



SIGMA ENGINEERING LTD

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February 4, 2015

Kelly Storey
Ministry of Forests, Lands and Natural Resource Operations
1st Floor – 3726 Alfred Avenue
PO Box 5000,
Smithers, BC V0J 2N0

Files: E6348
MFLNRO File: 6408748

MORE CREEK HYDROELECTRIC PROJECT
Acceptance of Offer of Investigative Use Licence

We are writing to accept the Crown land tenure offer for the Investigative Use Licence (the “Licence”) at More Creek, as outlined in your letter dated January 21, 2015. As requested, we are returning the following documentation:

- The signed “Acceptance of Offer of Licence”;
- One copy of the signed Licence documents; and,
- A cheque for the licence fee in the amount of \$525.00 (incl. GST).

The Province of British Columbia Certificate of Insurance will be delivered to the above-listed address in a following letter.

For further information, please contact the undersigned at (604) 688-8271 ext 354 or swyness@synex.com.

Yours truly,
SIGMA ENGINEERING LTD.

Sarah Wyness

Encl.

Response to Notice of Final Review

File No. 6408748

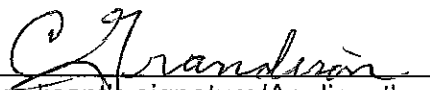
Ministry of Forests, Lands and Natural Resource Operations
1st Floor - 3726 Alfred Avenue, PO Box 5000
Smithers, BC V0J 2N0

Dear Kelly Storey:

Re: Application for licence

- I/We wish to proceed to obtain a licence in accordance with the letter dated January 21, 2015 from the Ministry of Forests, Lands and Natural Resource Operations and enclose all copies of the licence which I/We have signed.
- I/We do not wish to proceed to obtain a licence in accordance with the letter dated January 21, 2015 from the Ministry of Forests, Lands and Natural Resource Operations.

DATED the 22 of January, 2015.


 Applicant's signature/Applicant's representative's signature

 Applicant's signature/Applicant's representative's signature

Cliff Grandison
 Print name of person signing

 Print name of person signing

Licence No.:

File No.: 6408748

Disposition No.: 917802

THIS AGREEMENT is dated for reference March 21, 2015 and is made under the *Land Act*.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

(the "Province")

AND:

ALASKA HYDRO CORPORATION (Inc. No. BC0771846)
2633 Carnation St
North Vancouver, BC V7H 1H6

(the "Licensee")

The parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Agreement,

"**Agreement**" means this licence of occupation;

"**Commencement Date**" means March 21, 2015;

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

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

"**Hazardous Substances**" means any substance which is hazardous to persons, property or the environment, including without limitation

(a) waste, as that term is defined in the *Environmental Management Act*; and

- (b) any other hazardous, toxic or other dangerous substance, the use, transportation or release into the environment of which, is now or from time to time prohibited, controlled or regulated under any laws or by any governmental authority, applicable to, or having jurisdiction in relation to, the Land;

“Improvements” includes anything made, constructed, erected, built, altered, repaired or added to, in, on or under the Land, and attached to it or intended to become a part of it, and also includes any clearing, excavating, digging, drilling, tunnelling, filling, grading or ditching of, in, on or under the Land;

“Investigative Plan” means the most recent investigative plan prepared by you in a form approved by us, signed and dated by the parties, and held on file by us;

“Land” means that part or those parts of the Crown land either described in, or shown outlined by bold line on, the schedule attached to this Agreement entitled “Legal Description Schedule” except for those parts of the land that, on the Commencement Date, consist of highways (as defined in the *Transportation Act*);

“Realty Taxes” means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any government authority having jurisdiction which relate to the Land, the Improvements or both of them and which you are liable to pay under applicable laws;

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

“Term” means the period of time set out in section 2.2;

“we”, “us” or “our” refers to the Province alone and never refers to the combination of the Province and the Licensee: that combination is referred to as **“the parties”**; and

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

- 1.2 In this Agreement, “person” includes a corporation, partnership or party, and the personal or other legal representatives of a person to whom the context can apply according to law and wherever the singular or masculine form is used in this Agreement it will be construed as the plural or feminine or neuter form, as the case may be, and vice versa where the context or parties require.
- 1.3 The captions and headings contained in this Agreement are for convenience only and do not define or in any way limit the scope or intent of this Agreement.
- 1.4 This Agreement will be interpreted according to the laws of the Province of British Columbia.

- 1.5 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Agreement, that reference will include a reference to every amendment to it, every regulation made under it and any subsequent enactment of like effect and, unless otherwise indicated, all enactments referred to in this Agreement are enactments of the Province of British Columbia.
- 1.6 If any section of this Agreement, or any part of a section, is found to be illegal or unenforceable, that section or part of a section, as the case may be, will be considered separate and severable and the remainder of this Agreement will not be affected and this Agreement will be enforceable to the fullest extent permitted by law.
- 1.7 Each schedule to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 1.8 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent agreement in writing between the parties.
- 1.9 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 1.10 Any liabilities or obligations of either party arising, or to be performed, before or as a result of the termination of this Agreement, and which have not been satisfied or remain unperformed at the termination of this Agreement, any indemnity and any release in our favour and any other provision which specifically states that it will survive the termination of this Agreement, shall survive and not be affected by the expiration of the Term or the termination of this Agreement.
- 1.11 Time is of the essence of this Agreement.
- 1.12 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then you or we, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that you or we have sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.
- 1.13 Any requirement under this Agreement for us to act reasonably shall not require us to act in a manner that is contrary to or inconsistent with any legislation, regulations, Treasury Board directives or other enactments or any policy, directive, executive direction or other such guideline of general application.
- 1.14 Wherever this Agreement provides that you may not undertake some activity or do something

without our prior written approval or consent, our prior approval of the Investigative Plan will constitute our approval of, or consent to, the activity or thing to the extent the same is specifically and expressly described in the Investigative Plan and subject always to any conditions or qualifications that may be set in the Investigative Plan.

ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions of this Agreement, we grant you a licence to occupy the Land only for the purposes necessary for investigation of and monitoring for the feasibility of waterpower project opportunities as set out in the Investigative Plan and you acknowledge this licence of occupation does not grant you exclusive use and occupancy of the Land.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 5th anniversary of that date, or such earlier date provided for in this Agreement. We reserve the right to terminate this Agreement in certain circumstances as expressly provided in this Agreement.

ARTICLE 3 - FEES

- 3.1 You will pay to us Fees of \$500.00, payable in advance on the Commencement Date and on each anniversary of the Commencement Date.
- 3.2 You acknowledge that we may, on written notice to you and in our sole discretion, change the Fees payable by you under this Agreement.

ARTICLE 4 - COVENANTS

- 4.1 You must
- (a) pay, when due,
 - (i) the Fees to us at the address set out in Article 10,
 - (ii) the Realty Taxes, and
 - (iii) all charges for electricity, gas, water and other utilities supplied to the Land for use by you or on your behalf or with your permission;
 - (b) deliver to us, immediately upon demand, receipts or other evidence of the payment of Realty Taxes and all other money required to be paid by you under this Agreement;

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- (c) observe, abide by and comply with
- (i) all applicable laws, bylaws, orders, directions, ordinances and regulations of any government authority having jurisdiction in any way affecting your use or occupation of the Land or the Improvements including without limitation all laws, bylaws, orders, directions, ordinances and regulations relating in any way to Hazardous Substances, the environment and human health and safety, and
 - (ii) the provisions of this Agreement;
- (d) in respect of the use of the Land by you or by any person who enters upon or uses the Land as a result of your use of the Land under this Agreement, keep the Land and the Improvements in a safe, clean and sanitary condition satisfactory to us, and at our written request, rectify any failure to comply with such a covenant by making the Land and the Improvements safe, clean and sanitary;
- (e) not commit any wilful or voluntary waste, spoil or destruction on the Land or do anything on the Land that may be or become a nuisance to an owner or occupier of land in the vicinity of the Land;
- (f) use and occupy the Land only in accordance with and for the purposes set out in section 2.1;
- (g) not construct, place or affix any Improvement on or to the Land except as necessary for the purposes set out in the Investigative Plan;
- (h) pay all accounts and expenses as they become due for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, except for money that you are required to hold back under the *Builders Lien Act*;
- (i) if any claim of lien over the Land is made under the *Builders Lien Act* for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, immediately take all steps necessary to have the lien discharged, unless the claim of lien is being contested in good faith by you and you have taken the steps necessary to ensure that the claim of lien will not subject the Land or any interest of yours under this Agreement to sale or forfeiture;
- (j) obtain our prior written consent, which consent may be unreasonably withheld, before permitting any other person to use the Land or the Improvements (including without limitation, any copper, coaxial, fibre optic or similar material or device) for any telecommunications purpose;
- (k) obtain our prior written consent, which consent may be unreasonably withheld, before
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using the Land or the Improvements for any telecommunications purpose other than a telecommunications purpose which is necessary for your operation of the Improvements;

- (l) if any soil is disturbed by you as a result of your construction or maintenance of the Improvements, at your expense, restore the surface of the Land to a condition satisfactory to us;
- (m) at our request and at your expense, have a British Columbia Land Surveyor conduct a survey of the Land within 12 months;
- (n) take all reasonable precautions to avoid disturbing or damaging any archaeological material found on or under the Land and, upon discovering any archaeological material on or under the Land, you must immediately notify the ministry responsible for administering the *Heritage Conservation Act*;
- (o) permit us, or our authorized representatives, to enter on the Land at any time to inspect the Land and the Improvements, including without limitation to test and remove soil, groundwater and other materials and substances, where the inspection may be necessary or advisable for us to determine whether or not you have complied with your obligations under this Agreement with respect to Hazardous Substances, provided that we take reasonable steps to minimize any disruption of your operations;
- (p) indemnify and save us and our servants, employees and agents harmless against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of one or more of the following:
 - (i) any breach, violation or non-performance of a provision of this Agreement,
 - (ii) any conflict between your use of the Land under this Agreement and the lawful use of the Land by any other person, and
 - (iii) any personal injury, bodily injury (including death) or property damage occurring or happening on or off the Land by virtue of your entry upon, use or occupation of the Land,and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand; and
- (q) on the termination of this Agreement,
 - (i) peaceably quit and deliver to us possession of the Land and, subject to paragraphs (ii), (iii) and (iv), the Improvements in a safe, clean and sanitary condition,

- (ii) within 90 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you, is in the nature of a tenant's fixture normally removable by tenants and is not part of a building (other than as a tenant's fixture) or part of the Land and you are not in default of this Agreement,
- (iii) not remove any Improvement from the Land if you are in default of this Agreement, unless we direct or permit you to do so under paragraph (iv),
- (iv) remove from the Land any Improvement that we, in writing, direct or permit you to remove, other than any Improvement permitted to be placed on or made to the Land under another disposition, and
- (v) restore the surface of the Land to the condition that the Land was in on the Commencement Date, but if you are not directed or permitted to remove an Improvement under paragraph (iii), this paragraph will not apply to that part of the surface of the Land on which that Improvement is located,

and all of your right, interest and estate in the Land will be absolutely forfeited to us, and to the extent necessary, this covenant will survive the termination of this Agreement.

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

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

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

unless

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

from whom any consent, permit or approval may be required.

4.4 Despite any other provision of this Agreement you must:

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

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

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

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

4.5 We may from time to time

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

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

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

- 4.7 We will not do anything on the Land that will interfere materially with the Improvements or your use of the Improvements, or that creates a public hazard.

ARTICLE 5 - LIMITATIONS

- 5.1 You agree with us that

- (a) in addition to the other reservations and exceptions expressly provided in this Agreement this Agreement is subject to the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;
- (b) other persons may hold or acquire rights to use the Land in accordance with enactments other than the *Land Act* or the *Ministry of Lands, Parks and Housing Act*, including rights held or acquired under the *Coal Act*, *Forest Act*, *Geothermal Resources Act*, *Mineral Tenure Act*, *Petroleum and Natural Gas Act*, *Range Act*, *Water Act* or *Wildlife Act* (or any prior or subsequent enactment of the Province of British Columbia of like effect); such rights may exist as of the Commencement Date and may be granted or acquired subsequent to the Commencement Date and may affect your use of the Land;
- (c) other persons may hold or acquire interests in or over the Land granted under the *Land Act* or the *Ministry of Lands, Parks and Housing Act*; such interests may exist as of the Commencement Date; following the Commencement Date we may grant such interests (including fee simple interests, leases, statutory rights of way and licences); you acknowledge that your use of the Land may be affected by such interests and the area or boundaries of the Land may change as a result of the granting of such interests;
- (d) you have no right to compensation from us and you release us from all claims, actions, causes of action, suits, debts and demands that you now have or may at any time in the future have against us arising out of any conflict between your use of the Land under this Agreement and any use of, or impact on the Land arising from the exercise, or operation of the interests, rights, privileges and titles described in subsections (a), (b), and (c);
- (e) this Agreement does not limit any right to notice, compensation or any other benefit that you may be entitled to from time to time under the enactments described in subsection (b), or any other applicable enactment;
- (f) you will not commence or maintain proceedings under section 65 of the *Land Act* in respect of any interference with your use of the Land as permitted under this Agreement that arises as a result of the lawful exercise or operation of the interests, rights, privileges and titles described in subsections (a), (b) and (c);
- (g) you will not without our prior written consent, which consent may be unreasonably

withheld, permit any other person to use the Land or the Improvements (including, without limitation, any copper, coaxial, fibre optic or similar material or device) for any telecommunications purpose;

- (h) you will not without our prior written consent, which consent may be unreasonably withheld, use the Land or the Improvements for any telecommunications purpose other than a telecommunications purpose which is necessary for your operation of the Improvements;
- (i) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (j) any interest you may have in the Improvements ceases to exist and becomes our property upon the termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(q)(ii), (iii) or (iv) in which case any interest you may have in that Improvement ceases to exist and becomes our property if the Improvement is not removed from the Land within the time period set out in paragraph 4.1(q)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(q)(iii); and
- (k) if, after the termination of this Agreement, we permit you to remain in possession of the Land and we accept money from you in respect of such possession, a tenancy from year to year will not be created by implication of law and you will be deemed to be a monthly occupier only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary.

ARTICLE 6 - SECURITY AND INSURANCE

- 6.1 On the Commencement Date, you will deliver to us Security in the amount of \$0.00 which will
- (a) guarantee the performance of your obligations under this Agreement;
 - (b) be in the form required by us; and
 - (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.
- 6.2 Despite section 6.1, your obligations under that section are suspended for so long as you maintain in good standing other security acceptable to us to guarantee the performance of your obligations under this Agreement and all other dispositions held by you.
- 6.3 We may use the Security for the payment of any costs and expenses associated with any of your obligations under this Agreement that are not performed by you or to pay any overdue Fees and, if such event occurs, you will, within 30 days of that event, deliver further Security to

us in an amount equal to the amount drawn down by us.

6.4 After we certify, in writing, that you have fully performed your obligations under this Agreement, we will return to you the Security maintained under section 6.1, less all amounts drawn down by us under section 6.3.

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

- (a) change the form or amount of the Security; and
- (b) provide and maintain another form of Security in replacement of or in addition to the Security posted by you under this Agreement;

and you will, within 60 days of receiving such notice, deliver to us written confirmation that the change has been made or the replacement or additional form of Security has been provided by you.

6.6 You must

- (a) without limiting your obligations or liabilities under this Agreement, at your expense, purchase and maintain during the Term the following insurance with insurers licensed to do business in Canada:
 - (i) Commercial General Liability insurance in an amount of not less than \$2,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury (including death) and property damage, including coverage for all accidents or occurrences on the Land or the Improvements. Such policy will include cross liability, liability assumed under contract, provision to provide 30 days advance notice to us of material change or cancellation, and include us as additional insured;
 - (b) ensure that all insurance required to be maintained by you under this Agreement is primary and does not require the sharing of any loss by any of our insurers;
 - (c) within 10 working days of Commencement Date of this Agreement, provide to us evidence of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
 - (d) if the required insurance policy or policies expire or are cancelled before the end of the Term of this Agreement, provide within 10 working days of the cancellation or expiration, evidence of new or renewal policy or policies of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
 - (e) notwithstanding subsection (c) or (d) above, if requested by us, provide to us certified

copies of the required insurance policies.

- 6.7 We may, acting reasonably, from time to time, require you to
- (a) change the amount of insurance set out in subsection 6.6(a); and
 - (b) provide and maintain another type or types of insurance in replacement of or in addition to the insurance previously required to be maintained by you under this Agreement;
- and you will, within 60 days of receiving such notice, cause the amounts and types to be changed and deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance then required to be maintained by you under this Agreement.
- 6.8 You shall provide, maintain, and pay for any additional insurance which you are required by law to carry, or which you consider necessary to insure risks not otherwise covered by the insurance specified in this Agreement in your sole discretion.
- 6.9 You waive all rights of recourse against us with regard to damage to your own property.

ARTICLE 7 - ASSIGNMENT

- 7.1 You must not sublicense, assign, mortgage or transfer this Agreement, or permit any person to use or occupy the Land, without our prior written consent, which consent we may withhold.
- 7.2 Prior to considering a request for our consent under section 7.1, we may require you to meet certain conditions, including without limitation, that you provide us with a report as to the environmental condition of the Land as provided in section 4.5.

ARTICLE 8 - TERMINATION

- 8.1 You agree with us that
- (a) if you
 - (i) default in the payment of any money payable by you under this Agreement, or
 - (ii) fail to observe, abide by and comply with the provisions of this Agreement (other than the payment of any money payable by you under this Agreement),
- and your default or failure continues for 60 days after we give written notice of the default or failure to you,

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- (b) if, in our opinion, you fail to make diligent use of the Land for the purposes set out in this Agreement, and your failure continues for 60 days after we give written notice of the failure to you;
 - (c) if you
 - (i) become insolvent or make an assignment for the general benefit of your creditors,
 - (ii) commit an act which entitles a person to take action under the *Bankruptcy and Insolvency Act* (Canada) or a bankruptcy petition is filed or presented against you or you consent to the filing of the petition or a decree is entered by a court of competent jurisdiction adjudging you bankrupt under any law relating to bankruptcy or insolvency, or
 - (iii) voluntarily enter into an arrangement with your creditors;
 - (d) if you are a corporation,
 - (i) a receiver or receiver-manager is appointed to administer or carry on your business, or
 - (ii) an order is made, a resolution passed or a petition filed for your liquidation or winding up;
 - (e) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent;
 - (f) if this Agreement is taken in execution or attachment by any person; or
 - (g) if we require the Land for our own use or, in our opinion, it is in the public interest to cancel this Agreement and we have given you 60 days' written notice of such requirement or opinion;

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

8.2 If the condition complained of (other than the payment of any money payable by you under this Agreement) reasonably requires more time to cure than 60 days, you will be deemed to have complied with the remedying of it if you commence remedying or curing the condition within 60 days and diligently complete the same.

8.3 You agree with us that

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

ARTICLE 9 - DISPUTE RESOLUTION

- 9.1 If any dispute arises under this Agreement, the parties will make all reasonable efforts to resolve the dispute within 60 days of the dispute arising (or within such other time period agreed to by the parties) and, subject to applicable laws, provide candid and timely disclosure to each other of all relevant facts, information and documents to facilitate those efforts.
- 9.2 Subject to section 9.5, if a dispute under this Agreement cannot be resolved under section 9.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 9.3 The cost of the arbitration referred to in section 9.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 9.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Smithers, British Columbia, and if we or our authorized representative have no office in Smithers, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Smithers, British Columbia.
- 9.5 A dispute under this Agreement in respect of a matter within our sole discretion cannot, unless we agree, be referred to arbitration as set out in section 9.2.

ARTICLE 10 - NOTICE

- 10.1 Any notice required to be given by either party to the other will be deemed to be given if mailed by prepaid registered mail in Canada or delivered to the address of the other as follows:

to us

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS
1st Floor - 3726 Alfred Avenue, PO Box 5000
Smithers, BC V0J 2N0;

to you

ALASKA HYDRO CORPORATION
2633 Carnation St
North Vancouver, BC V7H 1H6;

or at such other address as a party may, from time to time, direct in writing, and any such notice will be deemed to have been received if delivered, on the day of delivery, and if mailed, 7 days after the time of mailing, except in the case of mail interruption in which case actual receipt is required.

- 10.2 In order to expedite the delivery of any notice required to be given by either party to the other, a concurrent facsimile copy of any notice will, where possible, be provided to the other party but nothing in this section, and specifically the lack of delivery of a facsimile copy of any notice, will affect the deemed delivery provided in section 10.1.
- 10.3 The delivery of all money payable to us under this Agreement will be effected by hand, courier or prepaid regular mail to the address specified above, or by any other payment procedure agreed to by the parties, such deliveries to be effective on actual receipt.

ARTICLE 11 - MISCELLANEOUS

- 11.1 No provision of this Agreement will be considered to have been waived unless the waiver is in writing, and a waiver of a breach of a provision of this Agreement will not be construed as or constitute a waiver of any further or other breach of the same or any other provision of this Agreement, and a consent or approval to any act requiring consent or approval will not waive or render unnecessary the requirement to obtain consent or approval to any subsequent same or similar act.
- 11.2 No remedy conferred upon or reserved to us under this Agreement is exclusive of any other remedy in this Agreement or provided by law, but that remedy will be in addition to all other remedies in this Agreement or then existing at law, in equity or by statute.
- 11.3 The grant of a sublicense, assignment or transfer of this Agreement does not release you from your obligation to observe and perform all the provisions of this Agreement on your part to be observed and performed unless we specifically release you from such obligation in our consent to the sublicense, assignment or transfer of this Agreement.
- 11.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 11.5 If, due to a strike, lockout, labour dispute, act of God, inability to obtain labour or materials, law, ordinance, rule, regulation or order of a competent governmental authority, enemy or hostile action, civil commotion, fire or other casualty or any condition or cause beyond your

reasonable control, other than normal weather conditions, you are delayed in performing any of your obligations under this Agreement, the time for the performance of that obligation will be extended by a period of time equal to the period of time of the delay so long as

- (a) you give notice to us within 30 days of the commencement of the delay setting forth the nature of the delay and an estimated time frame for the performance of your obligation; and
- (b) you diligently attempt to remove the delay.

11.6 You acknowledge and agree with us that

- (a) this Agreement has been granted to you on the basis that you accept the Land on an “as is” basis;
- (b) without limitation we have not made, and you have not relied upon, any representation or warranty from us as to
 - (i) the suitability of the Land for any particular use, including the use permitted by this Agreement;
 - (ii) the condition of the Land (including surface and groundwater), environmental or otherwise, including the presence of or absence of any toxic, hazardous, dangerous or potentially dangerous substances on or under the Land and the current and past uses of the Land and any surrounding land and whether or not the Land is susceptible to erosion or flooding;
 - (iii) the general condition and state of all utilities or other systems on or under the Land or which serve the Land;
 - (iv) the zoning of the Land and the bylaws of any government authority which relate to the development, use and occupation of the Land; and
 - (v) the application of any federal or Provincial enactment or law to the Land;
- (c) you have been afforded a reasonable opportunity to inspect the Land or to carry out such other audits, investigations, tests and surveys as you consider necessary to investigate those matters set out in subsection (b) to your satisfaction before entering into this Agreement;
- (d) you waive, to the extent permitted by law, the requirement if any, for us to provide you with a “site profile” under the *Environmental Management Act* or any regulations made under that act;

- (e) we are under no obligation, express or implied, to provide financial assistance or to contribute toward the cost of servicing, creating or developing the Land or the Improvements and you are solely responsible for all costs and expenses associated with your use of the Land and the Improvements for the purposes set out in this Agreement; and
- (f) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads.

11.7 You agree with us that nothing in this Agreement constitutes you as our agent, joint venturer or partner or gives you any authority or power to bind us in any way.

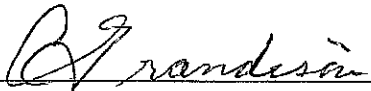
11.8 This Agreement does not override or affect any powers, privileges or immunities to which you are entitled under any enactment of the Province of British Columbia.

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

SIGNED on behalf of **HER MAJESTY
THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA**
by the minister responsible for the *Land Act*
or the minister's authorized representative

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

SIGNED on behalf of ALASKA HYDRO CORPORATION
by a duly authorized signatory

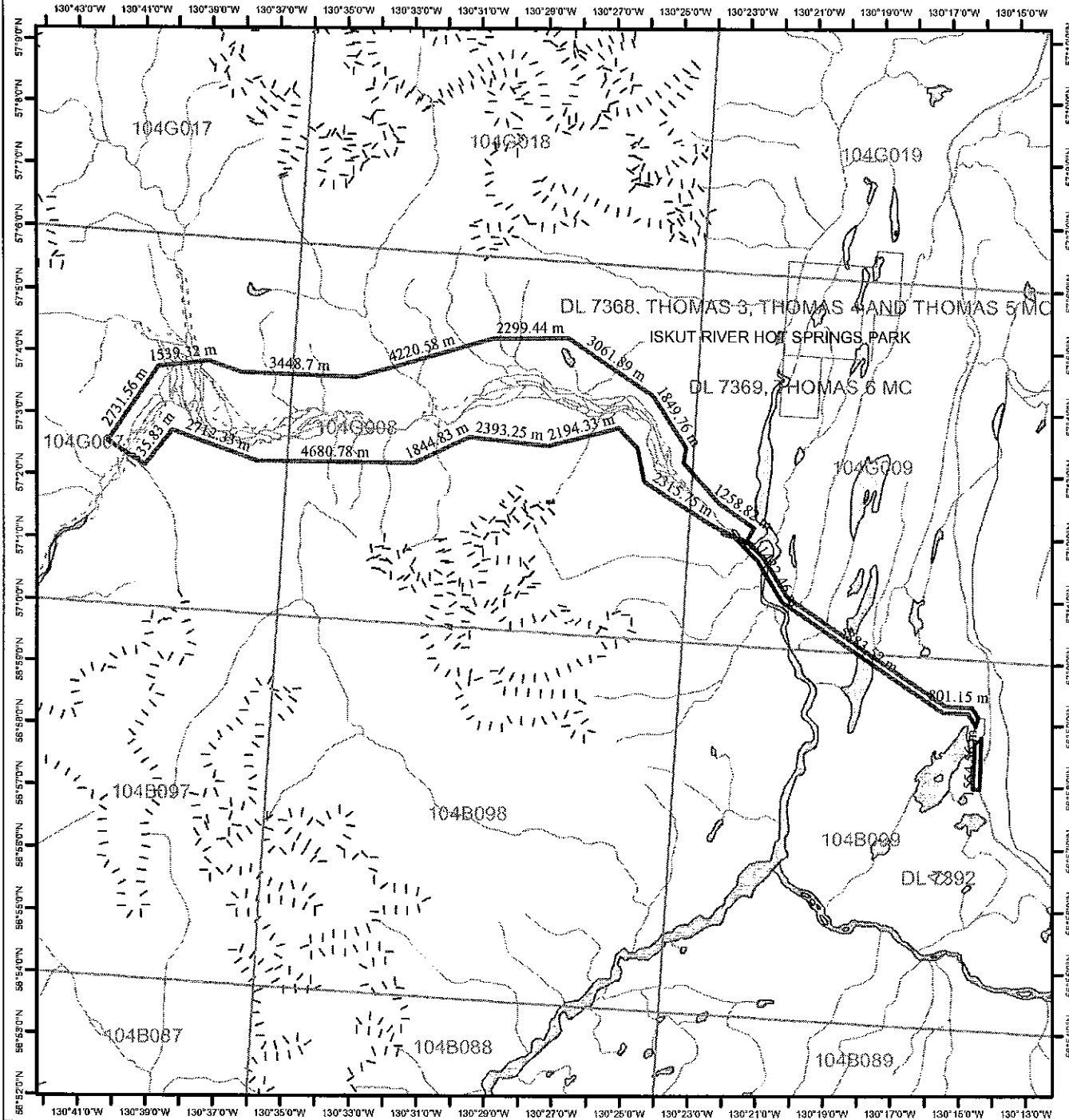


Authorized Signatory

LEGAL DESCRIPTION SCHEDULE

LEGAL DESCRIPTION: ALL THAT UNSURVEYED CROWN LAND IN THE VICINITY OF MORE CREEK, CASSIAR DISTRICT, CONTAINING 4,578.877 HECTARES, MORE OR LESS. ALL THAT UNSURVEYED CROWN LAND IN THE VICINITY OF MORE CREEK, CASSIAR DISTRICT, CONTAINING 215.296 HECTARES, MORE OR LESS.

(Please refer to the attached Map Page 19 of 19)



Scale: 1:170,000
 Purpose: WATERPOWER
 Subpurpose: INVESTIGATIVE PHASE
 Type: LICENCE
 Subtype: INVESTIGATIVE LICENCE

Legend

- Tenure Area
- Indian Reserves
- Parks & Protected Areas

Document Map

BRITISH COLUMBIA
www.gov.bc.ca

Date: 22 Oct 2014

Water Power - Investigative

MANAGEMENT PLAN

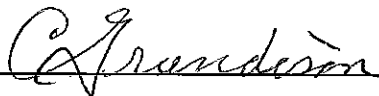
FILE # 6408748
LICENCE #
DATE: March 21, 2015

ACCEPTED BY:

SIGNED on behalf of HER MAJESTY THE QUEEN IN RIGHT OF THE **PROVINCE OF BRITISH COLUMBIA** by Crown Land Adjudication, Ministry of Forests, Lands and Natural Resource Operations, authorized representative of the minister responsible for the *Land Act*.

Authorized Signatory
Crown Land Adjudication
Ministry of Forests, Lands and Natural Resource Operations

SIGNED on behalf of **ALASKA HYDRO CORPORATION**
by a duly authorized signatory



containing pages (including this page)

Investigative Use Plan for More Creek Hydroelectric Project

The Application and any subsequent requests for replacement for the Investigative Licence (IL) on the area noted in the application is for the sole purpose of investigating the viability of land and water resources to evaluate the potential for future development and generation of energy from More Creek.

1. Project Overview and Purpose

A hydroelectric project with reservoir storage is proposed on More Creek approximately 130 km north of the town of Stewart in northwestern British Columbia. More Creek flows primarily in a south easterly direction before discharging into the Iskut River. The Project will store water at the head of the More Creek canyon using an 84 m high concrete dam to create a water storage reservoir. The anticipated size of the water storage reservoir will be approximately 2680 ha (revised from 3000 ha) at full operating level with a live storage (useable) volume of approximately 870 million m³.

There are no existing water licenses for the purpose of power-general that exist on More Creek. The following is a summary of the More Creek hydroelectric project.

Power Output:	75 MW
Energy Output:	306 GW-hr/yr
Max Diverted Flow:	80 m ³ /s
Gross Head:	118 m
Reservoir Elevation:	498 m AMSL
Powerhouse (tailwater elevation):	~ 380 m AMSL
Power Tunnel/penstock Length:	1000 m
Powerline Length/Voltage:	13 km/ 138 kV
Intake Structures:	Dam/ spillway/ integral chute/ intake

Concurrently with this Investigative Use License of Occupation, the Proponent has applied for a Water License Application (Tracking No. 100115402). The purpose of the Investigative Use Licence is to gather the necessary information for a Development Plan in support of the Water Licence Application submitted concurrently with this application, for the More Creek Hydroelectric project. In addition, the Development Plan will also be used to adjudicate the application for the water-power Crown Land Tenure application.

2. Location and Size of Project

A hydroelectric project is proposed on More Creek as shown on the site location map (Figure 1).

The project will consist of an access road, dam, diversion structure, intake, penstock, powerhouse containing three turbines and a fenced switchyard, reservoir, spillway, switch yard, tailrace, transmission line, power tunnel, and laydown and spoil area all located on unsurveyed Crown Land. Access to the powerhouse will be through an 11.5 km access road of which approximately 5 km is existing forestry road that intersects Highway 37 just north of Devil Creek and heads east to the ridge above the Iskut River. The intake will be located approximately 2.5 km upstream of More Creek's confluence with the Iskut River. Intake access will require new road construction from the powerhouse (Figure 2). There will be an approximate 13 km 138 kV transmission line that will connect the project to the Bob Quinn substation. The Bob Quinn substation is owned by BC Hydro and the project connection is subject to a future interconnection study by BC Hydro. The purpose of this hydropower project is to sell power to BC Hydro under the standing offer program or to sell power to a LNG producer. An agreement will be negotiated by the Proponent. The project layout and Crown Land Application area is provided in Figure 3.

The project is located entirely on unsurveyed Crown Land within the Cassiar District. The Investigative Use Licence will allow Alaska Hydro Corp. to undertake the necessary investigations required to complete a more detailed design on all aspects of the project including all the major infrastructure pieces.

The Investigative Use License is for an area of 4803.03 ha. Please note that this area has been revised (previously 3078 ha) since the electronic submission (Tracking No. 11115438). This area encompasses all potential Project works and potential placement options. All investigative work will take place within this area. This area does not represent the final land requirement of the Project. During the detailed design phase, the project footprint will be reduced.

3. Investigation Schedule

The investigation plans are expected to take place over the next 5 years. The following is planned to take place over the 5 year period: water level data collection and discharge measurements, which are required to record a minimum of 2 years worth of *in situ* flow data, necessary impact studies on local wildlife populations near the project site (~ 2 years of studies), fish and fish habitat assessments (~ 2 years of studies), archaeological assessments and a geomorphology study of the Project area. Access in and around the project area for the impact studies will be on foot. A summary table of the schedule for the investigative studies is attached.

4. Summary of Investigations

Field investigations for the project engineering and environmental impact studies will involve vehicle access to the project area and the transmission line and accessing the locations of proposed project works (intake, powerhouse, power tunnel route, and

transmission line) by foot. At this time there are no plans for any test pitting or geotechnical drilling. The Investigative Use Licence will be amended should preliminary site investigations require additional geotechnical investigative work.

The following field investigations relating to the environmental attributes of the project area are planned: flow monitoring, wildlife and vegetation, fish and fish habitat, archaeological assessments and geomorphology. Each of these studies is broken down into further detail below. These lists describe what is typically included in each of the field investigations; they are not necessarily exhaustive.

Water Flow Monitoring

- Installation of (a) stream gauge(s)
- Velocity measurements using portable flow meter or salt dilution.
- Measure the creek depth and velocity using a swoffer meter at multiple sites.
- Conducted over multiple seasons.
- There may be some disturbance to the site during installation of stream gauge, but overall negligible impact to the land.

Wildlife and Vegetation

- View the areas potentially affected by the project.
- Investigate the project site for animal signs.
- Investigate the project site for conspicuous nest sites (e.g., bald eagle and great-blue heron).
- Conduct raptor call-playback surveys for raptors with inconspicuous nests (e.g., Queen Charlotte goshawk and northern pygmy-owl).
- Conducted over multiple seasons (Spring/Summer/Fall)
- Observation of wildlife and wildlife habitats is not expected to have any impacts to the land.

Fish and Fish Habitat

- Conduct sampling to determine fish presence/absence.
- If fish present, conduct sampling to determine fish abundance and distribution.
- Measure creek depth and velocity using a swoffer meter at multiple sites.
- Conducted over multiple seasons (Spring/Summer/Fall)
- Fish and fish habitat assessments are not expected to have any impacts to the land.

Archaeological Assessment

- Archaeological Overview Assessment and/or Archaeological Impact Assessment
- If the Project is deemed to be feasible, a Tahltan Land Use and Occupancy study will be undertaken prior to the application for the General Area Licence of Occupation.

- Site visits by foot.
- Archaeological assessments are not expected to have any impacts to the land.

Geomorphology

- Site visits by foot.
- Geomorphology assessments are not expected to have any impacts to the land.

Site Visits

- Consult with agencies, First Nations, and other stakeholders.
- No impacts to the land

Please note that using a vehicle to access the sites has the potential to result in hydrocarbon leakage (soil and water contamination) and wildlife collisions.

Site visits are expected to occur at least once each season for general maintenance of stream gauges and to conduct stream flow tests. Additional visits will be required to undertake the other investigative work listed above.

5. Identification of Site Access

The project is approximately 130 km north of the town of Stewart. Access to More Creek will be by vehicle along Highway 37 and existing forestry roads. Once at the site all the investigation works will be carried out on foot.

TABLE 1. More Creek Investigative Studies Timeline

Investigative Studies	2019			2020			2021			2022															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
INVESTIGATIVE STUDIES																									
Archaeological Studies																									
Archaeological Overview Assessment																									
Archaeological Impact Assessment																									
Hydrological Studies																									
Gauge Installation																									
Hydrologic Data Downloads and Flow Measurements																									
Fish and Fish Habitat Studies																									
Pre-Review Assessment																									
Second Year - In-stream fish study																									
Wildlife and Wildlife Habitat Studies																									
Five Year - banding study (includes vegetation, wildlife)																									
Second Year - banding study (includes vegetation, wildlife)																									
Geomorphology Studies																									
Preliminary Site Visit																									
Site Visits																									
Fish Nekton, Aquatics, other stake holders																									

An archeological overview assessment ("AOA") will be conducted early on in the investigation studies. Based on the recommendations from the AOA, an archeological impact assessment ("AIA") will be conducted. If the project is deemed to be feasible, a Tenthon Land Use and Occupancy study will be undertaken prior to the application for the General Area License of Occupation.

Following the hydrologic gauge installation, the gauge will be downloaded periodically to develop a long-term flow record for More Creek. A minimum of one-to-two years of historical flow record will be collected prior to Development Plan submission. Flow measurements will be recorded for the duration of the investigative studies and thereafter, during lump phases of the Project.

Fish and fish habitat studies require a minimum of two years of baseline data prior to the submission of the Development Plan. As part of those investigative studies, annual sampling will be conducted.

Wildlife and Wildlife Habitat Studies require a minimum of two years of assessed investigations prior to the submission of the Development Plan. Seasonal investigations will ensure that vegetation and wildlife that may use the area during specific times of the year are documented.

A preliminary geomorphology study will be conducted early in the Project's investigative studies. More in-depth geomorphology studies will be scheduled following the recommendations of the preliminary site visit, geomorphology assessment, and other stakeholders regarding the Project.

Community consultation is integral to the Project. Therefore, the first year of investigative studies will set a primary focus on informing the local community, stakeholders, agencies, and other stakeholders regarding the Project.

THIS CHEQUE CONTAINS A MICROLINE BORDER AND SECURITY FEATURES



Alaska Hydro Corporation
Suite 503-675 West Hastings Street
Vancouver, BC, Canada V6B 1N2



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Minister of Finance
1st Floor - 3726 Alfred Ave.,
P.O. Box 5000
Smithers, BC V0J 2N0

Alaska Hydro Corporation

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PER

MEMO

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Alaska Hydro Corporation
Minister of Finance

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