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**COMMERCIAL GROUND LEASE**

**Her Majesty the Queen in Right of Canada,  
as represented by the Minister of Indian Affairs  
and Northern Development**

**AND**

**STELKIA LIMITED PARTNERSHIP**

**AND**

**STELKIA HOMEOWNERS CORPORATION**

**AND**

**JANE STELKIA**

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SCHEDULE “A”	DEFINITIONS
SCHEDULE “B”	PLAN NO. RSBC 2012
SCHEDULE “C”	IMPROVEMENTS EXISTING AT THE COMMENCEMENT DATE
SCHEDULE “D”	GUARANTEE
SCHEDULE “E”	NOTICE TO LESSOR

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APPENDIX “A”	INDIAN AND NORTHERN AFFAIRS CANADA LANDHOLDER CONSENT
APPENDIX “B”	OSOYOOS FIRST NATION BAND COUNCIL RESOLUTION
APPENDIX “C”	ASSIGNMENT CONSENT AGREEMENT
APPENDIX “D”	SUBLEASE CONSENT AGREEMENT
APPENDIX “E”	MORTGAGE CONSENT AGREEMENT

**CANADA**  
**INDIAN AFFAIRS AND NORTHERN DEVELOPMENT**  
**COMMERCIAL GROUND LEASE**

This Lease, dated for reference October 8, 2010,

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as represented by the Minister of Indian Affairs and Northern Development,

(the “**Lessor**”)

**AND:**

**STELKIA LIMITED PARTNERSHIP**, a limited partnership registered under the laws of British Columbia (Registration Number \_\_\_\_\_) having an office at Suite 202, 45793 Luckakuck Way, Chilliwack, B.C. V2R 5S3

(the “**Lessee**”)

**AND:**

**STELKIA HOMEOWNERS CORPORATION**, a company incorporated under the laws of British Columbia (Incorporation Number BC0894295) having an office at Suite 202, 45793 Luckakuck Way, Chilliwack, B.C. V2R 5S3

(the “**Homeowners Corporation**”)

**AND:**

**JANE STELKIA**, of Box 765, Oliver, British Columbia V0H 1T0

(the “**Landholder**”)

**WHEREAS:**

- A. The Lands leased under this Lease are part of the Osoyoos Indian Reserve No. 1, which are held for the use and benefit of the Osoyoos Indian Band.

- B. The Lands are in the lawful possession of the Landholder, who has applied to the Lessor for the Lands to be leased and consented to the terms of the Lease, as evidenced by the consent attached as Appendix “A” to this Lease.
- C. The Lessor is authorized to grant this Lease pursuant to subsection 58(3) of the *Indian Act*.
- D. The Council, on behalf of the Band, does not oppose the granting of a lease of the Lands, as evidenced by the band council resolution described in Appendix “B” to this Lease.
- E. The Lessee has applied to lease the Lands.
- F. The Lessee intends that the Lands will be used for a multi-use residential, recreational and commercial development.

**NOW THEREFORE**, with mutual consideration the Parties covenant and agree as follows:

**1. INTENT & INTERPRETATION**

**1.1 Definitions**

- 1.1.1 In this Lease, the terms defined in Schedule “A” have, unless otherwise specifically provided elsewhere in this Lease, the meanings ascribed them in that schedule.

**1.2 Reference to Sections**

- 1.2.1. Any reference in this Lease to an article, section, subsection, paragraph or clause will mean an article, section, subsection, paragraph or clause of this Lease unless otherwise expressly provided.

**1.3 Headings**

- 1.3.1. All headings in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit, enlarge, modify or explain the scope or meaning of the Lease or any of its provisions.

**1.4 Plurality and Gender**

- 1.4.1. Reference to a Party will be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made. All words in the singular will include the plural and vice-versa.

**1.5 Joint and Several**

- 1.5.1. If a Party is comprised of more than one Person then all covenants and agreements of that Party will be deemed joint and several.

## **1.6 All Terms are Covenants**

- 1.6.1. All agreements, terms, conditions, covenants, provisions, duties and obligations to be performed or observed by the Lessee or the Lessor under this Lease will be deemed to be covenants.

## **1.7 Net Lease**

- 1.7.1. This Lease is to be a completely carefree net lease for the Lessor and notwithstanding anything in this Lease to the contrary the Lessor is not to be responsible during the Term for any costs, charges, expenses or outlays of any nature whatsoever arising from or relating to the Premises, the use or occupancy of the Premises or the business carried on at the Premises.

## **1.8 Governing Law**

- 1.8.1. This Lease will be governed by and interpreted in accordance with the applicable laws of Canada and of the Province of British Columbia.

## **1.9 Entire Agreement**

- 1.9.1. This Lease constitutes the entire agreement between the Parties with respect to the subject matter of this Lease and supersedes and revokes all previous negotiations, arrangements, letters of intent, offers to lease and representations. No modifications of the Lease are effective unless in writing and executed in the same manner as the Lease.

## **1.10 Time is of the Essence**

- 1.10.1. Time is of the essence in this Lease.

## **1.11 Severability**

- 1.11.1. If any part of this Lease is declared or held invalid for any reason, the invalidity of that part will not affect the validity of the remainder which will continue in full force and effect and be construed as if this Lease had been executed without the invalid portion.

## **2. LANDS & MINERALS**

### **2.1 The Demise**

- 2.1.1. The Lessor leases to the Lessee, and the Lessee leases from the Lessor, the Lands to have and to hold the Lands during the Term, paying Rent to the Lessor during the Term and subject to the terms, conditions, provisos, exceptions and reservations contained in this Lease.



## **2.2 Minerals**

- 2.2.1. The Lessor excepts and reserves from the demise all Minerals in, on or under the Lands and retains the right to enter the Premises to prospect and drill for and to work Minerals subject to reasonable notice being provided to the Lessee.

## **2.3 Compensation for Interference**

- 2.3.1. The Lessor will determine and give a notice of compensation to the Lessee if any compensation is to be paid for interference with this Lease pursuant to section 2.2.

## **2.4 Lessee's Disagreement with Compensation**

- 2.4.1. If the Lessee disagrees with the Lessor's decision as to whether to grant compensation, or the amount of compensation granted, pursuant to section 2.3 then the Lessee may, at its expense and within 60 days from delivery of the notice referred to in section 2.3, refer the matter to Federal Court pursuant to section 17 of the *Federal Court Act* for a review of the Lessor's determination. If the Lessee fails to refer the matter to Federal Court within the specified time then the determination or the compensation will be deemed to be that set out in the Lessor's notice.

## **3. USE OF PREMISES**

### **3.1 Permitted Use**

- 3.1.1. The Lessee will not use the Premises, or any part thereof, or suffer or permit the Premises, or any part thereof, to be used, for any purpose other than for the development, construction, occupation and operation of:
- (a) Single Family Dwellings and Common Facilities for residential, recreational and ancillary commercial purposes;
  - (b) private and commercial recreational vehicle, campground, and manufactured home sites;
  - (c) buildings or structures for tourist accommodation, restaurant, licensed establishment, tourist retail store, mini-storage units for use by Occupiers of Units and storage of their recreational vehicles including campers, boats and all-terrain vehicles;
  - (d) boat launch and slips and related facilities, it being acknowledged by the Lessee that the Lands do not extend past the high water mark of the Osoyoos Lake; and
  - (e) other ancillary buildings, improvements, facilities, structures and services associated with such a development, and all ancillary purposes ordinarily associated with such a mixed use development,

as set forth in an approved Development Plan. The Lessee represents and warrants that it has satisfied itself that the Lands are suitable for the intended uses and that those uses are within the scope of the permitted uses, and that those uses are subject to the Laws under section 8.1.

### **3.2 Licenses**

- 3.2.1. The Lessee may during the Term grant licences over the Lessee's leasehold interest in the Premises which may be required in connection with the installation and maintenance of any service, utility or facility necessary for the Lessee to primarily service the Premises and may extend to adjoining lands, provided such adjoining lands are the subject of a valid lease to which the Lessee is a party. Such licences may be granted to any public utility or other entity providing the service, utility or facility, on terms and conditions acceptable to the Lessee, provided that the term of any such licence shall not extend beyond one day before the expiration of this Lease. Such licences shall be solely in respect of the leasehold interest in the Lands.

### **3.3 Common Facilities**

- 3.3.1. The Lessee, in its sole discretion, may designate one or more of the Common Facilities as being used for a single or mixed residential, recreational and commercial purpose either for the benefit of the Sublessees or Occupants or the public. The Lessee may derive all or a portion of any ongoing net revenue from the operation thereof. The Common Facilities may be subleased to the Homeowners Corporation, subject to the provisions of section 6.2.

### **3.4 No Vacating or Abandoning**

- 3.4.1. The Lessee will not Vacate or Abandon the Premises at any time during the Term without the prior written consent of the Lessor.
- 3.4.2. If the Premises are Vacated or Abandoned, the Lessor may:
- (a) enter the Premises as the agent of the Lessee, either by force or otherwise, without being liable for any loss or damage caused by such entry;
  - (b) lease the Premises as the agent and at the risk of the Lessee; and
  - (c) receive the rent for any lease.
- 3.4.3. Rent received by the Lessor as agent for the Lessee for any leasing may be applied by the Lessor to any expenses incurred by the Lessor in the entry and leasing of the Premises and to any other monies owing to the Lessor under this Lease in any proportions and in any order of priority as the Lessor decides.
- 3.4.4. The Lessor will not be construed as entering the Premises as agent of the Lessee if, prior to the entry, the Lessor has declared the Term ended.

### **3.5 Access**

- 3.5.1. The Lessee acknowledges and agrees without limitation that the Lessee is solely responsible for securing access (be it by public or private road, water, air or otherwise) to and from the Premises.

### **3.6 Quiet Enjoyment**

- 3.6.1. The Lessee, by paying the Rent and observing and performing the covenants in this Lease, may peaceably and quietly possess, hold and enjoy the Premises during the Term without any interruption or disturbance by the Lessor.

### **3.7 Other Interests**

- 3.7.1. The Lessor hereby reserves the right to further charge the Lands, or any part thereof, by way of easement, right of way, or restrictive covenant in favour of any Authority provided that the easement, right of way or restrictive covenant does not unreasonably interfere with the uses permitted further to section 3.1, and the Lessee agrees, at the request of the Lessor, to expeditiously execute and deliver to the Lessor such instrument as may be necessary to subordinate the Lessee's right and interest in the Lands under this Lease to such charge.

### **3.8 Family Cemetery Site**

- 3.8.1. The Lessee will:
- (a) preserve and protect the Family Cemetery during the construction of the Improvements and throughout the Term;
  - (b) subject to article 13 and 15, install and maintain fencing around the perimeter of the Family Cemetery, such fencing to be consistent with the type and visual appeal of the Premises, and undertake such road construction or repair work as may be necessary to facilitate access to the Family Cemetery; and
  - (c) permit Jane Stelkia, the current Landholder, her family descendants, successors, assigns, and invitees access to the Family Cemetery, including future burials.

## **4. RENT**

### **4.1 Rent to be Paid**

- 4.1.1. The Lessee will pay the Lessor (in favour of the Receiver General for Canada) all Rent due under this Lease at the time and in the manner set out in this Lease in lawful money of Canada, without abatement, deductions, set-off, or prior demand.

### **4.2 Prepaid Rent**

- 4.2.1. On or before the Commencement Date, the Lessee will pay \$100.00 to the Lessor as Prepaid Rent.

### **4.3 Payment Over to the Landholder**

4.3.1. The Lessee acknowledges and agrees that:

- (a) any Rent paid to the Lessor will have been paid over to the benefit of the Landholder and will not be available to be refunded to the Lessee;
- (b) the Lessee will have no right to a refund of, and the Lessor will not be liable to the Lessee for refunding, any Rent in the event of termination of this Lease; and
- (c) the Lessee accepts this liability as its own.

### **4.4 Additional Rent**

4.4.1. Upon notice from the Lessor, the Lessee will promptly pay the Lessor for any damage, loss, or expense of the Lessor (together with an administration fee of 15% of the damage, loss or expense) because of a breach of any of the Lessee's covenants in this Lease.

4.4.2. Any amount payable by the Lessee under this section may be recovered by the Lessor as if the amount was rent in arrears.

4.4.3. This section survives the expiration or early termination of this Lease.

### **4.5 Arrears to Bear Interest**

4.5.1. If Rent is not paid when it is due, then the Lessee will pay interest on the unpaid amount from the due date until the payment date. Interest is at the then prevailing minimum rate at which the Bank of Canada makes short-term advances to banks, plus 7%.

### **4.6 Harmonized Sales Tax**

4.6.1. Along with the Prepaid Rent, the Lessee will pay all applicable HST on the Prepaid Rent.

## **5. RECORDS**

### **5.1 Lessee to Retain Documents**

5.1.1. The Lessee will retain all documents or records pertaining to any expenditure made by or on behalf of the Lessee with respect to the Premises for five years after the end of the year in which the expenditure was made.

## **5.2 Lessee to Deliver Documents**

- 5.2.1. The Lessee will, upon written request by the Lessor and within 15 days of such request in the case of documents or records of the Lessee and within 30 days of such request in the case of documents or records of any other Person, deliver to the Lessor copies of such documents or records required to be retained pursuant to section 5.1 as the Lessor requires.

## **6. ASSIGNMENTS, SUBLEASES & MORTGAGES**

### **6.1 Assignments**

- 6.1.1. Except as provided in subsection 6.1.3, the Lessee will not assign the whole or any part of its interest in this Lease without the prior written consent of the Lessor, which consent shall not be unreasonably withheld.
- 6.1.2. No assignment is valid until the proposed assignee has executed a written agreement (substantially in the form set out in Appendix "C") covenanting and agreeing with the Lessor that, upon the Lessor's consent to the assignment, the assignee will observe and perform all of the conditions, covenants and agreements to be observed or performed by the Lessee under this Lease and any further conditions, covenants and agreements that the Lessor considers advisable.
- 6.1.3. For the purposes of section 6.1, if by the sale or other disposition of the securities of the Lessee (where the Lessee is a limited partnership, for the purposes of this subsection 6.1.3 only, any reference to the Lessee shall be deemed to be a reference only to the general partner of such limited partnership) the control (being beneficial ownership of greater than fifty percent (50%) of the voting shares of any class of shares of such corporation) of the Lessee (or the general partner) would change, the change of control shall constitute an assignment. Notwithstanding the foregoing, a change of control arising by death, permanent disability or bankruptcy of a shareholder, shall not constitute an assignment for the purposes of section 6.1.

### **6.2 Subleases**

- 6.2.1. Except as provided in section 6.3, the Lessee will not sublet the Premises without the prior written consent, in substantially the form as set out in Appendix "D" to this Lease, of the Lessor, which consent will not be unreasonably withheld.
- 6.2.2. A sublease is not valid unless:
- (a) it ends before the last day of the Term;
  - (b) it expressly terminates upon the early termination of this Lease
  - (c) it is expressly subject and subordinate to this Lease and to the rights of the Lessor under this Lease;

- (d) it is consistent with the terms of this Lease and will not cause the Lessee to breach a term of this Lease;
- (e) it will provide that in the event of conflict between the terms of this Lease and the sublease the terms of this Lease will govern;
- (f) it is registered in the Registry;
- (g) it provides that each Sublessee will be the registered holder of one share in the capital of the Homeowners Corporation. When the initial Sublease for part of the Premises is issued, a share in the Homeowners Corporation will be issued or transferred to the Sublessee. When a Sublessee assigns a Sublease, the Sublessee must concurrently transfer the share in the Homeowners Corporation, issued in respect of the Sublease, to the assignee of the Sublease;
- (h) it expressly provides that the Sublessee will not in any way use the subleased portion of the Premises for a Project that has not been previously considered and expressed in the Minister's decision under the CEAA completed with respect to the Lease, until the Sublessee, at its own expense, has obtained consent from the Minister to proceed with such Project, such consent to be granted in compliance with the environmental review process set out in subsections 6.2.3 - 6.2.5; and
- (i) it expressly provides that the Lessor and the Lessor's officials, employees, servants, agents, contractors, and subcontractors may enter the subleased lands at any time during reasonable hours for the purpose of ensuring the implementation referred to in subsection 6.2.6.

6.2.3. Before seeking the Lessor's consent under paragraph 6.2.2(h), the Lessee will:

- (a) ensure that an environmental assessment is conducted of any Project proposed to be undertaken under a sublease; and
- (b) deliver to the Lessor a written report of the environmental assessment referred to in paragraph (a).

6.2.4. If the Lessor is not satisfied, acting reasonably, with the environmental assessment report referred to in subsection 6.2.3, the Lessor will identify each inadequacy in the report. The Lessee will ensure that each inadequacy is addressed to the satisfaction of the Lessor in a revised report to be submitted to the Lessor.

6.2.5. The environmental review process conducted under this section will be equivalent to a screening under CEAA as if the Minister were the "responsible authority," as that term is used in CEAA, for the purposes of the Project and the sublease.

6.2.6. The Lessee will, at its own expense, ensure the implementation of:

- (a) all mitigation measures identified in the final environmental assessment report referred to in subsections 6.2.3 and 6.2.4; and

(b) any Follow-up Program.

- 6.2.7. If the Minister determines under this section that the Project should not proceed, then the Lessor is in no way responsible to the Lessee or Sublessee for the inability of the Sublessee to use the Premises as anticipated, or otherwise, or for the Lessee to sublease to the Sublessee, or otherwise. The Lessee releases the Lessor from any such liability.
- 6.2.8. The environmental review process conducted under this section will be followed whether or not CEAA has any application to the granting of the sublease, or consent to the sublease or Project; however, if CEAA applies to the Project for any reason other than the granting of the sublease, or the Lessor's consent to the sublease or Project, then paragraphs 6.2.2(h) and 6.2.2(i) and subsections 6.2.3 to 6.2.7 do not apply.

### **6.3 Mortgages**

- 6.3.1. The Lessee will not grant a Mortgage of the whole or any part of its interest in this Lease, and the Mortgage will not be valid, without the prior written consent of the Lessor, which consent will:
- (a) not be unreasonably withheld; and
  - (b) be by way of agreement with the Mortgagee, substantially the same as that set out in Appendix "E".
- 6.3.2. The Lessee will ensure that the Mortgage does not conflict with the Lease or, by the Lessee complying with the Mortgage, cause the Lessee to breach the Lease.
- 6.3.3. The Lessee will ensure that the Mortgage provides that the proceeds of all Insurance will be used solely for repairing, replacing, restoring, or reconstructing the Premises as set out in section 18.4.
- 6.3.4. The Lessor may consider a breach of the Mortgage Consent Agreement to be a breach of this Lease.
- 6.3.5. If the Lessee defaults on any obligation, covenant, or agreement in a Mortgage, then the Lessor may:
- (a) consider a breach of this Lease to have occurred; or
  - (b) cure the default on the Lessee's behalf, and in such case, without limiting section 4.4, the Lessor's expenses for which are Additional Rent.
- 6.3.6. For greater certainty, a Sublessee may mortgage its interest in a sublease without the consent of the Lessor.

### **6.4 Consent Limited**

- 6.4.1. Consent to any assignment, sublease or Mortgage will not be construed as consent to any other assignment, sublease or Mortgage.

## **6.5 No Relief of Obligations**

- 6.5.1. The assignment, sublease or mortgage of the Lessee's interest in this Lease by the Lessee will not relieve or discharge the Lessee from any of its obligations or liabilities under this Lease.

## **6.6 No Consents to Assignment, Sublease or Mortgage Granted pending Notice**

- 6.6.1. The Lessor may unreasonably and arbitrarily withhold consent to a proposed assignment, sublease or mortgage of the whole or any part of the Lands, and the Lessee shall:

- (i) not construct any Improvements on the Lands, and
- (ii) not seek to assign, sublease, or mortgage the whole or any part of its interest in this Lease or the Lands,

until the Landholder and the Lessee provide a mutually executed notice substantially in the form attached as Schedule "E" to the Lessor that the terms of the Landholder and Lessee's agreement, dated September 22, 2009, to which the Lessor is not a party, have been satisfied, following which the Lessee may seek to construct Improvements on the Lands, pending satisfaction of Articles 13 and 15 of the Lease and such other terms of the Lease as are applicable, and may seek the assignment, sublease or mortgage of the whole or any part of the Lands from the date specified in the notice.

- 6.6.2. The enforcement, and associated possible costs, of subsection 6.6.1 lies exclusively and respectively with the Landholder and the Lessee, and the parties agree that the Lessor is not bound to seek enforcement of or compel the completion of any mutually executed notice referenced in this section, the responsibility of which lies solely with the Landholder and the Lessee.
- 6.6.3. In the event the Lessor is not in receipt of the mutual notice referenced in subsection 6.6.1 by December 3, 2013, the Lessor will issue a notice to the Lessee declaring the Lease terminated effective immediately. The Lessee will remain liable for any obligations of the Lessee that survive termination of this Lease.

## **7. CONSENT AND REGISTRATION**

### **7.1 Provide Four Copies**

- 7.1.1. The Lessee will submit for registration to the Registry, in a form acceptable to the Registry, four originally executed copies of every document referred to in article 6, to which the Lessor is required to consent.



## **7.2 Consent No Assurance**

- 7.2.1. Neither the Lessor's consent to any disposition of the leasehold nor anything contained in this Lease will constitute any assurance to anyone that:
- (a) the instrument being consented to will be registered in the Registry, and the consent will not relieve the Lessee from the obligation to provide the form of document required for registration;
  - (b) this Lease or any assignment, sublease, Mortgage or other disposition of the leasehold can or may be registered in the Registry.

## **8. COMPLIANCE WITH LAWS**

### **8.1 General Requirement**

- 8.1.1. The Lessee will comply with all applicable Laws concerning this Lease, the Premises, or any activity on the Premises.

### **8.2 Notice**

- 8.2.1. The Lessee will promptly deliver to the Lessor a copy of any notice received from any Authority lawfully requiring the execution of works or the commencement or cessation of any activity on the Premises. Upon resolution satisfactory to the Authority, the Lessee will promptly deliver evidence satisfactory to the Lessor of the resolution.

### **8.3 Contesting the Validity**

- 8.3.1. Without relieving or modifying the obligation of the Lessee to comply with section 8.1, the Lessee may at its expense, contest or appeal (to the Authority or other Person, as may be set out by any Laws) the validity of the requirement of the Authority provided that the Lessee expeditiously commences any proceedings to contest or appeal the validity and continues the proceedings with all due diligence.

## **9. TAXES**

### **9.1 General Requirement**

- 9.1.1. Without limiting the generality of section 8.1, the Lessee will pay, on or before the due date, all applicable Taxes imposed by any Authority:
- (a) on the Premises;
  - (b) for the Lessee's sales, transactions, or business relating to the Premises; or
  - (c) for occupation of the Premises by any Person.

## **9.2 Contesting the Validity**

- 9.2.1. Without in any way relieving or modifying the obligation of the Lessee to comply with section 9.1, the Lessee may at its expense, contest or appeal (to the Authority or other Person, as may be set out by any Laws) the validity or amount of any tax, trade licence, rate, levy, duty or assessment provided that the Lessee expeditiously commences any proceedings to contest or appeal the validity or amount and continues the proceedings with all due diligence.

## **9.3 Authorization to Receive Information**

- 9.3.1. On notice from the Lessor, the Lessee will promptly deliver to the Lessor, an Authority, or both, written authorization for the Lessor to receive any information from the Authority about the Lessee's compliance with any applicable Laws, including the payment of any applicable Taxes.

## **9.4 Provision of Documents**

- 9.4.1. The Lessee will upon request by the Lessor deliver to the Lessor official receipts of the Authority or other evidence satisfactory to the Lessor confirming payment of Taxes.

## **10. SERVICES**

### **10.1 Lessee's Responsibility to Provide**

- 10.1.1. The Lessee will provide and maintain, or cause to be provided and maintained at its expense, all services, utilities and facilities required by the Lessee from time to time for the use of the Premises.

### **10.2 Interruption Not a Disturbance**

- 10.2.1. The interruption of any service or facility provided to the Premises will not:
- (a) be a disturbance of the Lessee's enjoyment of the Premises;
  - (b) render the Lessor liable for any loss, injury, or damages to the Lessee; or
  - (c) relieve the Parties from their obligations under this Lease.

## **11. ENVIRONMENT**

### **11.1 Contaminants**

- 11.1.1. The Lessee will not use (including transport or store) Contaminants on the Premises, except as may be reasonably required for the Lessee's permitted uses under this Lease and in strict compliance with Laws.

## **11.2 Use of Contaminants on the Premises**

11.2.1. If the Premises is exposed to a Contaminant, then, upon becoming aware of the exposure, the Lessee must do the following:

- (a) The Lessee must promptly give each of the Lessor, and Council the same information about the exposure that would be required under the *Spill Reporting Regulation*, B.C. Reg 263/90, for any similar exposure off- reserve or for any exposure to a Contaminant that is not covered by that Regulation and is:
  - (i) a “dangerous good” under the *Transportation of Dangerous Goods Act*, 1992, S.C. 1992, c. 34;
  - (ii) a “deleterious substance” under the *Fisheries Act*, R.S.C. 1985, c. F-14, if the affected area is subject to the authority of that Act; or
  - (iii) a “toxic substance” under the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c. 33.
- (b) If the exposure originated on the Premises during the Term, then the Lessee must promptly:
  - (i) stop, contain, and minimize the effects of the Contaminant;
  - (ii) reduce the level of the Contaminant on the Premises or anywhere else on the Reserve to a level that is at or below the more stringent of the Environmental Benchmarks; and
  - (iii) reduce the level of the Contaminant outside the Reserve to a level that is required by the applicable Laws of that area.
- (c) The Lessee must promptly give the Lessor an independently-prepared report (which must be reasonably satisfactory to the Lessor) of the activities under paragraph 11.2.1(a) and the condition of the affected areas after those activities compared with, to the extent reasonably possible, the condition of those areas before exposure to the Contaminant.

## **11.3 Increased Risks**

11.3.1. The Lessee will not cause any operations or activities or construct any Improvements that materially increase the risk of liability to the Lessor (whether direct or indirect) as a result of the application of Laws (as determined by the Lessor acting reasonably).

## **11.4 Title to Contaminants**

11.4.1. Despite anything else in this Lease or any rule of law to the contrary, any Contaminant coming on the Premises during the Term does not, no matter its degree of affixation, become the property of the Lessor.

## **11.5 Additional Rights**

11.5.1. Without limiting article 20, upon:

- (a) the breach by the Lessee of any provision contained in this article; or
- (b) the Lessor becoming aware of a breach of Laws with respect to the Premises or the presence of any Contaminants on, in or under the Premises which is not present in strict compliance with Laws and which raises a material risk of liability to the Lessor, as determined by the Lessor;

such event will constitute a default for the purposes of subsection 20.1.1 of this Lease.

## **11.6 Environmental Indemnity**

11.6.1. Without limiting the generality of article 23, on written notice being given by the Lessor, the Lessee must promptly pay the Lessor for any losses or expenses (including legal fees on a solicitor-client basis) of the Lessor and its employees, agents, contractors, and subcontractors in any way because of:

- (a) the exposure of the Premises to Contaminants during the Term, except for those Contaminants on the Premises from the activities or omissions outside the Premises of a person other than the Lessee; or
- (b) the exposure of any other areas to Contaminants migrating from the Premises in any way because of the activities or omissions during the Term of the Lessee or any other person on the Premises because of the Lessee's rights under this Lease.

11.6.2. This indemnity will survive the expiration or earlier termination of this Lease.

## **11.7 Environmental Audit**

11.7.1. Within 120 days after the expiration or earlier termination of this Lease, the Lessee will undertake and give to the Lessor, an environmental site assessment report conducted by an independent consultant designated or approved by the Lessor.

11.7.2. In preparing the reports referred to in this section, the environmental consultant was, or will be, as the case may be, required to review the site history and inspect the Premises to identify indicators of Contaminants and to conduct appropriate testing to assess suspect soil and, if practical, water. In identifying indicators, the consultant relied, or will rely, as the case may be, at least on historical information and instances of visually apparent unusual soil, water, or vegetation conditions.

- 11.7.3. The reports referred to in this section will be *prima facie* evidence between the Parties of the respective environmental condition of the Premises immediately prior to the Commencement Date and at the termination of this Lease, as the case may be.
- 11.7.4. When this Lease ends, the Lessee must remove from the Premises all Contaminants so that any that remain are at or below the more stringent of the Environmental Benchmarks. This obligation does not apply to the extent that a Contaminant is proven to have been on the Premises at the Commencement Date (taking into account that it is the Lessee's obligation to prove its existence to be able to rely on this exemption).

## **11.8 Representations and Warranties of the Lessee**

- 11.8.1. The Lessee represents that the Lessee, all Affiliates, and their respective directors or senior officers have never been prosecuted for any offences, or received any administrative penalties or orders, under any Laws that in any way regulate Contaminants or protect the Environment.

## **11.9 General**

- 11.9.1. To the extent that the *Environmental Management Act*, S.B.C. 2003, c.53, applies to this Lease, this article is a private agreement about remediation between the parties.
- 11.9.2. This article survives the expiration or earlier termination of this Lease.

## **12. NUISANCE, WASTE & RUBBISH**

### **12.1 Nuisance**

- 12.1.1. Except as reasonably required by the uses permitted under this Lease, the Lessee will not cause any nuisance on the Premises.

### **12.2 Waste**

- 12.2.1. Except as required by the construction of the Improvements, the Lessee will not cause, permit or suffer the commission of any waste of the Premises.

### **12.3 Rubbish**

- 12.3.1. Without limiting section 12.1, the Lessee will not cause, permit or suffer any rubbish or debris to be placed or left at the Premises except as is reasonably necessary in accordance with the uses permitted by this Lease or as otherwise permitted in writing by the Lessor.

## **13. NEW IMPROVEMENTS**

### **13.1 Construction**

- 13.1.1. The Lessee will not construct any Improvements without first obtaining the required permits or approvals referred to in section 13.2, and the consent to the Development Plan referred to in section 13.3.

### **13.2 Obtain Permits and Approvals**

- 13.2.1. The Lessee will apply to the appropriate Authority and obtain any required permits or approvals necessary to construct any Improvements.

### **13.3 Development Plan**

- 13.3.1. The Lessee will deliver to the Lessor a Development Plan in respect of the Development as a whole, and as decisions are made to proceed with a Phase, the Development Plan will be a plan for that Phase, each for the Lessor's consent, which consent will not be unreasonably withheld.
- 13.3.2. Prior to submission of the Development Plan, the Lessee will confirm with the Lessor the appropriate documentation comprising the Development Plan, including specification of the required features, to be submitted to the Lessor.
- 13.3.3. In determining whether to provide consent pursuant to subsection 13.3.1, the Lessor will notify the Lessee if the Lessor requires any amendments or revisions to the Development Plan submitted. The Lessee will then amend or revise the Development Plan and re-submit it to the Lessor for further review under this article. Consent of the Lessor does not relieve the Lessee of any other covenants under this Lease.

### **13.4 Commencement of Construction to Comply With Permits, Approvals, and Consent**

- 13.4.1. Upon receipt of the required permits or approvals and the Lessor's consent to the Development Plan, the Lessee will promptly construct the Improvements in a proper and workmanlike manner in accordance with the Development Plan, any permits or approvals, and article 15.

### **13.5 Construction**

- 13.5.1. The Lessee will commence construction pursuant to an approved Development Plan for a particular Phase within sixty (60) days of the receipt of the Lessor's consent to the Development Plan for that Phase and all required permits and approvals. The Lessee will construct the Improvements expeditiously and in a proper and

workmanlike manner in accordance with the Development Plan, the materials upon which any permits or approvals are based and article 15.

### **13.6 Substantial Completion**

13.6.1. Substantial Completion of a Single Family Dwelling, Unit, an Improvement, a Phase or the Development will be deemed to have occurred as follows:

- (a) in connection with a Single Family Dwelling, when an Inspection Certificate for the Single Family Dwelling is issued by an Architect, Engineer, or Home Inspector, or other relevant Authority having jurisdiction;
- (b) in connection with Improvements that comprise of a Unit, excluding a Single Family Dwelling, when an Inspection Certificate for such a Unit is issued by an Architect, Engineer, or other relevant Authority having jurisdiction;
- (c) in connection with a Phase, when a Home Inspector, Architect or Engineer's certification whichever is applicable to the particular Improvement comprising each Unit of the Phase to be constructed has been issued, as contemplated in paragraphs (a) and (b) hereof, and when the Lessee's Architect, or Engineer has issued a signed and sealed certificate to the Lessor, certifying that all Improvements constituting Common Facilities in the Phase are Substantially Complete in all material respects in a proper and workmanlike manner and in accordance with the Development Plan, and all applicable Laws, except for deficiencies the correction of which, in the opinion of the Architect, or Engineer, is adequately ensured, and all work has been completed in accordance with mitigative measures identified in any decision pursuant to CEAA and the Development Plan; and
- (d) in connection with the Development, when all Phases shown in the Development Plan have achieved Substantial Completion in accordance with paragraph (b).

### **13.7 Occupancy**

13.7.1. The Improvements or the part thereof intended for use or occupation may not be occupied by any Person until they have been Substantially Completed, and the occupation of them prior to the Lessor receiving the certificate referred to in section 13.6 may be considered by the Lessor to be a breach of a covenant of this Lease. It is acknowledged that the Improvements and Units are to be constructed in phases and that Substantial Completion and occupation will occur in respect of individual phases of the Improvements and individual Units.

### **13.8 Additional Documents**

13.8.1. Upon completion of construction of the Improvements and if requested by the Lessor, the Lessee will expeditiously provide the Lessor with:

- (a) reproducible, as-built drawings certified correct by an Architect or Engineer or other person reasonably acceptable to the Lessor; and
- (b) operation and maintenance manuals.

### **13.9 Signs**

- 13.9.1. The Lessee will not affix or exhibit upon the Premises any billboard or other similar advertising device except:
- (a) where necessary for the purposes permitted for the Premises pursuant to this Lease, including without limitation the advertising of Units for sale, the name given to the Premises or the advertising of the name of any Mortgagee; or
  - (b) in any other case with the prior written consent of the Lessor, which consent will not be unreasonably withheld.

### **13.10 Phase Requirements**

- 13.10.1. Each Phase, after the first Phase constructed;
- (a) will share a boundary with a previous Phase; and
  - (b) will be accessible by road and service conduits that pass through one or more Phases and may share in the use of the Common Facilities (including infrastructure) in such Phases.
- 13.10.2. The Lessor, at its option exercised by notice given to the Lessee, the Homeowners Corporation and any Mortgagee will have access over such road and service conduits referenced in subsection 13.10.1, may use such Common Facilities (including infrastructure) and may grant rights in respect thereof to other parties having an interest in the Remainder Lands, in the case of any of the actions contemplated in sections 20.9 or 20.10, for purposes of any development to be carried out on the Remainder Lands.
- 13.10.3. The lessees, sublessees and Occupiers of the Remainder Lands will share in the costs of operating, maintaining, repairing and replacing such Common Facilities. If the Remainder Lands are developed substantially in the manner contemplated by the Development Plan, the sharing of such costs will be determined on a pro rata basis based on the number of Units constructed on the Remainder Lands and the number of Units constructed on the entire Premises. If the Remainder Lands are not developed substantially in the manner contemplated by the Development Plan, sharing of such costs shall be on a fair and equitable basis, based on the use of such Common Facilities. Any dispute over the sharing of such costs may be referred for dispute resolution in accordance with article 26.



## **14. MAINTENANCE**

### **14.1 Maintenance**

- 14.1.1. The Lessee will, at its expense, during the Term maintain or cause to be maintained from time to time all Improvements in a good and tenantable condition in every respect as would a careful owner in occupation, excepting reasonable wear and tear.

## **15. CONSTRUCTION REQUIREMENTS**

### **15.1 General Requirement**

- 15.1.1. Without limiting article 8, all construction and other work on the Premises pursuant to articles 13 and 14 will be carried out and completed to the standard and quality for the respective type of Improvements as set out in the construction specifications included in the Development Plan as those standards may be amended or replaced from time to time, and, in the case of Alterations pursuant to article 14, also at least as high as those of any Improvements which are to be subject to the Alterations.

### **15.2 Plans**

- 15.2.1. The Lessee will provide the Lessor with a Development Plan. Whenever work under this Lease requires the Lessor's consent, the Lessee will provide the Lessor with a Development Plan and such other documents requested by the Lessor as will enable the Lessor to determine whether the work will comply with the provisions of this article.

### **15.3 Lessor Not Responsible**

- 15.3.1. No consent or absence of consent by the Lessor to the Development Plan will in any way be an assumption of responsibility by the Lessor for the Development Plan or any work completed in accordance with the Development Plan.

### **15.4 Failure to Comply With Plans**

- 15.4.1. Notwithstanding anything to the contrary in this Lease, if the Lessee fails to construct the Improvements or perform Alterations substantially in accordance with the Development Plan, the Lessor may consider this failure to be a breach of this Lease for the purposes of subsection 20.1.1 of this Lease.

### **15.5 Timing of Work**

- 15.5.1. The Lessee will cause the work to be carried out pursuant to the Development Plan to be carried out expeditiously subject to delays arising from Unavoidable Delay or from economic or market conditions beyond the Lessee's control.

### **15.6 Security for Construction**

- 15.6.1. In consideration of the Guarantees being granted the provision of a performance bond, letter of credit or other similar security is hereby waived by the Lessor.

## **15.7 Builder's Liens**

- 15.7.1. If the Lands are or become registered in the provincial land title system, then, prior to constructing any Improvements on the Premises, the Lessee will sign and register (as agent for the Lessor and at the sole cost of the Lessee) in the land title office a "Notice of Interest," as that term is defined in the *Builders Lien Act*, S.B.C. 1997, c.45, as amended or replaced from time to time.

## **16. REPLACEMENT ON DESTRUCTION**

### **16.1 Rent will not Abate**

- 16.1.1. The destruction, in whole or in part, of the Improvements by any means will not cause this Lease to terminate or entitle the Lessee to surrender possession or demand any abatement or reduction of the Rent.

### **16.2 Lessee's Obligations When Improvements Partially Destroyed**

- 16.2.1. In the event of damage to or partial destruction of the Improvements, the Lessee will, subject to applicable Laws, repair, replace, or restore any part of the Improvements so destroyed.

### **16.3 Lessee's Obligations When Improvements Substantially Destroyed**

- 16.3.1. In the event of complete or substantially complete destruction of the Improvements, the Lessee will, subject to applicable Laws, reconstruct or replace the Improvements with structures comparable to those being reconstructed or replaced.

## **17. REMOVAL OF IMPROVEMENTS AND PERSONAL GOODS**

### **17.1 Removal of Personal Goods**

- 17.1.1. If the Lessee is not in default under the Lease, the Lessee may remove all of its Personal Goods from the Premises:
- (a) at any time during the Term; or
  - (b) within 30 days after the expiration or earlier termination of this Lease,
- 17.1.2. The Lessee may permit Sublessees to remove all of their Personal Goods from the Premises at any time during the Term or within 30 days after the expiration or earlier termination of this Lease.
- 17.1.3. This section will survive the expiration or earlier termination of this Lease to the extent required by the Parties to fulfill their respective obligations.

## **17.2 No Removal of Improvements**

- 17.2.1. The Lessee will not remove any of the Improvements from the Premises without the prior written consent of the Lessor, which consent may be unreasonably and arbitrarily withheld.
- 17.2.2. Except as provided by section 17.3, the Improvements will be the property of the Lessor at the expiration or earlier termination of the Lease.

## **17.3 Removal of Improvements or Personal Goods on Notice**

- 17.3.1. The Lessee will promptly remove from the Premises all Improvements made after the Commencement Date, Personal Goods, or any moveable goods as the Lessor notifies the Lessee to be removed. The notice from the Lessor may be delivered upon, or up to 90 days after, the expiration or earlier termination of the Lease.

## **17.4 Lessee Must Fix any Damage Arising From Removal**

- 17.4.1. The Lessee will make good all damage to the Premises caused by the removal of any Improvements, Personal Goods, or movable goods and leave the remainder of the Premises in good and substantial repair and condition and free from all debris to the reasonable satisfaction of the Lessor.

## **17.5 Lessor May Remove**

- 17.5.1. If the Lessee or Sublessees do not remove their respective Personal Goods as provided in section 17.1, from the Premises, then the Lessor may remove them and dispose of them in the Lessor's absolute discretion. The Lessee will, upon notice from the Lessor, expeditiously pay to the Lessor all of the Lessor's costs and expenses incurred in the removal and disposal of such Personal Goods and in making good all damage caused to the Premises by any removal, the Lessor's expenses for which, without limiting section 4.4, are Additional Rent.
- 17.5.2. The Lessor will not be responsible to the Lessee or Sublessees for any loss suffered by any of them as a result of the removal or the disposal of the Personal Goods. This section will survive the expiration or earlier termination of this Lease.

## **17.6 Lessee not in Possession**

- 17.6.1. The Lessee will not be construed as being in possession of the Premises solely by its exercise of rights under this article.

## **17.7 Survival of Article**

- 17.7.1. This article survives the expiration or earlier termination of this Lease.

## **18. INSURANCE**

### **18.1 Liability & Property Insurance**

18.1.1. From the Commencement Date until midnight on the last day of the calendar month in which Substantial Completion of a Phase occurs, the Lessee covenants and agrees to take out and maintain, or cause to be taken out and maintained, the following insurance:

- (a) an “all risks” builder’s risk policy covering such Phase against fire and other perils from time to time included in such policies offering similar properties in British Columbia (with extended or additional perils supplement coverage) and as would be insured against by a prudent owner, including loss or damage by fire, explosion, impact by aircraft or vehicles, lightning, flood, earthquake, riot, vandalism or malicious acts, smoke, leakage from fire protection equipment, windstorm, hail, the installation and testing of mechanical and electrical equipment and other services, loss or damage arising from error in design, faulty workmanship and materials and such other perils as the Lessor may reasonably require to be insured against, in an amount not less than the replacement cost of the Improvements (including, in the case of coverage for earthquake and collapse, the cost of excavations and foundations;
- (b) a comprehensive general liability policy against claims for personal injury, sickness, illness, disease or disability, death or property damage or loss (including liability coverage for pollution, to the extent such coverage is available) arising out of the ownership, occupation, maintenance and use of the Premises by the Lessee, in an amount of no less than Five Million Dollars (\$5,000,000.00) in respect of any one accident or occurrence, or such higher amount as the Lessor may require from time to time; and
- (c) in respect of any portion of the Lands for which a Phase Plan has not been approved by the Lessor, the Lessee covenants and agrees to take out and maintain, or cause to be taken out and maintained, the insurance described in paragraph 18.1.1(b).

18.1.2. In connection with a particular Unit, subsequent to the date that the Sublease for the Unit is registered in the Registry, and, for any Unit for which a Sublease is not registered in the Registry, subsequent to the expiry of the obligation to insure the Phase in which such Sublease is located pursuant to subsection 18.1.1 the Lessee covenants and agrees to take out and maintain, or cause the Sublessee to take out and maintain, the following insurance:

- (a) an “all risks” policy covering the Improvements demised by the Sublease, against fire and other perils from time to time included in standard fire insurance policies affecting similar properties in British Columbia (with extended or additional perils supplemental coverage) and as would be insured against by a prudent owner, including loss or damage by fire, explosion, impact by aircraft or vehicles, lightning, riot, vandalism or malicious acts,

smoke, leakage from fire protection equipment, windstorm, hail and such other perils as the Lessor may reasonably require to be insured against, in an amount not less than the replacement cost of such Improvements (including, in the case of coverage for earthquake and collapse, the cost of excavation and foundations); and

- (b) a personal general liability policy against claims for personal injury, sickness, illness, disease or disability, death or property damage or loss (including liability coverage for pollution, to the extent such coverage is available) arising out of the ownership, occupation, maintenance and use of the Premises by the Lessee or Sublessee in an amount not less than One Million Dollars (\$1,000,000.00) in respect of any one accident or occurrence, or such higher amount as the Lessor may require from time to time.

18.1.3. In connection with the Common Facilities in a Phase, subsequent to the last day of the calendar month in which Substantial Completion of a Phase occurs, the Lessee covenants and agrees to take out and maintain, or cause the Homeowners Corporation to take out and maintain, the following insurance:

- (a) an “all risks” policy covering such Common Facilities against fire and other perils from time to time included in standard fire insurance policies affecting similar properties in British Columbia (with extended or additional perils supplemental coverage) and as would be insured against by a prudent owner, including loss or damage by fire, explosion, impact by aircraft or vehicles, lightning, riot, vandalism or malicious acts, smoke, leakage from fire protection equipment, windstorm, hail and such other perils as the Lessor may reasonably require to be insured against, in an amount not less than the replacement cost of such Common Facilities (including, in the case of coverage for earthquake and collapse, the cost of excavation and foundations); and
- (b) a comprehensive general liability policy against claims for personal injury, sickness, illness, disease or disability, death or property damage or loss (including liability coverage for pollution, to the extent such coverage is available) arising out of the ownership, occupation, maintenance and use of such Common Facilities, in an amount not less than Two Million Dollars (\$2,000,000.00) in respect of any one accident or occurrence, or such higher amount as the Lessor may require from time to time.

## **18.2 Insurance Provisions**

18.2.1. The Lessee covenants and agrees that every insurance policy required under this Lease will:

- (a) name the Lessor as an additional insured, or, to the extent such insurance is obtained by a Sublessee, name the Lessee as an additional insured;

- (b) contain an agreement by the insurer that it will not cancel or substantially alter the policy without first giving the Lessor at least 30 days' prior written notice;
- (c) contain a clause to the effect that any release from liability entered into by the Lessee prior to any loss will not affect the right of the Lessee or Lessor to recover;
- (d) if any insurance policy contains a co-insurance provision, then the Lessee will at all times maintain sufficient insurance to prevent the Lessor and the Lessee from being co-insurers and permit full recovery from the insurer, and the insurance will contain a waiver of subrogation so that the insurance will protect the Lessor and the Lessee as if they were fully insured under separate policies;
- (e) the Lessee will not do, permit or suffer anything to be done at the Premises which might cause any insurance policy required by this Lease to be invalidated or cancelled;
- (f) the Lessee will deliver certificates of the insurance evidencing every insurance policy that is required by this Lease to the Lessor immediately after the insurance is effected and will deliver a certificate of renewal or other evidence satisfactory to the Lessor that the insurance has been renewed or replaced to the Lessor at least ten days before the expiry of any insurance policy in force; and
- (g) the Lessee will, upon written request from the Lessor, deliver a certified copy of every insurance policy requested by the Lessor.

### **18.3 Release from Liability**

- 18.3.1. The Lessee releases the Lessor from all liability for loss or damage caused by or resulting from any of the perils or injury against which it has covenanted in this Lease to insure, even though the loss, damage or injury may arise out of the negligence or omission of the Lessor and even though the Lessee has failed to so insure.

### **18.4 Payment of Loss Under Insurance**

- 18.4.1. The Lessor and the Lessee covenant and agree as follows with respect to the use of insurance proceeds:
- (a) all proceeds from insurance policies shall be applied to the repair, replacement, reconstruction or restoration of the property damage for which such proceeds have become payable. Any such repair, replacement, reconstruction or restoration shall be carried out so as to repair, replace, reconstruct or restore the Premises to the same condition as the Lessee is required to maintain the same pursuant to this Lease immediately prior to such damage or destruction. All repair, replacement, reconstruction and restoration shall be completed in accordance with this Lease, and the Lessee will be responsible for the repair,

replacement, reconstruction and restoration of the Premises whether or not the cost of such work exceeds the insurance proceeds;

- (b) if the Lessor and the Mortgagee have consented in writing to the payment of insurance proceeds to the Lessee, then the proceeds shall be paid to the Lessee in trust to apply to the costs of repairing, replacing, reconstructing and restoring the Premises, and the Lessee will be responsible for the repair, replacement, reconstruction and restoration of the Premises whether or not such work exceeds the insurance proceeds;
- (c) if the Lessor or the Mortgagee do not consent to the payment of the insurance proceeds to the Lessee pursuant to subsection (b), then the insurance proceeds shall be paid to the Trustee, to be held and disbursed on behalf of the Lessee, the Lessor and the Mortgagee, subject to the following conditions:
  - (i) all such parties shall do all acts, matters, deeds and things as are necessary to facilitate the payment of the insurance proceeds to the Trustee;
  - (ii) work in progress will be paid for in instalments out of the insurance proceeds, provided that the Trustee at all times will retain a sufficient sum out of the insurance proceeds to pay for the estimated cost of the remaining work to be completed and any Trustee fees and costs to be paid;
  - (iii) progress payments will only be made to the Lessee upon submission by the Lessee to the Lessor of a statement, certified by a professional engineer or architect licensed to practice in British Columbia, attaching the invoices for work to be covered by the progress payment and setting out the work completed to date, the cost of the work completed to date, the amount owing on work completed to date and the estimated amount required to complete the work, and verifying the standard and quality of the work already completed; and
  - (iv) the Lessee will pay and be responsible for all costs, fees and expenses in excess of the insurance proceeds.

18.4.2. Notwithstanding the foregoing, insurance proceeds in respect of Personal Goods do not have to be paid to the Trustee.

## **18.5 Lessor's Right to Repair and Receive the Insurance Proceeds**

18.5.1. Should the Lessee fail to effect the repair, restoration, reconstruction, or replacement (as set out in article 16) of the loss or damage in respect of which the insurance moneys are payable without unreasonable delay, the Lessor will be entitled to effect such repair, restoration, reconstruction, or replacement and the Trustee will pay or cause to be paid to the Lessor such insurance moneys in the same manner the Trustee would have done had the Lessee effected such repair, restoration, reconstruction, or

replacement. Should the Lessee and the Lessor fail to effect such repair, restoration, reconstruction or replacement without unreasonable delay, the Mortgagee will be entitled to do so, and the Trustee will pay or cause to be paid to the Mortgagee such insurance moneys in the same manner the Trustee would have done had the Lessee effected such repair, restoration, reconstruction or replacement.

## **18.6 Insurance May be Maintained by Lessor**

18.6.1. The Lessee agrees that should the Lessee at any time during the Term fail to insure or keep insured the Improvements as required by this Lease, then the Lessor, although not obliged to do so, may obtain and maintain such insurance in such amount with such deductible amounts and for such period as the Lessor deems advisable. The Lessee covenants to pay to the Lessor as Additional Rent within 30 days after receipt of any invoice from the Lessor such amounts as the Lessor has expended for such insurance.

## **18.7 Impossibility of Repair etc.**

18.7.1. If the Lessee, the Lessor or the Mortgagee, as the case may be, cannot obtain the permits, approvals, consents and authorizations that are required, pursuant to the terms of this Lease, to restore, reconstruct or replace the loss or damage in respect of which the insurance moneys are payable, without unreasonable delay, the insurance proceeds shall be used as follows:

- (a) firstly, for the purposes of clean-up of the Lands to restore the Lands, to the extent possible, to their condition at the Commencement Date;
- (b) secondly, to the extent of the portion of the insurance proceeds attributable to the Improvements subleased pursuant to a Sublease, to the Sublease Mortgagee and the Sublessee of such Sublease, as their interests may appear;
- (c) thirdly, to the Mortgagee to the extent of any amounts secured by the Mortgage; and
- (d) fourthly, to the Lessee and the Lessor, as their respective interests appear.

## **18.8 Insured Mortgage**

18.8.1. Notwithstanding the foregoing, if a Mortgage insurer shall have granted or insured a mortgage of a Sublease, and the premises subleased thereunder are destroyed to at least 25% of the full replacement cost, the Mortgagee shall have the option of determining whether such premises should or should not be repaired, replaced, rebuilt or restored.

## **19. INSOLVENCY**

19.1.1. If the Lessee becomes insolvent, bankrupt, makes an assignment for the benefit of creditors, or, if it is a corporation, proceedings are begun to wind it up or a receiver, receiver-manager or trustee has been appointed, more than 50% of the voting shares of



the Lessee (or its general partner if it is a limited partnership) change ownership from the ownership at the Commencement Date without the Lessor's prior written consent, then:

- (a) if no Subleases are registered in the Registry, the Lessor may, upon 45 days prior written notice to the Lessee and any Mortgagee, declare the Term ended unless within the notice period such Mortgagee proceeds to enforce its Mortgage security and, as expeditiously as possible, takes all such legal measures as are necessary to obtain the requisite relief. If in the enforcement of the Mortgagee's security the Mortgagee, or its nominee, acquires the Lessee's interest in this Lease, then the default under this article 19 in respect of the Lessee shall be deemed, for all purposes, to be cured and on the assignment of the Lease by the Mortgagee or its nominee, the Mortgagee and its nominee shall be fully relieved of all covenants, obligations, conditions and liabilities in the Lease arising or coming due on or after such assignment. If in the enforcement of the Mortgagee's security the Lease is assigned, then on such assignment the default under this article 19 in respect of the Lessee shall be deemed, for all purposes, to be cured; and
- (b) if one or more Subleases are registered in the Registry, the provisions of article 20 shall apply in respect of the Severed Phases and on completion of the actions contemplated in sections 20.9 and 20.10 the default under this article 19 in respect of the Lessee shall be deemed, for all purposes, to be cured.

The provisions of this article 19 are subject to applicable federal and provincial legislation, including, without limitation, applicable provisions in the *Bankruptcy and Insolvency Act* and the *Companies Creditors Arrangement Acts*.

## **20. DEFAULT AND END OF LEASE**

### **20.1 Defaults Requiring Notice to Cancel**

- 20.1.1. If the Lessee fails to perform or observe any covenant, or is otherwise in default under this Lease, then the Lessor may deliver a default notice to the Lessee.
- 20.1.2. If the Lessor delivers a default notice to the Lessee under this section and the default is reasonably capable of being cured within 30 days after the notice is delivered but the default is not cured within that time, then the Lessor may, by notice to the Lessee and subject to sections 20.2, 20.3, 20.10 and 20.11 immediately declare the Term ended.
- 20.1.3. If the Lessor delivers a default notice to the Lessee under this section and the default is not reasonably capable of being cured within 30 days after the notice is delivered and the Lessee fails to:
  - (a) begin to cure the default promptly after the notice is delivered; or
  - (b) proceed to cure the default with all due diligence to completion,

then the Lessor may, by notice to the Lessee and subject to sections 20.2, 20.3, 20.10 and 20.11 immediately declare the Term ended.

20.1.4. If the Lessor delivers a default notice to the Lessee under this section and the default is not cured within the time permitted, then, without relieving the Lessee of its covenants under this Lease and without limiting any other right of the Lessor, the Lessor may undertake the performance of any necessary work in order to complete such covenants of the Lessee. However, having commenced any work under this section, the Lessor has no obligation to complete such work.

20.1.5. Without limiting section 4.4, the Lessor's expenses under this section are Additional Rent. This subsection survives the expiration or earlier termination of this Lease.

## **20.2 Right of Mortgagee, Homeowners Corporation to Notice**

20.2.1. No notice to the Lessee under this article will be valid unless and until a copy of such notice is also delivered to each Mortgagee and to the Homeowners Corporation.

## **20.3 Curing of Default**

20.3.1. Any curing of a default by a Person other than the Lessee will be construed as a curing of that default by the Lessee.

## **20.4 End of Lease**

20.4.1. If the Lessor declares the Term ended, then, except as otherwise expressly provided in this Lease, this Lease and everything contained in it and the estate and Term will terminate without re-entry or any other act or legal proceedings and the Lessor may re-enter the Premises and possess and enjoy them as if the Lease had not been made. Notwithstanding a declaration by the Lessor that the Term has ended, the Lessor will be entitled to recover from the Lessee:

- (a) the Rent then accrued or accruing;
- (b) all prospective losses and damages arising from the unexpired portion of the Term (had the Lease not ended) based on a present recovery for unpaid future Rent, and for any other consequential loss or damage, including losses incurred by or accruing to the Lessor arising from the Lessee's failure to carry on business; and
- (c) any other amounts allowed by law,

and enforce any right of action (including a right of action under any provisions that survive the expiration or earlier termination of this Lease) against the Lessee in respect of any prior breach of the Lessee's covenants.

## **20.5 Dispute**

- 20.5.1. If any disagreement arises as to whether the curing of any default is promptly commenced or is prosecuted with due diligence, the question may be referred to the Federal Court in accordance with article 26.

## **20.6 Right to Cure**

- 20.6.1. If the Lessor gives the Lessee notice of a breach of any of the Lessee's obligations and such breach is not fully rectified within 60 days, then the Lessor, without relieving the Lessee of its obligations under this Lease and without limiting any other right of the Lessor, may undertake the performance of any necessary work in order to complete such obligations of the Lessee, but having commenced such work, the Lessor will have no obligation to the Lessee to complete such work. All of the Lessor's costs and expenses of such performance will be Additional Rent expeditiously payable by the Lessee upon the Lessor delivering notice of its costs.

## **20.7 Access to Inspect and Perform**

- 20.7.1. The Lessee will provide the Lessor and the Lessor's officials, employees, servants, agents, contractors, and subcontractors convenient access by any means to the Premises at all reasonable times for the purposes of:
- (a) viewing the Premises;
  - (b) conducting any test or investigation that the Lessor considers necessary to determine that the Lessee's covenants are being met;
  - (c) determining the presence of Contaminants on the Premises; or
  - (d) performing any of the Lessee's covenants as provided for in this Lease.
  - (e) This right of access requires reasonable notice to the Lessee, except in the case of an emergency, when no notice is required.
- 20.7.2. Without limiting section 4.4, the Lessor's expenses under this section are Additional Rent.

## **20.8 Right to Let**

- 20.8.1. If the Premises are Vacated or Abandoned, the Lessor will have the right, at the Lessor's option:
- (a) to enter the Premises as the agent of the Lessee either by force or otherwise without being liable for any action or for any loss or damage caused by the entry or the use of force,
  - (b) to let the Premises as the agent and at the risk of the Lessee, and
  - (c) to receive the rent for any letting.

20.8.2. Rent received by the Lessor as agent for the Lessee for any letting may be applied by the Lessor to any expenses incurred by the Lessor in the entry of the Premises and in the letting and to any other monies owing to the Lessor under this Lease in such proportions and in such order of priority as the Lessor may decide.

20.8.3. The Lessor will not be construed as entering the Premises as agent of the Lessee if, prior to the entry, the Lessor has declared the Term ended.

## **20.9 Remedies Cumulative**

20.9.1. All rights and remedies of the Lessor are cumulative and are in addition to and do not exclude any other right or remedy provided in this Lease or otherwise allowed by law. All rights and remedies of the Lessor may be exercised concurrently.

## **20.10 Protection of Sublease/Mortgage**

20.10.1. If the Lessor is entitled to declare the Term ended and cancel the Lease and the following conditions are met:

- (a) one or more Subleases of lands in a Phase are registered in the Registry;
- (b) there are no defaults under the Lease with respect to the lands in the Severed Phases or any defaults that may have existed have been remedied or are in the process of being remedied as required by sections 20.1 to 20.5 inclusive, to the extent that the defaults are capable of being remedied;
- (c) the Homeowners Corporation has been incorporated under the laws of British Columbia and in respect of each Sublease of the Severed Phases, one share of the Homeowners Corporation is issued to the Sublessee of such Sublease;
- (d) the Homeowners Corporation exists and is in good standing with respect to filing annual returns required by its governing corporate legislation; and
- (e) the Severed Phases collectively are capable of being accessed or serviced for utilities and services, including water, gas, telephone, light, power, sewer and garbage disposal, independently from the remainder of the Lands,

the Lessor will not declare the Term ended and will send a notice to the Lessee and send a copy of the notice to any Mortgagee and the Homeowners Corporation stating that the provisions of subsection 20.10.2 apply.

20.10.2. If the Lessor sends a notice under subsection 20.10.1 then

- (a) the Lease will be modified to become two separate amended and restated leases to be granted by the Lessor comprising of:
  - (i) the Severed Phases Lease; and
  - (ii) the Remainder Lands Lease;

- (b) the Lessee will assign the Severed Phases Lease for the unexpired term to the Homeowners Corporation and the Homeowners Corporation will accept such assignment; and
  - (c) the Lessor and the Homeowners Corporation will enter into a Consent to an Assignment of Lease as set out in Appendix "C".
- 20.10.3. On a Severed Phases Assignment, the Lessee will forward the instrument of assignment to the Homeowners Corporation for execution and the Homeowners Corporation will execute the assignment.
- 20.10.4. On a Severed Phases Assignment, each Mortgage that is registered against the Lease at the time of the assignment will remain registered in the Registry in the same priority against the Severed Phases Lease and against the Remainder Lands Lease.
- 20.10.5. Concurrently with and as a condition of a Severed Phases Assignment, for each Incomplete Unit, the Homeowners Corporation will:
- (a) if there is a Mortgage registered against the Severed Phases Lease, grant the Mortgagee (or its nominee) a prepaid sublease of each Incomplete Unit, at no cost;
  - (b) if there is no such Mortgage registered against the Severed Phases Lease grant the Landholder (or her nominee) a prepaid sublease of each Incomplete Unit, at no cost,
- (such subleases to be on substantially the same terms and conditions as the Subleases previously granted for that Phase), and the Homeowners Corporation will consent to the assignment of any such sublease by the Mortgagee, Landholder or nominee, as the case may be, provided any proceeds derived by the Mortgagee from the sublease or assignment thereof will be applied to the amount owing pursuant to the Mortgage including, without limitation, all costs incurred by the Mortgagee in maintaining Units, selling Units and performing covenants of the Lessee or Homeowners Corporation under the Lease or Severed Phases Lease, the Mortgagee's protective disbursements and costs of completing the development on the Lands, and thereafter any balance shall be paid to the Lessor or, with the Lessor's consent, the Landholder.
- 20.10.6. If soil or other substance has been placed in or upon the Remainder Lands by or on behalf of the Lessee and has not been removed, then upon the Severed Phases Assignment, the Homeowners Corporation will forthwith remove it or take such other remediation measures as are required by the Lessor, or both, at the sole expense of the Homeowners Corporation.
- 20.10.7. Notwithstanding the foregoing, the defaults referred to in subsection 20.1.1 as defaults that are in the process of being remedied as required by sections 20.1 to 20.5 inclusive will be construed to the extent they apply to the Severed Phases as defaults under the Severed Phases Lease and if these defaults are not remedied as required by the equivalent of article 20 of this Lease in the Severed Phases Lease then, after expiry of

the notice and cure periods in the Severed Phases Lease equivalent to those in section 20.1 of this Lease, the Lessor may declare the Term ended and cancel the Severed Phases Lease.

## **20.11 Protection to Mortgagee**

- 20.11.1. If there is a Mortgage, and if the Lessor is entitled to declare the Term ended and cancel this Lease then, in respect of the Remainder Lands if the Mortgagee has cured the default in respect of the Remainder Lands pursuant to the Remainder Lands Lease in accordance with subsection 20.1.2 or is curing the default in accordance with subsection 20.1.3, the Lessor will not declare the Term ended or cancel the Remainder Lands Lease.
- 20.11.2. If the Severed Phases Assignment is not executed and registered as contemplated in this Lease, the Severed Phases Lease shall continue and any Mortgagee of the Severed Phases Lease will be given notices of default pursuant to section 20.1.1 and afforded the rights to cure pursuant to subsections 20.1.2 and 20.1.3, in respect of the Severed Phases Lease.

## **20.12 No disturbance of Sublessee**

- 20.12.1. Subject to subsection 20.10.7 it is hereby provided, and notwithstanding anything else to the contrary herein, Sublessees and the Homeowners Corporation may peaceably and quietly possess, hold and enjoy the lands and premises demised to them pursuant to their respective Subleases, and the Common Facilities, during the Term and their Sublease term without interruption or disturbance by the Lessor, or anyone claiming under it, despite any default by the Lessee of its obligations hereunder.

## **20.13 Lessor's Rights**

- 20.13.1. The Lessor's rights and remedies under the Remainder Lands Lease if a default is not cured or being cured pursuant to section 20.11, shall continue in full force and effect.

## **20.14 Lessor authorized to execute Assignment of Lease**

- 20.14.1. If the Lessee refuses, neglects or fails to execute in registrable form, and deliver to the Homeowners Corporation, the Severed Phases Assignment as provided in subsection 20.10.2 within 10 days of the notice under subsection 20.10.1, the Lessor is irrevocably authorized for and on behalf of the Lessee to execute and deliver the Severed Phases Assignment and such other documents as are required (if any) to be executed and delivered by the Lessee to give effect to the provisions of subsection 20.10.2. In addition, the Lessor may cause to be prepared, and filed if applicable, any plans that may be necessary for the purposes of subsection 20.10.1, the costs of which are deemed Additional Rent and payable by the Lessee or the Homeowners Corporation.

## **21. DEFAULTS BY SUBLESSEES**

### **21.1 Immediate Danger**

- 21.1.1. In the event the default by a Sublessee causes a condition on the Premises that, in the reasonable opinion of the Lessor, constitutes an immediate danger to the environment or human life or health, then upon notice from the Lessor, the Lessee shall forthwith remedy the default in accordance with this Lease, and nothing in this section shall affect or limit the Lessee's other obligations pursuant to this Lease.

## **22. SURRENDER OF POSSESSION**

- 22.1.1. Subject to article 17, when the Term expires or otherwise ends, the Lessee will peaceably surrender the Premises to the Lessor maintained, repaired and renewed as provided in this Lease.

## **23. INDEMNITY**

- 23.1.1. The Lessee will indemnify and save harmless the Lessor against and from all claims, demands, actions, suits or other proceedings, judgments, damages, penalties, fines, costs, liabilities, losses, and sums paid in settlement of claims, howsoever arising out of or related to any breach of a Lessee's covenant or for personal injury, death or property damage or loss arising out of or related to any act or omission of the Lessee, its officers, employees or agents or any Person for whom the Lessee is responsible. This article will survive the expiration or earlier termination of this Lease.

## **24. NO WARRANTIES**

- 24.1.1. The Lessee acknowledges and agrees that:
- (a) the Lands are being leased to the Lessee by the Lessor on an "as is – where is" basis and the Lessor makes no representations or warranties with respect to the condition of the Lands and in particular makes no representations with respect to compliance of the Lands with any Laws or the presence of Contaminants on, in or under the Lands;
  - (b) it has inspected the Lands and has conducted all independent investigations of the Lands, including, without limitation, any investigations relating to the compliance of the Lands with any Laws and the presence of Contaminants on, in or under the Lands, which it has deemed prudent prior to taking possession of the Lands; and
  - (c) it has not relied on any representations or warranties by the Lessor, the Band, or any member of the Band with respect to the condition of the Lands, including, without limitation, the compliance of the Lands with any Laws and the presence of Contaminants on, in or under the Lands.

## **25. DELIVERY**

### **25.1 General Requirement**

- 25.1.1. All Rent to be paid and notices or demands to be given or made under this Lease must be in writing (in the case of notices) and delivered in accordance with this article to the following addresses:

To the Lessor:

Director, Lands and Economic Development  
Indian and Northern Affairs Canada  
600 - 1138 Melville Street  
Vancouver, BC V6E 4S3  
Fax: (604) 666- 3097

To the Lessee at:

Suite 202, 45793 Luckakuck Way  
Chilliwack, BC V2R 5S3  
Fax: (604) 847-0770

The Homeowners Corporation at:

Suite 202, 45793 Luckakuck Way  
Chilliwack, BC V2R 5S3  
Fax: (604) 847-0770

with a copy to:

To the Landholder at:

Jane Stelkia  
P.O. Box 765  
Oliver, BC V0H 1T0

with a copy to:

Porrelli Law  
221 – 3011 Louie Drive  
Westbank, BC V4T 2E3  
Fax: (250) 768-5854

Attention: Barry M. Porrelli

### **25.2 Delivery**

- 25.2.1. If any question arises as to the date on which payment, notice or demand was made, it will be deemed to have been delivered on the earlier of:



- (a) the day it was received;
- (b) if sent by fax, the day of transmission; or
- (c) if sent by mail, on the sixth day after the notice was mailed.

### **25.3 Change of Address**

25.3.1. Any Party may change the address shown in this agreement (or the Mortgagee may change its address previously supplied to the Lessor) by informing the respective Party of the new address, and such change will take effect 15 days after the notice is received.

### **25.4 Landholder as Party**

25.4.1. The Landholder is a Party to this Lease for the purpose of giving effect to subsections 6.6.1 and 6.6.2.

25.4.2. The Landholder agrees that the Lessor is under no obligation to enforce subsection 6.6.1, and, if applicable, the enforcement of such subsection is solely at the Landholder's own expense and initiative.

## **26. DISPUTE RESOLUTION**

26.1.1. Where this Lease provides that a question may or will be referred to the Federal Court for determination then the decision of the Federal Court is considered final and binding upon the Parties.

26.1.2. If upon a reference to it, the Federal Court refuses jurisdiction or otherwise fails to determine the question then the question may be referred by either Party to any other court of competent jurisdiction and the Parties may exercise any other right or remedy they may have under this Lease or otherwise.

## **27. MISCELLANEOUS**

### **27.1 Binding on Successors**

27.1.1. This Lease will be for the benefit of and be binding upon the heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each of the Parties. Every reference in this Lease to any Party includes the heirs, executors, administrators, successors, assigns and other legal representatives of the Party.

### **27.2 No Waiver**

27.2.1. No condoning, excusing or overlooking by the Lessor of any default by the Lessee at any time or times in performing or observing any of the Lessee's covenants will operate as a waiver of or otherwise affect the rights of the Lessor in respect of any continuing or subsequent default and no waiver of these rights will be inferred from anything done or omitted by the Lessor except by an express waiver in writing.

### **27.3 No Shares to Parliament**

- 27.3.1. Pursuant to section 38 of the *Parliament of Canada Act*, R.S.C. 1985, c. P-1, no member of the House of Commons will be admitted to any share or part of this Lease or to any benefit to arise from this Lease.

### **27.4 Not a Joint Venture**

- 27.4.1. The Parties acknowledge and agree that nothing in this Lease will be construed as making the Lessor an agent, partner, joint venturer or other such associate with the Lessee or as creating any relationship between the Parties other than the relationship of lessor and lessee.

### **27.5 Corporate Authority**

- 27.5.1. The managing general partner of the Lessee:
- (a) warrants and represents to the Lessor that:
    - (i) the Lessee is a limited partnership formed under the laws of British Columbia and has the corporate authority pursuant to its documents of formation to enter into this Lease and to perform all of the covenants and agreements contained herein;
    - (ii) the managing general partner of the Lessee is a company duly incorporated under the laws of the Province of British Columbia, is not a reporting company and is a valid and subsisting company in good standing with respect to the filing of annual reports with the provincial corporate registry; and
    - (iii) without limiting article 8, the Lessee and its general partner will remain in good standing with respect to the filing of annual reports with the provincial corporate registry.

**27.6 Counterparts and Facsimile**

27.6.1. This Lease may be executed in any number of counterparts and by the Parties to it on separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. A signature delivered by facsimile shall be deemed to be an original for the purposes of this Lease. Each Party will promptly deliver its originally executed Lease to the other Party.

**IN WITNESS WHEREOF** the Parties have executed this Lease as of the date of execution by the Lessor.

) **HER MAJESTY THE QUEEN** in Right of  
) Canada as represented by the Minister of Indian  
) Affairs and Northern Development  
)  
)  
) \_\_\_\_\_  
) A/Manager, Lands and Economic Development  
) BC Region  
)  
)  
) Date of execution by the Lessor

D	M	Y
		10

*(Signature page to a Commercial Ground Lease, dated for reference October 8, 2010)*

\_\_\_\_\_  
As to the authorized signatory of the Lessee\*

) **STELKIA LIMITED PARTNERSHIP** by its  
) Managing General Partner **STELKIA HOMES LTD.:**  
)  
)

) Per: \_\_\_\_\_  
) Authorized Signatory  
)

) Date of execution by the Lessee 

D	M	Y
		10

  
)

) I have the authority to bind the Lessee  
)

\_\_\_\_\_  
As to the authorized signatory of the Homeowners Corporation\*

) **STELKIA HOMEOWNERS CORPORATION**  
)  
)

) Per: \_\_\_\_\_  
) Authorized Signatory  
)

) Date of execution by the Homeowners Corporation 

D	M	Y
		10

  
)

) I have the authority to bind the Homeowners Corporation  
)

\*NOTE – Proof of Execution by Corporation to be completed and attached to Lease

*(Signature page to a Commercial Ground Lease, dated for reference October 8, 2010)*

**EXECUTED** in the presence of:

) **LANDHOLDER**

)

)

\_\_\_\_\_  
As to the Landholder's signature\*

) \_\_\_\_\_  
) **JANE STELKIA**

)  
) \*NOTE – Affidavit of Witness to be completed and  
) attached to Lease

) Date of execution by the  
) Landholder

D	M	Y
		10

*(Signature page to a Commercial Ground Lease, dated for reference October 8, 2010)*

## SCHEDULE "A"

### DEFINITIONS

**"Additional Rent"** means the amount of damage, loss, expense or payment, including interest, referred to in section 4.4 of this Lease, or as otherwise deemed under this Lease.

**"Alterations"** means all substantial alterations, restorations, renovations, relocations, reductions, additions, expansions, reconstructions, removals, replacements, modifications and improvements, or any one or more of them, to the Premises.

**"Architect"** means a person who is registered or licensed as a professional architect under the *Architects Act*, R.S.B.C. 1996, c. 17, as amended or replaced from time to time.

**"Authority"** means any one, or any combination of, federal, provincial, territorial, municipal, local, Council and other governmental and quasi-governmental authorities, departments, commissions, and boards having jurisdiction, including and any utility company lawfully acting under its statutory power.

**"Band"** means the Osoyoos Indian Band or any successor.

**"CEAA"** means the *Canadian Environmental Assessment Act*, R.S.C. 1992, c. 37, and any regulations made pursuant to it, all as amended or replaced from time to time.

**"CEPA"** means the *Canadian Environmental Protection Act*, R.S.C. 1985, c. C-15.3, and any regulations made pursuant to it, all as amended or replaced from time to time.

**"Commencement Date"** means **December 1, 2010**.

**"Common Facilities"** means roads, services, utilities, energy systems, heating systems, water and waste water systems, parking areas, parks, recreational facilities, buildings and amenities, boat launch and such other facilities and areas within the Lands constructed in accordance with an approved Development Plan, and designated by the Lessee for the common use and benefit of all Occupants of the Premises, or for certain groups of Occupants.

**"Contaminant"** includes:

- (a) a substance regulated under any federal, provincial, or Band bylaw that, in whole or in part, regulate waste, pollution, or contaminants, protect the Environment, or relate to the health or safety of humans; and
- (b) any biological organism (including fungi, mould, and spores) or other irritant in sufficient concentration to negatively affect human health.

**"Council"** means the Band's "council of the band", within the meaning of the *Indian Act*, or any successor.

**“Development”** means all Improvements constructed on the Lands in accordance with the Development Plan.

**“Development Plan”** means the complete and detailed conceptual plans, as-built plans (as available), design briefs, construction specifications and cost estimates prepared by an Architect or Engineer, unless and to the extent the Lessor otherwise agrees in writing, and includes, without limitation, all site plans drawn to scale showing the following required features with appropriate dimensions:

- (a) boundary lines with dimensions and acreage;
- (b) natural and artificial features of subject property and adjacent property, including Improvements;
- (c) set back distance of all proposed Improvements from the High Water Mark, if applicable;
- (d) North arrow;
- (e) title block, including drawing scale, date, developer’s name and address and reference numbers;
- (f) location, dimension, size and construction specifications of roads;
- (g) location, dimension, size and construction specifications of buildings (including number of units, storeys, floor area, number of rooms) as well as dimensions of front, side and back yards;
- (h) location, dimension, size and construction specifications of on-site sanitary sewer connections;
- (i) location, dimension, size and construction specifications of existing and/or proposed water mains;
- (j) subdivision plan of each Phase; and
- (k) a plan of survey of the entire Development which reflects all Phases.

**“Engineer”** means a person who is registered or licensed as a professional engineer under the *Engineers and Geoscientists Act*, R.S.B.C. 1996, c. 116, as amended or replaced from time to time.

**“Environment”** has the meaning given to it in the *Canadian Environmental Protection Act*, 1999, S.C. 1999, c.33.

**“Environmental Benchmarks”** means:

- (a) the level set out in the *Canadian Environmental Quality Guidelines* (or any replacement guidelines) established by the Canadian Council of Ministers of the

Environment, or any successor or replacement body or federal standard, for the more stringent of residential or agricultural uses;

- (b) the level set out in the *Contaminated Sites Regulation*, B.C. Reg. 375/96 for the more stringent of residential or agricultural uses;
- (c) the level set out in any Laws of the Band for the more stringent of residential or agricultural uses; or
- (d) if no level is set out in any of them, a level that is consistent with the ambient level of the Contaminant in the nearby area.

**“Family Cemetery”** means the historic grave site within the Lands, the approximate location of which is shown on Schedule “C”;

**“Federal Court”** means the court established by the *Federal Court Act*.

**“Federal Court Act”** means the *Federal Court Act*, R.S.C. 1985, c. F-7, and any regulations made pursuant to it, all as amended or replaced from time to time.

**“Follow-up Program”** has the same meaning as in the CEAA.

**“Guarantees”** means the guarantees in the form attached as Schedule “D”.

**“Guarantors”** means MVM Equities Ltd. and CVM Equities Ltd.

**“Homeowners Corporation”** means Stelkia Homeowners Corporation, a British Columbia company incorporated under the laws of British Columbia under number BC0894295.

**“Home Inspector”** means a person who is registered with and accredited by the British Columbia Branch of the Canadian Association of Home and Property Inspectors (CAHPI) and the National Certification Authority (NCA).

**“HST”** or **“Harmonized Sales Tax”** means any sales, use, consumption, business, goods, services, value-added, or other similar tax applicable to the payment of Rent.

**“Improvements”** means improvements, as determined according to the common law, but, for greater certainty, include:

- (a) any buildings, structures, works, facilities, services, landscaping, and other improvements (including any equipment, machinery, apparatus, and other such fixtures forming part of or attached to them);
- (b) any Alterations,

made by any Person that are, from time to time, situate on, under, or above the Lands, but exclude Personal Goods.



“**Incomplete Unit**” means each Unit which is to be constructed further to the Lease but for which no Sublease has been issued.

“**Indian Act**” means the *Indian Act*, R.S.C. 1985, c. I-5, and any regulations made pursuant to it, all as amended or replaced from time to time.

“**Landholder**” means at the time of execution of the Lease, Jane Stelkia (identified in the Parcel Abstract as Elizabeth Jane Stelkia), of Box 765, Oliver, British Columbia, V0H 1T0, and is otherwise the member of the Osoyoos Indian Band who is in lawful possession of the Lands as evidenced by a certificate of possession issued pursuant to subsection 20(2) of the *Indian Act*.

“**Lands**” means those lands situate, lying and being in the Reserve in the Province of British Columbia and more particularly known and described as:

Lot 39-1-1, in Osoyoos Indian Reserve IR-#1, Province of British Columbia, as shown on Plan of Survey RSBC 2012 deposited in the Canada Lands Survey Records at Ottawa, Ontario,

a copy of which plan is attached as Schedule “B”,

excepting all Minerals and subject to the following encumbrance:

A permit between Her Majesty the Queen in right of Canada and British Columbia Telephone Company, granted under the authority of section 28(2) of the *Indian Act*, and registered in the Registry under number 63140.

“**Laws**” includes:

- (a) legislation, rules, codes, guidelines, and standards; and
- (b) specifications, mitigative measures, and environmental protection measures set out or referred to in any environmental assessment, or any written decision by the Lessor, about a “project”, as that term is used in the *Canadian Environmental Assessment Act*, S.C. 1992, c. 37, on the Premises.

“**Lease**” means this lease agreement, including any schedules attached to it, which form part of and are integral to the agreement, but not including any appendices to it, which are for information purposes only and do not form part of the agreement.

“**Minerals**” means ore of metal and every natural substance that can be mined and that:

- (a) occurs in fragments or particles lying on or above or adjacent to the bedrock source from which it is derived, and commonly described as talus; or
- (b) is in the place or position in which it was originally formed or deposited, as distinguished from loose, fragmentary or broken rock or float which by decomposition or erosion of rock, is found in wash, loose earth, gravel or sand,

- (c) and includes coal, petroleum and all other hydrocarbons, regardless of gravity and howsoever and wheresoever recovered, natural gas, building and construction stone, limestone, dolomite, marble, shale, clay, sand and gravel.

**“Mortgage”** means any mortgage charging the leasehold interest of the Lessee in the Premises (including, without limitation, any debenture, deed of trust, bond, assignment of rents or any other means) made to a mortgagee as security.

**“Mortgage Insurer”** means Canada Mortgage and Housing Corporation, or any other entity providing mortgage insurance similar to that provided to Canada Mortgage and Housing Corporation.

**“Mortgagee”** means a mortgagee under a Mortgage to which the Lessor has consented in writing.

**“Occupier”** or **“Occupant”** means a person legally permitted to enter upon the Premises, including Common Facilities and premises subleased pursuant to Subleases, whether such person is a Sublessee, family member of a Sublessee, or invitee of a Sublessee.

**“Partial Discharge and Sublease Acknowledgment”** means a written confirmation from a Mortgagee in favour of a Sublessee wherein the Mortgagee confirms to the Sublessee that the Sublessee’s Sublease will be recognized by the Mortgagee provided the Sublessee observes and performs its obligations under the Sublease, and, in respect of the Sublease, that the Mortgage is partially discharged in the Registry with respect only to the premises demised by the Sublessee’s Sublease. For greater certainty, any such partial discharge with respect to any Sublease shall relate only to the interest of the Sublessee in such Sublease and not to the interest of the Lessee in such Sublease, including without limitation any interest which may thereafter be acquired by the Lessee by virtue of any termination, cancellation or surrender of any such Sublease.

**“Party”** means a party to this Lease.

**“Person”** includes any individual, partnership, firm, company, corporation, incorporated or unincorporated association or society, co-tenancy, joint venture, syndicate, fiduciary, estate, trust, bank, government, governmental or quasi-governmental agency, board, commission or authority, organization or any other form of entity howsoever designated or constituted, or any group, combination or aggregation of any of them.

**“Personal Goods”** means goods and chattels of the Lessee, Sublessee or other Occupier of any part of the Premises, that are not fixtures as determined at common law and, for greater certainty, includes the personal chattels installed during the Term by or on behalf of the Lessee or any Sublessee in, on, or which serve the Premises for the sole purpose of the Lessee or Sublessee carrying-on its trade, if applicable, in the Premises under article 3, but do not include Improvements or any inventory of the Lessee or any Sublessee.

**“Phase”** means any particular phase of construction on the Lands as is described in an approved Development Plan.

“**Premises**” means the Lands and the Improvements and every reference in this Lease to the Premises includes a reference to any part of the Premises.

“**Prepaid Rent**” means the rent to be paid by the Lessee pursuant to section 4.2 of the Lease.

“**Project**” has the same meaning as the term “project” used in the *Canadian Environmental Assessment Act*, S.C. 1992, c. 37.

“**Registry**” means the Indian Lands Registry, established pursuant to the *Indian Act*, or any successor or replacement registry with registration jurisdiction over the Lands.

“**Release**” includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.

“**Remainder Lands**” means the Severed Phases which are collectively capable of being accessed or serviced for utilities and services, including water, gas, telephone, light, power, sewer and garbage disposal, independently from the remainder of the Lands.

“**Remainder Lands Lease**” means one lease of the Remainder Lands.

“**Rent**” means the Prepaid Rent and Additional Rent.

“**Reserve**” means the Osoyoos Indian Reserve No. 1, which has been set apart for the use and benefit of the Band.

“**Responsible Person**” includes the Lessee’s directors, officers, servants, employees, agents, contractors and subcontractors, invitees, or any Person over whom the Lessee may reasonably be expected to exercise control or is in law responsible.

“**Severed Phase**” and “**Severed Phases**” means a Phase for which a Sublease is registered in the Registry.

“**Severed Phases Assignment**” means an assignment whereby the Lessee assigns the Severed Phases Lease for the unexpired term to the Homeowners Corporation.

“**Severed Phases Lease**” means one lease of the lands in the Severed Phases.

“**Single Family Dwelling**” means a detached or semi-detached building the whole of which or individual parts of which, are intended for occupation by one or more individuals as a place of residence or lodging.

“**Spill**” includes discharge, dispose, spray, inject, inoculate, abandon, deposit, spill, leak, leach, seep, pour, emit, empty, throw, dump, place, and exhaust.

“**Sublease**” means a sublease of all or part of the Premises, to which the Lessor has consented in writing.

“**Sublease Mortgagee**” means a mortgagee under a mortgage of a Sublease to which the Lessor has consented in writing.

“**Sublessee**” means the lessee in any Sublease.

“**Substantially Completed**” or “**Substantial Completion**” in respect of:

- (a) a Unit, means that the Unit, or a substantial part of it, is ready for use or is being used for the purposes intended;
- (b) an Improvement means that the Improvement or a substantial part of it, is ready for use or is being used for the purpose intended;
- (c) a Phase, means that all Units and Improvements for Common Facilities shown in the Development Plan for that Phase, or a substantial part of it, is ready for use or is being used for the purposes intended;
- (d) the Development means that all Phases of the Development are Substantially Completed; and
- (e) any work left to be done is capable of being done at a cost of not more than 3% of the first \$500,000, 2% of the next \$500,000, and 1% of the balance of the value of the particular Improvement at the time this cost is calculated

and Substantial Completion may occur notwithstanding the need to complete minor adjustments, repair minor deficiencies, complete work which by its nature is seasonal and complete landscaping.

“**Taxes**” includes taxes, trade licences, rates, levies, duties, and assessments of any kind.

“**Term**” means the period of ninety-nine (99) years commencing on the Commencement Date.

“**Trustee**” means, for the purposes of the insurance provisions of this Lease, the Receiver General for Canada (in which case, delivery for whom can be made at the address of the Lessor) or a trust company appointed by the Lessor.

“**Unavoidable Delay**” means any delay, stoppage or interruption resulting from any of the following:

- (a) strike, lock-out or other labour dispute;
- (b) material or labour shortage not within the control of the Lessee;
- (c) stop-work order issued by any court, tribunal of competent jurisdiction or governmental authority (provided that such order was not issued as the result of any act or fault of the Lessee);
- (d) fire or explosion or other casualty;
- (e) flood;
- (f) wind;

- (g) earthquake;
- (h) act of God;
- (i) laws, ordinances, rules, regulations or orders of governmental authorities; or
- (j) other similar circumstances beyond the reasonable control of the Lessee and not avoidable by the exercise of reasonable effort or foresight by the Lessee,

but does not include the inability of the Lessee to meet its financial obligations under this Lease or otherwise.

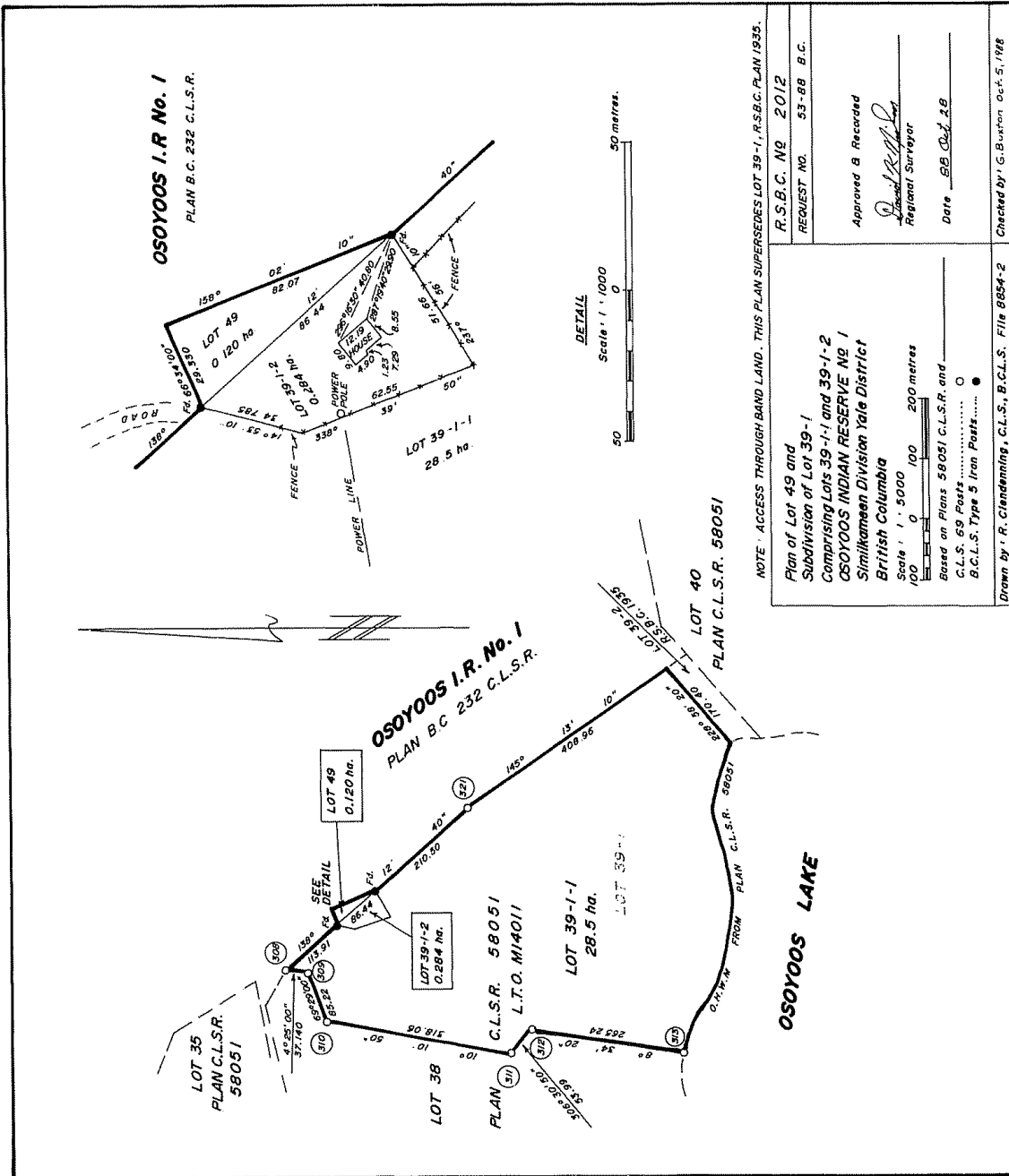
“**Units**” means any one of the following:

- (a) Single Family Dwelling;
- (b) a site described in paragraph 3.1.1(b);
- (c) a building or structure described in paragraph 3.1.1 ( c ) ; or
- (d) a building described in paragraph 3.1.1(e)

“**Vacate or Abandon**” or “**Vacated or Abandoned**” means that the Lessee has suspended or terminated its development and construction activities within a Phase, or in the commencement of the next Phase to be developed on the Premises, for a continuous period in excess of twelve (12) months, unless such suspension or termination is caused by Unavoidable Delay, or economic or market conditions beyond the Lessee’s control provided, for greater certainty, on Substantial Completion of the Development there shall be no further obligation of the Lessee to carry on development and construction activities on the Lands.

SCHEDULE "B"

PLAN NO. RSBC 2012

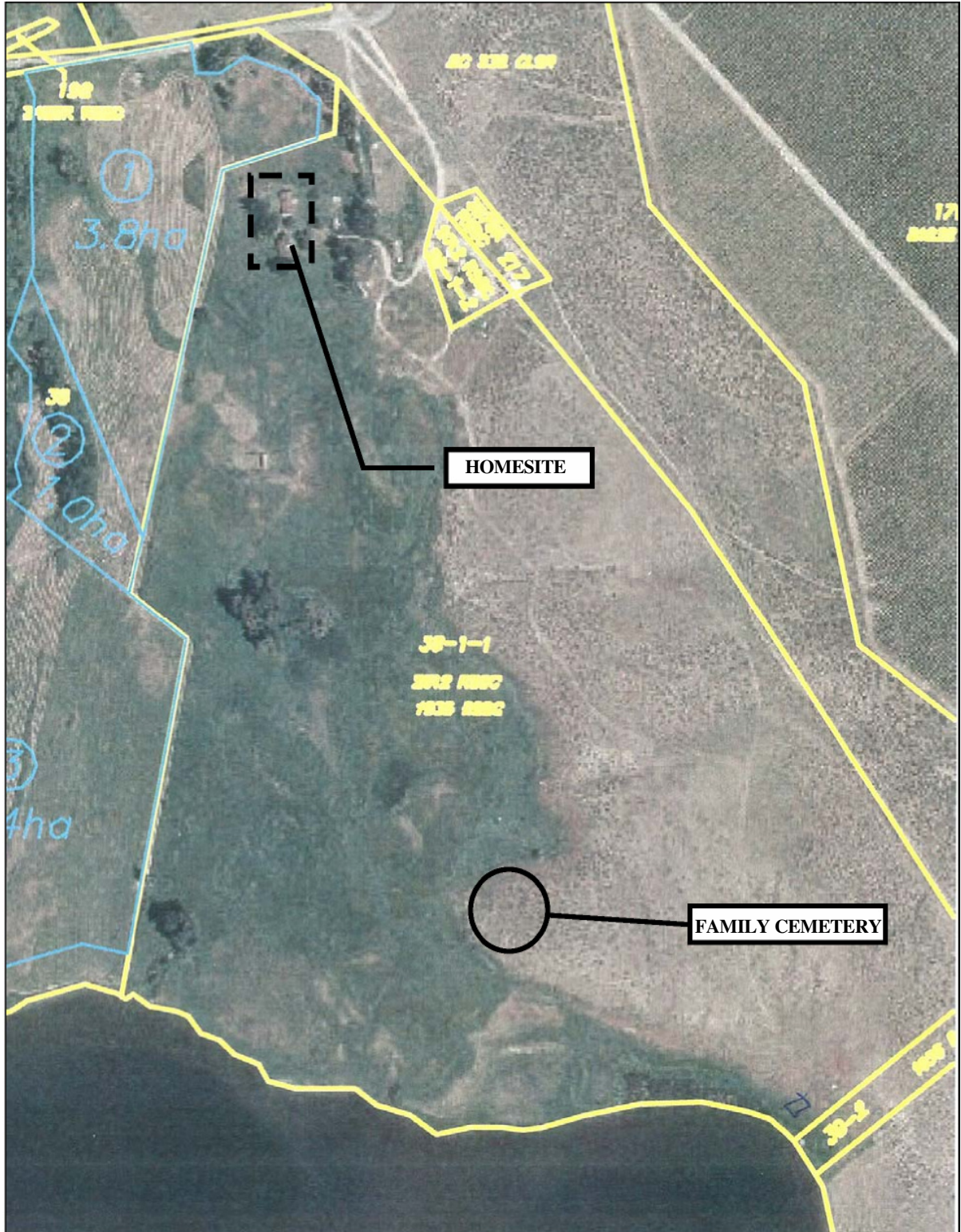


## **SCHEDULE "C"**

### **IMPROVEMENTS EXISTING AT THE COMMENCEMENT DATE**

1. The historic home, dating from the 1930's, located on the Lands; and
2. another home dating from the 1970's, located on the Lands,

together with a portion of the Lands surrounding such homes equal to a maximum of one acre, the approximate location of which are within the broken line rectangle shown on page 2 to this Schedule "C".





**SCHEDULE “D”**

**GUARANTEES**

**GUARANTEE  
(MVM EQUITIES LTD.)**

**TO: JANE STELKIA**

- A. Jane Stelkia (“**Stelkia**”) is a limited partner in the Stelkia Limited Partnership (the “**Limited Partnership**”);
- B. The Limited Partnership is governed by a limited partnership agreement (the “**LP Agreement**”) dated for reference November 17, 2010 between Stelkia Homes Ltd., Stelkia Holdings Ltd., Yacheen Holdings Inc. and Stelkia;
- C. Section 8.1 of the LP Agreement provides for a payment to Stelkia by the Limited Partnership (the “**Stelkia Preferred Return**”); and
- D. MVM Equities Ltd. (the “**undersigned**” or the “**Guarantor**”) has agreed, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged) to guarantee the payment of the Stelkia Preferred Return by the Limited Partnership.

**WITNESSETH THAT:**

THE UNDERSIGNED hereby guarantees payment by the Limited Partnership to Stelkia of the Stelkia Preferred Return, at the times and in the manner provided for in the LP Agreement.

IT IS AGREED that no change in the name, objects, capital or constitution of the Limited Partnership, shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and Stelkia shall not be concerned to see or inquire into the powers of the Limited Partnership or any of its general partners or other agents, acting or purporting to act on its behalf.

IT IS FURTHER AGREED that Stelkia, without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise deal with, the Limited Partnership and all other persons (including the undersigned and any other guarantor) and securities, as Stelkia may see fit, and that all dividends, compositions and moneys received by Stelkia from the Limited Partnership or from any other persons or estates capable of being applied by Stelkia in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and Stelkia shall be entitled to prove against the estate of the Limited Partnership upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be

subrogated to Stelkia in respect of any such proof until Stelkia shall have received from such estate payment in full of its claim with interest.

STELKIA MAY AMEND or modify any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith, and otherwise may deal with the Limited Partnership, without notice to or consent of the undersigned, and without affecting, diminishing, or otherwise impairing the liability of the undersigned hereunder.

NO WAIVER, modification, extension, forbearance or delay on the part of Stelkia with respect to any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith, or any other guarantee, and no act or thing which might, but for the provisions of this Guarantee, be deemed a legal or equitable discharge of a surety, shall operate to release the obligations of the undersigned under this Guarantee, and no delay on the part of Stelkia in exercising any of its options, powers or rights hereunder, or a partial or single exercise thereof, shall constitute a waiver of any other rights hereunder.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall cover and secure any ultimate balance of the Stelkia Preferred Return owing to Stelkia, but Stelkia shall not be obliged to exhaust its recourse against the Limited Partnership or other persons or the securities it may hold before being entitled to payment from the undersigned of all and every of the debts and liabilities hereby guaranteed.

THIS GUARANTEE shall be construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceedings this Guarantee shall be deemed to have been made in the said Province and to be performed there, and the Courts of that Province shall have jurisdiction over all disputes which may arise under this Guarantee, provided always that nothing herein contained shall prevent Stelkia from proceeding at its election against the undersigned in the Courts of any other jurisdiction.

NO INVALIDITY, IRREGULARITY OR UNENFORCEABILITY (by reason of any bankruptcy or similar law, any other law or any order of any government or agency thereof purporting to reduce, amend, or otherwise affect any security therefor) and no release or discharge of the Limited Partnership in any receivership, bankruptcy, winding-up, or other creditor proceedings shall affect, diminish, or otherwise impair or otherwise be a defense to this Guarantee.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantee or guarantees held or which may hereafter be held by Stelkia.

NO ACTION OR PROCEEDING brought or instituted under this Guarantee and no recovery in pursuance thereof shall be a bar or defense to any further action or proceeding which may be brought under this Guarantee by reason of any further default or defaults hereunder or in the

performance and observance of the terms, covenants, conditions and provisions in any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith. The undersigned shall indemnify Stelkia, on demand, for all legal costs (including disbursements and taxes) on a solicitor and client basis, incurred by Stelkia to enforce this Guarantee.

THIS GUARANTEE shall survive foreclosure of or exercise of any other remedy contained in any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith, it being agreed that this Guarantee shall terminate only as provided herein.

THIS GUARANTEE shall enure to the benefit of Stelkia and her heirs, executors, administrators and other legal representatives and shall be binding upon the Guarantor and its successors and assigns.

THE UNDERSIGNED HEREBY waives presentment, protest, notice, demand or action on delinquency in respect of any debt, liability or obligation of the Limited Partnership hereby guaranteed. The undersigned hereby further waives acceptance of this Guarantee.

THE UNDERSIGNED agrees that no action or failure to act by Stelkia with respect to any other guarantor shall in any manner affect, diminish or impair the liability of the undersigned hereunder.

Dated as of the \_\_\_\_\_ day of November, 2010.

**MVM EQUITIES LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**GUARANTEE  
(CVM EQUITIES LTD.)**

**TO: JANE STELKIA**

- E. Jane Stelkia (“**Stelkia**”) is a limited partner in the Stelkia Limited Partnership (the “**Limited Partnership**”);
- F. The Limited Partnership is governed by a limited partnership agreement (the “**LP Agreement**”) dated for reference November 17, 2010 between Stelkia Homes Ltd., Stelkia Holdings Ltd., Yacheen Holdings Inc. and Stelkia;
- G. Section 8.1 of the LP Agreement provides for a payment to Stelkia by the Limited Partnership (the “**Stelkia Preferred Return**”);
- H. CVM Equities Ltd. (the “**undersigned**” or the “**Guarantor**”) has agreed, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged) to guarantee the payment of the Stelkia Preferred Return by the Limited Partnership.

**WITNESSETH THAT:**

THE UNDERSIGNED hereby guarantees payment by the Limited Partnership to Stelkia of the Stelkia Preferred Return, at the times and in the manner provided for in the LP Agreement.

IT IS AGREED that no change in the name, objects, capital or constitution of the Limited Partnership, shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and Stelkia shall not be concerned to see or inquire into the powers of the Limited Partnership or any of its general partners or other agents, acting or purporting to act on its behalf.

IT IS FURTHER AGREED that Stelkia, without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise deal with, the Limited Partnership and all other persons (including the undersigned and any other guarantor) and securities, as Stelkia may see fit, and that all dividends, compositions and moneys received by Stelkia from the Limited Partnership or from any other persons or estates capable of being applied by Stelkia in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and Stelkia shall be entitled to prove against the estate of the Limited Partnership upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to Stelkia in respect of any such proof until Stelkia shall have received from such estate payment in full of its claim with interest.

STELKIA MAY AMEND or modify any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith, and otherwise may deal with the Limited Partnership, without notice to or consent of

the undersigned, and without affecting, diminishing, or otherwise impairing the liability of the undersigned hereunder.

NO WAIVER, modification, extension, forbearance or delay on the part of Stelkia with respect to any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith, or any other guarantee, and no act or thing which might, but for the provisions of this Guarantee, be deemed a legal or equitable discharge of a surety, shall operate to release the obligations of the undersigned under this Guarantee, and no delay on the part of Stelkia in exercising any of its options, powers or rights hereunder, or a partial or single exercise thereof, shall constitute a waiver of any other rights hereunder.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall cover and secure any ultimate balance of the Stelkia Preferred Return owing to Stelkia, but Stelkia shall not be obliged to exhaust its recourse against the Limited Partnership or other persons or the securities it may hold before being entitled to payment from the undersigned of all and every of the debts and liabilities hereby guaranteed.

THIS GUARANTEE shall be construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceedings this Guarantee shall be deemed to have been made in the said Province and to be performed there, and the Courts of that Province shall have jurisdiction over all disputes which may arise under this Guarantee, provided always that nothing herein contained shall prevent Stelkia from proceeding at its election against the undersigned in the Courts of any other jurisdiction.

NO INVALIDITY, IRREGULARITY OR UNENFORCEABILITY (by reason of any bankruptcy or similar law, any other law or any order of any government or agency thereof purporting to reduce, amend, or otherwise affect any security therefor) and no release or discharge of the Limited Partnership in any receivership, bankruptcy, winding-up, or other creditor proceedings shall affect, diminish, or otherwise impair or otherwise be a defense to this Guarantee.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantee or guarantees held or which may hereafter be held by Stelkia.

NO ACTION OR PROCEEDING brought or instituted under this Guarantee and no recovery in pursuance thereof shall be a bar or defense to any further action or proceeding which may be brought under this Guarantee by reason of any further default or defaults hereunder or in the performance and observance of the terms, covenants, conditions and provisions in any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith. The undersigned shall indemnify Stelkia, on demand, for all legal costs (including disbursements and taxes) on a solicitor and client basis, incurred by Stelkia to enforce this Guarantee.

THIS GUARANTEE shall survive foreclosure of or exercise of any other remedy contained in any instrument evidencing or securing the debts and liabilities of the Limited Partnership guaranteed hereunder, or otherwise executed in connection therewith, it being agreed that this Guarantee shall terminate only as provided herein.

THIS GUARANTEE shall enure to the benefit of Stelkia and her heirs, executors, administrators and other legal representatives and shall be binding upon the Guarantor and its successors and assigns.

THE UNDERSIGNED HEREBY waives presentment, protest, notice, demand or action on delinquency in respect of any debt, liability or obligation of the Limited Partnership hereby guaranteed. The undersigned hereby further waives acceptance of this Guarantee.

THE UNDERSIGNED agrees that no action or failure to act by Stelkia with respect to any other guarantor shall in any manner affect, diminish or impair the liability of the undersigned hereunder.

Dated as of the \_\_\_\_\_ day of November, 2010.

**CVM EQUITIES LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**SCHEDULE "E"**

**NOTICE TO LESSOR**

**TO: Her Majesty the Queen in Right of Canada**, as represented  
by the Minister of Indian Affairs and Northern Development

Reference is made to the Commercial Ground Lease (the "**Lease**") between the Lessor, Stelkia Homes Ltd. (Incorporation No BC0892292), as managing general partner of Stelkia Limited Partnership (Registration No. ●) (the "**Lessee**"), Stelkia Homeowners Corporation and Jane Stelkia (the "**Landholder**") dated for reference October 8, 2010 in connection with certain lands situate, lying and being in the Osoyoos Indian Reserve No. 1 in the Province of British Columbia and more particularly known and described as:

Lot 39-1-1, in Osoyoos Indian Reserve IR-#1, Province of British Columbia, as shown on Plan of Survey RSBC 2012 deposited in the Canada Lands Survey Records at Ottawa, Ontario

TAKE NOTICE THAT pursuant to subsection 6.6.1 of the Lease, the Landholder and the Lessee hereby give notice to the Lessor that the terms of the Landholder and Lessee's agreement, dated September 22, 2009, have been satisfied.

This notice shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, other legal representatives, successors and assigns, as applicable.

IN WITNESS WHEREOF the Parties have executed this Notice as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**EXECUTED** in the presence of: )  
)  
)  
)  
)  
)  
)  
\_\_\_\_\_  
As to the authorized signatory of the Lessee )

**LESSEE:**  
**STELKIA LIMITED PARTNERSHIP,**  
by its managing general partner  
**STELKIA HOMES LTD.**

\_\_\_\_\_  
\_\_\_\_\_

I have authority to bind the Lessee

**EXECUTED** in the presence of: )  
)  
)  
)  
)  
\_\_\_\_\_  
As to the Landholder's signature )

**LANDHOLDER:**  
\_\_\_\_\_  
**JANE STELKIA**

## APPENDIX "A"

### INDIAN AND NORTHERN AFFAIRS CANADA LANDHOLDER CONSENT

I, Elizabeth Jane Stelkia, member of the Osoyoos Indian Band **ACKNOWLEDGE AND DECLARE** (and understand that the Her Majesty in right of Canada ("Canada") is specifically relying on this acknowledgment and declaration) the following:

- A. I am in lawful possession of the Lands, as defined in the lease to be entered into between Canada and Stelkia Limited Partnership (the "Lessee"), dated for reference October 8, 2010, a copy of which was provided to me by my solicitor (the "Lease");
- B. I applied for the Lease to be granted for a term of 99 years at a nominal rent of \$100.00;
- C. I read and understood all the terms and conditions of the Lease;
- D. I was advised by Indian and Northern Affairs Canada to respectively seek independent legal and independent financial advice before signing this document.
- E. I declare that I have obtained independent legal advice from my own solicitor, Barry Porrelli of Westbank, British Columbia prior to signing this consent as certified by a Certificate of Independent Legal Advice to be provided;
- F. I have obtained independent financial advice from Grant Thornton of Kelowna, British Columbia prior to signing this Consent as certified by a Certificate of Independent Financial Advice to be provided to Canada;
- G. I have not relied on the legal or financial advice of anyone except my own legal and financial advisors; and
- H. Under the Lease, the Lessee will pay Canada the nominal sum of \$100.00 for the entire 99 year term of the Lease, which money Canada will deposit to my account. An estimated market rent for the Lease according to an appraisal dated December 2, 2009 would be \$4,615,000. Despite these differences, I want Canada to lease the Lands to the Lessee on the terms of the Lease because I am a limited partner of the Lessee, and as such I will receive financial benefits from the development of the Lands which I expect will amount to at least \$ 4,615,000.

**I REQUEST** that Canada enter into the Lease with the Lessee.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2010.


\_\_\_\_\_  
Witness

\_\_\_\_\_  
Landholder



## APPENDIX "B"

### OSOYOOS FIRST NATION BAND COUNCIL RESOLUTION


**Osoyoos Indian Band**  
 McKinney Rd. & 71 AVE RR3 SITE25 COMP1  
 OLIVER, BRITISH COLUMBIA  
 PHONE: 250-498-3444 FAX 250-498-6577  
**BAND COUNCIL RESOLUTION**  
**RESOLUTION DE CONSEIL DE BANDE**

Chronological no. – N° consecutive
<b>2010 - 64</b>
File reference no. – N° de référence du dossier

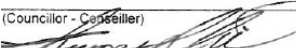
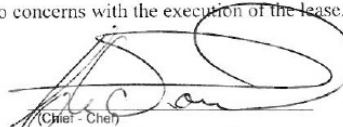

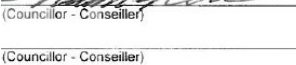
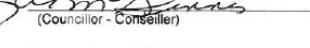
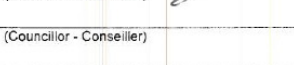
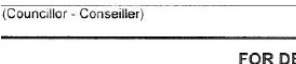
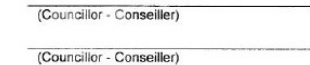
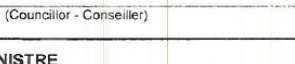
NOTE: The words "from our band funds" "capital" or "revenue" whichever is the case, must appear in all resolutions requesting expenditures from band funds.  
 NOTA: Les mots "des fonds de notre bande" "capital" ou "revenue" selon les cas doivent paraître dans tous les résolutions portant sur des dépenses à même les fonds des bandes

The council of the Le conseil de	<b>Osoyoos Indian Band</b>	Cash free balance
Date of duly convened meeting Date de l'assemblée dument convoquée	<b>29 09 2010</b> DD / MM / YYYY JJ / MM / AAAA	Province <b>B.C.</b>
	Capital account Compte capital	\$ _____
	Revenue account Compte revenu	\$ _____

DO HEREBY RESOLVE: The Council of the Osoyoos Indian Band **ACKNOWLEDGES AND DECLARES** that  
 DÉCIDE PAR LES PRESENTES: it:

- A. a referendum was held on September 16, 2010 by secret ballot substantially in conformity with the process set out in the Indian Referendum Regulations to determine if a majority of the electors of the Osoyoos Indian Band were in favour of two 99 year leases for each of Lots 39-1-1 and 39-2 which are held by Ms. Jane Stelkia and Ms. Madasta Betterton respectively;
- B. copies of the proposed leases (in substantially final form) were made available to the members prior to the referendum;
- C. Doris Chapman, member of the Osoyoos Indian Band, was appointed as the Electoral Officer for the referendum;
- D. a vote count was 115 in favour and 50 opposed to the lease and as such a majority of the electors that voted were in favour of the proposed leases;
- E. knows of no reason why the result of the referendum could be considered to be improperly arrived at or Her Majesty the Queen in right of Canada should not accept the result of the referendum;
- F. has been provided with an unexecuted form of lease, to be entered into between Her Majesty the Queen in right of Canada and Stelkia Limited Partnership, which was the subject of the referendum held on September 16, 2010, and has read and understood all the terms and conditions of that lease;
- G. is advised by the Department of Indian Affairs and Northern Development to obtain independent legal advice before signing this resolution;
- H. does not rely on the legal advice of anyone except its own legal counsel; and
- I. has no concerns with the execution of the lease.

Quorum: **(3) THREE**

 (Councillor - Conseiller)	 (Councillor - Conseiller)	 (Councillor - Conseiller)
 (Councillor - Conseiller)	 (Councillor - Conseiller)	 (Councillor - Conseiller)
 (Councillor - Conseiller)	 (Councillor - Conseiller)	 (Councillor - Conseiller)

FOR DEPARTMENTAL USE ONLY – RÉSERVÉ AU MINISTRE					
Expenditure - Depenses	Authority (Indian Act section) – Autorite (Article sur la loi des Indiens)	Source of Funds Sources des fonds	Expenditure - Depenses	Authority (Indian Act section) – Autorite (Article sur la loi des Indiens)	Source of Funds Sources des fonds
		<input type="checkbox"/> Capital <input type="checkbox"/> Revenue - Revenu			<input type="checkbox"/> Capital <input type="checkbox"/> Revenue - Revenu
Recommending officer – Recommandé par			Recommending officer – Recommandé par		
Signature _____		Date _____		Signature _____	
Approving Officer – Approuvé par			Approving Officer – Approuvé par		
Signature _____		Date _____		Signature _____	
Date _____		Date _____		Date _____	

**APPENDIX “C”**

**ASSIGNMENT CONSENT AGREEMENT**

THIS AGREEMENT is effective as of <MONTH DAY, YEAR>,

**AMONG:**

**HER MAJESTY IN RIGHT OF CANADA**, as represented by the Minister of Indian Affairs and Northern Development, <ADDRESS>

(the “**Lessor**”)

**AND:**

**STELKIA LIMITED PARTNERSHIP**, a limited partnership registered under the laws of British Columbia (Registration Number ●) having an office at Suite 202, 45793 Luckakuck Way, Chilliwack, B.C. V2R 5S3

(the “**Lessee**”)

**AND:**

<ASSIGNEE’S NAME>, <ADDRESS>, British Columbia corporation number <insert incorporation number>

(the “**Assignee**”).

**BACKGROUND:**

- A. At the request and with the consent of the Osoyoos Indian Band (the “**Band**”) Jane Stelkia (the “**Landholder**”), the Lessor leased certain lands in the Osoyoos Indian Reserve No. 1 to the Lessee, dated for reference October 8, 2010 (the “**Lease**”) and registered in the Indian Lands Registry under No. \_\_\_\_\_;
- B. The Lessee wishes to assign its rights and interest in the Lease to the Assignee by entering into the assignment agreement, which is attached as Schedule “A” to this agreement; and
- C. Under the Lease, an assignment of the Lease is not valid unless the Lessor has given prior written consent to the assignment.

**NOW THEREFORE**, in consideration of the Lessor’s consent and the obligations, covenants, and agreements in this agreement, the parties agree as follows:

## **1. THE ASSIGNMENT**

### **1.1 Lessor's Consent**

1.1.1. The Lessor consents, on the terms of this agreement, to the assignment of the Lease from the Lessee to the Assignee. This consent will not be deemed to:

- (a) waive compliance by the Lessee or the Assignee of any terms in the;
- (b) waive or restrict any of the rights and remedies of the Lessor under the Lease;
- (c) approve of the form or any of the terms of the assignment agreement; or
- (d) ensure that the assignment agreement can be registered in the Registry or the provincial land title office.

### **1.2 Lessor's Representations**

1.2.1. The Lessor represents and warrants that, to the best of the Lessor's knowledge but with no investigation on the part of the Lessor, the Lease is in good standing as of the date of this agreement.

1.2.2. Despite anything else contained in this agreement, the Lessor makes no representations or warranties with respect to the state of title to the Premises or matters contained within the Registry.

### **1.3 Assignee to Observe Terms of Lease**

1.3.1. The Assignee covenants with the Lessor to:

- (a) be bound by all of the Lessee's covenants in the Lease;
- (b) enter into an agreement with the Lessor to modify the Lease so as to be bound by the following additional covenants:
  - (i) <insert terms>

### **1.4 "As is – Where is" Premises**

1.4.1. The Assignee has inspected the Premises and accepts the Premises on an "as-is, where-is" basis.

1.4.2. The Lessor, the Lessor's officials, employees, servants, agents, contractors, or subcontractors, the Band, the Council, or any member of the Band has not made any representations or warranties with respect to:

- (a) the terms of the Lease;
- (b) the suitability of the Premises for any particular use; or
- (c) the condition of the Premises;

- (d) compliance of the Premises with any Laws; or
- (e) the presence of Contaminants on the Premises.

The Assignee has not relied on any such Person in this regard.

**1.5 Assignee’s Representations**

- 1.5.1. The Assignee represents and warrants to the Lessor that the person or persons signing this agreement on the Assignee’s behalf have the authority to bind the Assignee to this agreement.
- 1.5.2. The Assignee makes the same representations and warranties (with any necessary changes in points of detail) to the Lessor that the Lessee made in the Lease.

**2. GENERAL**

**2.1 No Merger**

- 2.1.1. The Lease will survive the execution of this agreement and not merge in this agreement.

**2.2 Definitions**

- 2.2.1. Any terms not defined in this agreement but defined in the Lease have the same meanings that are given to them in the Lease.

**2.3 Headings**

- 2.3.1. All headings are for convenience and reference only. They are not to be used to define, limit, enlarge, modify, or explain the scope or meaning of any provision.

**2.4 Binding on Successors**

- 2.4.1. This agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives, and assigns.

**IN WITNESS WHEREOF** the parties have executed this agreement as of the date first written on page 1.

) **HER MAJESTY IN RIGHT OF CANADA**, as  
) represented by the Minister of Indian Affairs and  
) Northern Development  
)  
) \_\_\_\_\_  
) **<TITLE>**  
) **<DIRECTORATE>**  
) BC Region

**EXECUTED** in the presence of: ) **STELKIA LIMITED PARTNERSHIP** by its  
) Managing General Partner **STELKIA HOMES**  
) **LTD.**  
)  
)  
)  
\_\_\_\_\_) Per: \_\_\_\_\_  
As to the authorized signatory of ) Authorized Signatory  
the Lessee )  
) I have the authority to bind the corporation  
)  
)  
)

**EXECUTED** in the presence of: ) **<ASSIGNEE'S NAME>**  
)  
)  
)  
\_\_\_\_\_) \_\_\_\_\_  
) (*signature*)  
)  
As to **<ASSIGNEE'S NAME>**'s ) \_\_\_\_\_  
authorized signatory ) (*name of person signing*)  
)  
) \_\_\_\_\_  
) (*title*)  
) I have the authority to bind the corporation

Schedule "A" to an Assignment Consent  
Agreement dated \_\_\_\_\_

## APPENDIX "D"

### SUBLEASE CONSENT AGREEMENT

THIS AGREEMENT is effective as of <MONTH DAY, YEAR>,

**BETWEEN:**

**HER MAJESTY IN RIGHT OF CANADA**, as represented by the Minister of Indian Affairs and Northern Development, <ADDRESS>

(the "Lessor")

**AND:**

<SUBLESSEE'S NAME>, <ADDRESS>, British Columbia corporation number <insert incorporation number>

(the "Sublessee").

#### BACKGROUND

- A. At the request and with the consent of the Osoyoos Indian Band (the "**Band**") Jane Stelkia (the "**Landholder**"), the Lessor leased certain lands in the Osoyoos Indian Reserve No. 1 to Stelkia Limited Partnership (the "**Lessee**"), pursuant to a commercial ground lease dated for reference October 8, 2010 (the "**Lease**") and registered in the Indian Lands Registry under No. \_\_\_\_\_;
- B. The Lessee wishes to grant a sublease (the "**Sublease**") to the Sublessee, which Sublease is attached as Schedule "A" to this consent agreement; and
- C. Under the Lease, the Sublease is not valid unless the Lessor has provided prior written consent to it.

**NOW THEREFORE**, in consideration of the Lessor's consent and the payment of \$10 from the Sublessee to the Lessor, the parties agree to the following:

#### 1. THE SUBLEASE

##### 1.1 Lessor's Consent

1.1.1. The Lessor consents, on the terms of this agreement, to the Sublease. This consent will not be deemed to:

- (a) approve of the form or any of the terms of the Sublease; or

- (b) ensure that the Sublease can be registered in the Registry or the provincial land title office.

## **1.2 Validity of Sublease**

1.2.1. Despite the Lessor's consent to the Sublease, the Sublease is not valid unless:

- (a) it ends before the last day of the Term;
- (b) it expressly terminates upon the early termination of the Lease;
- (c) it is expressly subject and subordinate to the Lease and to the rights of the Lessor under the Lease;
- (d) it is consistent with the terms of the Lease and will not cause the Lessee to breach a term of the Lease;
- (e) it is registered in the Registry;
- (f) it expressly provides that the Sublessee will not in any way use the subleased portion of the Premises for a Project until the Sublessee, at its own expense, has obtained consent from the Minister to proceed with such Project, such consent to be granted in compliance with the environmental review process set out in the Lease; and
- (g) it expressly provides that the Lessor and the Lessor's officials, employees, servants, agents, contractors, and subcontractors may enter the subleased lands at any time during reasonable hours for the purpose of ensuring the implementation of the mitigation measures and Follow-up Program referred to in the Lease.

1.2.2. If the Minister determines that a Project of the Sublessee should not proceed under the environmental review process established in the Lease, then the Lessor is in no way responsible to the Sublessee for the inability of the Sublessee to use the Premises as anticipated, or otherwise; the Sublessee releases the Lessor from any such liability.

1.2.3. Without limiting paragraph 1.2.1(b), the Sublessee waives any statutory or common law rights that it may have allowing the Sublessee to keep the unexpired term of the Sublease or remain in occupation of any part of the Premises if the Lease ends before the expiration of the Term.

## **1.3 Representations**

1.3.1. The Sublessee represents and warrants to the Lessor that the person or persons signing this agreement on the Sublessee's behalf have the authority to bind the Sublessee to this agreement.

1.3.2. Notwithstanding anything else contained in this agreement, the Sublessee confirms that the Lessor, or the Lessor's officials, employees, servants, agents, contractors, or



subcontractors, the Band, the Council, or any member of the Band have not made any representations or warranties with respect to:

- (a) the terms of the Lease;
- (b) the terms of the Sublease;
- (c) the suitability of the subleases premises for any particular use; or
- (d) the condition of the Premises (including, without limitation, compliance of the Premises with any Laws or the presence of Contaminants in, on, or under the Premises).

The Sublessee has not relied on any such Person in this regard.

## **2. GENERAL**

### **2.1 No Merger**

- 2.1.1. The Lease will survive the execution of this agreement and not merge in this agreement.

### **2.2 Definitions**

- 2.2.1. Any terms not defined in this agreement but defined in the Lease have the same meanings that are given to them in the Lease.

### **2.3 Headings**

- 2.3.1. All headings are for convenience and reference only. They are not to be used to define, limit, enlarge, modify, or explain the scope or meaning of any provision.

### **2.4 Binding on Successors**

- 2.4.1. This agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives, and assigns.

**IN WITNESS WHEREOF** the parties have executed this agreement as of the date first written above.

) **HER MAJESTY IN RIGHT OF CANADA**, as  
) represented by the Minister of Indian Affairs and  
) Northern Development  
)  
)  
)  
) \_\_\_\_\_  
) **<TITLE>**  
) **<DIRECTORATE>**  
) BC Region

**EXECUTED** in the presence of:     )   <SUBLESSEE'S NAME>  
  )  
  )  
  )  
  )   \_\_\_\_\_  
  )   *(signature)*  
\_\_\_\_\_  
As to <SUBLESSEE'S NAME>'s     )   \_\_\_\_\_  
authorized signatory            )   *(name of person signing)*  
  )  
  )   \_\_\_\_\_  
  )   *(title)*

Schedule "A" to a Sublease Consent  
Agreement dated \_\_\_\_\_

## APPENDIX "E"

### MORTGAGE CONSENT AGREEMENT

THIS AGREEMENT is effective as of <MONTH DAY, YEAR>,

**AMONG:**

**HER MAJESTY IN RIGHT OF CANADA**, as represented by the Minister of Indian Affairs and Northern Development, <ADDRESS>

(the "Lessor")

**AND:**

<MORTGAGEE'S NAME>, <ADDRESS>, a bank under the *Bank Act*, S.C. 1991, c. 46

(the "Mortgagee")

**BACKGROUND:**

- A. At the request and with the consent of the Osoyoos Indian Band (the "**Band**") Jane Stelkia (the "**Landholder**"), the Lessor leased certain lands in the Osoyoos Indian Reserve No. 1 to Stelkia Limited Partnership (the "**Lessee**"), dated for reference October 8, 2010 (the "**Lease**") and registered in the Indian Lands Registry under No. \_\_\_\_\_;
- B. The Lessee wishes to mortgage its interest in the Lease to the Mortgagee by way of the proposed mortgage attached as Schedule "A" to this Agreement (the "**Mortgage**"); and
- C. Under the Lease, the Mortgage is not valid unless the Lessor has provided prior written consent to it.

**NOW THEREFORE**, in consideration of the covenants and consent in this Agreement, the parties agree as follows:

**1. THE MORTGAGE**

**1.1 Lessor's Consent**

- 1.1.1. The Lessor consents, on the terms of this agreement, to the Mortgage as it affects the Lease. This consent will not be deemed to:
  - (a) approve of the form or any of the terms of the Mortgage; or
  - (b) ensure that the Mortgage can be registered in the Registry or the provincial land title office.

## **1.2 Lessor's Representations**

- 1.2.1. The Lessor represents and warrants that, to the best of the Lessor's knowledge but with no investigation on the part of the Lessor, the Lease is in good standing as of the date of this agreement.
- 1.2.2. Despite anything else contained in this agreement, the Lessor makes no representations or warranties with respect to the state of title to the Premises or matters contained within the Registry.

## **1.3 Mortgage Does Not Affect Lessor's Rights**

- 1.3.1. Except as provided in this agreement, the Mortgage is subject to the Lessor's rights under the Lease.

## **1.4 Notices to Lessee**

- 1.4.1. The Lessor will deliver to the Mortgagee copies of any default notices under the Lease and the Mortgagee may cure the default within the period specified in the notice on behalf of the Lessee.
- 1.4.2. The Lessor will deliver to the Mortgagee copies of any cancellation notices under the Lease.

## **1.5 Breach of this Agreement or Mortgage**

- 1.5.1. The Lessor may consider a breach of this agreement to be a breach of the Lease.
- 1.5.2. If the Lessee is in default under the Mortgage, the Lessor may cure the default on behalf of the Lessee.

## **1.6 Mortgagee's Covenants**

- 1.6.1. The Mortgagee will ensure that the Mortgage does not conflict with the Lease or, by the Lessee complying with the Mortgage, cause the Lessee to breach the Lease.
- 1.6.2. The Mortgagee will be bound by the Lessee's covenants in the Lease until the Lease is assigned in accordance with the provisions of the Lease if the Mortgagee takes:
  - (a) possession of the Premises; or
  - (b) any action (including, without limitation, appointing a receiver or receiver-manager, but not including curing a monetary default of the Lessee prior to taking possession) to enforce the Mortgagee's security under the Mortgage.
- 1.6.3. The Mortgagee's obligations under this section end on the last day of the month of the date on which the Mortgagee assigns its entire interest in the Lease in accordance with the terms of the Lease, but a release of the Mortgagee's obligations under this section does not release any obligations of the Lessee.

- 1.6.4. On enforcing its security under the Mortgage or taking possession of the Premises, the Mortgagee will not cause or permit any assignment or sublease of the Mortgagee's interest in the Lease without the prior written consent of the Lessor, which consent will not be unreasonably withheld; any assignment or sublease must be in accordance with the provisions of the Lease.
- 1.6.5. The Mortgagee will ensure that the Mortgage provides that the proceeds of all insurance policies with respect to the Premises will be used solely for repairing, replacing, restoring, or reconstructing the Premises as set out in the Lease.
- 1.6.6. When a debt no longer exists over which the Mortgage is given as security, the Mortgagee will sign a discharge of the Mortgage and register the discharge in the Registry.
- 1.6.7. The bankruptcy or insolvency of the Lessee will not be used by the Mortgagee to give the Mortgagee any greater rights or advantage over the Lessor that the Mortgagee would not otherwise have had under this agreement.
- 1.6.8. The Mortgagee will not assign or otherwise transfer its interest in this agreement or the Mortgage without the prior written consent of the Lessor, which consent will not be unreasonably withheld.
- 1.6.9. The Mortgagee represents and warrants to the Lessor that the person or persons signing this agreement on the Mortgagee's behalf have the authority to bind the Mortgagee to this agreement.
- 1.6.10. If the Mortgagee takes possession (including the appointment by the Mortgagee of a receiver or receiver manager of the Premises) of the Premises or acquires the Lessee's equity of redemption then the Mortgagee will perform and observe all the Lessee's covenants and agreements under the Lease and recognize the rights of the Sublessees and a Homeowners Corporation, if any, to use and enjoy all Common Facilities, until either the Mortgagee ceases to be a mortgagee in possession, the receiver or receiver manager of the Premises ceases to be in possession or the Lease is assigned in accordance with the provisions of the Lease.
- 1.6.11. In connection with the issuance of each Sublease, the Mortgagee will provide the Lessee with a Partial Discharge and Sublease Acknowledgment as it relates to such Sublease, it being acknowledged that the delivery of such Partial Discharge and Sublease Acknowledgment will be subject to the Mortgagee's receipt of an amount agreed upon by the Mortgagee and the Lessee for such Partial Discharge and Sublease Acknowledgment and that the Mortgagee shall have a reasonable time after receipt of such amount to execute and deliver the Partial Discharge and Sublease Acknowledgment.

## **2. GENERAL**

### **2.1 Delivery**

2.1.1. Any delivery under this agreement is to be made in accordance with this article to the following addresses:

To the Lessor:

Director, Lands and Trust Services  
Indian and Northern Affairs Canada  
600 – 1138 Melville Street  
Vancouver, BC  
V6E 4S3

Fax: (604) 775-7149

To the Mortgagee:

<MORTGAGEE'S NAME>  
<MORTGAGEE'S ADDRESS>

Fax: (###) ###-####

2.1.2. If any question arises as to the date on which a delivery is made, it will be deemed to have made:

- (a) if sent by fax before 3:00 p.m. Pacific time, on the day of transmission;
- (b) if sent by fax after 3:00 p.m. Pacific time otherwise, on the next business day;
- (c) if sent by mail, on the sixth day after it is mailed; or
- (d) if sent by any means other than fax or mail, the day it is received.

2.1.3. If the postal service is interrupted or threatened to be interrupted, then any delivery will only be made by means other than mail.

2.1.4. Any change in contact information will take effect 30 days after the notice is delivered to the other party.

### **2.2 Definitions**

2.2.1. Any terms not defined in this agreement but defined in the Lease have the same meanings that are given to them in the Lease.

**2.3 Headings**

2.3.1. All headings are for convenience and reference only. They are not to be used to define, limit, enlarge, modify, or explain the scope or meaning of any provision.

**2.4 Binding on Successors**

2.4.1. This agreement will enure to the benefit of and be binding upon the parties and their respective heirs, administrators, successors, representatives, and assigns.

**2.5 Not a Joint Venture**

2.5.1. The Mortgagee acknowledges that the Lessor does not have any relationship of agency, partnership, joint venture, or other such association other than the relationship of lessor and lessee with the Lessee.

**IN WITNESS WHEREOF** the parties have executed this agreement as of the date first written above.

) **HER MAJESTY IN RIGHT OF CANADA**, as  
) represented by the Minister of Indian Affairs and  
) Northern Development  
)  
)  
)  
)  
)  
)  
) \_\_\_\_\_  
) **<TITLE>**  
) **<DIRECTORATE>**  
) BC Region

**EXECUTED** in the presence of: ) **<MORTGAGEE’S NAME>**  
)  
)  
)  
) \_\_\_\_\_  
) *(signature)*  
)  
)  
) \_\_\_\_\_  
) *(name of person signing)*  
)  
)  
) \_\_\_\_\_  
) *(title)*

\_\_\_\_\_  
As to **<MORTGAGEE’S  
NAME>**’s authorized signatory



Schedule "A" to a Mortgage Consent  
Agreement dated \_\_\_\_\_

**PROOF OF EXECUTION BY A CORPORATION**

I certify that on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_ at the City of \_\_\_\_\_, British Columbia, Eric Van Maren, who is personally known to me, appeared before me and acknowledged that:

1. he is the person who signed the commercial ground lease dated for reference October 8, 2010 (the "Lease");
2. he was authorized to sign the Lease on behalf of **Stelkia Homes Ltd.** (the "Corporation"); and
3. the Corporation existed at the date the Lease was executed by him.

In testimony of which, I set my hand and seal of office at the City of \_\_\_\_\_, in the Province of British Columbia on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

---

A Commissioner for taking Affidavits  
within British Columbia

## PROOF OF EXECUTION BY A CORPORATION

I certify that on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_ at the City of \_\_\_\_\_, British Columbia, Eric Van Maren, who is personally known to me, appeared before me and acknowledged that:

1. he is the person who signed the commercial ground lease dated for reference October 8, 2010 (the "Lease");
2. he was authorized to sign the Lease on behalf of **Stelkia Homeowners Corporation** (the "Corporation"); and
3. the Corporation existed at the date the Lease was executed by him.

In testimony of which, I set my hand and seal of office at the City of \_\_\_\_\_, in the Province of British Columbia on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

---

A Commissioner for taking Affidavits  
within British Columbia

**AFFIDAVIT OF WITNESS**

I, \_\_\_\_\_ (name), of  
\_\_\_\_\_ (name of city, town, village, etc. where you live),  
\_\_\_\_\_ (name of province where you live), make oath and say:

- 1. I saw \_\_\_\_\_ sign the lease.
- 2. I know the person referred to in paragraph 1 and I believe that that person is at least 19 years old.
- 3. I am the person who signed my name as witness on the lease and I am at least 19 years old.

**SWORN** before me in the \_\_\_\_\_ of )  
\_\_\_\_\_, in the )  
Province of \_\_\_\_\_ this )  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ )

\_\_\_\_\_  
Witness

\_\_\_\_\_  
A Notary Public in and for the Province of )  
\_\_\_\_\_ or a )  
Commissioner for taking Oaths. )

\_\_\_\_\_  
Address )

\_\_\_\_\_  
Telephone # / Fax # )

\_\_\_\_\_  
Notary's Authority )

**MODIFICATION OF LEASE**

THIS MODIFICATION OF LEASE made in quadruplicate is dated for reference the 28 day of November, 2011.

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**, as represented by the Minister of Indian Affairs and Northern Development

(the "Lessor")

AND:

**OSOYOOS COTTAGES LIMITED PARTNERSHIP**, by its managing general partner STELKIA HOMES LTD. (Incorporation No. BC0892292), of Suite 202, 45793 Luckakuck Way, Chilliwack, British Columbia, V2R 5S3

(the "Lessee")

AND:

**STELKIA HOMEOWNERS CORPORATION**, a company incorporated under the laws of British Columbia (Incorporation Number BC0894295) having an office at Suite 202, 45793 Luckakuck Way, Chilliwack, British Columbia, V2R 5S3

AND:

**JANE STELKIA**, Businessperson, of Box 765, Oliver, British Columbia, V0H 1T0

(the "Landholder")

WHEREAS:

- A. Pursuant to an Agreement to Lease (the "**Agreement to Lease**") made with effect and dated for reference September 22, 2009 between the Landholder and International Logistics Group Inc. ("**ILG**"), as assigned by ILG to the Lessee (then known as Skelkia Limited Partnership), the Landholder and the Lessee agreed to develop certain lands situate, lying and being in the Osoyoos Indian Reserve in the Province of British Columbia and more particularly known and described as:

Lot 39-1-1, in Osoyoos Indian Reserve IR #1, Province of British Columbia, as shown on Plan of Survey RSBC 2012 deposited in the Canada Lands Survey Records at Ottawa, Ontario,

(the "Lands");

- B. The Landholder, Stelkia Homes Ltd., Stelkia Holdings Ltd. and Yacheen Holdings Inc. entered into a Limited Partnership Agreement dated for reference the 17<sup>th</sup> day of November, 2010 (the "Original Agreement");
- C. At the request and with the consent of the Landholder, the Lessor leased the Lands to the Lessee, pursuant to a lease registered in the Indian Land Registry in Ottawa, Ontario, under No. 6053868, on February 3, 2011 (the "Lease");
- D. The Original Agreement was amended and restated pursuant to an Amended and Restated Limited Partnership Agreement dated for reference the ~~17~~<sup>23</sup> day of November, 2011 (the "LP Agreement") and as a consequence the Agreement to Lease was terminated; and
- E. The parties hereto, with the consent of the Landholder (a copy of which is attached to this Modification of Lease as Appendix A), are desirous of modifying the Lease by deleting Section 6.6 of the Lease.

**NOW THEREFORE** in consideration of the covenants and agreements contained in this Modification of Lease, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties agree as follows:

- 1. The Lease is hereby amended by deleting Section 6.6 in its entirety.
- 2. The Lease continues, as amended by this Modification of Lease, in full force.
- 3. This Modification of Lease shall enure to the benefit of and is binding upon the parties hereto and their heirs, executors, administrators, other legal representatives, successors and assigns, as the case may be.
- 4. This Modification of Lease may be signed by the parties in counterpart and delivered by facsimile.

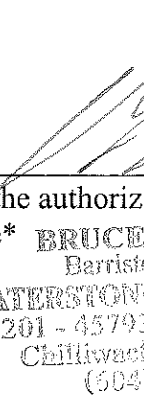
**IN WITNESS WHEREOF** the parties have signed hereunder.

**EXECUTED** in the presence of:

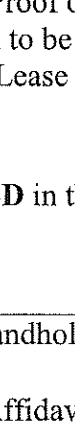
) **HER MAJESTY THE QUEEN** in Right of  
) Canada as represented by the Minister of Indian  
) Affairs and Northern Development  
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) \_\_\_\_\_  
) Manager, Lands and Economic Development  
) BC Region  
)

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Date of execution by the Lessor

  
 As to the authorized signatory of the Lessee\* **BRUCE W. DAVIES**  
 Barrister & Solicitor  
**WATERSTONE LAW GROUP LLP**  
 201 - 45793 Luckakuck Way  
 Chilliwack, BC V2R 5S3  
 (604) 824-7777

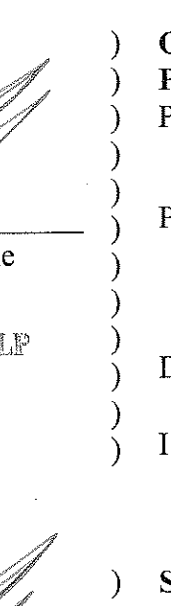
) **OSOYOOS COTTAGES LIMITED**  
 ) **PARTNERSHIP** by its Managing General  
 ) Partner **STELKIA HOMES LTD.**

Per:   
 Authorized Signatory

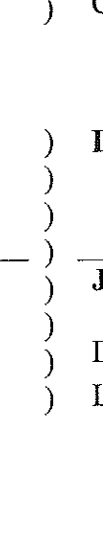
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Date of execution by the Lessee

I have the authority to bind the Lessee

  
 As to the authorized signatory of the Homeowners Corporation\* **BRUCE W. DAVIES**  
 Barrister & Solicitor  
**WATERSTONE LAW GROUP LLP**  
 201 - 45793 Luckakuck Way  
 Chilliwack, BC V2R 5S3  
 (604) 824-7777

) **STELKIA HOMEOWNERS CORPORATION**

Per:   
 Authorized Signatory

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Date of execution by the Homeowners Corporation

I have the authority to bind the Homeowners Corporation

\*NOTE – Proof of Execution by Corporation to be completed and attached to Lease .

EXECUTED in the presence of:

) **LANDHOLDER**  
 )  
 )

As to the Landholder's signature\*

) **JANE STELKIA**  
 )

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Date of execution by the Landholder

\*NOTE – Affidavit of Witness to be completed and attached to Lease

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Date of execution by the Lessor

) **OSOYOOS COTTAGES LIMITED**  
 ) **PARTNERSHIP** by its Managing General  
 ) Partner **STELKIA HOMES LTD.**  
 )  
 )

\_\_\_\_\_  
 As to the authorized signatory of the  
 Lessee\*

Per: \_\_\_\_\_  
 Authorized Signatory

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Date of execution by the Lessee

I have the authority to bind the Lessee

) **STELKIA HOMEOWNERS**  
 ) **CORPORATION**  
 )  
 )

\_\_\_\_\_  
 As to the authorized signatory of the  
 Homeowners Corporation\*

Per: \_\_\_\_\_  
 Authorized Signatory

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Date of execution by the Homeowners Corporation

I have the authority to bind the Homeowners Corporation

\*NOTE – Proof of Execution by Corporation to be completed and attached to Lease

**EXECUTED** in the presence of:

) **LANDHOLDER**  
 )  
 )

\_\_\_\_\_  
 As to the Landholder's signature\*

)   
 ) \_\_\_\_\_  
 ) **JANE STELKIA**

\*NOTE – Affidavit of Witness to be completed and attached to Lease

) Date of execution by the  
 ) Landholder

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**APPENDIX A**  
**CONSENT OF JANE STELKIA**

I, **JANE STELKIA**, Landholder of the lands contemplated in the Modification of Lease dated for reference the 28 day of November, 2011 (the "**Modification of Lease**") to which I am a party, hereby acknowledge that:

- A. I have read and understood the contents of this Modification of Lease, and acknowledge in particular that with the deletion of section 6.6 of the Modification of Lease I will no longer have a means to effect termination of the Lease;
- B. I have sought and obtained the advice of my lawyer and my financial advisor;
- C. I have decided to proceed with the commercial project with the current partners as reflected in the LP Agreement (as defined in Recital D of this Modification of Lease);
- D. I consent and agree to this Modification of Lease and the termination of the Agreement to Lease (as defined in Recital A of this Modification of Lease); and
- E. my declaration in Item H of the Landholder Consent in respect of the Lease remains accurate notwithstanding the termination of the Agreement to Lease and my execution and delivery of the LP Agreement.

This consent shall enure to the benefit and be binding upon my heirs, administrators and other legal representatives.

Dated this 28 day of November, 2011

**EXECUTED** in the presence of:

**LANDHOLDER:**

\_\_\_\_\_  
As to the Landholder's signature

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)  
  
\_\_\_\_\_  
**JANE STELKIA**

**AFFIDAVIT OF WITNESS**

**BARRY M. PORRELLI**

Barrister & Solicitor

#221 - 3011 LOUIE DRIVE

WESTBANK, BC V4T 3E3

I, \_\_\_\_\_, of \_\_\_\_\_, in the City of \_\_\_\_\_, Province of British Columbia, MAKE OATH AND SAY:

- 1. I was present and saw this instrument signed and executed by JANE STELKIA, the party to it for the purposes named in it.
- 2. The instrument was executed in Westbank, British Columbia.
- 3. I know the party who is nineteen years or more.
- 4. I am the subscribing witness to the instrument and am sixteen years old or more.

SWORN BEFORE ME at the City of \_\_\_\_\_ )  
Westbank, in the Province of \_\_\_\_\_ )  
 British Columbia, this 28 day of \_\_\_\_\_ )  
November, 2011. \_\_\_\_\_ )

[Signature] \_\_\_\_\_ )  
 Print Name \_\_\_\_\_ )  
 A Commissioner for taking Affidavits \_\_\_\_\_ )  
 within British Columbia \_\_\_\_\_ )

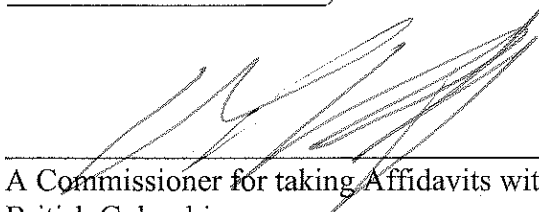
[Signature] \_\_\_\_\_ )

**NANCY E. FISH**  
 Barrister & Solicitor  
 #221 - 3011 LOUIE DRIVE  
 WESTBANK, BC V4T 3E3

**PROOF OF EXECUTION BY CORPORATION**

I CERTIFY that on the 28<sup>th</sup> day of NOVEMBER, 2011, at CHILLIWACK, in the Province of British Columbia, ERIC VAN MAREN, who is personally known to me, appeared before me and acknowledged to me that he is the authorized signatory of **STELKIA HOMES LTD.**, and that he is the person who subscribed his name to the instrument, that he was authorized to subscribe his name to it and that the corporation existed at the date the instrument was executed by the corporation.

IN TESTIMONY of which I set my hand and seal of office at CHILLIWACK, Province of British Columbia, this 28 day of NOVEMBER, 2011.

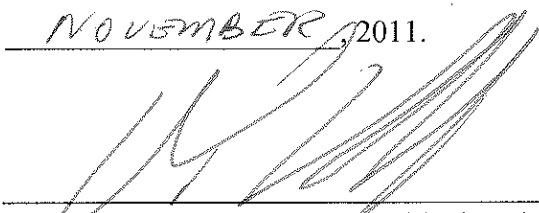
  
A Commissioner for taking Affidavits within  
British Columbia

BRUCE W. DAVIES  
Barrister & Solicitor  
WATERSTONE LAW GROUP LLP  
201 - 45793 Luckakuck Way  
Chilliwack, BC V2R 5S3  
(604) 524-7777

**PROOF OF EXECUTION BY CORPORATION**

I CERTIFY that on the 28<sup>th</sup> day of NOVEMBER, 2011, at CHILLIWACK, in the Province of British Columbia, ERIC VAN MAREN, who is personally known to me, appeared before me and acknowledged to me that he is the authorized signatory of **STELKIA HOMEOWNERS CORPORATION**, and that he is the person who subscribed his name to the instrument, that he was authorized to subscribe his name to it and that the corporation existed at the date the instrument was executed by the corporation.

IN TESTIMONY of which I set my hand and seal of office at CHILLIWACK Province of British Columbia, this 28 day of NOVEMBER, 2011.

  
A Commissioner for taking Affidavits within  
British Columbia

**BRUCE W. DAVIES**  
Barrister & Solicitor  
**WATERSTONE LAW GROUP LLP**  
201 - 45793 Luckakuck Way  
Chilliwack, BC V2R 5S3  
(604) 824-7777