

by the Owner. This portion of the Licenced Premises is referred to as the "Term Limited Portion" and is illustrated on Schedule Three to this Licence. The Owner will do its best not to interfere with the Licencee's use of the Term Limited Portion of the Licenced Premises when and if a development opportunity arises, but reserves the right to be able to re-possess the Term Limited Portion of the Licenced Premises on short notice. The Licencee is given notice that any hay planted on the Term Limited Portion of the Licenced Premises may be damaged or destroyed, and the Owner will not be obligated to compensate the Licencee for such damage or destruction.

6. **Licence; not Lease:** This Licence does not grant exclusive possession of the Licenced Premises to the Licencee. It is acknowledged that the Licenced Premises is larger than the tillable area. Further, the reservation of the Term Limited Portion of the Licenced Premises further intrudes upon what would have been quiet possession under a Lease. Finally, the northwest area of the Licenced Premises contains a fire hall and associated infrastructure, and is not available to the Licencee. Agents or employees of the Owner may require and will avail themselves of access at any time to the Term Limited Portion of the Licenced Premises to undertake soil testing or to take measurements, etc., and to the fire hall and surrounding grounds and infrastructure for any purpose it sees fit. In the event that access for this purpose is necessary, the Owner will take all precautionary measures to minimize disruption to the Licencee's use of the Licenced Premises and to protect hay crops on the Term Limited Portion of the Licenced Premises from damage, but cannot guarantee that damage or destruction will not occur.
7. **Sub-licencing:** The Licencee is free to sublease all or any portion of the Licenced Premises on terms satisfactory to the Licencee, provided the sub-licence commits the sub-licencee to complying with all of the terms and conditions of this Licence.
8. **Grounds for Termination of Licence:** If either Party fails to carry out substantially the terms of this Licence in due and proper time, he or it is referred to as the "Defaulting Party" and the other Party is referred to as the "Innocent Party". When a default occurs, the Innocent Party shall provide written notice (in accordance with Section 34 of this Licence) to the Defaulting Party which stipulates the nature of the default and requires that it be remedied within thirty (30) days, or such longer time as may be reasonably necessary, based on the type of default. If the Defaulting Party fails to correct the default within the stipulated time frame (or another time frame agreed upon), this Licence may be then be terminated by the Innocent Party without further notice.
9. **Compensation:** If this Licence is terminated in accordance with Section 8, the Innocent Party shall be entitled to compensation payable by the Defaulting Party for any damages suffered as a result of the default and the Licence termination. All direct, out of pocket damages are compensable under this clause. Indirect damages are not.
10. **Licence Fee Payable:** The annual licence fee is (amount in words) (\$amount in numbers) dollars, payable, annually, in advance, on the ** day of *** during each year of the Term. It will not be necessary for the Owner to invoice the Licencee for the licence fee.
11. **Compliance with Statutes:** The Licencee shall observe, abide by and comply with all statutes, regulations and by-laws of all federal, provincial or municipal authorities (including the Owner) which in any way affect the Licenced Premises. The Licencee shall comply with all orders and directions addressed to the Owner or to the Licencee, pursuant to such statute, regulation or bylaw that is applicable to the use of the Licenced Premises.

12. **Condition of Land at End of Licence:** At the end of the Term, the Licencee agrees to leave the Licenced Premises in good condition, able to continue to be used for agricultural purposes.
13. **Compensation to Owner for Damages:** At the end of the Term, the Licencee agrees to pay the Owner reasonable compensation for any damages to the Licenced Premises for which the Licencee is responsible.
14. **Good Stewardship:** The Licencee agrees to cultivate the Licenced Premises faithfully and in a timely, thorough, and business-like manner and in accordance with normal farm practices.
15. **Weed Control:** The Licencee agrees to prevent noxious weeds from going to seed on the tillable area of the Licenced Premises and to destroy the same and keep the weeds and grass cut.
16. **Soil Erosion:** The Licencee agrees to control soil erosion as completely as reasonably possible; keep in good repair all terraces, open ditches, inlets and outlets of tile drains; preserve all established watercourses or ditches including grassed waterways; and refrain from any operation or practice that will injure such structures.
17. **Repairs:** The Licencee agrees to keep the fences and other improvements on the Licenced Premises in as good repair and condition as they are when the Licencee takes possession, ordinary wear, loss by fire, or unavoidable destruction excepted.
18. **Activities Restricted:** The Licencee further agrees, unless the written consent of the Owner has been obtained; that **he/it/they/she** will not:
 - a) remove, alter or change the style or position of any building or fence on the Licenced Premises;
 - b) permit, encourage, or invite other persons to use any part or all of the Licenced Premises for any purpose or activity not directly related to its use for agricultural production;
 - c) cut live or dead trees for the purpose of sale or personal use; or
 - d) erect or permit to be erected any signs or buildings on the Licenced Premises.
19. **No Mineral Rights:** Nothing in this Licence confers upon the Licencee any right to minerals underlying the Licenced Premises. All mineral rights are reserved by the Owner.
20. **Environmental Matters:** The Parties acknowledge that the Licencee intends to use the Licenced Premises for agricultural purposes and that such use of the Licenced Premises may have an environmental impact; accordingly, the Parties agree as set out in the lettered paragraphs of this Section 20.
 - a) The Licencee shall conduct its operations on the Licenced Premises in accordance with all applicable laws and regulations and in accordance with normal farm practices including, but not limited to, the application of fertilizers, pesticides and herbicides and shall only engage licensed applicators of such substances or shall ensure that the Licencee is appropriately licensed for such applications.

- b) The Licencee shall not, without written consent of the Owner, allow the Licenced Premises to be incorporated into a nutrient management plan or strategy, of a person other than the Licencee that is required under the Nutrient Management Act 2002 or municipal by-law. If there is a nutrient management plan or strategy for the Licenced Premises, then the Licencee shall store and manage all manure, nutrients, biosolids or other materials prescribed by the Nutrient Management Act 2002 or municipal by-law, in accordance to that plan or strategy and maintain records in accordance with the applicable law.
 - c) The Licencee will ensure that all manure and other material containing nutrients and any other material applied to the Licenced Premises is applied in accordance with all applicable laws.
 - d) The Licencee will not allow, without the written permission of the Owner, any manure or other by-products, other than those produced by the agricultural operation of the Licencee, to be applied to the Licenced Premises.
 - e) All containers (e.g. pesticide and oil containers) and other waste from farm operations, with the exception of crop residue and manure, will be removed from the Licenced Premises and disposed of in accordance to all applicable laws.
 - f) The Licencee shall not, without the written consent from the Owner, apply or give permission to have applied, any municipal waste or sludge on the Licenced Premises. Where the Owner has granted permission, any municipal sludge or waste shall be applied in accordance with the *Environmental Protection Act* (Ontario) and the *Nutrient Management Act 2002* (Ontario) as they apply.
 - g) The Licencee shall immediately report any spill or misuse of chemicals to the Owner and will comply generally with all environmental laws, including the provisions of the *Environmental Protection Act* (Ontario), including the requirement to attend to the immediate clean-up of any such spill at the sole cost of the Licencee.
 - h) The Licencee shall ensure that no chemicals are stored on the Licenced Premises for longer than is required for the immediate application or use, and in no greater amounts than are required for the Licenced Premises. The Licencee shall ensure that all chemicals on the Licenced Premises for any length of time are stored in a secure dry location, away from all wells and watercourses, in closed, tight containers, above ground and clearly marked.
 - i) No chemicals or chemical containers will be disposed of on the Licenced Premises.
21. **Owner Not Responsible for Costs:** For separate consideration, the Licencee agrees to indemnify and save harmless the Owner from any costs incurred by the Owner arising directly or indirectly from any breach by the Licencee of the provisions of Section 20.
22. **Noise:** The Licencee shall ensure that no undue noise or other nuisance emanates from the Licenced Premises or from the operations of the Licencee on the Licenced Premises.
23. **Hazards:** The Licencee takes possession of the Licenced Premises subject to the hazards of operating a farm, and assumes all risk of accidents personally as well as for family, employees, or agents in pursuance of farming operations, or in performing repairs on fences, tile and other improvements, except for any liability arising out of the gross negligence of the Owner.

24. **Licencee Must Carry Insurance:** For the term of the lease, the Licencee shall obtain and maintain insurance, with minimum one million (\$1,000,000 .00) dollar liability coverage, insuring the Licencee while performing on the Licenced Premises. The Licencee shall furnish a Certificate of Insurance at the Owner's request and agrees that all applicable insurance policies shall name the Owner as an additional insured and require the insurer to give receive notice of termination of coverage to the Owner.
25. **Spill Insurance:** In addition to the insurance required by Section 24, the Licencee shall obtain and maintain adequate policies of insurance for the risks attendant with any environmental matter including, the improper disposal of wastes or the application or misapplication of toxic substances. The content and policy limits must be satisfactory to the Owner, acting reasonably, the policy must name the Owner as an additional insured party.
26. **Indemnification:** The Licencee indemnifies the Owner against all fines, suits, demands and actions of any kind for which the Owner may become liable or which it may suffer by reason of the occupation and use of the Licenced Premises by the Licencee, or by reason of injury occasioned to or suffered by any person or property because of the act, neglect or default by the Licencee, its employees or contractors.
27. **Reasonableness:** Wherever this Licence requires a Party to act or make a decision, the Party acting will do so reasonably.
28. **Includes:** The words "include", "includes", "including" and "included" are not to be interpreted as restricting or modifying the words or phrases which precede or follow them.
29. **Interpretation:** The captions, article and section names and numbers appearing in this Licence are for convenience of reference only and have no effect on its interpretation. All provisions of this Licence creating obligations on either Party will be construed as covenants. This Licence is to be read with all changes of gender or number required by the context.
30. **Resolving Differences:** Should the Parties disagree with any matter of interpretation arising out of this Licence, they will meet within a reasonable time of the dispute arising, and will diligently attempt to resolve their differences amicably. Where the disagreement cannot be resolved, the Parties agree to submit the matter to binding arbitration undertaken in accordance with Ontario law. If the Parties cannot agree on an arbitrator, each Party will appoint another Party, and those two independent Parties will agree upon the arbitrator.
31. **Amendments:** In order to be valid, any amendments to this Licence must be in writing and signed by both the Owner and Licencee.
32. **No Partnership Intended:** It is particularly understood and agreed that this Licence shall not be deemed to be, nor intended to give rise to, a partnership relationship.
33. **Assignments:** This Licence may not be assigned by the Licencee without the Owner's consent. This Licence is binding upon the Owner and the Licencee and their respective personal representatives, trustees, successors and permitted assignees.
34. **Notice:** Any notice to be given under this Licence shall be delivered by hand, or sent by prepaid first class mail, and addressed to the Licencee at:

(name of Licencee)

Attention: (name of principal of Licencee, if incorporated)
(Licencee's street address line 1)
(Licencee's street address line 2)

or to the Owner at:

The Corporation of the Municipality of Neebing
Attention: Municipal Clerk
4766 Highway 61
Neebing, ON P7L 0B5

Receipt of notice shall be deemed on:

- a) the date of actual delivery of a hand delivered document; or
- b) five (5) days following the date of mailing of the notice;

whichever is applicable. Notice shall not be given by electronic mail.

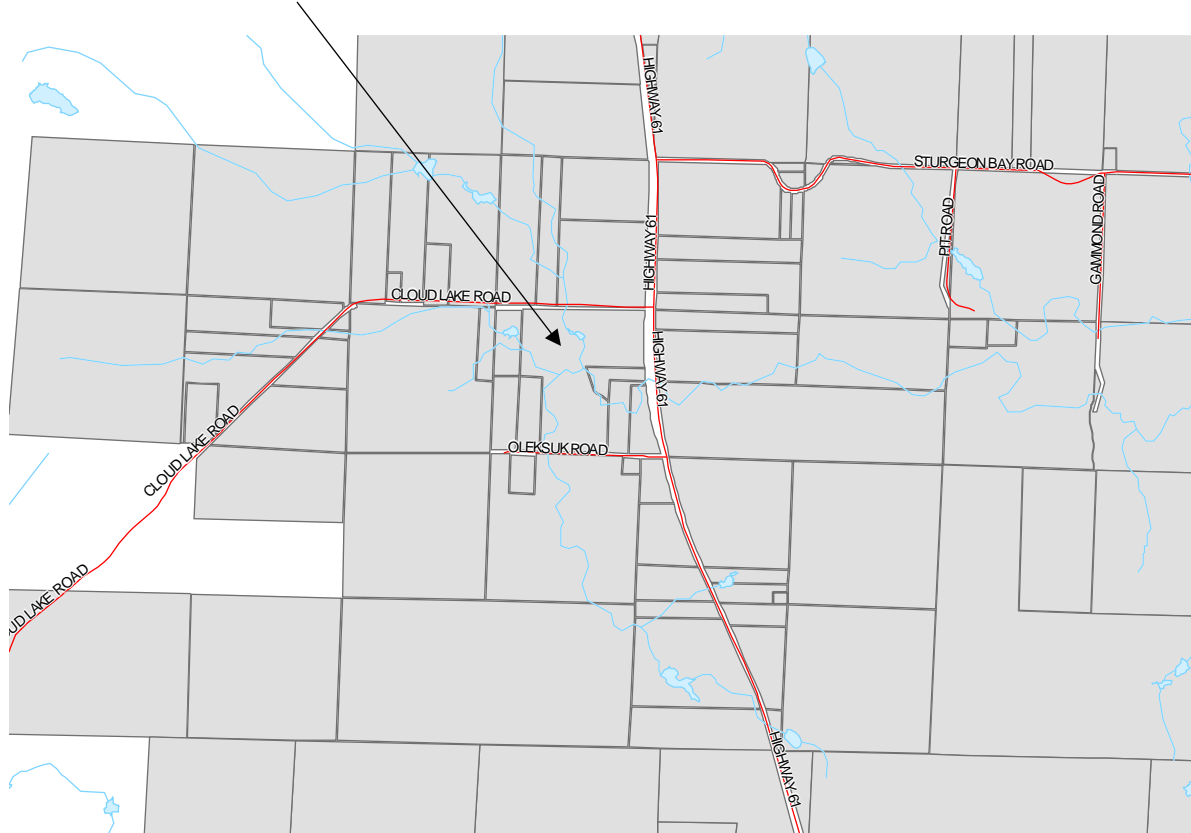
35. **Entire Agreement:** This Licence is the entire agreement between the Parties and it is agreed that there is no other understanding, whether oral or written, other than as set forth in it.
36. **Governing Law:** This Licence shall be interpreted in accordance with, and governed by the laws of the Province of Ontario.
37. **Freedom of Information:** The Licencee acknowledges that this Licence is a public document.
38. **Independent Legal Advice:** Each Party acknowledges that it has either received or waived the benefit of its own legal advice with respect to the execution of this Licence.

(Signature blocks appropriate to the Parties follow)

SCHEDULE ONE TO LICENCE: Depiction of Licenced Premises

Location and general property boundaries (not a survey) of the Licenced Premises.

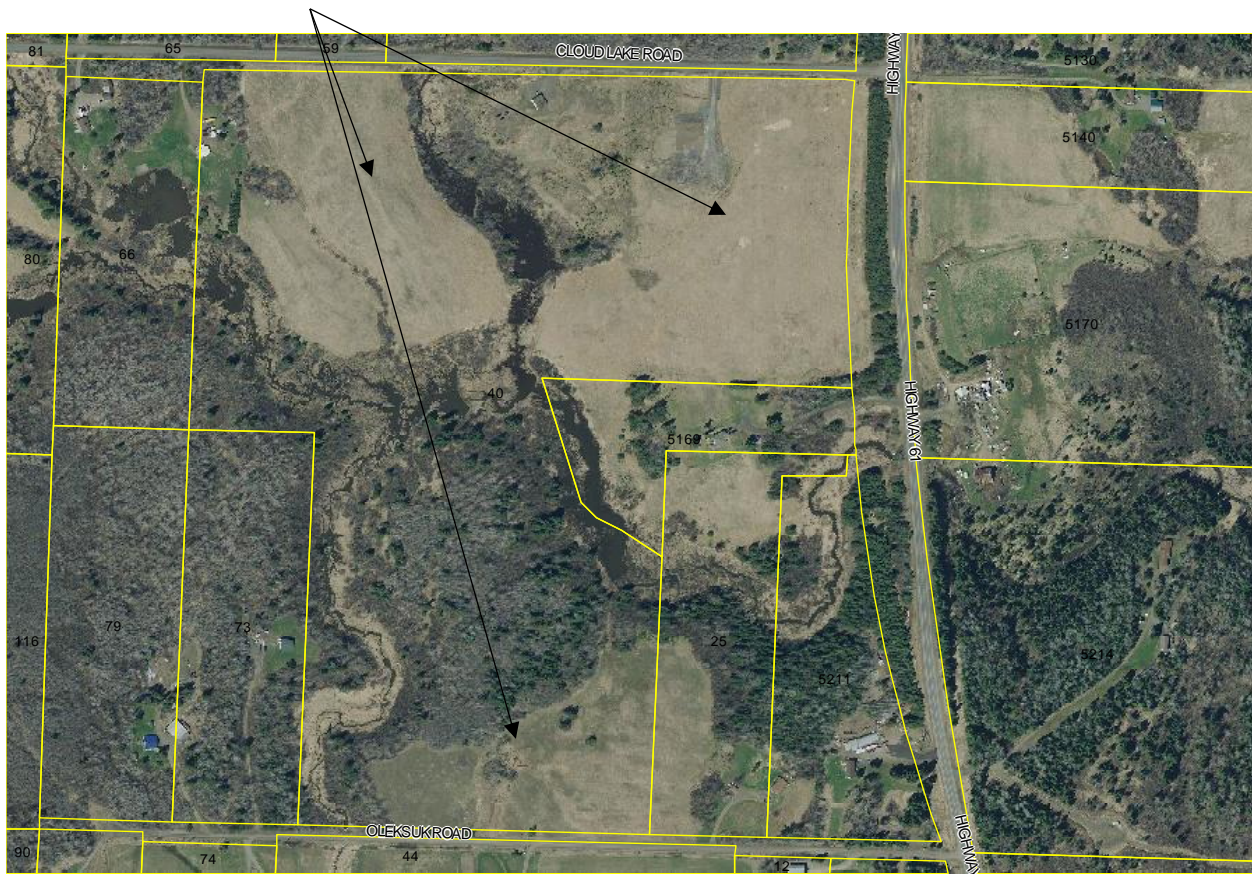
Licensed Premises



The property has frontage on Cloud Lake Road, on Highway 61 and on Oleksuk Road. Access to the property is from either Cloud Lake Road or Oleksuk Road. There is no access from Highway 61.

**SCHEDULE TWO TO LICENCE: Aerial Photograph showing Tillable Acreage
portion of Licenced Premises**

Licensed Premises (the boundaries (not a survey) are shown by the yellow lines)

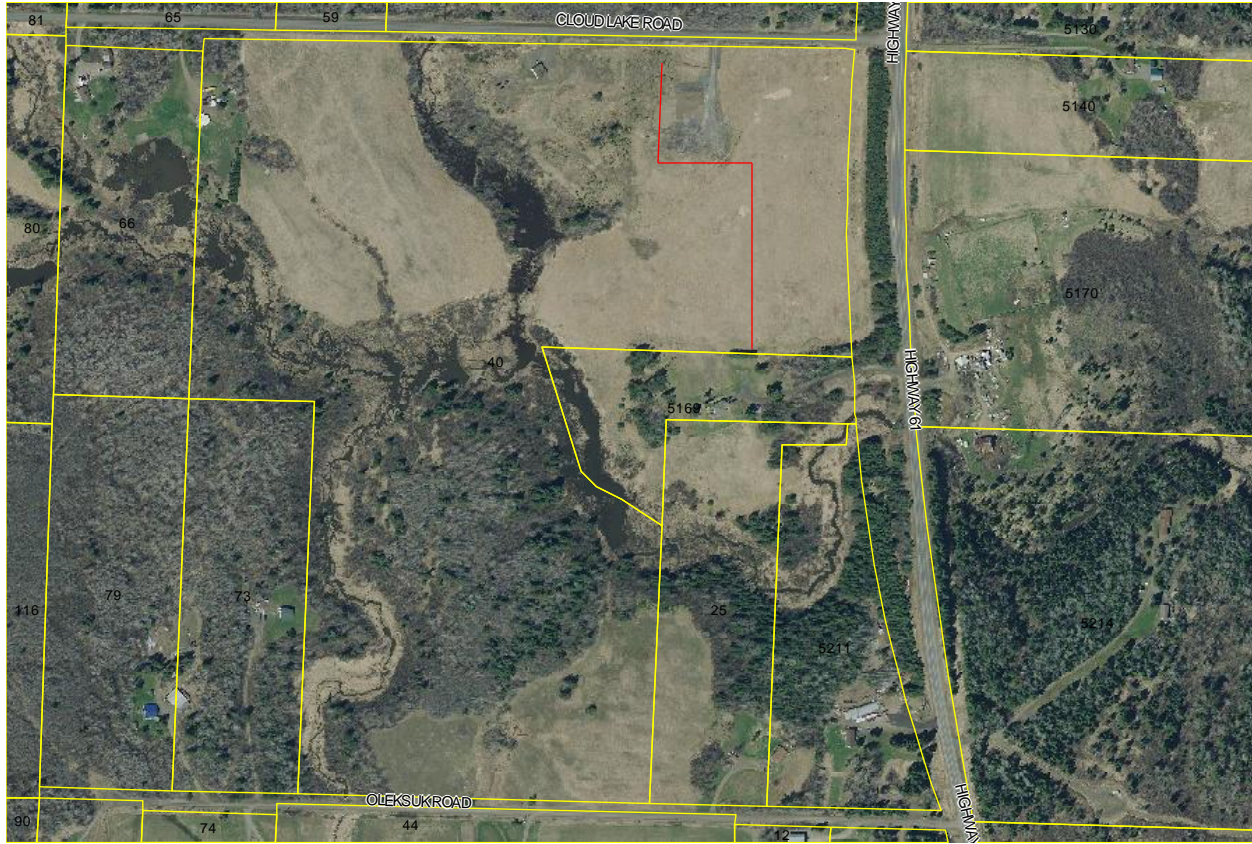


This photograph shows the tillable areas of the Licenced Premises, as compared to wooded areas and wetlands/drainage ways.

The Fire Hall is visible in the northwest corner of the Licenced Premises.

SCHEDULE THREE TO LICENCE: Term-limited Portion of the Licenced Premises

Licensed Premises (not a survey)



The area north and east of the red line indicates the Term Limited Portion of the Licenced Premises.