



Lease No.: 55 L/12-1-2

File No.: 55 L/12-1-2

THIS LEASE made this 21st day of November 1997

BETWEEN

Her Majesty the Queen in right of Canada, hereinafter called "Her Majesty"

OF THE FIRST PART

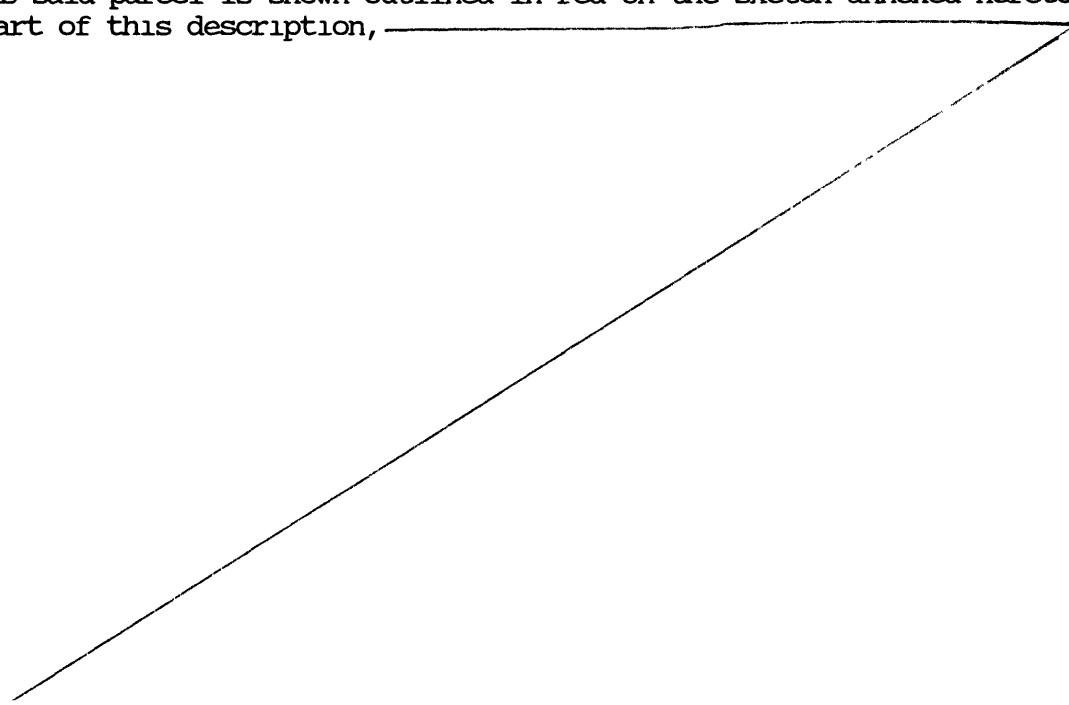
AND

FERGUSON LAKE LODGE, a body corporate, incorporated under the laws of Canada, having its registered office in the City of Yellowknife, in the Northwest Territories,

hereinafter called "the lessee"

OF THE SECOND PART

WTNESSETH that in consideration of the rents, covenants and agreements herein reserved and contained on the part of the lessee to be paid, observed and performed, and subject to the Territorial Lands Act and the Territorial Lands Regulations, Her Majesty demises and leases unto the lessee all that certain parcel or tract of land situate, lying and being composed of all that parcel of land located in a small bay on the South End of Kaminurak Lake, in QUAD 55 L/12, located at approximately 62°45' North Latitude and 95°45' West Longitude in the Northwest Territories, as said parcel is shown outlined in red on the sketch annexed hereto and forming part of this description, —



- (a) all mines and minerals whether solid, liquid or gaseous which may be found to exist within, upon, or under the land together with the full powers to work the same and for that purpose to enter upon, use and occupy the land or so much thereof and to such an extent as may be necessary for the effectual working and extracting of the said minerals;
- (b) the rights of the recorded holders of mineral claims and any other claims or permits affecting the land;
- (c) all timber that may be on the land;
- (d) the right to enter upon, work and remove any rock outcrop required for public purposes;
- (e) such right or rights of way and of entry as may be required under regulations in force in connection with the construction, maintenance and use of works for the conveyance of water for use in mining operations; and
- (f) the right to enter upon the land for the purpose of installing and maintaining any public utility.

THE PARTIES COVENANT AND AGREE AS FOLLOWS:

DEFINITIONS:

1. In this lease:

- (a) "Minister" means the Minister of Indian Affairs and Northern Development and any person authorized by him in writing to act on his behalf;
- (b) "facilities" means all physical structures or appurtenances placed in or upon the land;
- (c) "construction" means all manner of disturbance of the natural state of the surface of the land, including the sub-surface and sub-strata;
- (d) "Surveyor General" means the Surveyor General as defined in the Canada Lands Survey Act;
- (e) "body of water" means any lake, river, stream, swamp, marsh, channel, gully, coulee or draw that continuously or intermittently contains water;

TERM:

2. The term of this lease shall be for a period of ten (10) years commencing on the 1st day of August, A.D. 1997 and terminating on the 31st day of July, A.D. 2007.

4. The Minister may, not less than three (3) months before the expiration of the first five (5) year period of the said term, notify the lessee in writing of an amended rental payment for the following five (5) year period, the said amended rental to be based upon the fair appraised value of the land at the time of such notification, but without taking into account the value of any improvements placed thereon by and at the expense of the lessee.
5. The lessee shall during the term of this lease, pay all taxes, rates and assessments charged upon the land or upon the lessee in respect thereof.

USE:

6. The lessee shall use the land for **Commercial (Outpost Camp)** purposes only.

SUBLETTING OR ASSIGNMENTS:

7. The lessee shall not sublet the land or assign or transfer this lease or any portion thereof without the consent of the Minister in writing, which consent shall not be unreasonably withheld.

BREACH:

8. Where any portion of the rental herein reserved is unpaid for more than thirty (30) days after it becomes due, whether formally demanded or not, the Minister may by notice in writing terminate this lease and on the day following the mailing of such notice, this lease is cancelled.
9. Where the lessee breaches or fails to perform or observe any of the covenants, terms, conditions or agreements herein contained, other than the covenant to pay rent, the Minister may so advise the lessee by written notice and if the lessee fails to remedy the breach or non-performance within a reasonable time thereafter or within the time granted in the said notice, the Minister may, by notice in writing, terminate this lease and on the day following the mailing of such notice, this lease is cancelled.
10. Unless a waiver is given in writing by the Minister, Her Majesty will not be deemed to have waived any breach or non-performance by the lessee of any of the covenants, terms, conditions or agreements herein contained and a waiver affects only the specific breach to which it refers.

TERMINATION:

11. Upon the termination or expiration of this lease, the lessee shall deliver up possession of the land in a restored condition and, where there are no arrears of rent or taxes, the lessee may, within three (3) months after the termination or expiration, remove any buildings or other structures owned by him that may be on the land.

RESTORATION:

13. Where the lessee fails to restore the land as required and within the time allowed by the Regulations or by the Minister, the Minister may order the restoration of all or any part of such land and any expenses thus incurred by the Minister shall be recoverable from the lessee as a debt due to Her Majesty.

WASTE DISPOSAL:

14. The lessee shall dispose of all garbage and debris by incinerating all combustible materials and burying all noncombustible materials in a manner and at a site approved by the Minister, or by removal to an approved dumping site.
15. The lessee shall dispose of human waste in a manner satisfactory to the Minister.
16. The lessee shall not discharge or deposit any refuse substances or other waste materials in any body of water, or the banks thereof, which will, in the opinion of the Minister, impair the quality of the waters or the natural environment and any areas designated for waste disposal shall not be located within thirty-one (31) metres of the ordinary high water mark of any body of water, unless otherwise authorized by the Minister.

ENVIRONMENTAL:

17. The lessee shall at all times keep the land in a condition satisfactory to the Minister.
18. The lessee shall not unduly interfere with the natural drainage pattern of the land, except with the permission of the Minister.
19. In the event that the lessee is conducting operations which are, in the opinion of the Minister, whose opinion will be reasonably exercised, causing irreparable damage to the environment, the Minister may require that the operations of the lessee hereunder be suspended and the operations shall be suspended until such time as the situation has been satisfactorily remedied.
20. The lessee shall undertake such corrective measures as may be specified by the Minister in the event of any spill on the land, or water or wind erosion of the land, resulting from the lessee's operations, and shall demonstrate to the satisfaction of the Minister that the lessee has the ability, including the necessary equipment, to undertake the corrective measures.
21. If the lessee, by its operations on the land, has contributed to any detrimental environmental change, the lessee shall pay its proportionate share of any costs of remedial action which may be considered necessary, as determined by the Minister.
22. The lessee shall ensure that fuel storage containers are not located

FUEL AND HAZARDOUS CHEMICALS:

23. The lessee shall immediately report all spills of petroleum and hazardous chemicals in accordance with the Government of the Northwest Territories Spill Report and any amendments thereto, or in a manner satisfactory to the Minister.
24. The lessee shall prevent the possibility of migration of spilled fuel over the ground surface or through seepage in the ground.
25. The lessee shall take all reasonable precautions to prevent the migration of petroleum products into bodies of water.

BOUNDARIES/SURVEY:

26. Her Majesty is not responsible for the establishment on the ground of the boundaries of the land.
27. The boundaries of the land are subject to such adjustment and alteration as may be shown to be necessary by survey.
28. The Minister may, during the term herein granted, by notice in writing, order the lessee to survey the boundaries of the land and the lessee shall, at its own expense, within one (1) year from the date of said notice, make or cause to be made a survey of the land, such survey to be made in accordance with the instructions of the Surveyor General, and upon completion of the survey and the production of survey plans suitable for recording in the Canada Lands Surveys Records and filing in the Land Titles Office for the Northwest Territories Land Registration District, Her Majesty will execute an Indenture in amendment of this lease for the purpose of incorporating herein descriptions of the land based on the said plans.

IMPROVEMENTS:

29. The lessee is responsible for ensuring that all improvements to the land are made within the boundaries of the land.
30. The lessee shall not erect any building or structure nearer than a distance of three (3) metres from any boundary of the land.
31. The lessee shall not construct any facilities within thirty-one (31) metres of the ordinary high water mark of any body of water without the written approval of the Minister.
32. The lessee shall, before the 1st day of August 1999, complete construction upon the land of an Outpost Camp, valued in the opinion of the Minister at not less than twenty thousand (\$20,000.00) dollars and not more than twenty-five (\$25,000.00), and shall maintain the the said improvements which may be constructed, in a manner and condition satisfactory to the Minister.

ACCESS:

35. Her Majesty and all persons authorized by Her Majesty shall have the use of all dock facilities existing or to be constructed on the land, but such use shall not unreasonably interfere with the rights granted to the lessee.

INDEMNIFICATION:

36. The lessee shall at all times hereafter indemnify and keep Her Majesty indemnified against all claims, demands, actions or other legal proceedings by whomsoever made or brought against Her Majesty by reason of anything done or omitted to be done by the lessee, his officers, servants, agents or employees arising out of or connected with the granting of this lease.

37. The lessee will not be entitled to compensation from Her Majesty by reason of the land or any portion thereof being submerged, damaged by erosion, or otherwise affected by flooding.

38. Her Majesty will not be liable for damages caused by vandalism or interference by others with the lessee's facilities and equipment.

REVIEW:

39. At the request of the lessee, any decision of the Minister will be reviewable by the Trial Division of the Federal Court of Canada; costs of such review are the responsibility of the lessee unless otherwise ordered by the Court.

NOTICES:

40. All written notices respecting the land or the covenants, terms, conditions or agreements contained in this lease shall, unless otherwise stipulated herein, be deemed to have been received by the lessee ten (10) days after the mailing thereof or, if hand delivered, on the day of delivery.

41. Any notice affecting this lease which Her Majesty may desire to serve upon the lessee, or any notice which the lessee may desire to serve upon Her Majesty shall, unless otherwise stipulated herein, be sufficiently served if posted by registered mail to the last known address of the opposite party as follows:

To Her Majesty: Director, Operations,
Northwest Territories Region,
Northern Affairs Program
Department of Indian Affairs and Northern
Development
P.O. Box 1500
Yellowknife, N.W.T. X1A 2R3

To the Lessee: Ferguson Lake Lodge
Box 370
Rankin Inlet, NT XOC 0C0

GENERAL:

43. The lessee shall abide by the said Act and Regulations.
44. This lease enures to the benefit of and is binding upon Her Majesty, Her Heirs and Successors and the lessee, its successors and assigns.
45. No implied covenant or implied liability on the part of Her Majesty is created by the use of the words "demises and leases" herein.

IN WITNESS WHEREOF The Director, Operations, Northwest Territories Region, Northern Affairs Program, Department of Indian Affairs and Northern Development, on behalf of Her Majesty the Queen in right of Canada, and FERGUSON LAKE LODGE, have hereunto set their hands and seals.

SIGNED, SEALED AND DELIVERED on behalf of Her Majesty by The Director, Operations, Northwest Territories Region, Department of Indian Affairs and Northern Development, in the presence of

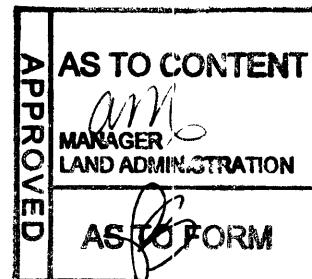
W. H. (W. H. Cobell)

Director's Witness

S. Taylor (SEAL)
Director's Signature

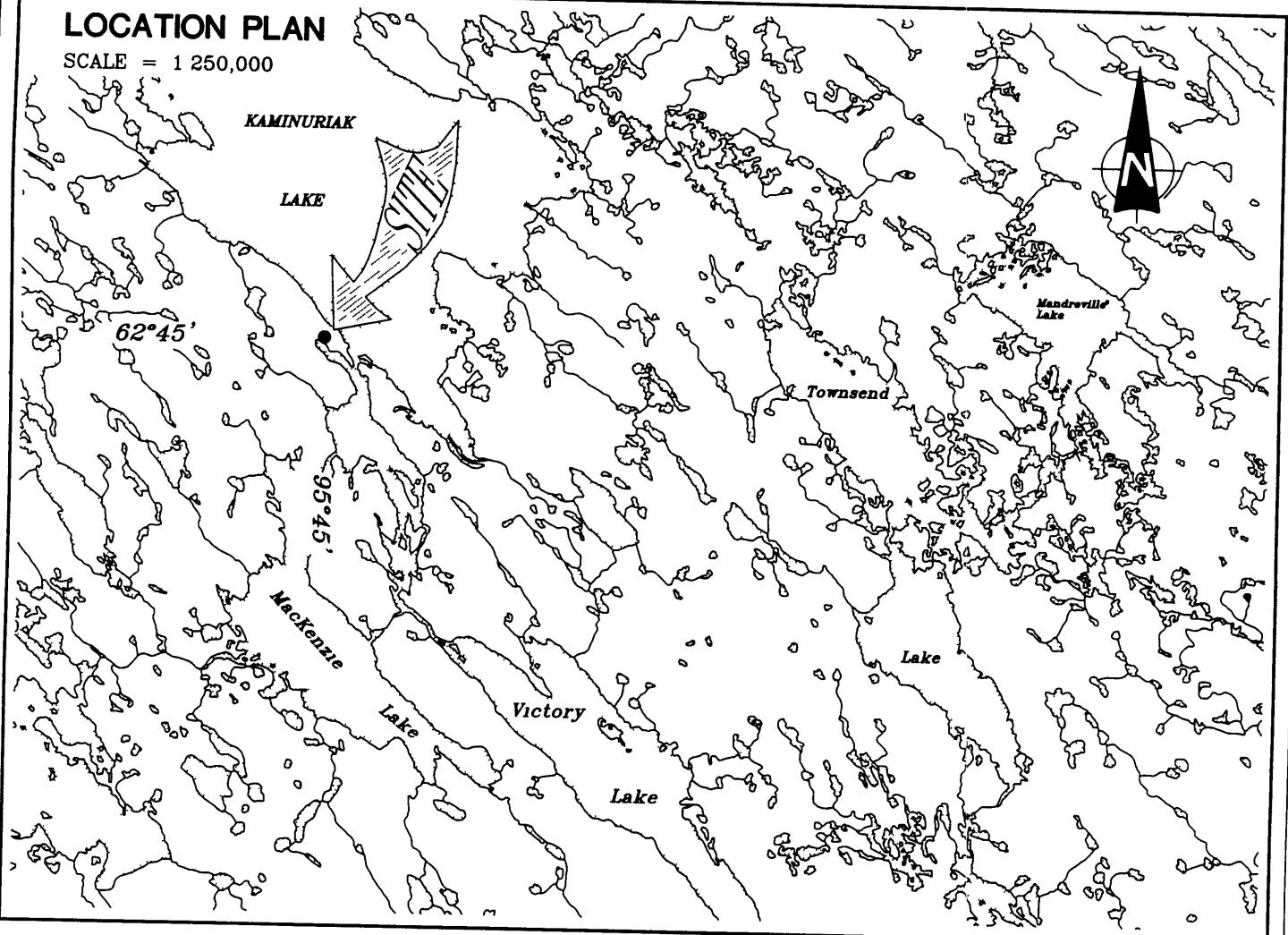
SEALED, ATTESTED AND DELIVERED
by the President
and the Secretary
of FERGUSON LAKE LODGE

W. H. Cobell (SEAL)
W. H. Cobell (SEAL)



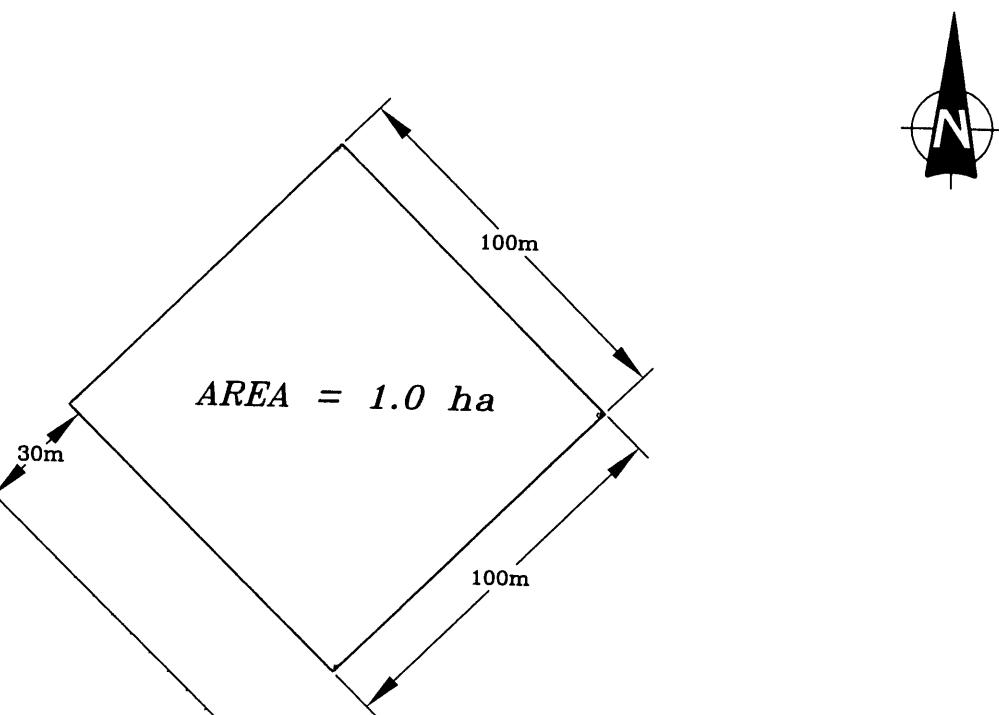
LOCATION PLAN

SCALE = 1 250,000



ANNEXED HERETO AND FORMING PART OF LEASE 55L/12-1-2

SITE PLAN



UNNAMED