



**LEASE**

Lease No.:

343944

File No.: 8000346

Disposition No.: 855009

THIS AGREEMENT is dated for reference March 25th, 2008 and is made under the *Land Act*.

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

(the "Province")

AND:

**ARDILL'S RANCH LTD. Inc. No. 56135**

Bag 6017

Fort St John, BC V1J 4H6

(the "Lessee")

The parties agree as follows:

**ARTICLE 1 - INTERPRETATION**

1.1 In this Agreement,

**"Agreement"** means this lease;

**"Commencement Date"** means December 31st, 2006;

**"disposition"** has the meaning given to it in the *Land Act* and includes a licence of occupation;

**"Improvements"** includes anything made, constructed, erected, built, altered, repaired or added to, in, on or under the Land, and attached to it or intended to become a part of it, and also includes any clearing, excavating, digging, drilling, tunnelling, filling, grading or ditching of, in, on or under the Land;

**“Land”** means that part or those parts of the following described land shown outlined by bold line on the schedule attached to this Agreement entitled “Legal Description Schedule”:

**Those parts of Sections 21, 26 to 29 inclusive, 33 to 35 inclusive, of Township 82, Range 24 and Sections 1, 2, 11 to 14 inclusive, 23 and 24 of Township 83, Range 24 and Sections 4 to 9 inclusive, 14 to 23 inclusive and 25 to 36 inclusive of Township 83, Range 23, West of the Sixth Meridian, Peace River District and containing 8232 hectares, more or less**

except for those parts of the land that, on the Commencement Date, consist of highways (as defined in the *Transportation Act*) and land covered by water;

**“Management Plan”** means the plan contained in the schedule attached to this Agreement entitled “Management Plan Schedule” and any amendments or replacements thereto;

**“Professional Agrologist”** means an agrologist who is a member in good standing of the British Columbia Institute of Agrologists;

**“Realty Taxes”** means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any government authority having jurisdiction which relate to the Land, the Improvements or both of them and which you are liable to pay under applicable laws;

**“Rent”** means the rent set out in Article 4;

**“Security”** means the security referred to in section 7.1 or 7.2, as replaced or supplemented in accordance with section 7.5;

**“Term”** means the period of time set out in section 2.2;

**“we”, “us” or “our”** refers to the Province alone and never refers to the combination of the Province and the Lessee: that combination is referred to as **“the parties”**; and

**“you” or “your”** refers to the Lessee.

1.2 In this Agreement, “person” includes a corporation, firm or association and wherever the singular or masculine form is used in this Agreement it will be construed as the plural or feminine or neuter form, as the case may be, and vice versa where the context or parties require.

1.3 The captions and headings contained in this Agreement are for convenience only and do not

define or in any way limit the scope or intent of this Agreement.

- 1.4 This Agreement will be interpreted according to the laws of the Province of British Columbia.
- 1.5 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Agreement, that reference will include a reference to every amendment to it, every regulation made under it and any subsequent enactment of like effect and, unless otherwise indicated, all enactments referred to in this Agreement are enactments of the Province of British Columbia.
- 1.6 If any section of this Agreement, or any part of a section, is found to be illegal or unenforceable, that section or part of a section, as the case may be, will be considered separate and severable and the remainder of this Agreement will not be affected and this Agreement will be enforceable to the fullest extent permitted by law.
- 1.7 Each schedule to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 1.8 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent agreement in writing between the parties.
- 1.9 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 1.10 All provisions of this Agreement in our favour and all of our rights and remedies, either at law or in equity, will survive the termination of this Agreement.
- 1.11 Time is of the essence of this Agreement.
- 1.12 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then you or we, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that you or we have sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.
- 1.13 Where this Agreement contains the forms of words contained in Column I of Schedule 4 of the *Land Transfer Form Act*, those words will have the same effect and be construed as if the appropriate forms of words contained in Column II of that Schedule were contained in this

Agreement, unless the context requires another construction of those words.

## **ARTICLE 2 - GRANT, TERM AND ASSOCIATED PRIVATE PROPERTIES**

- 2.1 On the terms and conditions set out in this Agreement, we grant you a lease of the land for grazing livestock or harvesting forage purposes, as set out in the Management Plan.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 20<sup>th</sup> anniversary of that date, or such earlier date provided for in this Agreement and despite any other provisions of this Agreement.
- 2.3 We shall not be obliged to extend the Term or issue a new lease at the end of the Term.
- 2.4 You shall exercise the rights granted under this Agreement only so long as
  - (a) you are using the Land set out in the Management Plan (under the heading "Associated Private Properties") for grazing purposes or such other agricultural purposes as may be approved in the Management Plan; and
  - (a) there is appropriate access to the Land as approved in the Management Plan.

## **ARTICLE 3 - MANAGEMENT PLANS**

- 3.1 You shall use and occupy the Land only in accordance with and for the purposes set out in the Management Plan and you shall otherwise comply with the Management Plan.
- 3.2 You shall make no changes to the Management Plan without our prior written approval.
- 3.3 You shall prepare an updated Management Plan for our approval if and when we so request.
- 3.4 All Management Plans shall be in the form and shall have the content we may require from time to time.
- 3.5 You shall have your Management Plan (or part of the Management Plan) prepared by or approved by a Professional Agrologist (at your expense) if and when we so request; provided, however, that we may make such a request only if:
  - (a) we are reasonably of the opinion that there is an issue on the merits of the plan; and



- (a) the issue is one which is within the expertise of a Professional Agrologist.

#### **ARTICLE 4 - RENT**

**4.1 You will pay to us:**

- (a) for the first year of the Term, Rent of \$6518.90, payable in advance on the Commencement Date; and
- (b) for each year during the remainder of the Term, the Rent either determined by us under section 4.2 or established under section 4.3, payable in advance on each anniversary of the Commencement Date.

**4.2 We will, not later than 15 days before each anniversary of the Commencement Date during the Term, give written notice to you specifying in our sole discretion the Rent payable by you under subsection 4.1(b) for the subsequent year of the Term and we will establish such Rent in accordance with our policies applicable to your use of the Land under this Agreement.**

- (a) If we do not give notice to you under section 4.2, the Rent payable by you under section 4.1(b) for the year for which notice was not given will be the same as the Rent payable by you for the preceding year of the Term.

#### **ARTICLE 5 - COVENANTS**

**5.1 You must**

- (a) pay, when due,
- (i) the Rent to us at the address set out in Article 11,
- (ii) the Realty Taxes, and
- (iii) all charges for electricity, gas, water and other utilities supplied to the Land;
- (b) deliver to us, immediately upon demand, receipts or other evidence of the payment of Realty Taxes and all other money required to be paid by you under this Agreement;
- (c) observe, abide by and comply with
- (i) all applicable laws, bylaws, orders, directions, ordinances and regulations of any

government authority having jurisdiction in any way affecting your use or occupation of the Land or Improvements, and

- (ii) the provisions of this Agreement;
- (d) in respect of the use of the Land by you or by anyone you permit to use the Land, keep the Land and the Improvements in a safe, clean and sanitary condition satisfactory to us, and at our written request, rectify any failure to comply with such a covenant by making the Land and the Improvements safe, clean and sanitary;
- (e) not commit any wilful or voluntary waste, spoil or destruction on the Land or do anything on the Land that may be or become a nuisance or annoyance to an owner or occupier of land in the vicinity of the Land;
- (f) not construct, place or affix any Improvement on or to the Land except as permitted in the Management Plan;
- (g) not use or develop the Land for residential purposes;
- (h) pay all accounts and expenses as they become due for labour or services performed on, or materials supplied to, the Land except for money that you are required to hold back under the *Builders Lien Act*;
- (i) if any claim of lien over the Land is made under the *Builders Lien Act*, immediately take all steps necessary to have the lien discharged, unless the claim of lien is being contested in good faith by you and you have taken the steps necessary to ensure that the claim of lien will not subject the Land or any interest of yours under this Agreement to sale or forfeiture;
- (j) not cut or remove timber on or from the Land without
  - (i) our prior written consent, and
  - (ii) being granted the right under the *Forest Act* to harvest Crown timber on the Land;
- (k) consent to any application made by us under the *Agricultural Land Commission Act* to designate the Land as or as part of an agricultural land reserve within the meaning of that Act, and to execute all documents, instruments and contracts that we may reasonably require in support of the application;

- (l) at our request and at your expense, have a British Columbia Land Surveyor conduct a survey of the Land;
- (m) permit us, or our authorized representatives, to enter on the Land at any time to inspect the Land and the Improvements, provided that in regard to our inspection of the Improvements we take reasonable steps to minimize any disruption to your operations;
- (n) indemnify and save us and our servants, employees and agents harmless against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of
  - (i) your breach, violation or non-performance of a provision of this Agreement, and
  - (ii) any personal injury, bodily injury (including death) or property damage occurring or happening on or off the Land by virtue of your entry upon, use or occupation of the Land,

and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand; and

- (o) on the termination of this Agreement,
  - (i) peaceably quit and deliver to us possession of the Land and, subject to paragraphs (ii) and (iii), the Improvements in a safe, clean and sanitary condition,
  - (ii) within 60 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you, is in the nature of a tenant's fixture normally removable by tenants and is not part of a building or part of the Land,
  - (iii) remove from the Land any Improvement that we, in writing, direct or permit you to remove, other than any Improvement permitted to be placed on or made to the Land under another disposition, and
  - (iv) restore the surface of the Land as nearly as may reasonably be possible to the same condition as it was on the Commencement Date, to our satisfaction, but if you are not directed or permitted to remove an Improvement under paragraph (iii), this paragraph will not apply to that part of the surface of the Land on which that Improvement is located,

and all of your right, interest and estate in the Land will be absolutely forfeited to us, and to the extent necessary, this covenant will survive the termination of this Agreement.

- 5.2 You will not permit any person to do anything you are restricted from doing under this Article.
- 5.3 Subject to the provisions of this Agreement to the contrary, you shall have quiet enjoyment of the Land.

## ARTICLE 6 - LIMITATIONS

6.1 You agree with us that

- (a) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads;
- (b) this Agreement is subject to
  - (i) all subsisting dispositions and subsisting grants to or rights of any person made or acquired under the *Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Wildlife Act or Water Act*, or any extension or renewal of the same, whether or not you have actual notice of them, and
  - (ii) the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;
- (c) without limiting subsection 5.1(n), you must indemnify and save us and our servants, employees and agents harmless from and against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of any conflict between your rights under this Agreement and the rights of any person under a disposition or under a subsisting grant to or right of any person made or acquired under the *Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Wildlife Act or Water Act* (or any prior or subsequent enactment of the Province of British Columbia of like effect), or any extension or renewal of the same, whether or not you have actual notice of them, and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand;
- (d) you release us from all claims, actions, causes of action, suits, debts and demands that you now have or may at any time in the future have against us arising out of any

conflict between your rights under this Agreement and the rights of any person under a disposition or under a subsisting grant to or right made or acquired under the enactments referred to in subsection I, and you acknowledge that this Agreement and your rights under this Agreement are subject to those grants and rights referred to in subsection I(c) whether or not you have actual notice of them.

- (e) with your prior consent, which consent you will not unreasonably withhold, we may make other dispositions of or over the Land, or any part of it, to a person, including a Crown agency or ministry, and, upon such consent being given you will, if required by us in the case of a disposition by way of easement, right of way or statutory right of way, immediately execute and deliver to us such instrument as may be necessary to subordinate your rights under this Agreement to such easement, right of way or statutory right of way; provided, however, that your consent shall not be required for any disposition we may wish to make of land which we have resumed pursuant to the *Land Act* or pursuant to subsection 6.1(p)
- (f) for the purpose of subsection (e), you will be deemed to have reasonably withheld your consent if a disposition made under that subsection would materially affect the exercise of your rights under this Agreement;
- (g) you will make no claim for compensation, in damages or otherwise, in respect of a disposition made under subsection (e), where such disposition does not materially affect the exercise of your rights under this Agreement;
- (h) subject to subsection (g), all of your costs and expenses, direct or indirect, that arise out of any lawful interference with your rights under this Agreement as a result of the exercise or operation of the interests, rights, privileges and titles reserved to us in subsections (b) and (e) will be borne solely by you;
- (i) you will not commence or maintain proceedings under section 65 of the *Land Act* in respect of any lawful interference with your rights under this Agreement that arises as a result of the exercise or operation of the interests, rights, privileges and titles described in subsections (b) and (e);
- (j) any interference with your rights under this Agreement as a result of the exercise or operation of the interests, rights, privileges and titles described in subsections (b) and (e) will not constitute a breach of our covenant of quiet enjoyment and you release and discharge us from all claims for loss or damage arising directly or indirectly out of any such interference;
- (k) we own and may dispose of all timber on the Land, and this Agreement transfers no interest in or to timber on the Land;

- (Q) The Lessee covenants and agrees that this Lease and the term herein granted is subject to the easement or Right of Way granted to British Columbia Hydro and Power Authority as defined on Plan 18723 on file in the Prince George Land Title Office for the purpose of constructing, operating and maintaining one or more electric power transmission or distribution lines together with any telephone or other signal lines or apparatus as are necessary.
- (l) ary.
- (m) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (n) any interest you may have in the Improvements ceases to exist and becomes our property upon termination of this Agreement, except where an Improvement may be removed under paragraph 5.1(o)(ii) or (iii) in which case any interest you may have in that Improvement ceases to exist and becomes our property if the Improvement is not removed from the Land within the time period set out in paragraph 5.1(o)(ii) or the time period provided for in the direction or permission given under paragraph 5.1(o)(iii);
- (o) if, after the termination of this Agreement, we permit you to remain in possession of the Land and we accept money from you in respect of such possession, a tenancy from year to year will not be created by implication of law and you will be deemed to be a monthly tenant only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary;
- (p) at any time during the Term we may resume, without your consent, up to 5% of the area of the Land for either or both of the following purposes:
- (i) if we are reasonably of the opinion that the Land (or part of the Land) is needed for intensive land use not compatible with the grazing lease; or
- (ii) if the Land (or part of it) is needed to provide for permanent road access to land beyond the lease area where no other practical options exist;
- (q) we have the discretion to choose which portion or portions of the Land we may resume; however, we shall consult with you before making any such deletions for the purpose of attempting to minimize adverse impacts to your ranching operation;
- (r) you shall not be entitled to any compensation as a result of our resumption; and
- (s) our right to resume as set out herein is in addition to our rights under section 50(1)(a) of the *Land Act*.
- 1-607 up in law - false contract*

6.2 The following provisions apply with respect to the activities of others on the Land:

- (a) You acknowledge that, despite subsection 6.1(e), other persons may now have or may in the future be given the right to carry out timber harvesting, silviculture and fire protection (and road construction and road maintenance concerning any of them).
- (b) If any person wishes to carry out any of the activities listed in subsection (a) (and has the right to do so) the following shall apply:
  - (i) When you become aware of the proposed activity, you shall contact the person or persons who intend to carry out the activity and you shall attempt to reach an agreement as to how and when the activity shall be carried out and how your respective rights can be accommodated;
  - (ii) If you are unable to reach such an agreement, you shall contact the Director, Ministry of Forests and Range, Range Branch, advise him or her of the situation, and you shall comply with his or her directions in this respect.

#### **ARTICLE 7 - SECURITY AND INSURANCE**

7.1 On the Commencement Date, you will deliver to us security in the amount of \$0.00 which will

- (a) guarantee the performance of your obligations under this Agreement;
- (b) be in the form required by us;Id
- (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.

7.2 Despite section 7.1, your obligations under that section are suspended for so long as you maintain in good standing other security acceptable to us to guarantee the performance of your obligations under this Agreement and all other dispositions held by you.

7.3 We may use the Security for the payment of any costs and expenses incurred by us to perform any of your obligations under this Agreement that are not performed by you and, if such event occurs, you will, within 30 days of that event, deliver further Security to us in an amount equal to the amount drawn down by us.

7.4 After we certify, in writing, that you have fully performed your obligations under this Agreement, we will return to you the Security maintained under section 7.1, less all amounts drawn down by us under section 7.3.



7.5 You acknowledge that we may, from time to time, notify you to

- (a) change the form or amount of the Security; and
- (b) provide and maintain another form of Security in replacement of or in addition to the Security posted by you under this Agreement;

and you will, within 60 days of receiving such notice, deliver to us written confirmation that the change has been made or the replacement or additional form of Security has been provided by you.

7.6 You must

- (a) without limiting your obligations or liabilities under this Agreement, at your expense, effect and keep in force during the Term Comprehensive/Commercial General Liability insurance protecting us as an additional insured in an amount of not less than \$0.00 inclusive per occurrence insuring against liability for personal injury, bodily injury (including death) or property damage, and claims for liability assumed under contract, arising from all accidents or occurrences on the Land or the Improvements;
- (b) on the Commencement Date and immediately upon demand, deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance required to be maintained by you under this Agreement;
- (c) ensure that all insurance required to be maintained by you under this Agreement is
  - (a) (i) placed with insurers licensed in British Columbia,
  - (ii) primary and does not require the sharing of any loss by any insurer that insures us, and
  - (iii) endorsed to provide us with 30 days' advance written notice of cancellation or material change; and
- (d) deliver or cause to be delivered to us, immediately upon demand, certified copies of all policies of insurance required to be maintained by you under this Agreement.

7.7 You acknowledge that we may, from time to time, notify you to

- (a) change the amount of insurance set out in subsection 7); and

- (b) (b) provide and maintain another type or types of insurance in replacement of or in addition to the insurance previously required to be maintained by you under this Agreement;

and you will, within 60 days of receiving such notice, cause the amounts and types to be changed and deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance then required to be maintained by you under this Agreement.

### ARTICLE 8 - ASSIGNMENT

- 8.1 You must not sublease, assign, mortgage or transfer this Agreement, or permit any person to use or occupy the Land, without our prior written consent, which consent we may withhold.
- 8.2 For the purpose of section 8.1, if you are a corporation, a change in control (as that term is defined in subsection 2(3) of the *Business Corporations Act*) will be deemed to be a transfer of this Agreement.
- 8.3 Section 8.2 does not apply to a corporation if the shares of the corporation which carry votes for the election of the directors of the corporation trade on a stock exchange located anada.
- (a) 8.4 Prior to considering a request for our consent under section 8.1, we may require you to meet certain conditions, including without limitation, that you submit to us a "site profile", "preliminary site investigation" or "detailed site investigation" (as those terms are defined in the *Environmental Management Act*) for the Land or other similar type of investigation of the Land.

### ARTICLE 9 - TERMINATION

- 9.1 You agree with us that
- (a) if you
- (i) default in the payment of any money payable by you under this Agreement, or
- (ii) fail to observe, abide by and comply with the provisions of this Agreement (other than the payment of any money payable by you under this Agreement),
- and your default or failure continues for 60 days after we give written notice of the default or failure to you,

- (b) if, in our opinion, you fail to make diligent use of the Land for the purposes set out in this Agreement, and your failure continues for 60 days after we give written notice of the failure to you;
- (c) if you transfer or assign your interest in fee simple in all that parcel or tract of land more particularly described as please see attached Management Plan schedule;
- (d) if you
  - (i) become insolvent or make an assignment for the general benefit of your creditors,
  - (ii) commit an act which entitles a person to take action under the *Bankruptcy and Insolvency Act* (Canada) or a bankruptcy petition is filed or presented against you or you consent to the filing of the petition or a decree is entered by a court of competent jurisdiction adjudging you bankrupt under any law relating to bankruptcy or insolvency, or
  - (iii) voluntarily enter into an arrangement with your creditors;
- (e) if you are a corporation,
  - (i) a receiver or receiver-manager is appointed to administer or carry on your business, or
  - (ii) an order is made, a resolution passed or a petition filed for your liquidation or winding up;
- (f) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent; or
- (g) if this Agreement is taken in execution or attachment by any person;

this Agreement will, at our option and with or without entry, terminate, and all of your right, interest and estate in the Land will be absolutely forfeited to us.

- 9.2 If the condition complained of (other than the payment of any money payable by you under this Agreement) reasonably requires more time to cure than 60 days, you will be deemed to have complied with the remedying of it if you commence remedying or curing the condition within 60 days and diligently complete the same.

You agree w

9.3 with us that

- (a) you will make no claim for compensation, in damages or otherwise, upon the lawful termination of this Agreement under section 9.1; and
- (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

#### ARTICLE 10 - DISPUTE RESOLUTION

- 10.1 If any dispute arises under this Agreement, the parties will make all reasonable efforts to resolve the dispute within 60 days of the dispute arising (or within such other time period agreed to by the parties) and, subject to applicable laws, provide candid and timely disclosure to each other of all relevant facts, information and documents to facilitate those efforts.
- 10.2 Subject to section 10.5, if a dispute under this Agreement cannot be resolved under section 10.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 10.3 The cost of the arbitration referred to in section 10.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 10.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Kamloops, British Columbia, and if we or our authorized representative have no office in Kamloops, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Kamloops, British Columbia.
- 10.5 A dispute under this Agreement in respect of a matter within our sole discretion cannot, unless we agree, be referred to arbitration as set out in section 10.2.

#### ARTICLE 11 NOTICE

- (a) 11.1 Any notice required to be given by either party to the other will be deemed to be given if mailed by prepaid registered mail in Canada or delivered to the address of the other as follows:

to us

MINISTRY OF FORESTS AND RANGE  
Range Branch  
515 Columbia St.  
Kamloops, BC V2C 2T7;

to you

ARDILL'S RANCH LTD.  
Bag 6017  
Fort St John, BC V1J 4H6;

or at such other address as a party may, from time to time, direct in writing, and any such notice will be deemed to have been received if delivered, on the day of delivery, and if mailed, 7 days after the time of mailing, except in the case of mail interruption in which case actual receipt is required.

- 11.2 In order to expedite the delivery of any notice required to be given by either party to the other, a concurrent facsimile copy of any notice will, where possible, be provided to the other party but nothing in this section, and specifically the lack of delivery of a facsimile copy of any notice, will affect the deemed delivery provided in section 11.1.
- 11.3 The delivery of all money payable to us under this Agreement will be effected by hand, courier or prepaid regular mail to the address specified above, or by any other payment procedure agreed to by the parties, such deliveries to be effective on actual receipt.

## ARTICLE 12 - MISCELLANEOUS

- 12.1 No provision of this Agreement will be considered to have been waived unless the waiver is in writing, and a waiver of a breach of a provision of this Agreement will not be construed as or constitute a waiver of any further or other breach of the same or any other provision of this Agreement, and a consent or approval to any act requiring consent or approval will not waive or render unnecessary the requirement to obtain consent or approval to any subsequent same or similar act.
- 12.2 No remedy conferred upon or reserved to us under this Agreement is exclusive of any other remedy in this Agreement or provided by law, but that remedy will be in addition to all other remedies in this Agreement or then existing at law, in equity or by statute.
- 12.3 The grant of a sublease, assignment or transfer of this Agreement does not release you from your obligation to observe and perform all the provisions of this Agreement on your part to be

observed and performed unless we specifically release you from such obligation in our consent to the sublease, assignment or transfer of this Agreement.

- 12.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 12.5 If, due to a strike, lockout, labour dispute, act of God, inability to obtain labour or materials, law, ordinance, rule, regulation or order of a competent governmental authority, enemy or hostile action, civil commotion, fire or other casualty or any condition or cause beyond your reasonable control, other than normal weather conditions, you are delayed in performing any of your obligations under this Agreement, the time for the performance of that obligation will be extended by a period of time equal to the period of time of the delay so long as
- (a) you give notice to us within 30 days of the commencement of the delay setting forth the nature of the delay and an estimated time frame for the performance of your obligation; and
  - (b) you diligently attempt to remove the delay.
- 12.6 You agree with us that
- (a) we are under no obligation, express or implied, to provide financial assistance or to contribute toward the cost of servicing, creating or developing the Land or the Improvements and you are solely responsible for all costs and expenses associated with your use of the Land and the Improvements for the purposes set out in this Agreement; and
  - (b) nothing in this Agreement constitutes you as our agent, joint venturer or partner or gives you any authority or power to bind us in any way.
- 12.7 This Agreement does not override or affect any powers, privileges or immunities to which you are entitled under any enactment of the Province of British Columbia.

The parties have executed this Agreement as of the date of reference of this Agreement.

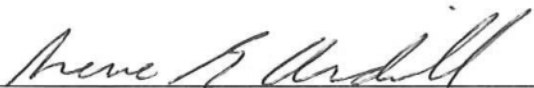
SIGNED on behalf of **HER MAJESTY  
THE QUEEN IN RIGHT OF THE  
PROVINCE OF BRITISH COLUMBIA**

by the minister responsible for the *Land Act*  
or the minister's authorized representative



Minister responsible for the *Land Act*  
or the minister's authorized representative

SIGNED on behalf of **ARDILL'S RANCH LTD.**  
by a duly authorized signatory



Authorized Signatory



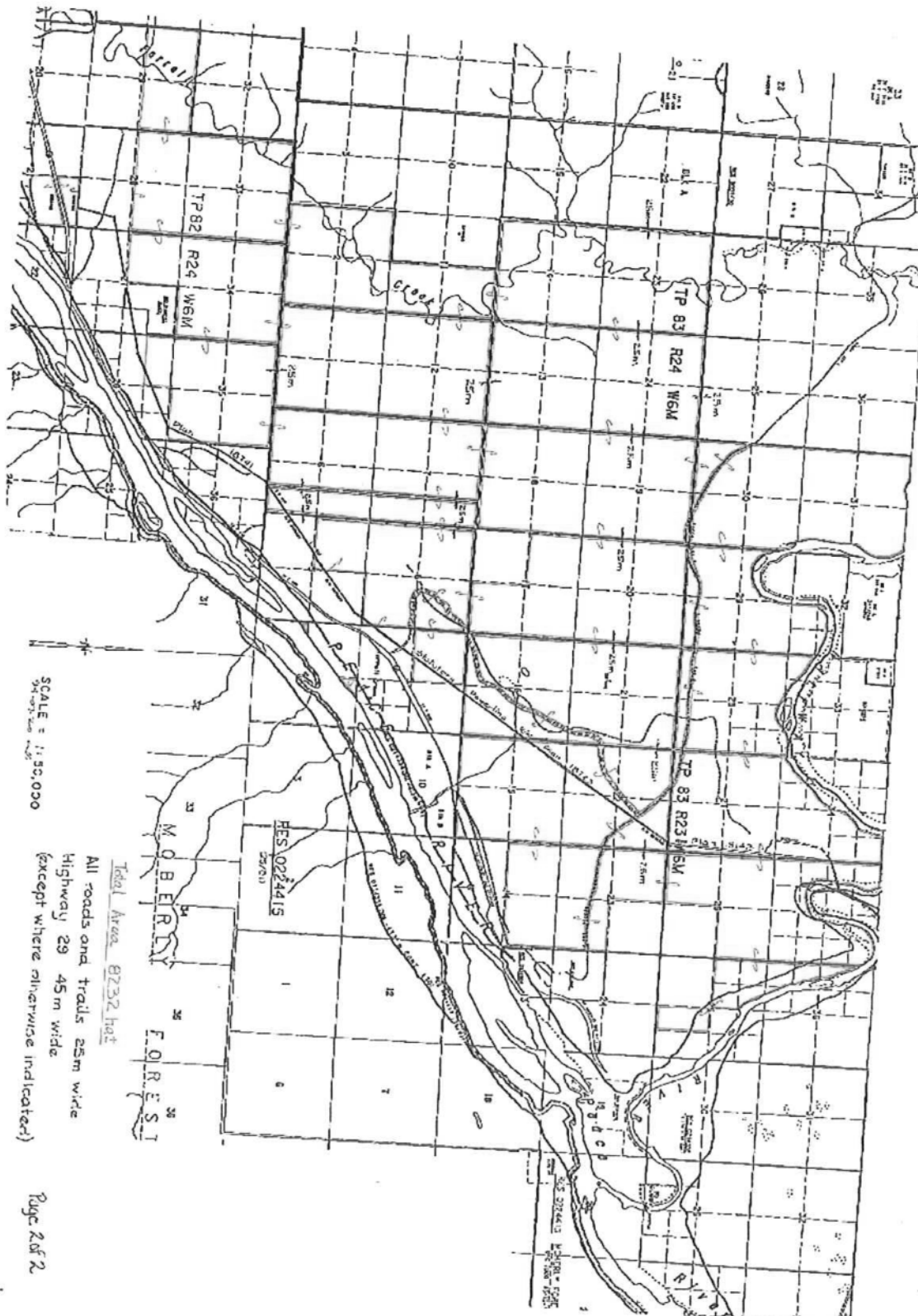
**LEGAL DESCRIPTION SCHEDULE**

**Those parts of Sections 21, 26 to 29 inclusive, 33 to 35 inclusive, of Township 82, Range 24 and Sections 1, 2, 11 to 14 inclusive, 23 and 24 of Township 83, Range 24 and Sections 4 to 9 inclusive, 14 to 23 inclusive and 25 to 36 inclusive of Township 83, Range 23, West of the Sixth Meridian, Peace River District and containing 8232 hectares, more or less.**

343944

File No.: 8000346

Disposition No.: 855009



AGRICULTURAL LEASE - U - GRAZING - MF

Page 20 of 30

**MANAGEMENT PLAN SCHEDULE****Associated Private Properties**

The Fractional Southeast  $\frac{1}{4}$  of Section 26, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except Plans 23139 and 27897

PID 014-663-171

The Fractional Northeast  $\frac{1}{4}$  of Section 26, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except Plans 23139 and 27897

PID 014-806-622

The Fractional Southeast  $\frac{1}{4}$  of Section 27, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except Plans 23139 and 27897

PID 014-663-163

Legal Subdivision 13, Section 25, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except Plans 23139 and 27897

PID 014-671-921

The Northwest  $\frac{1}{4}$  of Section 20, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except the most Westerly 14 feet in parallel width thereof

PID 007-332-173

The Northeast  $\frac{1}{4}$  of Section 20, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except Plan 23139

PID 006-042-414

Parcel A (P30060) of the Southwest  $\frac{1}{4}$  of Section 29, Township 82, Range 24, West of the Sixth Meridian, Peace River District

PID 006-042-562

The Northwest  $\frac{1}{4}$  of Section 21, Township 82, Range 24, West of the Sixth Meridian, Peace River District, except the most Westerly 4.883 meters in parallel width thereof and Plan 23139

PID 006-064-124

That Part of the Fractional Northwest  $\frac{1}{4}$  of Section 4, Township 83, Range 23, West of the Sixth Meridian, Peace River District, lying North of the Peace River

PID 013-852-825

The Northeast  $\frac{1}{4}$  of Section 5, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-852-922

That Part of the Fractional South  $\frac{1}{2}$  of Section 5, Township 83, Range 23, West of the Sixth Meridian, Peace River District which lies West of the Peace River  
PID 013-851-896

The Northeast  $\frac{1}{4}$  of Section 9, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-882-244

Parcel A (86330M) of the Southeast  $\frac{1}{4}$  of Section 9, Township 83, Range 23, West of the Sixth Meridian, Peace River District, except Plan 15320  
PID 013-882-252

The Southwest  $\frac{1}{4}$  of Section 9, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-882-261

Block A, Section 10, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-882-279

The Fractional Southwest  $\frac{1}{4}$  of Section 17, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-841-742

The Northeast  $\frac{1}{4}$  of Section 23, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-854-879

The Northwest  $\frac{1}{4}$  of Section 24, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-854-887

The Southwest  $\frac{1}{4}$  of Section 25, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-854-895

The Southwest  $\frac{1}{4}$  of Section 26, Township 83, Range 23, West of the Sixth Meridian, Peace River District  
PID 013-854-909

Legal Subdivision 11, Section 26, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 013-846-612

Legal Subdivision 12, Section 26, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 013-846-639

Legal Subdivision 9, Section 27, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 013-841-670

The Fractional Legal Subdivision 5 of Section 22, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 014-068-257

The Fractional Northwest  $\frac{1}{4}$  of Section 22, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 014-068-311

The Southwest  $\frac{1}{4}$  of Section 27, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 014-068-371

That Part of the East  $\frac{1}{2}$  of Fractional Section 36, Township 82, Range 24, West of the Sixth Meridian, Peace River District, lying North of the Peace River  
PID 013-882-309

The Fractional West  $\frac{1}{2}$  of Section 36, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 013-882-317

The South  $\frac{1}{2}$  of Section 28, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 014-728-478

The Southeast  $\frac{1}{4}$  of Section 29, Township 82, Range 24, West of the Sixth Meridian, Peace River District  
PID 014-728-494

343944

GRAZING LEASE MANAGEMENT PLAN

Ministry of Forests File: 840-4  
Ardill Ranch Limited  
Red Creek Range Unit

Ministry of Lands File: 8000346

Applicant Name & Address: Ardill Ranch Limited  
Box 6017  
Fort St. John, BC  
V1J 4H6  
Phone: 262-3277 - John  
262-3230 - Dick

Legal Descriptions: Formerly grazing leases - thence grazing  
licence since March of 1981.

- (a) Section 16, Township 83, Range 23, W6M Peace River Land District;
- (b) West 1/2 of Section 20 and East 1/2 of Section 19, Township 83, Range 23 W6M Peace River Land District;
- (c) Section 23 West 1/2 of Section 14 and West 1/2 of Section 2, Township 83, Range 24 W6M Peace River Land District;
- (d) Sections 15, 21, 27, 28, 29, 30 and 31, Township 83, Range 23, W6M Peace River Land District lying South of the Halfway River;
- (e) The fractional Sections of 32, 33, 34, 35, and 36, Township 83, Range 23, Peace River Land District lying South of the Halfway River Peace River Land District;
- (f) The fractional South East 1/4, North East 1/4 and North West 1/4 of Section 25, Township 83, Range 23, lying South of the Halfway River Peace River Land District;
- (g) The West 1/2 and the North East 1/4 of Section 26, Township 83, Range 23, lying South of the Halfway River Peace River Land District;
- (h) The North West 1/4 Section 23, Township 83, Range 23, W6M Peace River Land District;
- (i) The East 1/2 Section 20, Township 83, Range 23, W6M Peace River Land District;
- (j) The North 1/2 and the South East 1/4 of Section 17, Township 83, Range 23, W6M Peace River Land District;
- (k) The North 1/2 of Section 18, Township 83, Range 23, W6M Peace Land District;
- (l) Section 1, Township 83, Range 24, W6M Peace River Land District and the East 1/2 Section 11, Township 83, Range 24;
- (m) The North West 1/4 of Section 5; all of Sections 6, 7, 8, and the North West 1/4 of Section 9, the South 1/2 of Section 18 and the West 1/2 of Section 19, Township 83, Range 23, W6M Peace River Land District;
- (n) The East 1/2 of Section 2, the East 1/2 of Section 14 plus all of Section 12, Section 13 and Section 24, Township 83, Range 24, W6M Peace River Land District;
- (o) The North West 1/4 of Section 27, the North 1/2 of Section 28, the North 1/2 of Section 29 plus all of Sections 33, 34, and 35 of Township 82, Range 24, W6M Peace River Land District;

Amended to include areas on file  
8002713.

- (p) The South 1/2 of Section 23 and the North 1/2 of Section 14, Township 83, Range 23, W6M Peace River Land District;
- (q) L.S. #13 and 14, Section 26, Township 82, Range 24, W6M Peace River Land District;
- (r) The North East 1/4 of Section 21, Township 82, Range 24, W6M Peace River Land District;
- (s) Fractional South West 1/4 and Fractional North East 1/4 of Section 4, Township 83, Range 23, W6M, Peace River Land District, lying North of the Peace River.

Parcel Size: +8350 ha

Recommended Carrying Capacity: +3464 Animal Unit Months

Management Plan Prepared By: Dick & John Ardill  
Ardill Ranch Limited-Applicant

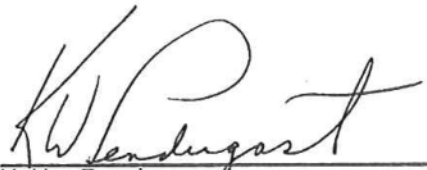
Date of Original Plan: December 18, 1985

Amendment prepared by: E.W. Kok, R.O. Range  
Fort St. John Forest Service


Date of Amendment: July 18, 1988


Review Date: October 1990

Approved for Ministry of Forests:

  
K.W. Pendergast  
District Manager  
Fort St. John Forest Service

Approved for Applicant:

  
Ardill Ranch Limited

  
Ardill Ranch Limited



GRAZING LEASE MANAGEMENT PLAN1. Applicant:

Ardill Ranch Limited  
Box 6017  
Fort St. John, BC  
V1J 4M6

Phone: 262-3277 - John Ardill  
262-3230 - Dick Ardill

2. Lease Area:

The grazing lease property is located immediately to the North and adjacent to private ranch base holdings along the North side of the Peace River between the Halfway River and Farrell Creek. The home place and ranch headquarters are located on the South East 1/4 Section 9, Township 83, Range 23, W6M Peace River Land District.

The Ardill family has made use of this area in one form or another for over sixty-five years or shortly after, Mr. John Ardill (Sr.) first settled in the early 1920's. The fertile Peace River flats and benches became the winter feed base for one of the most sizeable ranches in the Region. The uplands or plateau between Farrell Creek and the Halfway River have traditionally provided the spring, summer, fall and a portion of the winter horse range for this ranch base.

The area forms part of John Ardill's registered Trapline as well as guide area.

The historical use, as well as present day uses of this area, therefore provides, a substantial vested interest for the Ardill family.

The range varies considerably from small semi-open river breaks with Hairy Wild Rye, Fescues, Wheatgrasses, June grass etc. to Aspen, Alder, Soopalallie brush, Peavine, Vetch and Canada Reed.

The Lease area also includes substantial areas of muskeg, sedge meadows and sloughs. Some are useable along the perimeters. Many are too wet, except to provide some winter use by horses once frost conditions provide improved footing for the animals. John Ardill manages the horses, trapping and guiding.

Dick Ardill manages the cattle and the farming portion of the operation. They combine forces depending on the situation for the overall operation of the ranch.

The area has traditionally been used on a continuous basis. Therefore some of the better areas preferred by livestock, have been used rather heavily. Other less preferred areas show little or limited use despite riding and salting endeavours.

Range condition ranges from fair to excellent however trend is downward - mainly due to brushing in on many areas.

### 3. Lease Property:

Description	Status	Fenced Pasture Used w/Lease	Fenced Pasture	Cultivated Land
NW 1/4 10-83-23	CG	16.1 ha	19.4 ha	25.9 ha
NE 1/4 9-83-23	CG	51.8 ha	n/a	5.2 ha
SW 1/4 9-83-23	CG	34.4 ha	4.0 ha	21.4 ha
SE 1/4 9-83-23	CG	n/a	17.7 ha	41.7 ha
NW 1/4 4-83-23	CG	n/a	41.7 ha	3.2 ha
NE 1/4 5-83-23	CG	24.3 ha	7.3 ha	20.2 ha
S 1/2 5-83-23	CG	16.2 ha	52.6 ha	32.4 ha
N 1/2 36-82-24	CG	23.4 ha	62.7 ha	23.5 ha
S 1/2 36-82-24	CG	n/a	43.7 ha	26.3 ha
NW 1/4 25-82-24	CG	n/a	8.0 ha	6.1 ha
N 1/2 26-82-24	CG	8.1 ha	27.5 ha	42.5 ha
LS 9-27-82-24	CG	9.3 ha	4.0 ha	3.2 ha
SW 1/4 26-82-24	CG	n/a	7.2 ha	19.4 ha
S 1/2 27-82-24	CG	6.0 ha	25.4 ha	94.3 ha
S 1/2 28-82-24	CG	12.1 ha	58.7 ha	58.7 ha
S 1/2 29-82-24	CG	n/a	55.8 ha	45.7 ha
NE 1/4 19-82-24	CG	n/a	34.4 ha	23.5 ha
NW 1/4 20-82-24	CG	n/a	17.4 ha	46.5 ha
NW 1/4 22-82-24	CG	n/a	28.3 ha	n/a
S 1/2 21-82-24	CG	n/a	38.4 ha	91.0 ha
S 1/2 20-82-24	CG	n/a	38.4 ha	91.0 ha
W 1/2 SE 1/4 19-82-24	CG	n/a	30.0 ha	2.0 ha
SE 1/4 26-83-23	CG	64.7 ha	n/a	n/a
SW 1/4 25-83-23	CG	64.7 ha	n/a	n/a
NE 1/4 23-83-23	CG	64.7 ha	n/a	n/a
NW 1/4 24-83-23	CG	64.7 ha	n/a	n/a
SW 1/4 17-83-23	CG	64.7 ha	n/a	n/a
S 1/2 26-83-24				
W Farrell Creek Fraction of SE 1/4 34-83-24	CG	28.3 ha	n/a	n/a
W Farrell Creek Fraction of NE 1/4 27-83-24	CG	7.2 ha	n/a	n/a
W Farrell Creek	CG	14.2 ha	n/a	n/a
		<u>547.9 ha</u>	<u>623.6 ha</u>	<u>723.7 ha</u>

### 4. Feature of the Lease Area:

Considerable acreages within the Lease area are readily arable for improvement of development to tame pasture. Many areas hold significant potential and suitability for this purpose.

No immediate specific proposals for improvements are considered by the present applicant, however ultimately there will be requests in the future.

forage availability on much of the upland higher ground has been enhanced (to varying degrees) by the use of the fire in an attempt to control tree and shrub growth and to allow for necessary sunlight penetration for palatable grass and forb growth.

The soil is described as mainly "Groundbirch" - (Bisequa Podzol sand & loamy sand) and "Davis" - (Orthic grey wooded loam and silt loam), both containing lesser amounts of "Lynx" and "Toad" - ie (Bisequa and Brunisolic gray wooded sandy loam and silt loam). Muskeg and Swamp area are of course "Kenzie" and "Eaglesham" (sphagnum peat and fibrous peat) - developed mainly from sedges and coarse grasses.

River breaks are mainly described as "Farrell" (Mull Regosol silt loam and silty clay loam) as well as "Branham" (orthic brown wooded sandy loam and fine sandy loam).

A couple dozen deer, both Mule and Whitetail, range the area both private and Crown during all of the year with occasional Moose as well as Elk making appearances occasionally.

Black Bear, Grizzly, Wolves and Coyotes are around at certain times and have been known to cause problems periodically.

#### 5. Range Improvements:

Approximately eleven miles of fence exists mainly along the 'toe' of the river breaks, mainly on the private lands to keep the stock out of hay fields, and off the Highway #29 right-of-way, etc. The fence was well built and is maintained: 12 1/2 gauge wire with posts at 1 - rod intervals. The balance of perimeter control is well served by natural barriers of the Halfway River and Farrell Creek.

Approximately 121 ha was cleared on the titled quarters on Section 23, 24, 25 and 26, which has since significantly reverted to light Aspen and willow.

Old trails, roads, seismic lines, and wellsite roads serve as livestock access to varying degrees of usefulness from a forage availability standpoint.

Ardills plan to utilize the existing seismic line which extends North Easterly from Section 34-82-24 to Section 25-83-23 for fenceline construction in order (1)to create a rotation, (2)and to force better utilization on the furthest range, and (3)to assist in getting cows bred back earlier. The fence would serve both primary and secondary purposes for improved range management as well as livestock management.

6. Lease Description:

Range Types	Hectares	Est. Carrying Capacity	Est. Useable AUM's
I NC BR-P +A & Cot Vets	1069 ha	4.0 acres/AUM	+ 660
II All mainly Aspen types	4349 ha	5.0 acres/AUM	+2149
III Open Range Types	102 ha	1.5 acres/AUM	+ 168
IV Heavy Coniferous Types plus Clay banks	1519 ha	Nil	Nil
V Muskeg-Sloughs Sedge areas	1312 ha	1.0 acres/AUM Est. only 15% accessible or useable	+ 487
	8,351 ha		+3464

The lease area includes Road Allowances and Right-of-Ways, even though not part of actual Lease, - which provides accessible useable AUMs.

7. Grazing System:

The Ardill ranch presently has 350 head mainly Hereford brood cows, 25 bulls, 30 replacement heifers and 35 head of horses.

Ardill's have always been a cow/calf operations. As the range North of the fence is already ahead of many area in the Peace, the cattle are moved above the fence approximately May 15, and normally range between the fence and the main (SW to NE) seismic line, May 15 to approximately June 30. After that are moved further back to the large sedge areas for the balance of the season, approximately October 15. When they return to hay and crop aftermath and stubble back on private land.

The yearling heifers are held on private land with "Longhorn" bulls until +July 31. They are then placed with the main brood herd to approximately October 15.

The predominately Hereford bull herd is put out approximately June 15 and are pulled off the range about August 30 each year.

About half of the horse herd is placed only the Lease area, the others remain at the home place ie. using horses for guiding and riding.

Following is the approximate actual annual use plan for each season:

<u>No. &amp; Stock Type</u>	<u>Period of Use Each Year</u>	<u>Months</u>	<u>AUM's Req'd</u>
350 Cows	May 15-Oct 15	5.0	1750
25 Bulls	June 15-Aug 30	2.5	63
30 Yearlings Heifers	Aug 01-Oct 15	2.5	75
15 Horses	Jan 01-Dec 31	12.0	180
			<u>2068 AUM's</u>

Ardill's would like to continue to build to +400 head cow/calf herd however do not plan to exceed that in the foreseeable future.

8. Specific Management Requirements:

- (a) There is no specific proposal to convert native to tame pasture at this time. Any proposal must be submitted to the Ministry of Lands, for consideration; (and internal referral to Ministry of Forests for consideration and approval before any actual work may commence).
- (b) As most of the useful areas of the grazing lease has experienced varying degrees of fire history maintenance - periodical follow-up, burning will be essential in the future as well.

Burning on the Lease will be subject to co-operative negotiation between Ardill Ranch Limited, Range Personnel in liaison with the Protection Section of the Ministry of Forests.

The Grazing Lease is within the Burning permit required area of the Forest District. Burning permits are required on a year-round basis.

- (c) The Lessee will keep annual records of use for the Grazing Lease area detailing numbers, classes of livestock and periods of use.
- (d) Use of the Lease area is to be at the discretion of the Lessee, within the terms and conditions of the Lease providing their grazing practices in this exclusive area will effectively conserve soil, forage, timber and water values for undiminished productivity.

Special Lease Conditions:

1. The salting program is to work towards the timbered or brushy portions of the range, with salt being placed only on waste ground, well away from water sources, roads, trails and meadows to encourage stock to use the less preferred areas. Salt must be placed away from the previous years salt ground.
2. Every effort must be made to avoid damage to Crown Range during winter-bared, spring thaw and pre-readiness periods when it is not proper for horses to be at large on Crown Range.
3. Problems with predators are to be referred to the local Conservation Officer.