	Department of Economic Development Box 2703 Whitehorse, YT Y1A 2C6 Attention: Mining Facilitator Fax No: (403) 667-8601	
	<u>To Anvil at:</u>	
	145 Wellington Street West 6th Floor Toronto, Ontario M5J 1H8 Attention: President and Chief Executive Officer Fax: (416) 348-9402	

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or to such other address or number as a party may specify by notice given as set out above.

- (b) Any notice or other communication will be deemed to have been received as follows:
- (i) if delivered or sent by telecopier or other electronic means, on the day of delivery or transmission if it is a business day and otherwise on the next succeeding business day;
 - (ii) if mailed, on the third business day following the date on which it was mailed.
- (c) If at the time of the giving of notice there is a postal dispute, all communications shall be delivered or sent by telecopier or other electronic means of communication which results in a printed signed document.

15. Further Assurances

Each of the parties hereto will at all times and from time to time and upon reasonable request do, execute and deliver all further assurances, acts and documents for the purpose of giving full force and effect to the covenants, agreements and provisions herein contained.

16. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and which together shall constitute one and the same agreement.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Yukon and the parties attorn to the courts of that jurisdiction.

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Tri-Partite Agreement on the date appearing below.

YUKON ENERGY CORPORATION	THE GOVERNMENT OF YUKON AS REPRESENTED BY THE MINISTER OF ECONOMIC DEVELOPMENT
Per: _____ Authorized Signatory	Per: <u>[Signature]</u>

Authorized Signatory	
Date: _____	Date: <u>August 7, 1997</u>
ANVIL RANGE MINING CORPORATION	
Per: _____	
Authorized Signatory	

Authorized Signatory	
Date: _____	

Schedule A

ARMC OUTSTANDING INVOICES TO JULY 31, 1997
(Due on Service to April 1, 1997)

	Total Jan. Invoice Due Feb. 1997	Total Feb. Invoice Due Mar. 21/97	Total Mar. Invoice Due Apr. 26/97	Payment April 21/97	Total
Demand Chrg.	436,240.00	431,630.97	431,630.97	(417,867.14)	880,444
Base Energy	641,820.41	587,567.34	683,044.70	(616,195.07)	1,288,246
Excess Energy	194,845.82	5,243.19		(167,003.98)	13,025
Fixed per month	21,448.00	21,448.00		(20,591.40)	43,782
Sub Total/Rate	1,293,363.23	1,045,792.30	21,448.00	(1,241,703.17)	2,233,471
Rider F		39,079.84	1,136,023.88		84,327
Rider G	63,803.91	43,604.97	47,258.59	(51,655.06)	92,912
Appeal Rider		57,618.19	67,491.30		119,969
Total(ex.GST)	1,347,167.14	1,185,895.30	1,291,010.94	(1,293,363.23)	2,530,710
GST	94,301.70	63,012.71	90,370.77	(90,635.43)	177,148
Total Incl.GST	1,441,468.84	1,248,908.61	1,381,381.71	(1,383,998.66)	2,707,840
Paid Apr. 21	(1,363,658.66)				
Balance	87,670.18				
days on Paid	81				
days on Bal.	102				
Total Interest	32,666.47	58,197.63	54		
(to July 31)			45,109.49		
					135,661.6
					2,843,724.1

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SUBORDINATION AGREEMENT

Agreement made as of August 6, 1997 between Government of Yukon, as represented by the Minister of Economic Development ("Yukon"), Yukon Energy Corporation ("YEC"), Cominco Ltd. ("Cominco") and Anvil Range Mining Corporation ("Anvil").

YEC has filed a claim of lien under the Yukon Miners Lien Act dated and registered as Quartz Registered Document No. RHO1112 on March 14, 1997 and a claim of lien under the Yukon Miners Lien Act dated May 9, 1997 and registered May 12, 1997 as Quartz Registered Document No. RHO1135 (collectively, the "Miners Liens") in respect of unpaid electrical charges (the "Lien Claims"), the current outstanding balance of which as of July 31, 1997 is \$2,843,724.10 (of the Lien Claims of which \$119,999.89 is disputed by Anvil as not being due and payable).

YEC has transferred or is coincidentally transferring \$1,500,000 of its claims under the Miners Liens to Yukon.

Anvil is or will hereafter become, indebted to Cominco in accordance with the terms of a loan agreement between Anvil and Cominco dated as of August 6, 1997 (as same may be amended, supplemented, restated or replaced from time to time, the "Loan Agreement") which provides for a term loan (the "Term Loan") of \$15,000,000 to be secured by, among other things, a demand debenture and a general security agreement (all security now or hereafter held by Cominco for the payment of the Term Loan, is collectively referred to herein as the "Cominco Security").

The Loan Agreement requires Anvil to obtain an operating line of credit (the "Operating Line") to finance its working capital requirements and the parties have acknowledged and agreed that the person (the "Operating Lender") providing the line of credit will require each of Cominco, Yukon and YEC (collectively, the "Secured Parties") to subordinate their respective security and liens to any security required by the Operating Lender over the inventory of Anvil in the form of lead and zinc concentrates and all proceeds thereof, including, without limitation, all documents of title, insurance proceeds and accounts receivables in respect thereof (collectively, the "Concentrates") (all security at any time held by the Operating Lender for the payment of the Operating Line is collectively referred to herein as the "Operating Lender Security").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Conditional Application to Operating Lender Security.** (a) The consents, priority and other benefits and provisions of this agreement shall not apply to the Operating Lender or the Operating Lender Security, unless and until the Operating Lender enters into a written agreement with the parties hereto, in form and substance satisfactory to all of the parties hereto, acting reasonably, to be bound by this agreement to the same extent as if the Operating Lender were a Secured Party and an original party hereto.

(b) Neither YEC nor Yukon will be obligated to enter into any agreement with the Operating Lender nor to have any of its rights against Anvil in any way subordinated or affected in any way in relation to the Operating Lender if any one or more of the following occurs or exists:

- (i) the Operating Lender is not at arm's length with Cominco;
- (ii) the Operating Line and the Operating Lender Security relates to any matter other than Anvil's mining operations in the Yukon Territory;
- (iii) the Operating Line is in excess of \$35,000,000;
- (iv) either YEC or Yukon is entitled to accelerate the whole or any part of Anvil's indebtedness to either of them.

2. **Consents to Security and Liens.** Each of the Secured Parties agrees to the existence, creation and issue of the Miners Liens, the Cominco Security and the Operating Lender Security (collectively, the "Security") and agrees that the creation, issue, registration and filing and existence of the Miners Liens, the Cominco Security and the Operating Lender Security will not constitute an event of default under any agreement between Anvil and a Secured Party.

3. **Priority in respect of Assets other than Concentrates.** The Security with respect to all assets of Anvil, whether now owned or hereafter acquired by Anvil, other than Concentrates, shall rank in descending order of priority as follows:

- (a) first, to Cominco to the extent of (i) the outstanding principal amount of all loans under the Loan Agreement up to a maximum amount of \$15,000,000; and (ii) all indebtedness and

obligations, direct and indirect, absolute and contingent, present or future of Anvil to Cominco in connection with the Loan Agreement (other than principal obligations) and the Cominco Security, including, without limitation, costs and expenses of realization of Cominco of the Cominco Security;

- (b) second to YEC and Yukon, pro rata in accordance with their respective ownership interests in the Lien Claims, to the extent thereof; and
- (c) third to the Operating Lender to the extent of all indebtedness and obligations, direct and indirect, absolute and contingent, present or future of Anvil to the Operating Lender in connection with the Operating Line and the Operating Lender Security, including, without limitation, costs and expenses of realization in respect of the Operating Security.

4. **Priority in respect of Concentrates Only.** The Security with respect to all Concentrates of Anvil, whether now owned or hereafter acquired by Anvil, shall rank in descending order of priority as follows:

- (a) first, to the Operating Lender: to the extent of the lesser of
 - (i) all indebtedness and obligations, direct and indirect, absolute and contingent, present or future of Anvil to the Operating Lender in connection with the Operating Line, the Operating Lender Security and interest rate and currency exchange agreements, foreign exchange agreements and all other money market risk management contracts or arrangements (the "Contingent Exposure") including, without limitation, costs and expenses of realization on the Operating Lender Security; and
 - (ii) \$35,000,000 for the principal amount due under the Operating Line and the Contingent Exposure plus interest and plus costs and expenses incurred by the Operating Lender in connection with the Operating Line, the Operating Lender Security and the Contingent Exposure to a maximum amount of \$2,000,000; and
- (b) second, to Cominco to the extent of all indebtedness and obligations, direct and indirect, absolute and contingent, present or future of Anvil to Cominco in connection with the Loan

Agreement and the Cominco Security, including, without limitation, costs and expenses of realization in respect of the Cominco Security; and

- (c) third to YEC and Yukon, pro rata in accordance with their respective ownership interests in the Lien Claims, to the extent thereof.

5. **Agreement to Govern.** The Security shall be subordinated to the extent necessary to effectuate the priority rankings referred to in Sections 3 and 4 above irrespective of:

- (a) the actual order of grant, execution, delivery, registration, attachment, perfection, filing, default or crystallization of or in respect of the Miners Liens, the Cominco Security or the Operating Lender Security;
- (b) the date of giving or failing to give notices to or make demand on Anvil or any other person;
- (c) any priority granted by any principle of law or any statute;
- (d) the method of perfection; or
- (e) the date of commencement of enforcement proceedings.

6. **Security Payments held in Trust.** Should any payment, distribution of security or proceeds thereof (collectively, "Security Payments") be received by any Secured Party in contravention of this agreement, the Secured Party shall deliver such Security Payments to the other Secured Parties entitled thereto in the form received and until so delivered such Security Payments shall be held in trust by the Secured Party as the property of the other Secured Parties in accordance with their respective entitlement thereto, or at the option of the Secured Party, paid into court.

7. **Dealing with Proceeds.** The proceeds resulting from enforcement of or realization on any of the security interests or liens contained in or constituted by the Security and all other proceeds received by any party pursuant to the Security, including, without limitation, insurance and expropriation proceeds shall be divided and otherwise dealt with in such a way as to give effect to the provisions of this agreement and the priorities created and established hereby.

8. **No Third Party Rights.** (a) Nothing in this agreement shall be construed so as to entitle any Secured Party to receive any proceeds of realization upon any of the property or assets of Anvil in respect of which such Secured Party does not have any security or in respect of which such Secured Party's Security is invalid or unenforceable as against third parties.

(b) If any third party shall have a valid claim to proceeds of realization from any of the property or assets of Anvil in priority to or on a parity with one or more of the Secured Parties but not in priority to or on a parity with the other Secured Parties, then this agreement shall not apply so as to diminish the rights (as such rights would have been but for this agreement) of such other Secured Parties against any such third party to the proceeds of realization from such property or assets. Nothing contained in this agreement shall be construed as conferring any rights upon Anvil or any party not a party to this agreement.

(c) Nothing in this agreement is intended to, or will, affect any of YEC's rights as against any other party other than Cominco and the Operating Lender and then only as specified in this agreement.

9. **Payments by Anvil.** Nothing in this agreement shall prevent Anvil from making payment of principal or interest to the Secured Parties, or any of them, until the bankruptcy, liquidation or winding-up of Anvil or any other distribution of the property and assets of Anvil for the purpose of winding up its affairs or until any the Secured Party shall have commenced to enforce its security over any of the property and assets of Anvil.

10. **Notices.** Each Secured Party shall use reasonable efforts to provide the others with copies of any written notice provided to Anvil with respect to any demand for payment and/or the occurrence of an event of default under its Security, provided that, no Secured Party shall be liable for any failure to provide the others with copies of such notices.

11. **Consent and Agreement of Anvil.** Anvil consents to the terms of this agreement and agrees to maintain and deal with its assets in accordance with the respective interests and priorities herein provided.

12. **Further Assurances.** Each of the parties hereto shall do, perform, execute and deliver all acts, deeds, documents and assurances as may be necessary from time to time to give full force and effect to the intent of this agreement, including, without limitation, entering into an agreement with the Operating Lender as contemplated by Section 2.

13. **Counterparts.** This agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

14. **Applicable Law.** This agreement will be governed by and construed in accordance with the laws of Yukon and the parties attorn to that jurisdiction.

*Dated
August 7, 1997*

GOVERNMENT OF YUKON
as represented by
THE MINISTER OF ECONOMIC
DEVELOPMENT

By 
Authorized Signing Officer

YUKON ENERGY CORPORATION

By _____
Authorized Signing Officer

COMINCO LTD.

By _____
Authorized Signing Officer

ANVIL RANGE MINING
CORPORATION

By _____
Authorized Signing Officer

SCHEDULE "C"

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EXTENSION OF YUKON DEBT PAYMENTS

1. If the Average Price at the date on which Anvil is required to pay an instalment under Section 4 is below \$66.10 Cnd ("Threshold Amount"), that instalment will be deferred.
2. If the Average Price rises above the Threshold Amount at any time thereafter all instalments which would otherwise have been payable prior to that time will be immediately due and payable.
3. If any instalment or instalments are deferred under Section 1 above, that deferral will not exceed a period of 90 days at which time it or they will be payable even though the Average Price is below the Threshold Amount at that time.
4. For the purposes of this calculation:
 - (a) the average ore grade per tonne for zinc will be assumed at 97 lbs./tonne contained metal, and for lead will be assumed at 53.8 lbs./tonne contained lead;
 - (b) the prices to be used will be those posted daily by the London Metal Exchange ("LME") at the close of daily trading in U.S. cents per pound;
 - (c) correction factors to account for mill recoveries are 73% for zinc and 77% for lead;
 - (d) the U.S. amounts will be converted to Canadian dollars using the Bank of Canada's daily noon exchange rate.
5.
 - (a) Average Price = average for 30 consecutive days of the Average Ore Value.
 - (b) Average Ore Value = (LME zinc price x 97 X 0.73 + LME lead price x 53.08 x 0.77) x U.S. exchange rate.