

**OWNER-OPERATOR
COLLECTIVE AGREEMENT**

BETWEEN

**ARROW MINING SERVICES INC.
HOUSTON DIVISION**

AND

TEAMSTERS LOCAL UNION No. 213

November 1st, 2002 - October 31st, 2003

**DON McGILL
Secretary-Treasurer**

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HOUSTON DIVISION

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OWNER-OPERATOR AGREEMENT

THIS AGREEMENT EFFECTIVE THE 1ST DAY OF NOVEMBER, 2002.

BETWEEN: **ARROW MINING SERVICES INC.**
(HOUSTON DIVISION)
R.R. 32, S -12, C-7
Kamloops, B. C. V2C 2J3

(hereinafter called the "EMPLOYER")

AND: **TEAMSTERS LOCAL UNION No. 213,**
affiliated with the International
Brotherhood of Teamsters

(hereinafter called the "UNION")

WHEREAS, it is the intention and purpose of the Employer and the Union to promote and foster harmonious industrial relations between the Employer and its Owner-Operators.

NOW THEREFORE, the Parties agree hereto as follows:

ARTICLE 1. BARGAINING UNIT

Bargaining Unit Work:

1:01 This Agreement shall apply to all Owner-Operators at and out of the Arrow Mining Houston Division. The Employer recognizes the Union as the bargaining agent for those Owner-Operators.

1:02 For the purposes of this Agreement, Owner-Operators include only those individuals who own and drive a vehicle (an owner driver) and who are engaged in the performance of the work.

ARTICLE 2. UNION SECURITY

Membership:

2:01 All Owner-Operators covered by this Agreement must be members in good standing with the Union.

2:02 Any Owner-Operator who does not remain a member in good standing shall not be retained in the employment of the Employer.

Authorization of Deductions:

2:03 Prior to commencement of employment new Owner-Operators shall be required to sign authorization cards for deductions of initiation fees, dues and assessments as required by the By-Laws of the Union. Such deductions shall be forwarded to the Union not later than the last business day of the month in which these deductions were made. It is understood that dues are payable either monthly or quarterly in advance, and that the payment schedule is to be determined by the Union. Dues shall be deducted from the second pay of the month previous to the period for which they are applicable.

Picket Lines:

2:04 It shall not be a violation of this Agreement, cause for discharge or other disciplinary action if an Owner-Operator refuses to cross a picket line which has not been declared illegal by the Labour Relations Board.

2:05 During the term of this Agreement, there shall be no lockout by the Employer and no strike, stoppage of work or slow-down, either partial or general, authorized by the Union.

Union Representative:

2:06 Union Representatives shall be recognized by the Employer and shall not be discriminated against. The Employer shall be notified by the Union of the name or names of such Representatives. Reasonable time shall be given to the Representative to carry out his duties. The Union shall be notified in writing if a Representative is discharged for cause and such cause shall be stated in the reasons for dismissal. Executive Officers of the Union or Union Representatives, who are required to attend meetings at the call of the Union, shall be allowed time off by the Employer, it's understood that time off as provided in this clause is without compensation from the Employer.

2:07 Union Representatives may be requested whenever an Owner-Operator is being interviewed over a disciplinary matter. Union Representatives shall be informed prior to the disciplinary review.

Business Representatives of the Union:

2:08 In the carrying out of regular duties, Business Representatives of the Local Union shall have access to Employer premises covered by this Agreement. Notice is to be given to the available manager, superintendent or foreman prior to visiting the Employer's premises.

ARTICLE 3. RATES AND EFFECTIVE DATES

3:01 The rates of remuneration for Owner-Operators shall be in accordance with Schedule "A" attached to this Agreement.

ARTICLE 4. DISCIPLINE OF OWNER-OPERATORS

4:01 Owner-Operators may only be disciplined or discharged by the Employer for just cause. Owner-Operators shall be notified in writing the reasons for discharge with a copy to the Union. This notice shall be given with their final cheque. Failure to provide reasons renders the discipline null and void.

ARTICLE 5. MANAGEMENT RIGHTS

5:01 The management of, and operation of, and direction and promotion of its working forces are the responsibility of the Employer. The Employer shall exercise its management rights consistent with the provision of this Agreement.

ARTICLE 6. LABOUR MANAGEMENT COMMITTEE

6:01 On the request of either Party, the Parties shall meet for the purpose of discussing issues relating to the workplace that affect the Employer or an Owner-Operator bound by this Agreement. Within two (2) weeks of the effective date, each Party will notify the other Party in writing of the persons who will represent the Party on the Committee.

ARTICLE 7. SENIORITY

7:01 Seniority shall be assigned to the Owner-Operators who perform bargaining unit work.

7:02 The Employer shall keep posted on a suitable notice board a seniority list with the name of the Owner-Operator, seniority number and the date of commencement. The list shall be updated at least every six (6) months. The Employer shall forward a copy of each posted list to the Union.

Access to Work:

7:03 The Employer shall recall laid off Owner-Operators in order of their seniority.

7:04 All Owner-Operators who are laid off shall retain their seniority for a period of twelve (12) months from the date of lay off.

7:05 Within five (5) days of receipt of the Notice, the Owner-Operator shall report to work unless permission is otherwise granted by the Employer. The Employer shall grant permission where reasonable, including where leaves of absence have been arranged prior to the receipt of Notice of Recall.

- 7:06 Where a leave of absence is granted an Owner-Operator shall have right upon expiry of the leave to be recalled to work in accordance with the Owner-Operator's seniority even if it results in the bumping of a recalled junior Owner-Operator.
- 7:07 It will not be cause for discipline or discharge for an Owner-Operator to seek and/or accept gainful employment while on lay-off, however, the Employer must be notified under such circumstances.
- 7:08 Any Owner-Operator who has been laid off for any reason and who does not retain his membership in the Union will not retain his seniority with the Employer unless the Owner-Operator restores his membership within fifteen (15) days of notice of dues or assessment of delinquency from the Union.

New Owner-Operators:

- 7:09 Owner-Operators must perform ninety (90) consecutive days of bargaining unit work before being assigned a seniority number which shall be given based on the first day of work.

ARTICLE 8. GENERAL WORKING CONDITIONS AND RULES

Industry Health and Safety Meetings:

- 8:01 The Employer shall establish or continue an Industrial Health and Safety Committee on which management personnel shall not outnumber Union members. This Committee shall operate as required by the Workers' Compensation Board Regulations.

Leave of Absence:

- 8:02 A leave of absence may be granted at the reasonable discretion of the Employer. All applications for leave of absence shall be made in writing. All applications will be replied to in writing and a copy of such shall be provided to the Union. During the leave of absence, Owner-Operators must maintain payment of their Union dues and assessments.

ARTICLE 9. GRIEVANCE PROCEDURE

- 9:01 All differences between the Parties over the interpretation, application, operation, or violation of this Agreement shall be resolved under this grievance provision as follows:

STEP 1: The affected Owner-Operator shall first discuss the grievance with his immediate supervisor and attempt to resolve it within

fifteen (15) days of the incident (or, in the case of payroll issues, thirty (30) days).

STEP 2: If the difference is not resolved at STEP 1, the grievance will be referred to the Union's Grievance Committee that shall meet with the Employer's Representative to discuss and resolve the grievance within five (5) days of the completion of STEP 1, or as soon thereafter as they can mutually arrange to meet.

STEP 3: Failing resolution of the grievance at STEP 2, the Union's Business Agent and Union Representative shall meet with the Employer's Representative within a further ten (10) days to present the grievance in written form and to have further discussions to resolve the grievance. If the grievance is not resolved, the Employer's Representative shall provide in writing to the Union at that meeting the specific reasons why the Employer does not accept that the Agreement has been violated.

STEP 4: Within a further five (5) days, the Union shall elect whether to refer the grievance to arbitration by providing notice to the Employer.

STEP 5: Where a grievance is referred to arbitration, the parties shall notify each other of its nominee to the arbitration panel within five (5) days of the completion of STEP 4. Those nominees shall agree upon a Chairman of the panel within a further three (3) days, failing which each Party may apply to the Minister of Labour for the appointment.

9:02 All Union policy grievances, or Employer grievances, will be commenced at STEP 3. Union group grievances will commence at STEP 2.

9:03 All time limits in this Article are directory not mandatory.

9:04 The expenses and remuneration of the Chairman shall be equally shared between the Parties.

9:05 Within ten (10) days of completion of the arbitration hearing, the panel shall be required to issue a decision, with reason or reasons to follow.

ARTICLE 10. ACCIDENT PREVENTION

10:01 It is understood and agreed that the Parties to this Agreement shall at all times comply with the accident prevention regulations of the Workers' Compensation Act and any refusal on the part of a member to work in contravention of such regulations shall not be deemed to be a breach of the Agreement. Further, no member shall be discharged because he fails to work under unsafe conditions as set out in the regulations. Any refusal of a member to abide by Workers' Compensation Board Regulations or posted Employer Safety Regulations, after being duly warned, may be cause for discipline.

10:02 Any Owner-Operator may refuse to work where, in his opinion, adequate safety precautions have not been provided. The operator of a vehicle or piece of equipment may refuse to drive or operate such vehicle or equipment if, in his opinion, there is any reasonable doubt as to the safety of the unit or if he feels it is improperly loaded. He may not be ordered to operate said vehicle or equipment until he has been satisfied any defects have been corrected.

ARTICLE 11. OPERATING RULES & REGULATIONS

11:01 The Employer and the Owner-Operator shall abide by the Operating Rules and Procedures as set out in Appendix "A" "Operating Rules & Procedures for Arrow Mining Services Inc. Houston Division".

ARTICLE 12. TERM OF AGREEMENT

12:01 This Agreement will be in effect from November 1st, 2002 to and including October 31st, 2003.

12:02 The operation of Section 50, Sub-Sections (2) and (3) of the Labour Relations Code of British Columbia is hereby excluded.

ARTICLE 13. HEALTH & WELFARE

13.01 Dependent Contractors covered by this Agreement have the option of purchasing Health and Welfare coverage through the Teamsters Local 213 at the same cost as Arrow-Tahltan Joint Venture employees. Arrow Mining Services will pay the premiums to the Teamsters Local Union No. 213 and then deduct the said premium from the Dependent Contractors monthly statement.

13.02 Dependent Contractors must apply for coverage on the first (1st) day of the month immediately following thirty (30) calendar days from the date of employment with the Company.

13.03 Dependent Contractors declining coverage or cancelling after being issued cannot be reinsured during the length of the Collective Agreement.

IN WITNESS WHEREOF the Party of the First Part has hereunto affixed its signature(s) by its Officers duly authorized therefor, and the Party of the Second Part has hereunto affixed its signature(s) and seal by its Officers duly authorized therefor.

DATED AT _____, British Columbia, this _____ day of _____, 2003.

SIGNED ON BEHALF OF:
ARROW MINING SERVICES INC.
HOUSTON DIVISION

SIGNED ON BEHALF OF:
TEAMSTERS LOCAL UNION No. 213

APPENDIX "A"

OPERATING RULES AND PROCEDURES FOR ARROW MINING SERVICES INC., HOUSTON DIVISION OWNER-OPERATOR EQUIPMENT REQUIREMENTS

TRACTOR SPECIFICATIONS

1. Prior to the purchase of a new tractor the Owner-Operator will meet with the Operations Manager to review specs. The Company agrees to apply reasonable criteria.

Each tractor:

2. Will be painted Company colours when work is steady or within six (6) months of starting, whichever occurs first.
3. Will display Company markings and unit numbers.
4. Will have an on board computer monitoring system.
5. Will have a two-way radio that is compatible with the Company frequency.

OTHER

1. Each Owner-Operator will be required to remit a two thousand five hundred dollar (\$2,500.00) holdback. Five hundred dollars (\$500.00) will be deducted monthly until the full amount is withheld. Interest will be paid on holdback moneys at prescribed Company rates.
2. Lease Operator to supply own WCB coverage and verification report quarterly.

COMPANY SAFETY POLICY & NATIONAL SAFETY CODE REQUIREMENTS

Each Owner-Operator:

1. Will submit a driver's abstract on an annual basis.
2. Will fill out a daily log sheet accurately. This will include:
 - Complete Pre-trip Inspection;
 - Unit number and trailer numbers;
 - Duty status changes;
 - Printed name and signature;
 - Odometer readings start and finish.
3. Will submit a completed Monthly Maintenance Reporting Form.
4. Will regularly submit a copy of the six (6) months C.V.I.P. inspections report.
5. Will report any infractions against his licence (speeding, failing to stop at stop signs, etc.) which took place in a Company vehicle and/or may affect his ability to operate his unit.
6. Will stop at all break checks.
7. Must comply with the Company speed limit of 90KM/hr. or posted speed limit, whichever is less.
8. Will comply with all Company policies and procedures covered in the "Arrow Mining Inc. Houston Division" Operators Manual.
9. **Will refrain from negative talk or Company sensitive discussions on two-way radios.**
10. Falsification of any documentation may result in discipline up to and including dismissal.

SECOND DRIVERS

In some circumstances, the Company may require Owner-Operators to use second drivers on their units in order to meet the requirements of the business.

Under these circumstances Owner-Operators will be permitted to use second drivers of their choice, provided the second driver passes Company requirements and has been approved by the Division Manager.

Each second driver will be required to submit to the Company the following prior to operating a unit:

1. A current resume showing experience in Super "B" trains;
2. A current driver's abstract;
3. Photocopy of driver's licence; and
4. Proof of knowledge of Company regulations and the National Safety Code.

Second drivers are to be used to supplement the work force and will not hold seniority. They will be dispatched as needed by the Company.

All double shifting will be posted and allocated on the basis of seniority of Owner Operator.

Falsification of any documentation may result in dismissal.

All second drivers must comply with all the same rules and regulations that apply to Owner Operators.

DISPATCH

Varying customer requirements, which often change on a daily basis, can cause significant difficulties for the dispatching process.

Due to the nature of this business, load assignments and combinations are likely to vary regularly. Dispatching will be done on a daily basis to respond to changing customer needs. Therefore, it is the responsibility of the Owner-Operator to check the dispatch as required for the next day's assignment.

The Company will do its best to dispatch with following principles in mind:

1. Ensure that the needs of the customer are met;
2. Maintain equity amongst all regular operators;
3. Respect the principle of seniority in times of excess volume and/or layoff.
4. Where extra loads are required, notice of not less than twelve (12) hours (if possible) will be given to the Owner Operator to comply with the request for extra loads.
5. Arrow to supply caps and casings to trucks on the mine haul portion of the haul if they are damaged by steel at the mine.

6. Owner Operators retain the right to single shift provided they give the Company sixty (60) days notice to allow the company time to hire a replacement. Once the Owner Operator has opted to do single shifts he can only return to double shifting through a vacancy or a new job.

Dispatching will be done as follows:

1. All attempts will be made to ensure that loads from and to all destinations will be shared equally amongst all regular contractors. This is done to try to prevent some operators from getting an inordinate amount of difficult loads and an unfair distribution of income.
2. If volumes reduce to the point where the Company is unable to maintain a full work force at the minimum average daily levels, the most junior operator(s) will be laid off until volumes increase to sufficient levels.
3. If an operator feels equity has not been maintained, he may request an audit on a quarterly basis.
4. Dispatch sheets will be posted on a weekly basis and will remain posted for one (1) month.

LOADS NOT COVERED BY REGULAR TRIP RATES

On frequent occasions, the Company will contract to haul loads that are not covered by the existing trip rates for the Owner-Operator.

In these cases, unless the operator is otherwise informed by the Manager, the prevailing loaded and unloaded mileage rates will apply.

If these loads are combined with loads that are normally covered by trip rates, the hauling rate will be determined on the entire trip by applying the loaded and unloaded mileage rates unless other arrangements have been made.

Before an Owner-Operator commences a trip that does not have an established rate, management will attempt to inform him of the rate for the trip, however, if management is unable to notify the operator he is to assume the mileage rates (loaded and unloaded) apply.

Current mileage rates and the adjustment process are outlined in Schedule "A".

FUEL

Rates will be adjusted up or down depending on fuel prices at Houston, but not lower than base rate of 50¢ per litre.

MAINTENANCE

Trailers

1. Trailers will be serviced at a facility designated by the Company. The Company will clearly identify this facility to the operators.
2. All trailers will be serviced on a schedule designated by the Company in order to meet operating and regulatory requirements.
3. Owner-Operators will be notified as to when and where trailers must be dropped off for regular maintenance. The Company will attempt to integrate the maintenance schedule with the operating schedule of the operators.

Tires

1. All trailers will have tires checked regularly at a designated drop off point. This point will be clearly identified to operators.
2. If a flat tire occurs on any trip, the Owner-Operator will stop at the nearest designated shop and have the tire repaired or changed.
3. Owner-Operators will be charged for damaged tires if it is found that they neglected taking reasonable steps to have the tire repaired or if operating negligence is found (this would include tire skids, run flats, etc.).
4. It is the Owner-Operator's responsibility to be sure that all wheels are turning to avoid tire skids prior to commencing the trip.

CUSTOMER RELATIONS

Contact with customers or their designates is also to be handled in a polite and accommodating fashion.

Owner-Operators will not under any circumstances get involved in any heated discussions with shippers or wharf personnel. If there is an issue to be addressed, the Owner-Operator will contact the Trucking Manager to work on a resolution.

SCHEDULE "A"

OWNER-OPERATOR RATES

EFFECTIVE: November 1st, 2002

HOUSTON - STEWART	\$704.03/Trip
HUCKLEBERRY MINE - HOUSTON	\$360.57/Trip
BOBTAIL RATE	\$1.00/mile

These rates reflect current fuel price of 50¢/litre including taxes and are increased on monthly basis to allow for fluctuation in the price of fuel.

Beginning June 1/2001 the fuel adjustment will be adjusted using 50¢ per litre as the base with fuel representing 32% of trip rate on the highway and 24% of bush trip rate.

The Company agrees to pay a 2% increase in the base rate of the Houston to Stewart portion of the haul retroactive to November 1, 2002. The Company also agrees to pay a signing bonus of 2% of base rate times the number of trips hauled to the Huckleberry Mines to Houston Owner Operators up to and including April 17, 2003.

ARROW REQUIREMENTS

1. 100% PARTICIPATION IN LEASE-OP ASSISTANCE PROGRAM.
2. REGULAR MEETINGS WITH REPRESENTATIVE COMMITTEE AND FEEDBACK ON COMPANY PERFORMANCE.
3. CONTINUAL COMMITMENT TO HIGH QUALITY SERVICE.
4. INVOLVEMENT IN QUALITY IMPROVEMENT PROCESS.
5. TIMELY HANDLING OF GRIEVANCES AND OPERATIONAL ISSUES.