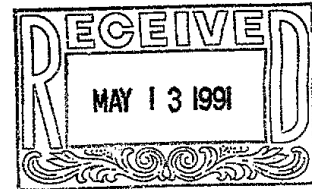


RETURN TO:

Westbank Indian Band  
515 Highway 97 South  
Kelowna, B.C. V1Z 3J2



### APPLICATION FOR REGISTRATION INDIAN LANDS

The undersigned hereby requests that the instrument, the particulars of which are set out below, be entered, pursuant to the Indian Act, in the appropriate Register of the Indian Land Registry.

Log No.: \_\_\_\_\_ Log Date: \_\_\_\_\_ Regional File No.: \_\_\_\_\_

#### NAMES OF PARTIES TO INSTRUMENT

##### Grantor

Surname \_\_\_\_\_ Given Names \_\_\_\_\_ No. \_\_\_\_\_

Her Majesty The Queen in  
Right of Canada

##### Grantee

Surname \_\_\_\_\_ Given Names \_\_\_\_\_ No. \_\_\_\_\_

Artisan management Inc.

Instrument Type lease (or Code) \_\_\_\_\_

Instrument Date 3rd day of May 1991

Purpose \_\_\_\_\_ (or Code) \_\_\_\_\_

#### LAND DESCRIPTION

Province: BRITISH COLUMBIA Band Name: WESTBANK INDIAN BAND

Reserve Name: TSINSTIKEPTUM INDIAN RESERVE NO. 9

Parcel lots 5-2 and 5-4 RSec 587

Parcel Identification Number (PIN) \_\_\_\_\_

List of Supporting Documentation \_\_\_\_\_

[Signature]  
Signature of Applicant

(604) 769-5666  
Telephone No. of Applicant

May 7/91  
Date

#### ACCEPTANCE

This Application for Registration has been accepted and the instrument has been entered in the appropriate Register. This instrument

has been registered under number: 205833 Date: 24 May 1991 Hour 10:21 a.m.  
p.m.

[Signature]  
Registrar

CANADA

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

THIS INDENTURE OF LEASE made in quadruplicate the 3 day of March, 1991 but effective as of the 1st day of January, 1991.

BETWEEN:

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

("Her Majesty")

OF THE FIRST PART

AND:

ARTISAN MANAGEMENT INC., (Incorporation  
number 401786) a British Columbia  
company, having its registered and  
records office at 2nd Floor, 1674  
Bertram Street, in the City of Kelowna,  
in the Province of British Columbia

(the "Lessee")

OF THE SECOND PART

WHEREAS:

- A. The Lands leased under this Lease are part of Tsinstikeptum Indian Reserve No. 9, (the "Reserve") which is set apart by Her Majesty for the use and benefit of the Westbank Band of Indians;
- B. The Lands are in the lawful possession of David Derrickson, a member of the Westbank Indian Band, and he has made written application to the Minister for the Lands to be leased for her benefit as hereinafter set forth;
- C. The Council of the Band has approved and consented to this Lease, including all the terms and conditions herein set forth by Resolution dated the 6<sup>th</sup> day of MAY, 1991;
- D. The Minister is authorized to grant this Lease pursuant to Section 58(3) of the Indian Act;

E. The Lessee has applied to lease the Lands.

NOW THEREFORE THIS INDENTURE OF LEASE WITNESSES that in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Lessee to Her Majesty (the receipt whereof is hereby acknowledged) and in further consideration of the rents, covenants and agreements reserved and contained in this Lease, the Parties covenant and agree as follows:

1.00 Definitions

"Band"

means the Westbank Band of Indians, or any successor to the Band pursuant to a federal statute,

"Band Council"

means the Council of the Band within the meaning of the Indian Act, or any successor to the Band Council pursuant to a federal statute,

"Federal Court Act"

means the Federal Court Act, R.S.C. 1985 c.F-7, and regulations made thereunder, all as amended or replaced from time to time, and any reference to a section of this Act shall include that section as amended or replaced from time to time,

"Improvements"

means all buildings, structures, works, facilities, services, landscaping and other improvements by whomsoever made and which are at any time and from time to time situate on, under or above the Lands including all equipment, machinery, apparatus and fixtures forming part of or attached to the Improvements and all alterations, removals, additions to, replacements and substitutions of the Improvements,

"Indian Act"

means the Indian Act, R.S.C. 1985, c.I-5 as amended, and regulations made thereunder all as amended or replaced from time to time, and any reference to a section of this Act shall include that section as amended or replaced from time to time,

"Lands"

means those lands situate, lying and being in Tsinstikeptum Indian Reserve No. 9, in the Province of British Columbia, and more particularly known and described as:

Lots 5-2 and 5-4 in Tsinstikeptum Indian Reserve #9, Province of British Columbia, as shown on RSBC Plan of Survey #587

"Lease"

means this Indenture of Lease,

"Lease Date"

means the date on which the Term commences,

"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, and includes coal, petroleum and all other hydro carbons, regardless of gravity and howsoever and wheresoever recovered, natural gas, building and construction stone, limestone, dolomite, marble, shale, clay, sand and gravel,

"Minister"

means the Minister of Indian Affairs and Northern Development or his authorized representatives,

"Party"

means a party to this Lease and "Parties" means both of them,

"Person"

includes any natural person, partnership, association or corporation,

"Premises"

means the Lands and the Improvements and every reference in this Lease to the "Premises" includes a reference to every part of the Premises,

"Profit"

means that portion of the leasing price of each residential single family unit constructed and leased on the Land during the renewal term after deducting the following items:

- (a) rent payable pursuant to Article 4.00;
- (b) the cost of material and labour required to construct improvements on the Land including the management fee to the Lessee equivalent to eight percent (8%) of all on site construction costs;
- (c) the cost of acquiring all licenses, approvals, consents or authorities necessary to construct improvements consistent with the use provided in Article 14.00;
- (d) all legal, architectural, engineering costs, commitment or mortgage brokerage fees, real estate commission, insurance or other costs whatsoever directly related to the planning, development and construction of improvements on the Lands, and ;

- (e) the cost of an environmental impact study as required by the Lease;
- (f) the value of the one (1) show suite as determined by a qualified appraiser, AACI and RIBC prorated over the number of units constructed or to be constructed on the Lands; and
- (g) such other items as the Lessee and Her Majesty mutually agree.

"Rent"

means the rent described in Article 4.00 hereof and other amounts which by the terms of this Lease shall be payable as rent by the Lessee to Her Majesty,

"Reserve"

means the Tsinstikeptum Indian Reserve No. 9 of the Band,

"Term"

means:

- a. the period of time commencing on the 1st day of January, 1991 and expiring on or before December 31, 1992 (hereinafter called the "Initial Term") and;
- b. the period of time commencing upon the expiration of the initial term and expiring on the 31st day of December, 2089 (hereinafter called the "Renewal Term").

2.00 The Demise

2.01 The Minister, on behalf of Her Majesty, pursuant to Section 58(3) of the Indian Act, hereby leases to the Lessee the Premises, excepting and reserving unto Her Majesty all Minerals upon or under the Lands,

TO HAVE AND TO HOLD the Premises unto the Lessee for the Term, yielding and paying Rent as hereinafter provided, and subject to the terms, conditions, provisos, exceptions and reservations contained in this Lease and the prior termination in the events herein set forth.

3.00 Minerals

3.01 The Lessee will allow Her Majesty, Her officials, employees, agents, lessees and licensees to enter on the Premises to prospect and drill for and to work Minerals.

3.02 Any compensation to be paid for interference with this Lease pursuant to Section 3.01 will be determined by the Minister who will provide the Lessee with notice of the compensation to be paid, such notice to be provided to the Lessee at least fourteen (14) days prior to the entering on the Premises to prospect and drill for and to work Minerals.

3.03 If the Lessee disagrees with the compensation as determined by the Minister pursuant to Section 3.02, then it may at its expense within sixty (60) days from the Minister giving the Lessee notice of compensation refer the matter to the Federal Court for a new determination of compensation pursuant to Section 17 of the Federal Court Act. If the Lessee fails to refer the matter to the Federal Court within the specified time then the compensation will be deemed to be that set out in the Minister's notice.

4.00 Rent

4.01 The Lessee will pay as rent the following amount in the manner hereinafter provided.

4.02 During the initial term the Lessee shall pay rent pursuant to Article 5.00 as follows:

(a) January 1, 1991 to December 31, 1991, the sum of ONE THOUSAND DOLLARS (\$1,000) monthly with the first such payment due January 17, 1991, and on the 17th day of each month thereafter to the earlier of either:

- i) December 17, 1991, or;
- ii) the date upon which the Lessee exercises its option to renew pursuant to Article 39.00.

(b) For the period January 1, 1992 to December 31, 1992, in the event the Lessee has not exercised its option to renew rent shall be payable monthly in the sum of TWO THOUSAND DOLLARS (\$2,000.00) with the first such payment due January 17, 1992 and the last payment due on the earlier of either:

- i) December 17, 1992, or;
- ii) the date upon which the Lessee exercises its option to renew pursuant to Article 39.00.

4.03 In the event the Lessee exercises its option to renew pursuant to Article 39.00, rent for the renewal term payable by the Lessee shall be:

(a) THREE THOUSAND DOLLARS (\$3,000.00) per residential single family unit constructed by the Lessee on the Land subject to the proviso that there must be a minimum of three hundred and fifty residential single family units constructed by the Lessee within ten (10) years of the commencement date of the renewal term. On the first anniversary of the commencement date of the renewal term and each year thereafter until the expiration of ten (10) years, the Lessee shall pay a minimum of FIFTY THOUSAND DOLLARS (\$50,000.00). In the event the Lessee does not construct the

minimum number of residential single family units within the period of the renewal term stipulated, the Lessee shall pay as rent on the 10th anniversary date of the commencement of the renewal term the difference between the total monies paid at the rate hereinbefore stipulated per residential single family unit and the minimum three hundred and fifty units required;

- (b) One unfurnished residential single family show suite to be constructed by the Lessee on the Lands shall be transferred to the Locatee. The show suite shall be of the Locatees' choice from the first phase of units constructed by the Lessee on the Lands. The show suite selected by the Locatee shall be transferred upon completion of the show suite for the second phase of the development;
- (c) Fifteen Percent (15%) of the Lessee's profit shall be paid as additional rent, derived from the sale of residential units on the Lands within the renewal term. Such additional rent shall be calculated and paid annually based upon actual sales of residential units during each year of the renewal term with the first such payment (if any) due on the first anniversary date of the renewal term;
- (d) The Lessee shall assume an existing mortgage registered against a home situate on the land owned by David Derrickson. The mortgage shall be assumed by the Lessee effective the first day of the renewal term. If the mortgage cannot be assumed or the Lessee does not qualify to assume, the Lessee covenants to payout the mortgage in full. At the Lessee's option, it shall determine when, during the renewal term, it wishes to have the house removed from the Lands. In this event the Lessee shall give notice to Her Majesty with a copy to David Derrickson that the house is to be removed from the Lands within ninety (90) days of the notice having been given pursuant to Article 53.00. The

Lessee covenants with Her Majesty that in the event Derrickson wishes to remove the house he may do so within ninety (90) days of the notice having been given, at Derrickson's sole cost, without compensation for the house whatsoever payable to the Lessee. In the event Derrickson does not remove the house within the ninety (90) day period stipulated, the Lessee at its option may remove the house without compensation payable to Her Majesty.

5.00 Payment of Rent

5.01 The lessee will pay all Rents payable hereunder without deduction, abatement or set-off whatsoever and without any demand for Rent being made.

5.02 All Rents under this Lease will be paid by cheque or bank draft in favour of the Receiver General for Canada at the office of the Minister designated in Section 53.02 of this Lease, or, if permitted or required in writing by the Minister, by cheque or bank draft in favour of such other person or at such place as may from time to time be designated by the Minister. In order to constitute due payment of Rent any cheque or bank draft tendered in payment must be paid upon presentment at a chartered bank, credit union or trust company in British Columbia at any time within a reasonable time period being not less than 180 days.

6.00 Scope of Lessee's Covenants

6.01 All agreements, terms, conditions, provisos, duties and obligations to be performed or observed by the Lessee under this Lease shall be deemed to be Lessee's covenants and all the Lessee's covenants in this Lease are made with Her Majesty for the Lessee and for its successors and assigns.

7.00 Assignment

7.01 Except as provided in Article 9.00, the Lessee shall not assign the whole or any part of this Lease without the prior written consent of the Minister, which consent may not be unreasonably withheld.

7.02 Consent to any assignment shall not be construed as consent to any other assignment.

7.03 Without limiting Section 7.01, the Lessee will obtain from any proposed assignee of the whole or any part of this Lease a written agreement, under seal and in a form approved by the Minister, whereby the Assignee covenants and agrees with Her Majesty that upon the Minister's consent to the assignment it will observe and perform all of the covenants and agreements to be observed or performed by the Lessee under this Lease, and the Lessee will deliver the agreement to the Minister prior to obtaining the Minister's consent to the assignment.

8.00 Subletting

8.01 Except as provided in Article 9.00 and provided the Lessee is not in default under this Lease, the Lessee shall not sublet or part with possession of the whole or any part of the Premises without the prior written consent of the Minister, which consent may not be unreasonably withheld.

8.02 Notwithstanding the consent of the Minister to any sublease or parting with possession, the sublease and parting with possession shall always be subject to this Lease.

9.00 Mortgage

9.01 Notwithstanding anything or any other provision in this Lease, the Lessee shall not mortgage the whole or any part of the interest of the Lessee in this Lease by any means without the prior written consent of the Minister, which consent shall not be unreasonably withheld.

9.02 Notwithstanding anything else in this Lease, any mortgage and any consent of the Minister to a mortgage shall be subject to the following conditions:

- (a) if the mortgagee takes possession of the Premises or acquires the Lessee's equity of redemption then the mortgagee shall covenant and agree under seal with Her Majesty to perform and observe all the Lessee's covenants and agreements under the Lease until the Lease is duly assigned to an assignee with the Minister's consent and the assignee covenants and agrees as provided in paragraph 9.02(c);
- (b) the mortgagee will not cause or permit any assignment of the leasehold interest pursuant to the exercise of the mortgagee's remedies under its mortgage or at law without the prior written consent of the Minister which consent shall not be unreasonably withheld;
- (c) the mortgagee will cause any assignee of the leasehold interest under an assignment referred to in paragraph 9.02(b) to covenant and agree under seal with Her Majesty to perform and observe all the Lessee's covenants and agreements under the Lease;
- (d) the mortgage shall provide that the proceeds of all insurance policies with respect to the Premises shall be used solely for rebuilding or repairing the loss or damage to the Premises.

9.03 If any of the conditions in Section 9.02 are not observed or performed then consent to the mortgage will be deemed not to have been given and a failure to observe or perform a covenant of this Lease as referred to in Article 34.00 will be deemed to have occurred.

9.04 Subject to Sections 9.02 and 9.03, consent by the Minister to any mortgage shall be deemed to include consent to the right of the mortgagee to exercise any power of sale or any other remedy with respect to the leasehold interest under the mortgage not inconsistent with the provisions of this Lease.

10.00 Consent and Registration

10.01 The Lessee will provide the Minister with four copies of every document with respect to a disposition of the leasehold which is referred to in Articles 7.00, 8.00 or 9.00 as requiring the Minister's consent. These copies shall be originally executed copies or copies of the duly executed documents certified as true copies by a solicitor for one of the parties to the document and shall be in a form acceptable for registration by the Registrar of the Indian Lands Registry or the Designated Lands Register or anyone in any successor office or anyone duly authorized to act for them.

10.02 The Minister's consent to any disposition of the leasehold shall not constitute any assurance to anyone that the disposition will be registered in the Reserve Land Register or the Designated Lands Register or relieve the Lessee from the obligation to provide the form of document required for registration.

10.03 Neither the granting of this Lease nor anything contained in it shall be construed as an agreement or assurance by the Minister that this Lease or any assignment, sublease, mortgage or other disposition of the leasehold can or may be registered in the Provincial Land Title Office.

11.00 Utilities

11.01 The Lessee is responsible for providing at its expense all services and facilities required by it for use of the Premises.

11.02 Without limiting the generality of the foregoing the Lessee will pay for all water, gas, telephone, light, power, heat, air-conditioning, sewer and garbage disposal services and facilities for use of the Premises.

11.03 No interruption of any service or facility provided to the Premises which is not caused by Her Majesty, Her officials, employees or agents will be deemed to be a disturbance of the Lessee's enjoyment of the Premises or render Her Majesty liable for injury to or in damages to the Lessee or relieve the Parties from their obligations under this Lease.

12.00 Taxes

12.01 Without limiting the generality of Article 13.00, the Lessee will pay on or before the due date in each and every year during the Term all taxes, trade licenses, rates, levies duties and assessments of any kind lawfully imposed by any competent authority, whether in respect of the Premises, fixtures, machinery, equipment or business relating to the Premises or in respect of occupation of the Premises by anyone.

12.02 Without relieving or modifying the obligation of the Lessee to comply with Section 12.01, the Lessee may at its expense, contest or appeal the validity or amount of any tax, trade licence, rate, levy, duty or assessment PROVIDED that the Lessee commences any proceedings to contest or appeal the validity or amount forthwith and continues with the proceedings with all due diligence.

12.03 The Lessee will upon request by the Minister and within thirty (30) days after the date taxes, trade licenses, rates, levies, duties or assessments are due provide the Minister with official receipts of the competent authority or other proof satisfactory to the Minister evidencing payment.

13.00 Compliance with Laws

13.01 The Lessee will at its expense observe and perform all of its obligations and all matters and things necessary or expedient to be observed or performed by it by virtue of any applicable law, statute, by-law, ordinance, regulation or lawful requirement of the federal, provincial or municipal government or authority, the Band Council or any public utility company lawfully acting under statutory power.

13.02 If any statutory notice is given lawfully requiring the execution of works by the Lessee at the Premises during the Term, and

- (a) if notice is served upon the Lessee, the Lessee will forthwith forward it to or a copy of it to the Minister and will (unless a certificate of exemption is obtained from the respective statutory authority) forthwith, at its expense, execute such works as are necessary to comply with the notice, or
- (b) if the notice is served upon the Minister, the Minister will forthwith forward it or a copy of it to the Lessee and thereupon the Lessee will, forthwith, at its expense, execute such works as are necessary to comply with the notice, and
- (c) the Lessee will forthwith upon completion of the works required by statutory notice, provide evidence satisfactory to the Minister of compliance with the terms of the statutory notice, including any certificates of inspection issued in respect of the works.

14.00 Use of Premises

14.01 During the initial term the Lessee may enter upon and have free and uninterrupted access to the Lands subject to:

(a) there shall be no improvements whatsoever constructed upon the Lands without the consent of the Minister first obtained in writing;

(b) the Lessee, its employees or agents shall not disturb the soil, trees or shrubs on the Lands except as is required to conduct surveys, complete the development plan and environmental assessment report required by this Lease, and;

(c) shall not remove, alter or destroy any improvement existing on the Lands as at the first day of January, 1991.

14.02 Subject to the Lessee having exercised its option to renew pursuant to Article 39.00 herein, during the renewal term the Lessee may construct, develop, maintain, or lease residential, single family apartment or multi-family units and such related or ancillary uses.

15.00 Nuisance

15.01 The Lessee will not cause, permit or suffer any nuisance at the Premises.

15.02 Without limiting Section 15.01, the lessee will, upon written notice from the Minister, abate any nuisance arising directly or indirectly out of the use or occupation of the Premises by the Lessee or someone else. Written notice under this Section will be deemed to be an order of the Minister for the purposes of Article 33.00.

15.03 The normal carrying on at any time by the Lessee of the uses permitted by Section 14.01 to the standards required of it under the provisions of this Lease will not be considered to be a nuisance for the purpose of this Section.

16.00 Waste

16.01 Except as permitted by Section 16.02, the Lessee will not cause, permit or suffer the commission of any waste of the Premises.

16.02 Except as required by construction and installations expressly permitted by this Lease, and except as permitted in writing by the Minister, the Lessee will not cause, permit or suffer the removal of any sand, gravel, marl, topsoil, or other material constituting part of the Premises.

17.00 Rubbish

17.01 Without limiting Article 15.00, 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 Section 14.01 or as permitted in writing by the Minister.

18.00 Alterations and Additions

18.01 The Lessee will at its expense complete or cause to be completed all alterations, removals, additions, replacements and substitutions in accordance with the provisions of Article 19.00 and Section 19.01, except as provided under this Section and in Articles 20.00 and 28.00, the Lessee will not construct any new buildings, structures or other improvements on, under or above the lands.

19.00 New Improvements

19.01 Except as provided under this Article and Articles 18.00, 20.00 and 28.00, the Lessee will not construct any new buildings, structures or other improvements on, under or above the Land.

19.02 The Lessee will submit complete and detailed plans and specifications for the construction of all permitted improvements referred to in Article 14.00, including the following plans and specifications and all other documents as may be required by the Minister to enable him to determine conveniently whether the works will comply with the provision of Article 21.00, all of which plans, specifications and other documents shall be hereinafter collectively called the Development Plan;

SITE All site plans drawn to scale, including any as constructed plans where available, 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 (buildings, easements, railway lines, pipelines, watercourses, culverts, ditches, etc.);
- (c) "North" arrow;
- (d) Title block including drawing scale, date, developer's name and address, reference numbers;

- ROADS
- (a) Location, dimension and size;
  - (b) Construction specifications.

BUILDINGS

- (a) Location, dimension and size (number of units, number of storeys, floor area, number of rooms) of all proposed buildings and accessory facilities;
- (b) Dimensions of front yard, side yards, rear yard;
- (c) Construction specifications.

SANITARY DISPOSAL

- (a) Location and size of on-site sanitary sewer connections;
- (b) Construction specifications.

WATER SUPPLY

- (a) Location and size of existing and/or proposed water mains;
- (b) Constructions specifications.

19.03 Unless and to the extent the Minister otherwise agrees in writing, the Development Plan shall be prepared by a professional architect or engineer licensed to practice as an architect or engineer in British Columbia.

19.04 The Minister may approve the Development Plan as submitted, or may require amendments or revisions to the Development Plan to ensure compliance with the provisions of Article 21.00. Such amendment or revision must be completed within thirty (30) days of the date of notice in writing of such requirement being received by the Lessee and the Development Plan as amended or revised must be re-submitted to the Minister for approval.

- 19.05 No approval or failure to approve by the Minister of the Development Plan will be construed as an assumption of responsibility in any way by the Minister for the Development Plan or any work completed in accordance with the Development Plan.
- 19.06 Upon receipt of the Minister's approval of the Development Plan the Lessee will promptly carry out only such work as provided in the Development Plan and of which the Minister approved. Once the Lessee has commenced the work it will proceed with all due diligence to completion.
- 19.07 Without limiting the foregoing, the Lessee shall and hereby agrees to develop the Premises in accordance with the Development Plan as approved by Her Majesty and the provisions of Article 21.00.
- 19.08 Upon completion of each stage of construction, commencing with the construction of foundations and including the lockup stage, the rough completion stage and the final completion stage, the Lessee will provide the Minister with a certificate prepared by an engineer licensed to practice as an engineer in British Columbia, certifying that the work has been completed in accordance with the standards set forth in Article 21.00 herein.
- 19.09 If the Lessee fails to complete development of the Premises in accordance with the Development Plan, Her Majesty may on thirty (30) days written notice to the Lessee terminate the Lease with respect to that portion of the Premises whereon the Development Plan has not been carried through to completion without any apportionment or rebate of the rents paid, and everything herein contained and the estate or term with respect to that portion of the Premises shall absolutely cease, determine and be void with re-entry or any other act or any suit or legal proceedings to be brought or taken, PROVIDED Her Majesty shall nevertheless be entitled to recover from the Lessee the rent then accrued or accruing, and moreover that any right of action

by Her Majesty against the Lessee in respect of any antecedent breach of any of the covenants, provisos, stipulations or conditions contained in this lease shall not be thereby prejudiced.

20.00 Repair of Premises

- 20.01.1 Subject to Section 20.02 the Lessee will at all times during the Term at its expense well and substantially repair, renew and maintain all Improvements in a good and tenantable condition in every respect as would a careful owner in occupation excepting reasonable wear and tear only as is not inconsistent with the foregoing.
- 20.01.2 Without limiting Section 20.01.1, the maintenance of the electrical, heating, ventilating, air conditioner, water and sewer systems will include all inspections, cleaning, oiling and adjustments and all replacements of bulbs, ballasts and filters.
- 20.01.3 Without limiting Section 20.01.1, the maintenance of any and all lawns and gardens constituting part of the Premises will include all cutting, pruning, cultivating, weeding, fertilizing and watering in order to keep the lawns and gardens in a neat, tidy and healthy condition.
- 20.02 Whenever repair or renewal pursuant to this Section requires altering, removing, adding to, replacing or making substitutions for the Premises, the Lessee will not undertake the work without first having received the written consent of the Minister, which consent shall not be unreasonably withheld.
- 20.03 The Lessee will complete all repair and renewal under this Section in accordance with the provisions of Article 21.00.

21.00 Construction Requirements

21.01 Without limiting Article 13.00, all construction and other work on the Premises will be carried out and completed to a standard and quality at least as high as those of any Improvements which are being repaired, restored, renewed, replaced or substituted and in accordance with the standards set out in Schedule "A" to this Lease, as those standards may be amended or replaced from time to time. If there is a conflict among any of the standards in Schedule "A" or if they cover the same subject matter then the highest standard will apply and if any standard is inapplicable for any reason the remaining standards will continue to apply in full force and effect.

21.02.1 Whenever construction or other work under this lease requires the Minister's consent, the Minister may as a prerequisite to deciding whether or not to consent require that the lessee provide him with complete and detailed plans and specifications of the work, including all documents as will enable the Minister to determine conveniently whether the work will comply with the provisions of this Section.

21.02.2 Unless and to the extent the Minister otherwise agrees in writing all such plans and specifications shall be prepared by a professional architect or engineer licensed to practice as an architect or engineer in British Columbia.

21.02.3 If the Minister requires plans and specifications pursuant to Section 20.02.1 then the Lessee will carry out only such work as provided in the plans and specifications and to which the Minister has consented. Once the Lessee has commenced the work it will proceed with all due diligence to completion.

21.02.4 No consent or failure to consent by the Minister to plans and specifications referred to in Section 21.02.1 or to the work will be construed as an assumption of responsibility in any way by the Minister for those plans or specifications or any work completed in accordance with them.

22.00 Signs

22.01 The Lessee shall not require during the Term the consent of the Minister to place any sign or other advertising device on the Lands provided they are related to the uses described in Article 14.00.

22.02 The Lessee shall be responsible for the repair, maintenance, strengthening or removal of any sign or advertising device.

22.03 The Minister will not be deemed to have acknowledged or admitted any liability or responsibility with respect to the placement, repair, maintenance, strengthening or removing signs on the Lands during the term.

23.00 Liability Insurance

23.01 The Lessee will forthwith effect and maintain at its expense with one or more companies satisfactory to the Minister, comprehensive general liability insurance (the "Liability Insurance") in the joint names of the Lessee and Her Majesty against claims for personal injury, death or property damage or loss occurring at or about the Premises.

23.02 The Liability Insurance will provide protection to the limit of not less than One Million Dollars (\$1,000,000.00) in respect of any one occurrence or to such other reasonable limit as the Minister may notify the Lessee in writing from time to time. If the Lessee disagrees with the Minister's determination of a reasonable limit it may at its own expense within sixty (60) days after the notice refer the

matter to the Federal Court of Canada under Section 17 of the Federal Court Act for a new determination of a reasonable limit. Until the Court makes a new determination the Lessee will insure to the limit provided in the Minister's notice.

24.00 Property Insurance

24.01 The Lessee will forthwith effect and maintain at its expense with one or more companies satisfactory to the Minister, property insurance (the "Property Insurance") in the joint names of the Lessee and Her Majesty, insuring the Improvements against loss or damage by fire and other perils under customary supplementary coverage.

24.02 The Property Insurance will insure all Improvements for one hundred per cent (100%) of their full replacement cost.

24.03 Notwithstanding the foregoing, if an insurance policy required under this Lease contains a co-insurance provision then the lessee will at all times maintain sufficient insurance to prevent Her Majesty and the Lessee from being co-insurers.

25.00 Insurance Provisions

25.01 Every insurance policy required under this lease will to the extent that it is obtainable contain an agreement by the insurer that it will not cancel or substantially alter the policy without first giving each of the insureds at least thirty (30) days prior written notice.

25.02 The Liability Insurance will contain a provision for cross liability between Her Majesty and the lessee and the Property Insurance will contain a waiver of subrogation so that the insurance will protect Her Majesty and the Lessee as if they were fully insured under separate policies.

26.00     Insurance Validation

- 26.01     The Lessee will not do, permit or suffer anything to be done at the Premises which might cause any policy of insurance required by this Lease to be invalidated or cancelled, and the Lessee will comply forthwith with every notice in writing from the Minister or any insurer requiring the execution of works or discontinuance of any use of the Premises in order to avoid invalidation or cancellation of any insurance.
- 26.02     The Lessee releases Her Majesty from all liability for loss and damage caused by any of the perils against which it has covenanted to insure, even though the loss or damage may arise out of the negligence of Her Majesty, Her Officials, employees or agents.
- 26.03     The Lessee will deliver Certificates of the insurers evidencing every policy of insurance that is required by this Lease to the Minister immediately after the Insurance is effected and will deliver a Certificate of Renewal or other evidence satisfactory to the Minister that the insurance has been renewed or replaced to the Minister at least ten (10) days before the expiry of any policy of insurance in force.
- 26.04     The Lessee will, upon written request from the Minister, deliver a certified copy of every insurance policy requested by the Minister.

27.00     Indemnity

- 27.01     The Lessee will indemnify and save harmless Her Majesty against and from all loss, costs and expense arising out of or related to any breach of a Lessee's covenant and all claims, demands, actions, suits and other proceedings for personal injury, death or property damage or loss arising out of or related to any act or omission of the Lessee, its officials, employees or agents or any act or omission of a sub-lessee under this Lease, its officials, employees or agents.

- 27.02 Notwithstanding Section 27.01, the Lessee's covenant to indemnify and save harmless will not apply to any claim, demand, loss, cost, damage, action, suit or other proceeding to the extent that same is occasioned or contributed to by the negligence or willful act or omission of Her Majesty, Her officials, employees or agents.
- 28.00 Replacement on Destruction
- 28.01 If during the Term any Improvements (in this Section called the "Damaged Improvements") are damaged or destroyed by fire or any other cause so as to render the Premises or any part thereof unfit for the purposes of the Lessee as provided in Article 14.00 the provisions of this Section will have effect.
- 28.02 The Rent will not abate whether the Damaged Improvements are rendered partially or wholly unfit for the purposes of the Lessee.
- 28.03 The Lessee may in its discretion determine whether or not to restore and repair the Damaged Improvements PROVIDED that it notifies the Minister of its decision in that regard within sixty (60) days of the damage or destruction occurring and PROVIDED further that notice to the Minister of the Lessee's decision not to restore or repair will not be considered valid or effective unless it includes the written consent of all mortgagees to whose mortgages the Minister has consented.
- 28.04.1 If the Lessee determines to restore or repair the Damaged Improvements or if it fails to give the Minister notice as provided in Section 28.03 then it will provide the Minister with complete and detailed plans and specifications of the proposed restoration or repair together with an estimate of the full cost of the restoration or repair and will restore or repair the Damaged Improvements to the same

as or better condition than that which existed immediately prior to the damage or destruction without allowance for deterioration and will carry out the work with diligence and dispatch.

28.04.2 The plans and specifications and the cost estimate referred to in Section 28.04.1 will be prepared and signed by an architect or engineer licensed to practise in British Columbia.

28.04.3 Without limiting the foregoing, the Lessee will at its expense complete all restoration and repair in accordance with the provisions of Article 21.00.

29.00 Insurance Proceeds

29.01 If the Lessee has determined to restore or repair or has failed to give notice as provided in Section 28.03 and if the Minister has 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 restoration or repair of the Premises. The cost of the repairs or restoration shall be borne by the Lessee whether or not it exceeds the insurance proceeds.

29.01.1 If the Lessee has determined to restore or repair or has failed to give notice as provided in Section 28.03 and if the Minister has required in writing that insurance proceeds be paid to either the Receiver General for Canada ("Receiver General") or a trustee then the proceeds shall be paid to the Receiver General or a trustee, appointed by the Minister, to hold on behalf of Her Majesty, the Lessee and any leasehold mortgagees to whose mortgages the Minister has consented and to be applied in accordance with the provisions of this Section. The Lessee will do all things necessary or convenient to facilitate this payment.

- 29.01.2 Work in progress shall be paid for in installments as progress payments out of the insurance proceeds, PROVIDED that the Receiver General or the trustee at all times shall retain sufficient of the insurance proceeds to pay for the estimated cost of the restoration or repair remaining to be completed and any trustee fees and costs remaining to be paid at the date the payment is made. The lessee shall pay and be responsible for the cost of the restoration or repair and the fees and costs of any trustee in excess of the insurance proceeds.
- 29.01.3 Any progress payments to be made under this Section by the Receiver General or the trustee to the Lessee shall not be made without the submission of a statement, certified by an architect or engineer for the Lessee stating the estimated amount required to complete the restoration or repair at the date of the certificate, the amount claimed by individual contractors at that date, the amount owing on work already done, and the amount of any payments made at the date of the certificate for work already done, and verifying the standard and quality of the work already done.
- 29.02 Before any contract is entered into by the Lessee for the carrying out of any restoration or repair work pursuant to Article 28.00, copies of the estimates for the work and the contracts for the completion of the work shall be submitted by the Lessee to the Minister, the leasehold mortgagees to whose mortgages the Minister has consented and any trustee appointed pursuant to Section 29.01.1.
- 29.03 If this Lease expires or is otherwise terminated for whatever cause, insurance proceeds remaining with the Receiver General or the trustee after payment of any trustee fees and costs shall be paid to Her Majesty for Her Majesty's use and benefit.

30.00 Removal of Buildings, Fixtures and Chattels

30.01 At any time during the term or within one hundred twenty days (120) after the expiration or sooner termination of this Lease, the Lessee may, if not in default hereunder, at the Lessee's own expense remove from the Premises all the Lessee's moveable goods, chattels and trade fixtures and all buildings and improvements placed on the Premises by the Lessee PROVIDING the following conditions are met:

- (a) The Lessee has not earlier than ninety days (90) and not later than sixty days (60) before the expiration or earlier termination of this Lease, given to the Minister written notice of its intention to remove the buildings, fixtures and improvements; and
- (b) The Lessee has given to the Minister a performance bond in such amount as the Minister may require to cover the costs of improvements and to enable the Minister to complete their removal and to restore the premises to a neat, clean and tidy state; and
- (c) The Lessee completes the work of removal not later than one hundred twenty days (120) after expiry or the termination date of the term.

30.02 Subject to Section 30.03, the Lessee shall upon the expiration or earlier termination of this Lease, or upon removal of buildings, fixtures and improvements pursuant to Section 30.01, whichever is later, leave the Premises in good and substantial repair and condition and free of all debris to the reasonable satisfaction of the Minister.

30.03 Upon written demand by the Minister given on or before the ninetieth day after the expiration or earlier termination of this Lease, the Lessee will at the Lessee's own expense immediately upon the expiration or earlier termination of this Lease or upon demand being given, whichever is later, remove from the Premises all buildings and other

improvements constituting part of the Premises including without limiting the generality of the foregoing, all the Lessee's moveable goods, chattels and trade fixtures, or such of them as the Minister may require to be removed from the Premises and leave the remainder of the Premises in good substantial repair and condition and free from all debris to the reasonable satisfaction of the Minister.

31.00 Quiet Enjoyment

31.01 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 Her Majesty.

32.00 Forfeiture

32.01.1 If the Lessee:

(a) fails to pay any Rent or any other sum required to be paid by the Lessee when due under this Lease, or

(b) Fails to perform or observe any other covenant of this Lease,

then the Minister may give the Lessee notice of the default.

32.01.2 If the Minister gives the Lessee notice of default under Section 32.01.1 and either:

(a) the default is a default mentioned in paragraph 31.01.1(a) or is reasonably capable of being cured within thirty (30) days after the notice is given and the Lessee fails to cure the default within thirty (30) days; or

(b) the default is not a default mentioned in paragraph 32.01.1(a) and is not reasonably capable of being cured within thirty (30) days after the notice is given and the Lessee fails to commence to cure the default promptly upon receipt of the notice and to proceed to cure it with all due diligence to completion;

then the Minister may by notice to the Lessee subject to Section 32.03 declare the Term ended.

32.02.1 If the Minister declares the Term ended as provided in Section 32.01.2, then except as otherwise expressly provided in this lease, this Lease and everything contained in it and the Term will thereupon absolutely cease, determine and be void without re-entry or any other act or legal proceedings, and the Minister may re-enter the Premises and possess and enjoy it as if the Lease had not been made.

32.02.2 Notwithstanding a declaration by the Minister that the Term has ended, Her Majesty will be entitled to recover from the Lessee the Rent then accrued or accruing, and enforce any right of action against the Lessee in respect of any antecedent breach of any of the Lessee's covenants including a right of action under Article 27.00.

32.03 No notice to the Lessee under Sections 32.01.1, 32.01.2 or Article 37.00 will be valid for any purpose unless and until a copy of such notice is also given to any leasehold mortgagee to whose mortgage the Minister has consented under this Lease, and who has provided the Minister in writing with an address in British Columbia to which the Minister may mail and deliver copies of notices. The copy of such notice may be given to the leasehold mortgagee at the address specified by the mortgagee and otherwise on the same terms and conditions as applicable to notices referred to in Article 53.00. The mortgagee may change its address from time to time by notice to the Minister in the same manner as notices are provided to the Minister under Article 53.00.

- 32.04 Any curing of a default by a leasehold mortgagee will be construed as curing default by the Lessee.
- 32.05 If any disagreement arises as to whether the curing of any default is promptly commenced or is proceeded with due diligence, the question may be referred to the Federal Court in accordance with Article 52.00 of this Lease.
- 33.00 Insolvency
- 33.01 If the Lessee becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or if it is a corporation and proceedings are begun to wind it up then accelerated Rent for the period of three (3) months next following the date of bankruptcy or other event, calculated at the same rate as would have been payable by the Lessee if no bankruptcy or other event had taken place, shall immediately become due and payable.
- 34.00 Performance of Covenants
- 34.01 If the Lessee fails to perform any Lessee's covenant, then without limiting any other remedy of the Minister under this Lease the Minister may order the Lessee in writing to perform the covenant, and if the Lessee does not perform it within thirty (30) days of such order the Minister may but will not be obligated to do whatever is reasonably necessary to perform it. Any reasonable cost or expense incurred by the Minister in performing the covenant will be paid by the Lessee to Her Majesty forthwith upon demand by the Minister.
- 34.02 The Lessee will provide the Minister, his officials, employees and agents convenient access to the Premises at all reasonable times from time to time for the purposes of viewing the Premises and otherwise determining that the Lessee's covenants are being duly observed and performed.

34.03 The Lessee will also provide the Minister, his officials, employees, agents, contractors and subcontractors with and without vehicles and equipment all necessary access to the Premises for the purpose of performing the Lessee's covenants pursuant to Section 34.01.

35.00 Distress

35.01 Her Majesty will be entitled to levy distress against the chattels and trade fixtures of the Lessee and the Minister on behalf of Her Majesty may use such force as he deems necessary for that purpose and for gaining admittance to the Premises without being liable for any action or for any loss or damage occasioned by the distress or the use of force.

36.00 Right of the Minister to Relet

36.01 If the Premises shall be deserted or vacated, the Minister shall have the right, at his option, 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 occasioned by the entry or the use of force and to relet the Premises as the agent and at the risk of the Lessee, and to receive the rent for any reletting.

36.02 Rent for any reletting under Section 36.01 may be applied by the Minister to any expenses incurred by him in the re-entry of the Premises and in the reletting and to any other monies owing to Her Majesty under this Lease in such proportions and in such order of priority as the Minister may decide.

36.03 The Minister will not be construed as re-entering the Premises as agent of the Lessee if prior to the re-entry the Minister has declared the Term ended.

- 36.04 Notwithstanding a re-entry by the Minister, Her Majesty will be entitled to recover from the Lessee the Rent then accrued or accruing and enforce any right of action against the Lessee in respect of any antecedent breach of any of the covenants of this Lease, including a right of action under Article 27.00.
- 37.00 Change in Control of Lessee
- 37.01 If the Lessee is one or more corporations, and if by the sale or other disposition of the securities of the corporation, or of any one of the corporations if more than one, the control or the beneficial ownership of fifty (50%) percent or more of the voting shares of any class of shares of such corporation is changed at any time or over any period of time after the execution of this Lease without the consent of the Minister in writing first sought and obtained which consent shall not unreasonably be withheld, the Minister may, within sixty (60) days of becoming aware of the change in control or ownership, cancel this Lease by giving the Lessee sixty (60) days prior notice of the ending of the Term.
- 37.02 If the Minister declares the Term ended as provided in Section 37.01 then the provisions of Sections 32.02.1, 32.02.2 and 32.03 will apply.
- 38.00 Environment
- 38.01 Notwithstanding Section 14.01 or any other provision of this Lease, whenever construction or other work under Articles 19.00 or 20.00 requires the Minister's consent, the Minister may, as a prerequisite to deciding whether or not to consent, require the Lessee to prepare and submit an environmental impact assessment report on terms of reference and in a form satisfactory to the Minister.

38.02 Notwithstanding Section 14.01 or any other provision of this Lease, if in the reasonable opinion of Her Majesty, the proposed construction or other work under Article 19.00 or 20.00 would have a negative and unmitigatable impact on the environment (to the extent that mitigation would not reduce the impact to an acceptable level), then her Majesty may, upon thirty (30) days written notice to the Lessee, terminate the Lease, and the provisions of Sections 32.02.1, 32.02.2, and 32.03 will apply.

39.00 Option to Renew

39.01 Subject to the Lessee paying the rent due during the initial term and performing and observing the covenants, provisos and agreements on its part herein contained during the initial term, the Minister shall, subject to the conditions set out below grant to the Lessee an option to renew this Lease for the renewal term hereinbefore described in Article 1.00 to commence upon the expiration of the initial term for the rent described in Section 4.03 and otherwise subject to the covenants, provisos and conditions contained in this Lease and subject to the following conditions:

- (a) the Lessee providing notice to the Minister during the initial term and not later than thirty (30) days prior to the expiration of the initial term in the manner provided in Article 53.00;
- (b) that a Canada Lands Survey Plan will have been completed prior to the Lessee giving notice pursuant to Clause 39.01(a);

39.02 The Lessee may exercise the option to renew by notice in writing to the Minister at any time during the initial term and not later than thirty (30) days before the expiration of the initial term in the manner prescribed by Article 53.00 herein. If the Lessee does not exercise its option to renew in the manner hereinbefore described within the time stipulated the Lessee shall have no further right to exercise the option to renew, the Minister shall be under no

obligation to grant a renewal lease, the lease and everything contained in it and the term thereupon absolutely cease, determine and be void without re-entry or any other act or legal proceeding.

40.00 Lessee's Right to Terminate during Initial Term

40.01 The Lessee may upon giving thirty (30) days written notice to the Minister in the manner prescribed in Article 53.00 herein terminate this Lease effective upon the expiration of the thirty (30) day notice period subject to the following conditions:

- (a) the Lessee must be current with all rent payments due to and including the expiration of the thirty (30) day notice period;
- (b) the notice of termination is given not later than thirty (30) days prior to the expiration of the initial term;
- (c) the Lessee would continue to be liable for any damage caused to the Lands or any other breach of the terms of this Lease during the initial term.

40.02 Upon the expiration of the notice received by the Minister pursuant to Article 53.00 and subject to the condition therein described this Lease shall determine absolutely with no further obligation by the Lessee to pay rent or perform the covenants herein contained.

41.00 Payments by Her Majesty Regarded as Rent

41.01 If at any time before or after the expiration of earlier termination of the Term Her Majesty suffers or incurs any damage, loss or expense by reason of any failure of the Lessee to perform or observe any of the Lessee's covenants or makes any payment for which the Lessee is liable under this Lease, or if Her Majesty is compelled or elects to incur any expense including legal fees in instituting, prosecuting or defending any action or proceeding instituted by reason of any default

of the Lessee under this Lease (including any action or proceeding against the Lessee) then in every such case the amount of damage, loss, expense or payment (including legal fees of Her Majesty on a solicitor-client basis), together with interest as provided in Article 42.00, will be paid by the Lessee to Her Majesty forthwith on demand by the Minister.

41.02 The amount of any damage, loss, expense or payment referred to in Section 41.01 will be added to the Rent due under the Lease, be due and payable as Rent and be recoverable in the manner provided by law for the recovery of Rent in arrears.

42.00 Arrears to Bear Interest

42.01 If the Rent or any other sum owing by the Lessee to Her Majesty under this Lease is not paid within thirty (30) days from the date on which it is due then it will bear interest at the Prime Rate in effect from time to time plus four percent (4%) per annum from the date the Rent or the sum is due until the date of the payment by the Lessee, but this stipulation for interest shall not prejudice or affect any other remedies of Her Majesty under this Lease or otherwise, or be construed to relieve the Lessee from any default in making the Rent payment at the time and in the manner specified in this Lease.

43.00 Remedies Cumulative

43.01 All rights and remedies of Her Majesty 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.

43.02 All rights and remedies of Her Majesty may be exercised concurrently.

44.00 Surrender of Possession

44.01 Subject to Article 30.00, when the Term expires or otherwise ends, the Lessee will peaceably surrender the Premises to Her Majesty maintained, repaired and renewed as provided in Article 20.00.

45.00 Holding Over

45.01 If the Lessee continues in possession of the Premises after the Term expires by effluxion of time, its status notwithstanding any payment of Rent will be that of a tenant from month to month. The Lessee will not be construed as being in possession of the Premises solely by its exercise of rights under Article 30.00.

45.02 The Lessee will during the continuance of the month to month tenancy referred to in Section 45.01, pay in advance on the first day of each month a Rent in such amount as is agreed between Her Majesty and the Lessee. If the Lessee disagrees with the rent set by Her Majesty, it shall be resolved pursuant to Article 52.00.

45.03 The month to month tenancy referred to in Section 45.01 will be subject to all the terms and conditions of this Lease except as modified by Sections 45.01 and 45.02 and except as they are inapplicable to the tenancy from month to month.

46.00 Net Lease

46.01 This Lease is to be a completely carefree net lease for Her Majesty and notwithstanding anything to this Lease to the contrary Her Majesty is not to be responsible during the Term for any costs, charges, expenses or outlays of any nature in respect of the Premises.

47.00 No Warranties

47.01 No representations, warranties or conditions have been made to the Lessee in respect of the Premises by Her Majesty, Her Officials, employees and agents.

47.02 The Lessee is fully familiar with the Premises and every part and aspect of the Premises and without limiting the generality of the foregoing the Lessee acknowledges that it has carried out a full inspection of the Premises and takes the Premises as is in reliance of its own inspection and not relying on any representations or warranties of Her Majesty, Her officials, employees or agents.

48.00 Corporate Authority

48.01 If the Lessee is one or more corporations, the Lessee warrants and represents to the Minister that:

(a) the Lessee has the corporate authority pursuant to its Memorandum and Sections to enter into this Lease and to perform all the covenants and agreements contained herein; and

(b) 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 the annual reports at the office of the Registrar of Companies of British Columbia.

49.00 Headings

49.01 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.

49.02 Any reference in this Lease to an article, section, paragraph or clause shall mean an article, section, paragraph or clause of this Lease unless otherwise expressly provided.

49.03 Any reference in this Lease to Lessee's covenants will be deemed to include all terms and conditions to be performed or observed by the Lessee under this Lease.

50.00 Amendments

50.01 This Lease constitutes the entire agreement between the Parties with respect to the subject matter of this Lease and no modification, or waiver of any provision of the Lease will be inferred from anything done or omitted by either of the Parties except by an express waiver in writing duly executed by the respective Party.

50.02 No condoning, excusing or overlooking by Her Majesty 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 Her Majesty in respect of any continuing or subsequent default and no waiver of these rights will be inferred from anything done or omitted by Her Majesty except by an express waiver in writing.

51.00 Governing Law

51.01 This Lease will be governed by and construed in accordance with the laws of Canada and otherwise in accordance with the laws of the Province of British Columbia, which laws as the case may be will be deemed to be the proper law of this Lease.

52.00 Dispute Resolution

52.01 Where this lease provides that any question may or shall be referred to the Federal Court of Canada for a determination then the decision of the Federal Court of Canada subject to an appeal on a question of law or mixed fact and law to an appellate court will be considered final and binding upon the Parties.

52.02 If upon a reference to it, the Federal Court refuses jurisdiction or otherwise fails to determine the question or if neither of the Parties refers the matter to the Federal court within sixty (60) days of either Party sending a notice to the other requesting it to do so 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.

53.00 Notice

53.01 All notices, demands, requests, elections, consents or other communications that may be or are required to be given pursuant to this Lease will be in writing and will be validly given:

- (a) if delivered by hand to the representative indicated in this article of the Party to whom notice is being given;
- (b) if enclosed in an envelope and mailed by prepaid double registered mail in Canada to such representative at the address given in this article.

53.02 The address of each Party for the purposes of this article is as follows:

To Her Majesty:

c/o Westbank Band of Indians  
301 - 515 S. Highway 97  
Kelowna, B.C.  
V1Z 3J2

To the Lessee:

Artisan Management Inc.  
c/o 2nd Floor, 1674 Bertram Street  
Kelowna, B.C.  
V1Y 9G4

53.03 Either party may change its address for the purposes of this Section by giving notice of the change to the other Party in the manner provided in this Section.

53.04 For the purposes of this Section, the representative of the Minister will be the Westbank Band of Indians or anyone duly authorized to act in his place, and the representative of the Lessee will be the president, secretary or a director of the Lessee if the Lessee is a corporation or will be the Lessee if the Lessee is a natural person or persons or will be a partner of the Lessee if the Lessee is a partnership.

53.05 Notices, demands, requests, elections, consents or other communications given pursuant to this Section will be deemed to be given and received:

(a) if delivered by hand, on the day of delivery, and

(b) if mailed by prepaid double registered mail:

(i) ninety-six (96) hours from the time of mailing if mailed within British Columbia and if during that ninety-six (96) hour period there is no strike of the mails or other postal disruption, or

(ii) at the time of actual receipt if mailed outside of British Columbia or if during the ninety-six (96) hour period after mailing there is a strike of the mails or other postal disruption.

54.00 Time of the Essence

54.01 Time is of the essence in this Lease and each of its terms and conditions.

55.00 Severability

55.01 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. The intention of the Parties is that this Lease would have been executed without reference to any portion which may, for any reason, be declared or held invalid.

56.00 Plurality and Gender

56.01 This Lease shall enure to 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 shall include the heirs, executors, administrators, successors, assigns and other legal representatives of the Party.

56.02 Reference to a Party shall be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made.

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

57.00 No Share to Members of Parliament

57.01 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.

58.00 Not a Joint Venture

58.01 Nothing in this Lease will be construed as making the Band or the Band Council an agent, partner or joint venturer with Her Majesty or the Lessee nor as creating any relationship between the Parties other than the relationship of Lessor and Lessee.

59.00 Indian Act Applies

59.01 This Lease is subject to the Indian Act.

60.00 Initial Term Provisos

60.01 During the initial term the Lessee shall not come within a fifty (50) foot radius of the residential improvement situate on the Lands occupied by tenants.

60.02 During the initial term the Lessee shall not be entitled to any rent payable by any tenants currently occupying the Lands.

60.03 If the Lessee exercises its option to renew the Lease pursuant to Article 39.00 herein the Lessee at its option shall be entitled to rent paid by any tenants of the Lands or require that any mobile home be removed from the Lands by giving thirty (30) days written notice to the tenant with copies to Her Majesty and David Derrickson.

IN WITNESS WHEREOF, the Chief and Councilors of the Westbank Band of Indians, on behalf of Her Majesty the Queen in right of Canada, pursuant to authority delegated duly under Section 60 of the Indian Act, have hereunto set their hands and seals on the day, month and year first above written.

WITNESS as to all signatures:

Susan M Sparrow  
Witness Signature

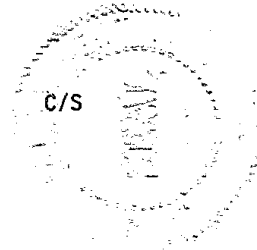
[Signature]  
[Signature]

Address

MANAGER OF LANDS  
Occupation

THE COMMON SEAL of  
ARTISAN MANAGEMENT INC.  
was hereunto affixed in the  
presence of:

[Signature] [Signature]  
Authorized Signatory




I, DAVID DERRICKSON, Locatee, hereby acknowledge and declare that I am in lawful possession of the Lands, have read and understood all the terms and conditions of this Lease, have been advised by the Minister of Indian Affairs and Northern Development to obtain the advice of a lawyer before signing this Acknowledgement, Declaration and Consent and do not rely on the legal advice of anyone except my own lawyer, and hereby consent to the terms and conditions of this Lease. Further, I make application to the Minister of Indian Affairs and Northern Development pursuant to Section 58(3) of the Indian Act on the terms and conditions as contained herein.

SIGNED, SEALED and DELIVERED by the  
Locatee in the presence of:

Name: Gayle Mercer

Address: GAYLE MERCER

Occupation: LEGAL SECRETARY  
2nd Fl. - 1674 BERTRAM STREET  
KELOWNA, B.C. V1Y 9G4

  
DAVID DERRICKSON

LAND TITLE ACT

Form 2

Sections 43(a) and 44(a)

AFFIDAVIT OF WITNESS

I, Susan Sparrow, of City of Kelowna, in British Columbia, make oath and say:

- 1. I was present and saw this instrument duly signed and executed by Robert Louie, Ted Clough and Brian Eli, the party(ies) to it, for the purposes named in it.
2. The instrument was executed at Kelowna
3. I know the party(ies) who is(are) 19 years old or more.
4. I am the subscribing witness to the instrument and am 16 years old or more.

Sworn before me at City of Kelowna

in British Columbia, this 7th day of May, 1991.

\* Lynn P. Vanderburg

Commissioner For Taking Affidavits

NOTE: This affidavit must be sworn by a witness who is not a party to the instrument.

No. 9827 Expires March 31, 1993

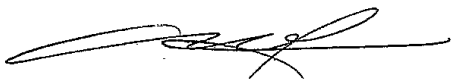
Susan M. Sparrow

AFFIDAVIT OF WITNESS

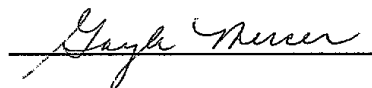
I, *GAYLE MERRICK*, c/o 2nd Floor, 1674 Bertram Street, in the City of Kelowna, in the Province of British Columbia, MAKE OATH AND SAY:

1. I was present and saw this instrument signed and executed by DAVID DERRICKSON, the party to it for the purposes named in it.
2. The instrument was executed at Kelowna, British Columbia.
3. I know the party who is 19 years or more.
4. I am the subscribing witness to the instrument and am 16 years old or more.

SWORN BEFORE ME at the City of Kelowna, )  
in the Province of British Columbia, )  
this 22 day of April, 1991 )



A Commissioner for taking Affidavits  
within British Columbia



**MURRAY D. GLAZIER**  
Barrister and Solicitor  
2nd Fl.—1674 Bertram Street  
Kelowna, B.C. V1Y 9G4

SCHEDULE "A"

Waterworks

Indian and Northern Affairs Canada ("INAC"), Design Guidelines and Waterworks in B.C., 1986

Wastewater Works

INAC, Design Guidelines for Wastewater Systems in B.C. Region, 1987

Solid Waste

INAC, Solid Waste Collection and Disposal, DRM 10-7/42, October, 1984

Central Mortgage and Housing Corporation, Septic Tank Standards

Environment Canada, Environmental Protection Services, Code of Good Practice for Handling Solid Wastes at Federal Establishments

Department of Lands and Forests and Water Resources, Pollution Control Objectives for Municipal Type Waste Discharges in British Columbia, September, 1975

B.C. Ministry of Environment, Pollution Control Guidelines for Open Burning on Municipal Refuse Sites, April, 1984

Roads and Drainage

INAC, Transportation Planning, DRM 10-7/60, September, 1984

INAC, Road Re-Engineering and Design, DRM 10-7/61

INAC, Road Construction, DRM 10-7/62

Building and Fire Safety

National Building Code of Canada and Supplement 1985

National Fire Code of Canada and Supplement 1980

INAC, Fire Protection, DRM 10-7/26

INAC, Environmental Assessment Guidelines, DRM 10-7/33

Canadian National Research Council ("CNRC") Measures for Energy Conservation in New Buildings, 1983

CNRC, Canadian Plumbing Code, 1985

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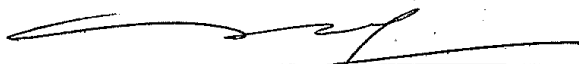
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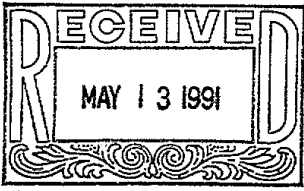
PROOF OF EXECUTION BY CORPORATION

I CERTIFY that on the 6th day of May, 1991, at the City of Kelowna, in the Province of British Columbia, LARRY ROGERS and RANDY RHODE, who are personally known to me, appeared before me and acknowledged to me that they are the authorized signatories of ARTISAN MANAGEMENT INC., and that they are the persons who subscribed their names and affixed the seal of the corporation to the instrument, that they were authorized to subscribe their names and affix the seal 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 the City of Kelowna, in the Province of British Columbia, this 6<sup>th</sup> day of May, 1991.

  
A Commissioner for taking Affidavits with ~~MURRAY D. GALTZER~~  
Barrister and Solicitor  
2nd Fl.—1674 Bertram Street  
Kelowna, B.C. V1Y 9G4

\* Where the person making the acknowledgment is personally known to the officer taking it, strike out these words in brackets.



BETWEEN:

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

OF THE FIRST PART

AND:

ARTISAN MANAGEMENT INC.

OF THE SECOND PART

LEASE

MCG-25  
05/06/91

WAGMAN, BAILEY, GLAZIER & JOHNSON  
BARRISTERS AND SOLICITORS  
2nd FLOOR, 1674 BERTHAM STREET  
KELOWNA, BRITISH COLUMBIA  
V1Y 9G4

May 3, 1991

Her Majesty the Queen in right  
of Canada as represented by the  
Westbank Indian Band Council  
301 - 515 S. Highway 97  
Kelowna, B.C.  
V1Z 3J2

Dear Sirs:

Re: Artisan Management Inc. - Lease of Lots 5-2 and 5-4, TIR #9,  
Province of British Columbia, as shown on RSBC Plan of Survey No. 587  
(the "Lands")

---

The undersigned, lawfully in possession of the Lands hereby makes application for the Lands to be leased for my benefit pursuant to Section 58(3) of the Indian Act to Artisan Management Inc. for a term of 99 years from May 1, 1991.

Further, I acknowledge that Article 21.00 (Construction Requirements) of the Lease does not include the obligation of the Lessee to provide a performance bond or labour and material bond and I consent to such omission. The consequences of the bonding requirement not being included in the Lease have been explained to me by my solicitor, Douglas W. Welder, Barrister and Solicitor, at #200 - 586 Leon Avenue, Kelowna, B.C., V1Y 6J6. I hereby release Her Majesty the Queen in right of Canada, the Department of Indian Affairs and Northern Development and the Westbank Indian Band from any claim which may arise as a consequence of my having waived the bonding requirements in the above-described Lease to be granted to Artisan Management Inc.

WITNESS:

Name: 

Address: DOUGLAS W. WELDER

BARRISTER & SOLICITOR  
#200-586 LEON AVENUE  
KELOWNA, B.C. V1Y 6J6

Occupation: \_\_\_\_\_

  
DAVID DERRICKSON



# WESTBANK INDIAN COUNCIL

SUITE 301 - 515 HIGHWAY 97 SOUTH, KELOWNA, B.C. V1Z 3J2 - TELEPHONE 769-5666 - FAX 769-4377

## BAND COUNCIL RESOLUTION

CHRONOLOGICAL NUMBER: 1991/92-20

THE CHIEF AND COUNCIL OF THE WESTBANK INDIAN BAND  
OF KELOWNA, BRITISH COLUMBIA

DATED THIS 6th DAY OF may 1991

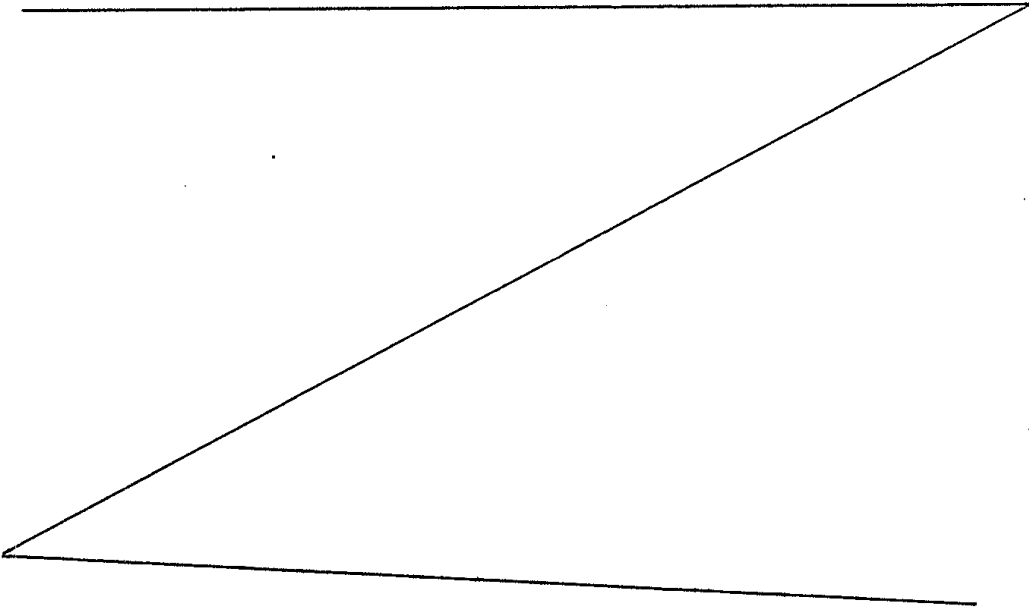
DO HEREBY RESOLVE:

WHEREAS the Council of the Westbank Indian Band hereby approves and consents to the Lease between Her Majesty the Queen and Artisan Management Ltd., on the whole of Lots 5-2 and 5-4 RSBC 587, Tsinstikeptum Indian Reserve No. 9, Locatee Dave Derrickson.

The INITIAL TERM of the lease consists of the period commencing on the 1st day of January 1991 and expiring on or before the 31st day of December 1992.

The RENEWAL TERM commences upon the expiration of the initial term and expiring on the 31st day of December, 2089.

The Lessee will construct, develop, maintain, sell or lease residential, single family apartment or multi-family units and such related or ancillary uses.



[Signature]  
COUNCILLOR

[Signature]  
CHIEF  
COUNCILLOR

[Signature]  
COUNCILLOR

\_\_\_\_\_  
COUNCILLOR

A QUORUM OF THE WESTBANK INDIAN BAND COUNCIL  
CONSISTS OF 3  
COUNCIL MEMBERS



May 9, 1991

Your file    Votre référence

Our file    Notre référence

Susan M. Sparrow  
Manager of Lands and Natural Resources  
Westbank Indian Band  
Suite 301  
515 Highway 97 South  
KELOWNA, British Columbia  
V1Z 3J2

Dear Ms Sparrow:

**Lease to Artisan Management Inc.  
Lots 5-2 and 5-4, Tsinstikeptum I.R. No. 1  
R.S.B.C. Plan No. 587**

In reference to your May 7, 1991 on the pre-audit of the above mentioned lease, we thank you for providing us with the changes and information requested.

This information has been reviewed and is acceptable. Therefore, the lease as a whole is now acceptable and the pre-audit is complete.

You may attend to the execution of the lease.

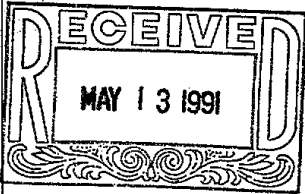
Yours sincerely,

Graham Swan  
Director  
Lands Directorate  
Lands Revenues and Trusts  
OTTAWA, Ontario  
K1A 0H4

**Canada**

Receipt Stamp

Registration Stamp



4070

205833 Registration No. 24 May 1991 Date 10:21am Time

Indian Land Registry REGISTRATION CONTROL SHEET

Sec. 53 and/or 60 Bands Westbank

Region British Columbia Instrument type 14

COMPUTER REGISTRATION INFORMATION (For computerized reserves only.)

LOG # P1872 LOG DATE May 13, 1991 R.I.P. No 245

INSTRUMENT NAME lease CODE

RESERVE NAME Trust Agreement #9 CODE 7420

PURPOSE NAME Residential CODE

TERM 24 YRS FROM 01 Jan 1991 TO 31 Dec 1992 99 YRS 2089

RETIRE PIN: YES NO

CP REQUIRED YES NO

PIN(s) LEGAL DESCRIPTION/LAND AFFECTED

902001902 lot 5-2 Plan 587 R.S.B.R.

902001903 lot 5-4 Plan 587 R.S.B.C.

REMARKS/REGISTRATION NOS. AFFECTED (Plus lot 5, Plan 553/6 C.L.S.R.,

P.W. 900020532)

"Subject to Nat. Reg. #37056 as at 01 Jan 1992"

NEW PIN(S) CREATED LEGAL DESCRIPTION

REGISTRATION NOS. (CARRIED OVER)

EXAMINED by Dorothy St. Pierre Date 13 May 1991

Initial verification by Kambougl Date May 23/91

Final verification by Kambougl Date May 27/91