

November 20, 1990

Our File: 6403304

Mt. Layton Holdings Ltd.  
Box 193  
Kitimat, B.C.  
V8C 2G7

Information

Dear Mr. Orleans:

Re: Alternate Access to District Lot 5129

Further to our recent telephone conversation I have altered the wording of my letter of November 2, 1990 concerning alternate access to District Lot 5129. Please note that an extra sentence has been added to section 9. The revised principles are set out below:

1. The present access road to District Lot 5129 must remain open until such time as the new access road has been constructed to an acceptable standard.
2. The new access road must be constructed to a standard at least equal to the existing access road. In particular, the new road (including all bridges and culverts) must be suitable for heavy vehicles such as loaded gravel and cement trucks. Any dispute between Mt. Layton Hotsprings Resort (the "Resort") and the owners of lots within District Lot 5129 (the "Owners") over the standard of construction will be resolved by a registered professional engineer or the Ministry of Transportation and Highways.
3. The alignment of the new access road must be reasonably direct. In particular, the alignment should not pass through any parking lots.
4. The new access road must be protected by way of an easement registered against the title to the Resort property.
5. The easement agreement must provide the Owners with the ability to maintain the new access road including the ability to carry out snow removal as long as this work is performed with suitable equipment and does not cause damage to the road bed or adjacent properties. It is understood that this principle does not oblige the Owners to maintain the new access road.

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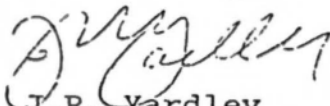
6. The easement must be of sufficient width to allow the installation of utilities consisting of water, sewer, natural gas, telephone, cablevision and hydro lines to service the lots within District Lot 5129.
7. The Resort will:
  - (a) permit the Owners to construct a hydro line over the easement to service the lots in District Lot 5129; or
  - (b) construct a hydro line to the northern boundary of District Lot 5129 of sufficient capacity to service the standard domestic requirements of the lots in District Lot 5129.
8. If the Resort constructs the hydro line to District Lot 5129 pursuant to section 7(b) then the Owners will pay to the Resort a sum equal to the costs which the Owners would have incurred (as determined by a competitive bidding process involving qualified contractors) to construct a hydro line to District Lot 5129 along the existing access road on District Lot 2665. (The following example illustrates this principle: If a hydro line along the existing road to District Lot 5129 costs \$30,000 to construct (as determined by competitive bids for the total work from qualified contractors) and a hydro line to District Lot 5129 constructed by the Resort through the Resort property costs \$100,000 then the Owners will pay \$30,000 to the Resort for the right to connect to the Resort's hydro line).
9. If the Owners construct the hydro line pursuant to section 7(a) then the Resort will pay to the Owners a sum equal to the cost to construct the hydro line minus the cost which the Owners would have incurred (as determined by a competitive bidding process involving qualified contractors) to construct a hydro line to District Lot 5129 along the existing access road on District Lot 2665. (The following example illustrates this principle: If a hydro line along the existing road to District Lot 5129 costs \$30,000 to construct (as determined by competitive bids for the total work from qualified contractors) and the Owners construct a hydro line through the Resort property to District Lot 5129 for \$40,000 then the Resort will pay \$10,000 and the Owners will pay \$30,000 towards the cost of the line.) The Resort will not connect to any hydro line constructed by the Owners.

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10. Regardless of whether the Resort or the Owners construct the hydro line to District Lot 5129, the construction must be done to a standard which meets all applicable rules and regulations.
11. If the Owners construct the hydro line to District Lot 5129 or carry out maintenance of the new access road they will be required to obtain appropriate insurance protecting the Resort and the Owners against all insurable losses arising out of such construction and maintenance.
12. The Owners agree not to exercise their right under section 7(a) to construct a hydro line to District Lot 5129 prior to August 31, 1991. This will provide the Resort with sufficient time to determine whether it wishes to construct the hydro line.
13. The Resort will not be bound by these principles if the Resort does not complete the purchase of District Lot 2665 from the Ministry of Crown Lands. Likewise the Owners will be entitled to apply to the Ministry of Crown Lands for a right of way over District Lot 2665 for a hydro line to District 5129 in the event that the Resort does not complete the purchase of District Lot 2665.

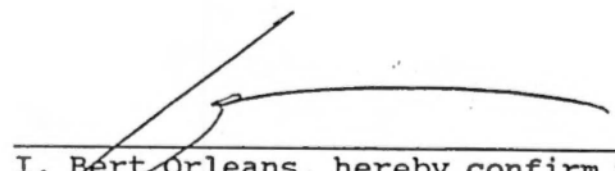
I believe that these principles represent the agreement which has been reached between yourself and the Owners. I would ask that you review the principles and sign and return the enclosed copy of this letter at your earliest convenience thereby confirming that the principles are satisfactory to you.

Yours truly,

  
J.R. Yardley  
Regional Director  
Skeena Region

JRY/ac

Enclosure

  
I, Bert Orleans, hereby confirm that the terms and conditions set out in this letter are satisfactory.