



AXIS INSURANCE GROUP

Mining & Mineral Exploration

Insurance solutions and protection for the mining industry

Axis Insurance Group specializes in structuring bespoke insurance solutions for the mining and mineral exploration industry. We have developed relationships, programs and facilities with leading multinational insurers who understand the risks, nuances and business of mining in North America and around the world.

Axis Insurance has developed a broad general liability policy through underwriters at Lloyd's of London designed to address the needs, and many of the coverage gaps, that exist under most standard policies currently offered to mining companies.

Mining companies face many exposures to loss emanating from their operations and management liabilities. These can be insured through a variety of different insurance policies. Axis has attempted to streamline coverage, reducing the number of different policies required, while filling coverage gaps and reducing overall premium levels. We are keen to work with your management team to identify these areas of risk, and to propose appropriate risk transfer solutions through insurance products. Our goal is to provide the best service, advice, and products to the mining industry. We have a fully qualified team of insurance professionals with extensive experience in mining and mineral exploration to assist you in creating the best insurance protection at reasonable and fair premium savings.

The attached schedule is intended as a review document for discussion purpose only. It is not necessarily an exhaustive list of your exposures to loss or insurance coverage that is available.

Axis Insurance Group

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Insurance & Risk Management—Quick Guide

The following chart is a summary of the insurance products that are available to address the many risks faced by mining companies. If all exposures are insured, premiums can become unaffordable – in order to contain the premium costs, insurance purchases will often be selective.

Some premiums can be reduced by selecting limited forms of coverage or by assuming higher deductibles. With respect to liability insurance, the limit will have a significant impact on the amount of premium.

Corporations are often required to purchase specific types of insurance to satisfy contractual requirements, such as lease obligations to landlords, joint venture partners, and outside directors. If possible, risks should be transferred contractually to third parties such as subcontractors or joint venture partners. However, this does not always negate the need for coverage. When transferring risks to insurers the focus should be on unmanageable risks that can have a significant impact on your corporate treasury, the long-term viability of your company, or the safety of your employees.



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This list is merely a sample of typical policies available to mining companies and which insure the vast majority of exposures facing the mining industry. Other risks and exposures may require alternate coverage solutions.



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Typical Insurance Coverage Options

Policies that protect physical assets

- Office Contents Package
- Property Insurance
- Loss of Income and Extra Expense
- Marine Insurance
- Automobile Insurance
- Crime Insurance

Liability insurance—policies that protect against liability arising from your negligent acts

- General Liability
- Directors' and Officers' Liability Insurance
- Non-Owned Aircraft Liability
- Marine Liability
- Automobile
- Employment Practices Liability
- Employers' Liability
- Environmental Liability
- Professional Liability
- Joint Venture Liability

Other coverage options

- Accident Insurance
- Kidnap and Ransom Insurance
- Foreign Voluntary Workers Compensation Insurance
- Political Risk Insurance

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Physical Assets

Exposure	Insurance Coverage	Key Considerations
Office Contents Furniture, fixtures, and fittings, tenant improvements, computer equipment, and telephone systems	Property Insurance or Office Contents Package	Insurance may be required by the lease agreement, due to the landlord's interest in tenant improvements Assets should be valued and insured on a replacement cost basis Laptop computers may be excluded when off premises, or coverage should include earthquake and flood Coverage should be extended to include property in transit Various extensions of coverage can be included Coverage should be included for extra expenses you will incur to continue your business operations in the event of a fire or other loss or damage at the insured premises
Miscellaneous Property Field Equipment, survey tools, mobile equipment, ATVs & snowmobiles, camps, camp equipment, and exhibition equipment	Property Insurance	Policies may contain geographical limitations An asset schedule should be prepared with values agreed on either an actual cash value or replacement cost basis There should be a provision to automatically insure newly acquired items for a period of time Licenced equipment may need to be insured under an automobile policy Consideration should be given to the maximum accumulation of values at any given location to ensure limits are adequate or whether coverage is warranted
Fixed Assets Buildings and contents you own or are responsible for insuring	Property Insurance	Coverage would usually be on a replacement cost basis Coverage territories should be reviewed to ensure adequacy
Loss of Income and Extra Expense	Business Interruption or Extra Expense Insurance	Protects against loss of income in the event of loss or damage to insured property Policy covers standing charges that continue in the event of shut down Various forms of coverage are available Coverage for the extra expense incurred to resume normal business operations in the event of an insured loss

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Physical Assets Continued

Exposure	Insurance Coverage	Key Considerations
Loss of Income and Extra Expense	Business Interruption or Extra Expense Insurance	<p>Protects against loss of income in the event of loss or damage to insured property</p> <p>Policy covers standing charges that continue in the event of shut down</p> <p>Various forms of coverage are available</p> <p>Coverage for the extra expense incurred to resume normal business operations in the event of an insured loss</p>
Automobiles	Automobile Insurance or Foreign Risks Excess DIC / DIL	<p>Licensed Automobiles</p> <p>In overseas jurisdictions coverage is most likely required to be purchased locally (Often limits and coverage are inadequate so excess difference in conditions and difference in limits coverage should be purchased in Canada)</p>
Watercraft	Marine Insurance	<p>Hull and Machinery</p> <p>Marine Cargo Risks</p> <p>Drilling Barges</p>
Special Shipments and Transit Exposures (Such as rock samples)	Miscellaneous Property Insurance Policies or Trip Transit Insurance	<p>Samples while in transit or at shows and exhibitions</p> <p>Special Shipments and Deliveries</p>
Money and Securities	Crime Insurance	<p>Losses caused by employee theft</p> <p>Multi-million dollar claims are not uncommon</p>



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Liability Risks

Exposure	Insurance Coverage	Key Considerations
Bodily Injury, Property Damage, and Personal Injury	Business Interruption or Extra Expense Insurance	This policy can be amended to include various extensions of coverage <ul style="list-style-type: none"> • Advertising Liability (Website) • Employee Benefits E&O • Tenants Legal Liability • Pollution Coverage • Non-Owned Automobile • Snowmobiles and ATV's
Environmental Damage	Pollution Liability Policy or Extension to General Liability Policy	Legal liability for damage to the environment First party and third party property clean up expense
Aviation Liability	Non-owned Aviation Insurance or Special Extension to General Liability Policy	Contingent exposure arising from chartered (non-owned) aircraft, including helicopters Liability arising out of the construction and/or maintenance of helipads or landing strips
Forest Fire Fighting Expense	Must be added by the Endorsement to the General Liability Policy	Expenses charged against you for fighting a fire
Automobile Liability	ICBC or other Automobile Liability Coverage Outside of BC	Are all vehicles (owned and nonowned) properly insured?
Marine Liability	Marine Insurance or Extension to General Liability Policy	Marine shipments Drilling barges Owned and non-owned vessels
Management Liability	Directors and Officers (D&O) Liability Insurance	Standard D&O with entity coverage for securities claims Excess Side 'A' DIC to add protection for the benefit of the directors and officers only
Workplace Liability	Employment Practices Liability	Discrimination, harassment, wrongful dismissal, and other workplace violations are giving rise to increasing litigation in Canada against corporations and their employees

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Liability Risks Continued

Exposure	Insurance Coverage	Key Considerations
Employers' Liability	Employers' Liability can be included in the General Liability Policy or Foreign Voluntary Workers Compensation	Most General Liability policies will include contingent employers' liability The Policy can sometimes be broadened to provide full employers' liability for employees not covered by workers' compensation
Joint Venture Liability	Operators Liability Insurance	Suits brought against the corporation by joint venture partners These suits are not covered by the D70 policy Covers wrongful acts alleged by joint venture partners against the operator of a project

Employees

Exposure	Insurance Coverage	Key Considerations
Accidental Death and Injury of Employees and Consultants	Accidental Death and Dismemberment	Coverage is subject to a specified table of benefits
Kidnap and Extortion	Extortion or Kidnap and Ransom Insurance	Coverage can include all employees Coverage can apply on a 24/7 basis and include non-business related travel Coverage can apply to all immediate family members Coverage can be extended to include Consultants



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Risk Management Checklist

Liability risks employees

- Are all employees covered by workers compensation?
- Do you have student workers sign waivers?
- Have you purchased accident insurance for senior employees?
- Do you need to protect against kidnap and ransom exposures?
- Have you developed a safety training program at each exploration site?

Exploration projects

- Are there any old mine workings or other hazards on your properties?
- Have any underground openings, tunnels, shafts and adits been properly secured and/or fenced and sign posted with adequate warnings?

Forest fire

- Is there any potential for a forest fire at any of your projects?
- Have you implemented any controls with respect to burning debris? Have you established a no smoking policy?
- Do your contractors have Forest Fire Fighting Expense coverage? This needs to be specifically added to the policy. Are their limits adequate?

Subcontractors

- Do you have contracts with all subcontractors?
- Do you require subcontractors to purchase adequate insurance coverage and adequate limits of liability?
- Do you ask to be added to their policy as an additional insured? Do you ask for proof of insurance?
- Do you have an exposure arising from your subcontractors operations with respect to storage of fuels and other pollutants? Does this subcontractor have pollution coverage and have you been named on the policy?
- Does the subcontractor's policy provide coverage for forest fire fighting expense?

Pollution

- Do you keep or store any pollutants at your project sites?
- Do you have any above ground or underground storage tanks?
- Have you developed a clear plan for responding to and reporting spills?
- Are all employees aware of the plan?
- Are subcontractors required to carry pollution coverage?

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Aviation (helicopter) risks

- Have you built any helicopter pads or landing strips?
- Do you service or maintain any helicopter or fixed wing landing facilities?
- Will your employees be involved in any refueling operations?
- Do you store equipment, machinery or other goods at any airport premises or landing facility?
- Do you or will you fly anyone — such as analysts — into your projects?
- If yes, do you ask for waivers to be signed?
- Have you arranged adequate insurance for aviation risks?

Directors and Officers Liability (D&O)

Directors and officers liability insurance

- Does the corporation have adequate limits for D&O coverage?
- Does the policy exclude taxes or punitive damages?
- Is there a separate excess Side A DIC policy to protect the D&Os only?
- Is an admitted policy required in the country you operate in?
- Is there a priority of payments clause protecting individual D&Os in the event of a claim where the corporation itself is using up a large portion of the limit?
- How does your policy respond in the event that claims include covered and uncovered allegations?
- Does your policy contain a hammer clause? (This says if a settlement offer is declined by the insured, and the final damages are higher than that offer, then that difference is not covered, or only a portion is covered. Allegations can be highly personal and a director or officer may want to prove their innocence without the threat of coverage being withdrawn).
- Do you have the broadest pollution coverage available? Most D&O policies contain a pollution exclusion that is very restrictive as to the amounts that can be paid out if the alleged wrongful act was linked to pollution.
- Does your policy contain a major shareholder exclusion?

Indemnity

- Do the corporate bylaws indemnify directors and officers to the fullest extent permitted by the law?
- Are your directors and officers protected by a contractual indemnity? This may provide added comfort and certainty to the D&Os.

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International Coverage

Exposure	Insurance Coverage	Key Considerations
Foreign Coverage	Global Policies	<p>Locally placed coverage in both developed and developing countries rarely negates the need for a true global insurance program</p> <p>Local policies typically contain restrictive jurisdictional clauses and coverage is invariably inadequate</p> <p>A global program should wrap around locally purchased coverage</p> <p>A global program can combine locally admitted coverage</p>
International Risks	Admitted Insurance	<p>Admitted vs Non-Admitted coverage</p> <p>Some insurance companies can arrange a global program with policies that comply with local licensing requirements</p> <p>Non-admitted coverage can result in:</p> <ul style="list-style-type: none"> • Insurance and excise taxes and penalties • Claims adjustment issues/ difficulties • Jurisdictional interpretations of policy language
Workers Compensation	Foreign Voluntary Workers Compensation	<p>Coverage for expatriate workers while overseas and not covered by BC Workers Compensation</p> <p>Coverage can be broadened to include consultants</p>
Foreign Automobile Liability	Foreign Auto Excess DIC/ DIL	<p>Covers liability for foreign automobiles excess of locally required insurance</p> <p>Availability of coverage depends on jurisdiction</p> <p>Policy provides both DIC - difference in conditions and DIL - difference in limits between local insurance and standard Canadian coverage</p> <p>Coverage can be broadened to include consultants</p>