

**REAL ESTATE DEVELOPMENT MARKETING ACT
FIRST AMENDMENT TO DISCLOSURE STATEMENT OF
28165 YUKON INC AND PARADISE INVESTMENT TRUST.**

March 19, 2013

STRATA PLAN BCS3916

Bare Land Strata Lots 1 to 9, 11 and 12

**Disclosure Statement under the *Real Estate Development Marketing Act*:
December 5, 2012**

Developer:	28165 Yukon Inc. and Paradise Investment Trust
Address for Service in British Columbia 28165 Yukon Inc. Paradise Investment Trust	1000-840 Howe Street Vancouver BC V6Z 2M1 c/o Miller Thomson LLP 1000-840 Howe Street Vancouver BC V6Z 2M1
Business Address for the Developers: 28165 Yukon Inc. Paradise Investment Trust	5439 Buckingham Avenue Burnaby BC V6E 1Z9 c/o Societe Generale Private Banking (Bahamas) Ltd. PO Box N7788 Nassau Bahamas
Developers' Real Estate Agents:	Re/Max Sea to Sky Real Estate #139, 4370 Lorimer Road Whistler, B.C. V0N 1B4
DISCLAIMER This Amendment to Disclosure Statement has been filed with the Superintendent of Real Estate, but neither the Superintendent, nor any other authority of the government of the Province of British Columbia, has determined the merits of any statement contained in the Disclosure Statement, or whether the Disclosure Statement contains a misrepresentation or otherwise fails to comply with the requirements of the <i>Real Estate Development Marketing Act</i> . It is the responsibility of the developer to disclose plainly all material facts, without misrepresentation.	

1. Amendment of Disclosure Statement

The Disclosure Statement dated December 5, 2012 ("**Original Disclosure Statement**") with respect to an offering by the Developer for the sale of 11 bare land strata lots in the Squamish Lillooet Regional District, British Columbia, is amended as follows:

- (a) Section 3.8 (c) Sewage is deleted and replaced with the following:

Sewage: The pumping, filtration, reservoirs, underground water mains, lines and pipes, together with ancillary appliances and fittings for the purpose of containing, pumping, conveying or metering sewage from the Strata Lots (collectively the Sewage Facility") have been completed.

The Sewage Facility was registered with the Ministry of Water Land and Air Protection on June 12, 2008 under Number RE18092 pursuant to the Municipal Sewage Regulation under the Environmental Management Act.

The Developers prepared an assurance plan dated November 2012 for a Registered Discharge under the Municipal Sewage Regulation (the "Assurance Plan"). In accordance with the requirements of the Ministry of the Environment the Assurance Plan the Developers retained Nova Tec Consultants Inc ("Nova Tec") independent professional engineers, acceptable to the Ministry, to review the Assurance Plan. Nova Tec provided the Assurance Plan to the Ministry and on December 10, 2012 provided written confirmation to the Ministry that the Assurance Plan adequately addresses the requirements of the Municipal Sewage Regulation (1999) as per the BC Guidelines for Assurance Plans-A Companion Document to the Municipal Sewage Regulation.

The Sources of Funds described in the Assurance Plan include the monies secured by the rent Charge substantially in the form attached hereto as Exhibit "R and described on page 18 and 19 of the Assurance Plan". The rent charge will charge each Strata Lot and a separate rent charge will charge the Lands.

In addition to the Rent Charges Yukon will establish a trust account designated as a capital replacement fund. A portion of the annual fees paid by the owner of each Strata Lot for use of the Sewage System will be deposited into that trust account. The amount of the annual contribution to the trust account will be determined by an independent engineer. When the Sewage System is transferred to the Strata Corporation the trust account and the Rent Charges will be transferred as well.

Prior to transfer of the Sewage System to the Strata Corporation the signatories to the trust account comprising the capital replacement fund will be as set out on page 18 and 19 of the Assurance Plan.

The Sewage System will be transferred to the Strata Corporation concurrently with the transfer of the Water System.

Hook up to the Sewage System is provided to a property line for each Strata Lot.

The purchaser of a Strata Lot will be required to connect to the Sewer System as a condition of building permit issuance for construction of a dwelling on the Strata Lot.

Until such time as the volume of sewage to be treated and disposed of is sufficient to operate the Sewage System the sewage will be pumped and removed by truck for disposal and treatment, the costs of which are described in the Budget.

- (b) Section 4.4 (a) is deleted and replaced with the following:

(a) Yukon intends to file a rent charge with respect to the Sewage System substantially in the form attached as Exhibit "R" against title to each Strata Lot and a rent charge on similar terms and conditions against title to the Lands.

- (c) The Exhibits attached to the Disclosure Statement as Exhibits "R", "U" and "J" as referred to in Section 4.4(b) are deleted and replaced with Schedules "R1", "U1" and "J1" attached hereto.

- (d) Section 7.3 is deleted and replaced with the following;

Developer's Commitments

There are no commitments of the Developers that will be met after the completion of the sale of a Strata Lot.

2. Deemed Reliance

Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this First Amendment to Disclosure Statement is deemed to have relied on any false or misleading statement of a material fact contained in this First Amendment to Disclosure Statement, if any, and any omission to state a material fact. The Developer, its directors and any person who has signed or authorized the filing of this First Amendment to Disclosure Statement are liable to compensate the purchaser for any misrepresentation, subject to any defences available under section 22 of the Act.

Declaration

The foregoing declarations disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the *Real Estate Development Marketing Act* of British Columbia as of March 19, 2013.

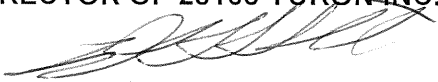
28165 YUKON INC.

Per:



Authorized Signatory

DIRECTOR OF 28165 YUKON INC.



David Ehrhardt

SUNNY PARADISE HOLDINGS INC.

Per: _____

Authorized Signatory

**DIRECTOR(S) OF SUNNY PARADISE
HOLDINGS INC.**

MORFONTAINE LTD.

Per: _____

Authorized Signatory

Per: _____

Authorized Signatory

CARNOUSTIE LTD.

Per: _____

Authorized Signatory

Per: _____

Authorized Signatory

DIRECTORS OF MORFONTAINE LTD.

Jan Whyms

Kendal Simmons

Felicia Mott

Perez Donald

DIRECTOR OF 28165 YUKON INC.

David Ehrhardt

SUNNY PARADISE HOLDINGS INC.

Per: _____

Authorized Signatory

DIRECTOR(S) OF SUNNY PARADISE HOLDINGS INC.

MORFONTAINE LTD.

Per: _____

Authorized Signatory

Per: _____

Authorized Signatory

CARNOUSTIE LTD.

Per: _____

Authorized Signatory

Per: _____

Authorized Signatory

DIRECTORS OF MORFONTAINE LTD.

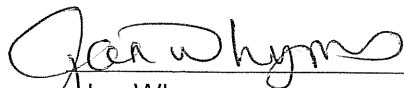
Jan Whyms

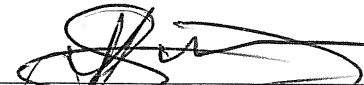
Kendal Simmons

Felicia Mott

Perez Donald

DIRECTORS OF CARNOUSTIE LTD.


Jan Whyms


Kendal Simmons


Felicia Mott


Perez Donald

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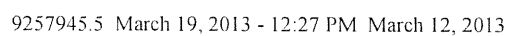


EXHIBIT "R1"

FORM 1 - 01/12/2013

LAND TITLE ACT FORM C (Section 233) CHARGE GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 14 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, R.S.B.C. 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1 APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Lynn Ramsay, Q.C., Miller Thomson LLP
1000, 840 Howe Street

604.687.2242

Client No: 010437 File No: 54355.0007
Wedge / 9324101 & 4420523

Vancouver

BC V6Z 2M1

Deduct L.T.S.A. Fees? Yes ☒

2 PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

SEE SCHEDULE

STC? YES ☐

3 NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

SEE SCHEDULE

4 TERMS: Part 2 of this instrument consists of (select one only)

(a) ☐ Filed Standard Charge Terms D.E. No.

(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5 TRANSFEROR(S)

SEE SCHEDULE

6 TRANSFEREE(S): (including postal address(es) and postal code(s))

28165 YUKON INC.

5439 BUCKINGHAM AVENUE

BURNABY

V5E 1Z9

BRITISH COLUMBIA

CANADA

Incorporation No

57097A

7 ADDITIONAL OR MODIFIED TERMS:

N/A

8 EXCLUSION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Execution Date

Y	M	D
13		

Transferor(s) Signature(s)

28165 YUKON INC., by its
authorized signatory(ies):

Name:

Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

PAGE 2 of 14 pages

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Y	M	D
13		
13		

28165 YUKON INC., by its authorized
signatory(ies):

Name: _____

Name: _____

MOUNTAIN ADVENTURE LTD., by its
authorized signatory(ies):

Name: _____

Name: _____

OFFICER CERTIFICATION

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 3 OF 14 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND

STU for each PID listed below? YES ☐

[PID]	[LEGAL DESCRIPTION - must fit in a single text line]
028-307-356	STRATA LOT 1 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-364	STRATA LOT 2 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-372	STRATA LOT 3 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-381	STRATA LOT 4 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-399	STRATA LOT 5 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-402	STRATA LOT 6 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-411	STRATA LOT 7 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-429	STRATA LOT 8 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-437	STRATA LOT 9 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-453	STRATA LOT 11 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916
028-307-461	STRATA LOT 12 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 4 OF 14 PAGES

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Rent Charge		

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Priority Agreement		Granting the Rent Charge contained in this Instrument priority over Mortgage BB1186415 and Assignment of Rents BB1186416

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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LAND TITLE ACT
FORM E

SCHEDULE

PAGE 5 OF 14 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM

5. TRANSFEROR(S):

28165 YUKON INC. (Inc. No. 57097A) of 5439 Buckingham Avenue, Burnaby, B.C. V5E 1Z9
MOUNTAIN ADVENTURE LTD. (a corporation incorporated under the laws of Commonwealth of the Bahamas) having an office at 4 West Bay Street, P.O. Box N-7788, Nassau, Bahamas (as to priority)

LAND TITLE ACT

TERMS OF INSTRUMENT – PART 2

RENT CHARGE–SEWER SERVICES

BETWEEN

28165 YUKON INC., 5439 Buckingham Avenue, Burnaby, British Columbia, V5E 1Z9

("Grantor"),

AND

28165 YUKON INC., of 5439 Buckingham Avenue, Burnaby, British Columbia, V5E 1Z9

("Grantee")

WHEREAS:

A. The Grantor is the registered owner in fee simple of the Lots.

B. The Grantee will operate the systems and facilities, including the treatment plant, machines, pipes, equipment and anything used or required to provide treatment of the sewage generated from the Lot and from other lands located in the Squamish Lillooet Regional District of British Columbia (collectively called the "Community Sewer System").

C. To obtain all necessary permits and approvals for operation of the Community Sewer System the Grantee requires that the Grantor covenant and agree to:

1. establish, over time, a reasonable reserve funds for the periodic replacement of the components of the Community Sewer System or portions thereof;
2. contribute an amount, not to exceed \$10,000 per Lot, to the unexpected costs of repair or replacement of the Community Sewer System or portions thereof;
3. acknowledge that the Grantee may from time to time:
 - (a) authorize governmental authorities access to the monies in the reserve fund for the purposes of repair or replacement of the Community Sewer System or portions thereof;
 - (b) assign to governmental authorities this Rent Charge and the obligations of the Grantor hereunder.

D. The Grantee has agreed to maintain the Community Sewer System in order to provide service to the Lots in the future upon condition that the Grantor pays a sewer treatment fee or availability charge for each of the Lots in an amount established by the Grantee annually, contribute to the reserve fund and to contribute to any unexpected operating costs and to the costs of repair or replacement of the Community Sewer System or portions thereof.

E. As security for the Grantor's covenant and agreement to:

42052316 March 14, 2013 - 12:52 PM

1. pay an annual fee which will include a contribution to a reserve fund,
2. contribute to any unexpected costs of repair or replacement of the Community Sewer System or portions thereof,
3. contribute, from time to time as the Grantee acting reasonably determines is necessary, to the unexpected costs operating costs the Community Sewer System or portions thereof,

the Grantee has requested and the Grantor has agreed to grant to and in favour of the Grantee a Rent Charge to be registered against the Lots as a first financial charge on the terms and conditions set out in this Agreement.

THEREFORE in consideration of the premises, the terms and conditions herein contained \$1.00 now paid by the Grantee to the Grantor and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledge by the Grantor, the parties agree as follows:

1. DEFINITIONS

In this Agreement:

"Agreement" means this agreement as it may be amended or supplemented from time to time;

"Annual Fee" means the annual charge once the Lot is connected to the Community Sewer System for the Service Fee and the Reserve Fund both, established annually by the Grantee acting reasonably.;

"Costs" means collectively the Unexpected Costs, the Annual Fee and the Unexpected Operating Costs and the contributions to be made by the Grantor to the Reserve Fund;

"Due Date" means that date which is specified in a Payment Notice;

"Grantor's Obligations" means all of the covenants, agreements, obligations, duties, covenants, conditions, provisos of the Grantor under this Agreement;

"Indebtedness" means all amounts payable by the Grantor under this Agreement, whether for principal, interest, compound interest or otherwise including the Costs;

"Interest Rate" means the rate of interest determined by the Grantee in its sole discretion and specified in a Payment Notice which rate of interest will not exceed the prime rate of interest determined by HSBC Bank Canada from time to time plus 5% per annum calculated monthly not in advance;

"Lot" means each strata lot and premises described in item 2 of the attached Form C General Instrument – Part 1;

"Lot's Share" means for each Lot the Costs from time to time divided by 108 or such higher number as represents the estimated number of single family residential lots, to be served by the permitted flow rates of the Community Sewer System;

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"Payment Notice" means any notice in writing given by the Grantee to the Grantor from time to time specifying the total amount to be paid by the Grantor for the Lot and the Due Date for payment and the Interest Rate;

"person" means an individual, corporation, body corporate, partnership, joint venture, association, society or unincorporated organization or any trustee, executor, administrator or other legal representative; and 5 of this Agreement;

"Reserve Fund" means the fund to be established by the Grantee so that there are funds available to the Grantee for the periodic replacement of the treatment plant and all installations and equipment which comprise the Community Sewer System and for extraordinary repairs and contingencies related to any of them;

"Service Fee" means the annual charge for a Lot connected to the Community Sewer System being the Lot's Share of all costs attributable to the annual estimated costs of operation, maintenance and administration of the Community Sewer System;

"Unexpected Costs" means costs incurred or to be incurred by the Grantee with respect to any unexpected and extraordinary repairs to and/or replacement of any component of the Community Sewer System. An unexpected cost will be a cost which is not included within the regular operating budget of the Grantee for the period when the unexpected cost will be incurred and which is in excess of the Reserve Fund, provided that the total Lot Share for any Lot for Unexpected Costs shall not exceed the sum of \$10,000 for each Lot plus any applicable interest at the Interest Rate;

"Unexpected Operating Costs" means costs incurred by the Grantee with respect to any unexpected and extraordinary cost which are not included in the then applicable operating budget of the Grantee, provided that such costs will be determined by the Grantee acting reasonably.

2. FEES

Each Lot which is connected to the Community Sewer System will be subject to an Annual Fee. The Annual Fee will start and be prorated in the quarter of the year in which the Sewage Treatment Plant starts its operation. The Annual Fee for the first year shall be \$1,020 for each Lot and shall be payable three times per year on the first day of January, May and September. For each successive year, the Grantee shall issue a Payment Notice to the owner of each Lot no later than December 1st of each year setting out the Annual Fee to be paid for the ensuing 12 month period and the dates on which such fees are payable.

3. GRANTOR'S SHARE OF UNEXPECTED COSTS

The Grantor's share of the Unexpected Costs shall, at any given time be calculated by dividing the amount of the Unexpected Costs by 108 or such greater number of lots which are serviceable by the Community Sewer System.

4. PAYMENT OF COSTS

The Grantor covenants and agrees with the Grantee to pay to or to the order of the Grantee at such address as the Grantee may from time to time direct:

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- (a) the amount specified in any Payment Notice given by the Grantee to the Grantor from time to time as being the Annual Fee and/or the amount required by the Grantee for the Costs, and/or the Unexpected Costs and/or the Unexpected Operating Costs and/or the Reserve Fund and the Grantor will pay such amounts all on or before the Due Date;
- (b) interest on the amount to be paid under section 3 (a) above at the Interest Rate, both before and after maturity, default and judgment, from the Due Date until the Lot Share is paid in full which interest will be paid on demand; and
- (c) any interest not paid when due hereunder will be added to the principal amount owing hereunder and will bear interest at the Interest Rate;

and the Grantor further covenants and agrees with the Grantee:

- (d) to indemnify and save harmless the Grantee and its officers, directors, employees, agents, licensees, permittees and others for whom the Grantee is responsible at law, whether or not any of them have been negligent, from and against all damages (including, but not limited to, special, exemplary or consequential damages), costs (including, but not limited to, legal costs on a solicitor and own client basis), losses (including, but not limited to, economic losses and losses from property damage, personal injury or death), expenses, claims, demands, suits, causes of action and judgment suffered or incurred by the Grantee or any of its officers, directors, employees, agents, licensees, permittees or others for whom the Grantee is responsible at law by reason of, arising out of, relating to or in any way attributable to any breach, default, non-observance or non-performance of any of the Grantor's Obligations, and
- (e) that the Indebtedness shall be secured by the Rent Charge as a first financial charge against the Lots.

5. GRANTOR'S COVENANTS

The Grantor covenants and agrees with the Grantee to pay to or to the order of the Grantee at such address as the Grantee may from time to time direct:

- (a) the amount specified in any Payment Notice given by the Grantee to the Grantor from time to time and the Grantor will pay such amounts all on or before the Due Date;
- (b) interest on the amount to be paid under section 3 (a) above at the Interest Rate, both before and after maturity, default and judgment, from the Due Date until the Payment Notice is paid in full which interest will be paid on demand; and
- (c) any interest not paid when due hereunder will be added to the principal amount owing hereunder and will bear interest at the Interest Rate;

and the Grantor further covenants and agrees with the Grantee:

- (d) to indemnify and save harmless the Grantee and its officers, directors, employees, agents, licensees, permittees and others for whom the Grantee is responsible at law, whether or not any of them have been negligent, from and against all damages (including, but not limited to, special, exemplary or consequential damages), costs (including, but not limited to, legal costs on a solicitor and own client basis), losses (including, but not limited to, economic losses and losses from property damage,

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personal injury or death), expenses, claims, demands, suits, causes of action and judgment suffered or incurred by the Grantee or any of its officers, directors, employees, agents, licensees, permittees or others for whom the Grantee is responsible at law by reason of, arising out of, relating to or in any way attributable to any breach, default, non-observance or non-performance of any of the Grantor's Obligations; and

- (c) that the Indebtedness will be secured by the Rent Charge as a first financial charge against the Lot.

6. GRANT OF RENT CHARGE

As owner of the Lot, the Grantor hereby charges the Lot with payment to the Grantee of the Indebtedness. This Rent Charge will be registered as a financial charge against title to the Lot in priority to all other financial charges and encumbrances subsequently registered and the Indebtedness will have priority to all amounts payable pursuant to any other financial charges and encumbrances subsequently registered.

7. RESERVE FUND

The Grantee covenants and agrees that upon receipt of payment of the Annual Fee it will contribute from such Annual Fee the sum established, from time to time, by any government authority as the amount, if any, to be contributed to in the Reserve Fund, which Reserve Fund will be maintained in a Canadian chartered bank or credit union.

The Grantor acknowledges that the Grantee may from time to time:

- (a) authorize governmental authorities access to the monies in the reserve fund for the purposes of repair or replacement of the Community Sewer System or portions thereof;
- (b) assign to governmental authorities this Rent Charge and the obligations of the Grantor hereunder to pay the Indebtedness or any portion thereof.

8. UNEXPECTED OPERATING COSTS.

The Grantee covenants and agrees that it shall use all reasonable commercial efforts to ensure that the budget which is used to determine the Annual Fee is as comprehensive and as accurate as possible so as to minimize the potential for Unexpected Operating Cost.

9. GRANTEE'S REMEDIES

The Grantor agrees that:

- (a) if the Grantor defaults in payment of all or any part of any part of the Indebtedness for any period of 60 days or more, then the Grantee may, at any time thereafter enter upon the Lot and distrain for the instalment or instalments in arrears and the distress or distresses then and there found to take, lead, drive, carry away and impound and the same to impound, take, hold and keep until the Indebtedness, together with all costs and charges incurred by such distress or in obtaining payment of Indebtedness shall be fully paid and satisfied;

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- (b) if the Grantor defaults in payment of all or any part of any part of the Indebtedness for any period of six months or more, then the Grantee may, at any time thereafter, upon not less than 30 days' written notice to the Grantor, may foreclose upon the Lot and may cause the Lot to be sold, as if the Grantee were a mortgagee exercising a power of sale, provided that:
 - (i) the Grantor does not, before the completion of any sale of the Lot, pay the full Indebtedness owing, including interest, and all costs payable in connection with the exercise by the Grantee of its rights and remedies; and
 - (ii) the money realized by reason of any sale described above must be applied by the Grantee firstly to pay the actual costs incurred in respect of any notice, proceedings and sale, secondly to satisfy the Indebtedness and thirdly to pay the surplus, if any, to the Grantor;
- (c) despite the above provisions for enforcement of the payments due under this Agreement, the Grantee, at its option, may bring or take legal action against the Grantor for payment in any court of competent jurisdiction;
- (d) the Grantee may exercise any other right or remedy available at law or in equity in respect of the enforcement of a rent charge; and
- (e) the Grantor will pay for all of the Grantee's costs in connection with the enforcement of this Agreement, including, without limitation, all costs of sale and legal fees and disbursements on a solicitor and own client basis.

10. REMEDIES CUMULATIVE

The Grantor acknowledges and agrees that, without limiting any other right or remedy of the Grantee:

- (a) all rights and remedies of the Grantee under this Agreement are cumulative and are in addition to and do not exclude any other right or remedy provided in this Agreement or otherwise allowed by law;
- (b) all rights and remedies of the Grantee may be exercised concurrently, without the Grantee making any election, but will not give rise to duplicative liability of the Grantor; and
- (c) the Grantee may obtain from a court of competent jurisdiction injunctive relief in respect of any breach or anticipated breach by the Grantor of any of the Grantor's Obligations.

11. SUBDIVISION / EFFECT OF AGREEMENT

This Agreement, the Rent Charge and the rights herein granted will run with the Lot and each part into which the Lot may be subdivided, and the term "Grantor" includes the owner of each subdivided part of the Lot and the successors in title thereof. Without limiting the foregoing, any amount payable hereunder will run with the Lot and each part into which it may be subdivided. Notwithstanding anything contained in this Agreement, if the Lot is subdivided by subdivision plan, strata plan or otherwise howsoever, a default in respect of any subdivided part of the Lot, including a default with respect to any amount payable in connection with any subdivided part of the Lot, will not be a default with respect to any other part of the Lot for which there has not been a default and the Grantee will not

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be entitled to exercise any of its rights or remedies under this Agreement except with respect to the subdivided part(s) of the Lot for which there has been a default.

12. FULL OR PARTIAL RELEASE

Within a reasonable time of the Grantee's receipt from the Grantor funds which total \$10,000, being the Grantor's share of the Unexpected Costs attributable to any Lot, the Grantee will execute and provide to the Grantor a registrable modification of this agreement releasing the Grantor for liability for payment of Unexpected Costs with respect to that Lot.

In the event that the Community Sewer System operated by the Grantee shall at any future time be taken over and operated by any public authority having taxing powers and the Grantee has received payment in full of the Indebtedness then the Grantee shall release each Lot from the Rent Charge.

13. AMENDMENT

This Agreement may only be amended by an agreement in writing duly executed and delivered by the Grantee and the Grantor of all parts of the Lot to which the amendment relates.

14. NO WAIVER

No condoning, excusing or overlooking of any default nor any delay in proceeding or failure to proceed in the case of any default under this Agreement will operate as a waiver of or otherwise affect in any way any rights or remedies under this Agreement or at law. No waiver of any rights or remedies will be inferred from anything done or omitted to be done by any party except by an express waiver in writing. No waiver in respect of any matter or thing will operate as a waiver in respect of any other matter or thing.

15. GOVERNING LAW

This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia, which is the proper law hereof, and the courts of British Columbia will have the exclusive jurisdiction with respect to all matters arising under or in respect of this Agreement.

16. TIME OF THE ESSENCE

Time is of the essence of this Agreement and will remain of the essence notwithstanding any extension of time given under or in connection with this Agreement.

17. NOTICES

All notices under this Agreement must be given in writing and delivered in accordance with this provision. The parties agree that:

- (a) any notice to the Grantor may be sent to the Grantor's address according to Land Title Office records in respect of the Lot or delivered to the Grantor; and
- (b) all notices to the Grantee must be sent to the Grantee at the address set out above or such other address as the Grantee may notify the Grantor in accordance with the terms hereof at any time and from time to time.

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Notices will be sent by delivery, electronic transmission (including by fax) or by registered mail. Notices will be deemed to have been delivered (i) upon delivery, if delivered, (ii) upon receipt, if sent by electronic transmission, or (iii) on the fifth day (excluding weekends and statutory holidays in British Columbia) after the mailing thereof, if sent by registered mail from a post office in British Columbia. If there is any disruption of mail services, all notices will be delivered or sent by electronic transmission rather than mailed. In any court proceedings, any notice may be given in accordance with any requirements for service provided for pursuant to the Supreme Court Rules of the Province of British Columbia.

18. TRANSFER OF LANDS

All amounts payable hereunder will survive any transfer or other disposition whatsoever of the Lot or any part thereof and the Rent Charge granted hereunder will continue to charge the Lot notwithstanding any transfer or other disposition whatsoever. No Grantor will be liable for any duty or obligation under this Agreement in respect of the Lot or any part of the Lot where such duty or obligation arises after the Grantor has ceased to be the owner of the Lot or that part of the Lot, as applicable.

19. FURTHER ASSURANCES

The Grantor will execute and deliver any further agreement, document or instrument and do and perform any further act or thing as may be required by the Grantee at any time and from time to time in order to evidence or give full force and effect to the terms, conditions and intent of this Agreement.

20. TRANSFER BY GRANTEE

The Grantee may mortgage, charge, transfer or assign any of its rights under this Agreement to a mortgagee, trustee for bond holders, purchaser, transferee or assignee all at such times and on such terms and conditions as the Grantee deems appropriate in its sole discretion. If the Grantee assigns its interest under this Agreement, and to the extent that the assignee has assumed the covenants and obligations of the Grantee under this Agreement, then the Grantee will, without further written agreement, be freed and relieved of all liability on such covenants and obligations.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement by signing on the *Land Title Act* Forms C and D attached hereto.

4420523 To: 8 March 14, 2013 12:52 PM

Consent and Priority Agreement

For \$1.00 and other good and valuable consideration, MOUNTAIN ADVENTURE LTD., the registered holder of the following financial charges registered in the Vancouver/New Westminster Land Title Office:

Mortgage BB1186415
Assignment of Rents BB1186416

("Security")

against title to the lands charged by the within charge, for themselves and their successors and assigns, hereby consent to the granting and registration of the within charge and grants priority to the within charge over the Security and their rights, title and interest in and to the lands charged by the within charge in the same manner and to the same effect as if the within charge had been executed, delivered and registered prior to the execution, delivery and registration of the Security and prior to the advance of any money under the Security.

As evidence of its agreement to be bound by the terms of this instrument, the Prior Chargee has executed the Land Title Form C which is attached hereto and forms part of this Agreement.

417052416 March 14, 2013 12:52 PM

EXHIBIT "U1"

FORM C-978 (Charge)

LAND TITLE ACT

FORM C (Section 233) CHARGE

GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 20 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, R.S.B.C. 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1 APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Lynn Ramsay, Q.C., Miller Thomson LLP

1000, 840 Howe Street

604.687.2242

Client No: 010437 File No: 54355.0007

Wedge / 9326616 & 8188404

Vancouver

BC V6Z 2M1

Deduct L.T.S.A. Fees? Yes ☒

2 PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND
[PID] [LEGAL DESCRIPTION]

SEE SCHEDULE

SEC? YES ☐

3 NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

SEE SCHEDULE

4 TERMS: Part 2 of this instrument consists of (select one only)

(a) ☐ Filed Standard Charge Terms D.T. No

(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument

5 TRANSFEROR(S)

SEE SCHEDULE

6 TRANSFEREE(S): (including postal addresses) and postal code(s)

WEDGEMOUNT POWER INC.

5439 BUCKINGHAM AVENUE

BURNABY

V5E 1Z9

BRITISH COLUMBIA

CANADA

Incorporation No

BC0877100

7 ADDITIONAL OR MODIFIED TERMS:

N/A

8 EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Execution Date

Y	M	D
13		

Transferor(s) Signature(s)

28165 YUKON INC., by its
authorized signatory(ies):

Name:

Name:

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

PAGE 2 of 20 pages

(Officer Signature(s))

Execution Date

Y	M	D
13		
13		

Transferor / Borrower / Party Signature(s)

WEDGEMOUNT POWER INC., by its
authorized signatory(ies):

Name: _____

Name: _____

MOUNTAIN ADVENTURE LTD., by its
authorized signatory(ies):

Name: _____

Name: _____

OFFICER CERTIFICATION

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c 121, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM B

SCHEDULE

PAGE 3 OF 20 PAGES

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

028-307-461 STRATA LOT 12 DISTRICT LOT 2247 GROUP 1 NWD STRATA PLAN BCS3916

STC? YES ☐2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]027-752-330 LOT A DISTRICT LOT 2247 GROUP 1 NEW WESTMINSTER DISTRICT PLAN
BCP39086 EXCEPT PHASE ONE STRATA PLAN BCS3916STC? YES ☐2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]STC? YES ☐

LAND TITLE ACT
FORM E

SCHEDULE

PAGE 4 OF 20 PAGES

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Statutory Right of Way		Section 218

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Priority Agreement		Granting the Statutory Right of Way contained in this Instrument priority over Mortgage BB1186415 and Assignment of Rents BB1186416

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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LAND TITLE ACT
FORM E

SCHEDULE

PAGE 5 OF 20 PAGES

ENTER THE FOLLOWING INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL
INSTRUMENT FORM.

5. TRANSFEROR(S):

28165 YUKON INC. (Inc. No. 57097A) of 5439 Buckingham Avenue, Burnaby, B.C. V5E 1Z9
MOUNTAIN ADVENTURE LTD. (a corporation incorporated under the laws of Commonwealth of the
Bahamas) having an office at 4 West Bay Street, P.O. Box N-7788, Nassau, Bahamas (as to priority)

TERMS OF INSTRUMENT - PART 2

WHEREAS

A. The Transferor is the registered owner of the lands more particularly described in the Form E attached hereto (the "Lands");

B. The Transferor has agreed to grant to the Transferee a statutory right-of-way through, under and across that portion of the Lands (the "Right-of-Way Area") shown hatched on the Sketch Plan (the "Sketch Plan") attached hereto as Schedule "A" and a statutory right of way for a building to be used for generating, storing, distributing and/or transmitting electricity; and

C. It is necessary for the operation and maintenance of the Transferee's undertaking to obtain a statutory right-of-way.

NOW THEREFORE THIS INSTRUMENT WITNESSES:

1. That in consideration of the premises and the covenants, promises and agreements set out below and other good and valuable consideration, the Transferor hereby grants and conveys to the Transferee, its successors and assigns in perpetuity the full, free and uninterrupted easement and right-of-way (the "Right-of-Way") for the Transferee, its servants, employees, agents and licensees at all times, subject to the provisions of this Agreement:
 - (a) to enter and work upon, use, and to pass and repass (with or without machinery, equipment and motor vehicles) over the Right-of-Way Area;
 - (b) to dig and remove and to cover up the soil of the Right-of-Way Area and to lay down, construct and install, all things and components, using any type of technology from time to time necessary or convenient, for the purposes of generating, storing, distributing and/or transmitting electricity by any method or process whatsoever, including hydro-elective generating power plants, substations, poles, towers, antennae, anchors, guy wires, brackets, cross arms, insulators, foundations, overhead and underground conductors, wires, lines, cables and transformers, underground conduits and pipes, access nodes, cabinets, all ancillary appliances and fittings, reasonably required associated protective installations and related works such as fencing for safety or security, devices and identifying colours for aircraft warning, and utility services for the operation of any of the foregoing (the "Works") and as may be necessary or convenient to operate, maintain, alter, enlarge, repair, extend, renew, remove, inspect, clean and replace the Works and for such purpose to make such excavations and do such work and constructions as may be necessary;
 - (c) to clear and keep clear (including removal or pruning) of any vegetation, including, without limitation trees as reasonably required for the Works and/or the Building as hereinafter defined and subject to the provisions in this Agreement;
 - (d) to construct, operate, maintain and replace a building and related structures (the "Building") for such things as are required for the generating, storing, distributing and/or transmitting electricity; and

8168404.23 March 14, 2013 - 10:33 AM

- (e) to do all things necessary or incidental to the business and undertaking of the Transferee in connection with all of the foregoing.

2 The Transferee shall:

- (a) do the work that it is entitled to do under this instrument in a workmanlike manner so as to do as little injury as practicable to the surface of the Lands, the Right-of-Way Area or to any improvements to the Lands and upon completion of any work that it is entitled to do under this instrument and with respect to the Works;
- (b) restore the surface of the Lands, the Right-of-Way Area and any improvements, including any asphalt pavement on the Right-of-Way Area, as nearly as possible to the condition they were in prior to the commencement of such work or to such other condition as is acceptable to the Transferor in its sole discretion;
- (c) use all reasonable efforts to install the Works in such a way and in such locations so that Transferor may pursuant to Section 7 to install, operate and maintain the Transferor's Services, as defined herein and/or the Transferor's Access in such a way that it is not necessary to disturb or relocate any of the Works. The Transferee acknowledges and agrees that such reasonable efforts shall include, but not be limited to, retaining a civil engineer licensed in British Columbia, acceptable to the Transferor acting reasonably:
 - (i) to recommend to both the Transferee and the Transferor the location and depth of any Works which will be installed on portions of the Right-of Way Area on which the Transferor intends to construct roads, driveways or to place works for the provision of utilities; and
 - (ii) to provide the Transferor with a certificate on completion of such Works verifying that such Works have been installed and/or located in accordance with his or her recommendations;
- (d) the Transferee acknowledges and agrees that clearing of vegetation within the Initial Access Road or the Subsequent Access Road, both as hereinafter defined, shall be restricted to such clearing as is necessary to enable the Transferee to install and place the Works and the Initial Access Road, as hereinafter defined, and that the Transferee has no rights to clear vegetation outside the Initial Access Road or the Subsequent Access Road without the prior written consent of the Transferor such consent not to be unreasonably withheld;
- (e) construct and maintain within the portion of Right-of Way Area designated on the Sketch Plan as the Initial Access Road a paved road having a width of 3.5 meters with adjacent vegetation or rock as necessary to prevent erosion (the "Initial Access Road"). The appearance and characteristics of the areas bordering the Initial Access Road will be substantially the same as other finished roads within the boundaries of

8178404-23 March 14, 2013 - 10:33 AM

the common property of The Owners Strata Plan BCS 3816 (the "Strata Corporation").

- (f) be responsible for any damage to the Lands caused by or attributable to water draining from the Initial Access Road unto the Lands; and
 - (g) prior to the construction of the road within the Subsequent Access Road (as hereinafter defined) cause snow on the Initial Access Road to be ploughed as necessary to ensure access to the Building at all times. Provided that snow deposits created by such ploughing will not negatively impact on the access to any dwelling located on that portion of the Lands designated as Lot 23 on the Sketch Plan ("Lot 23"). The snow deposits will be in locations acceptable to the Transferor acting reasonably.
3. The Transferee shall restrict its exercise of its rights under Section 1 (b) and (c) of this Right-of-Way to, the installation, maintenance, operation and replacement of the Works in the Right-of-Way Area. The anticipated location of the Works is shown on the Sketch Plan.
 4. The Transferee shall restrict its exercise of its rights under Section 1 (d) and of this Right-of-Way to, construction operation and replacement of the Building, to that portion of the Lands on the Sketch Plan as the Building Location (the "Building Location").
 5. The Transferee shall at all times have access to the Works Area and the Building Location as provided in Section 1 (a) provided that:
 - (a) it shall not be entitled to exercise its right of access over any portion of the Right-of-Way Area occupied now or in the future by any buildings;
 - (b) access to the Works Area and the Building for construction and/or operational purposes shall, except in the case of an emergency, be limited to daylight hours;
 - (c) pedestrian and vehicular access to the Works Area and/or the Building Location shall initially be over the Initial Access Road;
 - (d) the Transferor upon written notice to the Transferee will designate those portions of the Right-of-Way Area shown hatched on the Sketch Plan (the "Subsequent Access Road") as the areas to be used by the Transferee for pedestrian and vehicular access to the Works Area and/or the Building Location in which case the Transferee shall no longer be entitled to use the Initial Access Road. Provided that the Transferor may not give written notice designating the Subsequent Access Road until such time as access to the Subsequent Access Road is available by an easement for a constructed driveway, or a road on the common property of the Strata Corporation and/or a municipal or publically dedicated road;
 - (e) the portion of the Subsequent Access Road used as an access road to the Building shall be maintained as a gravel road and the width of the gravel road shall not exceed 4.5

8169404 23 March 14 2013 - 10:33 AM

- (f) notwithstanding subsection (d) above if the use of the Initial Access Road is reasonably necessary for the Transferee to remove and/or replace a turbine or other equipment of a similar size and/or dimensions (collectively the "Turbine Replacement") it may do so upon 7 days prior written notice to the Transferor. In the event that the Transferee uses the Initial Access Road for a Turbine Replacement it shall, within 30 days of the expiry of that notice period (weather permitting), repair and/or restore any venations, plantings or other improvements which were damages or destroyed as a result of the Turbine Replacement.
6. The Transferee shall:
- (a) keep the Works Area in a safe, clean and sanitary condition to the extent that the condition relates to the use or occupation of Works Area by the Transferee;
 - (b) if it no longer requires all or a portion of the Works Area, quit peaceably the use of such portion and remove all above ground Works from such portion within a reasonable amount of time;
 - (c) take all steps necessary to insure that the noise generated by the Works or the Building is minimized so that the sounds generated from operational activities within the Building shall not be audible over and above the ambient noise levels generated from the Green River minimal annual water flow measured anywhere within the building envelopes of Strata Lots 1 to 12, Strata BCS 3916 as shown on the plan attached hereto as Schedule "B" (the "Strata Lot Plan") and area of the Lands designated as a building envelope for Lot 23 on the Sketch Plan;
 - (d) ensure that:
 - (i) the walls of the Building will be constructed in masonry block or concrete or such other material that provides the same level of noise reduction and fire resistance as masonry block and the exterior finishes of the Building are of fire resistant materials which are consistent and compatible with the exterior finishes and materials of the residential dwellings located with Strata Plan BCS 3916 as verified by a certificate from the approving agent (the "Approving Agent") appointed under the building scheme registered in the Land Title Office under number BB1180570 (the "Building Scheme");
 - (ii) the Building Roof utilizes structural steel corrugated steel decking, a 3 inch concrete topping and is insulated for sound deadening purposes;
 - (iii) acoustical treatment is implemented at any door, access point or vent so as to reduce noise transfer from within the Building;
 - (iv) the elements of building design and acoustical treatment minimize the sounds generated by the Works or the Building and are

8158404 23 March 14 2013 10:33 AM

approved by an Acoustical Engineer prior to the commencement of construction of the Building,

- (v) the trailrace taking water from the turbine out of the Building to Wedgemount Creek will be an enclosed pipe leading directly to Wedgemount Creek;
 - (vi) transformers, and any equipment, or machinery comprising the Works which generates audible sounds and which are not located within the Building and/or placed underground will be placed or installed in such a way that the sounds they generate will not be audible over and above the ambient noise levels generated from the Green River minimal annual water flow measured anywhere within the building envelopes of Strata Lots 1 to 12, Strata Plan BCS 3916 as shown on the Strata Lot Plan and area of the Lands designated as a building envelop for Lot 23 on the Sketch Plan;
 - (vii) transformers, and any equipment, or machinery comprising the Works and any stored materials, whether stored for a short or long term, within the Right-of-Way Area shall be screened from the view from any residential dwelling which screening must be acceptable to the Approving Agent;
 - (viii) the Building, the Works, and any transformers, and any equipment, or machinery comprising the Works and any stored materials, whether stored for a short or long term, within the Right-of-Way Area shall comply with the Fire Smart and Sustainable Design Guidelines set out in Schedule B to the Building Scheme as they may be amended from time to time by the Squamish Lillooet Regional District which compliance shall be to the satisfaction of the Qualified Environmental Professional as provided in Schedule B to the Building Scheme; and
 - (ix) the Building contains a monitored fire alarm system;
- (e) permit the Transferor full access to the Building and to the Works after completion of construction and prior to completion of the Building commissioning procedures to determine that the Transferee has complied with subsection (d) and to measure the sound levels emitted during full operations. If the measurements taken by the Transferor do not demonstrate that the sound levels have been minimized and/or the inspection verifies that the conditions of subsection 6(d) have not been met, then the Transferor may at its election and at the sole cost and expense of the Transferee undertake additional sound proofing of the Building, provided that such additional sound proofing shall not disrupt or interfere with the day to day use of the Building and/or the Works by the Transferee;
- (f) take all steps necessary to insure that the noise generated during the construction, maintenance or replacement of the Works or components thereto shall comply with all municipal noise bylaws or regulations;

3188404 23 March 14 2013 - 10:33 AM

- (g) ensure that the Works shall be either buried beneath the ground or if located above the ground the exterior appearance shall be approved by the Transferor, whose approval shall not be unreasonably delayed or withheld; and
 - (h) ensure that those components of the Works comprising the penstock are buried beneath the ground and the surface of the Lands above the penstock shall be restored as much as possible to its previous condition or to the condition of a pedestrian gravel trail.
- 7. The Transferor shall not, except as provided for in Section 8, after the placement of the Works or any portion thereof:
 - (a) excavate or dig any well, hole, trench, ditch or excavation of any kind or nature;
 - (b) erect, build, construct or place any building, structure, erection, pipe, pole, tower, road, concrete, pavement, foundation, improvement or thing of any kind or nature; and
 - (c) place or remove any soil or other material of any kind or nature;which will in any way interfere with the operation, security or efficient functioning of, or obstruct access to the Works or the Building or the Building Location.
- 8. Notwithstanding the provisions of Section 7 the Transferor or its assignee may if it takes commercially reasonable efforts to prevent damaging the Works:
 - (a) place, maintain operate and repair within the Right-of-Way Area such works or services as it requires to provide utilities and services to all or any portion of the Lands (collectively the "Transferor's Services");
 - (b) place, maintain operate and repair within the Right-of-Way Area such roads or driveways as are required to provide access to all or any portion of the Lands (collectively the "Transferors Access");
 - (c) grant easements "Additional Easements") to secure the Transferors Access over those portions of the Initial Access Road to provide the Transferor's Services and Transferors Access to other lots or parcels in the vicinity of the Initial Access Road, including the Strata Corporation and/or strata lots in the Strata Corporation the parties having the benefit of the Additional Easements shall be responsible for the costs installation, replacement, maintenance and snow removal for the Transferor's Services and/or the Transferors Access as provided for in the Additional Easements. The Additional Easements shall continue notwithstanding the designation of the Subsequent Access Road pursuant to Section 5(e). The Transferee shall not be entitled to any compensation, monetary or otherwise for the Additional Easements or the use of any improvements in the Initial Access Road; and
 - (d) when and so often as it is necessary for the Transferor, acting reasonably, to interrupt the use of the Right-of-Way Area as provided in

81F8494 23 March 14 2013 - 10:33 AM

Section 8(a) or (b) the Transferor shall, except in the case of an emergency or as is required to ensure uninterrupted utility services or access to dwellings, give the Transferee no less than 3 days written notice of its intention to install, repair or maintain the Transferor's Services or the Transferors' Access within the Right-of-Way Area.

The notice shall specify the proposed location of the Transferor's Services and/or the Transferor's Access and the time period during which they will be undertaken and whether or not there will be any interruption with the operation of the Works and/or the Building. In the case of an emergency or where access is required to ensure uninterrupted utility services or access to dwellings the Transferor shall as soon as possible advise the Transferee of the installations repairs or maintenance which the Transferor has undertaken;

- (e) If it is necessary for the Transferor to interrupt the Transferee's use of the Right-of-Way Area so that there is an interruption of power production, the Transferee agrees to such interruption for a fee of no more than the average value between the hydro revenue (net of royalties taxes or fees based on Hydro revenue) the day (24 hours) before and the second day (24 hours) after the interruption multiplied by the number of days during which there is an interruption of power production. The time of interruption will be at the discretion of the Transferor, after consultation with the Transferee, and the Transferor will provide no less than two weeks' notice to the Transferee unless otherwise mutually agreed.

Once the Transferor's Services and the Transferor's Access have been installed within the Right-of-Way Area the use by the Transferor, or those authorized by the Transferor to use the Transferor's Services or the Transferor's Access shall not be a breach by the Transferor of the provisions of this Agreement or entitle the Transferee of any compensation for such use.

- 9 The Transferee will not during the installation, construction, operation maintenance or repair of the Works, or do anything which would interfere with the security or efficient functioning of or unobstructed access to any equipment, fixtures or other improvements placed within the Works Area, including but not limited to the Transferor's Services and the Transferors Access, by any other party prior to construction and/or installation of the Works. The Transferee may remove improvements to the surface of the Works Area such as paving or landscaping as is necessary for the construction, installation, operation, maintenance or repair of the Works so long as it replaces such improvements promptly after completion those activities.
- 10. The Transferor will not place any improvements or structures within the Building Location.
- 11. The Transferor shall:
 - (a) use all commercially reasonable efforts to provide or to cause the Strata Corporation to provide at the Transferor's cost, within the area shown on the Sketch Plan as CD3 (to the end of the planned strata road) the works

8158404 23 March 14 2013 - 10:33 AM

and equipment necessary to provide water, sewer and/or electricity (collectively the "Utilities") for use in the Building. Any costs related to the installation of such works to be inclusive of any access or water service required by any governmental authority for fire protection outside the area shown on the Sketch Plan as CD3 shall be undertaken by the Transferee at its cost. All charges levied by the provider(s) of the Utilities for the provision of the Utilities shall be the responsibility of the Transferee; and

- (b) install duct work between the north end of the area shown on the Sketch Plan as CD3 and the existing ducts located at the rail bridge located on Riverside Drive within 8 months of the Transferee providing written notice that it has entered into an energy agreement with BC Hydro. The Transferee shall reimburse the Transferor for the costs incurred in installing such duct work within 30 days of receipt of an invoice for such costs. If the Transferor doesn't install the duct work within the 8 month period then the Transferee may do so at the cost of the Transferee.
12. If either party is in breach of any of its obligations hereunder the other party may upon 7 days prior written notice, or immediately in the event of an emergency or the interruption of the Transferees' ability to produce power, do all things necessary to cure the breach, including but not limited to entering on the Lands and/or the Right-of- Way Area with men and equipment. All reasonable costs incurred by either party to cure such breach shall forthwith upon demand be reimbursed by the other party and shall accrue interest at the prime rate commercial rate of the Royal Bank of Canada plus 3%.
 13. If the Transferee does not comply with its obligations under Section 6, in addition to any other right or remedy the Transferor may have, if the Transferee fails to remedy the breach within 30 days of a breach of Section 6 (a) or (b) or Section 3 or Section 5 9(d) (iv) or within 3 days of a breach of Section 6 (c) or immediately in the event of an emergency (determined in the sole discretion of the Transferor) do all things necessary to remedy the breach without any liability for damages and for such purpose may enter upon the Works Area and/or the Building Location. If the Transferor requests, the Transferee shall forthwith pay to the Transferor all reasonable costs, charges and expenses to which the Transferor may be put by reason of a breach of Section 6 by the Transferee. If the Transferor, acting reasonably, determines that any fire hazardous materials are located on or present within the Works Area and/or the Building Location, it may, but is not obliged to provide, a written notice to the Transferee to remove such fire hazardous materials within 3 days. If within 3 days receipt of the notice requiring removal of the fire hazardous materials the Transferee has not removed the same then the Transferor may do so at the cost and expense of the Transferee.
 14. During any period of time during which the Transferee is in breach of its obligations under Section 6 (c) the Transferee shall pay the Transferor liquidated damages in the sum equal to \$1,000 for each day of such breach (the "Liquidated Damages"). The Liquidated Damages shall be increased every five years by the sum of \$100.

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15. The Transferee shall own and be responsible for maintaining the Works and the Building. If the Transferee fails to maintain or repair the Works and/or the Building, the Transferor shall have the right, but will not be obligated to, maintain or repair the Works and/or the Building upon 30 days prior written notice to the Transferee, except in the case of an emergency, when no notice shall be required. The Transferee shall reimburse the Transferor for all reasonable costs, charges and expenses to which the Transferor may be put pursuant to this Section.
16. Except as provided in this instrument nothing shall be interpreted so as to restrict or prevent the Transferor from using the Right-of-Way Area in a manner which does not interfere with the security or efficient functioning of or unobstructed access to the Works and the Right-of-Way Area.
17. The Transferor shall not do or authorize to be done anything which will interfere with or impair the operating efficiency of the Works and/or the Building or obstruct access to and on the Works Area and/or the Building Location by the Transferee and all persons entitled under this instrument to have access on, in, under, through or over the Lands in accordance with the terms of this Agreement.
18. Without limiting the generality of Section 3 and Section 8, and save and except for easements or rights of way granted to a public utility or a governmental authority or corporation, the Transferor shall not grant to any person, firm or corporation:
 - (a) an easement or statutory right-of-way over the Works Area; or
 - (b) any other interest in the Works Area or the Building Location which would materially adversely affect the Works Area or the Transferee's rights under this instrument;without first obtaining the express written consent of the Transferee, which consent shall not be unreasonably withheld by the Transferee. Notwithstanding the provisions of this section the Transferor shall not require the consent or approval of the Transferee to grant an easement or easements over the Initial Access Road or the Subsequent Access Road to the Transferor or The Owners Strata Plan BCS 3916 or strata lots located within Strata Plan BCS3916 from time to time, for the purposes of internal roads, provision of utilities, driveways, or pedestrian trails which do not adversely impact the use of the Works and/or the Building or for the Transferor's Works or the Transferor's Access.
19. After completion of the initial construction of the Works and the Building the Transferee will forthwith upon the request of the Transferor release (the "Release") this Right- of -Way from all portions of the Lands save and except the Right-of-Way Area and the Building Location and except for the Initial Access Road and/or the Subsequent Access Road as the case may be. The costs of preparation of all plans and documents required with respect to the Release and the costs of registration of the same in the Land Title Office shall be the responsibility of the Transferor.
20. Subject to the provisions of the Agreement the Transferee may peaceably enjoy the Right-of-Way granted by this instrument without hindrance or interruption by

8188404 23 March 14 2013 - 10:33 AM

the Transferor or any person, firm or corporation claiming by, through, under or in trust for the Transferor.

21. The Transferee shall at its sole cost and expense take out and keep in force at all times during the term of this agreement commercial general liability (including bodily injury, death and property damage) insurance on an occurrence basis with respect to the business carried on, in or from the Right-of Way-Area and/or the Lands and the Transferee's use and occupancy thereof, of not less than \$5,000,000.00 per occurrence or such higher amount as the Transferor may from time to time acting reasonably require (the "Transferee's Insurance").

The Transferee's Insurance shall name the Transferor and any persons, firms or corporations designated by the Transferor as additional insureds, will contain if available and as appropriate a waiver of rights of subrogation against the Transferor and protecting the Transferor against claims by the Transferee and other insured designated by it as if the Transferor were separately insured

22. The Transferee's Insurance shall be on terms and with insurers to which the Transferor has no reasonable objection and shall provide that such insurers shall provide to the Transferor thirty (30) days' prior written notice of cancellation or material alteration of such terms. The Transferee shall furnish to Transferor certificates or other evidence acceptable to the Transferor as to the Transferee's Insurance and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from the Transferee's insurer which, in the case of comprehensive general liability insurance, shall provide such information as the Transferor reasonably requires. If the Transferee shall fail to take out, renew and keep in force the Transferee's Insurance the Transferor may do so as the agent of the Transferee and the Transferee shall repay to the Transferor any amounts paid by the Transferor as premiums forthwith upon demand.

23. The Transferor shall at its sole cost and expense take out and keep in force at all times during the term of this agreement commercial general liability (including bodily injury, death and property damage) insurance on an occurrence basis with respect to the Lands and the Transferor's use and occupancy thereof, of not less than \$5,000,000.00 per occurrence, or such higher amount as the Transferor may from time to time acting reasonably require (the "Transferor's Insurance").

The Transferor's Insurance shall name the Transferee and any persons, firms or corporations designated by the Transferee as additional insured, will contain if available and as appropriate a waiver of rights of subrogation against the Transferee and protecting the Transferee against claims by the Transferor and other insured designated by it as if the Transferee were separately insured

24. The Transferor's Insurance shall be on terms and with insurers to which the Transferee has no reasonable objection and shall provide that such insurers shall provide to the Transferee thirty (30) days' prior written notice of cancellation or material alteration of such terms. The Transferor shall furnish to Transferee certificates or other evidence acceptable to the Transferee as to the Transferor's Insurance and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from the Transferor's insurer which, in the case of

8188404 23 March 14, 2013 - 10:33 AM

comprehensive general liability insurance, shall provide such information as the Transferee reasonably requires. If the Transferor shall fail to take out, renew and keep in force the Transferor's Insurance the Transferee may do so as the agent of the Transferor and the Transferor shall repay to the Transferee any amounts paid by the Transferee as premiums forthwith upon demand.

25. The Works installed by the Transferee on, in, under or through the Right-of-Way Area and the Building shall be and remain chattels notwithstanding any rules of law to the contrary and shall belong solely to the Transferee.
26. The covenants in this instrument shall be covenants running with the Lands and shall not be personal or binding on the parties hereto except during such time as the parties hereto shall have any interest in the Lands or the Right-of-Way Area and/or the Building Location and only in respect of such portion of the Lands or the Right-of-Way Area or Building Location in which the parties have an interest but the Lands shall nevertheless be and remain at all times charged therewith.
27. If after deposit of a strata plan, including a phase strata plan for Strata Plan BCS3916, any portion of the Right-of-Way Area is located on common property of a strata corporation:
 - (a) subject to subsection (c) the reservations set out in this Agreement in favour of the Transferor with respect to any portion of the Right-of-Way Area which is located on common property of a strata corporation will confer rights only to the strata corporation and not on each owner of a strata lot in the strata corporation; and
 - (b) the rights and obligations of the Transferor under this Agreement with respect to any portion of the Right-of-Way Area which is located on common property of a strata corporation will be exercised by that strata corporation on behalf of the owners of individual strata lots in that strata corporation; and
 - (c) so long as any portion of the Right-of-Way Area is on the Lands the reservations, set out in this Agreement with respect to such portion of the Right-of-Way Area shall be rights of the Transferor and the rights and obligations of the Transferor with respect to such portion of the of Right-of-Way Area shall be for the benefit of and be exercised by the Transferor.
28. In the event there is a dispute between the parties with respect to the application, interpretation, implementation or validity of any of the provisions of this Agreement the parties agree to resolve such dispute using the Canadian Arbitration Association Expedited Arbitration Rules (the "Rules") a copy of which are attached as Schedule C, modified as hereinafter set forth. Each party acknowledges and agrees that the Rules will give the parties a proper mechanism for resolving disputes. The arbitration shall be held in Vancouver British Columbia and shall proceed in accordance with the provisions of the Arbitration Act of British Columbia. The decision of the arbitrator will be enforceable in the courts of British Columbia. The parties agree to the following modifications to the Rules

8168404 25 March 14 2013 - 10:33 AM

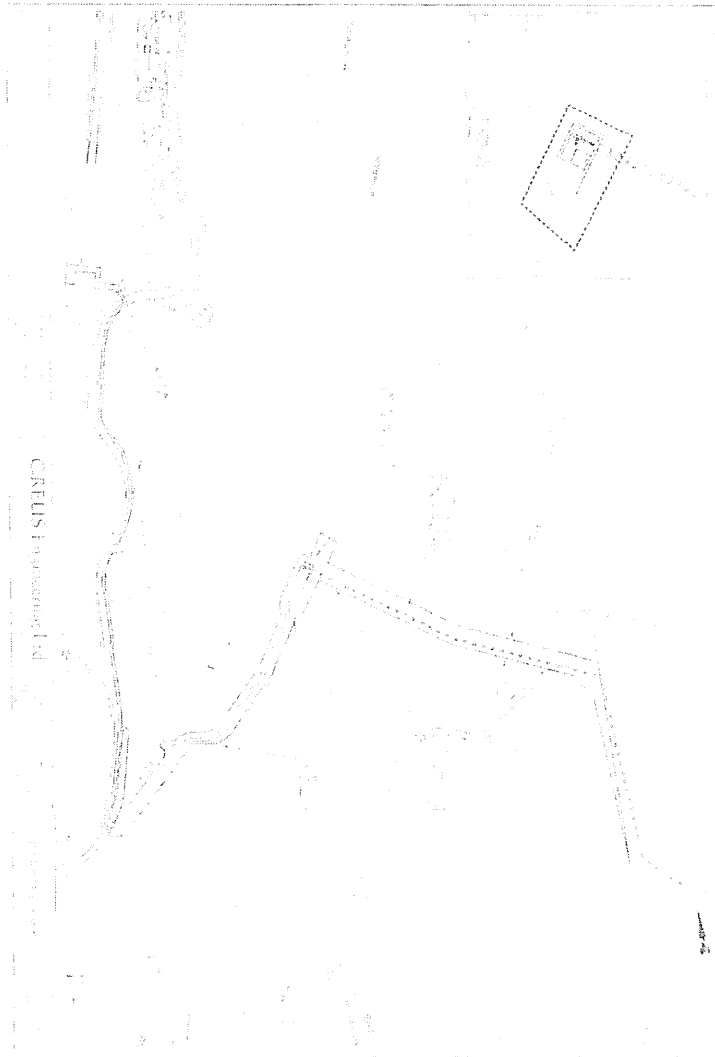
- (a) 9. b (ii) ... cases (maximum3);
- (b) 9.b (iii) maximum 20 documents and 100 pages more than the pages in the Agreements subject of the Agreement to Settle by Arbitration);
- (c) 9.b (iv) length of 40 pages.

- 29. This instrument shall endure to the benefit of and be binding upon the respective heirs, executors, administrators and assigns of the parties wherever the context so admits.
- 30. Words importing the male gender include the female gender and either includes the neuter and vice versa and words importing the singular number include the plural number and vice versa.

IN WITNESS WHEREOF the parties have executed this instrument by executing *Land Title Act* Form C forming the first pages of this instrument.

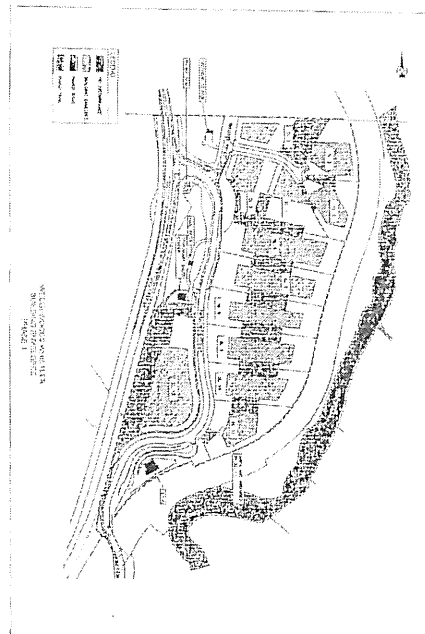
8188404 23 March 14, 2013 - 10:33 AM

SCHEDULE "A"
SKETCH PLAN



8168404 23 March 14 2013 - 10:33 AM

SCHEDULE "B"
STRATA LOT PLAN



81884/4 23 March 14 2013 - 10:33 AM

Consent and Priority Agreement

For \$1.00 and other good and valuable consideration, MOUNTAIN ADVENTURE LTD., the registered holder of the following financial charges registered in the Vancouver/New Westminster Land Title Office:

Mortgage BB1186415
Assignment of Rents BB1186416

("Security")

against title to the lands charged by the within charge, for themselves and their successors and assigns, hereby consent to the granting and registration of the within charge and grants priority to the within charge over the Security and their rights, title and interest in and to the lands charged by the within charge in the same manner and to the same effect as if the within charge had been executed, delivered and registered prior to the execution, delivery and registration of the Security and prior to the advance of any money under the Security.

As evidence of its agreement to be bound by the terms of this instrument, the Prior Charge has executed the Land Title Form C which is attached hereto and forms part of this Agreement.

8188404 23 March 14 2013 - 10:33 AM