

REF: TRI005-110714

AGREEMENT

BETWEEN

His Royal Highness Senior Chief Musele

AND

Kalumbila Minerals Limited, a subsidiary of First Quantum Minerals Limited

FOR THE

Acquisition of Surface Rights within the Chiefdom of Senior Chief Musele for the Trident Project of approximately 518 square kilometres

This AGREEMENT is made on the 14<sup>th</sup> day of July 2011

BETWEEN

His Royal Highness Muzeya N Felex, Senior Chief Musele and his successors (representing his subjects)

AND

Kalumbila Minerals Limited, a company incorporated under the laws of Zambia hereinafter called “KML”

PREAMBLE

WHEREAS the Senior Chief’s customary lands lie within the Solwezi District, in the Northwestern Province of Zambia.

WHEREAS KML, a subsidiary of First Quantum Minerals Limited currently holds five large scale prospecting licences (together the “Trident Project”) within the Solwezi District, parts of which fall within the Chiefdom of the Senior Chief. On 20 April 2011 KML was awarded four large scale mining licences at the Trident Project located within the Chiefdom of the Senior Chief. The licence numbers are listed below. The Senior Chief Musele has agreed to sign for 518 square kilometres of surface rights.

Licence Number	Area (square kilometres)
15868-HQ-LML	249.00
15869-HQ-LML	244.60
	240.80
15871-HQ-LML	74.87

WHEREAS KML requested an area of 750 square kilometres within the Chiefdom of the Senior Chief but to ensure his people would have land for their current activities and future growth the Senior Chief determined that 518 square kilometres was adequate for the Trident Project as currently planned.

WHEREAS the Senior Chief has agreed on his own behalf and on behalf of his subjects and successors to support the Surface Rights and the Trident Project under the terms of this AGREEMENT.

WHEREAS the Parties agree they have received independent legal advice

NOW THEREFORE the PARTIES who are signatories to this AGREEMENT agree as follows:

DEFINITIONS

In this AGREEMENT, unless inconsistent with or otherwise indicated by the context:

“AGREEMENT” means this AGREEMENT and any documents referred to herein, annexures, schedules and amendments hereto.

“COMPANY” or “KML” means Kalumbila Minerals Limited.

“GOVERNMENT” means the Government of the Republic of Zambia.

“SENIOR CHIEF” means his Royal Highness, Senior Chief Musele and his successors (representing his subjects) as recognised in accordance with section 3 of the Chiefs Act CAP 287 of the laws of Zambia.

“SURFACE RIGHTS” means the grant of land to be held for a term of 99 years under a Direct Lease from the Government, or as extended, and the mining, infrastructure and all other development thereon, operation thereof and access thereto, which may be staged or sized appropriate to rate of development of the Trident Project and its economic capacity.

“PARTY” means a company or person, which is a signatory to this AGREEMENT.

“PROJECT APPROVALS” means all necessary access agreements, approvals, permits, agreements and other required from the Senior Chief, Zambia Environmental Management Agency, Solwezi District Council, Zesco, Water Board, Water Resources Management Authority, Zaffico, Zawa, any statutory body, the Government, First Quantum Minerals Ltd and its Affiliates, third party financiers and others for the Surface Rights and for large scale commercial mining activities at the Trident project.

“ROYAL ESTABLISHMENT” means the Senior Chief and his body of royal families and advisers and their successors acting on behalf of the Senior Chief and on behalf of his subjects and their successors.

## PURPOSE OF THIS AGREEMENT

The purpose of this AGREEMENT is to establish a framework for co-operation under which the signatories hereto pronounce their clear intention to cooperate in the allocation, development and operation of the Surface Rights for the Trident Project.

## NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

### 1. GRANT OF LAND

- 1.1. In accordance with current Zambian legislation and in consideration of the undertakings made by KML and described in Clause 1.2 hereunder, the Senior Chief has agreed on his own behalf and on behalf of his subjects and successors to provide on a non-rescindable and exclusive basis to KML, a grant of land with an area of approximately 518 square kilometres described in the attached map, signed by both Parties (“the Land Grant”).
- 1.2. Subject to Clause 1.3, KML undertakes to provide the following to the Senior Chief on behalf of the Senior Chief and his subjects and successors in consideration and in full and final settlement for all surface or other rights extinguished whether past, present or future, namely:
  - (a) A deposit to the Senior Chief of fifty one thousand eight hundred (\$51,800) United States Dollars in cash as a twenty percent (20%) down payment of the full consideration payable to the Senior Chief, for the non-rescindable and exclusive grant of the land, upon signing of this AGREEMENT;

- (b) An instalment to the Senior Chief of two hundred and seven thousand two hundred (\$207,200) United States Dollars in cash or other form of consideration agreed by the Parties, being the outstanding eighty percent (80%) of the full consideration payable to the Senior Chief, after approval of this grant of land by the Government and upon subsequent receipt by KML of a 99 year leasehold title (“Direct Lease”) from the Government for the Land Grant (the “Reference Date”);
  - (c) An instalment to be held in escrow by KML, or provide a letter of comfort from a recognised bank, in the amount of two hundred and fifty nine thousand (\$259,000) United States Dollars, after approval of this grant of land by the GRZ and upon subsequent receipt by KML of a 99 year leasehold title from the GRZ for the Land Grant, to be ultimately applied to a development foundation (the “Trident Foundation”) to be established at the Trident Project by KML with the assistance of the Royal Establishment;
  - (d) In accordance with the relevant Zambian legislation, compensation for people affected by this project will be determined jointly between the Royal Establishment and KML under the process described in Clause 1.5 below.
- 1.3. The Parties recognize that KML’s obligations under this AGREEMENT are conditional upon the approval of this grant of land by the Government and subsequent receipt of the Direct Lease from the Government. Failure to receive Government approval of this grant of land and the Direct Lease from the Government within the time limit prescribed by KML shall at the discretion of KML alone and upon written notification from KML, make this AGREEMENT null and void.
- 1.4. The Senior Chief undertakes to fully support the application process to the Ministry of Land and Natural Resources from granting of the Direct Lease from the Government to KML, over the complete land area, and all other processes, applications, approvals, or other required for the implementation of this AGREEMENT and the development and operation of the Trident Project. The Senior Chief hereby also expressly consents to the Surface Rights relating to the Trident Project for the purposes of the Mines and Minerals Development Act 2008.
- 1.5. The following process will apply to all compensation under Clause 1.2(d):
- (a) KML with the assistance of the Royal Establishment, community elected representatives and the Ministry of Agriculture will provide a baseline database of established houses and farms based on satellite imagery recorded during May 2010 and surveys conducted during the period commencing November 2010 and expected to conclude in October 2011, unless otherwise extended or updated by KML. This database will be the conclusive evidence in determining whether a house or farm is within the Surface Rights which in turn may make the claimant(s) eligible for compensation.
  - (b) KML will act in accordance with the relevant Zambian legislation in regard to compensation issues. A resettlement and compensation co-ordination group, in the form prescribed by Zambian law and comprising representatives of both the Royal Establishment and KML has been formed.
  - (c) KML in liaison with the Royal Establishment may identify areas which will require resettlement of affected peoples. The Royal Establishment together with the resettlement and compensation co-ordination group and KML will identify and agree areas for resettlement and new farm land. KML undertakes to resettle affected peoples in accordance

with the relevant Zambian legislation, including as agreed by KML, with assistance of the resettlement and compensation co-ordination group, providing a permanent structure at a standard better than their existing structure. KML with the assistance of the resettlement and compensation co-ordination group will agree the elements of the resettlement and compensation entitlement framework, including the notification schedule, the relocation schedule, relocation allowances and infrastructure.

- (d) KML with the assistance of the Royal Establishment and community elected representatives will establish one or more moratorium/s on development of land, including structures thereon, in the area after a cut-off date (each a “Cutoff Date”). The Cutoff Date will determine eligibility for compensation and assistance, and is intended to discourage inflow of people who would otherwise be ineligible for these benefits in the relevant affected areas. KML will use its best efforts to disseminate and advise of each Cutoff Date and the location of relevant affected areas within the land grant area and the compensation process to apply to those involved in the relevant affected areas.
- (e) Claimants for compensation will need to register with the appointed registrar (“KML Registrar”) by a date declared by KML with the assistance of the Royal Establishment and community elected representatives (the “Registration Date”). Subject to Clause 1.5 (k) below, no further claimants will be registered or dealt with after the Registration Date unless an exception is agreed in writing by the Royal Establishment and KML with the assistance of community elected representatives.
- (f) Claims will not be considered valid unless they are in writing, and provide the minimum of information set out on the prescribed form as agreed by the Royal Establishment and KML with the assistance of community elected representatives.
- (g) Within sixty (6) calendar days of the Registration Date KML, with the assistance of the Royal Establishment, community elected representatives and the Ministry of Agriculture, will provide a compensation report (including the payment amount) on each claim. Within sixty (60) calendar days of the Registration Date KML, with the assistance of the Royal Establishment, community elected representatives and the Ministry of Agriculture will also establish a United States Dollar compensation rate/s per are to be included in the compensation report. The Parties will have thirty (30) calendar days to comment in writing on the compensation report, after which time the compensation report shall be taken as agreed between the Parties.
- (h) Within one-hundred-and-ten (110) calendar days of the Registration Date, KML will provide the sum compensation for distribution. Within one-hundred-and-twenty (120) calendar days of the Registration Date, KML will distribute the compensation funds to valid claimants with the assistance of the Royal Establishment, community elected representatives and the Ministry of Agriculture. Valid claimants who have not received compensation funds after this period should contact the KML Registrar.
- (i) Each valid claimant, or their proxy, must sign a direct agreement with KML for receipt of payment which will be considered full compensation for all losses, real, moveable and future. Signature and payment will be considered full and final settlement for the extinguishment of all surface or other rights and title for all claimants and all family and successors and will absolve KML of all its obligations to such claimants whether past, present or future.

- (j) Any outstanding compensation for a claimant that cannot be located will be deposited in an escrow account by KML and the claim will be considered extinguished and fully compensated and fully and finally settled under Clause 1.5 (i). If not claimed, after a period of five (5) years from the Closing Date the funds and interest in the escrow account will be distributed to the Royal Establishment and considered discharged.
  - (k) No compensation matters for this grant of land will be entered into by the Royal Establishment or KML if lodged with the KML Registrar on or after 17.00 hours Zambian time on the closing date (“Closing Date”) being one-hundred-and-twenty (120) calendar days after the Registration Date. After the Closing Date new claims will not be considered and will not be valid for the purposes of the compensation process. Within two weeks of the Closing Date, KML and the Royal Establishment with the assistance of community elected representatives will meet to assess the status of the compensation.
- 1.6. KML may assign or novate the land, the assets of the Surface Rights and all KML’s rights and obligations under this AGREEMENT or arising as a result of implementing this AGREEMENT to a Zambian Affiliate company. KML will notify the Senior Chief in writing of any such assignment or novation.
- 1.7. The terms and conditions of this AGREEMENT shall remain in \_\_\_\_\_ the event of any change in legislation affecting this AGREEMENT before or after the issue of the Direct Lease from the Government for the Surface Rights then the Parties hereto undertake to take such steps as necessary and appropriate leading to the issue or retention of the Direct Lease from the Government and to otherwise permit KML to have the full benefit of this AGREEMENT.
2. SURFACE RIGHTS
- 2.1. Development of the Surface Rights and other rights affecting the Trident Project is conditional upon receipt of all necessary Project Approvals to the satisfaction of KML, and upon receipt of all necessary approvals otherwise required under this AGREEMENT for the Trident Project. Development of the Trident Project by KML may be staged or sized appropriate to its economic capacity.
- 2.2. The Parties agree that they shall use all reasonable considerations in working with the Government, Environmental Council of Zambia, Solwezi District Council, Zesco, Water Board, Zaffico, Zawa, third party financiers or any other party, to ensure the Surface Rights are developed according to the needs and priorities of the Trident Project and that the Surface Rights maintain their economic well being.
- 2.3. Subject to the relevant Zambian legislation KML will control the development process and timetable, planning, operation, management, variation and administration of the Surface Rights, including without limiting the foregoing all permitting, applications and approvals processes and security, fencing, roads, railways, water, electricity, housing, construction, conservation, cultivation, farming, forestry, game management and other requirements that might arise related to the economic well being of the Trident Project.
- 2.4. KML will have the right to restrict the use of access, land and properties within the Surface Rights and insist that each occupier respect the restrictions and/or covenants that apply. Subject to the

relevant Zambian legislation for gazetted roads and traditional walkways, the Parties agree KML will be able to construct fencing lines required for the security of the Surface Rights.

3. CONFIDENTIALITY

4. DISPUTE

4.1. In the event of any major dispute the Parties shall endeavour to settle the dispute amicably between themselves, in accordance with the following procedure:

- (a) Either Party to deliver by hand mail to other Party a notice of dispute describing the grievances and submitting the proofs supporting them;
- (b) Upon receipt of this notification, the Parties shall attempt to resolve this dispute amicably within sixty (60) days of receipt of this notification or within any longer time frame decided unanimously by the Parties. A unanimous written decision rendered by the Parties will have a binding character.

Should the Parties not achieve an amicable resolution within the abovementioned sixty (60) day time frame (or any longer time frame agreed by the Parties), any Party may submit the dispute to arbitration in which event each Party shall appoint one arbitrator and the two arbitrators so appointed shall mutually agree on the appointment of a third arbitrator. The Parties agree that the venue of the arbitration shall be Lusaka, that the laws of Zambia shall apply to the issues in dispute and that the procedure of the arbitration shall be governed by the provisions of the Arbitration Act (No.19 of 2000) or any statutory modification or re-enactment thereof for the time being in force.

4.2. The Parties will continue to be obliged to perform all obligations (other than the disputed obligation/s) while a dispute is being resolved.

5. MISCELLANEOUS

5.1. This AGREEMENT shall be governed by the laws of Zambia.

5.2. Should any provision of this AGREEMENT become illegal or void for any reason, the validity of the remaining provisions shall not be affected and the Parties will agree on resolution of the relevant provision.

5.3. Should this AGREEMENT be materially breached by either Party, the Senior Chief and KML agree to indemnify each other against all direct actions, claims, liabilities, damages, costs, charges and expenses suffered or incurred as a result of any material breach of this AGREEMENT. Neither Party will be liable to the other Party for any consequential, indirect or punitive loss, damage, cost or expense whatsoever (including, without limitation, loss of profits).

5.4. Each Party undertakes to procure that each of its Affiliates abides by the terms of this AGREEMENT as if it were a Party to this AGREEMENT.

5.5. Notwithstanding Clause 1.6 above either Party shall not be entitled to assign any of its rights or obligations under this AGREEMENT, other than to an Affiliate, without prior written approval of the other Party.

- 5.6. The Parties hereby confirm that they shall abide by the Zambian Anti-Corruption Commission Act, 1996 and the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions or such relevant domestic legislation ratifying the convention and will at all times conduct their business pursuant to this AGREEMENT in a proper and ethical manner and in full compliance with such legislation.
- 5.7. This AGREEMENT shall be effective from the date on which it is signed by both Parties and shall continue in full force and effect unless terminated earlier by mutual agreement of the Parties in writing.
- 5.8. Termination of this AGREEMENT shall not affect any rights or obligations of the Parties, which may have accrued prior to termination. In particular the Parties agree that to the extent that compensation has been paid and settled under Clause 1.5, each Party will honour the rights accrued by the other Party and these will survive Termination of this AGREEMENT. If this AGREEMENT is terminated due to a failure to receive approval of this grant of land by the Government and the Direct Lease from the Government, the Parties agree to disengage with the minimum of costs to the other Party and use their best efforts to obtain that approval through further agreement within a timetable to suit the development of the Trident Project. Each of the Parties will meet its own costs associated with termination of this AGREEMENT.
- 5.9. This AGREEMENT may be executed with any number of counterparts and by either Party on separate counterparts, each of which when executed and delivered shall constitute an original, and all counterparts shall together constitute but one and the same instrument.
- 5.10. This AGREEMENT may be amended or varied in any respect and at any time by mutual agreement of the Parties in writing.
- 5.11. Any or all communications or notices required to be delivered under this AGREEMENT shall be sent by courier:

If sent to the Senior Chief –  
His Royal Highness Senior Chief Musele  
The Musele Royal Establishment  
Senior Chief Musele's Own Palace  
Solwezi West, ZAMBIA

If sent to KML –  
Kalumbila Minerals Limited  
Attention: Tristan Pascall  
Plot 3805, P O Box 230022  
Zambia Road, Industrial Area  
Ndola, ZAMBIA

With a copy to –  
First Quantum Minerals Limited  
Attention: the Corporate Secretary  
8<sup>th</sup> Floor, 543 Granville Street  
Vancouver, British Columbia  
CANADA B6C 1X8



IN WITNESS WHEREOF the Parties have duly executed this AGREEMENT

Signature: .....  
(His Royal Highness Senior Chief Musele)

Date:.....

Place: .....

Official Stamp:

In the presence of:.....

Signature:.....

Signature: .....  
(Kalumbila Minerals Limited)

Date:.....

Place: .....

Official Stamp:

In the presence of:.....

Signature:.....

Attached:  
Map showing location of land grant area.