



June 27, 1996

File: 8004841

Reserve: 918017

District of Tumbler Ridge
Box 100
Tumbler Ridge, BC
V0C 2W0

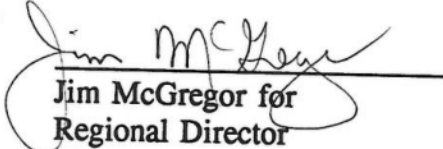
Attention: Michelle Coughlin

NOTICE OF AMENDMENT OF SECTION 13 DESIGNATED LAND USE RESERVE

Map Reserve No. 918017 covering unsurveyed Crown land, Peace River District, in the vicinity of District lot 3164, as shown in red on the attached sketch, established July 31, 1991 for outdoor recreational purposes (non-motorized vehicles) has been amended by deleting the Petroleum Titles Branch of the Ministry of Employment and Investment as a reserve holder.

BC
Lands

Please note that co-operation with any existing or future petroleum and natural gas tenure is required.


Jim McGregor for
Regional Director
Ministry of Environment,
Lands and Parks

KB/pg

Attachment

pc: Crown Land Registry Services, Victoria, BC
Ministry of Employment and Investment, Petroleum Titles Branch, 6th Floor,
1810 Blanshard Street, Victoria, BC V0V 1X4 (Attn: Susan Jones)

4 FT: 1125

RES 8006465

OST 8144549

POST 81H4548

POST-81H4547

OST 81H/546

0288786

30175

Ga

POST 77H585

RES 800484.1

RES 8003226

8003410

8004229

1594008

RES 8004841

FS 8001649

22/01)

8002148

2

A 17840

CHT 722

626000
RES 8003544

626000

12100

1900

3000

File: 8004841

Над : 93Р.015 + 93Р.016

Scale: 1:20000

A-CA : 300 ha +/-

Date: Nov 7 1995





Province of
British Columbia

MINISTRY OF
ENVIRONMENT,
LANDS AND PARKS

BC
Lands
PEACE REGION

400, 10003 — 110th Avenue
Fort St. John
British Columbia
V1J 6M7
Telephone: (604) 787-3411
Fax: (604) 787-3219

November 15, 1995

✓ File: 8004841

Map Reserve: 918017

District of Tumbler Ridge
Box 100
Tumbler Ridge, BC
V0C 2W0

AND Ministry of Energy, Mines and
Petroleum Resources
Petroleum Titles Branch
6th Floor, 1810 Blanshard Street
Victoria, BC
V0V 1X4

Attention: Michelle Coughlin

Attention: Colin McGee

NOTICE OF AMENDMENT AND CONTINUATION OF SECTION 13
DESIGNATED LAND USE RESERVE

RESERVE NUMBER: 918017

LEGAL DESCRIPTION: Unsurveyed vacant Crown land, Peace River District, in the vicinity of District Lot 3164, as shown in red on the attached sketch.

RESERVE HOLDER: Ministry of Energy, Mines and Petroleum Resources, for the operation and maintenance of any existing petroleum and natural gas leases and licenses.

District of Tumbler Ridge for Outdoor Recreational
Purposes (non-motorized vehicles).

ESTABLISHMENT DATE: July 31, 1991

NEXT REVIEW DATE: March 31, 2001

OTHER: This reserve has been amended to exclude the area which lies within a Ministry of Transportation and Highways Gravel Reserve on our file 8003226.

.../2

For your information we have not consulted with First Nations prior to continuing this reserve. Prior to your agency commencing any development or infringement on this site please ensure that you do the consultation required with the appropriate First Nation Band(s).

ORIGINAL SIGNED BY:
JIM MCGREGOR

Jim McGregor for
Regional Director
Ministry of Environment,
Lands and Parks

KB/cls

Attachment

pc: Surveyor General Branch, Victoria, BC

4 FT: 1125

1

5

Date : Nov 7 1995

CHT 722

121°C

626000

RES 8003544

5 of 66





Province of
British Columbia

Ministry of
Lands and Parks

B.C. Lands
Peace Region
220, 9900 — 100th Avenue
Fort St. John
British Columbia
V1J 5S7
Telephone: (604) 787-3411
Fax: (604) 787-3219

July 31, 1991

File No.: 8004841
Reserve No: 918017

District of Tumbler Ridge AND
Box 100
Tumbler Ridge, BC
V0C 2W0

Ministry of Energy, Mines
and Petroleum Development
Petroleum Titles Branch
617 Government Street
Victoria, BC
V0V 1X4

Attention: Michelle Coughlin,
Economic Development Officer

Attention: Colin McGee

NOTICE OF ESTABLISHMENT OF SECTION 13
DESIGNATED LAND USE RESERVE

Reserve No. 918017 has been established over unsurveyed vacant Crown land, in the vicinity of Lot 3164, Peace River District.

This reserve is issued on behalf of the District of Tumbler Ridge for outdoor recreational purposes (of non-motorized vehicles), and the Ministry of Energy, Mines and Petroleum Resources for the operation and maintenance of any existing petroleum and natural gas leases and licenses.

This reserve will remain in effect for a five year period.

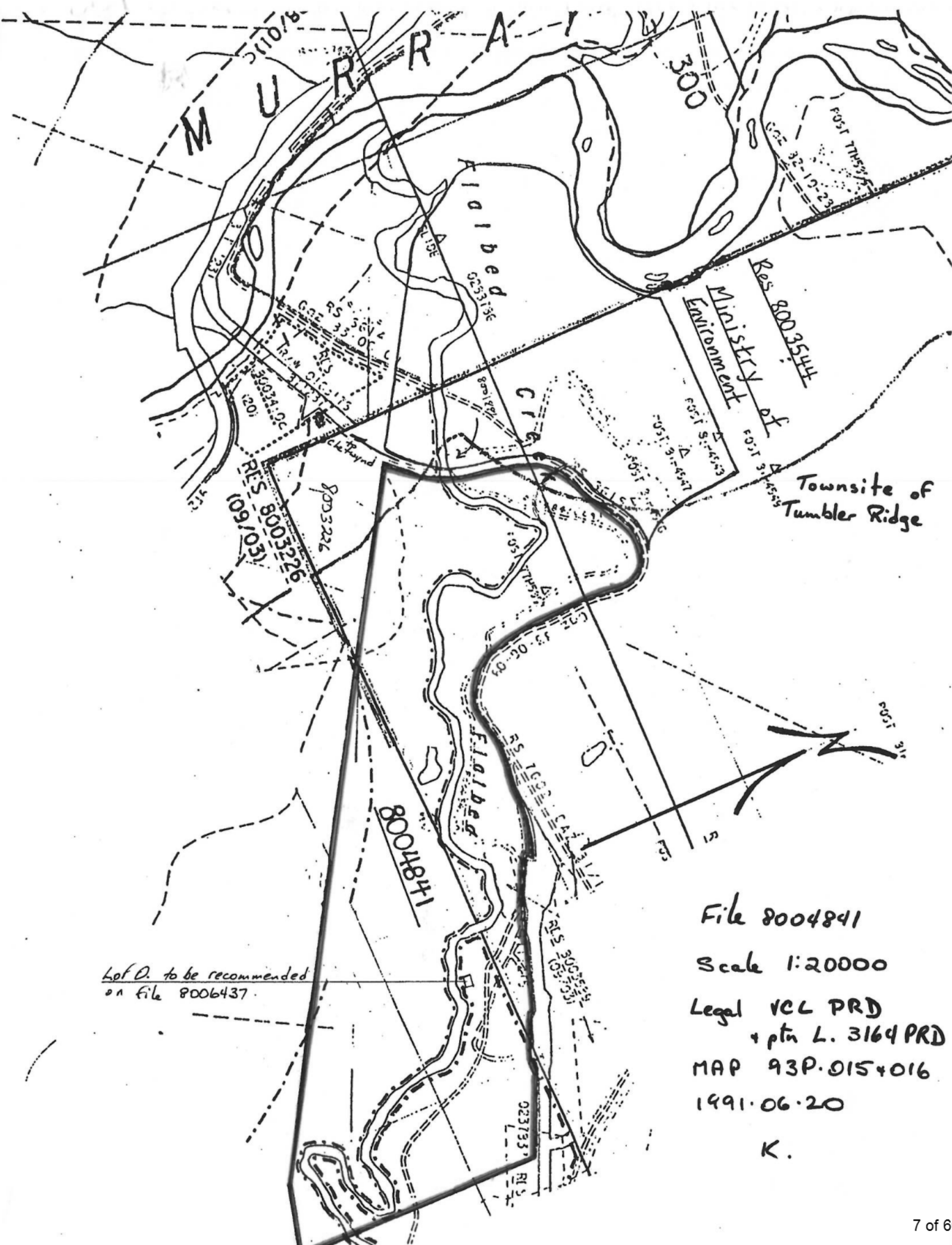
ORIGINAL SIGNED BY
DONNA HUMPHRIES

Regional Director
Ministry of Lands and Parks

July 31, 1991
Effective Date

LF/hp

cc: Surveyor-General Branch, Victoria, BC
Ministry of Forests, Dawson Creek, BC
Ministry of Transportation and Highways, Prince George, BC
Your File: R184 [43-20-0(g)]
Ministry of Energy, Mines and Petroleum Resources, Charlie Lake, BC



Lot D. to be recommended
on file 8006437.

File 8004841
Scale 1:20000
Legal VCL PRD
+ ptn L. 3164 PRD
MAP 93P.015+016
1991.06.20
K.



Permit No.:

813470

File No.: 8013953

Disposition No.: 824053

THIS PERMIT is dated for reference June 5, 2002 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:

KEVIN GIES
PO Box 677
Tumbler Ridge, BC
V0C 2W0

(the "Permittee")

The parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Permit,

"Actual Production" means the amount of material measured in cubic metres removed from the Land during the Term, as verified in a Production Report;

"Commencement Date" means June 7, 2002;

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

"Fees" means the fees set out in Article 3;

"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":

That part of Parcel B, District Lot 3164, Peace River District, and containing 4.0 hectares more or less;

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

"Operating Record" means a record of all material removed from the Land and includes weigh scale data, quantity surveyor's reports, production and shipping schedules, income statements and all other documents and records kept by you in connection with your quarrying operation on the Land;

"Production Report" means a report that contains

- (a) a detailed statement showing the quantity of material removed from the Land during the Term, and
- (b) your Statutory Declaration in a form satisfactory to us confirming without qualification that the statement contained in the Production Report is true;

"Realty Taxes" means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any competent governmental authority which relate to the Land;

"Royalty Fee" means the royalty fee referred to in Article 3;

"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 Permittee: that combination is referred to as **"the parties"**; and

"you" or "your" refers to the Permittee.

ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions set out in this Permit, we permit you to enter on the Land for the purpose of quarrying, digging or removed sand and gravel, and you acknowledge that this Permit does not grant you exclusive use and occupation of the Land.

- 2.2 The term of this Permit commences on the Commencement Date and terminates on December 7, 2002, or such earlier date provided for in this Permit.

ARTICLE 3 - FEES

- 3.1 You will pay to us:
- (a) a fee for the Term of \$250.00, payable in advance on the Commencement Date; and
 - (b) at the time and in the manner set out in section 3.2, a royalty fee equal to \$1.50 of Actual Production removed from the Land during the Term of this Permit.
- 3.2 You will within 15 days after the expiration of this Permit deliver to us a Production Report together with a certified cheque in a sum equal to the Royalty Fee payable under section 3.1.

ARTICLE 4 - COVENANTS

- 4.1 You must
- (a) pay, when due,
 - (i) the Fees to us at the address set out in Article 7,
 - (ii) the Realty Taxes, and
 - (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 Permit;
 - (c) observe, abide by and comply with
 - (i) all applicable laws, bylaws, orders, directions, ordinances and regulations of any competent governmental authority in any way affecting the Land, or its use and occupation, and
 - (ii) the provisions of this Permit;
 - (d) not assign, sublicense or transfer this Permit or permit any person to use or occupy the Land, without our prior written consent, (if you are a corporation, a change in control, (as that term is defined in subsection 1(4) of the *Company Act*) will be deemed to be a

- () transfer of this Permit);
- (e) use and occupy the Land only in accordance with and for the purposes set out in section 2.1;
 - (f) in respect of the use of the Land by you or by anyone you permit to use the Land, keep the Land in a safe, clean and sanitary condition satisfactory to us, and at our written request, make the Land safe, clean and sanitary;
 - (g) 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;
 - (h) not construct, place, anchor, secure or affix anything on or to the Land or otherwise change the condition of the Land from the condition it was in on the Commencement Date except for the purposes set out in section 2.1;
 - (i) 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;
 - (j) permit us, or our authorized representatives, at any time, to enter on the Land to inspect the Land;
 - (k) not interfere with any person found on the Land who has a public right of access over the Land;
 - (l) deliver to us, as soon as reasonably possible, all reports we may request from you concerning your activities under this Permit or any other matter related to this Permit;
 - (m) during the Term of this permit maintain the Operating Record in such form and containing such information as we may reasonably require, and
 - (i) permit us to attend at your offices to examine the Operating Record during normal office hours, and
 - (ii) within 10 days of receiving a written request from us, deliver to us copies of the Operating Record;

- establish and maintain proper books of account, making true entries of all dealings and transactions in relation to your quarrying operation on the Land, and at all reasonable times furnish us such information relating to your quarrying operation as we may reasonably require;
- (o) upon receipt of our written request, cause an independent quantity survey to be undertaken by a qualified Professional Engineer or British Columbia Land Surveyor, to confirm the actual amount of material removed from the Land during the Term;
 - (p) reclaim the Land to the post extraction land use approved by us in accordance with the reclamation plan approved by the Ministry of Energy and Mines;
 - (q) maintain the quarry in a safe and orderly manner in accordance with the provisions of the *Mines Act*;
 - (r) take all reasonable precautions to avoid disturbing or damaging any archaeological material found on or under the Land and, upon discovering any archaeological material on or under the Land, you must immediately notify the ministry responsible for administering the *Heritage Conservation Act*;
 - (s) deliver to us, on the Commencement Date, security in the amount of \$2,500.00 which will
 - (i) guarantee the performance of your obligations under this Permit;
 - (ii) be in the form required by us; and
 - (iii) remain in effect until we certify, in writing, that you have fully performed your obligations under this Permit,and you acknowledge that we may use the security for the payment of any costs and expenses incurred by us to perform any of your obligations under this Permit 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;
 - (t) within 60 days of receiving written notice from us to do so, change the amount of the security posted by you under this Permit or provide and maintain another form of security in replacement of or in addition to the security posted by you under this Permit, and deliver to us written confirmation that the change has been made or the replacement or additional security has been provided by you;
 - (u) effect and keep in force during the Term insurance protecting you as the named insured

and us as an additional insured (without any rights of cross-claim or subrogation against us) against claims for personal injury, death, property damage, third party or public liability claims arising from all accidents or occurrences on the Land to an amount not less than \$1,000,000.00;

- (v) on the Commencement Date and immediately upon demand, deliver to us a "Province of British Columbia Certificate of Insurance" (in the form approved, from time to time, by the Treasury Board continued under the *Financial Administration Act*) which has been completed by your insurer to evidence the maintenance of all policies of insurance required to be maintained by you under this Permit;
- (w) pay all premiums and money necessary to maintain all policies of insurance required to be maintained by you under this Permit as the same become due;
- (x) within 60 days of receiving written notice from us to do so, change the amount of insurance maintained by you under this Permit or provide and maintain another form of insurance in replacement of or in addition to the insurance maintained by you under this Permit and deliver to us written confirmation that the change has been made or the replacement or additional insurance has been provided by you;
- (y) comply with the conditions of the District of Tumbler Ridge;
- (z) 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 nonperformance of a provision of this Permit, 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

- (aa) on the expiration of the Term,
 - (i) peaceably quit and deliver possession of the Land to us, in a safe, clean and sanitary condition,
 - (ii) 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,

and your right to use and occupy the Land will cease and to the extent necessary, this covenant will survive the expiration of the Term.

- 4.2 You will not permit any person to do anything you are restricted from doing under this Article.

ARTICLE 5 - LIMITATIONS

- 5.1 You agree with us that

- (a) this Permit is subject to
 - (i) all 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) prior dispositions under the *Land Act*; and
 - (iii) the exceptions and reservations of interests, rights privileges and titles referred to in section 50 of the *Land Act*;
- (b) without limiting section 4.1(z), 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 Permit 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;
- (c) 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 Permit 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 (b), and you acknowledge that this Permit and your rights under this Permit are subject to those grants and rights referred to in subsection (b) whether or not you have actual notice of them.

- (d) we may make other dispositions of the Land, or any part of it;
- (e) you will make no claim for compensation, in damages or otherwise, in respect of a disposition made under subsection (d), where such disposition does not materially affect the exercise of your rights under this Permit;
- (f) subject to subsection (e), all of your costs and expenses, direct or indirect, that arise out of any lawful interference with your rights under this Permit as a result of the exercise or operation of the interests, rights, privileges and titles reserved to us in subsections (a) and (d) will be borne solely by you;
- (g) 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 Permit that arises as a result of the exercise or operation of the interests, rights, privileges and titles described in subsections (a) and (d);
- (h) we are under no obligation to
 - (i) provide access or services to the Land or to maintain or improve existing access roads, or
 - (ii) make another disposition of the Land, or any part of it, to you; and
- (i) if, after the expiration of the Term, 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 occupier only subject to all of the provisions of this Permit, except as to duration, in the absence of a written Permit to the contrary.

ARTICLE 6 - TERMINATION

6.1 You agree with us that

- (a) if you
 - (i) default in the payment of any money payable by you under this Permit, or
 - (ii) fail to observe, abide by and comply with the provisions of this Permit (other than the payment of any money payable by you under this Permit),

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, based on reasonable grounds, you fail to make reasonable and diligent use of the Land for the purposes set out in this Permit, and your failure continues for 60 days after we give written notice of the failure to you;
- (c) if we require the Land for our own use or, in our opinion, it is in the public interest to cancel this Permit, or
- (d) if we cancel another disposition made to you because of your default or failure under that disposition;

this Permit will, at our option and with or without entry, terminate, and your right to use and occupy the Land will cease.

6.2 You agree with us that

- (a) you will make no claim for compensation, in damages or otherwise, upon the termination of this Permit under section 6.1; and
- (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

ARTICLE 7 - NOTICE

- 7.1 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

Land and Water British Columbia Inc.
400-10003 110th Avenue
Fort St. John, BC V1J 6M7;

to you

KEVIN GIES
PO Box 677
Tumbler Ridge, BC V0C 2W0;

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.

- 7.2 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 7.1.
- 7.3 The delivery of all money payable to us under this Permit 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 8 - MISCELLANEOUS

- 8.1 In this Permit, "person", includes a corporation, firm or association and wherever the singular or masculine form is used in this Permit 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.
- 8.2 This Permit will be interpreted according to the laws of the Province of British Columbia.
- 8.3 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Permit, 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 Permit are enactments of the Province of British Columbia.
- 8.4 Each schedule to this Permit is an integral part of this Permit as if set out at length in the body of this Permit.
- 8.5 This Permit constitutes the entire Permit between the parties and no understanding or Permit, oral or otherwise, exists between the parties with respect to the subject matter of this Permit except as expressly set out in this Permit and this Permit may not be modified except by subsequent Permit in writing between the parties.
- 8.6 This Permit extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators and successors.
- 8.7 All provisions of this Permit in our favour and all of our rights and remedies, either at law or in

ity, will survive the expiration of the Term.

- 8.8 Time is of the essence of this Permit.
- 8.9 You agree with us that nothing in this Permit constitutes you as our agent, joint venturer or partner or gives you any authority or power to bind us in any way.
- 8.10 This Permit 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 Permit as of the date of reference of this Permit.

SIGNED on behalf of **HER MAJESTY
THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA** by
Land and Water British Columbia Inc.,
authorized representative of the
minister responsible for the *Land Act*



Authorized Signatory of
Land and Water British Columbia Inc.

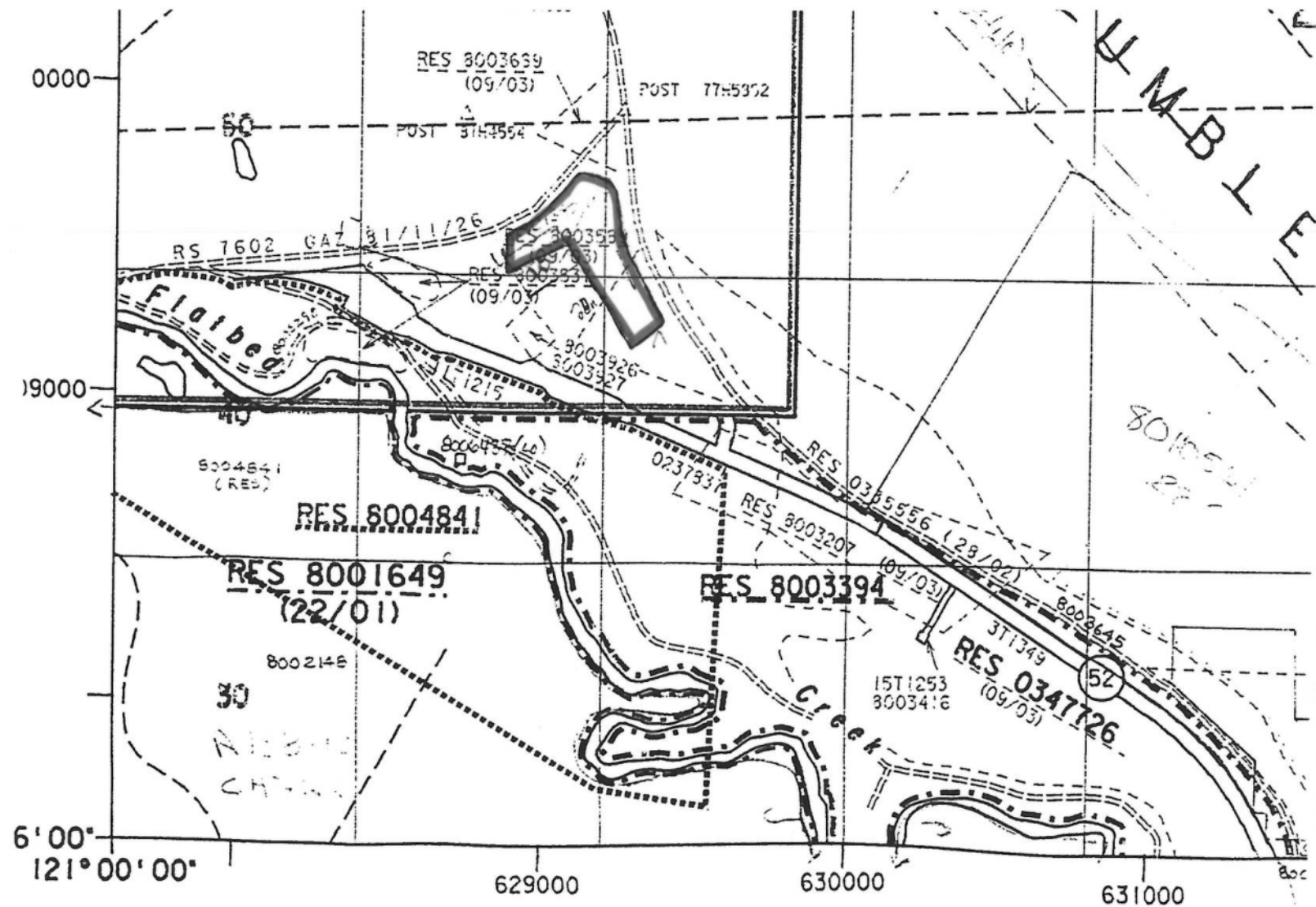
SIGNED BY
KEVIN GIES



813470

LEGAL DESCRIPTION SCHEDULE

That part of Parcel B, District Lot 3164, Peace River District, and containing 15.0 hectares more or less;





LICENCE OF OCCUPATION

Licence No.:

814725

File No.: 8013953

Disposition No.: 863581

THIS AGREEMENT is dated for reference December 7, 2007 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:

KEVIN GIES
PO Box 677
Tumbler Ridge, BC V0C 2W0

(the "Licensee")

The parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Agreement,

"Actual Production" means the amount of material measured in cubic metres removed from the Land during a licence Period, as verified in the Production Report for that licence Period;

"Agreement" means this licence of occupation;

"Commencement Date" means December 7, 2007;

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

"Fees" means the fees set out in Article 3;

"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 PORTIONS OF PARCEL B, DISTRICT LOT 3164, PLAN 31302, PARCEL C, DISTRICT LOT 3164, PLAN 31303, AND DISTRICT LOT 3164, PEACE RIVER DISTRICT, SHOWN HIGHLIGHTED ON LEGAL DESCRIPTION SCHEDULE, CONTAINING 20.0 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 most recent management plan prepared by you in a form acceptable to us, signed and dated by the parties, and held on file by us;

“Licence Period” means the first twelve (12) period of the Term beginning on the Commencement Date and each successive twelve (12) period thereafter.

“Operating Record” means a record of all material removed from the Land and includes weigh scale data, quantity surveyor’s reports, production and shipping schedules, income statements and all other documents and records kept by you in connection with your quarrying operation on the Land;

“Production Report” means a report that contains

- (a) a detailed statement showing the quantity of material removed from the Land during the licence Period covered by the report, and
- (b) your Statutory Declaration in a form satisfactory to us confirming without qualification that the statement contained in the Production Report is true;

“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;

“Royalty Fee” means the royalty fee referred to in Article 3;

“Security” means the security referred to in section 6.1 or 6.2, as replaced or supplemented in accordance with section 6.5;

“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 Licensee: that combination is referred to as **"the parties"**; and

"you" or "your" refers to the Licensee.

- 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.

ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions set out in this Agreement, we grant you a licence of occupation of the Land for quarry purposes, as set out in the Management Plan, and you acknowledge this licence of occupation does not grant you exclusive use and occupancy of the Land.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 10th anniversary of that date, or such earlier date provided for in this Agreement.

ARTICLE 3 - FEES

- 3.1 You will pay to us:
- (a) for the first year of the Term, Fees of \$500.00, payable in advance on the Commencement Date; and
 - (b) for the first year of the Term, a royalty fee in an amount equal to \$2.00 per cubic metres of Actual Production payable at the times and in the manner specified in section 3.4 of this Article; and
 - (c) for each year during the remainder of the Term, the Fees either determined by us under section 3.2 or established under section 3.3, payable in advance on each anniversary of the Commencement Date; and
 - (d) for each year during the remainder of the Term, the Royalty Fee, either determined by us under section 3.5 or established under section 3.6 and payable at the times and in the manner specified in section 3.4 of this Article.
- 3.2 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 Fees payable by you under subsection 3.1(c) for the subsequent year of the Term.
- 3.3 If we do not give notice to you under section 3.2, the Fees payable by you under section 3.1(c) for the year for which notice was not given will be the same as the Fees payable by you for the

preceding year of the Term.

- 3.4 You will within 15 days after the end of each licence Period deliver to us a Production Report for that licence Period together with a certified cheque in a sum equal to the Royalty Fee payable under sections 3.1 (b) or (d) for the Actual Production for that licence Period.
- 3.5 We may, by notice in writing to you not less than 15 days before the start of a licence Period, increase the Royalty Fee payable under sections 3.1 (b) or (d) for that licence Period, and where such an increase is made, the Royalty Fee shall be calculated and paid accordingly.
- 3.6 If we do not give you notice under section 3.5 with respect to any licence Period, the Royalty Fee payable for that licence Period shall be equal to the Royalty Fee payable for the immediately preceding licence Period.
- 3.7 You will, notwithstanding any other provision of this Agreement, not levy a Royalty Fee for any material removed from the Land used by us in the construction and maintenance of public works projects.

ARTICLE 4 - COVENANTS

- 4.1 You must
- (a) pay, when due,
 - (i) the Fees to us at the address set out in Article 10,
 - (ii) the Realty Taxes, and
 - (iii) all charges for electricity, gas, water and other utilities supplied to the Land for use by you or on your behalf or with your permission;
 - (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 the 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) use and occupy the Land only in accordance with and for the purposes set out in the Management Plan;
 - (g) not construct, place or affix any Improvement on or to the Land except as permitted in the Management Plan;
 - (h) pay all accounts and expenses as they become due for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, 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* for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, 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) during the Term of this licence maintain the Operating Record in such form and containing such information as we may reasonably require, and
 - (i) permit us to attend at your offices to examine the Operating Record during normal office hours, and
 - (ii) within 10 days of receiving a written request from us, deliver to us copies of the Operating Record;
 - (l) establish and maintain proper books of account, making true entries of all dealings and transactions in relation to your quarrying operation on the Land, and at all reasonable times furnish us such information relating to your quarrying operation as we may

- reasonably require;
- (m) upon receipt of our written request, cause an independent quantity survey to be undertaken by a qualified Professional Engineer or British Columbia Land Surveyor, to confirm the actual amount of material removed from the Land during the preceding licence Period;
 - (n) reclaim the Land to the post extraction land use approved by us in accordance with the reclamation plan approved by the Ministry of Energy, Mines and Petroleum Resources;
 - (o) maintain the quarry in a safe and orderly manner in accordance with the provisions of the *Mines Act*;
 - (p) take all reasonable precautions to avoid disturbing or damaging any archaeological material found on or under the Land and, upon discovering any archaeological material on or under the Land, you must immediately notify the ministry responsible for administering the *Heritage Conservation Act*;
 - (q) 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 of your operations;
 - (r) 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 nonperformance 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
 - (s) on the termination of this Agreement,
 - (i) peaceably quit and deliver to us possession of the Land and, subject to paragraphs (ii), (iii) and (iv), the Improvements in a safe, clean and sanitary condition,
 - (ii) within 180 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you and you are not in default of this Agreement,

- (iii) not remove any Improvement from the Land if you are in default of this Agreement, unless we direct or permit you to do so under paragraph (iv),
- (iv) 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
- (v) 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 (iv), 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.

4.2 You will not permit any person to do anything you are restricted from doing under this Article.

ARTICLE 5 - LIMITATIONS

5.1 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 4.1(r), 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 (c), and you acknowledge that this Agreement and your rights under this Agreement are subject to those grants and rights referred to in subsection (c) whether or not you have actual notice of them.
- (e) we may make other dispositions of or over the Land;
- (f) 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;
- (g) subject to subsection (f), 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;
- (h) 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);
- (i) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (j) any interest you may have in the Improvements ceases to exist and becomes our property upon the termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(s)(ii), (iii) or (iv) 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 4.1(s)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(s)(iii); and
- (k) 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 occupier only subject to all of the provisions of this Agreement, except as to

duration, in the absence of a written agreement to the contrary.

ARTICLE 6 - SECURITY AND INSURANCE

- 6.1 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; and
 - (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.
- 6.2 Despite section 6.1, 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.
- 6.3 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 or to pay any overdue Fees 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.
- 6.4 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 6.1, less all amounts drawn down by us under section 6.3.
- 6.5 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.
- 6.6 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 \$5,000,000.00 inclusive per occurrence insuring against liability for personal injury,

- (c) 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
- (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.

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

- (a) change the amount of insurance set out in subsection 6.6(a); and
- (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 7 - ASSIGNMENT

- 7.1 You must not sublicense, 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.
- 7.2 For the purpose of section 7.1, 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.
- 7.3 Section 7.2 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 in Canada.

- 7.4 Prior to considering a request for our consent under section 7.1, 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 8 - TERMINATION

8.1 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
 - (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;
- (d) 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;
- (e) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent;
- (f) if this Agreement is taken in execution or attachment by any person; or
- (g) if we require the Land for our own use or, in our opinion, it is in the public interest to cancel this Agreement and we have given you 90 days' written notice of such requirement or opinion;

this Agreement will, at our option and with or without entry, terminate and your right to use and occupy the Land will cease.

8.2 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.

8.3 You agree with us that

- (a) you will make no claim for compensation, in damages or otherwise, upon the lawful termination of this Agreement under section 8.1; and
- (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

ARTICLE 9 - DISPUTE RESOLUTION

- 9.1 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.
- 9.2 Subject to section 9.5, if a dispute under this Agreement cannot be resolved under section 9.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 9.3 The cost of the arbitration referred to in section 9.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 9.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Fort St John, British Columbia, and if we or our authorized representative have no office in

Fort St John, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Fort St John, British Columbia.

- 9.5 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 9.2.

ARTICLE 10 - NOTICE

- 10.1 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 AGRICULTURE AND LANDS
370-10003 110th Ave
Fort St. John, BC V1J 6M7;

to you

KEVIN GIES
PO Box 677
Tumbler Ridge, BC V0C 2W0;

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.

- 10.2 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 10.1.
- 10.3 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 11 - MISCELLANEOUS

- 11.1 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.

- 11.2 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.
- 11.3 The grant of a sublicense, 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 sublicense, assignment or transfer of this Agreement.
- 11.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 11.5 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.
- 11.6 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.
- 11.7 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.

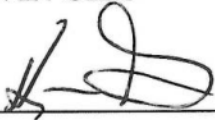
The parties have executed this Agreement as of the date of reference of this Agreement.

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



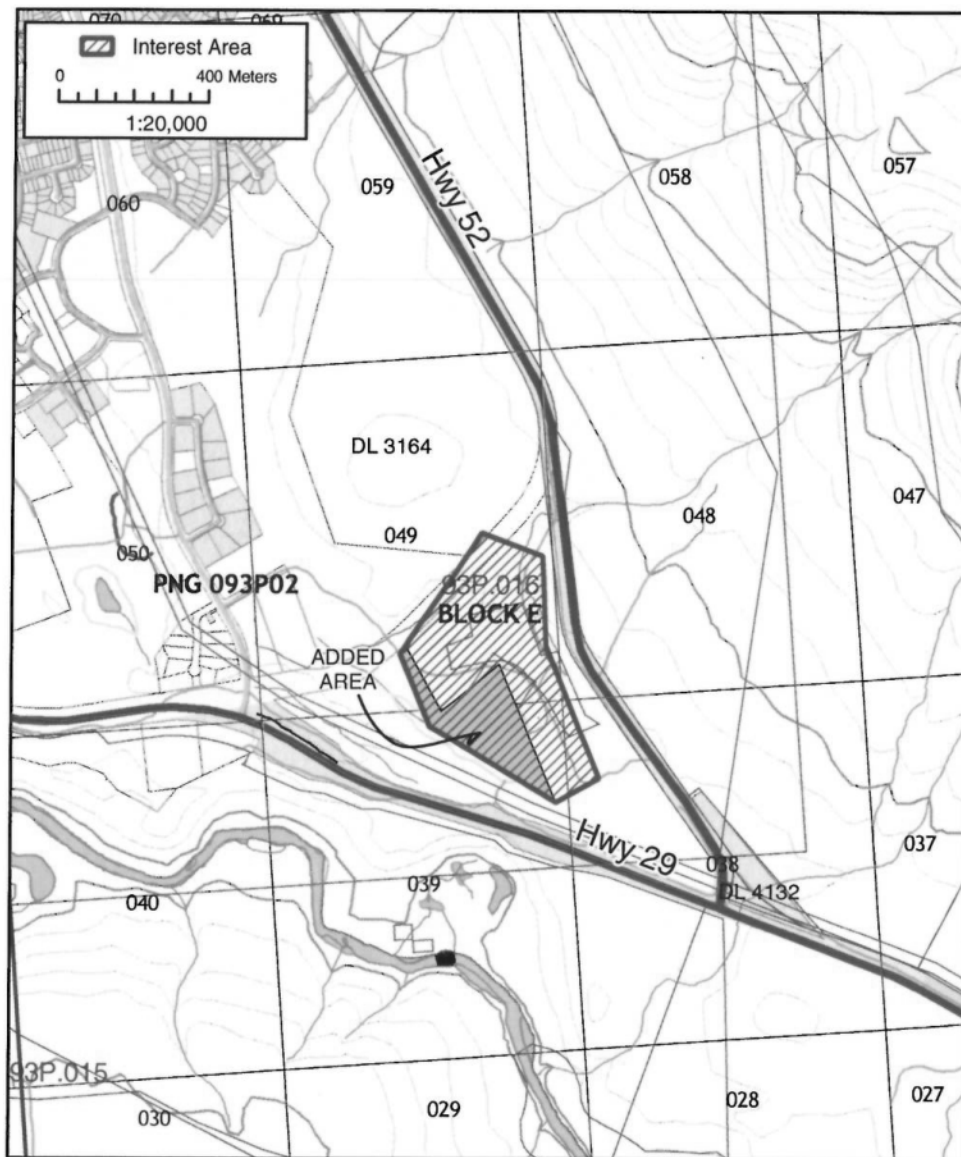
Minister responsible for the *Land Act*
or the minister's authorized representative

SIGNED BY
KEVIN GIES



LEGAL DESCRIPTION SCHEDULE

THOSE PORTIONS OF PARCEL B, DISTRICT LOT 3164, PLAN 31302, PARCEL C, DISTRICT LOT 3164, PLAN 31303, AND DISTRICT LOT 3164, PEACE RIVER DISTRICT, CONTAINING 20.0 HECTARES, MORE OR LESS.





ASSIGNMENT/ASSUMPTION

Licence. No.: 814725

File No.: 8013953

Disposition No.: 863581

THIS AGREEMENT is dated for reference August 31, 2010.

BETWEEN:

KEVIN GIES

PO Box 677

Tumbler Ridge, BC V0C 2W0

OF THE FIRST PART

(herein the "Assignor")

AND:

0887837 B.C. Ltd. (Inc. No. BC0887837)

PO Box 28

Chetwynd, BC

OF THE SECOND PART

(herein the "Assignee")

AND:

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

OF THE THIRD PART

(herein the "Province")

WITNESS THAT WHEREAS:

The Assignor and the Province entered into a Licence of Occupation No. 814725 (herein called the "Document") over those lands more particularly known and described as:

THOSE PORTIONS OF PARCEL B, DISTRICT LOT 3164, PLAN 31302, PARCEL C, DISTRICT LOT 3164, PLAN 31303, AND DISTRICT LOT 3164, PEACE RIVER DISTRICT, SHOWN HIGHLIGHTED ON LEGAL DESCRIPTION SCHEDULE, CONTAINING 20.0 HECTARES, MORE OR LESS.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration paid by the Assignee to the Assignor and by the Assignee and the Assignor to the Province, the receipt and sufficiency of which is hereby acknowledged by both the Assignor and the Province, the parties agree as follows:

ARTICLE I - ASSIGNMENT

- 1.1 The Assignor assigns all of his right, title, interest and estate in and to the Document to the Assignee.

ARTICLE II - ASSUMPTION

- 2.1 The Assignee covenants with the Province to assume and be bound by all the terms, conditions, covenants, obligations and agreements contained in the Document.

ARTICLE III - CONSENT

- 3.1 The Province consents to the execution and delivery of this agreement and the Assignment.
- 3.2 The Province releases and discharges the Assignor from all the terms, conditions, covenants, obligations and agreements contained in the Document.

ARTICLE IV - WARRANTIES AND REPRESENTATIONS

- 4.1 The Assignee warrants and represents to the Province, with the intent that the Province will rely thereon, that the Assignee:
- (a) is a corporation duly formed under laws of the Province of British Columbia and has filed all necessary documents under such laws and has complied with all requirements of the *Business Corporations Act*;
 - (b) has the power, capacity and authority to enter into this agreement and to carry out its obligations contemplated herein, all of which have been duly and validly authorized by

- (c) all necessary proceedings; and
- (c) is in good standing with respect to the filing of returns in the Office of the Registrar of Companies of British Columbia.

4.2 The Assignee acknowledges to the Province and to the Assignor that:

- (a) the Assignee has inspected the land, and the improvements (if any) situate thereon, which are the subject of the Document and is fully aware of the condition of that land, and the improvements (if any) situate thereon, and accepts same in its current state;
- (b) the Assignee has reviewed and inspected all municipal and regional by-laws, regulations and policies concerning the use and development of the land which is the subject of the Document; and
- (c) there are no representations, warranties, collateral agreements or conditions affecting this agreement or the land, and the improvements (if any) situate thereon, which are the subject of the Document except as expressed herein and that this agreement constitutes the entire agreement.

ARTICLE V - NOTICE

- 5.1 The address of the Assignee for the service of notices or documents under the Document shall be the address specified for the Assignee on the first page of this agreement.

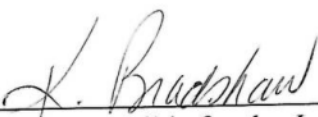
ARTICLE VI - MISCELLANEOUS

- 6.1 This agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 6.2 The parties to this agreement confirm that the terms of the Document remain and continue in full force and effect.
- 6.3 This agreement may not be assigned by the Assignee except in accordance with the provisions of the Document.
- 6.4 This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 6.5 In this agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and corporation as the case may be.

- 6.6 The options and headings contained in this agreement are for convenience only and are not to be construed as defining or in anyway limiting the scope or intent of the provisions hereof.
- 6.7 Where there is a reference to an enactment of the Province of British Columbia in this agreement, that reference shall include a reference to any subsequent enactment of the Province of British Columbia of like effect, and, unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.
- 6.8 If any section of this agreement 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 shall be enforceable to the fullest extent permitted by law.
- 6.9 All schedules attached to this agreement form an integral part of this agreement.


IN WITNESS WHEREOF the Assignor and Assignee have executed this agreement, and the Province has consented thereto, the day and year first above written.

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



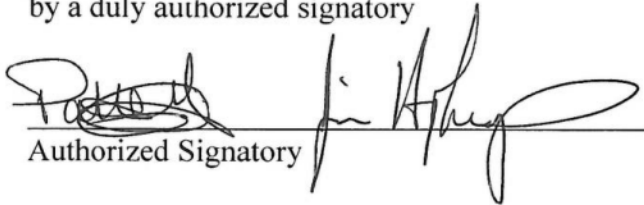
Minister responsible for the *Land Act*
or the minister's authorized representative

SIGNED BY
KEVIN GIES



Assignor

SIGNED on behalf of **0887837 B.C. LTD.**
by a duly authorized signatory


Authorized Signatory



ASSIGNMENT/ASSUMPTION

Licence. No.: 814725

File No.: 8013953

Disposition No.: 863581

THIS AGREEMENT is dated for reference the 18 day of December, 2015.

BETWEEN:

0887837 B.C. LTD. (Inc. No. BC0887837)

PO Box 28

Chetwynd, BC V0C 1J0

OF THE FIRST PART

(herein the "Assignor")

AND:

RAT RACE CONTRACTING LTD. (Inc. No. BC0938777)

PO Box 204

Chetwynd, BC V0C 1J0

OF THE SECOND PART

(herein the "Assignee")

AND:

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

OF THE THIRD PART

(herein the "Province")

WITNESS THAT WHEREAS:

Kevin Gies and the Province entered into a Licence of Occupation No. 814725 dated December 7, 2007, which was subsequently assigned to the Assignor on August 31, 2010 (herein called the "Document") over those lands more particularly known and described as:

THOSE PARTS OF DISTRICT LOT 3164 AND PARCELS B & C OF DISTRICT LOT 3164, TOGETHER WITH THAT PARCEL OR TRACT OF UNSURVEYED CROWN LAND IN THE VICINITY OF TUMBLER RIDGE (WITHIN UNITS 38, 39, 48 & 49, BLOCK E, 93-P-02), PEACE RIVER LAND DISTRICT, SHOWN HIGHLIGHTED ON LEGAL DESCRIPTION SCHEDULE, CONTAINING 20 HECTARES, MORE OR LESS.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration paid by the Assignee to the Assignor and by the Assignee and the Assignor to the Province, the receipt and sufficiency of which is hereby acknowledged by both the Assignor and the Province, the parties agree as follows:

ARTICLE I - ASSIGNMENT

- 1.1 The Assignor assigns all of his right, title, interest and estate in and to the Document to the Assignee.

ARTICLE II - ASSUMPTION

- 2.1 The Assignee covenants with the Province to assume and be bound by all the terms, conditions, covenants, obligations and agreements contained in the Document.

ARTICLE III - CONSENT

- 3.1 The Province consents to the execution and delivery of this agreement and the Assignment.
- 3.2 The Province releases and discharges the Assignor from all the terms, conditions, covenants, obligations and agreements contained in the Document.

ARTICLE IV - WARRANTIES AND REPRESENTATIONS

- 4.1 The Assignee warrants and represents to the Province, with the intent that the Province will rely thereon, that the Assignee:
- (a) is a corporation duly formed under laws of the Province of British Columbia and has filed all necessary documents under such laws and has complied with all requirements of the *Business Corporations Act*;

- (b) has the power, capacity and authority to enter into this agreement and to carry out its obligations contemplated herein, all of which have been duly and validly authorized by all necessary proceedings; and
- (c) is in good standing with respect to the filing of returns in the Office of the Registrar of Companies of British Columbia.

4.2 The Assignee acknowledges to the Province and to the Assignor that:

- (a) the Assignee has inspected the land, and the improvements (if any) situate thereon, which are the subject of the Document and is fully aware of the condition of that land, and the improvements (if any) situate thereon, and accepts same in its current state;
- (b) the Assignee has reviewed and inspected all municipal and regional by-laws, regulations and policies concerning the use and development of the land which is the subject of the Document; and
- (c) there are no representations, warranties, collateral agreements or conditions affecting this agreement or the land, and the improvements (if any) situate thereon, which are the subject of the Document except as expressed herein and that this agreement constitutes the entire agreement.

ARTICLE V - NOTICE

- 5.1 The address of the Assignee for the service of notices or documents under the Document shall be the address specified for the Assignee on the first page of this agreement.

ARTICLE VI - MISCELLANEOUS

- 6.1 This agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 6.2 The parties to this agreement confirm that the terms of the Document remain and continue in full force and effect.
- 6.3 This agreement may not be assigned by the Assignee except in accordance with the provisions of the Document.
- 6.4 This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 6.5 In this agreement, unless the context otherwise requires, the singular includes the plural and the

ma .line includes the feminine gender and corporation as the case may be.

- 6.6 The captions and headings contained in this agreement are for convenience only and are not to be construed as defining or in anyway limiting the scope or intent of the provisions hereof.
- 6.7 Where there is a reference to an enactment of the Province of British Columbia in this agreement, that reference shall include a reference to any subsequent enactment of the Province of British Columbia of like effect, and, unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.
- 6.8 If any section of this agreement 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 shall be enforceable to the fullest extent permitted by law.
- 6.9 All schedules attached to this agreement form an integral part of this agreement.

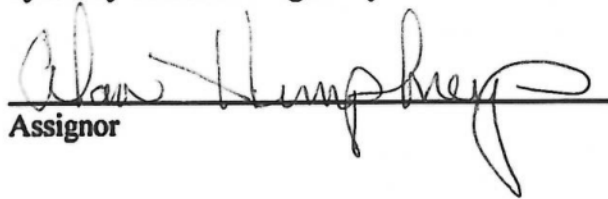
IN WITNESS WHEREOF the Assignor and Assignee have executed this agreement, and the Province has consented thereto, the day and year first above written.

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 **0887837 B.C. LTD.**
by a duly authorized signatory



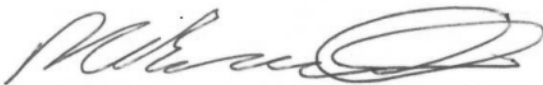
Assignor

Licence. No.: 814725

File No.: 8013953

Disposition No.: 863581

SIGNED  behalf of RAT RACE CONTRACTING LTD.
by a duly authorized signatory



Assignee

Licence No.: 815900

File No.: 8013953

Disposition No.: 927550

THIS AGREEMENT is dated for reference September 28, 2017 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:

RAT RACE CONTRACTING LTD. (Inc. No. BC0938777)
PO Box 204
Chetwynd, BC V0C 1J0

(the “Licensee”)

The parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Agreement,

“**Actual Production**” means the amount of material measured in cubic metres removed from the Land during a licence Period, as verified in the Production Report for that licence Period;

“**Agreement**” means this licence of occupation;

“**Commencement Date**” means December 7, 2017;

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

“**Fees**” means the fees set out in Article 3;

“**Hazardous Substances**” means any substance which is hazardous to persons, property or the

environment, including without limitation

- (a) waste, as that term is defined in the *Environmental Management Act*; and
- (b) any other hazardous, toxic or other dangerous substance, the use, transportation or release into the environment of which, is now or from time to time prohibited, controlled or regulated under any laws or by any governmental authority, applicable to, or having jurisdiction in relation to, the Land;

“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 Crown land either described in, or shown outlined by bold line on, the schedule attached to this Agreement entitled “Legal Description Schedule” 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 most recent management plan prepared by you in a form approved by us, signed and dated by the parties, and held on file by us;

“Licence Period” means the first twelve month period of the Term beginning on the Commencement Date and each successive twelve month period thereafter.

“Operating Record” means a record of all material removed from the Land and includes weigh scale data, quantity surveyor’s reports, production and shipping schedules, income statements and all other documents and records kept by you in connection with your quarrying operation on the Land;

“Production Report” means a report that contains

- (a) a detailed statement showing the quantity of material removed from the Land during the licence Period covered by the report, and
- (b) your Statutory Declaration in a form satisfactory to us confirming without qualification that the statement contained in the Production Report is true;

“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;

“Royalty Fee” means the royalty fee referred to in Article 3;

“Security” means the security referred to in section 6.1 or 6.2, as replaced or supplemented in

accordance with section 6.5;

“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 Licensee: that combination is referred to as **“the parties”**; and

“you” or “your” refers to the Licensee.

- 1.2 In this Agreement, “person” includes a corporation, partnership or party, and the personal or other legal representatives of a person to whom the context can apply according to law 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 Any liabilities or obligations of either party arising, or to be performed, before or as a result of the termination of this Agreement, and which have not been satisfied or remain unperformed at

the termination of this Agreement, any indemnity and any release in our favour and any other provision which specifically states that it will survive the termination of this Agreement, shall survive and not be affected by the expiration of the Term or 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 Any requirement under this Agreement for us to act reasonably shall not require us to act in a manner that is contrary to or inconsistent with any legislation, regulations, Treasury Board directives or other enactments or any policy, directive, executive direction or other such guideline of general application.
- 1.14 Wherever this Agreement provides that you may not undertake some activity or do something without our prior written approval or consent, our prior approval of the Management Plan will constitute our approval of, or consent to, the activity or thing to the extent the same is specifically and expressly described in the Management Plan and subject always to any conditions or qualifications that may be set in the Management Plan.

ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions set out in this Agreement, we grant you a licence of occupation of the Land for sand and gravel quarry purposes, as set out in the Management Plan, and you acknowledge this licence of occupation does not grant you exclusive use and occupancy of the Land.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 20th anniversary of that date, or such earlier date provided for in this Agreement. We reserve the right to terminate this Agreement in certain circumstances as expressly provided in this Agreement.

ARTICLE 3 - FEES

- 3.1 You will pay to us:

- (a) for the first year of the Term, Fees of \$3,160.00, payable in advance on the Commencement Date; and
 - (b) for the first year of the Term, a royalty fee in an amount equal to \$2.00 per cubic metre of Actual Production payable at the times and in the manner specified in section 3.4 of this Article; and
 - (c) for each year during the remainder of the Term, the Fees either determined by us under section 3.2 or established under section 3.3, payable in advance on each anniversary of the Commencement Date; and
 - (d) for each year during the remainder of the Term, the Royalty Fee, either determined by us under section 3.5 or established under section 3.6 and payable at the times and in the manner specified in section 3.4 of this Article.
- 3.2 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 Fees payable by you under subsection 3.1(c) for the subsequent year of the Term.
- 3.3 If we do not give notice to you under section 3.2, the Fees payable by you under section 3.1(c) for the year for which notice was not given will be the same as the Fees payable by you for the preceding year of the Term.
- 3.4 You will within 15 days after the end of each licence Period deliver to us a Production Report for that licence Period together with a certified cheque in a sum equal to the Royalty Fee payable under sections 3.1 (b) or (d) for the Actual Production for that licence Period.
- 3.5 We may, by notice in writing to you not less than 15 days before the start of a licence Period, increase the Royalty Fee payable under sections 3.1 (b) or (d) for that licence Period, and where such an increase is made, the Royalty Fee shall be calculated and paid accordingly.
- 3.6 If we do not give you notice under section 3.5 with respect to any licence Period, the Royalty Fee payable for that licence Period shall be equal to the Royalty Fee payable for the immediately preceding licence Period.
- 3.7 You will, notwithstanding any other provision of this Agreement, not levy a Royalty Fee for any material removed from the Land used by us in the construction and maintenance of public works projects.

ARTICLE 4 - COVENANTS

- 4.1 You must

- (a) pay, when due,
 - (i) the Fees to us at the address set out in Article 10,
 - (ii) the Realty Taxes, and
 - (iii) all charges for electricity, gas, water and other utilities supplied to the Land for use by you or on your behalf or with your permission;
- (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 the Improvements including without limitation all laws, bylaws, orders, directions, ordinances and regulations relating in any way to Hazardous Substances, the environment and human health and safety, and
 - (ii) the provisions of this Agreement;
- (d) in respect of the use of the Land by you or by any person who enters upon or uses the Land as a result of your use of the Land under this Agreement, 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 to an owner or occupier of land in the vicinity of the Land;
- (f) use and occupy the Land only in accordance with and for the purposes set out in the Management Plan;
- (g) not construct, place or affix any Improvement on or to the Land except as permitted in the Management Plan;
- (h) pay all accounts and expenses as they become due for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, 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* for work performed on or materials supplied to the Land at your request, on your behalf or with

- your permission, 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 being granted the right under the *Forest Act* to harvest Crown timber on the Land;
 - (k) during the Term of this licence maintain the Operating Record in such form and containing such information as we may reasonably require, and
 - (i) permit us to attend at your offices to examine the Operating Record during normal office hours, and
 - (ii) within 10 days of receiving a written request from us, deliver to us copies of the Operating Record;
 - (l) establish and maintain proper books of account, making true entries of all dealings and transactions in relation to your quarrying operation on the Land, and at all reasonable times furnish us such information relating to your quarrying operation as we may reasonably require;
 - (m) upon receipt of our written request, cause an independent quantity survey to be undertaken by a qualified Professional Engineer or British Columbia Land Surveyor, to confirm the actual amount of material removed from the Land during the preceding licence Period;
 - (n) reclaim the Land to the post extraction land use approved by us in accordance with the reclamation plan approved by the Ministry of Energy and Mines;
 - (o) maintain the quarry in a safe and orderly manner in accordance with the provisions of the *Mines Act*;
 - (p) take all reasonable precautions to avoid disturbing or damaging any archaeological material found on or under the Land and, upon discovering any archaeological material on or under the Land, you must immediately notify the ministry responsible for administering the *Heritage Conservation Act*;
 - (q) permit us, or our authorized representatives, to enter on the Land at any time to inspect the Land and the Improvements, including without limitation to test and remove soil, groundwater and other materials and substances, where the inspection may be necessary or advisable for us to determine whether or not you have complied with your obligations under this Agreement with respect to Hazardous Substances, provided that we take reasonable steps to minimize any disruption of your operations;

- (r) 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 one or more of the following:
- (i) any breach, violation or non-performance of a provision of this Agreement,
 - (ii) any conflict between your use of the Land under this Agreement and the lawful use of the Land by any other person, and
 - (iii) 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

- (s) on the termination of this Agreement,
- (i) peaceably quit and deliver to us possession of the Land and, subject to paragraphs (ii), (iii) and (iv), the Improvements in a safe, clean and sanitary condition,
 - (ii) within 90 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 (other than as a tenant's fixture) or part of the Land and you are not in default of this Agreement,
 - (iii) not remove any Improvement from the Land if you are in default of this Agreement, unless we direct or permit you to do so under paragraph (iv),
 - (iv) 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
 - (v) restore the surface of the Land to the condition described in the Management Plan, 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.

4.2 You will not permit any person who enters upon or uses the Land as a result of your use of the Land under this Agreement to do anything you are restricted from doing under this Article.

4.3 You must not use all or any part of the Land

- (a) for the storage or disposal of any Hazardous Substances; or
- (b) in any other manner whatsoever which causes or contributes to any Hazardous Substances being added or released on, to or under the Land or into the environment from the Land;

unless

- (c) such storage, disposal, release or other use does not result in your breach of any other provision of this Agreement, including without limitation, your obligation to comply with all laws relating in any way to Hazardous Substances, the environment and human health and safety; and
- (d) we have given our prior written approval to such storage, disposal, release or other use and for certainty any such consent operates only as a consent for the purposes of this section and does not bind, limit, or otherwise affect any other governmental authority from whom any consent, permit or approval may be required.

4.4 Despite any other provision of this Agreement you must:

- (a) on the expiry or earlier termination of this Agreement; and
- (b) at any time if we request and if you are in breach of your obligations under this Agreement relating to Hazardous Substances;

promptly remove from the Land all Hazardous Substances stored, or disposed of, on the Land, or which have otherwise been added or released on, to or under the Land:

- (c) by you; or
- (d) as a result of the use of the Land under this Agreement;

save and except only to the extent that we have given a prior written approval expressly allowing specified Hazardous Substances to remain on the Land following the expiry of the Term.

4.5 We may from time to time

- (a) in the event of the expiry or earlier termination of this Agreement;
- (b) as a condition of our consideration of any request for consent to an assignment of this Agreement; or
- (c) if we have a reasonable basis for believing that you are in breach of your obligations under this Agreement relating to Hazardous Substances;

provide you with a written request to investigate the environmental condition of the Land and upon any such request you must promptly obtain, at your cost, and provide us with, a report from a qualified and independent professional who has been approved by us, as to the environmental condition of the Land, the scope of which must be satisfactory to us and which may include all such tests and investigations that such professional may consider to be necessary or advisable to determine whether or not you have complied with your obligations under this Agreement with respect to Hazardous Substances.

- 4.6 You must at our request from time to time, but not more frequently than annually, provide us with your certificate (and if you are a corporation such certificate must be given by a senior officer) certifying that you are in compliance with all of your obligations under this Agreement pertaining to Hazardous Substances, and that no adverse environmental occurrences have taken place on the Land, other than as disclosed in writing to us.

ARTICLE 5 - LIMITATIONS

- 5.1 You agree with us that

- (a) in addition to the other reservations and exceptions expressly provided in this Agreement this Agreement is subject to the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;
- (b) other persons may hold or acquire rights to use the Land in accordance with enactments other than the *Land Act* or the *Ministry of Lands, Parks and Housing Act*, including rights held or acquired under the *Coal Act*, *Forest Act*, *Geothermal Resources Act*, *Mineral Tenure Act*, *Petroleum and Natural Gas Act*, *Range Act*, *Water Sustainability Act* or *Wildlife Act* (or any prior or subsequent enactment of the Province of British Columbia of like effect); such rights may exist as of the Commencement Date and may be granted or acquired subsequent to the Commencement Date and may affect your use of the Land;
- (c) other persons may hold or acquire interests in or over the Land granted under the *Land Act* or the *Ministry of Lands, Parks and Housing Act*; such interests may exist as of the Commencement Date; following the Commencement Date we may grant such interests (including fee simple interests, leases, statutory rights of way and licences); you

acknowledge that your use of the Land may be affected by such interests and the area or boundaries of the Land may change as a result of the granting of such interests;

- (d) you have no right to compensation from us and 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 use of the Land under this Agreement and any use of, or impact on the Land arising from the exercise, or operation of the interests, rights, privileges and titles described in subsections (a), (b), and (c);
- (e) this Agreement does not limit any right to notice, compensation or any other benefit that you may be entitled to from time to time under the enactments described in subsection (b), or any other applicable enactment;
- (f) you will not commence or maintain proceedings under section 65 of the *Land Act* in respect of any interference with your use of the Land as permitted under this Agreement that arises as a result of the lawful exercise or operation of the interests, rights, privileges and titles described in subsections (a), (b) and (c);
- (g) we will not levy a Royalty Fee for any material removed from the Land used by you in the construction and maintenance of public works projects;
- (h) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (i) any interest you may have in the Improvements ceases to exist and becomes our property upon the termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(s)(ii), (iii) or (iv) 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 4.1(s)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(s)(iii); and
- (j) 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 occupier only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary.

ARTICLE 6 - SECURITY AND INSURANCE

6.1 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; and
- (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.

6.2 Despite section 6.1, 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.

6.3 We may use the Security for the payment of any costs and expenses associated with any of your obligations under this Agreement that are not performed by you or to pay any overdue Fees 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.

6.4 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 6.1, less all amounts drawn down by us under section 6.3.

6.5 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.

6.6 You must

- (a) without limiting your obligations or liabilities under this Agreement, at your expense, purchase and maintain during the Term the following insurance with insurers licensed to do business in Canada:
 - (i) Commercial General Liability insurance in an amount of not less than \$5,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury (including death) and property damage, including coverage for all accidents or occurrences on the Land or the Improvements. Such policy will include cross liability, liability assumed under contract, provision to provide 30 days advance notice to us of material change or cancellation, and include us as additional insured;

- (b) ensure that all insurance required to be maintained by you under this Agreement is primary and does not require the sharing of any loss by any of our insurers;
- (c) within 10 working days of Commencement Date of this Agreement, provide to us evidence of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
- (d) if the required insurance policy or policies expire or are cancelled before the end of the Term of this Agreement, provide within 10 working days of the cancellation or expiration, evidence of new or renewal policy or policies of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
- (e) notwithstanding subsection (c) or (d) above, if requested by us, provide to us certified copies of the required insurance policies.

6.7 We may, acting reasonably, from time to time, require you to

- (a) change the amount of insurance set out in subsection 6.6(a); and
- (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.

- 6.8 You shall provide, maintain, and pay for any additional insurance which you are required by law to carry, or which you consider necessary to insure risks not otherwise covered by the insurance specified in this Agreement in your sole discretion.
- 6.9 You waive all rights of recourse against us with regard to damage to your own property.

ARTICLE 7 - ASSIGNMENT

- 7.1 You must not sublicense, 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.
- 7.2 Prior to considering a request for our consent under section 7.1, we may require you to meet certain conditions, including without limitation, that you provide us with a report as to the environmental condition of the Land as provided in section 4.5.

ARTICLE 8 - TERMINATION**8.1 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
 - (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;
- (d) 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;
- (e) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent;
- (f) if this Agreement is taken in execution or attachment by any person; or

- (g) if we require the Land for our own use or, in our opinion, it is in the public interest to cancel this Agreement and we have given you 60 days' written notice of such requirement or opinion;

this Agreement will, at our option and with or without entry, terminate and your right to use and occupy the Land will cease.

- 8.2 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.
- 8.3 You agree with us that
 - (a) you will make no claim against us for compensation, in damages or otherwise, upon the lawful termination of this Agreement under section 8.1; and
 - (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

ARTICLE 9 - DISPUTE RESOLUTION

- 9.1 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.
- 9.2 Subject to section 9.5, if a dispute under this Agreement cannot be resolved under section 9.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 9.3 The cost of the arbitration referred to in section 9.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 9.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Fort St. John, British Columbia, and if we or our authorized representative have no office in Fort St. John, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Fort St. John, British Columbia.
- 9.5 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 9.2.

ARTICLE 10 - NOTICE

- 10.1 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, LANDS AND NATURAL RESOURCE OPERATIONS
100-10003 110th Ave
Fort St. John, BC V1J 6M7;

to you

RAT RACE CONTRACTING LTD.
PO Box 204
Chetwynd, BC V0C 1J0;

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.

- 10.2 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 10.1.
- 10.3 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 11 - MISCELLANEOUS

- 11.1 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.
- 11.2 No remedy conferred upon or reserved to us under this Agreement is exclusive of any other

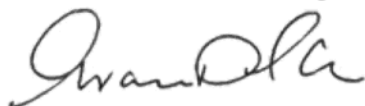
remedy in this Agreement or provided by law, but that remedy will be in addition to all other remedies in this Agreement or then existing at law, in equity or by statute.

- 11.3 The grant of a sublicense, 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 sublicense, assignment or transfer of this Agreement.
- 11.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 11.5 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.
- 11.6 You acknowledge and agree with us that
- (a) this Agreement has been granted to you on the basis that you accept the Land on an “as is” basis;
 - (b) without limitation we have not made, and you have not relied upon, any representation or warranty from us as to
 - (i) the suitability of the Land for any particular use, including the use permitted by this Agreement;
 - (ii) the condition of the Land (including surface and groundwater), environmental or otherwise, including the presence of or absence of any toxic, hazardous, dangerous or potentially dangerous substances on or under the Land and the current and past uses of the Land and any surrounding land and whether or not the Land is susceptible to erosion or flooding;
 - (iii) the general condition and state of all utilities or other systems on or under the Land or which serve the Land;

- (iv) the zoning of the Land and the bylaws of any government authority which relate to the development, use and occupation of the Land; and
 - (v) the application of any federal or Provincial enactment or law to the Land;
 - (c) you have been afforded a reasonable opportunity to inspect the Land or to carry out such other audits, investigations, tests and surveys as you consider necessary to investigate those matters set out in subsection (b) to your satisfaction before entering into this Agreement;
 - (d) you waive, to the extent permitted by law, the requirement if any, for us to provide you with a “site profile” under the *Environmental Management Act* or any regulations made under that act;
 - (e) 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
 - (f) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads.
- 11.7 You agree with us that 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.
- 11.8 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 **RAT RACE CONTRACTING LTD.**
by a duly authorized signatory



Jody Watson, Agent

Authorized Signatory

LEGAL DESCRIPTION SCHEDULE

THOSE PARTS OF DISTRICT LOT 3164 AND PARCELS B & C OF DISTRICT LOT 3164, TOGETHER WITH THAT PARCEL OR TRACT OF UNSURVEYED CROWN LAND IN THE VICINITY OF TUMBLER RIDGE (WITHIN UNITS 38, 39, 48 & 49, BLOCK E, 93-P-02), PEACE RIVER DISTRICT, CONTAINING 20 HECTARES, MORE OR LESS.

