

COLLECTIVE AGREEMENT

Between

ELKFORD INDUSTRIES LTD.

And

**UNITED STEELWORKERS OF AMERICA
LOCAL 7884**

May 1st, 2002 to April 30th, 2006

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ARTICLE 1 PURPOSE OF AGREEMENT

1.01 Intent of Parties

The purpose of this Agreement is to promote and maintain a harmonious relationship between the Company and its Employees, to set forth herein the working conditions, hours of work and wages for all Employees who are subject to the provisions of this Agreement, and to provide an amicable and equitable method of settling grievances or differences which may arise.

1.02 Non-Discrimination

The provisions contained herein will apply to all Employees covered by this Agreement without discrimination on account of race, colour, creed, sex, national origin, membership in the Union or any activity on behalf of and/or holding office in the Union. The Parties also subscribe to and support the provisions of the Human Rights Code of British Columbia.

1.03 Singular and Plural/Gender

In this Agreement, whenever the male pronoun is used, it shall be deemed to include the female pronoun or vice versa and whenever the singular is used, it shall be deemed to include the plural, and vice versa.

ARTICLE 2 SCOPE OF AGREEMENT

2.01 Scope

This Agreement covers all Employees of Elkford Industries Ltd. performing work at or for Fording Coal Limited (Fording River Coal and the Greenhills Mine operations), except persons employed in a confidential capacity, persons excluded by the Labour Relations Code of British Columbia, and all supervisors, office, clerical and technical staff.

ARTICLE 3 MANAGEMENT RIGHTS

3.01 Management Rights

- (a) Subject to the terms of this Agreement, the Company shall remain vested with the exclusive control of management and operation of the Company and with the direction and supervision of the working force, including its right to hire, suspend, discipline, or discharge Employees for just cause, or to transfer to new duties, or to lay off Employees because of lack of work or for other legitimate reasons, or to schedule its operations, or to exceed, limit, curtail or reschedule its operations when in its sole discretion it may deem it advisable to do so.

- (b) It is expressly understood that all rights not specifically covered by this Agreement shall remain the rights of the Company and nothing in this Agreement shall be construed as limiting the regular and customary rights of the Company.
- (c) In the event that the Union claims Management has exercised its rights in a discriminatory, arbitrary, or unjust manner then such claim shall be considered a grievance, and shall be dealt with in accordance with the terms of the Grievance Procedure as contained in this Agreement.

3.02 Rules and Regulations

The Company may make and alter rules and regulations governing the work environment and conduct of Employees, however, such rules and regulations shall not be unreasonable or inconsistent with the terms of this Agreement. The Company shall notify, in writing, the Employees and the Union Staff Representative of any new or changed rules or regulations and the date they are to take effect.

ARTICLE 4 UNION SECURITY AND CHECK-OFF

4.01 Bargaining Recognition

- (a) The Company recognizes the Union as the sole and exclusive bargaining agent for all Employees as defined in Article 2.01 of this Agreement.
- (b) The Company also recognizes that it is not the function of persons not in the bargaining unit to perform work that is normally performed by Employees in the bargaining unit where qualified Employees are available to perform such work. The provision shall not restrict the Company's ability to instruct, train or to ensure the safe and proper operation of equipment, to perform such functions in emergency situations and to operate test programs.

4.02 Authorization for Union Dues

All employees of the Company covered by this Agreement shall become and remain members in good standing of the Union as per the Union's Bylaws and Constitution.

4.03 Union Dues

- (a) The Company will **deduct from the wages of each employee** Union dues, assessments and fines and shall remit such dues, assessments and fines to the Union monthly, together with information as to the persons from whose pay such deductions have been made. All such deductions shall be

remitted to the Union by the 15th day of the month following the month in which such dues were made.

- (b) The Union shall advise the Company, in writing, of the amount of Union dues to be deducted from Employees and the frequency of such deductions.

4.04 Shop Stewards

The Union shall elect or designate a reasonable number of shop stewards who shall be recognized by the Company provided the Union advises the Company in writing of such appointments.

4.05 Company Indemnification

The Union shall indemnify the Company and hold it harmless against any and all suits, claims, demands and liabilities that shall arise out of or by reason of any action taken or not taken by the Company for the purpose of complying with any provision of this Article.

ARTICLE 5 WORK STOPPAGES

5.01 No Strike

The Union agrees that neither the Union, its officers, representatives or members shall authorize, encourage or participate in any strike, work stoppage, walkout, slow-down, or any act of a similar nature which would in any way interfere with, limit or impede the operations of the Company during the term of this Agreement.

5.02 No Lockout

The Company agrees that there shall be no lockout of Employees during the term of this Agreement.

ARTICLE 6 GRIEVANCE AND ARBITRATION

6.01 Purpose

It is the purpose and intent of this Article, which shall be available to both the Union and the Company, to provide for the equitable adjustment of grievances. Should any differences arise between the Company and the Union as to the interpretation or application of the provisions of this Agreement or as to any questions relating to the wages, hours of work or other conditions of employment of any Employee, the matter in dispute shall be dealt with in accordance with the provisions of this Article.

6.02 Grievance Procedure

All Employee grievances shall be submitted in writing to the appropriate Manager of the Company within thirty (30) calendar days of the event giving rise to the grievance, or from the time the Employee should reasonably have known of the occurrence giving rise to the grievance, and such grievance shall be processed in accordance with the following:

STEP 1

The Manager shall meet with the grieving Employee, and if requested the Employee's Shop Steward, within seven (7) calendar days of receipt of the grievance in an attempt to resolve the matter in dispute. The Manager shall record the facts presented, investigate the matter in dispute and respond to the Employee, in writing, with a copy to the Union, within five (5) working days from the date of the meeting.

If the grievance is not satisfactorily resolved at this step in the procedure, the matter may proceed to Step 2.

STEP 2

Within seven (7) calendar days from the time settlement could have been made in the previous step, the Shop Steward and the Employee may present the grievance in writing to the General Manager. The General Manager shall investigate the matter in dispute and provide a written answer to the Shop Steward and the Employee within seven (7) calendar days from the date of the meeting.

If the grievance is not satisfactorily resolved at this step in the procedure, the matter may proceed in accordance with the Arbitration Procedure contained in this Article.

6.03 Arbitration Procedure

Within thirty (30) days of the written response to the grievance in Step 2, if the matter is not satisfactorily resolved, either Party may refer the matter to Arbitration by giving the other Party notice in writing of its intent to proceed to Arbitration in accordance with the following:

(a) Selection of Arbitrator

Within fourteen (14) working days from receipt of the written notice of intent to proceed to Arbitration, the Parties shall meet to select a Single Arbitrator to hear the matter in dispute. In the event the Parties are unable to mutually agree on the selection of an Arbitrator, the Parties shall select

an Arbitrator from a list of recommended Arbitrators provided by the Labour Relations Board.

(b) Jurisdiction of Arbitrator

The Arbitrator shall have the jurisdiction to deal with the matter in dispute and to render a decision that is final and binding on all Parties concerned, however, the Arbitrator shall not have the authority to alter, modify or amend the terms and conditions of this Agreement.

(c) Decision of the Arbitrator

The Arbitrator shall hear the matter in dispute and shall render his decision within thirty (30) calendar days of the conclusion of the hearing.

(d) Expenses of the Arbitrator

The Parties shall equally share the expenses and fees of the Arbitrator. The Parties shall each bear the expenses incurred with respect to its own presentation, preparation and witnesses.

6.04 Policy Grievances

- (a) In the event that any differences arise between the Union and the Company as to the meaning and / or application of the provisions of this Agreement or as to any questions relating to the wages, hours of work or other conditions of employment of any Employee, the Union or the Company shall have the right to present a Policy grievance.
- (b) Policy grievances must be presented to the other Party within seven (7) calendar days of the alleged incident that initiated the difference, or from the time the Party should reasonably have known of the occurrence giving rise to the grievance.
- (c) The Company and the Union shall meet within fourteen (14) calendar days after the presentation of the Policy Grievance in an attempt to resolve the dispute. If the Parties fail to resolve the matter through this process, either Party may submit the grievance to arbitration in accordance with the provisions of this Article.

6.05 Arbitration Costs – Labour Relations Code

The Parties hereto may mutually agree to utilize Section 103 of the Labour Relations Code with respect to payment of costs incurred related to the Arbitration process referred to in this Agreement.

ARTICLE 7 DISCIPLINE AND DISCHARGE

7.01 Just Cause

The Company shall only discipline, discharge or terminate an Employee for just cause. The burden of proof of just cause shall rest with the Company.

7.02 Notice of Disciplinary Action

- (a) Where a formal discipline meeting is to occur concerning any Employee, the Company shall advise the Union in advance and a Union representative, other than the affected Employee, must be present to attend and participate in such meeting.
- (b) The Company shall advise an Employee in writing of any disciplinary action to be taken and the reasons in full for such action. The Company shall also provide the Union with a copy of each such disciplinary notice.

7.03 Right to Appeal

An Employee shall have the right to appeal any disciplinary action including, but not limited to, suspension, discharge or termination, in accordance with the Grievance and Arbitration Procedures contained in this Agreement

7.04 Discipline Grievances

Where an Arbitrator finds that an Employee has been dismissed, suspended, terminated, or otherwise disciplined for other than just cause, the Arbitrator, the Labour Relations Board, or other body shall have the power to:

- (a) direct the Company to reinstate the Employee with full wages or salary and all other rights and entitlements under this Agreement, and
- (b) make such other order as it considers fair and reasonable, having regard to all of the circumstances and the terms of this Agreement.

ARTICLE 8 SENIORITY

8.01 Definition of Seniority

Seniority shall be defined as the length of an Employee's continuous service with the Company within the bargaining unit.

8.02 Probation Period

A new Employee shall be on probation until such time as the Employee has completed forty-five (45) shifts worked three hundred and sixty (360) hours. The probation period referred to in this section may be accumulated during a period not to exceed two (2) calendar years. The Parties agree that during the probation period a probationary Employee may be dismissed for lesser cause than a regular Employee.

8.03 Calculation of Seniority

On successful completion of the probation period referred to in this Article, the new Employee's seniority with the Company in the bargaining unit shall commence from the last date of hire.

8.04 Loss of Seniority

An Employee shall lose seniority standing, employment shall be terminated and the Employee's name shall be removed from all seniority lists for any of the following reasons:

- (a) if an Employee voluntarily quits.
- (b) If an Employee is discharged and not reinstated under the terms of the collective agreement.
- (c) If an Employee is laid off for a period in excess of eighteen (18) months.
- (d) If an Employee is laid off and fails to return to work within ten (10) calendar days after being notified to do so by the Company by registered mail to the Employee's last known address. Copies of registered notifications shall be supplied to the Union.
- (e) If an Employee's absence is extended beyond an authorized vacation period or beyond a leave of absence granted by the Company.

8.05 Notice of Layoff

The Company shall provide the Union and Employees with as much notice as is reasonably possible in the event of a layoff, however, such notice shall not be less than three (3) calendar days. Where the Company provides less than the required notice, the Employee to be laid off shall be paid one (1) days pay at the Employee's regular rate of pay in lieu of such notice.

8.06 Layoff and Force Reduction

- (a) In the event of a permanent, indefinite or temporary layoff, the Employee(s) affected shall be laid off in inverse order of their Company seniority, provided the Employee(s) being retained in any job classification have the skills and ability to perform the normal requirements of the job(s) available.

- (b) The determination of skill and ability shall be made by the Company, following consultation with the Trainer, in a fair and equitable manner. Any questions as to whether or not the Company made such determination fairly and equitably shall be subject to the Grievance Procedure contained in this Agreement.
- (c) The Company agrees that, in so far as is practicable, no new Employees shall be hired until those laid off have been rehired, provided the Employees laid off have the skill and ability to perform the work available.

8.07 Bumping

An Employee affected by a layoff, in excess of eight (8) working days, may exercise the option to bump within the eight (8) working days from the date the notice of layoff is received. An Employee may exercise such rights to bump based on seniority, skill and ability to perform the work available, in accordance with the following:

- (a) the affected Employee shall be made aware of all available work at the time of the layoff; and
- (b) the Employee affected shall have only one (1) opportunity to elect to bump; and
- (c) The Employee may only bump the least senior Employee in a job for which he/she is bumping and meets the requirements of skill and ability; and
- (d) The Employee shall commence the job bumped into at the start of the next shift rotation, provided the Employee is not off work for more than eight (8) consecutive working days.

8.08 Recall from Layoff

- (a) Employees that are laid off shall be subject to recall in the inverse order in which they were laid off for a period of eighteen (18) months following their last date of layoff, provided they have the skill and ability to perform the work available.
- (b) The Company shall provide laid off Employees with as much notice as possible in the event of return to work from a layoff.
- (c) An Employee who is recalled may decline such work in accordance with the following:

- (i) if a laid off Employee declines recall to work, which the Employee is informed may be of less than thirty (30) working days, the Employee's subsequent right of recall to work expected to be of a longer duration shall not be jeopardized. The Company shall, however, be under no further obligation to recall such Employee to further temporary work, as defined in this subsection, unless the Employee notifies the Manager by registered letter of a subsequent availability for temporary work.
- (ii) An Employee who has declined such work but subsequently informed the Company of availability for temporary work shall not be eligible for the original temporary work offered, unless the work originally offered exceeds thirty (30) working days.

8.09 Seniority List

The Company agrees to provide the Union with an up to date seniority list on request. The Company shall also maintain an up to date Seniority list for review by individual Employees on request and such list shall be posted in the shop area of the Company's premises.

8.10 Assignment of Work

It is understood and agreed that all work shall be allocated to Employees on a job by job basis in conjunction with availability, seniority, skill and ability to perform the normal requirements of the work available. This provision shall not affect an Employees ability to bump, in accordance with the provisions of section 8.07 of this Article, in the event of a layoff in excess of eight (8) working days.

ARTICLE 9 TECHNOLOGICAL CHANGE

9.01 Technological Change

Technological change for the purposes of this Article shall mean the automation, modification or replacement of machinery or equipment, or the mechanization or automation of duties which causes the displacement and / or layoff of an Employee(s).

9.02 Termination of Employment – Technological Change

In the event that after the application of the seniority provisions contained in Article 8, Employees who elect to or are terminated as a direct result of the introduction of Technological change shall be entitled to and receive severance pay in accordance with the provisions of Article 20 of this Agreement .

ARTICLE 10 VACANCIES

10.01 Vacancies

The Company shall fill job vacancies on an as needed basis in accordance with the selection criteria contained in this Article.

10.02 Selection Criteria

The Company shall select Employees for job vacancies in accordance with the following criteria:

- (a) skill and ability to perform the posted job, and
- (b) Company seniority.

ARTICLE 11 RATES OF PAY

11.01 Wage Scale

The Company agrees to pay Employees covered by this Agreement the rates of pay for work performed in accordance with the Schedule of Wages as contained in Appendix "A" attached to this Agreement.

11.02 New Classifications

- (a) When the Company establishes a new job classification for which no wage rate is now established, the rate for such new classification shall be established by the Company.
- (b) The Company will notify the Union in writing of the new classification and the rate established.
- (c) In the event the Parties do not agree to the wage rate for the new classification, the matter shall be dealt with through the Grievance and Arbitration procedures contained in this Agreement.

11.03 Shift Differential

- (a) Shift differentials will be paid for all hours worked on an Employee's designated shift schedule, in accordance with the following:
-

| Shift Schedule | Shift |
|---------------------------------|--|
| 8 hours day | no premium |
| 8 hours afternoon | \$.60 per hour for all hours worked |
| 8 hours night | \$.80 per hour for all hours worked |
| 10 hours days only | no premium |
| <u>10 hours days and nights</u> | <u>\$.47/hr. for all hours worked on such shifts</u> |
| 12 hours days only | \$.60 per hour for the last four (4) hours. |
| 12 hours days & nights | \$.47/hour for all hours worked on such shifts |

- (b) An Employee working in excess of the regular hours on a shift shall be paid shift premium for all such hours worked on at the applicable shift premium rate in effect at the commencement of the Employee's shift.
- (c) Shift premiums shall not be included in the calculation of overtime rates of pay.

11.04 Weekend Premiums

- (a) An Employee required to work a regular assigned shift on a Saturday or Sunday at the regular hourly rate of pay shall be paid a premium for all hours worked on such days in accordance with the following:

Saturday & Sunday Premium - \$1.75
- (b) The above rates of pay shall apply for all hours worked between 6:00 a.m. Saturday and 6:00 a.m. Monday.
- (c) The above weekend premiums shall not apply to hours worked at overtime rates or hours worked on a General Holiday as referred to in Article 13 of this Agreement. In addition, such weekend premiums shall not be included in the calculation of General Holiday pay.

11.05 Change of Job Classification

Where an Employee is required to work at more than one (1) job classification during any working day, such Employee shall be paid the highest classified rate, at which two (2) or more hours are worked, for all hours worked on any such day.

11.06 Payment of Wages

Pay day shall be every second Friday.

11.07 Lead Hand Premium

An Employee assigned by the Company to act as a Lead Hand shall receive a premium of one dollar (\$1.00) per hour above the Employee's classified rate of pay for all hours worked while acting in such position.

11.08 Time Cards

- (a) All Employees are required to properly complete and sign a time card at the end of each shift. The completed time card is to be given to the Employee's immediate supervisor or delivered to the Administration Office on a daily basis.
- (b) In the event an Employee does not complete the required time card, the payment for such time will be made on the next pay period following receipt of the required time card.

ARTICLE 12 HOURS OF WORK AND OVERTIME

12.01 Daily and Weekly Hours of Work

The work week shall be Monday through Friday or Tuesday through Saturday, based on eight (8) consecutive hours per day and forty (40) hours per week. The Company may, however, implement a Tuesday to Saturday shift schedule and / or a ten (10) hour or twelve (12) hour shift schedule to meet the requirements of the business.

12.02 Eight (8) Hour Shifts

For the purposes of this Agreement eight (8) hour shifts shall be based on a five (5) days on and two (2) days off. Where continuous rotating shifts are required, such shifts shall commence at 11:00 p.m. Sunday.

12.03 Ten (10) Hour Shifts

In the event the Company introduced ten (10) hour shifts, such shifts shall be based on a Monday to Thursday work week between the hours of 6:00 a.m. and 6:00 p.m. for operations Employees. Maintenance Employees required to work a ten (10) hour shift shall work between the hours of 5:30 a.m. and 3:30 p.m. on day shifts and 3:30 p.m. to 4:30 a.m. on afternoon shifts, including travel time.

12.04 Twelve (12) Hour Shifts

- (a) In the event the Company introduces twelve (12) hour shifts, such shifts shall be based on four (4) days on (two (2) days and two (2) nights) and four (4) days off, or four (4) day shifts, four (4) days off and four (4) night shifts.
- (b) All regular hours worked on such schedule that are in excess of the normal forty (40) hours per week (averaged over the shift cycle worked) shall be paid at time and one-half (1-1/2), provided the Employee works all the regular hours scheduled during such period.
- (c) Where the above schedule is in place for less than forty (40) hours in any one (1) week period, the Company shall prorate the hours actually worked during the week to arrive at any applicable overtime premium in accordance with subsection (b) above.

12.05 Lunch and Rest Breaks

- (a) Employees on an eight (8) or ten (10) hour schedule will have a paid lunch period of twenty (20) minutes at straight time to be taken during the 4th or 5th hours of any shift worked. In addition, such Employees shall receive two (2) ten minute rest breaks during each shift.
- (b) Employees on a twelve (12) hour schedule will have two (2) paid rest/lunch periods of twenty (20) minutes each, and one (1) additional paid rest break of fifteen (15) minutes, to be taken at designated times during their shift.
- (c) The Company retains the right to schedule lunch and rest periods for all Employees, however, in no event shall an Employee be required to work in excess of five (5) hours without a rest break.

12.06 Change of Shifts

- (a) Where the Company changes an Employee's work schedule during a work period and the Employee is required to work in excess of the Employee's normal work day of the previous schedule worked, or on the rest days of the previous schedule, the Employee shall be paid applicable overtime rates for such excess time worked. The new schedule will become the Employee's regular schedule at the conclusion of the rest days of the previous schedule.

- (b) In the event an Employee is specifically requested to change shifts during his regular scheduled work week, the Company shall provide such Employee a minimum of twenty-four (24) hours notice of such change. In the event the required notice is not provided, the Company will pay the affected Employee at the rate of time and one-half (1-1/2) for all hours worked on the first shift of the changed schedule only.

12.07 Minimum Daily Pay

- (a) An Employee who reports for and commence work on a regular assigned shift, who has not been notified not to report for such shift, shall be guaranteed a minimum of four (4) hours pay, in addition to applicable travel time, at the Employee's regular straight time rate of pay or for actual hours worked, whichever is greater. This provision shall not apply where the Employee has been notified not to report for work and reports as usual.
- (b) Minimum daily pay of two (2) hours and payment of travel time shall apply where work is not available due to circumstances beyond the control of the Company, including, but not limited to, inclement weather, cancellation of the work by the Company's customer, or acts of God.

12.08 Callouts

Where an Employee is called out to work outside the Employee's normal hours of work, such Employee shall receive a minimum of four (4) hours pay at time and one-half (1-1/2) or for actual hours worked whichever is greater. This provision shall not apply where an Employee is called out and reports for work prior to the Employee's normal starting time and continues to work through the designated shift. In such cases the Employee shall be paid for hours actually worked in advance of the normal starting time at the rate of time and one-half (1-1/2).

12.09 Overtime Rates

Overtime rates shall be paid on the following basis:

(a) Eight (8) Hour Schedule

- (i) Time and one-half (1-1/2) between the 8th and 11th hours of a scheduled shift.
- (ii) Time and one-half (1-1/2) for the first eleven (11) hours worked on a Saturday that is not part of an Employee's regular scheduled shift.
- (iii) Double time for all hours worked in excess of eleven (11) hours on a scheduled shift.

- (iv) Double time for all hours worked in excess of eleven (11) hours on a Saturday which is the Employee's regular scheduled shift.
- (v) Double time for all work performed on a Sunday.

(b) Ten (10) Hour Schedule

- (i) Time and one half (1-1/2) for the first three (3) hours worked in excess of ten (10) hours per day and time and one-half (1-1/2) for first six (6) hours worked on a scheduled day of rest worked.
- (ii) Double time for all hours worked in excess of thirteen (13) hours worked on a daily basis and double time for all hours worked in excess of six (6) hours worked on the first scheduled day of rest.
- (iii) Double time for all hours worked on the second and third scheduled day of rest worked.

(c) Twelve (12) Hour Schedule

- (i) Time and one-half (1-1/2) for the first six (6) hours worked in excess of twelve (12) hours per day and time and one-half (1-1/2) for the first twelve (12) hours worked on the first and third scheduled day of rest worked.
- (ii) Double time for all hours worked in excess of the first six (6) hours worked on a daily basis and double (2) time for all hours worked in excess of twelve (12) on the first scheduled day of rest.
- (iii) Double (2) time for all hours worked on the second and fourth scheduled day of rest worked.

12.10 Travel Time

- (a) The Company agrees to pay Employees the following straight time rates and hours, in addition to their regular straight time hourly rate of pay, when required to travel to and from the following locations:

Fording River Coal - one and three quarters (1-3/4) hours per day
Greenhills Mine - one (1) hour per day.

- (b) Transportation to and from work will be provided by the Company from present marshalling points and there shall be no travel time or other allowance paid to or from an Employee's residence to such marshalling points.

ARTICLE 13 GENERAL HOLIDAYS

13.01 Holidays To Be Observed

The following days will be observed:

| | |
|---------------|------------------|
| New Years Day | Labour Day |
| Good Friday | Thanksgiving Day |
| Victoria Day | Remembrance Day |
| Dominion Day | Christmas Day |
| B.C. Day | Boxing Day |

13.02 Floating Holidays

- (a) In addition to the holidays referred to in section 12.01, an Employee shall be entitled to two (2) Floating Holidays per calendar year. To qualify, the Employee must have worked a minimum of four hundred (400) hours for the first Floating Holiday and one thousand (1,000) hours for the second Floating Holiday.
- (b) Requests for Floating Holidays(s) must be made a minimum of fourteen (14) calendar days in advance of the day(s) requested. The day(s) to be taken off shall be by mutual Agreement of the Company and the Employee and shall be subject to operational requirements.
- (c) An Employee eligible for the above Holidays who does not request the time off may have such days scheduled off by the Company.

13.03 Observance of Holidays

The General Holidays referred to in this Article shall be observed on the same day(s) as the operation for whom the Company is performing work at the time the Holiday(s) occur, unless otherwise agreed by mutual agreement between the Parties.

13.04 Qualification for General Holidays Not Worked

An Employee will receive holiday pay for any Holiday, as referred to in Section 12.01 of this Article, not worked provided the Employee meets the following qualifications:

- (a) The Employee shall have worked the last scheduled shift prior to and the next scheduled shift following such holiday, unless an absence from one or both of such shifts is because of sickness of the Employee (proof required) or because of other good and reasonable cause acceptable to the Company.

- (b) An Employee on layoff shall be entitled to any General Holidays, excluding Floating Holidays, which occur during the first thirty (30) days of such layoff.

13.05 Pay for General Holidays

- (a) An Employee who qualifies for a General or Floating Holiday, shall receive pay on the basis of the Employee's regular straight time hourly rate of pay, exclusive of all premium pay, in accordance with the following:

- (i) If an Employee's regularly scheduled shift (the shift worked in the previous two (92) week period) falls on a General Holiday and the Employee is not required to work, such Employee shall receive pay as follows:

- 8 hour shift - eight (8) hours pay
- 10 hour shift - ten (10) hours pay
- 12 hour shift - twelve (12) hours pay

- (ii) If an Employee's is required to work on a General Holiday, such Employee shall receive pay for the Holiday in accordance with the above and shall be paid for actual hours worked on the Holiday at double time or a minimum of four (4) hours pay at double time, whichever is greater.

- (b) Where sufficient Employee's are not available to work on a General Holiday, the Company shall designate Employee's required to work in the reverse order of seniority. A junior Employee designated to work and who does not work on the Holiday, in accordance with this provision, shall not be entitled to pay for the Holiday as set out in subsection (a) above.

13.06 Holiday Occurring During Vacation

Where a General Holiday falls within an Employee's scheduled vacation, and the Employee is eligible for such holiday, the Employee may prearrange:

- (a) an additional day off with pay to be taken immediately prior to or immediately following the Employee's scheduled vacation, or
- (b) elect to receive pay in accordance with the provisions of this Article (in lieu of the Holiday) in addition to the Employee's regular vacation pay.

ARTICLE 14 VACATIONS

14.01 Vacation Entitlement and Pay

- (a) An Employee with less than one (1) year of service with the Company, as of January 1st in the calendar year immediately following the year of employment, shall be entitled to four percent (4%) of the Employee’s gross earnings paid during the previous year. Vacation entitlement shall be based on two (2) weeks if hired prior to June 30th and one (1) week if hired subsequent to June 30th in the previous calendar year.
- (b) An Employee with more than one (1) year of service with the Company, as of January 1st in any calendar year, shall receive vacation pay and entitlement based on the Employee’s completed years of service at January 1st, in accordance with the following schedule:

| Completed Years of Service at January 1 | Weeks of Vacation With Pay | Vacation pay % Gross Earnings |
|--|-----------------------------------|--------------------------------------|
| 1 | 2 | 4% |
| 2 – 7 | 3 | 6% |
| 8 – 17 | 4 | 8% |
| 18 – 27 | 5 | 10% |
| 28 or more | 6 | 12% |

- (c) For the purpose of computing vacation entitlement, a “week” of vacation shall be considered as forty (40) hours.
- (d) For the purposes of the Article “gross earnings” shall be defined as the Employee’s gross earnings, including all premium pay, earned in the previous calendar year.
- (e) An Employee absent from work in any calendar year due to certified sickness, or as a result of an industrial accident for which the Employee is in receipt of Worker’s Compensation Benefits, shall have such time added to the Employee’s gross earnings for that calendar year only prior to calculating the appropriate percentage of such earnings for vacation pay entitlement.
- (f) An Employee absent for the reasons set out in subsection (e) above, in excess of one (1) calendar year, shall receive no further adjustments to “gross earnings” for the purposes of calculating vacation pay until the calendar year in which the Employee returns to active employment.
- (g) In a year in which an Employee’s vacation entitlement increases, such Employee shall receive the additional percentage increase in such

entitlement, based on the Employee's gross earnings from the date the increased entitlement became effective to December 31st of that calendar year. The additional, or adjusted, vacation pay shall be paid in accordance with section 14.03 of this Article.

14.02 Vacation Scheduling

- (a) An Employee may request vacation entitlement and pay by providing the Company with a minimum of fourteen (14) calendar days notice prior to the commencement of such vacation.
- (b) The Company will approve vacation requests in conjunction with operational requirements and where vacation requests conflict seniority shall apply.
- (c) It is understood and agreed that all Employees must take their vacations in the calendar year of entitlement.

14.03 Vacation Pay Payment

All Employees shall be paid vacation pay, accrued during the period January 1 to December 31 in a calendar year, on or before January 15th of the following calendar year. An Employee who is to be laid off may request payment of vacation pay, accrued from January 1 to the date of layoff in that calendar year, fourteen (14) calendar days prior to the date of such layoff.

14.04 Termination of Employment

Vacation pay for Employees who leave the employment of the Company for whatever reason shall be computed as follows:

- (a) Employees who have not taken their accrued vacation entitlement from the previous calendar year shall be paid entitlement and in addition shall be paid the appropriate percentage of gross earnings based on such earnings from January 1st in the year of termination to the date of termination.
- (b) Employees who have taken their accrued vacation entitlement from the previous calendar year shall be paid the appropriate percentage of gross earnings based on such earnings from January 1st in the year of termination to the date of termination.

ARTICLE 15 INSURANCE BENEFITS

15.01 Group Insurance Program

The Company agrees to pay the total cost of the following Group Insurance Benefits for all Employees who have completed their probation period. The Plan shall provide the following:

(a) Group Life Insurance

| | | |
|----------------------|----------------|----------|
| Effective Date | Life Insurance | AD&D |
| Date of ratification | \$40,000 | \$40,000 |

(b) Medical Insurance

The Company shall continue providing the British Columbia Medical Services Plan coverage for both single and married Employees.

(c) Extended Health Care

The Company shall continue to provide the existing Extended Health Care Benefit Plan which shall include prescription drugs. The Extended Health Care Plan shall cover all eligible expenses subject to an annual deductible of twenty-five dollars (\$25.00) for the employee and each member of the Employee's immediate family with a maximum annual deductible of fifty dollars (\$50.00) per family.

(d) Dental Care Plan

Effective the date of ratification of this Agreement, the Company shall provide a Dental Care Plan, including orthodontia, covering the Employee, the Employee's spouse, and dependent children under the age of nineteen (19) years of age. Benefits shall be equal to those provided under the Medical Services Association Plan based on the following coverage:

| | |
|--------|----------------------------------|
| Plan A | 100% coverage |
| Plan B | 80% coverage |
| Plan C | 50% of approved schedule of fees |

Orthodontia Lifetime Maximum - \$1750.00 per person

(d) Optical Plan

The Company will provide an Optical Program which will provide a maximum one hundred dollars (\$100.00) per year for the purchase of prescription glasses or corrective lenses, for the Employee and the

Employee's spouse or any dependent children. In the event this benefit is not utilized in the year of entitlement, the one hundred dollars (\$100.00) may be carried over to a subsequent year, but not to exceed a maximum of two hundred dollars (\$200.00) in any one (1) year for an Employee, spouse, or a dependent child.

15.02 **Sickness, Accident and Long Term Disability**

The Company shall provide the following insurance benefits for all Employees who have completed their probation period and meet the eligibility requirements of the insurance carrier:

(a) Sickness and Accident Insurance

Nonoccupational Sickness and Accident Insurance will be provided for each Employee who is a member of the Union with the premiums paid by the Company. Sickness and Accident Benefits shall be for a maximum of seventeen (17) weeks payable from the first day of accident, first day of hospitalization and from the fourth (4th) day of absence due to sickness, in accordance with the following schedule:

| Effective Date | Weekly Indemnity |
|-----------------------|--|
| Date of ratification | an amount equivalent to the U.I.C. maximum benefit as of January 1, 1996 |

A disability resulting from the same cause as a previous disability will be treated as a continuation of that disability unless an Employee has returned to work for a period of fourteen (14) calendar days.

(b) Long Term Disability

The Company shall provide a Long Term Disability Plan based on coverage of \$2,000.00 per month. The monthly premium costs of this benefit shall be paid by each eligible Employee through payroll deductions.

15.03 **Group Insurance Program – Leave of Absence**

Employees on leave of absence in excess of thirty (30) calendar days who require continuation of the Group Insurance Program, excluding Weekly Indemnity and Long Term Disability, are required to remit to the Company the full premium cost of such benefits in advance of the leave of absence.

15.04 Group Insurance Program – Layoff

The Company shall continue the Group Insurance Program, under the Collective Agreement up to the end of the month in which the layoff occurs. Continuation of such coverage, excluding Weekly Indemnity and Long Term Disability, may be continued following the end of the month in which the layoff occurs, provided the laid off Employee remits to the Company the premium cost of such benefits on or before the 1st day of each calendar month during the layoff period.

Where an Employee, with in excess of five (5) years seniority is laid off, the Company shall continue such Employees group insurance benefits, excluding Sickness and Accident Insurance and Long Term Disability for an additional period of two (2) months following the month in which the Employee is laid off, provided the Employee does not accept employment elsewhere. During this period, the Company shall pay the cost for such coverage. Thereafter, such benefits may be continued, provided the laid off Employee remits the premium cost of such benefits to the Company on or before the 1st day of each calendar month the Employee continues to be laid off.

ARTICLE 16 PENSION BENEFITS

16.01 Company Contributions

The Company agrees, in addition to the Employee's regular hourly rate of pay, to pay each Employee an additional one dollar and fifteen cents (\$1.15) per hour for all hours worked in lieu of a pension plan. This premium will also be paid on the equivalent hours related to Vacation and General Holiday pay, however, this premium will not be included in the Employee's regular hourly rate and shall only be used to determine the amount of the Company contribution to the Employee's pension benefit. The Company contribution shall increase to one dollar and thirty cents (\$1.30) per hour effective May 1st, 2002.

ARTICLE 17 LEAVE OF ABSENCE

17.01 Compassionate Leave

Leave of absence on compassionate grounds will not be unreasonably withheld by the Company.

17.02 Bereavement Leave

- (a) When death occurs in an Employee's immediate family (spouse, mother, father, mother-in-law, father-in-law, son, daughter, brother or sister, grandmother, grandfather, son-in-law, daughter-in-law) an Employee upon

request will be excused for up to three (3) days provided the days are taken within seven (7) days of the funeral.

- (b) The Employee shall receive pay equal to the Employee's regular daily pay, exclusive of all premium pay, for any such excused shifts that would have been worked, provided it is established that there was a death in the immediate family.

17.03 Jury Duty

When an Employee is called for jury service, such Employee shall be excused from work on the days required to appear in court. An Employee called for jury duty, upon proof of such service and the amount of pay received thereof, will be paid whatever sum, if any is necessary in addition to the fees received for jury duty service to reimburse the Employee for lost earnings, exclusive of all premium pay, because of such jury duty. This provision shall apply to a subpoenaed witness, except when an Employee is appearing as a witness in his own defense.

17.04 Union Business

The Company will grant leave of absence without pay to Employees who are:

- (a) Appointed or elected to Union office except that not more than one (1) Employee at any one (1) time will be granted such leave;
- (b) A minimum of one (1) weeks notice for such leave of absence will be given to the Company, except that the Company will not unreasonably withhold permission for such leave with less than one (1) weeks notice, provided the Union was not aware of the required leave one (1) week in advance.

ARTICLE 18 SAFETY

18.01 Accident Prevention Committee

The Company shall maintain an Accident Prevention Committee comprised of representatives of the Company and the Union to be known as the "Safety Committee."

18.02 Safety Committee Representation

The Employees shall select one (1) Employee to act on the committee. The Union will notify the Company in writing as to the Employee selected. The Union shall also appoint one (1) member to the Committee.

18.03 Safety Committee Meetings

- (a) The Safety Committee shall meet at the request of either Party. Where required, there shall be an inspection of the Company facilities.
- (b) Copies of minutes of meetings will be forwarded to the Union office, Company's office and the appropriate government agencies. Chairman of the Safety Committee will alternate between the Union and the Company's representatives every six (6) months.

18.04 Investigation of Accidents

The Safety Committee members shall be notified of and shall have the right to investigate all major accidents or serious occurrences in the Company's operations. The Employee Safety Committee representative will be paid by the Company for all regular hours lost in investigating major accidents or serious occurrences while on shift and for inspection tours and meetings.

18.05 Physical Examinations – Return to Work

The Company shall have the right to require medical evidence of physical fitness from a qualified medical doctor when an Employee is returning to work from an illness or disability. Where required, such medical evidence shall be provided by the Employee prior to returning to work.

18.06 Safety Equipment

- (a) The Company shall continue to supply free of charge such safety equipment as is deemed necessary to ensure the protection of Employees.
- (b) The Company shall provide clean coveralls for maintenance employees and crusher operators as required on a daily basis.
- (c) The Company shall provide each Employee who has completed the required probation period with an allowance of one hundred dollars (\$100.00) per calendar year for the purchase of safety footwear. The allowance shall be paid on or before May 15th of each calendar year.

ARTICLE 19 TOOLS AND TOOL ALLOWANCE

19.01 Tools

All Tradesmen shall be required to have a complete set of tools to properly perform their duties.

19.02 Tool Allowance

The Company shall continue the present tool replacement policy for maintenance Employees.

ARTICLE 20 SEVERANCE PAY

20.01 Severance Pay in the Event of Layoff

- (a) Should it be necessary for the Company to layoff an Employee for an indefinite period or a period in excess of thirteen (13) weeks of continuous layoff, due to a shortage of work, the Employee laid off will be eligible for a severance payment in accordance with the Employment Standards Act of the Province of British Columbia.
- (b) On receipt of the above reference severance pay the Employee's employment with the Company shall be terminated and the Employee will no longer be eligible for any recall rights under the Collective Agreement.

20.02 Seasonal Layoffs

It is understood and agreed that the provisions of this Article shall not apply to an Employee who terminates for reasons other than layoff (i.e. quits, retires, discharge for cause, etc.) or to a seasonal layoff regardless of the length of such layoff.

ARTICLE 21 TRAINING

21.01 Training Opportunities

- (a) Where equipment training opportunities are available on a job site, the Company will make every effort to train the senior Employee on the site who has requested such training.
- (b) If the Company introduces scheduled equipment training programs, the senior Employee available in the job classification on shift who has previously requested such training shall be offered the first opportunity to train, provided such training does not interfere with operational requirements.

21.02 Optional Training

Where an Employee elects to take part in an appropriate equipment training program through external sources, and such training is approved in writing in

advance by the Company, the Employee shall be reimbursed for the reasonable cost of the fee charged for such training.

ARTICLE 22 TERM OF AGREEMENT

22.01 Term

This Agreement shall become effective the date of ratification and shall remain in effect until midnight April 30th, 2006, and thereafter from year to year until either party gives notice in writing to the other party of a desire to terminate the same.

22.02 Exclusions – Labour Relations Code of B.C.

The Parties hereto agree to exclude the operation of Sections 50(2) and 50(3) of the Labour Relations Code of British Columbia, or any subsequent equivalent legislative provisions.

IN WITNESS WHEREOF the Parties hereto have affixed their hands, through their respective officers on the day of , 2002.

ELKFORD INDUSTRIES LTD.

UNITED STEELWORKERS OF AMERICA
Local 7884

APPENDIX “A”

WAGE RATES AND CLASSIFICATIONS

| Classification | May 1/02 | May 1/03 | May 1/04 | May 1/05 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Mechanic/Welder | \$27.25 | \$27.80 | \$28.63 | \$29.49 |
| Mechanic/Welder L.H. | \$28.25 | \$28.80 | \$29.63 | \$30.49 |
| Operator | \$25.58 | \$26.09 | \$26.87 | \$27.68 |
| Tower Man | \$25.58 | \$26.09 | \$26.87 | \$27.68 |
| Labourer/Mech. Helper | \$19.27 | \$19.66 | \$20.25 | \$20.86 |

Notes:

- (a) The Tower Man shall receive a premium of one dollar (\$1.00) an hour, in accordance with Article 11.07, when acting as a Lead Hand.
- (b) An Employee presently classified as Labourer or Mechanic’s Helper shall be red-circled until such time as the classified rate contained in the above schedule is equivalent to or greater than their current rate of pay.
- (c) Student Employment

The following conditions shall be applicable to the employment of registered Students:

- (i) Rates of pay shall be in accordance with the following:

| | | |
|----------------------|---|-------------------------|
| 1 st year | - | 70% of classified rate |
| 2 nd year | - | 80% of classified rate |
| 3 rd year | - | 90% of classified rate |
| thereafter | - | 100% of classified rate |
- (ii) Students shall receive Vacation Pay at the rate of four percent (4%) of gross earnings on termination of employment.
- (iii) Students shall be paid four percent (4%) of gross earnings on termination in lieu of general holiday pay referred to in this Agreement.
- (iv) Students shall only be entitled for basic Life Insurance under Article 16 of this Agreement and the provisions of Article 16 shall not apply to such students.
- (v) Students shall not be entitled to paid Leaves of Absence as referred to in Article 17 of this Agreement.

- (d) In addition to the above rates of pay, each Employee on the payroll effective the date of ratification of this Agreement, who has worked more than 1,800 hrs. during the period May 1/99 – April 30/02, shall receive a lump sum payment of \$750.00. Employees with less than 1,800 hrs. in this same period shall receive a lump sum payment of \$375.00. Employees shall have the option of having such funds deposited to their RRSP.

Payments to be made in accordance with the attached list.