Vancouver
26-Feb-14
REGISTRY

G.T. Hewison # 13
Sworn: February 26 2014
No. S113459
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C - 36 as amended

- AND -

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57 and THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9

- AND -

IN THE MATTER OF
BUL RIVER MINERAL CORPORATION, BIG BEAR METAL MINING CORPORATION, EARTH'S VITAL EXTRACTORS LIMITED, FORT STEELE MINERAL CORPORATION, FORT STEELE METALS CORPORATION, FUSED HEAT LTD., GALLOWAI METAL MINING CORPORATION, GIANT STEEPLES MINERAL CORPORATION, GRAND MINERAL CORPORATION, INTERNATIONAL FELDSPAR LTD., JAO MINE DEVELOPERS LTD., KUTTENI DIAMONDS LTD., STANFIELD MINING GROUP OF CANADA LTD., SULLIBIN MINERAL CORPORATION, SULLIBIN MULTI METAL CORPORATION, SUPER FELDSPARS CORPORATION, WHITE CAT METAL MINING CORPORATION, ZEUS METAL MINING CORPORATION, ZEUS METALS CORPORATION and ZEUS MINERAL CORPORATION

PETITIONERS

AFFIDAVIT

I, **GEORGE TIMOTHY HEWISON**, of Cranbrook, British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am the sole personal representative and beneficiary of the Estate of Ross Hale Stanfield and current manager of the Petitioners and as such have personal knowledge of the facts and matters hereinafter deposed to save and except where the same are stated to be made upon information and belief and where so stated I verily believe them to be true.

2. I am authorized by the Petitioners to make this Affidavit which I make in support of an application for approval of a restructuring support agreement and new DIP financing.

Update on Activities

3. The Stay Period (as defined in the order made in these proceedings on May 26, 2011) was last extended on March 28, 2013. On that date the Petitioners were granted an extension to March 28, 2014 in order to, among other things:

(a) advance the drilling and assay program;

(b) continue development of the resource towards a Preliminary Economic Assessment; and

(c) advance the environmental permitting process;

all in accordance with the recommendations contained in the updated NI 43-101 compliant technical report (the "**Update Report**") prepared by Snowden Mining Industry Consultants Inc. ("**Snowden**") which was attached as Exhibit "A" to my Affidavit # 12 filed in these proceedings.

4. Since the last extension the Petitioners have diligently pursued the work set out above towards the creation of a plan of arrangement and the conditions amenable to the success of that plan.

Drilling and Assaying

5. The Petitioners undertook drilling and assaying programs consistent with the recommendations of Snowden in consultation with Moose Mountain Technical Services as the Petitioners cash flow allowed. Attached hereto as **Exhibit "A"** is a copy of an Underground Drilling Summary in regard to that program prepared by Moose Mountain Technical Services.

Development of Resource and Preliminary Economic Assessment

6. Moose Mountain Technical Services completed an economic Scoping Study on October 29, 2013. Attached hereto as **Exhibit "B"** is a copy of the Scoping Study.

Permitting

7. The Petitioners are engaged in a mine permitting process with the intent of moving the Gallowai Bul River mine into production. The Petitioners foresee a window of opportunity in the coming months to complete the permitting process and, if further funding is made available, anticipate submitting the mine permit to government for review within 4-6 months. The Petitioners have met with the Ministry of Energy and Mines, Mine Development Review Committee on multiple occasions to clarify the requirements necessary for a mine permit application submission.

Market Conditions and Timing

8. At the time of the last extension the Petitioners were of the view that equity market conditions were not favourable for an initial public offering as a step in the Petitioners' restructuring process.

9. In the eleven months since the last extension the conditions for the planned initial public offering have failed to present themselves. Recognizing that the Petitioners cannot wait in CCAA protection indefinitely, must put a plan to their creditors including shareholders (the "**Stakeholders**"), and must continue to push the mine towards production, the Petitioners' management has had to consider alternatives to an initial public offering.

10. In addition, the Petitioners' DIP lender CuVeras, LLC ("**CuVeras**") has advised the Petitioners that it is not prepared to provide any further funding. As further funding is required to complete the restructuring, the Petitioners had to be flexible in terms of both new lenders and the role that any new lender would seek in a plan of arrangement.

New Restructuring Proposal and DIP

11. The Petitioners were approached by certain investors with regard to their interest in facilitating a restructuring for the Petitioners and their interest in acquiring, through a corporate entity, a controlling interest in the Petitioners or their assets.

12. After conducting appropriate due diligence and further discussion and negotiations the Petitioners' management has determined that the opportunity provided by this group of investors

provides the best possibility for a successful restructuring of the Petitioners, the bringing of the mine into production, and the maximization of recovery for the Stakeholders.

13. With the foregoing in mind the Petitioners entered into a Restructuring Support Agreement dated February 25, 2014 (the "**RSA**") with Asia Copper Investments Co. Ltd. ("**ACI**") a company incorporated and controlled by the investors. Attached hereto as **Exhibit "C"** is a true copy of the RSA.

14. The key points of the RSA include the following:

(a) ACI is to provide a ACI DIP loan (the "**ACI DIP**") to the Petitioners, fully paying out the existing DIP loan;

(b) The Petitioners are to file a plan (the "**Plan**") no later than April 1, 2014 or as otherwise agreed by the parties; and

(c) Once the Plan has been filed the Petitioners will seek an order for a meeting for the Stakeholders to consider and vote on the Plan;

(d) The Plan shall provide the following unless otherwise agreed by the parties:

(i) ACI or a related entity (the "**New Shareholder**") will acquire not less than 87.5% of the equity interest in the assets which comprise the Petitioners and the Mine, which may or may not be amalgamated into one or more entities (the "**New Structure**");

(ii) As consideration, the New Shareholder will convert to equity or otherwise contribute some or all of the ACI DIP and provide such further and other consideration, if any, that is deemed necessary to fund a successful Plan; and

(iii) The existing Stakeholders will be offered up to a 12.5% equity interest in the New Structure. There may be a further incentive for existing Stakeholders up to a 20% interest in the event certain production targets and schedules are met.

15. Further to and as contemplated by the RSA the Petitioners have entered into an agreement with ACI for the provision of the ACI DIP dated February 25, 2014 (the "**ACI DIP Agreement**"). Attached hereto as **Exhibit "D"** is a true copy of the ACI DIP Agreement.

16. CuVeras has not advanced the maximum $10,000,000 of DIP funding permitted by the Court's order in this proceeding made December 15, 2011 as amended by the Court's order in this proceeding made June 26, 2012. CuVeras has advised the Petitioners that they are not prepared to make any further advances.

17. As at October 31, 2013 the payout amount provided by CuVeras was $7,574,441 with a per diem of $2,075. ACI has agreed with the Petitioners that the initial advance of the ACI DIP will be sufficient to pay CuVeras out in full.

18. The Petitioners are of the view that the RSA provides the best possible result for its Stakeholders for the following reasons:

    (a) ACI has expressed a commitment to put the Bul River Mine into production at the earliest opportunity;

    (b) ACI has expressed an interest in developing and maximize the potential of other mineral properties within the Petitioners' holdings;

    (c) ACI has expressed an interest to seek out and acquire other mineral properties in an effort to grow value for the shareholders of the future reorganized entity which would include the Stakeholders;

    (d) there appears to be no prospect of obtaining further funding from CuVeras sufficient to a complete a restructuring; and

    (e) the Petitioners have faith and confidence in the willingness and ability of ACI's principals to support a successful restructuring. In particular the Petitioners consider that ACI's principals' background in mining, smelting and manufacturing will be an asset for the mine.

and for those reasons the Petitioners seek this honourable Court's approval of the RSA and the ACI DIP Agreement.

Next Steps

19. The next steps for the Petitioners after the hoped-for approval of the RSA and ACI DIP Agreement are as follows:

(a) receipt of ACI DIP funds and full payout of existing CuVeras DIP loan;

(b) drafting of Plan;

(c) presentation of Plan to Court and application for order for a meeting for Stakeholders for Plan approval;

(d) hold meeting for Plan approval;

(e) apply for Court approval of Plan; and

(f) closing of Plan and termination of CCAA proceeding.

Claims Process

20. Finalization of the Claims Process to the satisfaction of ACI is a condition of the RSA. At the time of the last extension there were three outstanding claims against the Petitioners. The Petitioners have recently reached a settlement with the claimant on one of those claims and are pursuing settlement negotiations with the other two claimants on an expedited basis. The Petitioners intend to have these negotiations completed and settlements reached by the court date for this application.

Ongoing Care and Maintenance

21. The Petitioners have continued and will continue with necessary regular maintenance and standard environmental testing and reporting on the mine site.

SWORN BEFORE ME, at Cranbrook, British Columbia, on the 10 day of February, 2014.

A Commissioner for taking Affidavits for British Columbia

MARKO M. MARYNIAK, J.D.
Barrister & Solicitor
Suite 201, 907 Baker Street
Cranbrook, BC V1C 1A4
Canada 250-426-7211

GEORGE TIMOTHY HEWISON

The attached is **Exhibit "A"**

referred to in the affidavit

of George Timothy Hewison #13 sworn before

me at ~~Fernie~~ Cranbrook, B.C.,

this 26 day of February, 2014

A Commissioner for taking Affidavits
within British Columbia

No. S113459
Vancouver Registry

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AFFIDAVIT

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File No. V37978 JBR/jbr

2013 UG Drilling Summary

Seven drillholes were completed in early April to test the down dip extension of the mineralized veins at the Bul River Mine. In total 1,156.0m of NQ (47.6mm) diamond drill core was completed, logged and sampled. The drilling was part of the follow-up to the Snowden report released in March 2013.

The Bul River Mine currently consists of a mineralized deposit containing copper, gold, and silver. Underground infrastructure to access this mineralization includes a mine ramp, ventilation raises, sumps, surface shop, and mobile equipment fleet. There is a 750 ton per day conventional mill with an adjoining crusher building, fine ore bin, and concentrate storage area. On the property there is an administration, security, assay laboratory, metallurgical laboratory buildings and support infrastructure. The mine is currently not operating.

Snowden conducted an update of the estimate of the Mineral Resource at the GBRM. The results of the updated Mineral Resource estimate at the base case CuEq cut-off of 0.6% CuEq are shown in Tables 1 and 2.

Table 1 Indicated Tonnes and grade at 0.6 CuEq base case cut-off

Classification	CuEq Cut-Off	Tonnes (kt)	Cu Eq (%)	Cu (%)	Cu (klbs)	Ag (g/t)	Ag (koz)	Au (g/t)	Au (koz)
Indicated	0.6	1,732	1.79	1.47	68,200	11.4	636	0.4	20

Table 2 Inferred Tonnes and grade at 0.6 CuEq base case cut-off

Classification	CuEq Cut-Off	Tonnes (kt)	Cu Eq (%)	Cu (%)	Cu (klbs)	Ag (g/t)	Ag (koz)	Au (g/t)	Au (koz)
Inferred	0.6	1,484	1.69	1.42	55,200	10.9	519	0.3	13

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All seven of the drillholes intercepted mineralized vein material similar to what has been drilled and drifted on in the existing mine.

Table 3 lists the location and orientation of the seven holes.

Table 3: Drillhole Locations and Orientation

Drillhole	Easting	Northing	Elevation	Dip	Azimuth	TD (m)
BRU-13-01	616980.8	5484458.5	596	-40	174	282.9
BRU-13-02	616980.8	5484458.5	596	-56	171	160.9
BRU-13-03	617047.4	5484434.8	596	-21	180	91.1
BRU-13-04	617047.4	5484434.8	596	-50	180	185.6
BRU-13-05	616912.9	5484462.8	596	-12	176	97.2
BRU-13-06	616912.9	5484462.8	596	-40	176	234.7
BRU-13-07	616912.9	5484462.8	596	-55	176	103.6

The best intercept was from drillhole BRU-13-02 which cut 14.9m of mineralization from 110.6m down hole, assaying 1.02%Cu, 7.5g/tAg, and 0.46g/tAu.

Drillhole	From (m)	To (m)	Length (m)	Cu (%)	Ag (g/t)	Au (g/t)
BRU-13-01	48.0	65.1	17.1	0.64	5.0	0.16
Including	56.8	65.1	8.3	1.04	8.09	0.29
BRU-13-02	61.7	66.5	4.8	0.36	2.92	0.05
	103.0	106.1	3.1	0.12	1.34	0.01
	110.6	125.6	14.9	1.02	7.51	0.46
	141.3	145.3	4.0	1.29	9.75	0.27
BRU-13-03	25.8	29.2	3.4	0.11	1.77	0.02
	37.0	38.01	1.1	5.0	39.0	0.73
BRU-13-04	45.3	46.3	1.0	0.88	8.0	0.12
BRU-13-05	40.6	46.6	6.0	1.34	9.41	0.56
BRU-13-06	50.1	54.4	4.3	1.08	7.43	0.58
BRU-13-07	78.4	85.1	6.6	1.07	7.40	1.28

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Bul River's disclosure of a technical or scientific nature in this news release has been reviewed and approved by Mr. Robert J. Morris, M.Sc., P.Geo., of Moose Mountain Technical Services, who serves as a Qualified Person under the definition of National Instrument 43-101.

A comprehensive quality assurance/quality control program is in place to monitor precision and accuracy of assay results. Drill core samples from the property were shipped to Acme Laboratories in Vancouver BC, for analysis. Samples represent ½ NQ core, and include a commercial reference standard (three different CRM available), a blank, and a ¼ core duplicate with each set of twenty-five samples. Sample preparation involved crushing the total sample and splitting and pulverizing a 250g sub-sample to pass 200 mesh. Gold was determined by fire assay fusion by ICP-ES using a 30g sub-sample (Acme code 3B01). A four acid digestion and ICP-MS analysis was completed for copper, silver and 24 additional elements using a 0.5g sub-sample (Acme code 7TD2), while a 1:1:1 aqua regia digestion and ICP-MS was completed for 36 element additional elements using a 0.5g sub-sample (Acme code 1DX).

Best Regards,

R.J. Morris, M.Sc., P.Geo.
Principal Geologist

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5

The attached is **Exhibit "B"**

referred to in the affidavit

of George Timothy Hewison #13 sworn before

me at ~~Fernie~~ Cranbrook, B.C.,

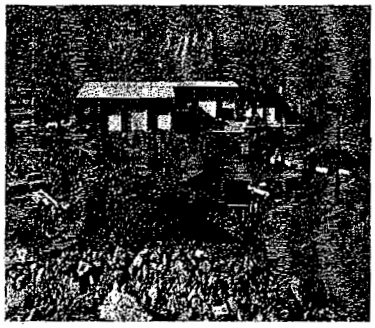
this 26 day of February, 2014

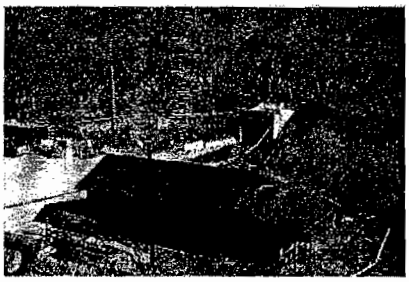
A Commissioner for taking Affidavits
within British Columbia

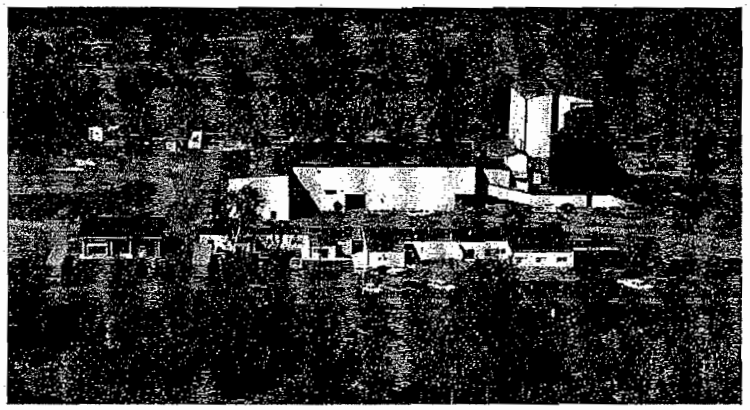
Moose Mountain Technical Services

6

Gallowai-Bul River Mine Scoping Study







October 29, 2013

Prepared for:
The Gallowai-Bul River Mine

Prepared by:
MOOSE MOUNTAIN TECHNICAL SERVICES

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1 Summary

Moose Mountain Technical Services (MMTS) has been commissioned to prepare this internal scoping report on the Gallowai-Bul River Mine property. Information used in preparing this report includes the Snowden Mineral Resource Statement "*Gallowai-Bul River Technical Report – March 2013*" and information provided by the Stanfield Mining Group (SMG).

The Gallowai-Bul River Mine (GBRM) is located approximately 30km due east of the city of Cranbrook in the Regional District of East Kootenay in British Columbia, Canada. The Project consists of a mineralized deposit containing copper, gold, and silver in thin sub-vertical veins. There are site facilities in place which were operated in the early 1970's with production from two small open pits. One of these pits is backfilled with open pit waste; the other is open and flooded. The original tailings pond and the waste dump are reclaimed.

In 1976, the Project was purchased by the Stanfield Mining Group (SMG). A Mining and Reclamation Small Mine Permit was received in 2005 and underground development work was initiated. Underground infrastructure presently in place to access this mineralization includes a mine ramp, 7 levels of development, totaling 20km of drives, plus ventilation raises, sumps, surface shops, and a mobile equipment fleet. Development muck from the underground is stockpiled for project start-up. There is a 700tonne/day conventional sulphide flotation mill on site with an adjoining crusher building, fine ore bin, and concentrate storage area and has been operating as recently as 2008, on processing trials. The mill requires some capital improvements to be operational. On the property there are administration, security, assay laboratory, and metallurgical laboratory buildings, along with support infrastructure, sewage, and electrical services that are operational. The electrical power is connected to the local grid. The mine is currently not operating but the Small Mine Permit will allow development production up to 75,000tpa if a tailings disposal permit is obtained. In order to begin ore production and to run the process plant at full capacity, a tailings permit, mine operating production plan, a reclamation plan, and other environmental studies will be required.

The mine plan is economically viable using longitudinal longhole open stoping method for mill feed production. Current mineable resources are listed in Table 1 with drilling planned to delineate down-dip extensions to the vein system.

Table 1 Mill Feed and Process Recovery over 6.5 Year Life of Mine

Mill Feed	Life of Mine Average Mill Feed Grade			Process Recovery		
*Tonnes**	*Cu %*	*Au g/tonne*	*Ag g/tonne*	*Cu %*	*Au %*	*Ag %*
1.56M	1.39	0.26	11.03	93.6	55.5	92.5

**Includes Indicated and Inferred Class Material*

The plan includes processing of 184kTonnes legacy stockpiles for mill start-up with similar grades to underground stope material but with lower expected recoveries. By starting up on stockpiled material, expenses for underground development and installations for cemented tailings backfill can be deferred.

Tailings will initially be stored temporarily on surface until a cemented backfill plant can be built. After that time cemented tails will be stored underground in the mined out workings. Fines from the backfill plant will be moved underground at closure.

The financial results of the Scoping Study are:

- Metal Prices*
  - Copper $US 3.70.lb.
  - Gold $US1550/oz
  - Silver $US 30.50/oz
- ForEx $1CDN = $US 0.95
- Operating Costs**
  - Mining $45.97/tonne
  - Processing $14.40/tonne
  - G&A $ 2.85/tonne
  - **Total** **$63.22/tonne**
- Initial start-up capital $9.5M
- Mine life 6.5 years
- Payback <1 year
- Pre-tax IRR 111%
- Pre-tax NPV(8%) $40.4M

** 3 year trailing average*
***mining includes development & backfill*

Potential tax credits from the previous development are being investigated and have the potential to have a material positive impact on project economics.

Over the past and recent mining and development activities, ARD has not been an issue, and water quality from the site has consistently met the criteria of the existing permits.

Consultation and Permitting discussions with regulators have begun; with generally positive comments to date. At this time there no indication that mining permits will not be granted in less than one year; subject to acceptable environmental studies and Public and First Nations consultations.

The GBRM mineral resources, underground development and facilities are owned 50/50 by Gallowai Metal Mining Corp and Bul River Mineral Corp. within the larger SMG Holdings. Since shutdown of the property, the assets of SMG are currently under new management and have been placed under creditor protection.

Sections 2 to 12 following have been summarized from the NI 43-101 Resource statement found in "Gallowai-Bul River Technical Report – Snowden March 2013".

2 Introduction

MMTS has been commissioned to undertake a scoping level study of the Gallowai-Bul River Mine based on the March 2013 Snowden Resource Estimate and report. The objective of the scoping study, if successful, is to develop the basis of higher levels of study to lead into project permitting, financing, and into operations. With much of the infrastructure and development already in place, it is targeted to be in production in less than one year.

This study is based on the 2013 resource model from Snowden. That model used recent exploration drill data and assays combined with previous data from prior to 2012. All previous data had thorough QA/QC performed, including re-assays of split cores, assay splits, and pulps. The Snowden resource model is NI 43-101 compliant.

The mine plan proposed by MMTS is based on the current vein interpretation and is built from the existing in place, underground development. The current underground workings have been open and pumped dry for over thirty years and are not showing issues with instability. Backfilling with tailings is assumed for reclamation and closure; however cemented back-fill in conjunction with rib and sill pillars, is assumed until detailed geotechnical studies have been conducted. Infill and condemnation drilling is required for the next level of study.

The mill and surface facilities have been inspected and areas requiring remediation and upgrades have been noted. These have been included in the study.

The permitting process has started and issues requiring studies have been identified. It is not unreasonable to expect support from the local community, First Nations, and regulators. There is nothing to indicate that the project will not receive permit approval.

3 Reliance on Other Experts

This report has been prepared by MMTS for the Gallowai-Bul River Mine. The information, conclusions, opinions, and estimates contained herein are based on the work of the persons listed in this report. This is based on reliance of the following:

- The NI 43-101 Resource statement found in *"Gallowai-Bul River Technical Report – Snowden March 2013"*
- Information available to MMTS at the time of preparation of this report; Assumptions, conditions, and qualifications as set forth in this report; and Data, reports, and other information supplied by GBRM and other third party sources.

For the purpose of this report, MMTS has relied on ownership information provided by GBRM. MMTS has not researched property title or mineral rights for GBRM and expresses no opinion as to the ownership status of the property.

Except for the purposes legislated under provincial securities laws; any use of this report by any third party is at that party's sole risk.

4 Property Description and Location

GBRM is located approximately 30km due east of the city of Cranbrook in the Regional District of East Kootenay in British Columbia, Canada. The approximate centre of the GBRM property is within National Topographic Series Map reference 82G/11W at longitude 115° 22' 54" west and latitude 49° 30' 15" north. Universal Transverse Mercator (UTM) coordinates for the project centre utilizing projection North American Datum (NAD) 83, Zone 11 are approximately 616,952m east and 5,484,446m north. Figure 1 shows the property location.

Access to GBRM from Cranbrook is via British Columbia Provincial Highway 3 to the paved, all-weather Wardner/Fort Steele Road and then the gravel, all-weather Bull River Road to the GBRM access road. The GBRM property has the remnants of previous mine operation including tailings impoundment, waste dumps, and two open pits. One pit has been backfilled with waste and the second pit is flooded.

Numerous pads have been built for baseline testing of acid rock drainage and water quality monitoring. (Snowden 2013)

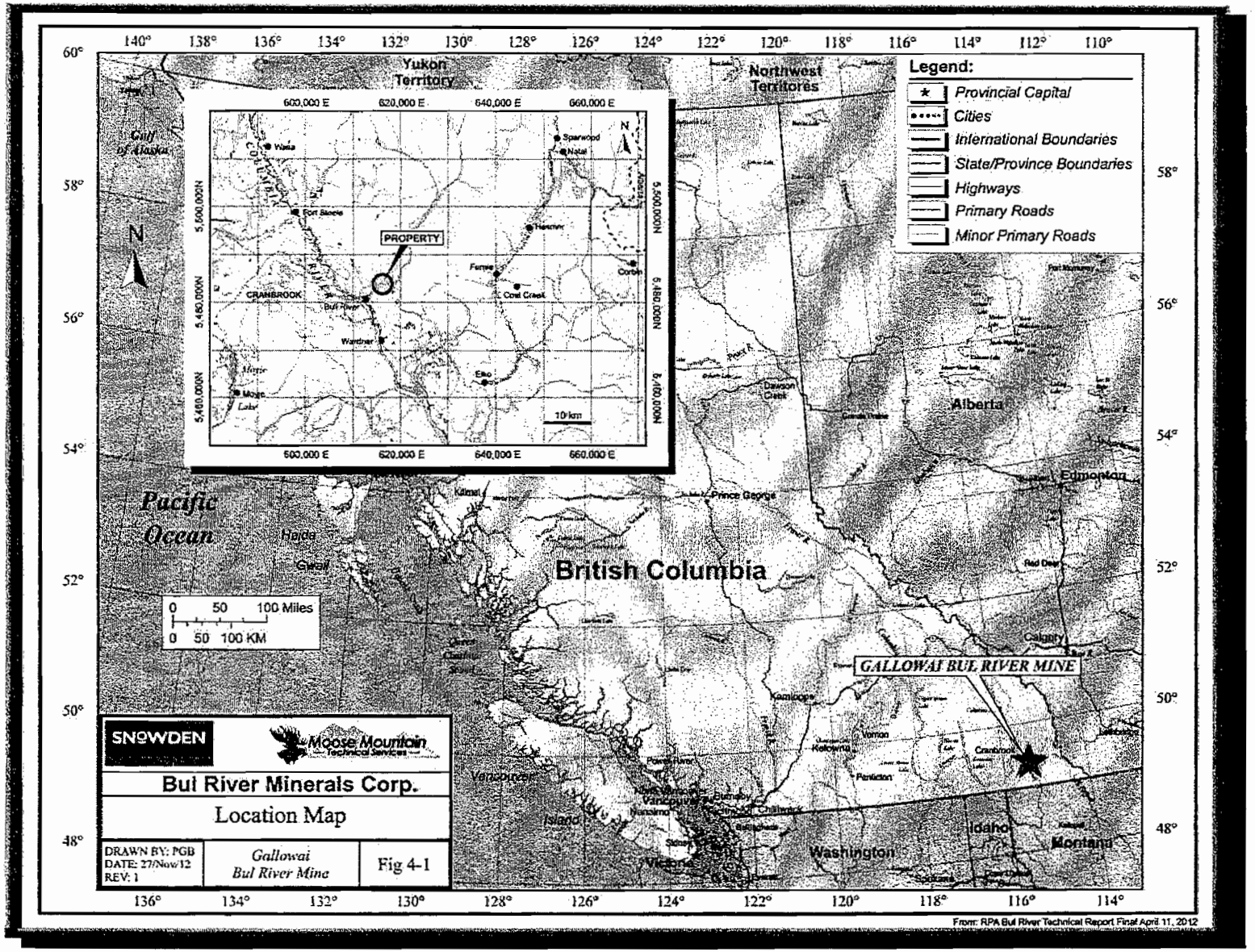

Figure 1 Location Map

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5 Accessibility, Climate, Local Resources, Infrastructure and Physiography

5.1 Accessibility

GBRM is located approximately 50km by road from Cranbrook, British Columbia. Access to the GBRM property from Cranbrook is by driving northeast approximately 10km via British Columbia Provincial Highway 3 (Crowsnest Highway) and then bearing southeast towards the town of Fernie, British Columbia, for approximately 26km to the paved, all-weather Wardner Fort Steele Road. The Wardner Fort Steele Road is followed northwest for 8km where it intersects the all-weather gravel Bull River Road. The Bull River Road is followed eastnortheast for 6km to the GBRM mine access road.

5.2 Climate

The mean annual temperature is 8.5°C. Mean high temperatures occur in July and August, averaging 18°C, and lows in December averaging -7°C. Precipitation data from Environment Canada between 1971 and 2000 for Cranbrook shows an average annual precipitation of 403mm (expressed in mm of water), with highest average precipitation in June (53mm) and lowest in March (20mm). There is an average of 69 days a year with precipitation in the form of rain and 32 days in the form of snow. Snowfall is recorded between October and May, with an annual mean of 13mm (expressed in mm of water). The most snow falls in December which has a mean snowfall of four millimeters (expressed in mm of water).

Climate will not adversely affect operations and work can be carried out uninterrupted twelve months a year. (Snowden 2013)

5.3 Local Resources

The Kootenay Regional District has a long history of mining activity, and mining suppliers and contractors are locally available. Both experienced and general labour is readily available from the city of Cranbrook with 18,270 inhabitants (2006 census) and other smaller East Kootenay communities in the vicinity with 1,819 inhabitants (2006 census). There is abundant water available to support mining operations. (Snowden 2013)

5.4 Infrastructure

Currently, the major assets and facilities (with estimated areas) associated with GBRM are:

- The mineralized body (as defined with this report).
- An administrative building (690m^2) containing dry facilities.
- An assay laboratory (242m^2).
- A metallurgical laboratory (141m^2).
- A 700tpd conventional mill (2,020m^2) with adjoining crusher building (280m^2), fine ore bin (165m^2), and concentrate storage facility (130m^2).
- Mine shops (660m^2), electrical shop (140m^2), core shack (80m^2), fire hall (75m^2), and Mine Rescue building (120m^2).

- Electrical substation connected to 115kV electrical transmission line, water wells, and septic system.
- Underground infrastructure including a mine ramp, seven levels of development, ventilation raises, sumps, and mobile equipment fleet.
- Close proximity to a rail spur used by previous operators but no longer active.
- Existing waste dumps, tailings disposal areas, and worked out pits available for extra use
- A library of past environmental monitoring, studies, and annual reports provided to regulators.

5.5 Physiography

GBRM is located on the gentle slopes that form the base of the Steeples and Lizard Mountains which are part of the Rocky Mountain Front Range System. The project is located north of the meandering Bull River which makes up part of the Kootenay River watershed. GBRM portal elevation is approximately 950MASL, with elevations within the Stanfield Holdings ranging from 760MASL to 2,600MASL.

The GBRM property lies within the Ponderosa Pine and Interior Douglas Fir biogeoclimatic zones. Grass and ground cover is dominated by rough fescue, pinegrass, Richardson's needlegrass, Idaho fescue, northwest sedge, and bluebunch wheatgrass. Shrubs found in the area include bearberry, Saskatoon and bitterbush (Ross, 2001). The terrain is characterized by open pasture and mature vegetation that is used as forage for domestic cattle, elk, big horn sheep, white tail and mule deer, and grizzly and black bears. (Snowden 2013)

Overburden varies in depth and can be up to 200m thick and minimal bedrock is exposed at surface.

6 History

Placer gold was first discovered in the early 1860's in the Bull River Canyon and numerous small mine workings have been excavated in the area since that time. No work was reported on the GBRM site until 1968 when Placid optioned the property. Initially, Placid was targeting dyke structures similar to those found at the Sullivan Mine and other Purcell Supergroup deposits but instead intersected supergene-type copper mineralization and an underlying copper-silver vein system. (Snowden 2013)

The GBRM property hosts the historic Dalton Mine which started milling on October 1, 1971, and continued from two open pits until June 10, 1974, producing 7,260t (16.0M lb.) of copper, 6,354kg (204,274oz) of silver, and 126kg (4,055oz) of gold from 471,900t milled (BC MINFILE). The Dalton Mine was owned by Placid Oil Co. (Placid). Placid attempted to go underground to access additional resources but was unsuccessful in getting the portal collared in blocky ground. (Snowden 2013)

Ross Stanfield purchased the assets of the Dalton Mine from Placid on March 5, 1976, and transferred the assets to Bul River under incorporation on March 17, 1976. Gallowai has earned a 50% interest in the GBRM property through raising and expenditure of exploration dollars since its incorporation in

1980. The Gallowai Bul River Mine name reflects the joint ownership by the two companies. (Snowden 2013)

In May 26, 2010, SMG including GBRM was placed under creditor protection and new management is in place. While under creditor protection, NI 43-101 compliant Resource Statement Technical Reports have been produced, by Roscoe Postle and Associates in 2011 which included extensive QA/QC to bring the information into compliance and by Snowden in 2013 to include new drilling and interpretation.

A more complete history of the site, including mineral exploration, exploration database development, underground mining, and historic resource/reserve estimates can be found in the report titled '*Gallowai-Bul River Technical Report*', issued by Snowden Mining Consultants in March 2013.

7 Geological Setting and Mineralization

The GBRM deposit is hosted within poorly exposed graded turbidite beds of the middle Aldridge Formation of the Middle Proterozoic Purcell Supergroup. Interbedded quartzites, siltstones, and argillites make up a turbidite sequence whose bedding plane strikes approximately east-west and dips 20° to 30° to the north (Baldys, 2001). The host rocks of the deposit are a northward pinching series of anticlines and synclines (de Souza, 2000).

The GBRM mineralized zones comprise a vertical to sub-vertical network of sulphide-bearing quartz carbonate veins striking approximately east-west hosted in sheared and brecciated Aldridge Formation sediments. Mineralization consists of pyrite, pyrrhotite, and chalcopyrite with minor local galena, sphalerite, arsenopyrite, and cobaltite and traces of tetrahedrite and native gold. Sulphides range from massive, irregular bodies within the vein system to thin discontinuous veins, veinlets, and disseminations in the host rock (Höy et al., 2000). Gangue mineralogy of the veins is variable, with the eastern parts of the deposit consisting of quartz and siderite. The western part of the vein system is dominated by siderite (Baldys, 2001). A more detailed geological description of the location can be found in the report titled '*Gallowai-Bul River Technical Report*', issued by Snowden Mining Consultants in March 2013.

8 Deposit Types

The Bul River deposit has been described as a Churchill-type vein copper-silver deposit (Lefebure, 1996). The deposit type displays characteristics of relatively low tonnage (typically range from 10Kt to 1Mt) but high-grade (typically range from 1% to 4% Cu). Frequently occurring in Proterozoic-age extensional sedimentary basins, Churchill-type deposits are associated with rifting can comprise single vein to complicated vein systems that vary from centimetres to tens of metres in width, and can extend hundreds of metres along strike and down dip. Commonly hosted in clastic meta-sediments, veins and vein systems are often spatially associated with mafic dykes and sills. The veins are generally associated with major faults related to crustal extension that controls the ascent of hydrothermal fluids to favorable sites for metal deposition. Fluids are believed to be derived from those mafic intrusives that are associated with the vein systems. (Snowden 2013)

Mineralization in Churchill-type deposits is predominantly chalcopyrite, pyrite, and chalcocite with subordinate pyrrhotite, galena, bornite, tetrahedrite, argentite, and covellite and is generally younger than the host lithology. A more detailed description of the deposit type can be found in the report titled *'Gallowai-Bul River Technical Report'*, issued by Snowden Mining Consultants in March 2013.

9 Exploration

Ross Stanfield purchased the assets of the Dalton Mine from Placid on March 5, 1976. There is no record of work until 1974 when exploration was conducted on nearby properties within the Stanfield Holdings (i.e., G-Zone and Copper King, see Item 23 "Adjacent Properties").

Exploration work at GBRM began in 1981 and was conducted more or less continuously until 2009. MMTS did additional exploration in 2011 and 2012.

A detailed description of exploration on the property can be found in the report titled *'Gallowai-Bul River Technical Report'*, issued by Snowden Mining Consultants in March 2013.

10 Drilling

Drilling at GBRM began in 1981. A combination of percussion and diamond drilling was done from surface. Once the underground access was established, the majority of the drilling was pursued underground. A great deal of work has been done at GBRM over the years, but documentation is incomplete. (Snowden 2013)

MMTS has verified 260 underground diamond drillholes and 25 surface diamond drillholes that have been used in the resource estimate. The underground drillholes total 63,721.8m of drilling, while the twenty-five surface holes total 24,331.0m of drilling for a total of 88,052.8m. Channel samples of the underground headings have also been used.

A detailed description of drilling on the property can be found in the report titled *'Gallowai-Bul River Technical Report'*, issued by Snowden Mining Consultants in March 2013.

11 Sample Preparation, Analyses and Security

The sample preparation procedures used for assays at the GBRM are appropriate for the mineralization. Security and chain-of-custody procedures appear adequate. Sample preparations and assaying were conducted under the supervision of a British Columbia Certified Assayer and supported by written protocols. These samples were subsequently re-analyzed as part of the MMTS sampling program and the results compared favorably. (Snowden 2013)

GBRM employs 24 hour security staff and has a fenced perimeter. Mine access is controlled through a secure manned gatehouse and scheduled patrols are conducted. The mine buildings, including the assay laboratory, and core logging areas are routinely locked and patrolled. Sample pulps are stored within a

locked sea container. The core logging facility, which MMTS used for its field program, is adequately configured for its intended purpose. MMTS feels that the core/sample storage facilities, and environmental and assay laboratories, are secure. (Snowden 2013)

The 2011 and 2012 MMTS logging and sampling programs were designed and supervised by a QP, as defined by NI 43-101, and followed exploration best practices as defined by CIM. In Snowden's opinion, the MMTS data is verifiable and can be used in the estimation of Mineral Resource. (Snowden 2013)

12 Data Verification

All exploration data used in the estimation of the Mineral Resource has been reviewed by MMTS, as a part of the QA/QC program for Snowden's Resource Estimate.

The sample preparation, analyses, and security of diamond drill core samples and underground channel samples from the Gallowai-Bul River Mine is of industry standard and the assay data are suitable for use in resource estimation (Snowden 2013)

13 Mineral Processing and Metallurgical Testing

13.1 Previous Processing

Placid Oil Company processed mill feed from an open pit operation from October 1971 to June 1974. The process plant had a design capacity of 700tonne/day and operated at 680tonne/day using the flowsheet shown in Figure 2 below.

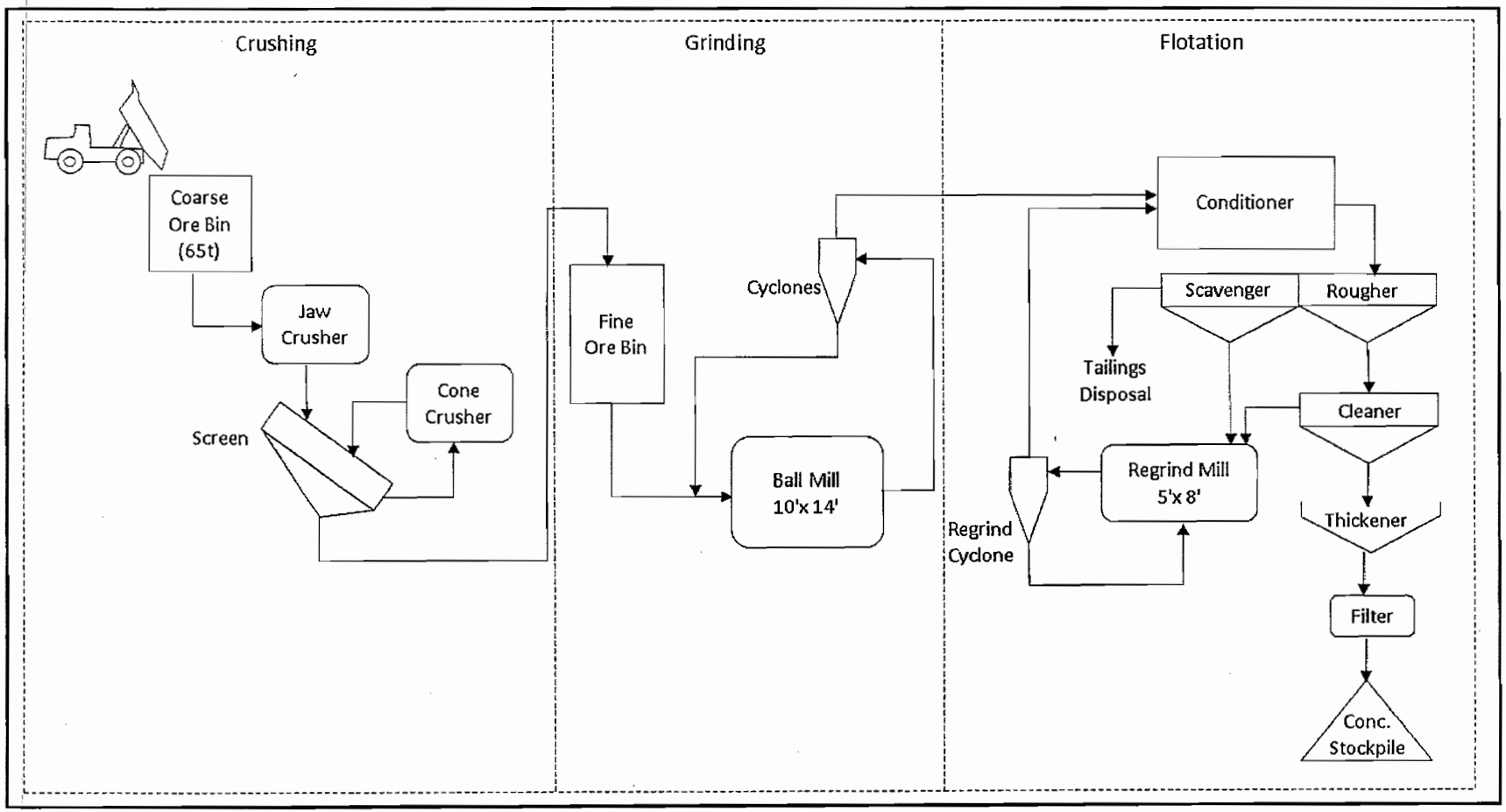

Figure 2 Bull River Simplified 700tpd Process Flowsheet

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13.2 2007 to 2008 Plant Trials

GBRM conducted on site pilot plant testing between January 2007 and December 2008 using mill feed extracted from underground development muck. The pilot plant flotation flowsheet is shown in Figure 3 below.

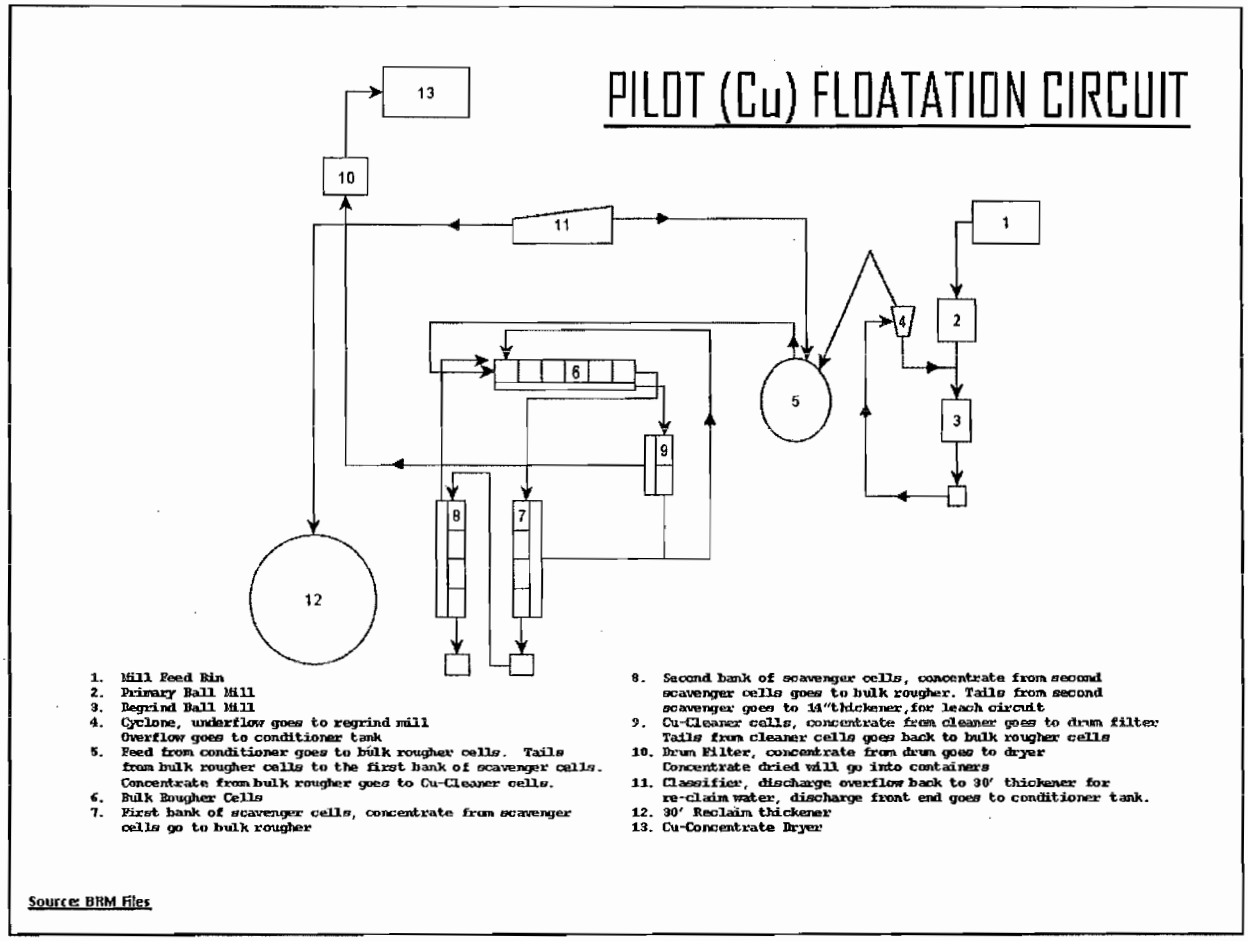

Figure 3 Pilot Plant Process Flowsheet

The pilot plant flotation circuit used 45g/tonne Aero3477 as a promoter and approximately 17g/tonne Dow 250 as collector.

The historical records show that during a period of 24 months of metallurgical testing, the pilot plant operated for 596 days, processed a total of 2.65 million pounds of material containing an average grade of 3.04% Cu, 0.35g/tonne Gold, and 23g/tonne Silver. Average daily throughput was 2tonne/day. Concentrate produced was of industry standard commercial quality, totaling approximately 262,000lb, with an average metal content of 27.4% Copper, 2.58g/tonne Gold, and 206g/tonne Silver. The pilot plant achieved an average metal recovery of 89% Cu, 73% Au, and 88% Ag.

The graph below of copper head grade and copper recovery shows that that copper recovery was for the most part greater than 90%. Outliers from a plant upset in June/July 2007 were caused by cationic

flocculants that were incompatible with the collector being used. Recoveries returned to normal after halting the use of the flocculant. The weighted average copper recovery for the pilot plant trial was 93.6% after excluding the outliers.

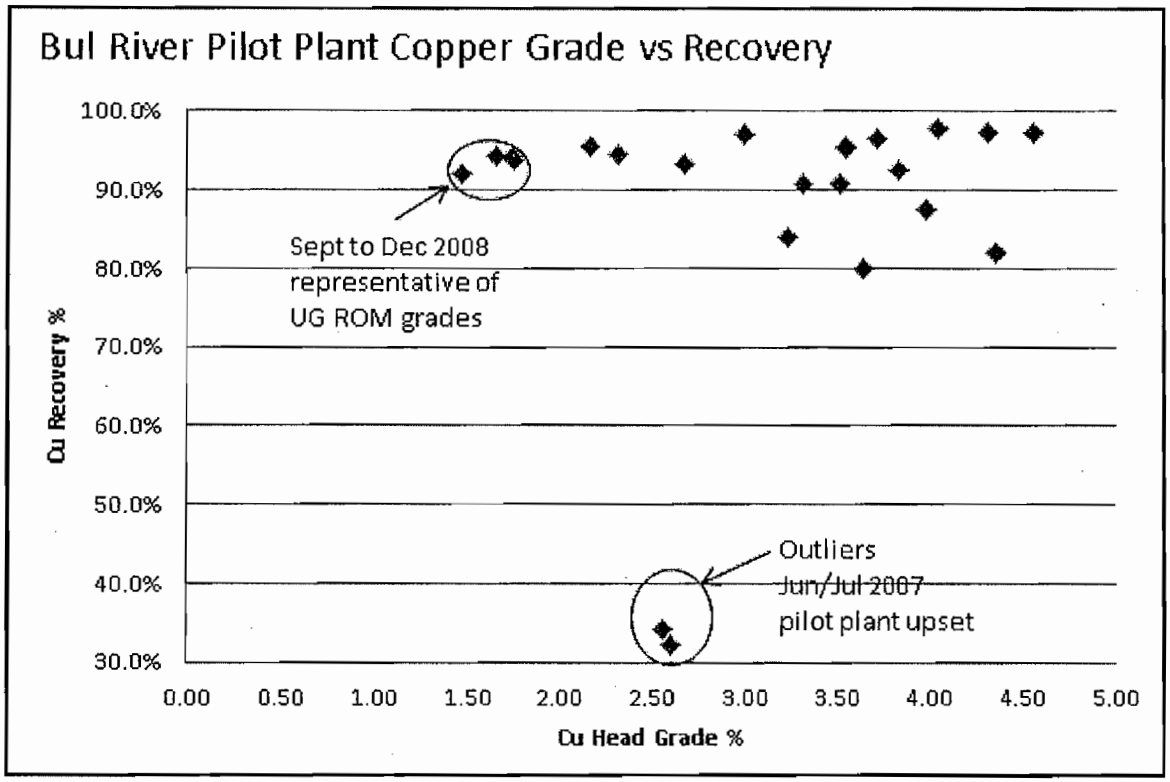

Figure 4 GBRM Pilot Plant Copper Head Grade vs Recovery

Table 2 below shows the mill feed lbs, grades, and recoveries during the period September to December 2008. During this period 482,103lbs (218.9tonnes) of mill feed was processed with an average copper recovery of 93.6%, gold recovery of 55.5%, and Silver recovery of 92.5%. Similar process recoveries should be achievable with the full scale plant using the same process parameters as the pilot plant.

Table 2 Pilot Plant Mill Feed from September to December 2008

Period	Mill	Head Grades			Process Recovery		
	Feed	Cu	Au	Ag	Copper	Gold	Silver
	lbs	%	g/t	g/t	%	%	%
Sep-08	128,067	1.47	0.260	11.79	92.1%	40.1%	90.1%
Oct-08	144,203	1.75	0.150	15.47	93.7%	67.7%	93.5%
Nov-08	158,300	1.66	0.120	15.83	94.4%	66.4%	94.4%
Dec-08	51,533	1.74	0.140	17.19	94.3%	61.6%	92.1%
Total	**482,103**	**1.64**	**0.168**	**14.8**	**93.6%**	**55.5%**	**92.5%**

The source of the material tested is shown in the records as obtained from the underground mine levels 4, 5, 6, 7, and 8, and from a stockpile. The material tested is representative of the mill feed from the proposed underground mine plan. The pilot plant grade variation on a monthly basis is shown in the graph below. Copper head grades ranged from 1.5% to 4.5%, gold head grade ranged from 0.12g/tonne to 0.58g/tonne, and silver head grades ranged from 11.8g/tonne to 32.6g/tonne.

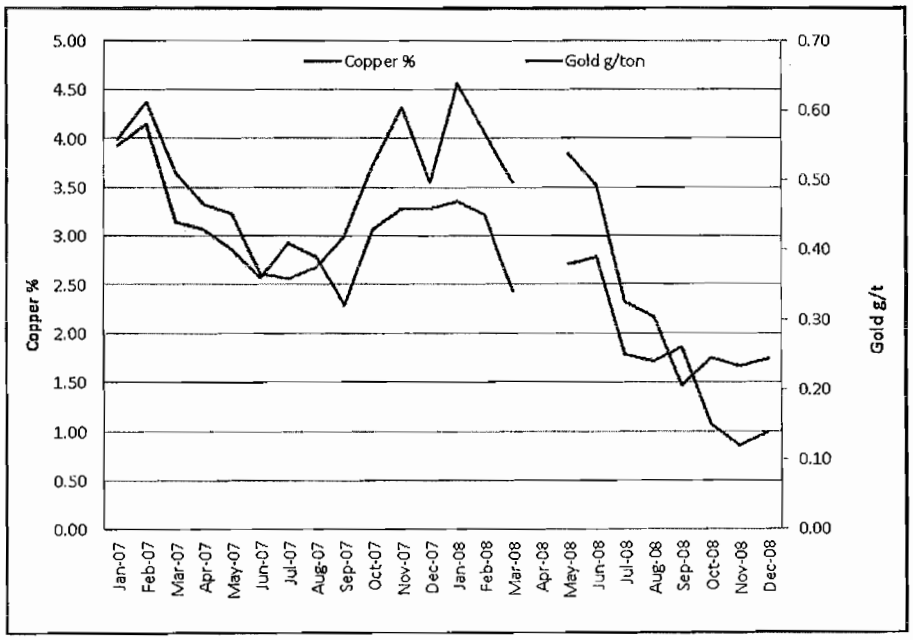

Figure 5 GBRM Pilot Plant Head Grades - Copper and Gold

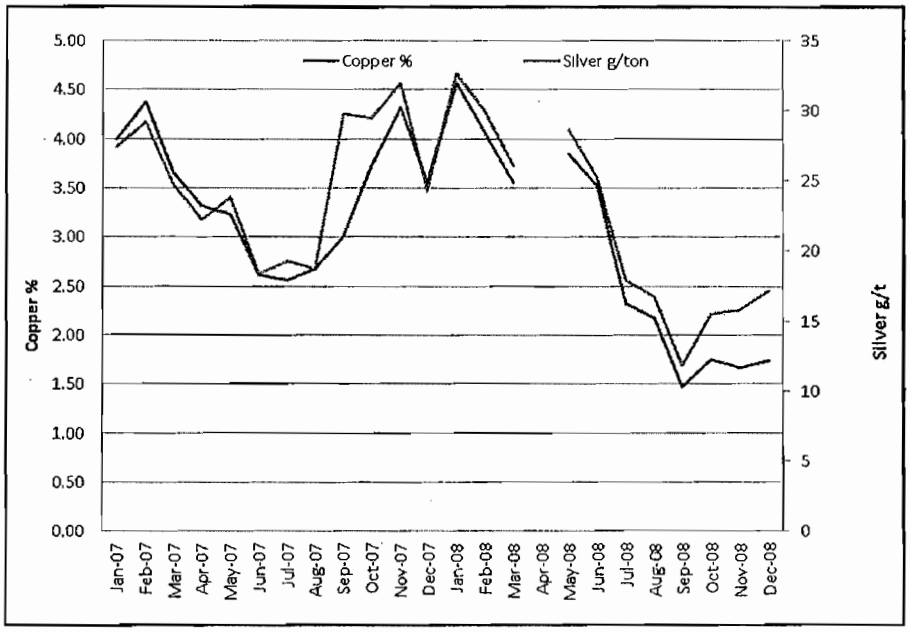

Figure 6 GBRM Pilot Plant Head Grades - Copper and Silver

The Figure below confirms a good correlation between copper and gold grades, and copper and silver grades. This suggests that copper, gold and silver mineralization occurs concurrently.

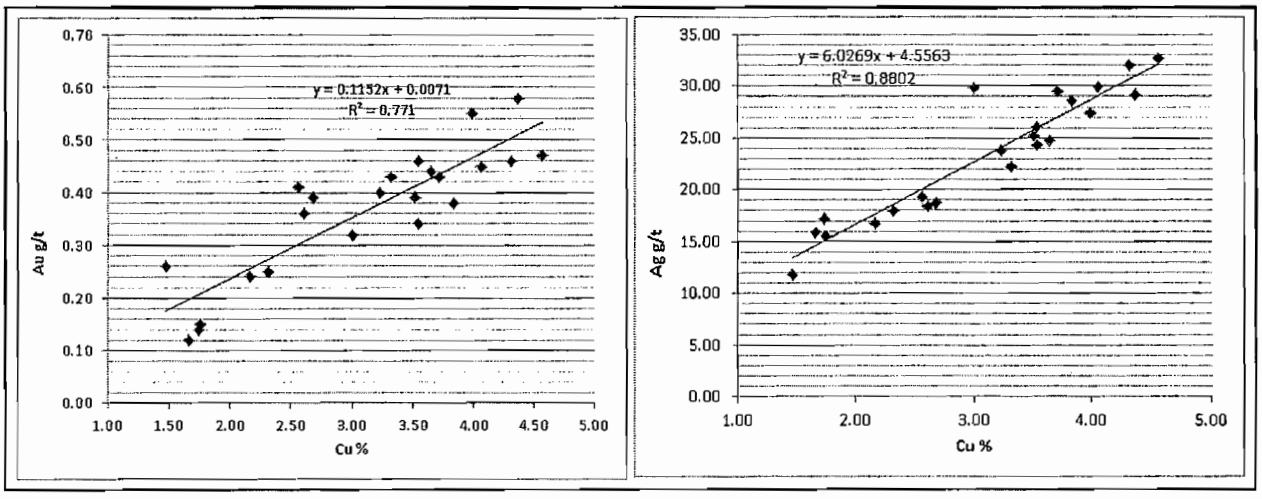

Figure 7 Correlation of Copper to Gold and Copper to Silver in ROM Mill Feed

14 Mineral Resource Estimates

The full resource estimate is available from the Snowden NI 43-101 Technical Report entitled "*Gallowai-Bul River Technical Report*" - March 2013. Following that work, MMTS adapted the Snowden Surpac model to MineSight software. Some manipulation for the file formats was required and items added to facilitate the mine design work.

The resource model was received from Snowden with blocks sized 0.625m X 0.005m X 0.005m (xyz). The grades for these sub-blocks are interpolated from composites within the vein boundaries. The Snowden sub-blocks were re-blocked to a standard size 2m x 4m x 2m in the Moose Mountain MineSight model. These larger blocks are coded with a mill feed percent using the vein 3D solids and the sub-blocks are used to calculate a weighted average grade for the larger blocks. A comparison between the two resource models is shown in Table 3 below.

Table 3 Resource Models Comparison

Snowden Resource Model (SG = 2.9)				Moose Mountain Re-blocked Model			
Tonnage	Ag	Cu	Au	Tonnage	Ag	Cu	Au
kT	g/t	%	g/t	kT	g/t	%	g/t
5,916	6.800	0.882	0.211	6,060	7.059	0.901	0.220

**No cutoffs or mining parameters applied.*

The model comparison indicates that the converted model being used by MMTS for the mine planning is essentially the same as the Snowden resource model.

15 Mineral Reserve Estimates

The project is at a Scoping level of study. At this stage under NI 43-101 guidelines, the project is not advanced to a level to declare economic reserves.

16 Mining Method

16.1 Existing Development

A main access ramps and seven levels of development, including vent raises and an escape route, are in place and in operational condition. There are also numerous mill feed access cross-cuts and sill drifts in areas where future mining is planned. The main access ramp is 2555 meters long and there is an additional 14,050 meters of level development.

The following Figure 8, a plan view of Level 5, shows an example of a typical existing level.

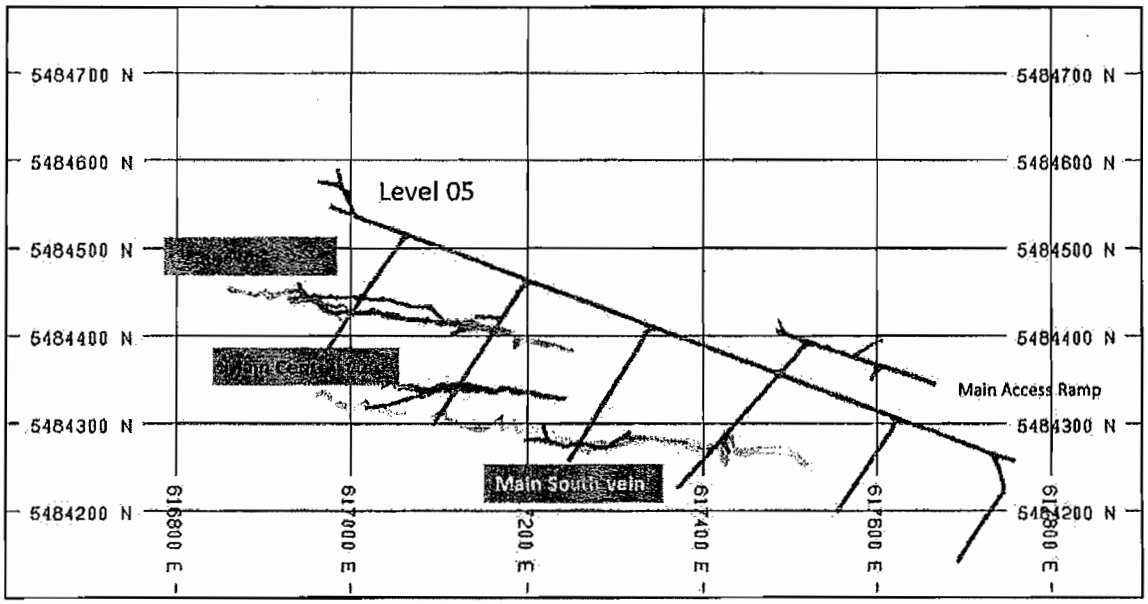

Figure 8 Plan View Level 5, z= 750

The main access ramp is near to the mining areas. Previous development work seems to have focused on exploration with allowance for future mining access. The mine plan outlined requires minimal new development.

The surface infrastructure from the open pit operations is still in place and will be functional with minimal refurbishment costs. These include a mill, a maintenance building, and an office/administration building. The mill is not operational at this point and will require some upgrades and replacements to operate at the planned production rate of 700tonnes/day. The rest of the buildings are currently operational and would require only slight upgrades to support the planned production.

Subsequent to the open pit mining, the operations have been shut down, but significant underground development was carried out to provide sites for underground exploration drilling. This development also established a decline and six sublevels at approximately 40m vertical intervals. It is presumed that the extensive in-place underground development was built for more than just exploration, but also to define vein continuity for defining reserves. The existing development has sufficient dimensions to be functional for production equipment on the declines and levels. At this point very little additional preproduction development is needed to put the mine into operation. An example of this is shown in Figure 9.

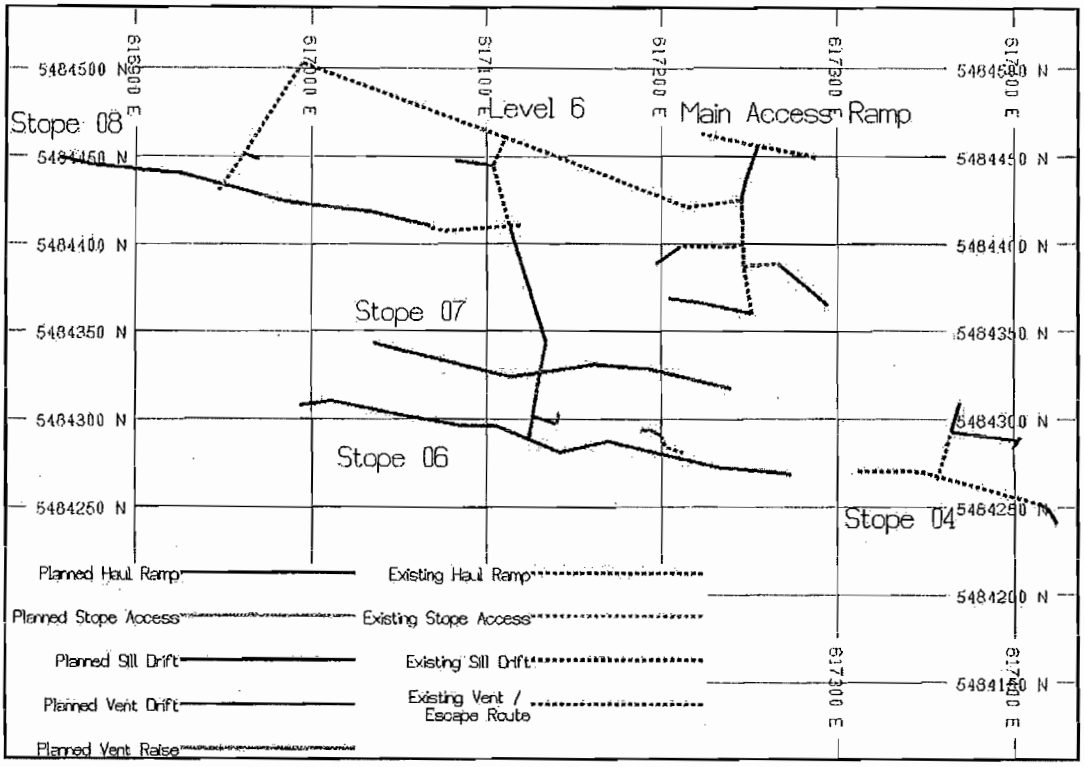

Figure 9 Level 6 Existing and Planned Development

Some of the material mined during the previous development work was used for the pilot plant testing done in 2007 & 2008 (see Section 13), with the surplus stockpiled both on surface and underground. The volume of the surface stockpile has been surveyed and found to be 80,912m^3. Using an assumed swell factor of 30% and an in-situ SG=2.65, the calculated tonnage in the surface stockpile is approximately 165kT. The stockpile grades have been estimated by using the grades from the channel samples in the mill feed development that produced the stockpiles. The grades from the channel samples were weight averaged by the development volumes. The cross-sectional area and length of existing development through mill feed was measured to calculate the expected tonnage in the underground stockpile. The estimated tonnages and grades of the existing stockpiles are shown in Table 4 below. For future more advanced studies, the underground stockpile will need to be surveyed and both stockpiles will need to be sampled and grades estimated from the assayed samples.

Table 4 Existing Stockpiles

Stockpile	k Tonnes	Cu (%)	Au (g/te)	Ag (g/te)
Surface	165	1.27	0.25	10.65
Underground	19	1.27	0.50	6.86

16.2 Selection of Mining Method and Stoping Limits

The progression from geologically interpreted veins to designed mining shapes begins with generating a series of NSR (Net Smelter Return) grade-shells from the resource model. NSR is a value generated from estimates of metal prices, off-site costs (smelting, refining and transportation), the metal grades in each block of the 3D Block model, and mill recoveries which represents the approximate in ground net revenue in $/tonne of mill feed at the mine gate. An economic project will have enough net revenue to pay for the mining, processing and G&A operating costs, as well as the expected capital cost for the project. For the GBRM Project, the capital cost is expected to be minimal and therefore the NSR grade shells that represent different mining and processing cost cut-offs can be used to show expected economic mining areas. A series of NSR grade shells has been generated from the resource model for several NSR cut-offs. The grade shells include Measured, Indicated, and Inferred material. They were then reduced to eliminate isolated/discontinuous pods that are too small to access and mine, as well as areas that are too thin to be mined. Analysis of the resulting grade-shells shows that the expected mining areas follow the strike of the veins, are narrow across the width of the veins, and are steeply dipping. This arrangement is conceptually best mined using Longitudinal Longhole Open Stoping (LLHOS). This mining method is illustrated generically in Figure 10 below.

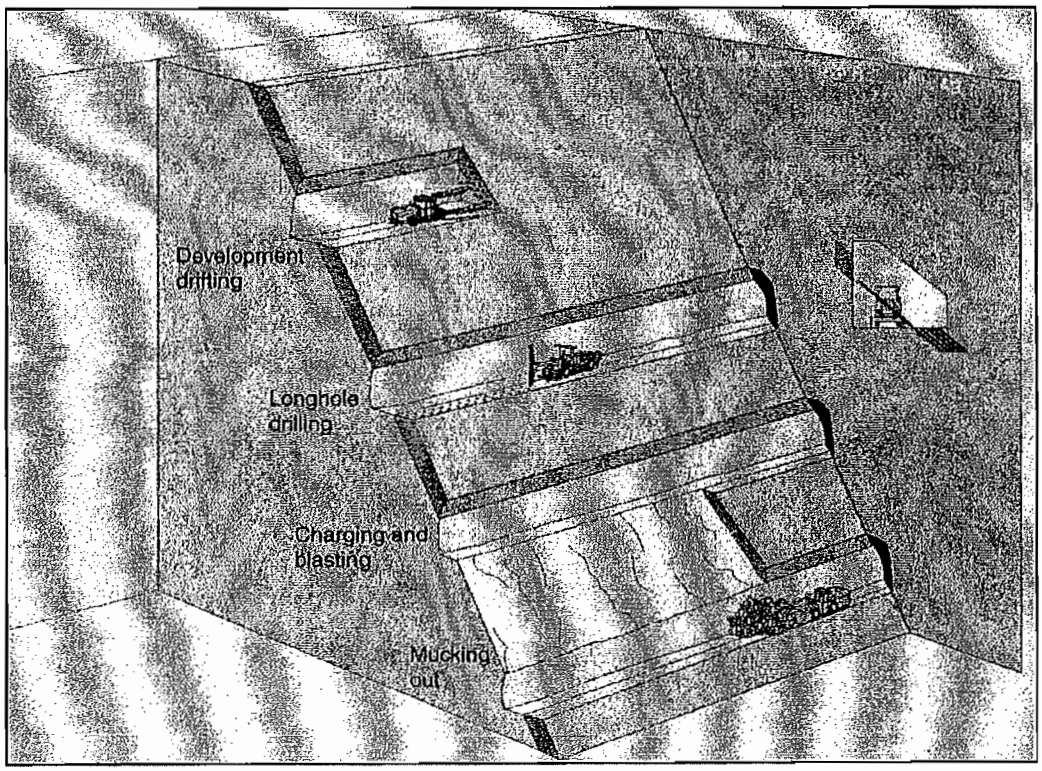

Figure 10 LLHOS Example

An initial estimate of an economic mining limit has been calculated based on preliminary LHOS operating costs and processing costs. This cut-off is used to select the grade-shells that will guide the stope designs. Typical mining cost for LLHOS is $30/tonne and the processing and G&A costs are expected to be an additional $30/tonne. Therefore the $60 NSR grade shells are used as an economic limit to guide the stope designs. An orthographic view of the $60 grade shells are shown in Figure 11 below which also shows a transparent outline of the geological interpretation of the whole veins. Note that the known veins to the west end of the development are of too low a grade to be of economic interest. Further details on operating costs resulting from this study can be found in Section 21.

Based on these economic mining limits, stope designs are generated that take into account:

- access,
- mining parameters of the equipment to be used,
- geotechnical requirements for stability.

As part of the next phase of study, exploration drilling will be needed to either extend the mining down-dip or to determine if the economic mining limits have been reach in all areas (condemnation drilling). If favourable grades continue at depth, the mine plan will need to be revised. The lowest mining levels will need to be completed before tailings backfill can commence.

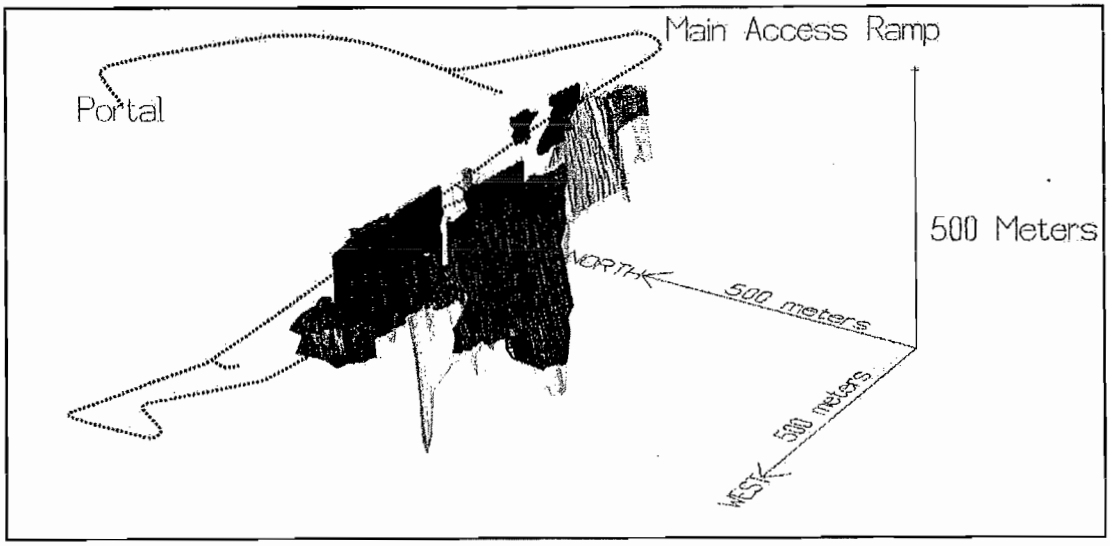

Figure 11 Orthographic View of $60 Grade Shells and Mineralized Veins (excluding West veins)

16.3 Stope Design

Stopes are designed to meet various operational design criteria such as minimum mineable width and connectivity to other mining areas. Isolated or discontinuous pods that are too small or difficult to access and areas that are too thin to be mined are not included in the stope designs.

The veins of interest are near vertical and between 3 and 8 meters true thickness. They have a well-defined strike but irregular edges. The stopes are designed to follow the veins, but the drives on the development levels are smoothed to a more regular shape which is achievable with the mining equipment and therefore does not follow the veins exactly. The stopes are designed with a minimum width of 3.5 meters. Access considerations require that the stopes are continuous from end to end of each production level.

There are five stopes in the mine plan. Each stope block is defined by the sill drive which is 4m high and the same width as the stope. Where the vein is thicker, the sill drive is driven to the full width of the vein. The sill drive is the mucking level with flat floors for the mechanized equipment to work on and near-vertical edges to allow for easy mucking.

Figure 12 shows a plan view of stopes and the targeted veins for each one at the 700 level with the veins as dashed lines and the stope limits as solid coloured lines. Figure 13 shows an example cross section. A description of the five stopes follows.

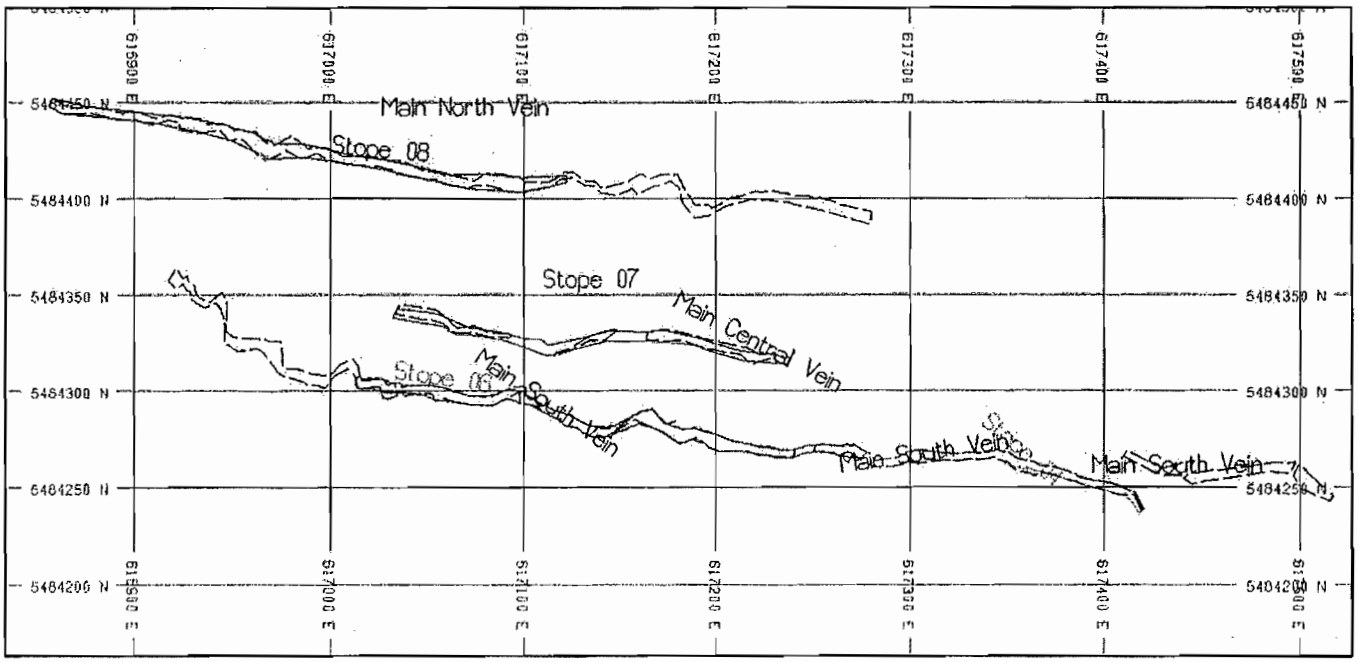

Figure 12 700 level - Plan View of Stope Outlines and Mineralized Vein Targets

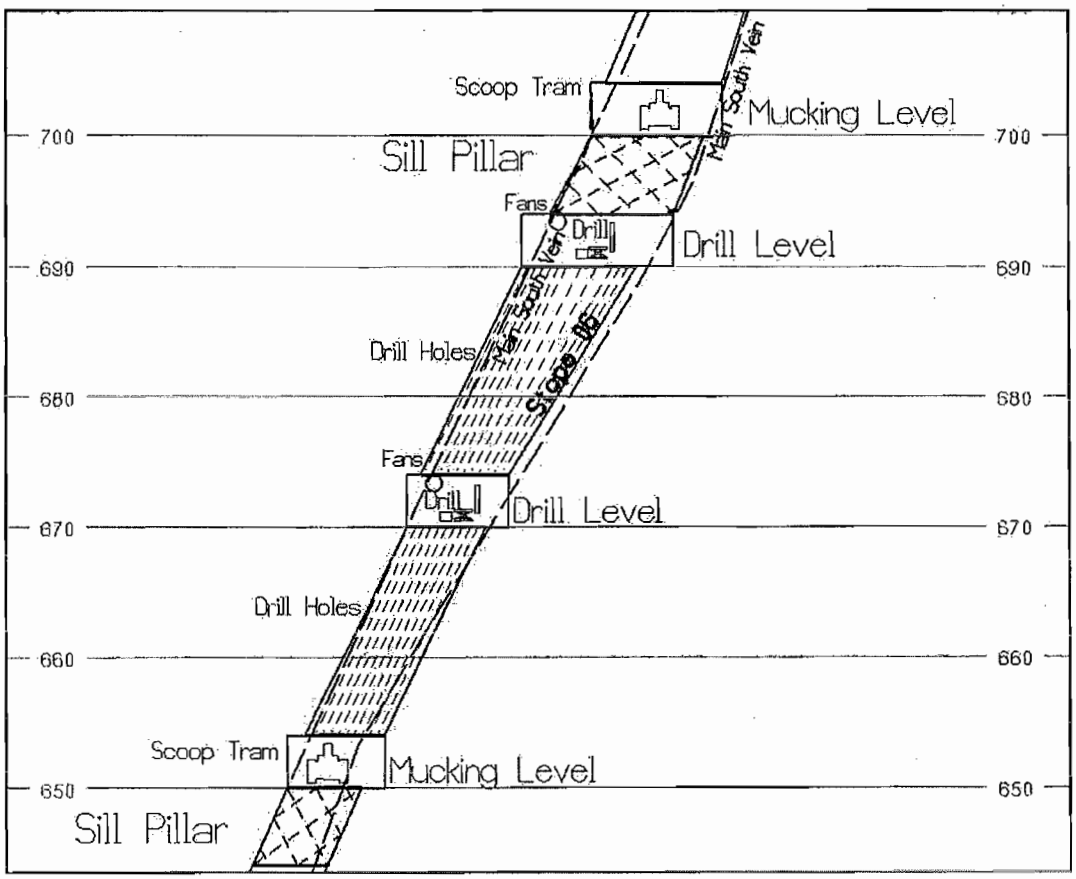

Figure 13 **Example Cross-section**

Stopes 04 and 05

Stopes 04 and 05 are nearest to the surface portal. Both stopes mine the 'Main South' vein.

Stope 4 is 144m tall, from z= 690 to z =834. It is 110 meters long along strike, with one mucking level which is 170m long. The thickness of Stope 04 varies between 3.5 and 5.5 meters.

Stope 05 is 44 meters tall, from z = 790 to z= 834. It is 85 meters long along strike and its thickness varies between 3.5 and 8.5 meters.

The two stopes are very near each other and are separated by an area of low grade vein. Development access is shared between the two stopes.

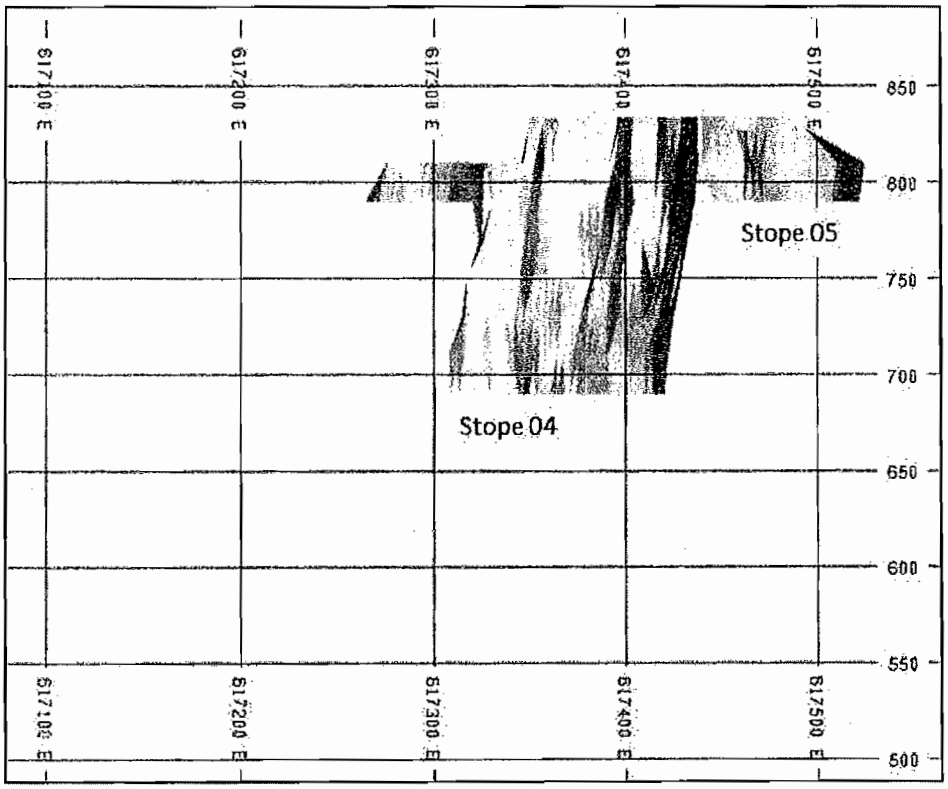

Figure 14 Stope 04 and 05 Long Section Looking North

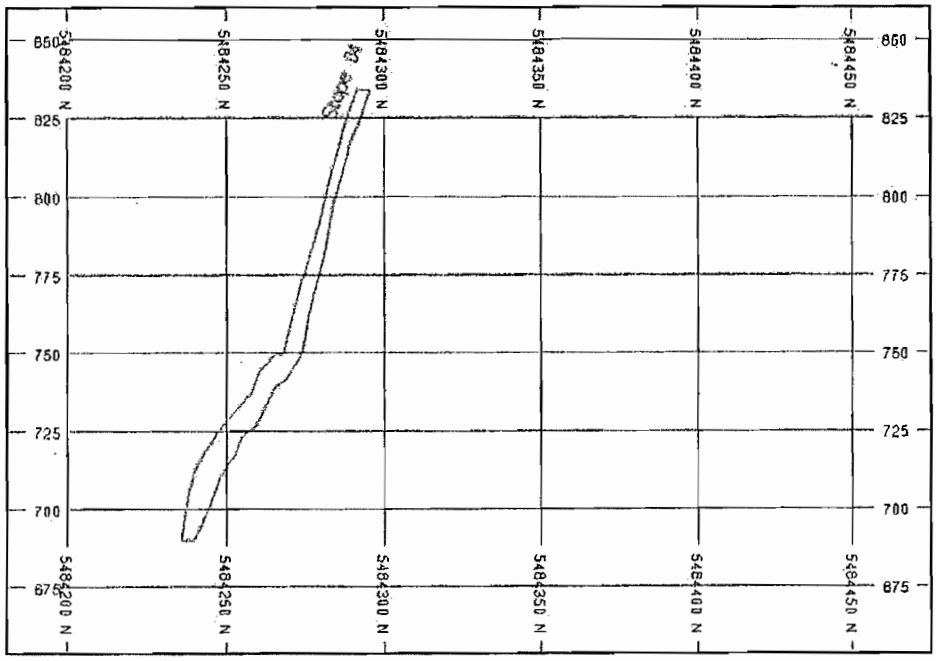

Figure 15 Stope 04 Cross Section View Looking West at E 617418

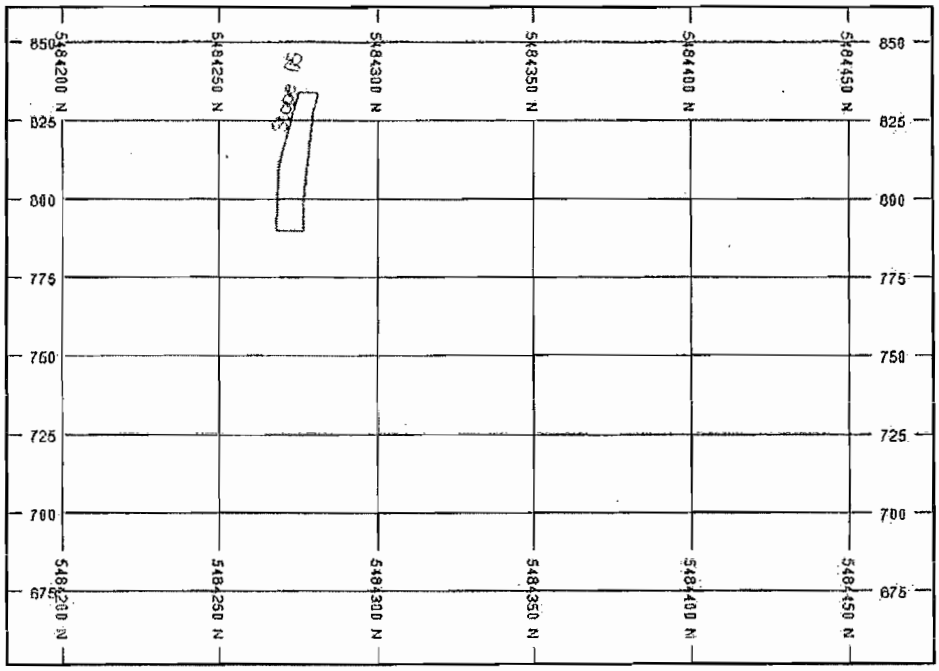

Figure 16 Stope 05 Cross-section View Looking West at E617478

Stope 06

Stope 06 is the farthest south of all the stopes and the also the deepest underground. Stope 06 is 170m tall, from z = 600 to z= 770. It varies in length along strike. At its longest the length is 290 meters, at its shortest the length is 100 meters. The thickness of Stope 06 varies between 3.5 and 8.5 meters.

Stope 06 is the furthest from the main underground access ramp requiring the most development work to access.

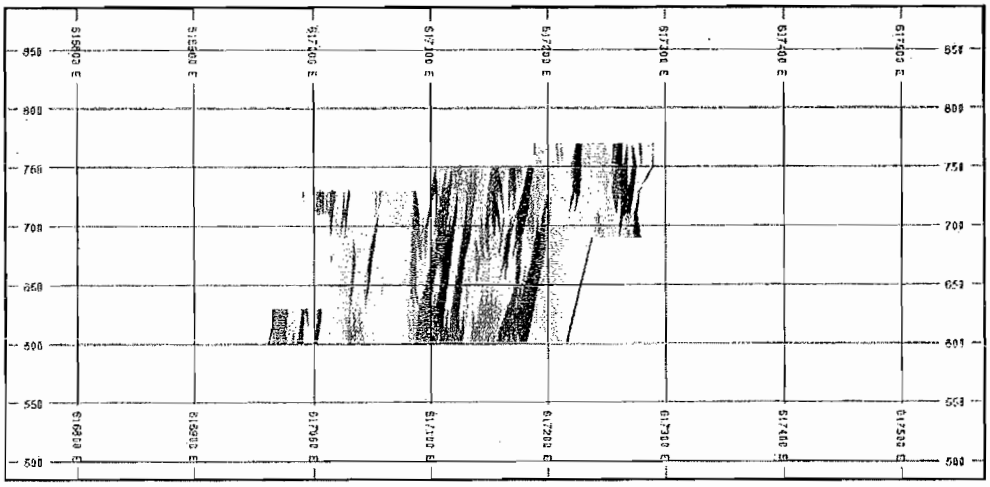

Figure 17 Stope 06 Long Section Looking North

Stope 07

Stope 07 is parallel to, and in between, Stopes 06 and 08. Stope 07 is 70 meters tall, from z= 700 to z = 770. It is 205 meters long. The thickness of Stope 07 varies between 3.5 and 6.0 meters.

Stope 07 shares most of its development access with Stope 06.

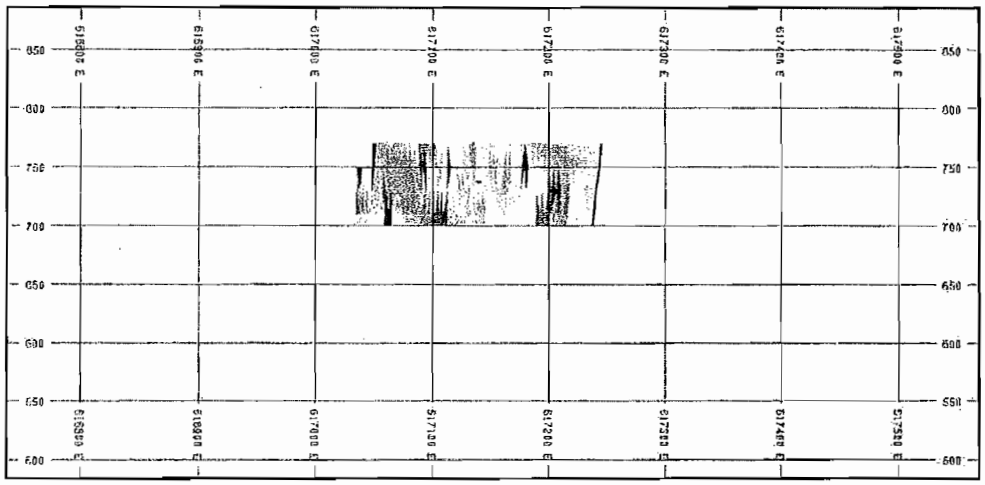

Figure 18 Stope 07 Long Section Looking North

Stope 08

Stope 08 is the farthest north and the closest to the main underground access ramp. Stope 08 is 150 meters tall, from z= 620 to z=770. It is 270 meters along strike. The length of its top level has been pulled back so that the stope remains +25 meters from the overburden. This is to prevent a surface disturbance. The thickness of Stope 08 varies between 3.5 and 13 meters.

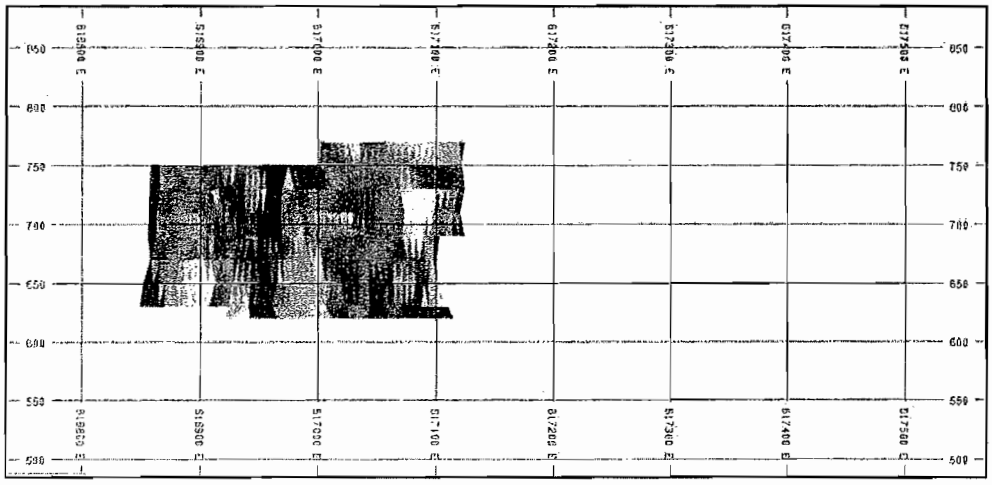

Figure 19 Stope 08 Long Section Looking North

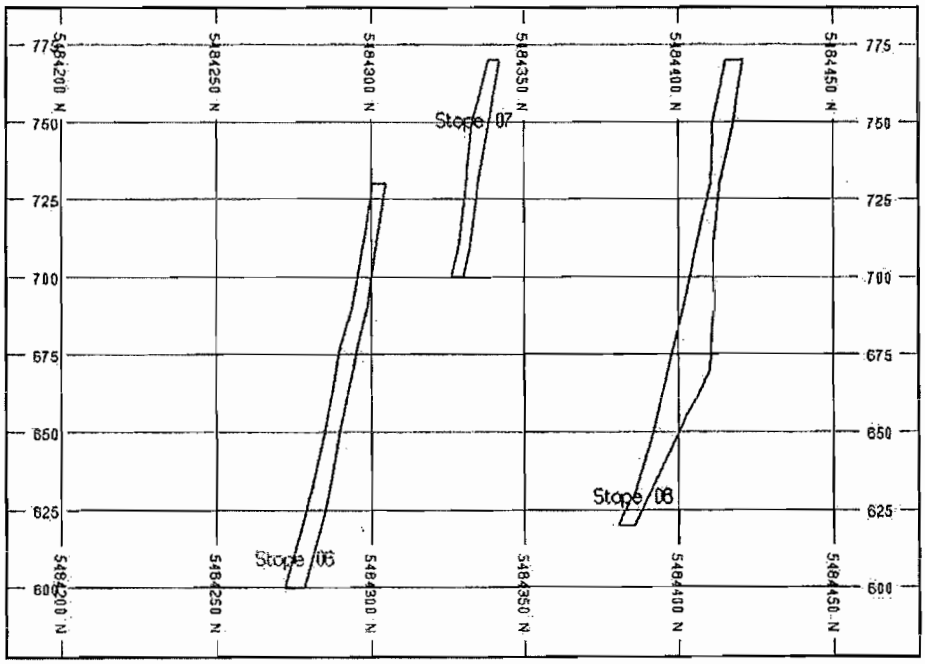

Figure 20 Stopes 07, 07 and 08 Cross-section Looking West at E617090

The mining sequence on each level is as follows:

a) Stopes are divided into approximately 50m vertical mining blocks. Each block includes a 6m sill pillar at the top. The sill pillar from the block below forms the working floor for the sill/mucking drift of the block above.

b) The bottom of each block is accessed via a cross-cut at a location half way along the length of the stope.

c) A sill drift is built from the access point to each end of the block. Two drill drifts are built above at levels +20m and +40m above the floor of the sill drift. The drill drifts have separate access points. The top drill drift is also the undercut for the sill pillar.

d) A slot-raise is built at the end of each of the sill drifts to the top of the block.

e) Production drilling is done in the drill drifts using a large diameter longhole drill, drilling downholes.

f) Blasting progresses in slices from the slot-raise, retreating to the access point. Drilling and blasting are done on alternate ends of the stope from the access point Blasthole rings on both the upper and lower drill drifts of the block are blasted together with broken muck falling down to the extraction level.

g) The blasted material is mucked from the extraction drift while retreating towards the access point, leaving an open stope at the far end of each block.

h) Mucking of each blast will be done by the LHD units from the extraction level. The operators will be onboard only up to the intact brow of the sill drive/open stope. Beyond that point, the LHD will work out in the open stope under radio control.

i) The LHD will tram the blasted muck back to a re-muck bay near the stope access point.

j) From the re-muck bay, trucks will be loaded to haul to surface.

k) Once all the blasted muck has been excavated from the mining block, the block is filled with cemented tailings.

16.4 Geotechnical Assumptions

The existing underground excavations are currently pumped dry and have remained intact and open for safe access for over thirty years. The rock conditions are strong and it has been assumed for this scoping level study that there will not be any adverse ground conditions with the prescribed LLHOS mining method. However, until a Geotechnical evaluation verifies this, stopes are designed with sill and rib pillars. It is also planned to dispose of the mill tailings underground as cemented backfill into the mined out stopes. Geotechnical evaluation in future studies may reduce need for pillars and it may be possible to minimize the use of cement in the backfill depending on the mining sequence and the geotechnical needs to fill the open stopes. The sill pillars also provide a rock surface for equipment to operate on, as the open stopes are advanced from the bottom of the mine upwards to the upper levels. The sills also isolate the mining areas so that they can be filled with tailings. The sill pillars are 6 meters tall and spaced every 50 meters vertically. The location of the sill and rib pillars has not been optimized to take advantage of any lower grade areas in the stopes.

Stopes are designed to remain +25m from the overburden to avoid caving to surface. This parameter affected the design of Stope 08.

The sill pillars separate each stope into 50 meter tall blocks. Development sill drifts are built on the 0, +20 meter, and +40 meter level of each block. The next sill pillar begins on the +44 elevation and continues to the +50 meter elevation where the next block above begins. (Refer to Figure 13 above)

Rib pillars are used to provide extra ground support along the strike of the blocks in Stope 8 where the cemented backfill is not able to immediately follow production mining. The sill and rib pillars equate to a 14% reduction in extraction of the designed stopes.

Table 5 reports the tonnage and NSR values of the pillars.

Table 5 Sill and Rib Pillars

Type	Stope	Level	TONNES	NSR	%CU	AU g/t	AG g/t
Sill	4	734	9862	110.7	1.5	0.1	17.4
Sill	4	784	7890	126.4	1.7	0.2	21.0
Sill	6	594	16687	99.9	1.3	0.5	7.2
Sill	6	644	21723	106.8	1.4	0.4	7.8
Sill	6	694	24135	95.1	1.3	0.3	7.8
Sill	6	744	15684	73.1	1.0	0.1	6.5
Sill	7	744	15024	88.9	1.3	0.2	8.3
Sill	8	644	24459	97.9	1.3	0.3	10.5
Sill	8	694	28011	112.7	1.5	0.2	13.0
Sill	8	744	33011	127.6	1.8	0.2	14.3
Rib	8		14000	134.5	1.9	0.3	15.2
Rib	8		14000	134.5	1.9	0.3	15.2
		TOTAL	**224486**	**108.6**	**1.5**	**0.3**	**11.4**

16.5 Mining Recovery and Dilution

The Mineable Resource Statement is an estimate of the tonnes and grade that will be delivered to the mill. It originates from the insitu tonnes and grade in the resource model and must account for mining loss (or recovery) and dilution during the mining process in order to be a meaningful estimate of the feed material to the mill. As such, whole block dilution, planned dilution, unplanned dilution, and mining recovery are accounted for in the mineable resource estimate.

16.5.1 Whole Block Dilution

The Snowden Resource model is a sub-blocked model with the smallest sub blocks in mill feed at 0.625m X 0.005m X 0.005m (xyz). The grades for these sub-blocks are interpolated from composites within the vein boundaries. Due to the small size of the sub-blocks and the use of geology matching in the grade interpolation, there has been very little whole block dilution incorporated into the Snowden 3DBM. The Snowden sub-blocks have been re-blocked to a standard size 2m X 4m X 2m in the Moose Mountain MineSight model. These larger blocks are coded with a mill feed percent using the vein 3D solids and the sub-blocks are used to calculate a weighted average grade for the larger blocks. By coding a mill feed percent from the 3D solids of the veins, the MineSight model also has very little whole block dilution.

16.5.2 Planned Dilution

Planned dilution is material below cut-off grade which has to be included into the stope designs in order for the stopes to have shapes which are mineable using the specified equipment. Similarly some material above cut-off grade is excluded from the stope when a smooth stope shape is created. Planned dilution and mining recovery results from smoothing the walls to create continuous production levels in areas where the mineralized veins are irregularly shaped or discontinuous. Planned dilution is included in the stope resources when the 3D solid of the stope design is intersected with the 3D block model. Vein material that is in or out of the stope shape is accounted for in the calculation of the planned mineable resource.

16.5.3 Unplanned Dilution and Mining Recovery

Unplanned dilution is material outside of the stope design which is mined inadvertently due to equipment selectivity and over-blasting. Unplanned dilution is assumed to have a certain minimal grade since it is on the edge of the mineralized boundary. Dilution grades are calculated based on quantification of hanging-wall and foot-wall grades from the sample data and are reported in Table 7 below. Similarly, mill feed loss is the material inside stope designs which is not recovered due to equipment selectivity and under-blasting.

Similar to unplanned dilution, mill feed losses (or Mining Recovery) are related to the practicalities of extracting mill feed under varying conditions, including difficult mining geometry, problematic rock stability conditions, and blasting issues. It is expected that vein boundaries will be more variable than shown in the current geology interpretation. Drilling and blasting will also add to loss and dilution due to over or under-breakage from blasting and a difficulty in drilling to the exact stope design walls.

16.5.4 Mining Parameters

Due to the above mentioned factors, the estimated tonnes and grades in the block model will not match the actual tonnes and grade extracted from the mine. The difference is accounted for by using mining recovery and dilution factors to account for the change in mill feed tonnes and by using unplanned dilution to account for the reduction in mill feed grade.

Production tonnes and grades are estimated using the block model tonnes and grades and applying an overall mining recovery and unplanned dilution. Loss and unplanned dilution are assumed to be equal to each other and are shown in Table 6. The dilution material does have some grade, which is applied to the mineable mill feed to estimate the net diluted grade for material delivered to the mill. The average dilution grade is calculated from HW and FW assays. These factors are typical of this type of mining in this type of geology.

Table 6 Dilution and Recovery Factors

Mining Recovery	Dilution
90%	10%

The average dilution grade is shown in Table 7 below.

Table 7 Dilution Grades

NSR	Cu (%)	Ag (g/t)	Au (g/t)	SG
27.90	0.365	2.907	0.101	2.75

16.6 Stope Resources

The stope designs are based on the grade shells described in Section 16.3 and smoothed for mining considerations described above.

Table 8 reports the total recoverable mining inventory by stope. These quantities exclude the rib and sill pillars listed in Table 5 and include the mining loss and dilution listed above. Figure 21 shows the general arrangement of the stopes.

Table 8 Mining Inventory

Stope	kT	NSR	CU (%)	Au (g/t)	Ag (g/t)
4	185.2	120.1	1.7	0.2	19.0
5	53.8	71.0	0.9	0.2	12.7
6	523.0	95.9	1.3	0.3	7.5
7	160.9	87.5	1.2	0.2	8.2
8	456.7	115.1	1.6	0.3	13.0
Total	**1379.6**	**103.55**	**1.406**	**0.256**	**11.139**

**Including mining loss and dilution*

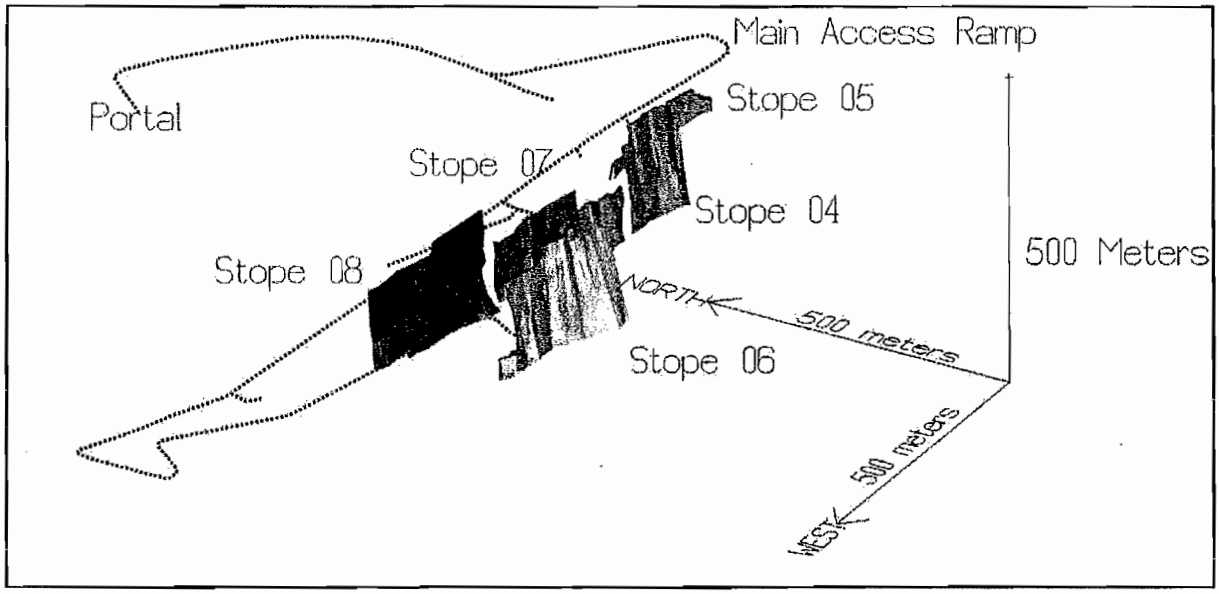

Figure 21 All Stopes + Existing Access Ramp

16.7 Mine Production Plan

16.7.1 General Description

The base case production plan is based on a mill feed rate of 700tonnes per day (tpd). The mine design can support this production using a longitudinal long-hole open stoping mining method and multiple production headings. Remote scoop-trams will be used for mucking the mill feed from the extraction drifts of each level to a re-muck bay where the mill feed will then be loaded into trucks for haulage up the main access ramp to surface.

Fans will provide ventilation by forcing air down the escape way, through the internal raises to the operating areas, and exhausting via the access ramp to surface. The ventilation raises will double as secondary means of egress.

The mine will operate for a total of six and a half years; an existing stockpile of mill feed will feed the process plant for the first ten months, followed by production from the restart of underground mining operations.

16.7.2 LOM Production Sequence

The base case mine plan assumes the mill starts at full production rates in the beginning of Year 1 and processes the existing stockpiles during the first ten months of Year 1. While this is in process, two months of waste development followed by three months of ore development is required prior to stoping of mill feed from the underground operations. This will ensure a steady supply of material to the mill after the surface and underground stockpiles have been completely processed. After underground production commences the development program must achieve 200 meters of advance per month until the third quarter of Year 5 in order to keep in continuous production.

The first area of production is the 700 to 750 elevation of Stope 08. This area is targeted initially because it requires minimal development and also contains high metal grades. This mining will be done without backfill to defer the expense of the backfill plant, and therefore an allowance for rib pillars has been made in this Stope. The open stope can be backfilled later in the mine life.

The next mining area is the 600 to 650 elevation of Stope 06. Following this, mining will move to the lowest stoping areas and advance upwards through all the stopes until they are completely mined from bottom to top. This mining sequence eliminates the risk of mining below stopes backfilled with tailings. The following diagrams show the progression of mining through the stopes where the active mining during the period is indicated by the darker coloured level development. Backfilling is as indicated.

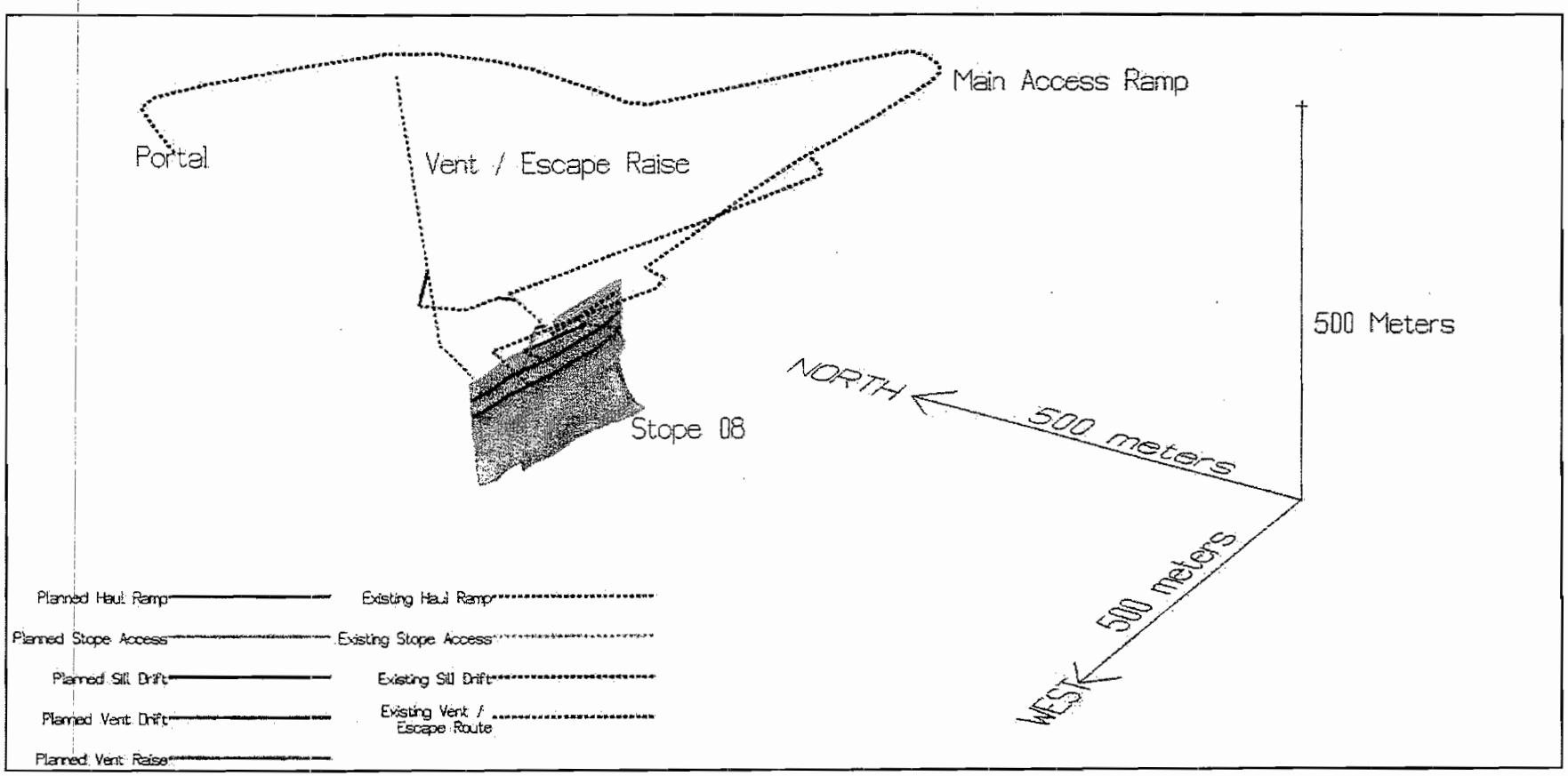

Figure 22 Stope 08, 700-750 Levels (Year 2)

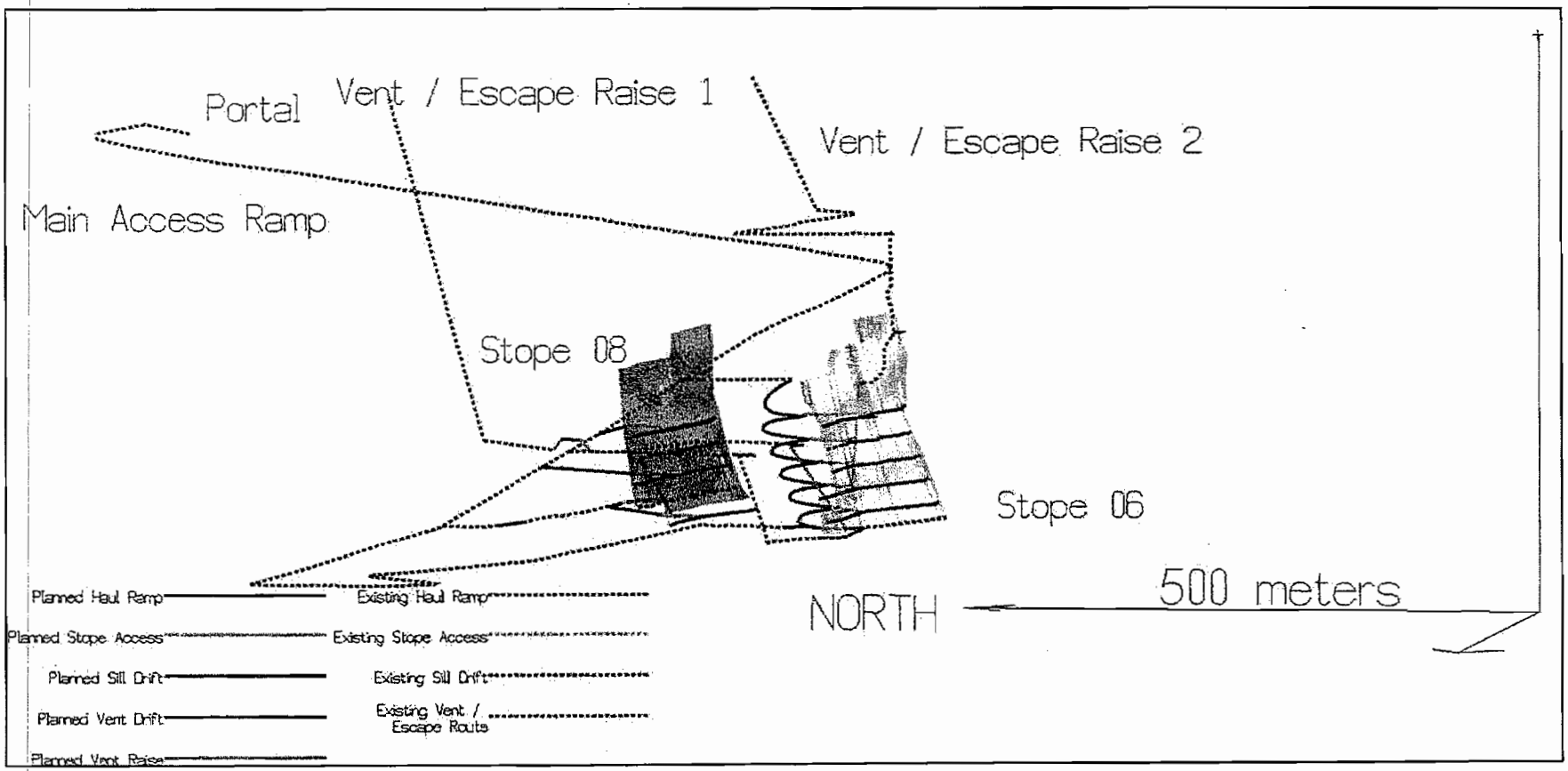

Figure 23 Stopes 06 and 08, 600-700 Levels (Years 3 through 5)

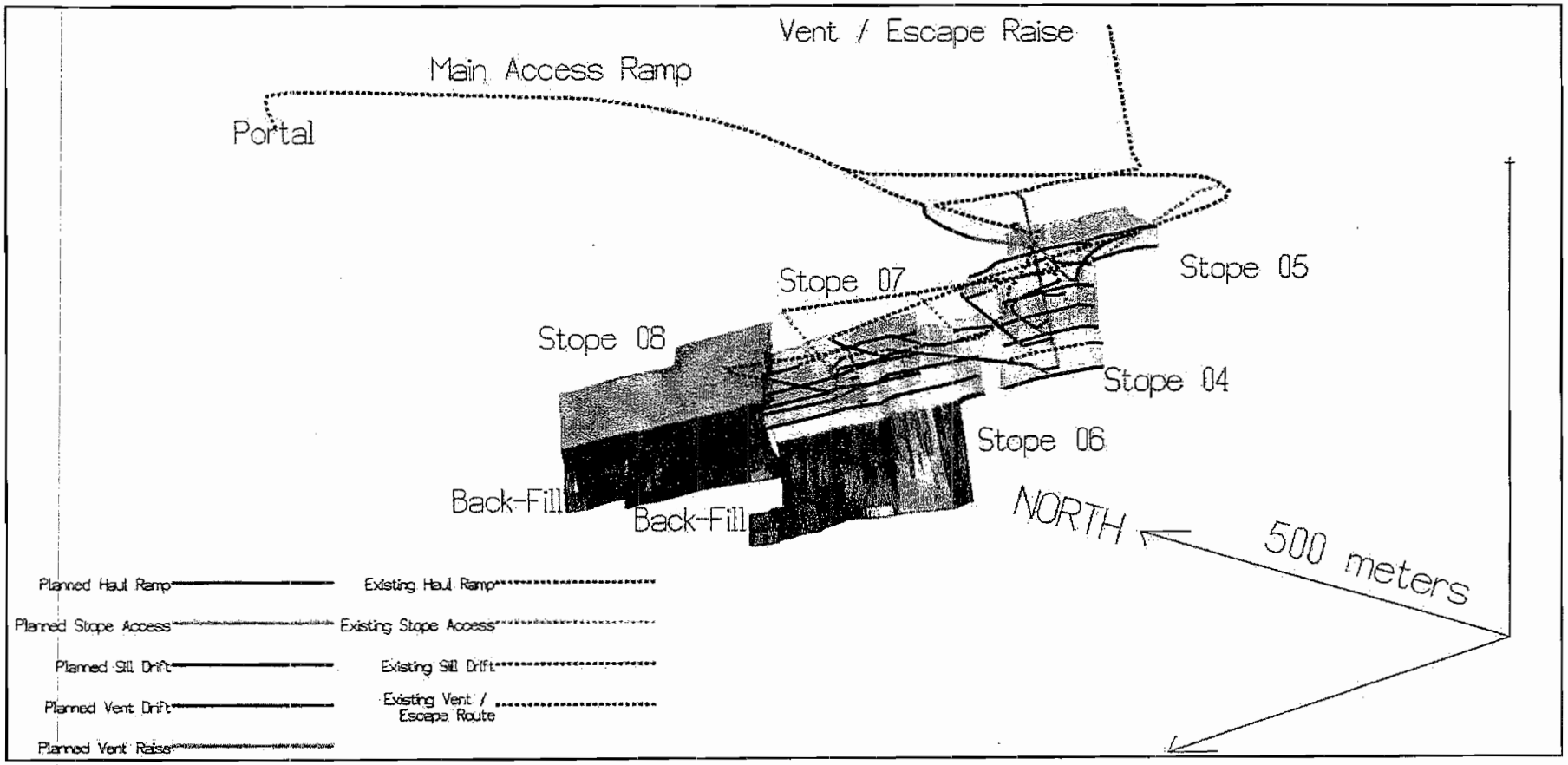

Figure 24 Stopes 06, 07, 04, 05 – 750-840 Levels (Year 6 through LOM)

The production plan is designed so that all underground personnel will work above the underground tailings spigot point. The lowest mining level will be completely extracted prior to the deposition of any cemented tailings underground. Initial tailings will be temporarily stored on surface until the construction of the backfill plant for operation in Year 3. After the backfill plant has been constructed, all tailings will be cemented and stored in the mined out stopes. The tailings temporarily stored on surface will moved underground after processing by the backfill plant. Slimes removed from the tailings will be temporarily stored on surface until they are moved underground at the end of the mine life.

Development waste will be stored in underground headings that are not required for future mine development. Alternate waste storage is available on surface on top of the existing waste dump. Some existing headings have already been determined to be outside of potential future mine plans and therefore can be used for immediate storage of development waste. Upon completion of mining, the remaining tailings will be pumped underground into the unfilled stopes shown in Figure 24.

Access and Ramp Development

Development programs are used to gain general access to the levels of each stope. Each level is developed with a sill drive at the bottom which is 4 meters high and the width of the stope (3.5 metres minimum) or the width of the vein, whichever is wider. This defines the width of the mineralized zone and provides the undercut for the long-hole stoping. The sill drive is started from a center access point and extends from the cross-cuts and ramps which connect to the existing underground infrastructure to the end of each stope design. Access from the center allows multiple production headings on each level. Figure 25 shows the planned development for Stopes 4 & 5.

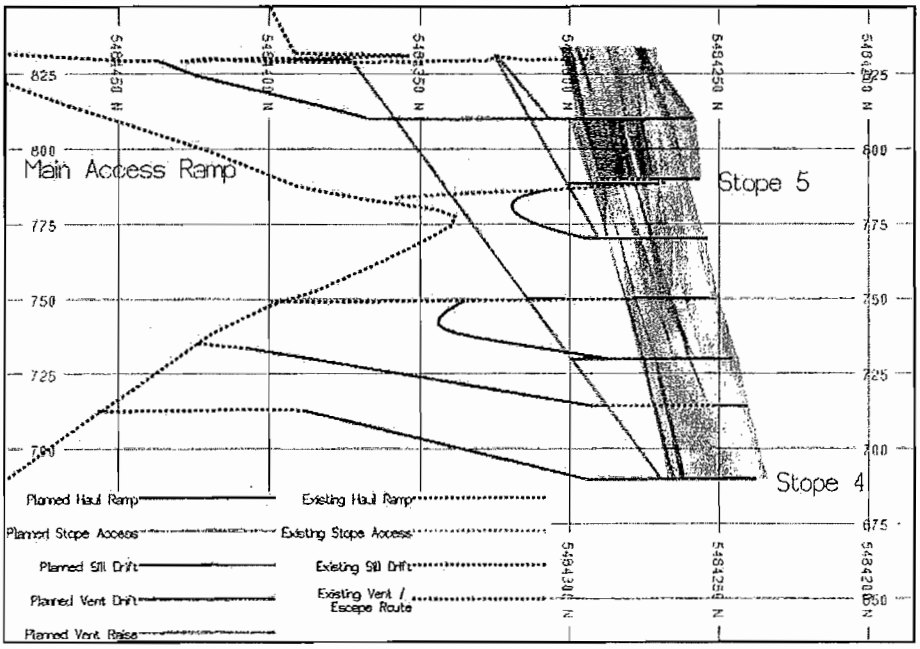

Figure 25 Development for Stopes 4 and 5

Most levels will be accessed by drifting horizontally from the existing underground infrastructure, or by using short ramps. The major exception is the spiral ramp used to access much of Stope 06. This ramp is developed upwards from Level 9 as mining moves up Stope 06. The ramp terminates where it connects to Level 6 (715). (Refer to Figure 26)

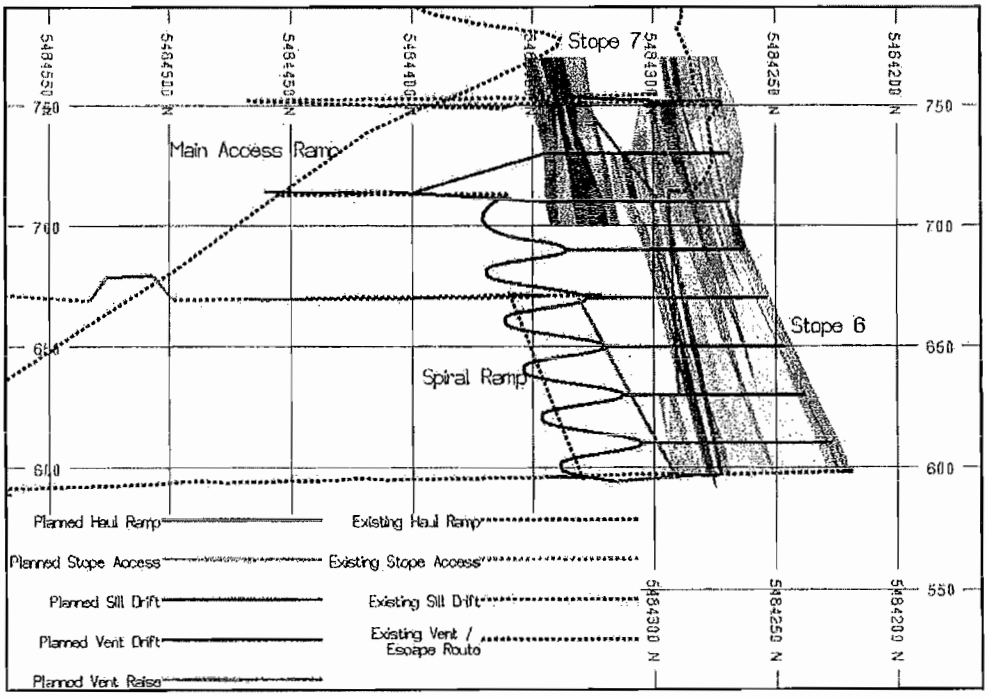

Figure 26 Spiral Ramp, Stope 06 and 07, Looking East

An example of a level plan which shows the existing development and the required development for stope access is shown in Figure 27.

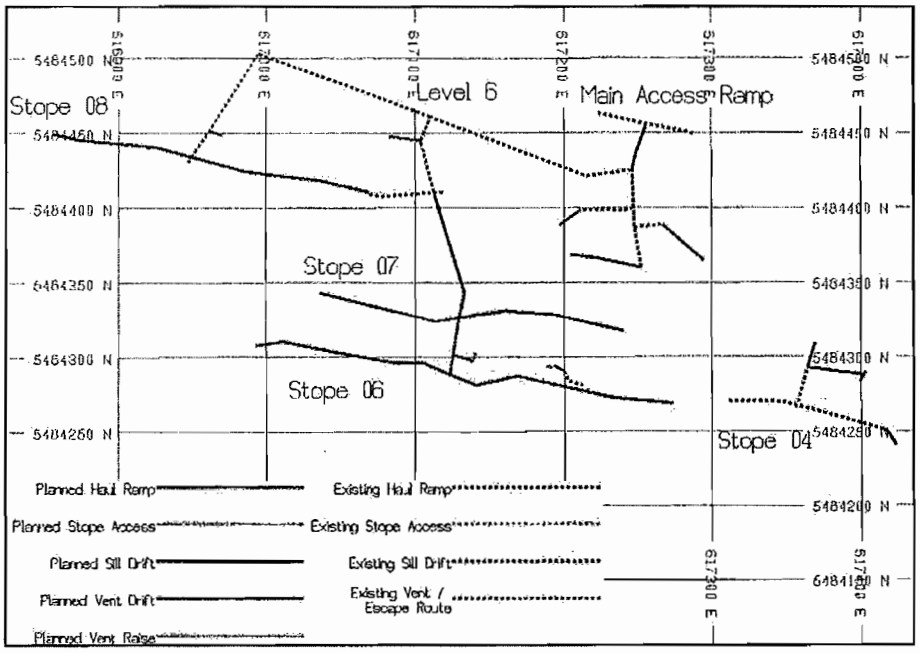

Figure 27 Level 6 Plan Showing Existing and Planned Access

16.7.3 Ventilation and Escape Routes

Each working level will be connected to the ventilation network. The ventilation network is comprised of raises and drifts which form an isolated and independent route to surface. The ventilation network doubles as a secondary escape route. The ventilation network connects to the existing vent raise to surface on Level 7 (670), which will require refurbishment. It also connects to the existing vent raise to surface on Level 3 (830). New ventilation raises between levels will be built as 50 degree raises.

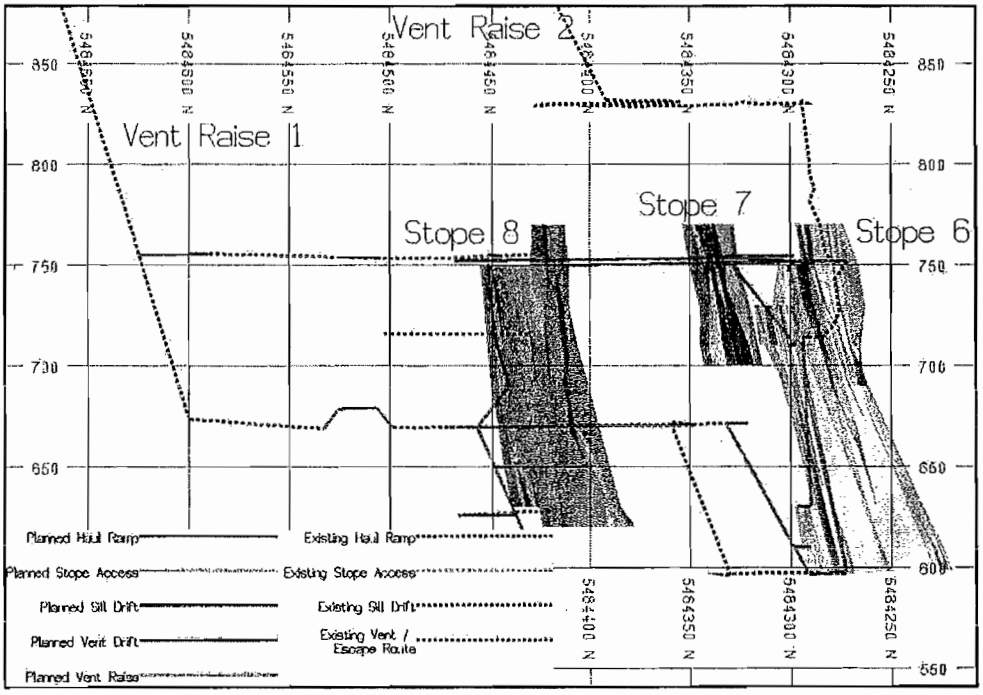

Figure 28 Example Picture - Vent Raises and Escape Routes, Stopes 6, 7, 8

16.7.4 Development and Production Schedule

The planned mining rate for mill feed is 700tonnes/day. The LoM required waste development is 3338m. The planned drift development rate is 7 meters per day. The base case scenario has one year of pre-production during which the necessary studies are done, tailings and mining permits obtained and infrastructure refurbishment completed to start the mill up at the full production rate of 700tonnes/day.

Stockpile Processing

There are two existing stockpiles of unprocessed mineralized material. The volume of the surface stockpile has been surveyed at 80,912m^3. Using an assumed swell factor of 30% and an in-situ SG=2.65, the calculated tonnage in the surface stockpile is approximately 165kT. The cross-sectional area and length of existing development through mill feed has been measured to calculate the expected tonnage in the underground stockpile.

The stockpile grades have been estimated by using the grades from the channel samples in the mill feed development that produced the stockpiles. The grades from the channel samples were weight averaged by the development volumes. The grades and tonnes in each stockpile are shown in Table 9 below.

Table 9 Stockpile Tonnes and Grades

Stockpile Location	kTonnes	Cu (%)	Au (g/tonne)	Ag (g/tonne)
Surface	165	1.27	0.25	10.65
Underground	19	1.27	0.50	6.86

It is expected that the surface stockpile has oxidized and will have reduce the mill recoveries compared to processing the in-situ underground mill feed. As such, stockpile material will not be mixed with ROM mill feed during processing to ensure the mill circuits are set-up properly for the different feed materials. An allowance for the lower recoveries has been made in the processing section.

Development

Development of 650 meters of waste is done in time to prepare levels in the initial mining area towards the end of Year 1. All development has been planned to take maximum advantage of existing drifts.

Sustaining Development

Development work continues after mining has started at a rate of 200 meters per month. Development will continue until the third quarter of Year 5. A total of 5750 meters of mill feed development is planned and 3338 meters of waste development.

The LOM production schedule is shown in Table 10. Year 1 is the start of mill production.

Table 10 LOM Production Schedule

		Year	1	2	3	4	5	6	7	TOTAL
Stockpile	Tonnes	Tonnes	183,998							183,998
	Grades	Cu (%)	1.27							1.27
		Au (g/t)	0.276							0.276
		Ag (g/t)	10.257							10.257
ROM	Tonnes	Tonnes	47,677	246,657	239,113	251,076	244,423	235,767	114,770	1,579,553
	Grades	Cu (%)	1.77	1.56	1.32	1.36	1.35	1.37	1.38	1.41
		Au (g/t)	0.252	0.342	0.367	0.259	0.218	0.161	0.163	0.260
		Ag (g/t)	14.647	11.641	9.027	9.273	11.537	10.925	16.540	11.128
TOTAL	Mill feed	Tonnes	231,675	246,657	239,113	251,076	244,423	235,767	114,770	1,563,551
	Grades	Cu (%)	1.37	1.56	1.32	1.36	1.35	1.37	1.38	1.39
		Au (g/t)	0.271	0.342	0.367	0.259	0.218	0.161	0.163	0.26
		Ag (g/t)	11.161	11.641	9.027	9.273	11.537	10.925	16.540	11.03

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16.8 Mine Equipment

The following Table lists the major underground equipment that is already owned by the mine. Two scoop trams will need to be outfitted with remote control capabilities. A single long-hole drill will be purchased in Year 2 for underground production.

Table 11 Existing Mining Equipment Fleet

Unit	Description	#
Jumbo	Tamrock 3-boom	2
Rock Bolter		2
Scoops	Tamrock 6yd	3
Haul Trucks	Dux 30 ton	4
Man Carrier		1
Tractors	Kubota	2

16.9 Personnel

The underground workforce during the development stage is detailed in Table 13.

From Years 2 through until the third quarter of Year 5, development and production take place. The underground workforce peaks during this time.

From the second quarter of Year 5 until the end of the mine-life in Year 7, development work will cease and only production work will be ongoing.

There will be a day shift and a night shift, and workers will be on a rotation schedule. The total hourly workforce required will be four times the number of workers on each shift to account for day shift, night shift and days off.

All operators will be mine employees, except for the long-hole operators who will be contractors.

Table 12 Salaried Workforce

Description	# required
Mine Manager	1
Geologist	1
Mining Engineer	1
Environmental Engineer	1
Surveyor	1
Safety Officer	1
Maintenance Superintendent	1
Purchasing/Accounting Clerk	1
Mechanical Superintendent	1
Total Salaried Workforce	**9**

Table 13 Hourly Workforce (Shift Size)

Job title	Development Phase	Development and Production	Production Only
Shift Boss	1	1	1
Jumbo Miners	2	2	0
Bolters	2	2	0
Muckers	2	6	4
Electrical	1	1	1
Mechanical	2	3	2
Fill/Construction	0	4	4
Dryman/Expeditor	0	1	1
Total per shift	**10**	**20**	**13**

16.10 Backfill

Underground waste development will be backfilled into old development or stopes as required. The total waste development required is 3,338 metres.

Cemented tailings will be used for backfilling. Year 1 and 2 tailings will be temporarily stored on surface until the mining sequence has opened up enough room for cemented tailings to be stored underground. After construction of the cemented backfill plant, cemented tails will be stored underground and the tailings temporarily stored on surface will be processed and also stored underground. At this time the cemented tailings parameters are assumed with typical values. Detailed testing will be required during future studies.

Fines (slimes) from the cemented backfill process will be temporarily stored on surface until they can be moved underground at the end of the mine life. Slime production is expected to range between 25-50% of the total tailings. For this study a conservative estimate of 40% is used. A surface storage capacity of 650tonnes is required for the base case scenario.

The tailings backfill schedule will be determined by the mine production sequence. Timing of the cemented backfill into mined out stopes will be such that backfilling operations will not catch up to the mine production levels. The base case assumes a temporarily lined facility on surface will serve as the surge capacity for tailings. All tailings initially stored on surface will be moved underground as soon as enough storage capacity exists underground.

At the end of the mine schedule slimes that have been temporarily stored on surface will be moved underground.

17 Recovery Methods

17.1 Introduction

The Gallowai-Bul River mine processed 700tpd from open pit mining operations from 1971 to 1974. The mine successfully produced a saleable concentrate using convention flotation. The process plant was shut down in 1974 and restarted for a pilot plant campaign from 2007 to 2008. The pilot plant successfully produced saleable concentrate using conventional flotation on mill feed extracted during underground development.

17.2 Metallurgy

Mineralization consists of pyrite, pyrrhotite, and chalcopyrite with minor local galena, sphalerite, arsenopyrite, and cobaltite and traces of tetrahedrite and native gold. Sulphides range from massive, irregular bodies within the vein system to thin discontinuous veins, veinlets, and disseminations in the host rock (Höy et al., 2000). Gangue mineralogy of the veins is variable, with the eastern parts of the deposit consisting of quartz and siderite. The western part of the vein system is dominated by siderite (Baldys, 2001). The mineralization of the underground orebody is the same system as the previously mined open pit.

Copper oxides occurred in the initial top benches of the open pit. Copper oxides are unlikely to occur in the underground mine plan.

17.3 Process Description

Crushing

ROM mill feed is dumped onto a fixed grizzly with 22" openings. Grizzly undersize reports to a 65t coarse mill feed bin. Coarse mill feed is fed to the primary crusher by a 48" wide and 10' long hydrastroke feeder.

The primary crusher is a 25 x 40D Telsmith jaw crusher operated at a setting of 4 inches. Crushed mill feed, with a work index of 15, passes through a 5'x 10' Nordberg screen with a 3/8" aperture before reporting to the fine mill feed bin with a capacity of 3100ST. The screen oversize is fed to a 5 1/2 'Symons Cone Crusher operated at 5/16" setting. Cone crusher discharge is fed back to the screen.

Dust control in the crusher building is accomplished with American air filter type "R" Roto-Clone exhausting at 17,000cfm.

The current crushing circuit design is able to process mill feed at a significantly higher rate than the mill. This allowed the crushing plant to operate on weekday dayshifts during previous operations. There may be an opportunity to reduce the crusher product feed size reporting to the mill and thereby increase the mill throughput.

Grinding

Fine mill feed is milled in closed circuit with a 10'x14' Ball Mill and cyclone. The Ball Mill is driven by a 700HP (522kW) motor connected to the pinion gear with an air clutch control system.

Mill discharge at 78% solids is pumped to cyclones at 6psi. Cyclone overflow containing 40% solids at 65% minus 200 Mesh (75 micron) is fed to the floatation conditioning tank. Cyclone underflow reports back to mill feed.

Dust is collected in the mill building by a Medusa scrubber MR-30 exhausting 300 CFM of air.

Flotation

Feed to the flotation plant is conditioned for ten minutes in a Denver 8' x 8' super agitator at 40% solids.

The flotation circuit included rougher, scavenger, and cleaner flotation. Scavenger concentrate and Cleaner tails are pumped to a 5'x 8' regrind ball mill.

Rougher and scavenger flotation is carried out in No. 60 Agitair flotation machines at 27% solids. Air is supplied to the flotation machines by a Canadian Forge blower. There are four Rougher and six Scavenger cells. Concentrate from the first two scavenger cells is routed to the rougher concentrate.

The cleaner circuit consisted of ten No. 21 Denver Sub A flotation machines. Launders and piping is arranged for three-stage cleaning.

The flotation circuit equipment and reagents are summarized in the Table 14 below.

Table 14 Flotation Equipment and Reagents

	Roughers	Scavengers	Cleaners
Make of cell	Agitair	Agitair	Denver Sub A
Size of cell	75 cu. ft.	75 cu.ft.	40 cu. ft.
H.P. per cell	10	10	3-3/4
No. of cells	4	6	10
Volume of cells-total	300 cu.ft.	450 cu.ft.	400 cu.ft.
Pulp density-solids	27%	27%	14 to 18%
Retention time	6.5 mins.	9.7 mins.	80 mins.
H.P. per daily tons	.06(air.07)	.09	.06
Impeller type	Chile X	Chile X	Rubber conical disc
Shaft speed	155	155	335
Peripheral	1090	1090	1820

Reagents	Lbs./Ton M.F.	Point of Addition
Lime	.77	Ball mill & cleaner flat feed
Sodium Isopropyl Xanthate	.066	Ball mill
So dium Cyanide	.0056	First cleaner
Z-200 Xanthate	.009	Regrind mill
Z-200 Xanthate	.007	Scavenger cells
M.I.B.C.	.048	Conditioner
M.I.B.C.	.012	First scavenger

Lime addition fed to pH requirement of 8.6 in rougher tails and 11.6 in cleaner tails.

Cleaner concentrate is pumped to a 30' thickener at 17% solids. Thickener underflow is pumped to a Door disc filter at 55% solids.

Concentrate from the filter is stored in a 1500t storage bin with moisture levels ranging from 8.8 to 12.6%.

Tailings from the scavenger cells is pumped to tailings management facilities.

Assaying

The onsite laboratory assays head and tailings samples for Cu, Au, and Ag. During operations concentrate samples are analyzed for Cu, Au Ag, and Fe. Moistures analysis is carried out on head and concentrate samples.

Assay work on future concentrate production will include analysis of potential deleterious elements such as arsenic.

Process Recoveries

Table 15 below shows mill head grade and recoveries during a four month period where the plant operated at full capacity and the mill processed only chalcopyrite mill feed for which the plant was designed.

Table 15 Mill Process Recoveries

	Head Grade	Recovery
Cu	1.52%	92.0%
Au	0.426g/t	56.7%
Ag	17.6g/t	79.5%

Oxide ores from the top benches of the pit were processed separately from the primary mill feed. Process reagent modifications made for oxide processing enabled reasonable recoveries of the oxide mill feed. These changes included eliminating lime addition, addition of sodium sulphide to the ball mill and aerofroth 65 to the roughers and aeropromoter to the conditioners, and a doubling of the xanthate addition rate. These changes enabled a chalcopyrite recovery of 81% to 89% and a copper oxide recovery of 15% to 23% with overall copper recovery of 55% to 67%. The good oxide recovery was supported by the high copper grades at the time (3% to 4 % copper)

17.4 Projected Recoveries for the Underground Mine Plan

Based on the average recoveries achieved in the pilot plant from September to December 2008, when mill feed grade was representative of expected underground ROM mill feed, the following recoveries should be assumed for the scoping study:

- copper recovery of 93.6%
- gold recovery of 55.5%
- silver recovery of 92.5%

The degree of oxidation of the stockpiles is uncertain. Process test work on the stockpiles is recommended prior to a start-up. Modifications maybe required to the circuit layout and reagent additions to achieve reasonable recoveries from the stockpile. If the stockpile oxidation is severe then recoveries might be similar to those achieved during processing of oxidized mill feed in the 1970's where overall copper recovery of 55% to 67% was achieved.

For the stockpiled mill feed the following recoveries are recommended:

- copper recovery of 65%
- gold recovery of 40%
- silver recovery of 65%

18 Project Infrastructure

18.1 Site Access

Access to GBRM is already in place from Cranbrook is via British Columbia Provincial Highway 3 to the paved, all-weather Wardner/Fort Steele Road and then the gravel, all-weather Bull River Road to the GBRM access road.

18.2 Process Facilities

The process plant has been kept in good condition while not in operation. The crushing circuit was used for the 2007-2008 pilot plant trials. Various site visits and inspections indicate that most equipment is in good working condition. The mill has an adjoining crusher building, fine mill feed silo, and concentrate storage facility. Two significant tasks required are:

1. Replacement of the flotation circuit as the original circuit has been removed from site.
2. The fine mill feed silo is a wooden structure that may require civil works to restore it to working condition.

Minor repairs are required in various locations including corrosion repairs, mill cyclone replacements, and some motor repairs.

A pilot scale leach plant must be removed from the mill building.

18.3 Office/Administration buildings

There is an administrative building (690m^2) on site that contains dry facilities.

18.4 Assay and Metallurgical Labs

There is an assay lab (242m^2) as well as a metallurgical lab (141m^2) already constructed on the site.

18.5 Backfill Plant

An allowance of $4M has been allocated for the construction of a backfill plant.

18.6 Maintenance Facility

There is a mine shop (660m^2) along with an electrical shop (140m^2) and Mine Rescue building (120m^2) existing at the site.

18.7 Electrical and Communication

There is an electrical substation connected to the 115kV electrical transmission line along with water wells and a septic system already existing at the site. The electrical substation will need to be replaced before start-up.

18.8 Waste and Tailings Storage

Underground development waste will be stored in old underground workings that have been determined to be no longer needed for future development. Tailings will temporarily be stored on surface until they can be moved underground.

18.9 Underground Infrastructure

Underground infrastructure in place at the site includes a mine access ramp, ventilation raises, sumps and mobile equipment fleet.

19 Market Studies and Contracts

(In Progress)

20 Regulatory, Environmental, First Nations, and Community Issues

The mine is currently not in operation but has a Small Mine Permit (permit number M-33 issued July 22, 2005) from the BC Ministry of Energy and Mines which allows production up to 75,000tpa (205tonnes/day). The mine is currently on care and maintenance and is consistently staying within its permit limits established in the existing mine and environmental permits. A tailings permit, mine operating production plan, and a reclamation plan will be required in order to begin ore production, run the process plant and deposit tailings both on surface and underground. The permitting approach is to apply for a BC Mine and Reclamation Permit, Waste Permits, and other environmental approvals to operate the mine at a rate of approximately 700 to 750tonnes/day. Work on these permit applications is ongoing and initial reaction from permitting authorities has been positive.

All indications show a review by the BC Environmental Assessment Office or the Canadian Environmental Assessment Office is not required, as the mining proposal does not trigger any of the legislated thresholds.

Given that the mine proposal is to restart an existing mine without significant additional disturbance while employing 75-100 personnel; support from local communities, First Nations , and local and provincial government can be anticipated.

It is not unreasonable to assume that an operating permit will be received in less than one year; subject to acceptable environmental studies and First Nations and Community consultations.

21 Capital and Operating Costs

All costs in this section are shown in $CDN unless specified otherwise.

21.1 Project Schedule

The base case scenario in this study involves acquiring a permit to start the mill up at a full production rate of 700tonnes/day. Capital costs include refurbishing the existing infrastructure to a 700tonne/day which will be the basis of future studies.

21.2 Owner's Costs

Current owner costs are approximately $300k/month. These costs are added to the capital costs and are ongoing until the mill starts production.

21.3 Capital Cost Estimate

A capital cost estimate to refurbish and restart the mill performed in 2011 came in at $1.15 million.[1] This has been escalated for 5% annual inflation and a 50% contingency was added. (This excludes engineering studies and processing test work).

Main infrastructure capital items include the replacement of a substation and the construction of a temporary tailings lined storage facility on surface. A quote for a substation has been obtained and an allowance has been made for construction of a temporary tailings storage facility.

In order to advance the project to production, studies and background data are required to obtain permitting. These studies include geology drilling, mine engineering, processing test work, and permitting application.

An allowance is assumed for working capital to carry operations through the first few months of production until a steady revenue stream is generated.

A breakdown of the total project capital costs for the base case scenario is shown in the Table below:

Table 16 Total Project Start-up Capital Costs

	Cost ($M)
Mill Refurbishment	$2.00
Other Infrastructure (substation, temporary tailings storage)	$1.48
Engineering Studies, Drilling and Permitting	$1.89
Working Capital	$0.50
Owner's Costs	$3.60
TOTAL START-UP CAPITAL (including contingency)	**$9.47**

The timing of other capital costs and sustaining capital are shown in Table 17 below.

Table 17 Capital schedule ($'000s)

Year	Pre-production	1	2	3	4	5	6	7	TOTAL
Start-up capital	$5,488								$5,488
Equipment		$500							$500
Infrastructure	$3,479	$719	$3,758						$7,956
Mill Sustaining		$200	$200	$200	$200	$200			$1,000
Working Capital	$500								$0
TOTAL	**$9,467**	**$1,419**	**$3,958**	**$200**	**$200**	**$200**			**$15,444**

[1] *Report: Cost estimation for start-up of processing plant, Kieran Loughran, dated 2011-01-19*

21.4 Operating Cost Estimate

A breakdown of operating costs is shown in Table 18 below:

Table 18 Average LOM Operating Costs ($/tonne processed)

	Stockpile Processing	Underground Mining
Re-handle	$1.00	$0.00
Mining (includes development and backfill)	$0.00	$45.97
Processing	$14.40	$14.40
G&A	$2.85	$2.85
Total Operating Costs	**$18.25**	**$63.22**

22 Economic Analysis

An economic evaluation of the Gallowai-Bul River project is prepared based on a pretax and after-tax financial model.

Base case prices, using the three year trailing average as of August 31, 2013 are as follows:

- Copper - $3.70 $US/lb
- Gold - $1550 $US/oz
- Silver - $30.50 $US/lb
- Exchange rate - $1CDN = $0.95US

Offsite costs and smelter terms are shown in Table 19 below:

Table 19 Off-site Costs and Smelter Terms

Copper refining cost (with participation)	$0.118	$US/lb
Gold refining cost	$8.00	$US/oz
Silver refining cost	$0.60	$US/oz
Concentrate grade	26%	%Cu
Copper unit deductions	1%	
Payable Gold	97.5%	
Payable Silver	90.0%	
Concentrate Smelting Cost	$85	$US/Dry Tonne
Concentrate Moisture	9%	
Concentrate Transport Costs	$140	$US/Wet Tonne
Other Off-site Costs (losses, insurance, selling, assay)	$20	$US/Wet Tonne

The base case annual cash flow results are shown in Figure 29 below.

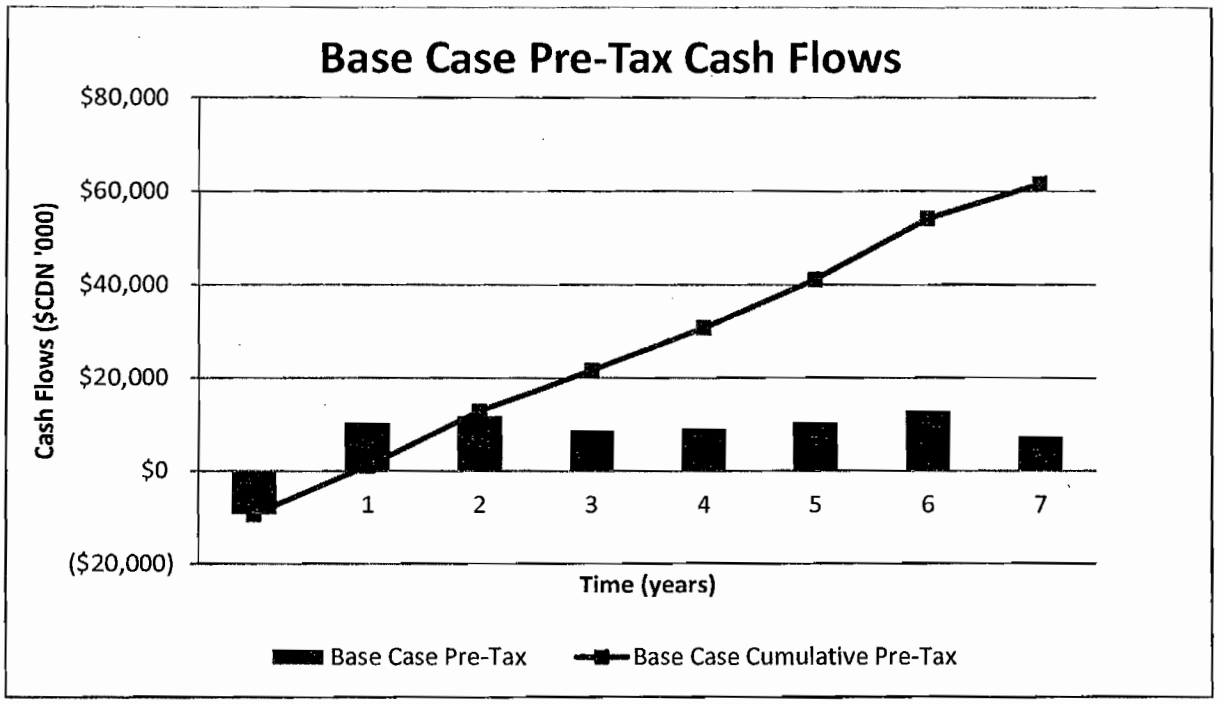

Figure 29 Base Case Pre-Tax Cashflows

The following financial results for each scenario were calculated using the base case metal prices:

Table 20 Financial Results

	Base Case Scenario
Pre-Tax IRR	111%
Pre-Tax Initial Payback (years)	0.92
Pre-Tax NPV(8%) - $CDN	$40.4M
After Tax IRR	64%
After Tax Initial Payback (years)	1.5
After Tax NPV(8%) - $CDN	$21.1M

A range of metal price scenarios (-10% to +10% in 5% increments) were run on the base case metal prices and the results for the base case are shown in Table 21 below.

Table 21 Metal Price Scenarios for Base Case Scenario

	Low (-10%)	Base	High (+10%)
Copper price ($US/lb)	$3.33	$3.70	$4.07
Gold price ($US/oz)	$1395	$1550.00	$1705.00
Silver price ($US/oz)	$27.45	$30.50	$33.55
Pre-Tax IRR (%)	80%	111%	140%
Pre-Tax Payback	1.2yrs	0.9yrs	0.8yrs
Pre-Tax NPV(8%) - $CDN	$26.9M	$40.4M	$53.8M

Other inputs were varied (copper price, capital cost, operating cost, etc.) were varied to test the project sensitivity to these parameters. Overall the NPV of the project is most sensitive to copper price and exchange rate. Capital and operating costs have less of an impact. A spider graph of the input sensitivities using an 8% discount rate is shown in the graph below.

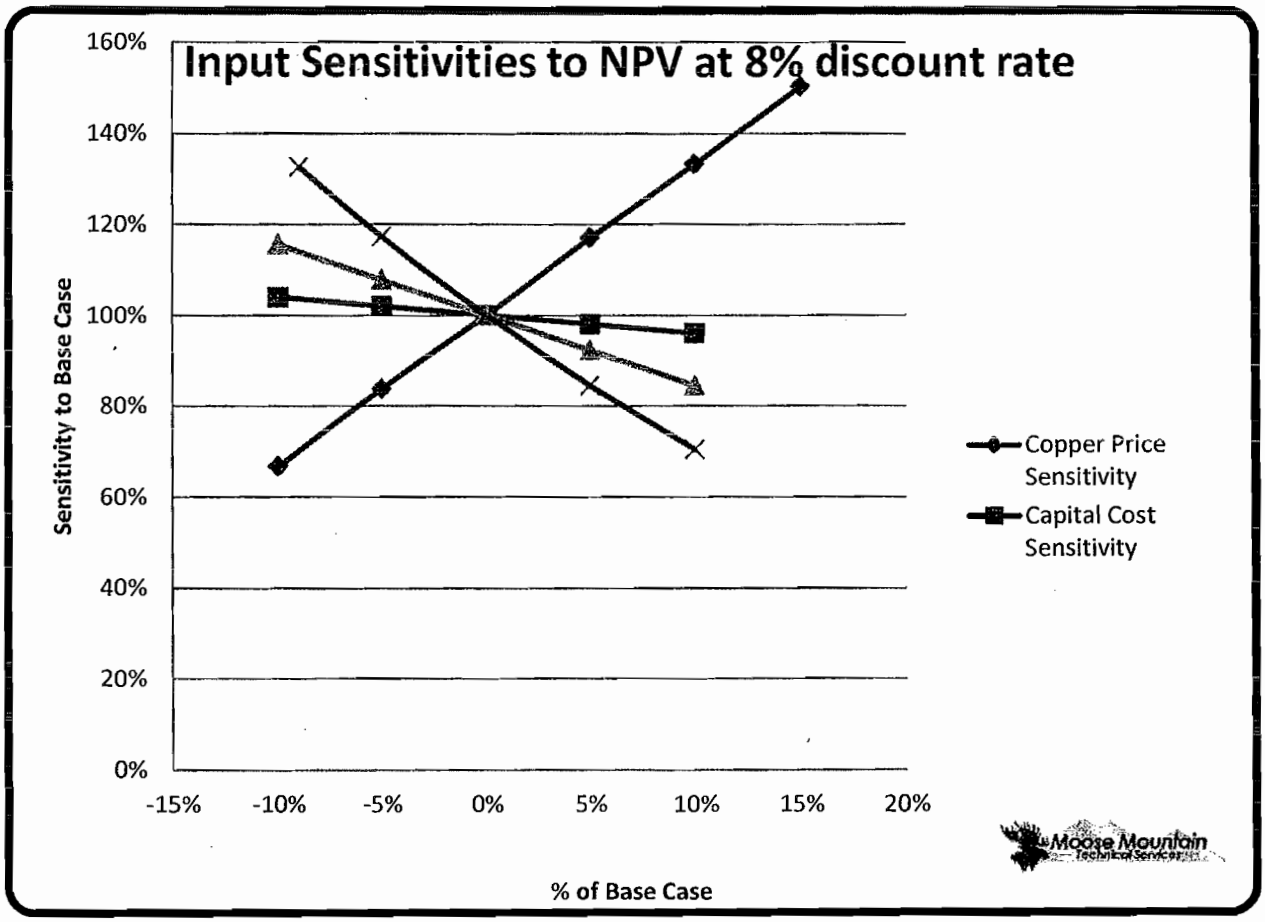

Figure 30 NPV Sensitivity to Input Parameter Changes

All cash flows shown exclude any debt financing, loan interest charges and outstanding liabilities. Gallowai-Bul River also has significant tax implications that carry over from SMG that should be noted. Current estimates show that the first ~$130M in gross revenue (approximately at the end of Year 5) could potentially be tax free but this has not been included in above results. This adjustment results in an almost 50% improvement in the after-tax IRR; as well as in the after-tax NPV (8%) value. A tax expert should be consulted to discuss implications and materiality.

23 Adjacent Properties

The Stanfield Holdings comprise a group of occurrences close to GBRM that have been explored by Gallowai-Bul River. These occurrences include the Old Abe, the Copper King, the G Zone, the Trilby, the Empire Strathcona, and the Feldspar Deposit. Other unnamed prospects are also described by Mosher

(2003). A summary of relevant adjacent property location and mineralization styles can be found in the report titled '*Gallowai-Bul River Technical Report*', issued by Snowden Mining Consultants in March 2013.

24 Other Relevant Data and Information

The mineralisation has some down dip economic potential and SMG has other leases and license in the area. Future drilling requirement for GBRM have been discussed, the potential of other mineralized areas is not the subject of this study. More information on other holdings is available from SMG directly.

The effects on investment on GBRM, with respect to the creditor protection, should also be considered. Information is can also be request from SMG.

25 Interpretation and Conclusions

Economics

The base case scenario is a sound economic case that generates a high rate of return and has a quick payback. With the significant in-place development and infrastructure, new capital costs do not have a significant effect on the NPV. The base case plan does defer some capital construction such as underground stope development and the backfill plant until after operations have started, but the timing of large capital items can be adjusted with relatively little impact.

Mining

The underground development has been open for over thirty years and rock conditions are stable. With most of the development already in-place, mining can commence with minimal pre-production activities for some ventilation, escape way, and minor access work. Stope development can progress while the operation starts using the existing stockpiles remaining from development. A Longitudinal longhole open stoping mining method is indicated which will give mid-range mining costs. Geotechnical studies will be required for the next round of work, but this plan has conservatively assumed cemented backfill in conjunction with rib and sill pillars. Future analysis will endeavor to reduce the pillars to increase the mining recovery and/or reduce the need to cementing the fill which will reduce costs. Future drilling is required to delineate extensions to the economic mineralisation. Discovery or Condemnation of deeper economic mineralisation or will require revisions to the mine plan.

Metallurgy and Processing

The Gallowai-Bul River Mine successfully produced saleable copper concentrates using 700tonnes/day mill feed from an open pit and 2tonnes/day from underground development workings.

Good copper and silver recoveries have been achieved using conventional floatation.

Mill feed tested in the pilot plant was extracted from areas that are part of the proposed underground mine plan.

Gold recovery is not as good as expected. Metallurgical work should be carried out to determine the gold mineralization and test methods for better recovery of gold.

Although concentrate produced from the Gallowai-Bul River mill feed has been sold, there is currently insufficient data on potential deleterious elements in the concentrate to properly characterize the concentrate. The potential presence of deleterious elements in the concentrate is a concern.

The plant is in good condition requiring minor repairs and the replacement of the flotation circuit.

Mill feed from development muck has been standing in stockpiles for five years and has oxidized. Recovery from this material will not be as high as fresh ROM mill feed.

Going forward, it can be reasonably assured that the mill can be brought into production with only minimal refurbishment costs. With previous production and recent trial runs, the predicted process recoveries can also be reasonably assured.

Environmental and Regulatory

Initial discussion with regulators confirms that a formal Environmental Assessment application is not required under either BC or Federal legislation. The permitting approach is to apply for all necessary permits under the BC Mines Act, Waste Management Act, and other related legislation.

The GBRM is a past producer in a jurisdiction with a long mining history. It has a good reputation with local stakeholders and regulators and has a high likelihood of receiving all of the required approvals to proceed with mining.

General

Issues arising out of creditor protection will need to be investigated with any commercial arrangements for the property.

25.1 Recommendations

The project should be advanced to a higher level that will support a permit application. If the decision is made to move towards production quickly, longer lead items (such as the purchasing of float cells, background studies and consultation) should begin now in order to be ready for a quick start-up. Estimated costs for Engineering and Environmental study work are:

Subcontracted Engineering Studies	$403,500
Internal Engineering Studies	$285,500
Subcontracted Environmental Studies	$310,000
Regulatory Meetings, Consultations, and Permit Application	$230,000
TOTAL	**$1,229,000**

Geology

Condemnation drilling should be done to identify whether there is economic material at a lower depth than currently identified. More mill feed at a lower depth would require an update to the mining plan and recalculation of tailings storage requirements.

The location of the inferred ore in the stopes should be examined to determine if in-fill drilling is required. Inferred material will need to be upgraded to Indicated to be included in higher level reports.

Mining

Geotechnical and rock mechanic studies are required for any higher level studies on the property. The potential use of cemented tailings for backfill will also require technical studies.

Cut and fill mining methods should be examined for areas of the mine where LLHOS mining method is not applicable. This could increase the mining recovery.

A tailings backfill schedule is needed to determine the total temporary surface storage requirements.

A trade-off study should be done to test the economic implications of un-cemented tailings (requiring more rib pillars resulting in a lower recovery of the deposit) against the base case scenario where cemented tailings are used.

Infrastructure

A detailed topography survey is needed or appropriately detailed information should be gathered for the entire site. This information can be used for the detailed plans that will be necessary for permit application(s).

A walk-around and detailed inspection for the mill is required to determine the work necessary for refurbishment. The detailed inspection will be used to develop specifications for contractor quotes for the required refurbishment work.

Process and Metallurgy

Operating parameters for the pilot plant should be summarized for the last four months of operations using the available daily production logs.

Process test work is needed from an independent laboratory to test process recoveries of stockpiled mill feed. Rougher and locked cycle tests on stockpiled mill feed samples can be compared with recoveries achieved from a composite made up from new drill core. The flotation test work should be preceded with a QEMSCAN mineralogical analysis. QEMSCAN mineralogical analysis is recommended on samples from each stope to confirm the low variability in the mineralogy expected from the ore body.

The process test work should also examine gold mineralization and recommend test work to improve gold recoveries.

A composite from existing concentrate on site should be tested with a full elemental analysis to check for any deleterious elements. Concentrate produced during the recommended process test work should also be tested for deleterious elements.

Detailed equipment inspections are required on all process equipment. This will provide a list of replacements or repairs required for a more accurate capital estimate.

Procurement of flotation circuit equipment should be initiated as soon as possible as this will be the longest engineering lead item for the process plant to re-start.

Environmental and Regulatory

Based on meetings and correspondence with regulators, it is recommended that required studies to support Permit applications for Mining, Reclamation, and Waste Management should be initiated immediately.

In addition, consultation with Community and First Nations groups should be planned and discussions with Regulators should proceed to ensure that required Permit applications are fully understood and contain the necessary level of data and information to support timely approvals.

26 References

Bul River_NI43-101 Technical Report, by RPA, March 14, 2011

Flocculent Memo from Gonglai Yan, July 13, 2007

Gallowai-Bul River Technical Report, Snowden, March 2013

Operating report from the production of concentrates during year 2007

Original "As Built" drawing, by Wright Engineers Ltd., dating varies between 1970 and 1971. Original paper-copy drawings were scanned into .pdf format files

Report: Bull Mill Plant and Equipment Appraisal, Wright Engineers Ltd., dated July 1998

Report: Cost estimation for start-up of processing plant, Kieran Loughran, dated 2011-01-19

Report: Design and Operation of the Bull River Concentrator, by M.G. Sveinson, Mill Superintendent, Bull River Mine, undated

The attached is **Exhibit "C"**

referred to in the affidavit

of George Timothy Hewison #13 sworn before

me at Fernie, B.C.,

this 10 day of February, 2014

A Commissioner for taking Affidavits
within British Columbia

RESTRUCTURING SUPPORT AGREEMENT

THIS AGREEMENT dated February 25, 2014 is between:

ASIA COPPER INVESTMENT CO. LTD.

("**ACI**")

AND

BUL RIVER MINERAL CORPORATION
BIG BEAR METAL MINING CORPORATION
EARTH'S VITAL EXTRACTORS LIMITED
FORT STEELE METALS CORPORATION
FORT STEELE MINERAL CORPORATION
FUSED HEAT LTD.
GALLOWAI METAL MINING CORPORATION
GIANT STEEPLES MINERAL CORPORATION
GRAND MINERAL CORPORATION
INTERNATIONAL FELDSPAR LTD.
JAO MINE DEVELOPERS LTD.
KUTTENI DIAMONDS LTD.
STANFIELD MINING GROUP OF CANADA LTD.
SULLIBIN MINERAL CORPORATION
SULLIBIN MULTI METAL CORPORATION
SUPER FELDSPARS CORPORATION
WHITE CAT METAL MINING CORPORATION
ZEUS METAL MINING CORPORATION
ZEUS MINERAL CORPORATION
ZEUS METALS CORPORATION

(collectively the "**Borrowers**")

AND

GEORGE TIMOTHY HEWISON IN HIS CAPACITY AS PERSONAL REPRESENTATIVE OF THE ESTATE OF ROSS HALE STANFIELD

(the "**Trustee**")

BACKGROUND

A. The Borrowers are subject to proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**").

B. The Borrowers and the Trustee have requested, and ACI has agreed to provide, interim financing (the "**DIP Loan**") to the Borrowers in the CCAA Proceedings on the terms set out in a facility letter (the "**Facility Letter**") provided to the Borrowers and the Trustee by ACI.

C. ACI or a related entity (the "**New Shareholder**") is desirous of facilitating a restructuring plan or other transaction with the Borrowers and the Trustee that would see the New Shareholder acquire control of the Borrowers and/or their assets and such assets of the Trustee which are held in trust for the

Borrowers on terms consistent with the attached Schedule "A" or such other agreement as may be agreed to by the Borrowers and the New Shareholder upon further due diligence (the "**Plan**").

D. It is a condition of ACI agreeing to provide the DIP Loan that the Borrowers and the Trustee enter into this Restructuring Support Agreement.

AGREEMENTS

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

1. **Agreement**: Subject to the terms and conditions hereof, the Borrowers and the Trustee consent and agree to the terms of, and the transactions contemplated by, this Agreement.

2. **DIP Loan.** The Borrowers will seek the approval of the DIP Loan, and the substitution of ACI as the lender in relation thereto in a timely basis and on terms consistent with the Facility Letter and acceptable to ACI.

3. **Plan.** The Borrowers will file a Plan on a timely basis and will use commercially reasonable methods to achieve approval and sanction of the Plan in the CCAA Proceedings, or in the alternative will support a Plan proposed by the New Shareholder on the terms set out herein. In any event, the Plan will be presented to the court in the CCAA Proceedings no later than April 1, 2014, or as otherwise agreed by the parties, seeking an order for a meeting of creditors and/or shareholders to consider and vote on the Plan (the "**Meetings Order**"). The Plan will be approved by creditors and/or shareholders no later than 30 days from April 1, 2014.

4. **Documents and Further Orders.** The Plan will be drafted by counsel to the Borrowers at the expense of the Borrowers and will be provided to the New Shareholder's counsel for review and approval. Drafts of all motion material and other documents that the Borrowers intend to file in the CCAA Proceedings shall be provided to ACI at least two days prior to the date on which the Borrowers intend to file or otherwise distribute such documents. All such materials must be acceptable to ACI.

5. **Material Assets and Contracts.** The Borrowers will not, without the prior consent of ACI, dispose of any material assets or repudiate any contracts or agreements.

6. **Other Transactions.** The Borrowers and the Trustee, and their directors, officers, employees and advisors will not, directly or indirectly, without the prior agreement of ACI or unless otherwise required by the court in the CCAA Proceedings:

   (a) solicit, initiate, facilitate or otherwise encourage any inquiries or proposals regarding any transaction that is an alternative to the Plan (an "**Alternative Transaction**");

   (b) participate in any substantive discussions or negotiations with any person regarding any Alternative Transaction;

   (c) accept, approve, endorse or recommend any Alternative Transaction; or

   (d) enter into any Alternative Transaction.

7. **Claims Process.** The Borrowers will, on or prior to court approval of this Agreement, complete the claims process pursuant to the order pronounced in the CCAA Proceedings (the "**Claims Process Order**") in a manner satisfactory to ACI, including the resolution of any Disputed Claims and determination of any claims subject to the Claims Bar Date (each as defined in the Claims Process Order).

8. **Deficiencies.** The Borrowers will in a timely manner seek an order in the CCAA Proceedings correcting the incorrect legal names of the Borrowers in the style of cause and orders granted in the CCAA Proceedings, and seek an order that such correction shall apply *nunc pro tunc*.

9. **Title to Assets.** Except as qualified in this section, the Borrowers represent and warrant that the Borrowers are the legal and beneficial owners of all the assets comprising and materially related to the Borrowers' copper mine known as the Gallowai Bul River Mine (the "**Mine**"). The Trustee represents and warrants that any assets held by the Trustee relating to the Mine, with the exception of the shares in the Borrowers owned by the Trustee, are held by the Estate as legal owner and bare trustee on behalf of some or all of the Borrowers. For the absence of doubt the shares in the Borrowers held by the Trustee are both legally and beneficially owned by the Trustee.

10. **Court Approval.** This Agreement shall remain subject to court approval in the CCAA Proceedings.**Further Assurances.** The parties will execute and deliver all other appropriate supplemental agreements and other instruments, and take any other action necessary, to give full effect to this Agreement and to make this Agreement legally effective, binding, and enforceable as between them and as against third parties.

12. **Waivers.** The failure of a party to insist upon the strict performance of any term of this Agreement, or to exercise any right or remedy contained in this Agreement, will not be construed as a waiver or a relinquishment by that party for the future of that term, right, or remedy.

13. **Binding Agreement.** This Agreement will bind and benefit each of the parties including their respective successors and permitted assigns.

14. **No Partnership.** Neither the execution of this Agreement nor the performance by a party of any of its rights and obligations under this Agreement will create any partnership between the parties.

15. **Assignment.** Neither the Borrowers nor the Trustee may assign this Agreement without the prior consent of the other party.

16. **Counterparts.** This Agreement may be signed by original or by facsimile and executed in any number of counterparts, and each executed counterpart will be considered to be an original. All executed counterparts taken together will constitute one agreement.

17. **Severability.** If any term of this Agreement is determined to be invalid or unenforceable, in whole or in part, the invalidity or unenforceability will attach only to that term or part term, and the remaining part of the term and all other terms of this Agreement will continue in full force and effect. The parties will negotiate in good faith to agree to a substitute term that will be as close as possible to the intention of any invalid or unenforceable term while being valid and enforceable. The invalidity or unenforceability of any term in any particular jurisdiction will not affect its validity or enforceability in any other jurisdiction where it is valid or enforceable.

18. **Gender and Number.** Words in one gender include all genders, and words in the singular include the plural and vice versa.

19. **Governing Law and Jurisdiction.** This Agreement will be governed by and construed in accordance with British Columbia law and applicable Canadian law and will be treated in all respects as a British Columbia contract.

20. **Submission to Jurisdiction.** Each of the parties will submit to the jurisdiction of the British Columbia courts.

21. **Legislation.** In this Agreement any reference to legislation includes a reference to the legislation and to any regulations made under that legislation as that legislation or those regulations may be amended or re-enacted from time to time.

22. **Time.** Time will be of the essence.

23. **Expiry of Time Period.** In this Agreement, if any period ends on a day other than a business day, that period will be extended to the next following business day.

24. **Notices.** In this Agreement:

(a) any notice or communication required or permitted to be given under the Agreement will be in writing and will be considered to have been given if delivered by hand, transmitted by facsimile transmission or mailed by prepaid registered post in Canada, to the address or facsimile transmission number of each party set out below:

(i) If to ACI:

c/o Davis LLP
2800 Park Place
666 Burrard St.
Vancouver, BC V6C 2Z7

Attention: Mary I.A. Buttery/H. Lance Williams
Fax No. 604.605.3768/604.605.4877

(ii) if to the Borrowers or the Trustee:

c/o Gowling Lafleur Henderson LLP
Suite 2300 - 550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Colin D. Brousson
Fax No. 604.683.3558

or to such other address or facsimile transmission number as a party may designate in the manner set out above;

(b) notice or communication will be considered to have been received:

(i) if delivered by hand during business hours on a business day, upon receipt by a responsible representative of the receiver, and if not delivered during business hours, upon the commencement of business on the next business day;

(ii) if sent by facsimile transmission during business hours on a business day, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of business on the next business day; and

(iii) if mailed by prepaid registered post in Canada, upon the fifth business day following posting; except that, in the case of a disruption or an impending or threatened disruption in postal services every notice or communication will be delivered by hand or sent by facsimile transmission.

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25. **Accounting Principles.** All calculations made or referred to in this Agreement will be made in accordance with the generally accepted accounting principles applied consistently. All accounting terms used in this Agreement which are not defined in this Agreement will have the meaning assigned to them in accordance with generally accepted accounting principles.

26. **Currency.** All transactions referred to in this Agreement will be made in lawful currency of Canada in immediately available funds. Any reference to cash in this Agreement includes a reference to cash, certified cheque, bank draft, wire, or electronic transfer drawn on, or of, a chartered bank of Canada.

27. **Amendment.** This Agreement may be amended or supplemented only by a written agreement signed by each party and that agreement need not be executed under seal.

28. **Joint and Several.** If a party is more than one person or entity, every representation, covenant and agreement on the part of the party to be observed and performed by that party will be the joint and several representation, covenant and agreement of each person or entity comprising the party.

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Agreement on the date appearing above.

ASIA COPPER INVESTMENT CO. LTD.

Per: _____

Name: Wei Qian

Title: Authorized Signatory
I have authority to bind the corporation

BUL RIVER MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON

Title: Authorized Signatory
I have authority to bind the corporation

BIG BEAR METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON

Title: Authorized Signatory
I have authority to bind the corporation

EARTH'S VITAL EXTRACTORS LIMITED

Per: _____

Name: G. TIMOTHY HEWISON

Title: Authorized Signatory
I have authority to bind the corporation

FORT STEELE METALS CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON

Title: Authorized Signatory
I have authority to bind the corporation

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FORT STEELE MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

JAO MINE DEVELOPERS LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

FUSED HEAT LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

GALLOWAI METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

GIANT STEEPLES MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

GRAND MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

INTERNATIONAL FELDSPAR LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

KUTTENI DIAMONDS LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

STANFIELD MINING GROUP OF CANADA LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

SULLIBIN MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

SULLIBIN MULTI METAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

SUPER FELDSPARS CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

WHITE CAT METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

ZEUS METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

ZEUS MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

ZEUS METALS CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

WITNESSED on February 25, 2014 in the presence of:

_____
(Signature)

ROSS HEWISON
(Print Name)

BOX 845, CRANBROOK, BC
(Address)

V1C 4J6

CORPORATE AFFAIRS
(Occupation)

_____

George Timothy Hewison in his capacity as personal representative of the Estate of Ross Hale Stanfield

SCHEDULE "A"

The Plan shall provide for the following unless otherwise agreed to by the Borrowers, the Trustee and ACI:

1. The result will be that the New Shareholder will own not less than 87.5% of the equity interest in the assets which comprise the Borrowers and the Mine, which may or may not be amalgamated into one or more entities (the "**New Structure**").

2. As consideration, the New Shareholder will convert to equity or otherwise contribute some or all of the DIP Loan and provide such further and other consideration, if any, that it deems necessary to fund a successful Plan.

3. The existing creditors of the Borrowers will be offered up to a 12.5% equity interest in the New Structure. There may be a further incentive for existing creditors up to a 20% interest in the event certain production targets and schedules are met.

4. If the Plan is not approved by creditors and/or shareholders by May 1, 2014 such that ACI incurs more costs and/or supplies more money, the New Structure shall be altered according to the following formula:

   DIP amount / 87.5 = price per share
   Additional amount / price per share = additional shares

The attached is **Exhibit "D"**

referred to in the affidavit

of George Timothy Hewison #13 sworn before

me at ~~Fernie~~ Clarbrook, B.C.,

this 26 day of February, 2014

A Commissioner for taking Affidavits
within British Columbia

ASIA COPPER INVESTMENT CO. LTD.
c/o Davis LLP
2800 Park Place, 666 Burrard St.
Vancouver, BC V6C 2Z7

PRIVATE & CONFIDENTIAL

February 25, 2014

Stanfield Mining Group
c/o Gowling Lafleur Henderson LLP
Suite 2300 - 550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Mr. Tim Hewison

Dear Sir:

Re: Facility Letter re Debtor in Possession Loan to Stanfield Mining Group

Asia Copper Investment Co. Ltd. is pleased to offer a fully secured debtor-in-possession non-revolving credit facility, including all accrued interest and other amounts as set out herein (the "**DIP Loan**"), on the terms and conditions set out in this facility letter (the "**Facility Letter**").

This Facility Letter has been provided pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") proceeding in the Supreme Court of British Columbia (the "**Court**") in the matter of the Stanfield Mining Group, Action No. S-113459, Vancouver Registry (the "**CCAA Proceedings**").

All dollar amounts expressed herein are in Canadian dollars.

All terms used but not defined herein have the meaning ascribed to them in the Initial Order pronounced by the Honourable Madam Justice Fitzpatrick on May 26, 2011 in the CCAA Proceedings.

Borrowers:

Bul River Mineral Corporation, Big Bear Metal Mining Corporation, Earth's Vital Extractors Limited, Fort Steele Mineral Corporation, Fused Heat Ltd., Gallowai Metal Mining Corporation, Giant Steeples Mineral Corporation, Grand Mineral Corporation, International Feldspar Ltd., Kutteni Diamonds Ltd., Stanfield Mining Group of Canada Ltd., Sullibin Mineral Corporation, Sullibin Multi Metal Corporation, Super Feldspars Corporation, White Cat Metal Mining Corporation, Zeus Metal Mining Corporation, Zeus Mineral Corporation, Zeus Metals Corporation, Fort Steele Metals Corporation, JAO Mine Developers Ltd. and George Timothy Hewison in his capacity as personal representative of the Estate of Ross Hale Stanfield (collectively the "**Stanfield Mining Group**" or the "**Borrowers**").

Lender:

Asia Copper Investment Co. Ltd. (the "**Lender**").

1. DIP Loan

1.1 Purpose:

The DIP Loan may only be used by the Borrowers to:

(a) finance the repayment of all amounts outstanding under the facility granted by CuVeras, LLC ("**CuVeras**") to the Borrowers;

(b) assist in in financing the day-to-day operating requirements of the Borrowers;

(c) fund additional steps required to be taken to move the Borrowers' mining operations towards production, including, but not limited to obtaining the required permits from the British Columbia Ministry of Energy and Mines; and

(d) finance expenses associated with the CCAA Proceedings including the preparation of a Restructuring Plan (the "**Plan**") and all steps necessary to obtain creditor and court approval of the Plan.

1.2 Amount and Availability:

The amount available under the DIP Loan shall be determined as follows:

(a) an advance in the principal amount of $7,831,741, available by way of an initial advance sufficient to pay out the current lender CuVeras (the "**1st Draw**") in accordance with and subject to the terms and conditions set forth in this Facility Letter; and

(b) subject to the Lender's discretion, subsequent advances of a minimum of $300,000 (each a "**Draw**" or collectively, "**Draws**") per month, for a maximum of three (3) months, shall be available upon receipt of ten (10) days' prior written notice from the Borrowers to the Lender, provided that the Borrowers are in compliance with the terms and conditions set forth in this Facility Letter. For greater clarity, the Borrowers shall not be obligated to draw down any further Draws (in whole or in part) unless and until the Borrowers determine that it is necessary or appropriate for them to do so and the Borrowers shall not be required to pay interest on the undrawn amounts unless and until further Draws are actually advanced to them by the Lender in accordance with the terms of this Facility Letter.

The DIP Loan will be available to the Borrowers in accordance with the terms hereof upon: (i) the execution and delivery of this Facility Letter by the Borrowers; (ii) the approval of this Facility Letter and the making of the DIP Loan by an order of the Court in form and content satisfactory to the Lender (the "**DIP Order**") in accordance with paragraph 2(b) authorizing the

borrowing of the DIP Loan by the Borrowers and confirming a Court-ordered first fixed charge in favour of the Lender (the "**DIP Charge**") on the Property securing all principal, interest and other amounts payable under the DIP Loan and this Facility Letter and ranking in priority to all claims, security interests and other encumbrances of any kind or nature over which the Court may grant priority (other than the Administration Charge) including, without limitation, the Directors' Charge and Her Majesty the Queen in Right of Canada or any province (collectively the "**Government**") and other claims as permitted by law; and (iii) the satisfaction of the other conditions set out in section 2 of this Facility Letter.

Notwithstanding any other provision to the contrary in this Facility Letter and for greater certainty, the Lender shall have the sole discretion to determine whether to provide any funds under the DIP Loan at any time.

1.3 Repayment on Demand:

The aggregate principal amount of the DIP Loan, (together with all accrued interest and other amounts payable under this Facility Letter or any Security Documents) shall be repaid (and any obligation of the Lender to make advances shall be permanently cancelled) on demand. If the Lender has not previously made a demand under this Facility Letter, the DIP Loan (together with all accrued interest and other amounts payable under this Facility Letter or any Security Documents) shall be repaid (and any obligation of the Lender to make advances shall be permanently cancelled) in full on the earlier of (the "**Maturity Date**"):

(a) Eight (8) months following the date of the initial advance under the DIP Loan (the "**Term**");

(b) the date on which the stay of proceedings ordered in the CCAA Proceedings (the "**Stay**") is terminated or lifted, in whole or in part, provided that if the Stay is only lifted in part, it will be deemed not to be lifted for the purposes of this Facility Letter if the Lender is of the view, in its sole and absolute discretion, that the partial lifting does not impair the ability of the Borrowers to successfully pursue the Plan or impair the Lender's security; and

(c) the occurrence of an Event of Default (as defined below).

1.4 Interest Rate:

Interest during the Term and any extensions shall accrue at the rate of nine percent (9%) per annum, compounded monthly, which interest shall be calculated daily on the daily closing principal balance owing in respect of the DIP Loan, not in advance, and shall be payable both before and after judgment as well as before and after maturity. Prior to the Maturity Date or demand, interest shall accrue and be added to the principal amount of the DIP Loan.

For the purposes of disclosure under the *Interest Act* (Canada), where in this Facility Letter or in any Security Agreement (as defined below) an annual rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.

For greater certainty, whenever any amount is payable under any Facility Letter as interest or as a fee which requires the calculation of an amount using a percentage per annum, each party to this Facility Letter acknowledges and agrees that such amount shall be calculated as of the date payment is due without application of the "deemed reinvestment principle" or the "effective yield method".

Notwithstanding any provision to the contrary contained in this Facility Letter or any other Security Document, in no event will the aggregate "interest" (as defined in section 347 of the *Criminal Code* (Canada)) payable under this Facility Letter or any other Security Document exceed the effective annual rate of interest on the "credit advanced" (as defined in that section) under this Facility Letter lawfully permitted under that section and, if any payment, collection or demand pursuant to this Agreement or any other Security Document in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand will be deemed to have been made by mutual mistake of the Borrowers and the Lender and the amount of such payment or collection will be refunded to the Borrowers. For the purposes of this Facility Letter and any other Security Document, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the DIP Loan on the basis of monthly compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender will be conclusive for the purposes of such determination.

1.5 Prepayment:

The Borrowers may prepay in full all amounts outstanding under the DIP Loan prior to the Maturity Date upon ten (10) days' prior written notice to the Lender on the terms herein. In no event shall the Lender be obligated to accept any amount that would be contrary to any law respecting interest to be charged. If the amounts outstanding under the DIP Loan are prepaid prior to the Maturity Date, the Borrower shall pay the Lender a prepayment fee in the aggregate amount of five percent (5%) of all amounts outstanding under the DIP Loan.

1.6 Commitment Fee:

The Borrowers shall pay to the Lender a Commitment Fee of $75,000.00 upon the execution and delivery of this Facility Letter by the Borrowers. If remaining unpaid at the time of the 1st Draw, this fee shall be deducted from the proceeds of the 1st Draw.

1.7 Facility Fee:

Upon funding the 1st Draw, a Facility Fee of one percent (1%) of the total authorized DIP Loan (whether drawn or not) shall be fully earned and added to the principal amount of the DIP Loan.

1.8 Maintenance and Monitoring Fee:

On the last day of each month until the DIP Loan is paid in full (and pro-rated for partial months) and any obligations of the Lender to allow Draws are permanently cancelled, a $1,000.00 maintenance fee shall be earned and shall be added to the principal amount of the DIP Loan.

1.9 Further Loans:

The Borrowers agree that, during the Term, they will not borrow any further funds from any other party.

1.10 Distribution of Net Proceeds:

All net proceeds (all proceeds after deducting arm's length sales commissions and costs) from the sale of any of the Property of the Borrowers outside of the ordinary course of business shall be applied toward the outstanding indebtedness of the DIP Loan.

1.11 Priority of Other Court Ordered Charges:

The Administration Charge granted in the CCAA Proceedings to a maximum of $350,000 shall be in priority to the DIP Charge.

The Directors' Charge granted in the CCAA Proceedings shall be subordinate to the DIP Charge.

1.12 No Set-off:

All payments required to be made by the Borrowers pursuant to the provisions hereof or any other Security Document shall be made in immediately available funds and without any set-off, deduction, withholding or counter-claim or cross-claim.

2. **Conditions**

The obligation of the Lender to advance the 1st Draw or any subsequent Draw or Draws of the DIP Loan is conditional upon the satisfaction, or waiver by the Lender, of the following conditions:

(a) satisfactory review and acceptance by the Lender and its solicitors of all Court orders and other materials filed in the CCAA Proceedings;

(b) the DIP Order is made and, in case of any subsequent advances, any additional order of the Court required in connection with such advance shall have been made on terms approved by the Lender in its sole discretion (a "**Subsequent DIP Advance Order**") and including provisions:

(i) declaring that the DIP Charge shall have priority over all other security, charges or liens and all claims against the Property (other than the Administration Charge), including Government and other claims as permitted by law, and that the security shall be deemed to be valid and perfected by the granting of the DIP Order;

(ii) declaring that the Lender shall not be required to file any financing statement, mortgage or similar instrument or take any other action to validate or perfect the security charges granted by the DIP Order;

(iii) granting the Lender the right, upon the occurrence of an Event of Default (as defined below), to apply for leave to enforce the rights and remedies available to it pursuant to this Facility Letter and the Security Documents (as defined below) and any additional rights and remedies available to it at law or in equity;

(iv) authorizing the Lender to effect such registrations or filings wherever the Lender in its discretion deems appropriate regarding the security interests and charges created by the Security Documents;

(v) declaring that the DIP Order, and the DIP Charge created thereunder, be binding on a trustee-in-bankruptcy of the Borrowers, a receiver, receiver-manager or other officer of the Court and that the DIP Charge shall stand in priority to any right, title and interest claimed by a trustee-in-bankruptcy, receiver or receiver-manager appointed after the date of the DIP Order;

(vi) confirming that the DIP Charge extends to and includes all proceeds, including without limitation, insurance proceeds of the Property;

(vii) prohibiting any other fixed charge or security interest on the Property and any creditor to be secured in a priority or *pari passu* position with the DIP Charge on any of the Property; and

(viii) confirming that any and all prior providers of interim financing to the Borrowers, or any of them, in the CCAA Proceedings have no further interest in the Borrowers or the Property whatsoever.

(c) no application for leave to appeal, notice of appeal or an appeal in respect of the Initial Order, the DIP Order, any Subsequent DIP Advance Order, or any order recognizing or giving effect to the Initial Order, the DIP Order, or any Subsequent DIP Advance Order in any jurisdiction (each a "**Related Order**"), shall have been made or threatened, and all appeal periods in respect of the Initial Order, the DIP Order, any Subsequent DIP Advance Order and any Related Order have expired;

(d) no order lifting or terminating the stay of proceedings as provided for in the Initial Order to permit the enforcement of any security against any of the Property has been made;

(e) no motion to amend, vary or stay the Initial Order, the DIP Order, and any Subsequent DIP Advance Order or any Related Order shall have been made or threatened;

(f) satisfactory review by the Lender and the Lender's solicitors of title to the Property;

(g) satisfactory review by the Lender of updated cash-flows of the Borrowers including amounts due and owing by the Borrowers and their repayment plans;

(h) the Security Documents (as defined below) having been completed and delivered and, where required by the Lender, registered in a form and manner satisfactory to the Lender's solicitors;

(i) satisfactory review by the Lender and verification of insurance arranged by the Borrowers consistent with standard industry requirements;

(j) the Lender having been added as first loss payable and additional insured over the Property pursuant to the Borrowers' insurance coverage and satisfactory evidence thereof having been provided to the Lender and its solicitors;

(k) there are no pending appeals, injunctions or other legal impediments relating to the DIP Loan, or pending litigation seeking to restrain or prohibit the DIP Loan;

(l) confirmation that the Borrowers are in compliance with the terms and conditions of this Facility Letter;

(m) all of the representations and warranties made by the Borrowers in this Facility Letter are true and correct;

(n) no Event of Default (as defined below) having occurred; and

(o) the Lender having received the internally prepared financial statements of the Borrowers, including a cash-flow projection, from and to dates determined by the Lender, is satisfied in its sole discretion. Notwithstanding any other provision to the contrary in this Facility Letter and for greater certainty, the Lender has no obligation to advance any further funds after the 1st Draw.

3. Security

3.1 Security Documents:

The liability, indebtedness and obligations of the Borrowers under the DIP Loan and this Facility Letter shall be evidenced, governed and secured, as the case may be, by the following documents (the "**Security Documents**") which shall be prepared, to the satisfaction of the Lender, in the name of the Lender and, where necessary, registered by the Lender's solicitor:

(a) this Facility Letter;

(b) demand promissory notes to evidence the 1st Draw and any subsequent Draws, executed by the Borrowers;

(c) general security agreements (each a "**Security Agreement**" and collectively, "**Security Agreements**") creating a security interest in all of the present and after-acquired personal property of the Borrowers and a floating charge on land, executed by each of the Borrowers;

(d) a first charge mortgage granted by the Borrowers in favour of the Lender over all of the Borrowers' real property, executed by the Borrowers in a registrable form;

(e) the DIP Order;

(f) a covenant from the Borrowers that they will not permit any other charge or security interest to be registered over the Property that is in a priority or *pari passu* position with the DIP Charge, other than the Administration Charge;

(g) all supporting certificates and opinions as the Lender may reasonably require, including an opinion from the Borrowers' solicitors confirming the priority and enforceability of the DIP Charge; and

(h) such other documents as the Lender may reasonably request.

3.2 Registration:

The Security Documents and the charges created thereby shall be deemed to be valid and perfected by the granting of the DIP Order. The Lender shall not be required to file any financing statement, mortgage or similar instrument or take any other action to validate or perfect the security charges granted hereunder and in the DIP Order. Notwithstanding the foregoing, the Lender may make such registrations or filings in respect of the Security Documents as it deems necessary or beneficial to protect its interests under the Security Documents.

4. Representations and Warranties

The Borrowers represent and warrant to the Lender, upon which the Lender is relying in entering into this Facility Letter, that:

(a) each of the Borrowers that is a corporation is duly incorporated and validly existing under the laws of its jurisdiction of incorporation or continuation and is duly qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which the nature of its assets or business makes such qualification necessary or desirable;

(b) each of the Borrowers that is a corporation has all requisite corporate power and authority to (i) own and operate its properties and assets and to develop, own and operate its business and (ii) to enter into and perform its obligations under this Facility Letter;

(c) the signatory for each of the Borrowers has the authority to execute and deliver this Facility Letter on behalf of the Borrowers;

(d) the execution and delivery of this Facility Letter on behalf of, and the performance by, each of the Borrowers that is a corporation of its respective obligations hereunder have been duly authorized by all necessary corporate action;

(e) no authorization under any Applicable Law (as hereinafter defined), and no registration, designation, declaration or filing with any qualification, Governmental Authority, is or was necessary therefor, other than filings which may be made to register or otherwise record the DIP Charge;

(f) this Facility Letter constitutes a legal, valid and binding obligation of the Borrowers, enforceable against them in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and (ii) the discretion that a court may exercise in the granting of equitable remedies;

(g) the execution and delivery of this Facility Letter and the performance by each of the Borrowers that is a corporation of its respective obligations hereunder and compliance with the terms, conditions and provisions hereof, will not conflict with or result in a breach of its constating documents or organizational documents;

(h) all statements (whether financial or otherwise), information, reports, budgets, forecasts and projections made available by the Borrowers or anyone on their behalf to the Lender are true, complete and accurate in all respects and do not omit any information necessary to make them true, complete and accurate in all respects;

(i) the business operations of the Borrowers have been and will continue to be conducted in compliance with present or future applicable laws, statutes, regulations, treaties, judgments, ordinances, codes, decrees and common law and (whether or not having the force of law) all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders, restrictions, requirements and policies ("**Applicable Law**") of any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government or any governmental or public department, (b) any court, tribunal, arbitral body, statutory body, commission, board, bureau or agency, (c) self-regulatory organization or authority, (d) subdivision, agent, commission, board or authority of any of the foregoing, or (e) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing (a "**Governmental Authority**") of each jurisdiction in which such business has been or is being carried on;

(j) all representations and warranties made by the Borrowers in this Facility Letter are true and correct as of the date such representations and warranties are made;

(k) the Borrowers maintain insurance policies and coverage which are sufficient for compliance with Applicable Law and all material agreements to which any of the Borrowers are a party and provide adequate insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons engaged in the same or similar business to the assets and operations of the Borrowers; and

(l) all factual information provided by or on behalf of the Borrowers to the Lender for the purposes of or in connection with this Facility Letter or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and remains true as of the date provided and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.

5. Affirmative Covenants

The Borrowers covenant and agree with the Lender to:

(a) provide the Lender with five (5) business days' advance notice of all Court filings in the CCAA Proceedings made by it or its solicitors, together with copies of all related Court materials, and provide the Lender with notice of all Court filings that any other person intends to make in the CCAA Proceedings, as indicated in any way to the Borrowers by such person, as soon as reasonably practicable after obtaining knowledge of such intended filings;

(b) comply with the provisions of the Initial Order, the DIP Order, the Related Orders and all other Court orders made in connection with the CCAA Proceedings;

(c) cure or cause to be cured any defects in the execution and delivery of any of the Security Documents or any defects in the validity or enforceability of any Security Agreement and at their expense, execute and deliver or cause to be executed or delivered, all such agreements, instruments and other documents as the Lender may consider necessary or desirable for the foregoing purposes;

(d) forthwith after the acceptance by the Borrowers of this Facility Letter, provide to the Lender:

(i) a complete copy of any environmental reports, audits or claims received or obtained by it with respect to its current or any former business premises;

(ii) notice forthwith upon becoming aware of any claim, inquiry, proceeding, investigation or other action, including a request for information or a notice of potential liability under any environmental law or legislation, by or from any Governmental Authority or any third party claimant; and

(iii) notice forthwith upon the discovery of the presence on its business premises of any hazardous substance not previously disclosed to the Lender that is in violation of, or that could result in liability in excess of $5,000.00 under any environmental law or legislation, and take or cause to be taken all necessary steps to initiate and expeditiously complete all remedial, corrective and other action to eliminate any liability, and keep the Lender reasonably informed of such actions and the results thereof;

(e) preserve, renew and keep in full force their respective corporate existence (for each of the Borrowers that is a corporation) and their respective material licenses, permits and approvals required in respect of its business, properties, assets or any activities or operations carried out therein;

(f) comply with all zoning by-laws, restrictive covenants and municipal or other Governmental Authority orders;

(g) immediately notify the Lender of the occurrence of any event that may constitute an Event of Default or result in a material adverse change in its financial situation;

(h) subject to the terms of the Initial Order and the DIP Order, comply with Applicable Law and immediately notify the Lender of any action, claim, lawsuit, demand, investigation or proceeding pending, or to the knowledge of the Borrowers, threatened, against the Borrowers, before any Governmental Authority; and

(i) permit the Lender or its representatives to have access to and inspect the books, records and the Property of the Borrowers.

6. **Reporting Covenants**

The Borrowers shall deliver to the Lender:

(a) on a bi-weekly basis, an updated cash-flow budget in form and substance satisfactory to and approved by the Lender;

(b) copies of all reports that are provided to the Court and/or the Monitor in the CCAA Proceedings, including Statements of Receipts and Disbursements, within two (2) days after the reports have been provided to the Court or the Monitor as the case may be;

(c) monthly, within 30 days of each calendar month end, internally-prepared and signed profit and loss statements and balance sheet for the Borrowers; and

(d) such additional financial statements and information as and when requested by the Lender.

7. **Negative Covenants**

The Borrowers covenant and agree not to, while any portion of the DIP Loan or any indebtedness or liability of the Borrowers under this Facility Letter remains outstanding, other than with the approval of the Lender or as permitted by the Initial Order or DIP Order or further order of the Court:

(a) request, obtain or consent to a variation of the DIP Order;

(b) assume, create, incur or otherwise permit any charge on the Property, other than the Administration Charge, the Directors' Charge and the DIP Charge;

(c) make any acquisitions, investments or loans to any party or guarantee the obligations of any party;

(d) make any capital expenditures after the acceptance by the Borrowers of this Facility Letter;

(e) sell, assign, lease, transfer or otherwise dispose of any of their assets, except in the ordinary course of business; or

(f) incur or enter into any debts, liabilities or obligations, including, without limitation, guarantees and contingent obligations, except in the ordinary course of business.

8. **Events of Default**

The occurrence of any one or more of the following events shall constitute an event of default (**"Event of Default"**) under this Facility Letter:

(a) failure by the Borrowers to pay any principal, interest, fees or any other amounts payable to the Lender, in each case upon demand and when due and owing hereunder;

(b) any payment is made by the Borrowers that is not contemplated by this Facility Letter or in accordance with cash-flow projections previously approved by the Lender;

(c) any representation or warranty made by the Borrowers in this Facility Letter or in any other document in connection with this Facility Letter is false in any material respect;

(d) the Borrowers default in the observance or performance of any other covenant or obligation hereunder which default, if curable, is not cured within five (5) business days after written notice from the Lender;

(e) the Borrowers default under any other credit, loan or security agreement to which any of the Borrowers is a party which default, if curable, is not cured within five (5) business days after receipt of written notice of same;

(f) any Security Document is or becomes illegal, invalid, prohibited or unenforceable and/or ceases to rank in the priority contemplated in this Facility Letter against the applicable collateral;

(g) the issuance of an order terminating the CCAA Proceedings or lifting or terminating the stay of proceedings as provided for in the Initial Order to permit the enforcement of any security against any of the Property or any claim against the Borrowers, or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrowers or the Property;

(h) the issuance of an order granting a charge on any of the Property which is in a priority or *pari passu* position with the DIP Charge, other than the Administration Charge;

(i) the sale of any Property without the prior written consent of the Lender;

(j) the issuance of an order staying, reversing, vacating or otherwise modifying the DIP Charge or the DIP Order or any other order in the CCAA Proceedings in a manner which adversely impacts the rights and interests of the Lender, provided, however, that any such order which provides for payment in full of all of the obligations of the Borrowers under the DIP Loan shall not constitute an Event of Default;

(k) the DIP Order is varied without the consent of the Lender; or

(l) an order of a court of competent jurisdiction is made, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise, of the Borrowers, that in the absolute and sole opinion of the Lender will result in a material adverse change in the operations, financial condition or prospects of the Borrowers.

9. Remedies

On the Maturity Date, or such earlier date as provided herein, any right of the Borrowers to receive any advance or other accommodation of credit from the Lender shall be immediately terminated and any further advances made thereafter, if any, shall be in the sole discretion of the Lender. The Lender shall be entitled, in addition to all other remedies at law and under any security or other agreement, to exercise its rights to notify account debtors of the Borrowers to pay accounts receivable directly to the Lender. In addition, on the Maturity Date, all debts and liabilities of the Borrowers to the Lender shall become immediately due and payable.

Without limiting the foregoing, from and after the date the Lender makes a demand for repayment or the Maturity Date, the Lender shall have the right to exercise all remedies under

Applicable Law, including, without limitation, the right to realize on all Property in each case without the necessity of obtaining further relief or order from any court, including the Court. For greater certainty, upon the occurrence of an Event of Default, the Lender shall be entitled to immediately seize all Property without the necessity of obtaining an order from the Court.

For greater certainty, nothing shall prevent the Lender from applying to the Court or any court in any relevant foreign jurisdiction on two (2) business days' notice, or such shorter notice as the Court or such other court may permit, for such relief as the Lender may determine is necessary or appropriate at any time.

For the avoidance of doubt, no failure or delay by the Lender in exercising any of its rights hereunder or at law shall be deemed a waiver of any kind, and the Lender shall be entitled to exercise such rights in accordance with this Facility Letter at any time.

10. Property Management and Security

Management and security of the Property shall be provided at all times in a professional manner and in accordance with industry standards. Any renewal of property management and security contracts for the Property is subject to the prior written approval of the Lender.

11. Lapse, Periodic Review and Cancellation

This Facility Letter shall, at the option of the Lender, lapse and the obligations of the Lender shall end if the conditions set out in section 2 of this Facility Letter have not been met and the Lender has provided written notice to the Borrowers of same. Any unadvanced portion of the DIP Loan shall be automatically cancelled upon demand being made by the Lender for repayment of any amount outstanding under the DIP Loan.

12. Acceptance

The terms and conditions of this Facility Letter may be accepted by signing, dating and returning the enclosed duplicate copy of this Facility Letter to the Lender by ____ Pacific Time on _____. Failing such acceptance, this offer will automatically expire and shall be of no further force or effect.

13. Expenses

The Borrowers shall pay all of the Lender's outlays and expenses, including those incurred for due diligence, transportation, copying, appraisals, audits, insurance, consultants, searches, filing and recording fees, collateral auditing fees and all other out-of-pocket costs and expenses incurred by the Lender (including the fees and expenses of its legal counsel and including those fees and expenses in respect of the CCAA Proceedings), whether or not any funds are advanced under this Facility Letter. The Borrowers shall also pay the outlays and expenses of the Lender in connection with this Facility Letter and the transactions contemplated herein, as well as any enforcement of the terms hereof or of the DIP Charge or otherwise incurred in connection with the DIP Loan whether or not any funds are advanced under this Facility Letter. All such costs and expenses, if not immediately paid by the Borrowers upon demand, shall be secured by the DIP Charge and shall bear interest at the interest rate payable upon the DIP Loan.

14. Indemnity and Release

14.1 General Indemnity:

The Borrowers agree to indemnify and hold harmless the Lender, and each of its respective affiliates, officers, directors, employees, agents and advisors (each an "**Indemnified Person**") from and against any and all suits, actions, proceedings, orders, claims, damages, losses, liabilities and expenses (including legal fees and disbursements and other costs of investigation or defence, including those incurred upon any appeal) and including applicable goods and services taxes or other taxes that may be instituted or asserted against or incurred by any such Indemnified Person as a result of or in connection with (i) credit having been extended, suspended or terminated under or in relation to the DIP Loan, (ii) the preparation, execution and delivery of, or refinancing, renegotiation or restructuring of, the Security Documents and any related amendment, waiver, or consent, (iii) the payment of any fees or other amounts payable to the Lender under this Facility Letter or the use of the proceeds thereof and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and any actions or failures to act in connection therewith including the taking of any enforcement actions by the Lender or any other person holding a mortgage or other security interest in respect of the DIP Charge for the benefit of the Lender and legal costs and expenses arising out of or incurred in connection with disputes between or among any parties hereto. All such indemnified amounts, if not immediately paid by the Borrowers upon demand, shall be secured by the DIP Charge and bear interest at the interest rate provided for herein in respect of the DIP Loan.

14.2 Environmental Indemnity:

The Borrowers also hereby agree to indemnify, defend and hold harmless each Indemnified Person from and against any and all environmental liabilities, losses, costs, expenses, damages, claims, judgments, suits, awards, fines, sanctions and liabilities whatsoever (including any costs or expenses of preparing any necessary environmental assessment report or other similar reports) (collectively, "**Environmental Claims**") incurred by an Indemnified Person as a result of:

(i) any breach of applicable environmental laws which relates to the Property or operations of the Borrowers;

(ii) any discharge, spill release, presence, use, creation, transportation, storage or disposal of hazardous substances which relate to the Property or operations of the Borrowers; or

(iii) any claim or order for any clean-up, restoration, detoxification, reclamation, repair or other securing or remedial action which relates to the property or operations of the Borrowers.

The indemnities granted under this Facility Letter shall survive any termination of the DIP Loan.

15. Exclusion of Estate

Notwithstanding anything else in this agreement the liability of George Timothy Hewison in his capacity as personal representative of the estate of Ross Hale Stanfield (the "**Trustee**") under this Facility Letter and any related agreements or orders contemplated herein shall be limited to the Trustee's interest in the assets comprising and materially related to the Borrowers' ~~copper~~ mine known as the Gallowai Bul River Mine (excluding any shares in the Borrowers held by the Trustee) (the "**Trust Assets**") and no charge created by this Facility Letter, any related agreements or orders contemplated herein shall extend to any assets of the Trustee other than the Trust Assets.

16. Notices

Any notice, request or other communication hereunder to any of the parties shall be in writing and be sufficiently given if delivered personally or sent by fax or electronic mail to the attention of the person as set forth below:

(a) in the case of the Borrowers:

Stanfield Mining Group
c/o Gowling Lafleur Henderson LLP
Suite 2300 - 550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Colin D. Brousson

Fax: 604.683.3558
Email: colin.brousson@gowlings.com

(b) in the case of the Lender:

Asia Copper Investment Co. Ltd.
c/o Davis LLP
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Attention: Mary I.A. Buttery/H. Lance Williams

Fax: 604.687.1612
Email: mbuttery@davis.ca/lwilliams@davis.ca

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 p.m. Pacific Time or on a day other than a Saturday, Sunday or other day on which commercial banks in Vancouver, B.C. are closed for regular business (each a "**business day**"), in which case the notice shall be deemed to be received the next business day. Either party may request notices be sent to additional recipients so long as, in the case of notices to the Lender, such recipient is subject to confidentiality obligations.

17. Governing Law and Jurisdiction

This Facility Letter shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Borrowers hereby irrevocably submit to the jurisdiction of the Court for any action, suit or any other proceeding arising out of or relating to this Facility Letter and any other agreement or instrument mentioned therein or any of the transactions contemplated thereby.

18. Assignment

The Lender may assign this Facility Letter and its rights and obligations hereunder, in whole or in part, to any party acceptable to the Lender in its sole and absolute discretion (subject to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the Lender hereunder so assigning this Facility Letter and, if necessary, approval of the Court). Neither this Facility Letter nor any right and obligation hereunder may be assigned by the Borrowers without the approval of the Lender.

19. General Provisions

(a) In this Facility Letter, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

(b) References in this Facility Letter to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.

(c) Time shall be of the essence in this Facility Letter; provided that where any act is to be performed on a day that is not a business day, then such act may be performed on the immediately succeeding business day.

(d) This Facility Letter constitutes the entire agreement between the parties hereto with respect to the subject matters hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Facility Letter.

(e) All covenants, agreements, representations and warranties of the Borrowers herein contained shall be construed and taken as against each of the Borrowers as

joint and several, and the administrators, successors and assigns of any party so executing this Facility Letter as the Borrowers are jointly and severally bound by the covenants, agreements, stipulations and provisos of the Borrowers herein contained and the covenants, stipulations and provisos of the Borrowers herein stated shall be in addition to those granted or implied by statute.

(f) If any term or other provision of this Facility Letter is invalid, illegal or incapable of being enforced by any rule or law or public policy, all other conditions and provisions of this Facility Letter shall nevertheless remain in full force and effect.

(g) No waiver of any of the provisions of this Facility Letter shall be deemed to constitute a waiver of any other provision (whether or not similar) nor a future waiver of the same provisions, nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(h) The Borrowers shall, from time to time, and at all times hereafter, at the request of the Lender and at the cost and expense of the Borrowers, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

(i) This Facility Letter shall enure to the benefit of and be binding upon the Borrowers and the Lender and their respective successors and permitted assigns. This Facility Letter may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The parties shall be entitled to rely upon delivery of an executed facsimile "pdf" or similar executed electronic copy of this Facility Letter, and such facsimile, "pdf" or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the parties.

Yours truly,

ASIA COPPER INVESTMENT CO. LTD.

Per: _____
Authorized Signatory

ACCEPTANCE:

The undersigned hereby acknowledge and agree to the terms and conditions of this Facility Letter this 25th day of February, 2014 and certify that the below noted individuals have the authority to enter into this agreement:

BUL RIVER MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

BIG BEAR METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

EARTH'S VITAL EXTRACTORS LIMITED

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

FORT STEELE MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

FUSED HEAT LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

GALLOWAI METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

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GIANT STEEPLES MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

GRAND MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

INTERNATIONAL FELDSPAR LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

KUTTENI DIAMONDS LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

STANFIELD MINING GROUP OF CANADA LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

SULLIBIN MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

SULLIBIN MULTI METAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

SUPER FELDSPARS CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

WHITE CAT METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

ZEUS METAL MINING CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

ZEUS MINERAL CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

ZEUS METALS CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

FORT STEELE METALS CORPORATION

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

JAO MINE DEVELOPERS LTD.

Per: _____

Name: G. TIMOTHY HEWISON
Title: Authorized Signatory
I have authority to bind the corporation

George Timothy Hewison in his capacity as personal representative of the Estate of Ross Hale Stanfield

_____