

production and sales of red cedar products by 25 percent at Terminal sawmills. This would allow Terminal Sawmills to operate on a five day per week basis. It also agreed to increase 1999 logging operations, which would protect 60 logging jobs, 32 of which are IWA jobs in the Squamish Valley.

3. The Truck Loggers' Association endorsed the Economic Plan.
4. IWA - Canada, Local 2171 endorsed the Economic Plan.

Date Authorized: July 28, 1999

Date in Force and Effect: August 5, 1999

Thompson Creek Mining Ltd.

The Endako Mine is located 190 km west of Prince George and 8.5 km southwest of the Village of Endako near Highway 16, the road that connects Prince George with Prince Rupert. It is an open pit mine and is one of the world's largest primary producers of molybdenum and the only primary producer of molybdenum in Canada, with a throughput of 27,000 tonnes per day. Construction of the mine commenced in 1964 and production started in May 1965. The mine has been in continuous operation since that time with the exception of a brief period in the early 1980's due to poor worldwide economic conditions, although Endako was able to maintain a continuous supply of product from inventory. Endako Mines Ltd. (NPL) amalgamated with Placer Development Limited in 1971 and eventually became a division of Placer Dome Canada Limited.

In 1997, Thompson Creek Mining Co. of Colorado and Nissho Iwai Moly Resources Inc. of Japan formed a joint venture (75 percent/25 percent) and acquired the mine from Placer Dome. Funding for the acquisition was provided through Thompson Creek Mining Ltd. by Nissho Iwai Corporation of Montreal, with Montreal Trust acting as escrow agents. The agreement called for semi-annual payments of US\$2.109 million that commenced January 10, 1998. The company employed 257 people. However, because of an over supply of molybdenum in world markets combined with a sharp decline in metal prices from over US\$4/lb in 1997 to the current level of approximately US\$2.50/lb, the company decided to reduce the mine's production by one third. Employment levels dropped to 198. Given the current metal prices, there was the distinct possibility that the mine would close. Low metal prices would preclude any profits being made in the near future, or for the repayment of borrowed funds. The JPC was approached to provide assistance in restructuring some of the operating costs as an alternative to shutting down the mine and terminating all the employees.

The consulting firm of H. A. Simons Ltd. was engaged to conduct the study, which consisted of a review and analysis of the operational and financial viability of the mine. The consultants concluded that the mine operation would be viable under normal operating conditions. To improve cash flow during the current period of low metal prices, concessions would be required in expenses such as power, consumable supplies, outside services and property taxes. Additional concessions in terms of restructuring of the long-term debt would also be required to keep the mine operating and preserve the 198 direct jobs.

This Economic Plan, which would expire five years from date of approval, was intended to define what commitments were necessary from the various stakeholders to enable the Endako Mine to continue operating while metal prices were low.

Components of the Plan:

1. Thompson Creek Mining Ltd. agreed to employ reasonable commercial efforts to maintain mine operations at the Endako Mine site during the term of the Plan, and to maintain the current arrangements of remittance and response to cash calls with Thompson Creek Mining Co. It agreed to negotiate discounts on goods and services supplied to the project, with a target level of \$250,000 in cost savings, and to arrange for a five percent roll-back of management salaries for a period of one year. In addition, a five percent reduction in remuneration expenses would be achieved through the cancellation of shift differentials, bonuses and profit-sharing for all staff for the same period. It was estimated that, as a result of all of these concessions combined, there would be a cash flow improvement of approximately \$1.2 million. The salary roll-back would be repaid during the following year of the Plan.

Thompson Creek Mining Co. agreed to postpone all dividend payments, repayment of shareholders' loans or any other removal of equity from the company, and defer making any advances or loans to the related companies except as provided for in this Plan, without the prior written consent of the Job Protection Commissioner. It also agreed that there would be no effective transfer of ownership or control of the company without the prior consent of the Job Protection Commissioner. This consent would not be unduly withheld. Finally, it agreed that the Plan would be terminated on the repayment to the respective stakeholders of all deferred monies contemplated by this Plan.

2. Thompson Creek Mining Co. owed approximately US\$27.5 million to Nissho Iwai Corp. as at January 14, 1999, under an Escrow Agreement lodged at Montreal Trust. This Agreement required semi-annual principal payments of US\$2.109 million plus accrued interest on January 10 and July 10 each year until maturity on July 10, 2005. In the interest of ensuring continued support for the company, Thompson Creek Mining Co. agreed to maintain the current arrangements of remittances and responses to cash calls with Thompson Creek Mining Ltd., and in the event that Thompson Creek Mining Ltd. was unable to maintain the repayment schedule from cash flow as contemplated in the Escrow Agreement, Thompson Creek Mining Co. would ensure that any shortfall in the repayment schedule would be covered, if necessary, in accordance with existing agreements.

3. Nissho Iwai Moly Resources Inc. endorsed the plan.
4. B.C. Hydro and Power Authority agreed to provide the Endako Mine Site with a reduction of 50 percent in Hydro costs for power used in the operation of the mine for a period of up to two years. This discount could be canceled or required to be repaid by the Job Protection Commissioner, depending on the fluctuating prices for metals and the exchange rate. It agreed that any recapture of funds as a result of major metal price increases or currency fluctuations, would not be payable until all payments under the Escrow Agreement by Thompson Creek Mining Ltd. were deemed to be in current standing, as determined by the Job Protection Commissioner and the repayment of these funds would be in the form of a 50 percent surcharge over the hydro bill otherwise payable while the Plan was in force and effect.
5. Ministry of Energy and Mines agreed to reduce by 50 percent the mine health and safety inspection fees for a period of two years. It agreed that there would be no increase in the reclamation bonding requirement for a period of two years, provided there was no material change in the mine plan which would significantly increase the potential liability to the Province.
6. Ministry of Finance and Corporate Relations agreed to defer 25 percent of the annual school tax collectable by the Village of Fraser Lake and 25 percent of the tax portion of the property tax bill applicable for the mill site collectable by the Ministry of Finance and Corporate Relations for each of 1999 and 2000, with repayment of the deferred amount in each of 2001, 2002 and 2003 at the same time current taxes were due and payable. Interest charges would be levied at the prescribed rate for overdue taxes, but no penalties for late payment would be assessed.
7. The Village of Fraser Lake agreed to defer 25 percent of the property taxes for the mill site payable for each of 1999 and 2000, with repayment of the deferred amount in three equal annual payments plus interest in each of 2001, 2002 and 2003 at the same time current taxes were due and payable. Interest charges would be levied at the prescribed rate for overdue taxes, but no penalties for late payment would be assessed. It acknowledged the impact of the Plan on the B.C. Hydro Grant in lieu of taxes for the period of the discount, which was estimated to be approximately \$20,000 per annum.
8. The Regional District of Bulkley Nechako agreed to defer 25 percent of that portion of the property taxes for the mill site collectable by the Village of Fraser Lake on behalf of the Regional District, payable for each of 1999 and 2000, with repayment of the deferred amount in three equal annual payments plus interest in each of 2001, 2002 and 2003 at the same time current taxes were due and payable. Interest charges would be levied at the prescribed rate for overdue taxes, but no penalties for late payment would be assessed.

Date Authorized: January 22, 1999

Date in Force and Effect: February 2, 1999