

LAND TITLE ACT
Form 17
(Sections 151, 152 (1), 220)
APPLICATION

Before submitting this application for registration of a leasehold interest, applicants should check and satisfy themselves as to the tax position, including taxes of the Province, a municipality, and improvement, water and irrigation districts.

NATURE OF INTEREST: CHARGE
NATURE OF CHARGE: LEASE

TRUE VALUE:

Herewith Fees of \$ _____

Address of persons entitled to be registered as owner, if different than shown in instrument _____

Full name, address, telephone number of person presenting application _____

(Signature of applicant,
solicitor or authorized agent)



Province of
British Columbia

Ministry of
Crown Lands

LEASE AQUATIC LANDS

THIS LEASE executed in triplicate and dated for reference the 27th day of November, 1989.

LEASE No. 103107

IN PURSUANCE OF THE LAND ACT (section 35) and the LAND TRANSFER FORM ACT.

FILE No. 1405507

Between: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the Minister Responsible for Crown Lands, Parliament Buildings, Victoria, British Columbia;

(hereinafter called the "Lessor") OF THE FIRST PART
and TIDAL HARMONY HOLDINGS LTD.
(Incorporation No. 105,589) of
P.O. Box 1442,
Victoria, B.C.
V8W 2X2 (hereinafter called the "Lessee") OF THE SECOND PART

WITNESS THAT WHEREAS the Lessor has agreed to grant to the Lessee a lease over that parcel of land described in the schedule attached entitled Legal Description (hereinafter referred to as the "Land");

NOW, THEREFORE, in consideration of the rental to be paid by, and the covenants of, the Lessee, the parties agree as follows:

Article I—Grant of Lease

(1.01) The Lessor, on the terms set forth herein, hereby demises and leases to the Lessee the Land for the purpose described in the schedule attached entitled the Special Proviso Schedule (hereinafter called the "Special Proviso Schedule").

Article II—Term

(2.01) TO HAVE AND TO HOLD the Land unto the Lessee for a term of fifty years commencing on the 1st day of December, 1989 (hereinafter called the "Commencement Date").

Article III—Rent

(3.01) YIELDING AND PAYING THEREFOR for the term the rent as prescribed in the Rental Schedule attached.

Article IV—Covenants of the Lessee

(4.01) The Lessee covenants with the Lessor

- (a) to pay rent when due at the address of the Lessor first above written or at such other place as the Lessor may specify by notice in writing;
- (b) to pay and discharge when due all applicable taxes, levies, charges and assessments now or hereafter assessed, levied or charged which relate to the Land or any improvements thereon (herein called "Realty Taxes");
- (c) to observe, abide by and comply with all applicable laws, bylaws, orders, directions, ordinances and regulations of any competent governmental authority in any way affecting the Land and improvements situate thereon, or their use and occupation;

- (d) to keep the Land in a safe, clean and sanitary condition satisfactory to the Lessor, and on written notice from the Lessor, to make safe, clean and sanitary any portion of the Land or any improvements that, in the opinion of the Lessor, contravenes the provisions of this covenant;
- (e) not to commit or suffer any willful or voluntary waste, spoil or destruction on the Land or to do or suffer to be done thereon anything that may be or become a nuisance or annoyance to the owners or occupiers of adjoining land;
- (f) to use and occupy the Land in accordance with the provisions of this lease and the Special Proviso Schedule;
- (g) to effect and keep in force during the term, insurance protecting the Lessor and the Lessee (without any rights of cross-claim or subrogation against the Lessor) against claims for personal injury, death, property damage or third party or public liability claims arising from any accident or occurrence on the Land or improvements up to an amount not less than \$ 1,000,000, PROVIDED, however, that the Lessor may, in his sole discretion, waive the requirements of this subsection on the delivery to the Lessor of evidence that the Lessee is self insured;
- (h) to deliver to the Lessor from time to time, upon demand, proof of insurance required to be maintained by the Lessee, receipts or other evidence of payment of Realty Taxes, insurance premiums, leasehold mortgage installments or other monetary obligations of the Lessee required to be observed by the Lessee pursuant to this lease;
- (i) notwithstanding subsection (g) of section 4.01, the Lessor may from time to time notify the Lessee that the amount of insurance posted by the Lessee pursuant to that subsection be changed and the Lessee shall, within 60 days of receiving such notice, cause the amount of insurance posted pursuant to subsection (g) of section 4.01 to be changed to the amount specified in the notice and deliver to the Lessor written confirmation of the change;
- (j) to indemnify and save the Lessor harmless against all loss, damage, costs and liabilities, including fees of solicitors and other professional advisors arising out of
- any breach, violation or non-performance of any covenant, condition or agreement in this lease by the Lessee,
 - any personal injury, death or property damage occurring on the Land or happening by virtue of the Lessee's use or occupation of the Land,
- and the Lessor may add the amount of such losses, damages, costs and liabilities to the rent and the amount so added shall be payable to the Lessor immediately;
- (k) to pay all accounts and expenses for labour performed on, or material supplied to, the Land, in accordance with the Builders Lien Act, and on behalf of the Lessor, to place written notices immediately after the commencement of any construction on the Land, on at least two conspicuous places, giving notice that the Lessor shall not be responsible for the cost of labour, services or materials performed on or supplied to the Land;
- (l) on the expiration or earlier cancellation of this lease
- to peaceably quit and deliver possession of the Land and any improvements thereon to the Lessor, in a safe and sanitary condition,
 - to restore the surface of the Land to the satisfaction of the Lessor, AND
 - notwithstanding section 4.01 (l) (i) to remove any improvements that the Lessor may, in writing, direct or permit to be removed,
- and all right, interest and estate of the Lessee shall cease and vest in the Lessor, and to the extent necessary this covenant shall survive the expiration or earlier cancellation of this lease;
- (m) to permit the Lessor, or his authorized representative, to enter upon the Land at anytime to inspect the Land and any improvements thereon;
- (n) not to deposit on the Land or any part of it, any earth, fill or other material for the purpose of filling in or raising the level of the Land without the prior written consent of the Lessor;
- (o) not to dredge or significantly displace beach materials on the Land without the prior written consent of the Lessor;
- (p) ~~not to place any improvements on the Land or carry on any activity on the Land or on the surface of the water covering the Land that may constitute an interference with the riparian rights of the owner or occupier of the land adjacent to the Land~~

Which consent will not be unreasonably withheld.

Article V—Assignment

- (5.01) The Lessee shall not assign, mortgage, sublet or transfer this lease without the prior written consent of the Lessor.

Article VI—Covenants of the Lessor

- (6.01) The Lessor covenants with the Lessee for quiet enjoyment.

Article VII—Provisos

- (7.01) PROVIDED always and it is hereby agreed as follows:

- if, after the termination by the passage of time of this lease or any extension thereof, the Lessor permits the Lessee to remain in possession of the Land and accepts rent in respect thereof, a tenancy from year to year shall not be created by implication of law and the Lessee shall be deemed to be a monthly tenant only subject to all terms and conditions of this lease, except as to duration in the absence of a written agreement to the contrary;
- title to and ownership of all buildings, structures, and other improvements now or hereafter constructed on the Land shall be vested in the Lessor and the Lessee shall neither remove nor permit the removal of them from the Land except as expressly permitted or required by this lease;

- the Lessor is under no obligation to provide access or services to the Land or to maintain or improve existing access roads;
- the Lessor hereby reserves the right to grant other dispositions of the Land, or any part of it, with the prior consent of the Lessee, which consent shall not be unreasonably withheld, by way of easement, right of way or statutory right of way to a Crown corporation or agency, a municipality, or regional district, or a person or corporation and, upon such consent being given, the Lessee shall forthwith execute and deliver to the Lessor such instrument as may be necessary to subordinate the Lessee's right and interest in the Land under this lease;
- for the purpose of subsection (d) of section 7.01, the Lessee shall be deemed to have withheld his consent reasonably if a grant of rights under that subsection would materially affect the exercise of the Lessee's rights hereunder;
- if a dispute should arise as to whether or not the exercise of the Lessee's rights hereunder would, in fact, be materially affected by a grant of rights under subsection (d) of section 7.01, then, the dispute shall be referred to a sole arbitrator appointed pursuant to the Commercial Arbitration Act;
- the Lessee hereby acknowledges and agrees that no claim for compensation shall be made, in any form, in respect of a grant of rights under subsection (d) of section 7.01, where such rights do not materially affect the exercise of the Lessee's rights hereunder;
- this lease and the term herein granted is subject to:
 - all subsisting grants to or rights of any person made or acquired under the Coal Act, Forest Act, Mineral Act, Mining (Pinger) Act, Petroleum and Natural Gas Act, Rampage Act, Wildlife Act, or Water Act, or any extension or renewal of the same, whether or not the Lessee has actual notice of them, AND
 - the exceptions and reservations of rights, interests, privileges and titles referred to in section 47 of the Land Act;
- the Lessee acknowledges and agrees with the Lessor that
 - any interference with the rights of the Lessee under this lease by virtue of the exercise or operation of the rights, privileges or interests described in subsections (d) and (h) of section 7.01 shall not constitute a breach of the Lessor's covenant of quiet enjoyment and the Lessee releases and discharges the Lessor from and against any claims for loss or damage arising directly or indirectly out of any such interference,
 - all costs and expenses, direct or indirect, that arise out of any interference by the Lessee with the rights, privileges and interests described in subsections (d) and (h) of section 7.01 shall be borne solely by the Lessee,
 - he shall not commence or maintain proceedings under section 60 of the Land Act in respect of any interference with his rights hereunder arising directly or indirectly out of the exercise or operation of the rights, privileges or interests described in subsections (d) and (h) of section 7.01, AND
 - all schedules referred to in this lease form an integral part of this lease.

Article VIII—Events of Default

- (8.01) PROVIDED ALSO that this lease and the term and estate hereby granted are subject to the limitation that

- if the Lessee shall default in the payment of any installment of rent, or the payment of any other sum payable hereunder, and such default shall continue for 60 days after the giving of written notice by the Lessor to the Lessee;
- if the Lessee shall fail to perform or observe any of the covenants, agreements, conditions or provisos contained in this lease on the part of the Lessee to be performed or observed (other than the payment of rent or other sums of money) and such failure shall continue for, or shall not be remedied within, the period of 60 days next after the giving of written notice by the Lessor to the Lessee of the nature of such failure;
- if the term hereby granted shall be taken in execution or attachment by any person or the Lessee commits an act of bankruptcy, becomes insolvent or is petitioned into bankruptcy or voluntarily enters into an arrangement with his creditors;
- if the Lessor discovers that the Lessee either in his application for this lease or otherwise has, in the opinion of the Lessor, misrepresented or withheld any fact material to the application; or
- if, in the opinion of the Lessor, the Lessee fails to make reasonable and diligent use of the Land for the purposes permitted herein, and such failure shall continue for a period of 60 days next after the Lessor gives written notice of the failure to the Lessee;

it shall then be lawful for the Lessor to enter upon the Land or any part thereof in the name of the whole, and this lease shall at the option of the Lessor, and with or without entry, terminate, and all the rights of the Lessee with respect to the Land shall be absolutely forfeited and shall lapse. If the condition complained of (other than the payment of rent or other sums of money) reasonably requires more time to cure than 60 days, the Lessee shall be deemed to have complied with the remedying thereof if the Lessee shall have commenced remedying or curing the condition within the 60 day period and diligently thereafter completes the same.

Article IX—Security

SEE ATTACHED SCHEDULE "A"

- (9.01) ~~The security in the form of~~ and all other privileges, benefits and interests accruing thereto delivered by the Lessee to the Lessor (herein called the "Security") to guarantee the performance of the Lessee's obligations under this lease shall be maintained in effect until such time as the Lessor certifies in writing that such obligations have been fully performed.
- (9.02) In the event the Lessor should default in the performance of any of his obligations hereunder, it shall be lawful for the Lessor, in his own name, to sell, assign and convert the Security, or any part of it, and the Security shall be deemed to have been absolutely forfeited to the Lessor.

~~(9.03) The rights of the Lessor under this Article shall be deemed to continue in full force and effect notwithstanding the expiration or earlier cancellation of this lease.~~

(9.04) Notwithstanding section 9.01, the Lessor may from time to time notify the Lessee that the amount of Security delivered by the Lessee to the Lessor be changed and specify the amount of Security required by the Lessor.

(9.05) The Lessee shall, within 60 days of receiving the notice referred to in section 9.04, cause the amount of Security delivered to the Lessor to be changed to the amount specified in the notice and provide the Lessor with written confirmation of the change.

Article X -- Notice

(10.01) Where service of a notice or a document is required under this lease the notice or document shall be in writing and shall be deemed to have been delivered to, or if sent by prepaid registered mail addressed to, the Lessor and the Lessee at the addresses specified for each in this lease, and where service is by registered mail the notice or document shall be conclusively deemed to have been served on the eighth day after its deposit in a Canada Post office at any place in Canada.

(10.02) Either party may, by notice in writing to the other, specify another address for service of notices under this lease, and where another address is specified under this section, notices shall be mailed to that address in accordance with this Article.

(10.03) Notwithstanding section 10.01, any written notice to be served or given by the Lessor to the Lessee under this lease shall be effectively given or served by posting the same in a conspicuous place on the Land.

Article XI -- Miscellaneous

(11.01) No term, condition, covenant or other provision herein shall be considered to have been waived by the Lessor unless such waiver is expressed in writing by the Lessor. Any such waiver of any term, condition, covenant or other provision herein shall not be construed as or constitute a waiver of any further or other breach of the same or any other term, condition, covenant, or other provision and the consent or approval of the Lessor to any act by the Lessee requiring the consent or approval of the Lessor shall not be considered to waive or render unnecessary such consents or approvals to any subsequent same or similar act by the Lessee.

(11.02) No remedy conferred upon or reserved to the Lessor is exclusive of any other remedy herein or provided by law, but such remedy shall be cumulative and shall be in addition to any other remedy herein or hereafter existing at law, in equity, or by statute.

(11.03) The terms and provisions of this lease shall extend to, be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns.

(11.04) Time is of the essence in this agreement.

Article XII -- Interpretation

(12.01) In this lease, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and a corporation.

(12.02) The captions and headings contained in this lease are for convenience only and are not to be construed as defining or in any way limiting the scope or intent of the provisions hereof.

(12.03) Where this lease contains the forms of words contained in Column 1 of Schedule 4 of the *Land Transfer Form Act*, those words shall have the same effect and be construed as if the appropriate forms of words contained in Column II of that Schedule were contained herein in their place, unless the context requires another construction of those words.

(12.04) Where in this lease there is a reference to an enactment of the Province of British Columbia or of Canada, that reference shall include a reference to any subsequent enactment of like effect, and unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.

(12.05) If any section of this lease or any part of a section is found to be illegal or unenforceable, that part or section, as the case may be, shall be considered separate and severable and the remaining parts or sections, as the case may be, shall not be affected thereby and shall be enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this lease as of the day and year first above written.

103107

SIGNED, SEALED AND DELIVERED
on behalf of Her Majesty the Queen in
Right of the Province of British Columbia
by a duly authorized representative
in the presence of:

Deborah Tall
851 Yates Street
Victoria, B.C.

[Signature]
Authorized Representative

SIGNED, SEALED AND DELIVERED
by
in the presence of:

Signature of Lessee

The Common Seal of
TIDAL HARMONY HOLDINGS LTD.
was hereunto affixed in the presence
of:

[Signature]
AUTHORIZED SIGNATORY
[Signature]
AUTHORIZED SIGNATORY



LEASE No.

103107

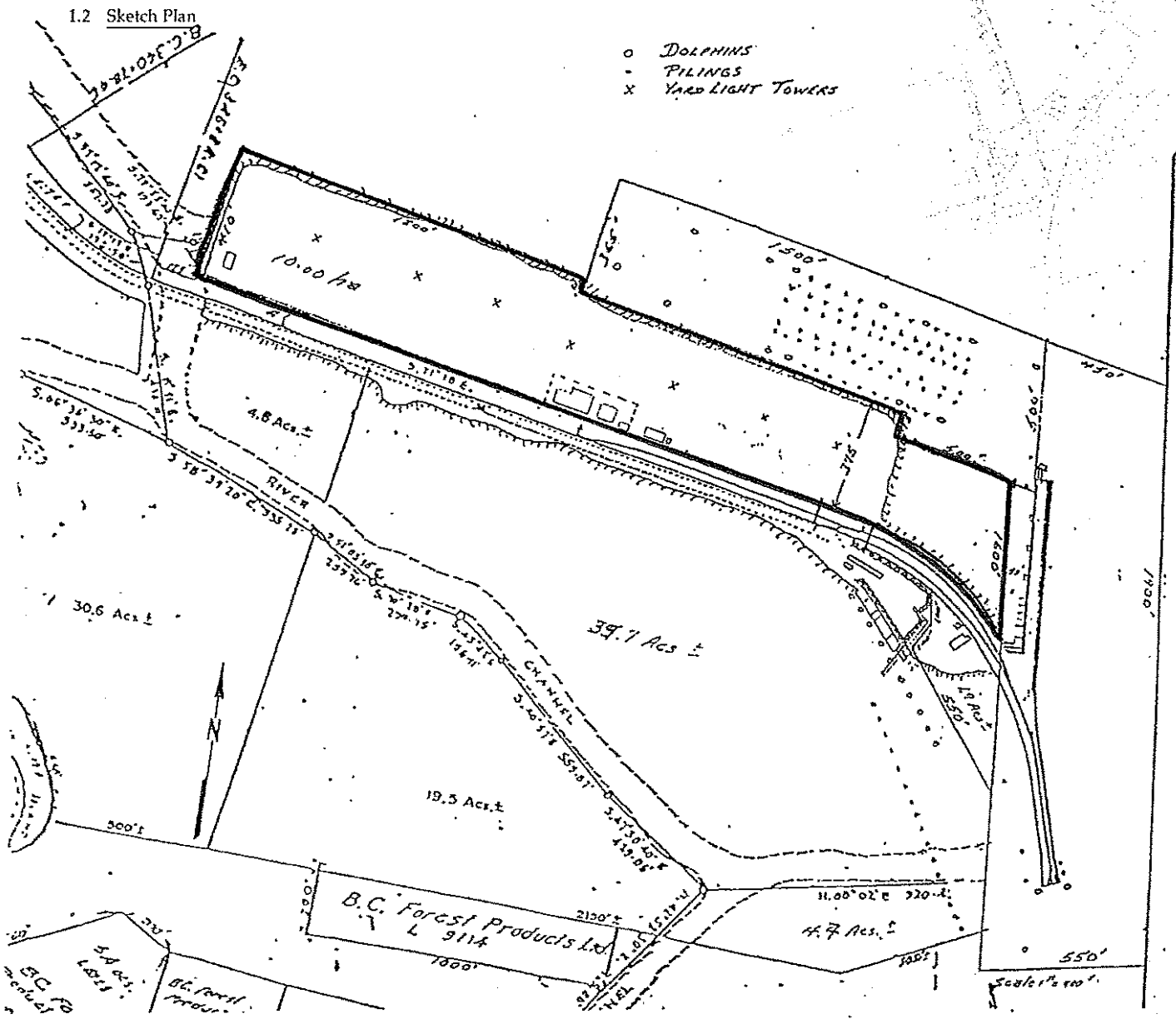
FILE No.

1405507

1.1 Legal Description

That part of the bed of District Lot 160 within Cowichan Bay, Cowichan District more particularly shown outlined in red on the plan below and containing 10 hectares more or less.

1.2 Sketch Plan





LEASE No.

103107

FILE No. 1405507

GENERAL COMMERCIAL/INDUSTRIAL (AQUATIC)

1.1 Purpose

The Lessee shall use the Land only for the purpose of commercial and industrial uses including without limiting the generality of the foregoing, cargo assembly, storage and handling, and port related activities.

1.2 Special Provisions

The Lessee shall

- (a) not anchor or secure any buildings, structures or improvements on the Land except as shown in the schedule attached to the lease called the Legal Description Schedule;
- (b) not interrupt the movement of beach material by water along the shoreline;
- (c) not construct a fence, bulkhead, groin, breakwater, floating boom or any structure by another name which acts in a like manner, on the Land, without the prior written consent of the Lessor;
- (d) dispose of raw sewage and refuse only in accordance with the requirements and regulations of appropriate federal and provincial agencies;
- (e) store bulk hazardous petroleum products and other toxic substances in accordance with the provisions of the Waste Management Act;
- (f) not use construction materials containing toxic substances, except in marine waters where the use of preservative-treated wood may be necessary;
- (g) not involve pile driving in the construction ~~or maintenance~~ of improvements on the Land without the prior written consent of the Lessor.

1.3 Additional Provisions

1.3.1 Provided also that this Lease is issued and accepted subject to the existing rights of riparian owners.

1.3.2 To relinquish all right or claim for compensation by reason of the Land becoming unsuitable for the stated purpose due to changes caused by erosion or flooding.



LEASE NO.

103107

FILE No. 1405507

- 9.01 In the event the Lessor upon receipt of application from the Lessee, authorizes major improvements not shown on the existing development plan may notify the Lessee, security will be required for such new improvements and that the Lessee shall cause the amount notified to be delivered to the Lessor within 60 days of being notified.
- 9.02 The security and all rights, privileges, benefits and interests accruing thereto delivered by the Lessee to the Lessor (herein called the "Security") to guarantee the performance of the Lessee's obligations under this lease shall be maintained in effect until such time as the Lessor certifies in writing that such obligations have been fully performed.
- 9.03 In the event the Lessee should default in the performance of any of his obligations hereunder, it shall be lawful for the Lessor, in his sole discretion, to sell, call in and convert the Security, or any part of it, and such Security shall be deemed to have been absolutely forfeited to the Lessor.
- 9.04 The rights of the Lessor under this Article shall be deemed to continue in full force and effect notwithstanding the expiration or earlier cancellation of this lease.



Province of
British Columbia

Ministry of
Crown Lands

Rental Schedule

LEASE No.

103107

FILE No.

1405507

The rental for the term shall be the sum of \$ 1.00, payable in advance, on the Commencement Date:



Province of
British Columbia

Ministry of
Crown Lands

ENDORSEMENTS

No.

103107


FILE No. 1405507

ENDORSEMENT No. 1	CONSENT July 16, 1990 DATE OF ENDORSEMENT:
LEASE No. 103107	FILE No. 1405507

1.1

Portion sublet December 1, 1989 unto Westcan Terminals Ltd. for a period of 20 years from December 1, 1989

L137 M20-020


Regional Director
AUTHORIZED REPRESENTATIVE

SUBLEASE

THIS AGREEMENT dated for reference the 1st day of December, 1989

BETWEEN:

TIDAL HARMONY HOLDINGS LTD., a company duly incorporated under the laws of the Province of British Columbia and having an address of P.O. Box 1442, Victoria, British Columbia, V8W 2X2.

(the "Lessor")

OF THE FIRST PART

AND:

WESTCAN TERMINALS LTD., a company duly incorporated under the laws of the Province of British Columbia and having its registered office at Victoria, British Columbia.

(the "Lessee")

OF THE SECOND PART

WHEREAS:

A. Pursuant to a lease dated as of the 1st day of December, 1989 (the "Head Lease"), a copy of which is attached hereto as Schedule "A", the Province of British Columbia (the "Head Lessor") leased to the Lessor the lands and premises described in the Head Lease (the "Land") comprising a portion of Lot 160, Cowichan district, Plan 1027;

B. The Lessor has agreed to grant the Lessee a sublease of a portion of the Land (the "Premises") comprising approximately 10.0 hectares as shown outlined in green on the plan attached hereto as Schedule "B", on the terms and conditions hereinafter set forth;

THEREFORE in consideration of the premises and mutual covenants and agreements herein set forth, the Lessor and the Lessee covenant and agree each with the other as follows:

DEFINITIONS AND INTERPRETATION

1.1 The following expressions, where used in this Sublease, have the meaning set out herein:

(a) "Commencement Date" means the 1st day of December, 1989; and

(b) "Lease Year" means each of the consecutive periods of 12 months comprising the term of this Sublease, the first lease year being the period of 12 months commencing on the Commencement Date and ending on the day preceding the first anniversary of the Commencement Date, and each succeeding Lease Year being a period of 12 months commencing on the day following the expiration of the Lease Year proceeding it.

1.2 This Sublease shall be governed and construed by the laws of the Province of British Columbia.

1.3 The venue of any proceedings taken in respect of this Sublease shall be at Vancouver, British Columbia, so long as such a venue is permitted by law.

1.4 All the provisions of this Sublease are to be construed as covenants and agreements. Should any provision of this Sublease be or become illegal, invalid or not enforceable, it shall be separate and severable from this Sublease and the remaining provisions shall remain in force and be binding upon the parties hereto and be enforceable to the fullest extent of the law.

1.5 The headings in this Sublease are for convenience of reference only and shall not affect the construction of this Sublease or any provision hereof.

1.4. Wherever the singular or masculine or neuter is used in this Sublease, the same shall be construed to mean the plural or feminine or body corporate where the context of this Sublease or the parties hereto may so require.

2. DEMISE

2.1 The Lessor hereby demises and leases to the Lessee the Premises on the terms, conditions and covenants hereinafter set forth.

3. TERM

3.1 To have and to hold unto the Lessee from the Commencement Date for the term of 20 years subject to the Lessee's right of renewal set out in this Sublease.

4. RENT

4.1 The Lessee shall pay to the Lessor, by monthly instalments, annual rent as follows:

(a) during the first five Lease Years, annual rent of
S17, S21

(b) during the period from the expiration of the fifth Lease Year until the expiration of the tenth Lease Year annual rent calculated by multiplying the sum of S17, S21 by the fraction, the numerator of which is the Consumer Price Index for Vancouver published by Statistics Canada (the "Index") at the beginning of the sixth Lease Year and the denominator of which is the Index at the beginning of the first Lease Year, provided that the annual rent so calculated shall not be less than the sum of S17, S21

(c) during the period from the expiration of the tenth Lease Year until the expiration of the fifteenth Lease Year annual rent calculated by multiplying the sum of \$17, S21 by the fraction, the numerator of which is the Consumer Price Index for Vancouver published by Statistics Canada (the "Index") at the beginning of the eleventh Lease Year and the denominator of which is the Index at the beginning of the first Lease Year, provided that the annual rent so calculated shall not be less than the sum of \$17, S21

(d) during the period from the expiry of the fifteenth Lease Year until the expiry of the twentieth Lease Year annual rent calculated by multiplying the sum of \$17, S21 by the fraction, the numerator of which is the Consumer Price Index for Vancouver published by Statistics Canada (the "Index") at the beginning of the sixteenth Lease Year and the denominator of which is the Index at the beginning of the first Lease Year, provided that the annual rent so calculated shall not be less than the sum of \$17, S21

4.2 If Statistics Canada (or the then recognized statistical branch of the Canadian Government) commences to compute the consumer price index for Vancouver on a different basis, the consumer price index for Vancouver so computed shall be converted to the basis used in computing the Index by using the formula published by Statistics Canada (or the then recognized statistical branch of the Canadian Government) for that purpose. If the Index is not in existence and the new consumer price index for Vancouver has not been substituted therefore so that the rent for an extended period cannot be determined with reference thereto and if the Lessor and the Lessee have not agreed in writing at least five months prior to the commencement of the Lease Year at which the adjusted rent is to be payable, the annual rent shall be \$17, S21 of lawful money of Canada increased by the proportion that the average purchasing value of the Canadian dollar for the five-year period ended on the commencement of the applicable Lease Year is more than the average purchasing value of the Canadian dollar at the beginning of the first Lease Year. The annual rent shall at no time be less than \$17, S21. If the Lessor and the Lessee fail to agree in writing at least four months prior to the commencement of the applicable Lease Year upon the average

purchasing value of the Canadian dollar for either relevant period, the matter shall be determined by the Department of Economics or other appropriate department of the University of British Columbia, and the determination shall be final and binding upon the Lessor and the Lessee.

4.3 The annual rent shall be paid to the Lessor in equal monthly instalments in advance. The first monthly instalment of rent is to be made on the Commencement Date and succeeding monthly instalments shall be paid monthly in advance thereafter during the term. All payments of rent shall be made to the Lessor at the address set forth herein or as the Lessor may otherwise direct in writing.

4.4 It is the intention of the parties that the rent to be paid in this Lease shall be net to the Lessor and clear of all taxes (except the Lessor's income taxes), costs and charges arising from or relating to the premises and that the lessee shall pay all charges, impositions and expenses of every kind relating to the Premises and the Lessee covenants with the Lessor accordingly.

5. USE OF PREMISES

5.1 The Lessee shall use the Premises for the purpose of commercial and industrial uses including without limiting the generality of the foregoing, cargo assembly, storage and handling, log sorting and storage and port related activities.

6. COVENANTS OF LESSEE

6.1 The Lessee covenants with the Lessor that it will, during the term hereby granted and any renewals thereof, pay to the Lessor the rent in the manner at the times provided by this Sublease.

6.7
will:

During the currency of this Sublease the Lessee

- (a) observe and perform all terms and conditions of the Head Lease and any amendments thereto and notices issued thereunder, and perform at its own expense all acts and deeds therein required of the "Lessee" named in the Head Lease insofar as they relate to the Premises, and keep the Lessor indemnified against any liability arising out of the covenants and conditions contained therein and not suffer anything to be done by reason whereby the right of the Head Lessor to terminate the Head Lease may arise;
- (b) during the term pay all charges to the government authority entitled to receive the same, including but not limited to all taxes and assessments that may be imposed or assessed against the Premises or any part thereof or attributable to business, sales or income of the Lessee in respect of the Premises or all or any property on the Premises owned or brought thereon by the Lessee and each of its sublessees, licensees, assignees or any one claiming through the Lessee or permitted by the Lessee to be upon the Premises whether any such taxes or assessments or other charges are imposed or assessed by any federal, provincial, municipal or other governmental authority and whether they are due at the Commencement Date or become due after the commencement of the term provided that any such charges attaching to the Premises prior to the Commencement Date shall be the responsibility of the Lessor;
- (c) not build, construct, erect or otherwise install any additional permanent fixtures within or upon the Premises without the express written consent of the Lessor and the Head Lessor;
- (d) not assign, sublet or part with possession of any part of the Premises without the prior consent in writing of the Lessor and the Head Lessor;

- (e) conduct operations on the Premises in a neat and orderly fashion at all times and take reasonable measures to ensure compliance with all laws relating to protection of the environment;
- (f) permit the Head Lessor and the Lessor and persons authorized by them at all reasonable times to enter and examine the condition of the Premises and upon notice to repair in accordance with the notice;
- (g) not do or permit or suffer to be done any action whereby the policy of insurance against damage to the Premises may become void or voidable or the rate of premium increased without first obtaining the written consent of the Lessor and if the rate of insurance premium is increased, to pay to the Lessor the increased premium together with all expenses incurred by the Lessor in connection with the renewal or replacement of policies occasioned by breach of this covenant;
- (h) not mortgage, charge or otherwise encumber its interest in this Sublease;
- (i) yield up the Premises at the termination of this Sublease in good and tenantable repair; or cause damage or inconvenience to the Lessor, the Head Lessor or owners or occupiers of neighbouring premises.

7. INDEMNITY

7.1 The Lessee shall at all times, indemnify and save harmless the Lessor and the Head Lessor of and from all loss and damage and all actions, claims, costs, demands, expenses, fines, liabilities and suits of any nature whatsoever for which the Lessor or the Head Lessor may or shall become liable, incur or suffer by reason of a breach, violation or non-performance by the Lessee of any covenant, term or provision hereof or by reason of any liens for any work done or materials provided or services rendered for alterations, improvements or repairs, made by or on behalf of the Lessee to the Premises, or by reason of any injury occasioned to or suffered by any person or damage to any property by reason of a wrongful act or omission, default or negligence on the part of the Lessor, the Head Lessor or any of their agents, employees or licencees.

8. INSURANCE

8.1 The Lessee shall effect, and shall keep in force during the term of this Sublease, insurance protecting the Head Lessor, the Lessor and the Lessee (without any rights of cross-claim or subrogation against the Head Lessor or the Lessor) against claims for personal injury, death, property damage or third party or public liability claims arising from any accident or occurrence on the Premises or improvements thereon up to an amount not less than \$1,000,000.00 for personal injury, death, property or other claims in respect of any one accident or occurrence.

9. EVENTS OF DEFAULT

9.1 Any of the following occurrences or acts shall constitute an event of default under this Sublease:

(a) Failure to pay rent or any other sum required to be paid by the Lessee hereunder for 10 days after notice in writing of such failure has been given to the Lessee by the Lessor; or

(b) non-performance or non-observance by the Lessee of any of its covenants, agreements or obligations hereunder for 30 days after notice in writing of such failure has been given to the Lessee by the Lessor (or, in the case of a failure which cannot with diligence be cured within such 30-day period, if the Lessee has not promptly proceeded to cure the same with diligence. If a failure is not capable of being cured within such 30-day period the time of the Lessee within which to cure the same with diligence).

9.2 In the event of any default hereunder by the Lessee which is not rectified by the Lessee within the time limited therefore in this Sublease, the Lessor may, at its option, cancel this Sublease by written notice to the Lessee and thereupon all rights and interests hereby created, or then existing in favour of the Lessee, or derived under this Sublease shall cease and determine and the Lessor may re-enter into and upon the Premises and to have and repossess the same.

9.7 Any condoning, excusing or overlooking by the Lessor of any default, breach or non-observance by the Lessee at any time of any covenant, provision, condition or regulation in this Sublease shall not operate as a waiver of the Lessor's rights under this Sublease in respect of subsequent defaults, breaches or non-observances of the terms of this Sublease and shall not defeat or effect in any way the Lessor's rights in respect of any such subsequent default or breach.

10. COVENANTS OF LESSOR

10.1 The Lessor hereby covenants with the Lessee that provided the Lessee pays the rent hereby reserved and observes and performs each and every covenant or obligation on its part to be observed and performed hereunder, the Lessee shall and may peaceably possess and enjoy the Premises for the term hereby granted and any renewal thereon without any interruption or disturbance from the Lessor, its successors or assigns or any other person or persons lawfully claiming by, from or under it.

10.2 The Lessor will, so far as its interest shall permit, grant the Lessee, its agents, employees, invitees, contractors and their agents and employees and any persons doing business with such persons access to and from the Premises and access between the Premises and the deep sea loading facility over any roadways over which the Lessor has been granted access or use. The Lessor will maintain the roadway at its own cost and expense in such a manner that it is suitable for and capable of use by all types of modern cargo carrying equipment.

10.3 The Lessor will make available to the Lessee and maintain, at the Lessor's sole cost and expense, the following facilities:

- (a) to the extent deemed necessary by the Lessor, a deep sea loading facility which, in the Lessor's opinion, is capable of handling the shipping and cargo requirements of the Lessee; and

- (b) a longshore lunchroom and parking facilities; provided that the Lessor will not be obligated at any time improve or expand the facilities beyond their condition existing at the Commencement Date.

The Lessor will be responsible for management, supervision and security of the aforementioned facilities and all roadways under its control.

11. RIGHT OF RENEWAL

11.1. If the Lessee regularly pays the rent and performs all of the Lessee's covenants, the Lessor at the expiration of the term granted by this Sublease, shall, upon the written request of the Lessee grant to the Lessee a renewal sublease of the Premises for a further term of 10 years at a rental to be agreed or to be determined by arbitration in the manner mentioned in this paragraph (provided that both parties agree that the annual rent on renewal will not be less than \$17,521 and the renewal sublease shall contain, so far as they apply, all the covenants and provisos contained in this Sublease, except this covenant for renewal. The renewal sublease shall also contain a provision that the rental during the renewal term shall be adjusted at the beginning of the sixth year of the renewal term by multiplying the renewal rent as determined herein by the fraction (which may be greater than or equal to 1 but if less than 1 shall be deemed to be 1), the numerator of which is the Index at the beginning of the sixth year of the renewal term and the denominator is the Index at the beginning of the renewal term. The request by the Lessee shall be deemed to have been received by the Lessor if sent by ordinary mail or otherwise delivered to the Lessor at least six months before the expiration of the term of the Sublease. If the parties cannot agree on the amount of the rent in the renewal sublease, the rent shall be determined by award of a majority of three arbitrators appointed in accordance with the Commercial Arbitration Act of British Columbia. the Lessor and the Lessee will each appoint one arbitrator at least 60 days before the expiration of the term, and the two arbitrators shall within 7 days after their appointment appoint a third arbitrator. The award of a majority of the arbitrators shall be made not more than 21 days before the expiration of the then existing term. The expense of the arbitration shall be borne equally by the Lessor and the Lessee. If either the Lessee or the

Lessor fails to name its arbitrator within the time limited or to proceed with arbitration, the arbitrator named by the other party may fix the rent for the then next ensuing term and his award shall be final and binding on the Lessor and the Lessee.

11.2 If the Lessee regularly pays the rent and performs all of the Lessee's covenants during the term of the first renewal sublease, the Lessor at the expiration of the term granted by the first renewal shall upon the written request of the Lessee grant to the Lessee a second renewal sublease of the premises for a further term of 10 years at a rental to be agreed or to be determined by arbitration in the manner mentioned in paragraph 11.1, and the second renewal sublease shall contain, so far as they apply, all the covenants and provisos contained in this Sublease except for this covenant for renewal. The second renewal sublease shall also contain a provision that the rental during the renewal term shall be adjusted at the beginning of the sixth year of the second renewal term by multiplying the renewal rent as determined herein by the fraction (which may be greater than or equal to 1 but if less than 1 shall be deemed to be 1), the numerator of which is the Index at the beginning of the sixth year of the second renewal term and the denominator is the Index at the beginning of the second renewal term. The request by the Lessee shall be deemed to have been received by the Lessor if sent by ordinary mail or otherwise delivered to the Lessor at least six months before the expiration of the term of the first renewal sublease.

11.3 If the Lessee regularly pays the rent and performs all of the Lessee's covenants during the term of the second renewal sublease, the Lessor at the expiration of the term granted by the second renewal shall upon the written request of the Lessee grant to the Lessee a third renewal sublease of the Premises for a further term of 10 years at a rental to be agreed or to be determined by arbitration in the manner mentioned in paragraph 11.1, and the third renewal sublease shall contain, so far as they apply, all the covenants and provisos contained in this Sublease except for this covenant for renewal. The third renewal sublease shall also contain a Sublease except for this covenant for renewal. The third renewal sublease shall also contain a provision that the rental during the third renewal term shall be adjusted at the beginning of the sixth year of the third renewal term by multiplying the third renewal rent as determined herein by the fraction (which may be greater than or equal to 1, but if less

that 1 shall be deemed to be 1), the numerator of which is the Index at the beginning of the sixth year of the third renewal term and the denominator is the Index at the beginning of the third renewal term. The request by the Lessee shall be deemed to have been received by the Lessor if sent by ordinary mail or otherwise delivered to the Lessor at least six months before the expiration of the term of the second renewal sublease.

12. GENERAL

12.1 The Lessee waives all rights under the Land Title Act of the Province of British Columbia to require from the Lessor any further or better description of the Premises than is herein contained, or to require any survey map, plan or sketch other than the plan attached hereto, provided, however, that should the Lessor at its sole discretion deem it necessary to register this Sublease, it shall at its sole expense pay all costs of any required surveys to establish proper legal description, and the Lessor hereby covenants that at the expiry of this Sublease it shall take all necessary steps at its sole expense to release its rights hereunder.

12.2 The Lessor and the Lessee will do, make, execute and deliver all such further things, documents, instruments and assurances as may be necessary to vest in or assure to the Lessor or the Lessee the rights and interests in the Premises provided for and contemplated by this Sublease.

12.3 Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent nor any other provision contained herein, nor any acts of the parties herein shall be deemed to create any relationship between the parties other than the relationship of Lessor and Lessee.

12.4 This Sublease sets forth all of the warranties, representations, covenants, promises, agreements, conditions and understandings between the parties concerning the Premises and there are no warranties, representations, covenants, promises,

agreements, conditions or understandings, either oral or written, express or implied, between them other than as set forth in this Sublease.

12.5 Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Sublease shall be binding upon the parties unless reduced to writing and signed by the parties.

12.6 Time shall be of the essence hereof.

12.7 Any notice to be given hereunder shall be in writing and shall be sent by prepaid registered mail to the party entitled to receive the same or delivery to such party at its address as follows:

If to the Lessor:

Tidal Harmony Holdings Ltd.
P.O. Box 1442
Victoria, British Columbia
V8W 2X2

If to the Lessee:


Westcan Terminals Ltd.
P.O. Box 1442
Victoria, British Columbia
V8W 2X2

The date of receipt of any such notice shall be the date of delivery thereof, if delivered or, if given by registered mail as aforesaid shall be deemed conclusively to be the second clear day after the same shall have been so mailed. Either party may at any time and from time to time notify the other party in writing as to a change of address and the new address to which notice shall be given to is thereafter until further notice changed.

12 This Sublease shall be binding upon and ensure to the benefit of the parties hereto, their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Sublease as of the day and year first above written.

THE COMMON SEAL OF TIDAL HARMONY)
HOLDINGS LTD. was hereunto affixed)
in the presence of:)


Authorized Signatory)

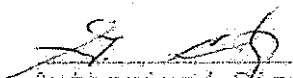
C/S


Authorized Signatory)

THE COMMON SEAL OF WESTCAN)
TERMINALS LTD. was hereunto affixed)
in the presence of:)


Authorized Signatory)

C/S


Authorized Signatory)

This is page fourteen (14) of a Sublease dated for reference the _____ day of _____, 1989 between TIDAL HARMONY HOLDINGS LTD. and WESTCAN TERMINALS LTD.

TTH - WET SCALE 16

SCHEDULE "A"

LAND THE ACT
Form 17
(Sections 151, 152 (1), 220)
APPLICATION

Before submitting this application for registration of a leasehold interest, applicants should check and satisfy themselves as to the tax position, including taxes of the Crown Provincial, a municipality, and improvement, water and irrigation districts.

NATURE OF INTEREST: CHARGE
NATURE OF CHARGE: LEASE

TRUE VALUE:

Herewith Fees of \$

Address of persons entitled to be registered as owner, if different than shown in instrument

Full name, address, telephone number of person presenting application

(Signature of applicant,
solicitor or authorized agent)



Province of
British Columbia

Ministry of
Crown Lands

LEASE AQUATIC LANDS

THIS LEASE executed in triplicate and dated for reference the 27th day of November, 1989.

LEASE No. 103107

IN PURSUANCE OF THE LAND ACT (section 35) and the LAND TRANSFER FORM ACT.

FILE No. 1405507

Between: HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the Minister Responsible for Crown Lands, Parliament Buildings, Victoria, British Columbia;

(hereinafter called the "Lessor") OF THE FIRST PART

and TIDAL HARMONY HOLDINGS LTD.
(Incorporation No. 105,589) of
P.O. Box 1442,
Victoria, B.C.
V8W 2X2

(hereinafter called the "Lessee") OF THE SECOND PART

WITNESS THAT WHEREAS the Lessor has agreed to grant to the Lessee a lease over that parcel of land described in the schedule attached entitled Legal Description (hereinafter referred to as the "Land");

NOW, THEREFORE, in consideration of the rental to be paid by, and the covenants of, the Lessee, the parties agree as follows:

Article I - Grant of Lease

(1.01) The Lessor, on the terms set forth herein, hereby demises and leases to the Lessee the Land for the purpose described in the schedule attached entitled the Special Proviso Schedule (hereinafter called the "Special Proviso Schedule").

Article II - Term

(2.01) TO HAVE AND TO HOLD the Land unto the Lessee for a term of

fifty years

commencing on the

1st day of December, 1989

(hereinafter called the "Commencement Date").

Article III - Rent

(3.01) YIELDING AND PAYING THEREFORE for the term the rent as prescribed in the Rental Schedule attached.

Article IV - Covenants of the Lessee

(4.01) The Lessee covenants with the Lessor

- (a) to pay rent when due at the address of the Lessor first above written or at such other place as the Lessor may specify by notice in writing
- (b) to pay and discharge when due all applicable taxes, levies, charges and assessments now or hereafter assessed, levied or charged which relate to the Land or any improvements thereon (herein called "Realty Taxes").
- (c) to observe, abide by and comply with all applicable laws, bylaws, orders, directions, ordinances and regulations of any competent governmental authority in any way affecting the Land and improvements situate thereon, or their use and occupation;

- (d) to keep the Land in a safe, clean and satisfactory condition satisfactory to the Lessor, and on written notice from the Lessor to make safe, clean and sanitary any portion of the Land or any improvements thereon, in the opinion of the Lessor, contravenes the provisions of this covenant;
- (e) not to commit or suffer any willful or voluntary waste, spoil or destruction on the Land, or to do or suffer to be done thereon anything that may be or become a nuisance or annoyance to the owners or occupants of adjoining land;
- (f) to use and occupy the Land in accordance with the provisions of this lease and the Social Proviso Schedule;
- (g) to effect and keep in force during the term, insurance protecting the Lessor and the Lessee (without any rights of cross-claim or subrogation against the Lessor) against claims for personal injury, death, property damage or third party or public liability claims arising from any accident or occurrence on the Land or improvements up to an amount

not less than \$ 1,000,000, PROVIDED, however, that the Lessor may, in his sole discretion, waive the requirements of this subsection on the delivery to the Lessor of evidence that the Lessee is self insured;

- (h) to deliver to the Lessor from time to time, upon demand, proof of insurance required to be maintained by the Lessee, receipts or other evidence of payment of Realty Taxes, insurance premiums, household mortgage installments or other monetary obligations of the Lessee required to be observed by the Lessor pursuant to this lease;
- (i) notwithstanding subsection (g) of section 4.01, the Lessor may from time to time notify the Lessee that the amount of insurance posted by the Lessee pursuant to that subsection be changed and the Lessee shall, within 10 days of receiving such notice, cause the amount of insurance posted pursuant to subsection (g) of section 4.01 to be changed to the amount specified in the notice and deliver to the Lessor written confirmation of the change;
- (j) to indemnify and save the Lessor harmless against all loss, damage, costs and liabilities, including fees of solicitors and other professional advisors arising out of:
- (i) any breach, violation or non-performance of any covenant, condition or agreement in this lease by the Lessee;
 - (ii) any personal injury, death or property damage occurring on the Land or happening by virtue of the Lessee's use or occupation of the Land;

and the Lessor may add the amount of such losses, damages, costs and liabilities to the rent and the amount so added shall be payable to the Lessor immediately;

- (k) to pay all accounts and expenses for labour performed on, or material supplied to, the Land, in accordance with the Building Lien Act, and on behalf of the Lessor, to place written notices immediately after the commencement of any construction on the Land, on at least two conspicuous places, giving notice that the Lessor shall not be responsible for the cost of labour, services or materials performed on or supplied to the Land;
- (l) on the expiration or earlier cancellation of this lease:
- (i) to peaceably quit and deliver possession of the Land and any improvements thereon to the Lessor, in a safe and sanitary condition;
 - (ii) to restore the surface of the Land to the satisfaction of the Lessor; AND
 - (iii) notwithstanding section 4.01 (b) (i) to remove any improvements that the Lessor may, in writing, direct or permit to be removed;

and all right, interest and estate of the Lessee shall cease and vest in the Lessor, and to the extent necessary this covenant shall survive the expiration or earlier cancellation of this lease;

- (m) to permit the Lessor, or his authorized representative, to enter upon the Land at anytime to inspect the Land and any improvements thereon;
- (n) not to deposit on the Land or any part of it, any earth, fill or other material for the purpose of filling in or raising the level of the Land without the prior written consent of the Lessor;
- (o) not to dredge or significantly displace beach materials on the Land without the prior written consent of the Lessor;
- (p) ~~not to place any improvements on the Land or on the surface of the water covering the Land that may constitute an interference with the riparian rights of the owner or occupier of any land adjacent to the Land;~~

withheld. Which consent will not be unreasonably

Article V - Assignment

- (5.01) The Lessee shall not assign, mortgage, sublet or transfer this lease without the prior written consent of the Lessor.

Article VI - Covenants of the Lessor

- (6.01) The Lessor covenants with the Lessee for quiet enjoyment

Article VII - Provisos

- (7.01) PROVIDED always and it is hereby agreed as follows:

- (a) if, after the termination by the passage of time of this lease or any extension thereof, the Lessor permits the Lessee to remain in possession of the Land and accepts rent in respect thereof, a tenancy from year to year shall not be created by implication of law and the Lessee shall be deemed to be a monthly tenant only subject to all terms and conditions of this lease, except as to duration in the absence of a written agreement to the contrary;
- (b) title to and ownership of all buildings, structures, and other improvements now or hereafter constructed on the Land shall be vested in the Lessor and the Lessee shall neither remove nor permit the removal of them from the Land except as expressly permitted or required by this lease;

- (c) the Lessor is under no obligation to provide access or services to the Land or to maintain or improve existing access roads;
- (d) the Lessor hereby reserves the right to grant other dispositions of the Land, or any part of it, with the prior consent of the Lessee, which consent shall not be unreasonably withheld, by way of easement, right of way or statutory right of way to a Crown corporation or agency, a municipality, or regional district, or a person or corporation and, upon such consent being given, the Lessee shall forthwith execute and deliver to the Lessor such instrument as may be necessary to subordinate the Lessee's right and interest in the Land under this lease;
- (e) for the purpose of subsection (d) of section 7.01, the Lessee shall be deemed to have withheld his consent reasonably if a grant of rights under that subsection would materially affect the exercise of the Lessee's rights hereunder;
- (f) if a dispute should arise as to whether or not the exercise of the Lessee's rights hereunder would, in fact, be materially affected by a grant of rights under subsection (d) of section 7.01, then, the dispute shall be referred to a sole arbitrator appointed pursuant to the Commercial Arbitration Act;
- (g) the Lessee hereby acknowledges and agrees that no claim for compensation shall be made, in any form, in respect of a grant of rights under subsection (d) of section 7.01, where such rights do not materially affect the exercise of the Lessee's rights hereunder;
- (h) this lease and the term herein granted is subject to:
- (i) all subsisting grants to or rights of any person made or acquired under the Coal Act, Forest Act, Mining (Provisions) Act, Wilderness and Natural Gas Act, Rampart Act, Wildlife Act or Water Act, or any extension or renewal of the same, whether or not the Lessee has actual notice of them; AND
 - (ii) the exceptions and reservations of rights, interests, privileges and rules referred to in section 47 of the Land Act;
- (i) the Lessee acknowledges and agrees with the Lessor that:
- (a) any interference with the rights of the Lessee under this lease by virtue of the exercise or operation of the rights, privileges or interests described in subsections (d) and (h) of section 7.01 shall not constitute a breach of the Lessor's covenant of quiet enjoyment and the Lessee releases and discharges the Lessor from and against any claims for loss or damage arising directly or indirectly out of any such interference;
 - (b) all costs and expenses, direct or indirect, that arise out of any interference by the Lessee with the rights, privileges and interests described in subsections (d) and (h) of section 7.01 shall be borne solely by the Lessee;
 - (c) he shall not commence or maintain proceedings under section 60 of the Land Act in respect of any interference with his rights hereunder arising directly or indirectly out of the exercise or operation of the rights, privileges or interests described in subsections (d) and (h) of section 7.01; AND
 - (d) all schedules referred to in this lease form an integral part of this lease.

Article VIII - Events of Default

- (8.01) PROVIDED ALSO that this lease and the term and estate hereby granted are subject to the limitation that

- (a) if the Lessee shall default in the payment of any instalment of rent, or the payment of any other sum payable hereunder, and such default shall continue for 60 days after the giving of written notice by the Lessor to the Lessee;
- (b) if the Lessee shall fail to perform or observe any of the covenants, agreements, conditions or provisos contained in this lease on the part of the Lessee to be performed or observed (other than the payment of rent or other sums of money) and such failure shall continue for, or shall not be remedied within, the period of 60 days next after the giving of written notice by the Lessor to the Lessee of the nature of such failure;
- (c) if the term hereby granted shall be taken in execution or attachment by any person or the Lessee commits an act of bankruptcy, becomes insolvent or is petitioned into bankruptcy or voluntarily enters into an arrangement with his creditors;
- (d) if the Lessor discovers that the Lessee either in his application for this lease or otherwise has, in the opinion of the Lessor, misrepresented or withheld any fact material to the application; or
- (e) if, in the opinion of the Lessor, the Lessee fails to make reasonable and diligent use of the Land for the purposes permitted herein, and such failure shall continue for a period of 60 days next after the Lessor gives written notice of the failure to the Lessee;

it shall then be lawful for the Lessor to enter upon the Land or any part thereof in the name of the whole, and this lease shall at the option of the Lessor, and without entry, terminate, and all the rights of the Lessee with respect to the Land shall be absolutely forfeited and shall lapse. If the condition complained of (other than the payment of rent or other sums of money) reasonably requires more time to cure than 60 days, the Lessee shall be deemed to have complied with the remedying thereof if the Lessee shall have commenced remedying or curing the condition within the 60 day period and diligently thereafter completes the same.

Article IX - Security

SEE ATTACHED SCHEDULE "A"

privileges, benefits and interests accruing thereto delivered by the Lessee to the Lessor (herein called the "Security") to guarantee the performance of the Lessee's obligations under this lease shall be maintained in effect until such time as the Lessor certifies in writing that such obligations have been fully performed.

- (9.02) In the event the Lessee should default in the performance of any of his obligations hereunder it shall be lawful for the Lessor, in his sole discretion, to sell, assign and convert the Security, or any part of it, and

~~The rights of the Lessor under this Article shall be deemed to continue in full force and effect notwithstanding the expiration or further cancellation of this lease.~~

- (9.01) Notwithstanding section 9.01, the Lessor may from time to time notify the Lessee that the amount of Security delivered by the Lessee to the Lessor be changed and specify the amount of Security required by the Lessor.
- (9.02) The Lessee shall, within 60 days of receiving the notice referred to in section 9.01, cause the amount of Security delivered to the Lessor to be changed to the amount specified in the notice and provide the Lessor with written confirmation of the change.

Article X - Notice

- (10.01) Where service of a notice or a document is required under this lease the notice or document shall be in writing and shall be deemed to have been delivered to, or sent by prepaid registered mail addressed to, the Lessor and the Lessee at the addresses specified for each in this lease; and where service is by registered mail the notice or document shall be conclusively deemed to have been served on the eighth day after its deposit in a Canada Post office at any place in Canada.
- (10.02) Either party may, by notice in writing to the other, specify another address for service of notices under this lease, and where another address is specified under this section, notices shall be mailed to that address in accordance with this Article.
- (10.03) Notwithstanding section 10.01, any written notice to be served or given by the Lessor to the Lessee under this lease shall be effectively given or served by posting the same in a conspicuous place on the Land.

Article XI - Miscellaneous

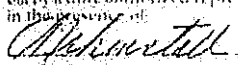
- (11.01) No term, condition, covenant or other provision herein shall be considered to have been waived by the Lessor unless such waiver is expressed in writing by the Lessor. Any such waiver of any term, condition, covenant or other provision herein shall not be construed as or constitute a waiver of any further or other breach of the same or any other term, condition, covenant or other provision and the consent or approval of the Lessor to any act by the Lessee requiring the consent or approval of the Lessor shall not be considered to waive or render unnecessary such consents or approvals to any subsequent same or similar act by the Lessee.

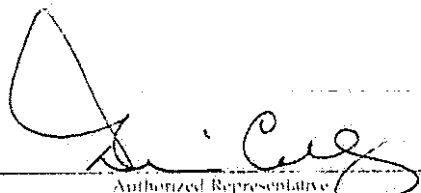
- (11.02) No remedy conferred upon or reserved to the Lessor is exclusive of any other remedy herein or provided by law, but such remedy shall be cumulative and shall be in addition to any other remedy herein or hereafter existing at law, in equity, or by statute.
- (11.03) The terms and provisions of this lease shall extend to, be binding upon and engage to the benefit of the parties hereto and their successors and permitted assigns.
- (11.04) Time is of the essence in this agreement.

Article XII - Interpretation

- (12.01) In this lease, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and a corporation.
- (12.02) The captions and headings contained in this lease are for convenience only and are not to be construed as defining or in any way limiting the scope or intent of the provisions hereof.
- (12.03) Where this lease contains the forms of words contained in Column I of Schedule A of the *Land Transfer Act*, those words shall have the same effect and be construed as if the appropriate forms of words contained in Column II of that Schedule were contained herein in their place, unless the context requires another construction of those words.
- (12.04) Where in this lease there is a reference to an enactment of the Province of British Columbia or of Canada, that reference shall include a reference to any subsequent enactment of like effect; and unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.
- (12.05) If any section of this lease or any part of a section is found to be illegal or unenforceable, that part or section, as the case may be, shall be considered separate and severable and the remaining parts or sections, as the case may be, shall not be affected thereby and shall be enforceable to the fullest extent permitted by law.

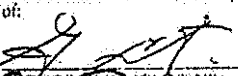
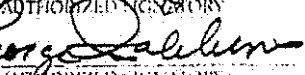
IN WITNESS WHEREOF, the parties have executed this lease, as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
on behalf of Her Majesty the Queen in
Right of the Province of British Columbia
by a duly authorized representative
in the presence of:

851 Yates Street
Victoria, B.C.


Authorized Representative

SIGNED, SEALED AND DELIVERED
by
in the presence of:

Signature of Lessee

The Company of
TIDAL HARMONY HOLDINGS LTD.
was hereto attested in the presence
of:

AUTHORIZED SIGNATORY

AUTHORIZED SIGNATORY



LEASE NO. 163167

FILE No. 1405507

- 9.01 In the event the Lessor upon receipt of application from the Lessee, authorizes major improvements not shown on the existing development plan may notify the Lessee, security will be required for such new improvements and that the Lessee shall cause the amount notified to be delivered to the Lessor within 60 days of being notified.
- 9.02 The security and all rights, privileges, benefits and interests accruing thereto delivered by the Lessee to the Lessor (herein called the "Security") to guarantee the performance of the Lessee's obligations under this lease shall be maintained in effect until such time as the Lessor certifies in writing that such obligations have been fully performed.
- 9.03 In the event the Lessee should default in the performance of any of his obligations hereunder, it shall be lawful for the Lessor, in his sole discretion, to sell, call in and convert the Security, or any part of it, and such Security shall be deemed to have been absolutely forfeited to the Lessor.
- 9.04 The rights of the Lessor under this Article shall be deemed to continue in full force and effect notwithstanding the expiration or earlier cancellation of this lease.



Legal Description Schedule

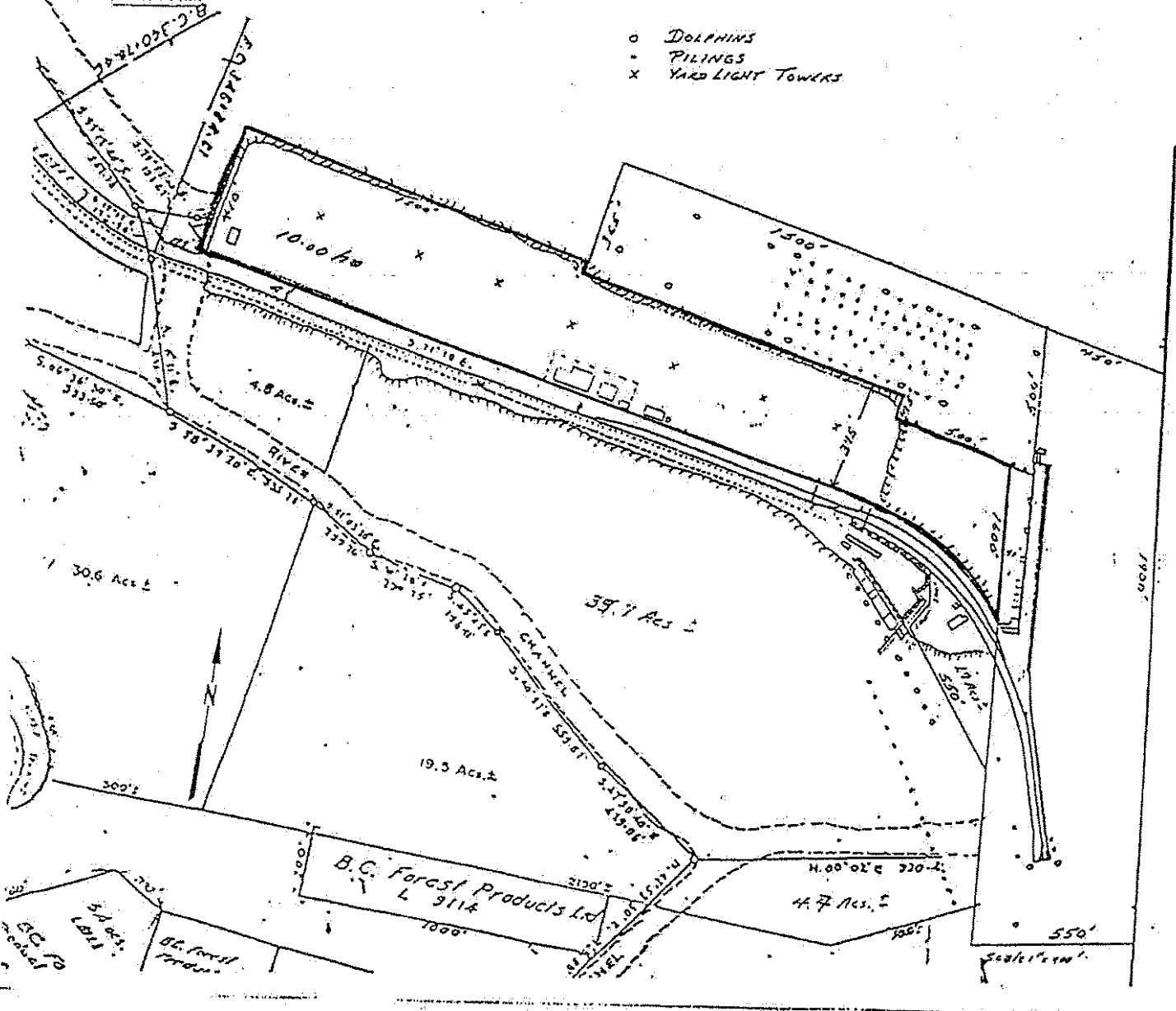
LEASE No. 103107

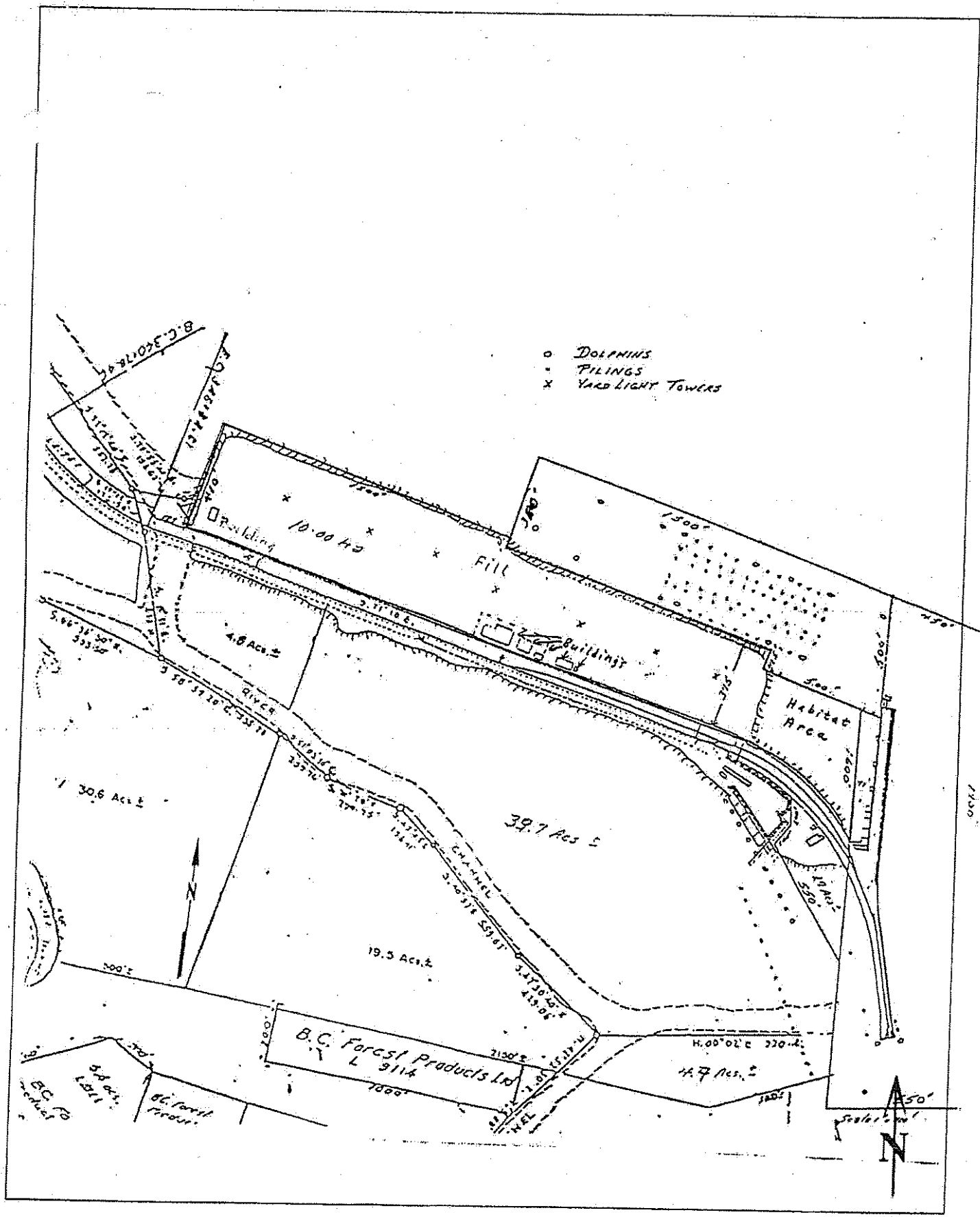
FILE No. 1405507

1 Legal Description

That part of the bed of District Lot 160 within Cowichan Bay, Cowichan District more particularly shown outlined in red on the plan below and containing 10 hectares more or less.

1.2 Sketch Plan





Scale =



LEASE No. 10.3/07

FILE No. 1405507

GENERAL COMMERCIAL/INDUSTRIAL (AQUATIC)

1.1 Purpose

The Lessee shall use the Land only for the purpose of commercial and industrial uses including without limiting the generality of the foregoing, cargo assembly, storage and handling, and port related activities.

1.2 Special Provisions

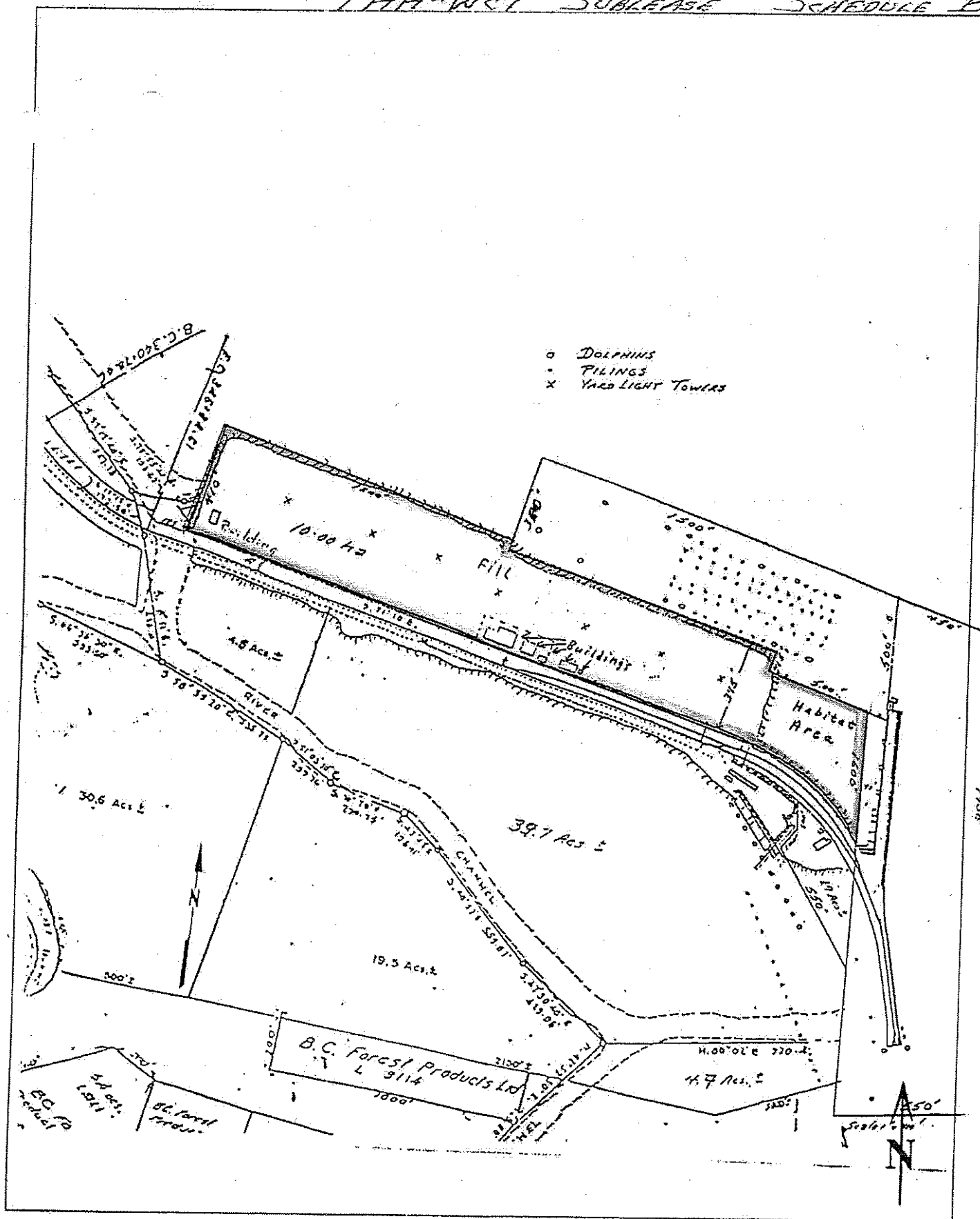
The Lessee shall

- (a) not anchor or secure any buildings, structures or improvements on the Land except as shown in the schedule attached to the lease called the Legal Description Schedule;
- (b) not interrupt the movement of beach material by water along the shoreline;
- (c) not construct a fence, bulkhead, groin, breakwater, floating boom or any structure by another name which acts in a like manner, on the Land, without the prior written consent of the Lessor;
- (d) dispose of raw sewage and refuse only in accordance with the requirements and regulations of appropriate federal and provincial agencies;
- (e) store bulk hazardous petroleum products and other toxic substances in accordance with the provisions of the Waste Management Act;
- (f) not use construction materials containing toxic substances, except in marine waters where the use of preservative-treated wood may be necessary;
- (g) not involve pile driving in the construction or maintenance of improvements on the Land without the prior written consent of the Lessor.

1.3 Additional Provisions

- 1.3.1 Provided also that this Lease is issued and accepted subject to the existing rights of riparian owners.
- 1.3.2 To relinquish all right or claim for compensation by reason of the Land becoming unsuitable for the stated purpose due to changes caused by erosion or flooding.

THH-WCT SUBLEASE SCHEDULE B



Scale =