

AIRPORT LEASE

THIS LEASE made this 1st day of January, 2013

UNDER THE *LAND TRANSFER FORM ACT*, PART 2

BETWEEN:

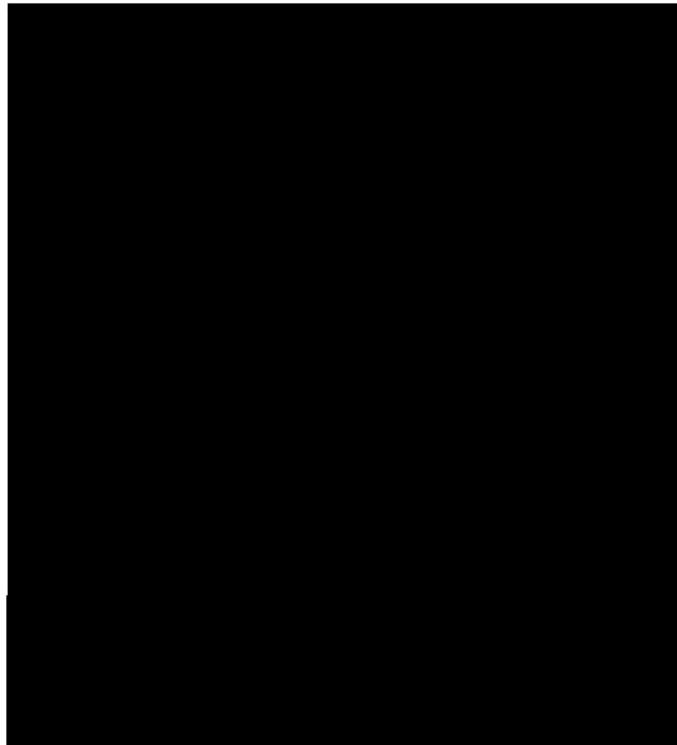
DISTRICT OF MACKENZIE

Bag 340
Mackenzie, BC V0J 2C0

(the "**Landlord**")

OF THE FIRST PART

AND:



(described collectively as the "**Tenant**")

OF THE SECOND PART

WITNESS that in consideration of the rents and agreements to be paid and performed by the Tenant,

1. **PREMISES**

The Landlord leases to the Tenant the premises more particularly described as:

.109 hectares (11,730 square feet)
of Lot C, Plan 23098, DL 12479
Cariboo District
shown within the bold outline on the drawing which is
attached as Appendix "A".

(the "**Premises**")

2. **IMPROVEMENTS**

The Landlord and Tenant both confirm that the structure situated on the Premises as at the commencement of this Lease, for certainty being the single structure consisting of six (6) individual hangars (collectively the "Hangars") is an improvement to the Leased Premises previously made by the Tenant with the Landlord's approval, to which section 9(i) of this Lease shall apply.

3. **TERM**

The term of this Lease commences on the 1st day of January, 2013 and continues for a term of three (3) years (the "**Term**").

4. **USE**

- (a) The Tenant shall use the Premises for the purpose of airplane storage, airline office and airport related activities and for no other purpose without first obtaining the written consent of the Landlord.
- (b) In consideration of the agreement of the Tenant to make available the Hangars for purchase by one or more third parties for airplane storage, airline office and airport related activities, and provided the Tenant continues to make reasonable and diligent efforts to sell the Hangars as required hereunder, the Landlord agrees that each of the Hangars located on the Premises may be used for the storage of personal items belonging to the Tenants until the earlier of:
 - (i) the sale of that Hangar as contemplated under section 4(d); or
 - (ii) the termination of this Lease.
- (c) The Tenant agrees that as long as the Hangars or any of them are used for personal storage purposes, each of the Hangars shall be made available for sale, for the purposes stated in section 4(a),

through a listing with a licensed real estate agent, or by signs or other advertisements that are to the satisfaction of the Landlord acting reasonably. In advertising the sale of the Hangars, the Tenant shall fully disclose the terms and conditions of this Lease including restrictions on use of the Premises.

- (d) Provided the Tenant receives a bona fide offer to purchase a Hangar for the minimum appraised value identified in paragraph 4(e) and subject to the consent of the Landlord being obtained to the grant of a sublease or the assignment of the Tenant's interest in this Lease in whole or in part to the purchaser, the Tenant agrees that it shall sell its interest in the Hangar to the purchaser.
- (e) For the purposes of paragraph 4(d) the minimum appraised value that the Tenant must accept for the purposes of a sale under section 4(d) is as follows:

Hangar 1	\$10,000.00
Hangar 2	\$10,000.00
Hangar 3	\$10,500.00
Hangar 4	\$10,500.00
Hangar 5	\$10,500.00
Hangar 6	\$11,000.00

as identified in Appendix "B"

- (f) a refusal by the Tenant to sell its interest in a Hangar upon a bona fide offer to purchase being received in accordance with section 4(d) shall be cause for termination of this Lease by the Landlord.

5. **RENT**

The Tenant shall pay to the Landlord:

- (a) For the first year of the Term, the base rent of SEVEN HUNDRED SEVENTY-THREE DOLLARS AND ONE CENT (\$773.01) plus an increase equal to the percentage increase in the Consumer Price Index (All Items) for Vancouver ("CPI"), as maintained by Statistics Canada or its successor in function, and as measured from the commencement of the previous year of the Term to the commencement of the year of the Term for which rent is payable plus Harmonized Sales Tax, Goods and Services Tax or like tax, as may be applicable. If there has been no increase in CPI, the base rent will be the same as for the previous year of the term.

- (b) For the second and each subsequent year of the Term, base rent equal to the base rent payable for the previous year of the Term plus an increase equal to the percentage increase in the Consumer Price Index (All Items) for Vancouver ("CPI"), as maintained by Statistics Canada or its successor in function, and as measured from the commencement of the previous year of the Term to the commencement of the year of the Term for which rent is payable. If there has been no increase in CPI, the base rent will be the same as for the previous year of the term.

6. TENANT'S COVENANTS

The Tenant covenants with the Landlord:

Rent

- (a) to pay rent;

Taxes

- (b) to pay all taxes, rates, duties and assessments whatsoever, whether municipal, provincial or otherwise, charged upon the Tenant or the Landlord as a result of the Tenant's occupation of or use of the Premises;

Utilities

- (c) to pay as they become due all water, sewer and garbage and other rates in respect of the Premises and charges for all gas, oil, telephone, electric power, cable or other telecommunications services used on the Premises;

Construction

- (d) that it will not construct nor alter any building or structure on the Premises unless, prior to any construction, it has obtained:
 - (i) the Landlord's approval in writing to the site plan, working drawings, plans, specifications and elevations; and
 - (ii) a building permit from the District of Mackenzie authorizing the construction of the buildings and structures set out in the permit and the plans and specifications attached to it; and
 - (iii) all required inspections;

and all work shall be carried out at the cost of the Tenant;

Repair

- (e) that it will leave the Premises in good repair;

Landlord's Right of Entry

- (f) that the Landlord may enter the Premises and view the state of repair and the Tenant will repair according to notice;

Assign and Sublet

- (g) that it will not assign nor sublet without leave of the Landlord;
- (h) that the Landlord's consent to assignment or subletting shall not release or relieve the Tenant from its obligations to perform all the terms, covenants and conditions that this Lease requires the Tenant to perform, and the Tenant shall pay the Landlord's reasonable costs incurred in connection with the Tenant's request for consent;

Nuisance

- (i) that it will not carry on nor allow to be carried on or done on the Premises anything that:
 - (i) may be or become a nuisance to the Landlord or the public;
 - (ii) increases the hazard of fire or liability of any kind, over and above activities which are usually carried out at an airport; or
 - (iii) invalidates any policy of insurance for the Premises;

Regulations

- (j) that it will:
 - (i) comply promptly at its own expense with the legal requirements of all statutes, regulations and bylaws of all federal provincial and local authorities, including an association of fire insurance underwriters or agents, and all notices issued under them that are served upon the Landlord or the Tenant;
 - (ii) without limiting the foregoing clause (i), observe and comply with the provisions of the *Aeronautics Act* RSC 1985 C. A-2 as amended, and all rules and regulations made from time to time pursuant to the provisions of said Act and all successor legislation, and all rules and regulations by the Minister of Transport for

Canada regarding the use of the airport or any portion thereof, and all local airport rules;

Insurance

(k) that it will insure and keep insured, while this Lease remains in force, with such companies and in such force as are acceptable to the Landlord, at the Tenant's expense, the following insurance:

- (i) during the term of this agreement the Tenant shall obtain, maintain and pay for the Commercial General Liability Insurance on an occurrence basis, in a form acceptable to the Landlord and with insurance companies duly licensed to transact business in the Province of British Columbia;
- (ii) such insurance shall be for not less than \$2,000,000 inclusive limits of liability with respect to bodily injury, including death, and property damage per occurrence and shall include coverage for all Premises, operations and improvements of the Tenant;

Notwithstanding the foregoing, the Landlord may from time to time notify the Tenant that the amount of insurance required by the Tenant pursuant to clause k(ii) be changed and the Tenant shall within one year of receiving such notice cause the amount of insurance to be changed to the amount specified in such notice and deliver to the Landlord written confirmation of such changes;

- (iii) that during the term, the Tenant shall take out and maintain a policy of insurance, in a form acceptable to the Landlord, insuring all buildings and structures on the Premises to the full insurable replacement value thereof against risk of loss or damage caused by or resulting from fire, flood, lightning, explosion, tempest, earthquake, or any additional peril against which a prudent Landlord normally insures, naming the Landlord as an additional insured party thereto, and shall provide the Landlord with a certified copy of such policy or policies;
- (iv) that if both the Landlord and the Tenant have claims to be indemnified under any insurance taken out under this Lease, the indemnity shall be applied first to the settlement of the claim of the Landlord and the balance, if any, to the settlement of the claim of the Tenant;
- (v) that it will provide, within Thirty (30) days of the date of this Lease, either a certified copy of the policies or a certificate of insurance acceptable to the Landlord;

- (vi) that the policies shall include endorsements adding the Landlord as an additional named insured and providing that the insurer will advise the Landlord in advance of any cancellation or material change, and will do so by written notice sent by registered mail;
- (vii) that the policies shall contain a cross-liability clause and breach of conditions clause protecting the named insured from acts of one named insured which may void or limit the protection afforded by the policy;

Indemnification

- (l) that it will indemnify the Landlord from and against all claims, lawsuits, damages, losses, costs, including legal costs, or expenses which the Landlord may incur by reason of:
 - (i) the use of the Premises by the Tenant, or the carrying on upon the Premises of any activity in relation to the Tenant's use of the Premises, and in respect of any loss, damage or injury sustained by any person while on the Premises for the purpose of doing business with the Tenant or otherwise dealing with the Tenant, where they are not covered by insurance or coverage has been denied by an insurer;
 - (ii) by reason of any defect in the Premises or any injury to any person or to any personal property contained on the Premises;
 - (iii) non-compliance by the Tenant with legal requirements under clause (j);

unless the claims, damages, losses, costs, expenses or injuries are the result of the negligence of the Landlord;

Builders Liens

- (m) that it will indemnify the Landlord from and against all claims for liens for wages or materials or for damage to persons or property caused during the making of or in connection with any excavation, construction, repairs, alterations, installations and additions which the Tenant may make or cause to be made on, in or to the Premises or any building or structure on the Premises, and the Tenant shall promptly take all legal action necessary to cause any lien to be discharged. The Landlord shall be at liberty to file a notice of interest against title to the Premises pursuant to the *Builders Lien Act*;

Possession

- (n) that it will at the expiration or sooner determination of this Lease peaceably surrender and give up possession of the Premises without notice from the Landlord, any right to notice to quit or vacate being hereby expressly waived by the Tenant, any law, usage or custom to the contrary notwithstanding;

Maintenance

- (o) that it will maintain the Premises, at all times to an excellent standard of maintenance, subject to the satisfaction of the Landlord;
- (p) that it will provide receptacles for refuse and rubbish of all kinds, as well as remove such refuse and rubbish from the Premises at regular intervals and will not keep or leave any boxes, packing material or rubbish of any kind in or near the Premises or any passages connected with the same;
- (q) that it will keep clean and free from any rubbish, ice or snow, all walks, passages, yards and alleys on or adjacent to the Premises;

Signs

- (r) that it shall not display any sign, picture, advertisement, notice, lettering or direction on any part of the Premises without prior written approval of the Landlord.

7. ENVIRONMENTAL MATTERS

Definitions

For the purposes of this section 7:

"Contaminants" means any pollutants, contaminants, deleterious substances, underground or above-ground tanks, asbestos materials, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance which is now or hereafter prohibited, controlled, or regulated under Environmental Laws; and

"Environmental Laws" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits, and other lawful requirements of any governmental authority having jurisdiction over the Premises now or hereafter in force relating in any way to the environment, environmental assessment, health, occupational health and safety, or transportation of dangerous goods, including the principles of common law and equity.

Tenant's Covenants and Indemnity

The Tenant covenants and agrees as follows:

- (a) not to use or permit to be used all or any part of the Premises for the sale, storage, manufacture, handling, disposal, use, or any other dealing with any Contaminants, without the prior written consent of the Landlord, which may be unreasonably withheld;
- (b) to strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Premises;
- (c) to promptly provide to the Landlord a copy of any environmental site assessment, audit, report, or test results relating to the Premises conducted by or for the Tenant at any time and at the Landlord's request from time to time to obtain from an independent environmental consultant approved by the Landlord an environmental site assessment of the Premises or an environmental audit of the operations at the Premises, including any additional investigations as the environmental consultant may recommend and to promptly provide such written authorizations as the Landlord may require from time to time to make inquiries of any governmental authority regarding the Tenant;
- (d) to waive the requirement, if any, for the Landlord to provide a site profile for the Premises under the *Environmental Management Act* or any regulations pursuant thereto;
- (e) to maintain all environmental site assessments, audits, reports, and test results relating to the Premises in strict confidence (including without limitation any governmental authority) except as required by law, or to the Tenant's professional advisers and lenders on a need-to-know basis, or with the prior written consent of the Landlord, which consent may be unreasonably withheld;
- (f) to promptly notify the Landlord in writing of any release of a Contaminant or any other occurrence or condition at the Premises or any adjacent property which could contaminate the Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations, or proceedings under Environmental Laws;
- (g) on the expiry or earlier termination of this Lease, or at any time if requested by the Landlord or required by any governmental authority under Environmental Laws, to remove from the Premises all Contaminants, and to remediate by removal any contamination of the Premises or any adjacent property resulting from Contaminants, in either case brought onto, used at,

or released from the Premises by the Tenant or any person for whom it is in law responsible. The Tenant shall perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Contaminants shall remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Premises; and

- (h) to indemnify the Landlord and its shareholders, directors, officers, employees, agents, successors, and assigns from any and all liabilities, actions, damages, claims, remediation cost recovery claims, losses, costs, orders, fines, penalties, and expenses whatsoever (including all legal and consultants' fees and expenses and the cost of remediation of the Premises and any adjacent property) arising from or in connection with:
 - (i) any breach of or non-compliance with the provisions of this section 6 by the Tenant; or
 - (ii) any release or alleged release of any Contaminants at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

The obligations of the Tenant under this section 7 shall survive the expiry or earlier termination of this Lease.

8. LANDLORD'S COVENANTS

The Landlord covenants with the Tenant for quiet enjoyment.

9. MISCELLANEOUS COVENANTS

It is hereby mutually agreed:

Re-entry

- (a) that the Landlord may re-enter the Premises on non-payment of rent, or non-performance of covenants, including but not limited to the refusal of the Tenant to sell its interest in a Hangar on the terms and conditions set out in section 4;

Effect of Waiver

- (b) that the Landlord by waiving or neglecting to enforce the right to forfeiture of this Lease or the right of re-entry upon breach of any covenant, condition or agreement in it does not waive its rights upon any subsequent breach of the same or any other covenant or condition of this Lease;

Holding Over

- (c) that if the Tenant holds over following the Term and the Landlord accepts rent, this Lease becomes a tenancy from month to month subject to those conditions in this Lease applicable to a tenancy from month to month, however, this clause shall not preclude lease term renewal without holdover;

Landlord's Payments

- (d) that if the Landlord incurs any damage, loss or expense or makes any payment for which the Tenant is liable under this Lease, then the Landlord may add the cost or amount of the damage, loss, expense, or payments to the rent and may recover it as if it were rent in arrears;

Time

- (e) that time shall be of the essence of this Lease;

Distress

- (f) that if the Landlord is entitled to levy distress against the goods and chattels of the Tenant, the Landlord may use enough force necessary for that purpose and for gaining admittance to the Premises and the Tenant releases the Landlord from liability for any loss or damage sustained by the Tenant as a result;

Insolvency

- (g) that if
 - (i) the Term or any of the goods or chattels on the Premises are at any time seized or taken in execution or attachment by any creditor of the Tenant or under bill of sale or chattel mortgage; or
 - (ii) if a writ of execution issues against the goods or chattels of the Tenant; or
 - (iii) if the Tenant makes any assignment for the benefit of creditors; or
 - (iv) if the Tenant becomes insolvent or bankrupt; or
 - (v) being an incorporated company or society if proceedings are begun to wind up the company or society; or

- (vi) if the Premises or any part of them becomes vacant and unoccupied for a period of Thirty (30) days or is used by any other person or persons for any purpose other than permitted in this Lease without the written consent of the Landlord;

the Term shall immediately become forfeited and the then current month's rent for the three months next following shall immediately become due and payable as liquidated damages to the Landlord, and the Landlord may re-enter and repossess the Premises despite any other provision of this Lease;

Termination

- (h) this Lease may be terminated with the mutual consent of the Landlord and the Tenant;
- (i) that, in case of alterations, additions or improvements are made to the leased Premises by the Tenant, such alterations, additions and improvements may be removed by the Tenant within One Hundred and Twenty (120) days following the termination or expiration of this Lease, provided that the Tenant, at its own expense, shall repair any damage to the leased Premises caused by such removal or by the original installation and if any such alterations, additions and the improvements shall remain on the leased Premises after the time periods provided herein, they shall remain on the leased Premises without compensation to the Tenant therefore and they shall become the sole and exclusive property of the Landlord;

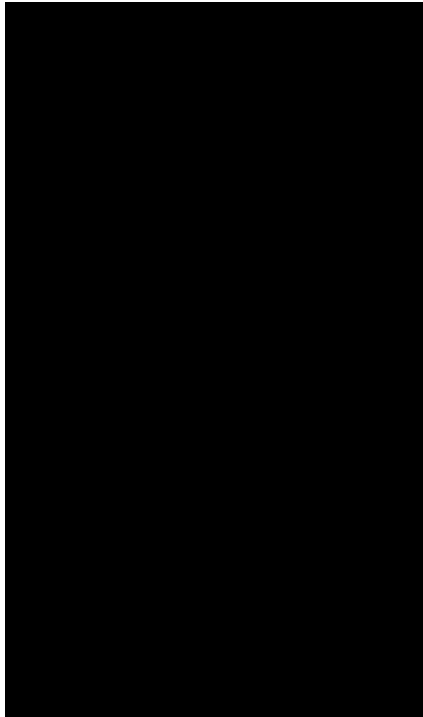
Notices

- (j) that any notice required to be given under this Lease shall be deemed to be sufficiently given:
 - (i) if delivered at the time of delivery; and
 - (ii) if mailed from any government post office in the Province of British Columbia by prepaid, registered mail addressed as follows:

If to the Landlord:

Bag 340
Mackenzie, BC V0J 2C0

If to the Tenant:



or at the address of a party may from time to time designate, then the notice shall be deemed to have been received forty eight (48) hours after the time and date of mailing. If, at the time of mailing the notice, the delivery of mail in the Province of British Columbia has been interrupted in whole or in part by reason of a strike, slowdown, lock-out or other labour dispute then the notice may only be given by actual delivery of it;

Net Lease

- (k) that this Lease shall be a completely carefree net lease to the Landlord as applicable to the Premises and the Landlord shall not be responsible during the Term for any cost, charges, expenses, or outlays of any nature whatsoever in respect of the Premises or its contents except those mentioned in this Lease;

Interpretation

- (l) that when the singular or neuter are used in this Lease they include the plural or the feminine or the masculine or the body politic or corporate where the context or the parties require;

- (m) that the headings to the clauses in this Lease have been inserted as a matter of convenience and are for reference only and in no way define, limit or enlarge the scope or meaning of this Lease or any provision of it;

Binding Effect

- (n) that this Lease shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors, administrators and permitted assignees;

Law Applicable

- (o) that this Lease shall be construed in accordance with and governed by the laws applicable in the Province of British Columbia;
- (p) that all provisions of this Lease are to be construed as covenants and agreements as though the words importing covenants and agreements were used in each separate paragraph;

Effective Date

- (q) that this Lease shall take effect as of the 1st day of January, 2013 regardless of the dates of signing of this Lease.

Joint and Several Liability

- (r) that each of the individuals named as a "Tenant" under this Lease shall be jointly and severally liable to the Landlord for the performance of all of the Tenant's covenants under this Lease.

IN WITNESS the parties have signed and sealed this Lease on the dates hereinafter set forth.

The DISTRICT OF MACKENZIE)
by its authorized signatories:)
)
)
_____)
Mayor)
)
)
_____)
Corporate Officer)

in the presence of:

Address

[illegible]

in the presence of:

Address

[illegible]

Occupation

Occupation

Occupation

Appendix "A"

PGP40629

PGP19845

24.332 m

85.251 m

85.251 m

PGP23098

24.332 m

Airport Rd

Coquiwaldy Rd

0 10 20 40 Metre



APPENDIX "B"

North

