

ROAD USE AGREEMENT

THIS AGREEMENT is dated as of **June 1, 2021**

BETWEEN:

ISLAND TIMBERLANDS LIMITED PARTNERSHIP, a partnership having an office at 201-648 Terminal Avenue, Nanaimo, British Columbia, V9R 5E2, as principal, by its duly authorized agent, MOSAIC FOREST MANAGEMENT CORPORATION ("**Mosaic**")

Email: legalservices@mosaicforests.com

(the "**Licensor**")

AND:

REGIONAL DISTRICT OF NANAIMO, having a place of business at 6300 Hammond Bay Road, Nanaimo, British Columbia, V9T 6N2

Email: SReilly@rdn.bc.ca

(the "**Licensee**")

WHEREAS:

- A. The Licensor is the beneficial owner or has the right to use various roads shown in bold black on the map attached hereto as Schedule A (collectively, the "**Road**");
- B. The Licensor has appointed Mosaic Forest Management Corporation ("**Mosaic**") to manage the Licensor's forest planning, operations and product sales and, in connection with such appointment, the Licensor has expressly authorized Mosaic to enter into land use and related agreements with third parties on behalf of the Licensor; and
- C. The Licensee wishes to use the Road for access to Mount Benson Regional Park for park maintenance, and the Licensor has agreed to permit such use on the terms and conditions set forth in this Agreement.

NOW THEREFORE in consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Grant of Licence.** The Licensor hereby grants to the Licensee a non-exclusive and temporary licence for the Licensee and its employees, contractors, agents and invitees to use the Road upon the conditions contained herein for the following purposes only:
 - a. transporting materials, personnel, supplies, and equipment;
 - b. bringing onto the Road all vehicles, machinery, equipment, tools and materials the Licensee requires or desires in connection with the exercise of its rights hereunder;
 - c. clearing the Road and keeping the Road clear of anything which, in the reasonable opinion of the Licensee, constitutes or may constitute an obstruction of danger to or interfere with the use of the Road, and
 - d. doing all other acts and things necessary or incidental to the rights granted in this section 1 as determined by the Licensee, acting reasonably.

2. **Term.** The term of this Agreement (the "**Term**") will be for 5 years, commencing on June 1, 2021 and expiring on May 31, 2026 unless extended in writing by mutual agreement or otherwise terminated in accordance with its terms.
3. **Licence Fee.** The Licensee will pay to the Licensor a fee (the "**Licence Fee**") in the amount of \$1000.00 plus GST for the rights granted under this Agreement. The Licensee will pay the Licence Fee concurrently with its execution and delivery of this Agreement to the Licensor.
4. **Administration Fee.** The Licensee will pay to the Licensor a one-time fee (the "**Administration Fee**") in the amount of \$650.00 plus GST for the preparation of this Agreement. The Licensee will pay the Administration Fee concurrently with its execution and delivery of this Agreement to the Licensor.
5. **Place of Payment.** All amounts payable by the Licensee under this Agreement will be paid to:

ISLAND TIMBERLANDS LIMITED PARTNERSHIP
 c/o Mosaic Forest Management Corporation
 201 - 648 Terminal Avenue
 Nanaimo, British Columbia
 V9R 5E2

6. **Authorized Representative.** For the purposes of this Agreement, the Licensor's authorized representative is:

Chad Iverson, Area Planner
 Telephone: 250-616-9270
 Email: chad.iverson@mosaicforests.com

(the "**Authorized Representative**").

7. **Insurance.** During the term of this Agreement, the Licensee shall procure and maintain the following insurance coverage:
 - a. commercial general liability ("**CGL**") insurance in an amount not less than \$5,000,000.00 per occurrence and in the aggregate, with coverage for claims related to bodily injury or property damage occurring in connection with any exercise of the rights of the Licensee under this Agreement by the Licensee or its employees, contractors, agents, invitees or any other persons for whom the Licensee is responsible at law, or who is on the Road or adjacent lands as a result of the Licensee's use or occupancy of the Road, including the following coverages and endorsements:
 - i. broad form bodily injury and property damage;
 - ii. blanket contractual liability;
 - iii. non-owned automobile liability;
 - iv. cross liability and severability of interest;
 - v. tenants' legal liability;
 - vi. premises and operations liability / completed operations;
 - vii. independent contractors;
 - viii. forest fire fighting expense with a minimum sublimit of \$1,000,000.00;
 - ix. sudden and accidental pollution liability with a minimum sublimit of \$1,000,000.00; and
 - b. automobile liability insurance in an amount not less than \$2,000,000.00 combined single limit per occurrence, where licensed vehicles (owned, leased, or rented) are used on the Road.

Such insurance will be with insurers holding an AM Best rating of A- or higher, and on such terms and conditions (including deductibles) as are acceptable to the Licensor, acting reasonably. The Licensee agrees to waive its right of subrogation with respect to the Licensor and any additional insureds, and do so on behalf of its insurer, irrespective of whether Licensee's insurance policy contains an endorsement to this

effect. The Licensee agrees that its insurance coverage shall be primary to and the Licensee will not seek contribution from any other insurance available to any additional insured, irrespective of whether the Licensee's insurance policy contains an endorsement to this effect.

To the extent the Licensee's employees, contractors, agents or invitees operate any personal vehicles on the Road, the Licensee will also confirm a minimum of \$2,000,000 auto liability insurance coverage is maintained by the owners of such vehicles.

Prior to accessing the Road, the Licensee shall provide one or more certificates of insurance evidencing the above insurance (the "COI"), and shall name the following as additional insureds on such COI with respect to the CGL policy as their interests may appear, at the address listed below:

ISLAND TIMBERLANDS LIMITED PARTNERSHIP
Mosaic Forest Management Corporation
2000 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

Such COI shall also include the name of the insurer and the insureds, the amount of insurance carried and applicable deductibles, the coverages and endorsements provided, the effective and expiry dates and times; the date to which premiums have been paid (if applicable), and a statement that insurer shall provide at least 30 days' prior written notice to the Licensor before any cancellation of the policy or changes to the limits shown thereon. The Licensee shall deliver a replacement certificate to the Licensor within 30 days of the expiration date of the then current certificate.

8. **Workers Compensation Coverage for Sole Proprietors and Partners.** The Licensee acknowledges that sole proprietors and partners in a partnership who operate an independent business are not automatically covered under the *Workers Compensation Act* (British Columbia) (the "WCA"). Such sole proprietors and partners may purchase Personal Optional Protection ("POP") coverage from WorkSafeBC, which provides optional workplace disability insurance. The Licensee acknowledges the Licensor recommends that any such Licensee purchases POP, and the Licensee agrees that it shall not make any claims against the Licensor related to health care or wage loss if it fails to do so.
9. **Mosaic.** The Licensee acknowledges that Mosaic is executing this Agreement as agent for and on behalf of the Licensor, as principal, and agrees that the Licensor may delegate to Mosaic any and all rights or the performance of any duties or obligations of the Licensor specified hereunder without further notice to the Licensee. Notwithstanding the foregoing, all duties, obligations and liabilities of the Licensor hereunder are solely and exclusively those of the Licensor and will not in any circumstance be deemed to be duties, obligations or liabilities of Mosaic.
10. **Schedules.** The following Schedules form part of this Agreement:

Schedule A – The Road
Schedule B – General Terms and Conditions
Schedule C – Mosaic Safe Road Use Procedures

The provisions in the foregoing Schedules are incorporated into and form part of this Agreement as fully as if they were set forth in the body of this Agreement. Any term in any Schedule which is capitalized but not defined therein will have the meaning ascribed to such term in the body of this Agreement.

11. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument.

12. **Execution by Electronic Transmission.** Delivery of an executed copy of this Agreement by any party by electronic transmission will be as effective as personal delivery of an originally executed copy of this Agreement by such party.

IN WITNESS WHEREOF the parties have duly executed this Agreement by their duly authorized signatories as of the date first above written.

**ISLAND TIMBERLANDS LIMITED
PARTNERSHIP**

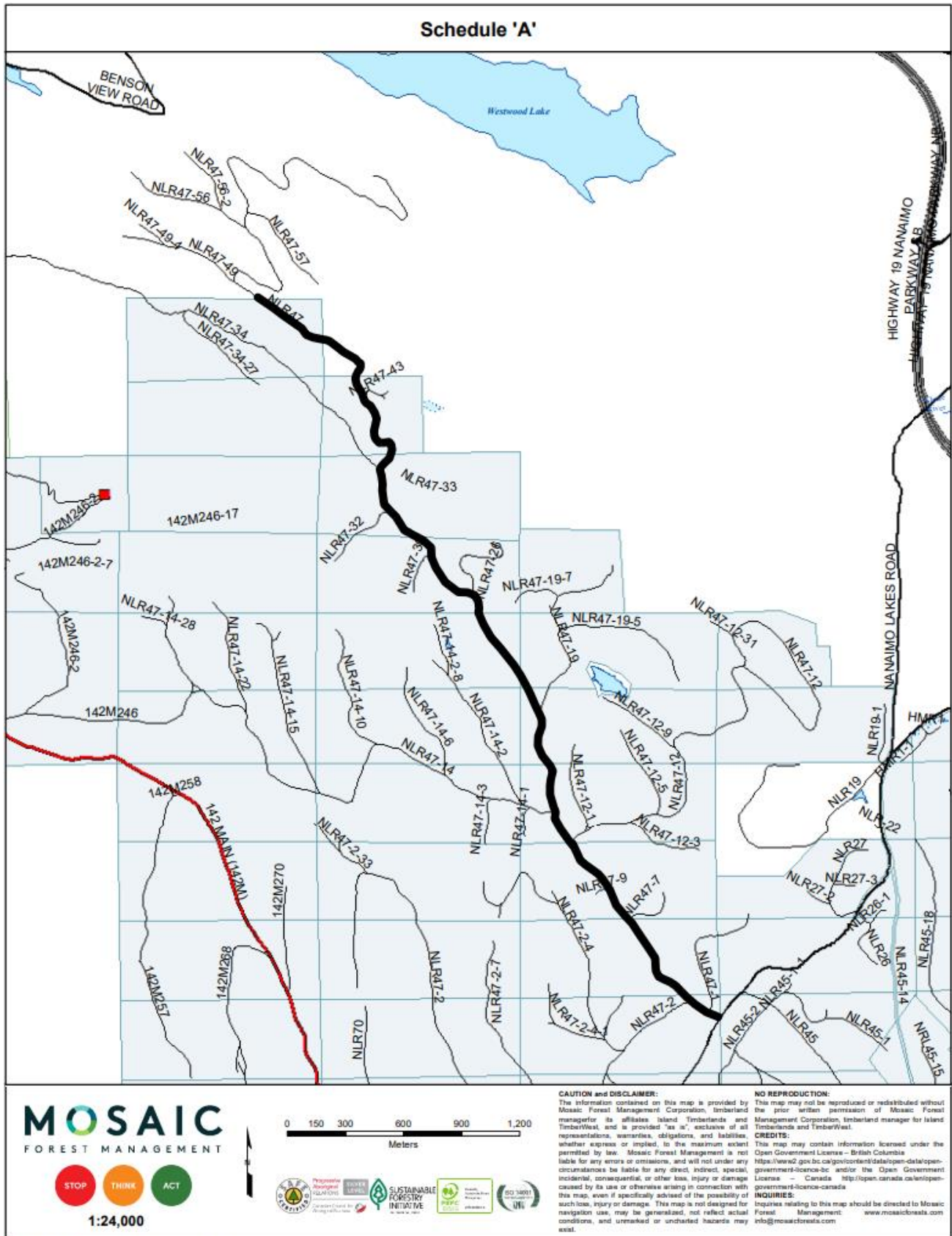
by its general partner, ISLAND TIMBERLANDS GP
LTD., by their duly authorized agent, MOSAIC
FOREST MANAGEMENT CORPORATION

REGIONAL DISTRICT OF NANAIMO

Authorized Signatory
Digger Pond, Executive Vice President and Chief
Operating Officer

Authorized Signatory

SCHEDULE A THE ROAD



**SCHEDULE B
GENERAL TERMS AND CONDITIONS**

SAFETY MATTERS

1. **General.** The Licensee acknowledges it is critically important to the Licensor that the Road is used in a safe and professional manner at all times, and that the failure by the Licensee, any of the Licensee's employees, contractors, agents, invitees or anyone else for whom the Licensee is responsible in law or who is on the Road as a result of the Licensee's use or occupancy of the Road, to so use the Road will be grounds for immediate termination of this Agreement by the Licensor pursuant to subsection 23(b). Without limiting the generality of the foregoing, the Licensee makes the following specific covenants regarding safe use of the Road:
 - (a) Applicable Laws. The Licensee will comply with all laws, by-laws, and regulations, whether federal, provincial or otherwise, pertaining to the Road insofar as they apply to the Licensee's rights under this Agreement (collectively, the "**Applicable Laws**") including, without limitation, all Applicable Laws relating to the health and safety of the Licensee's employees, contractors, agents and invitees using or occupying the Road.
 - (b) Licensor's Rules. The Licensee will comply with all rules and directives of the Licensor including, without limitation, "Mosaic Safe Road Use Procedures", a current copy of which is attached hereto as Schedule C (as such document may be amended from time to time during the Term on notice to the Licensee), together with any other rules concerning the Road, timber holdings of the Licensor, fire protection, safety and the environment.
 - (c) Driving Standards. The Licensee will observe safe driving standards at all times while using the Road.
 - (d) Road Obstructions. The Licensee will not obstruct the Road or any part thereof.
 - (e) Compliance with Agreement by Other Permitted Users. The Licensee will ensure its employees, contractors, agents and invitees comply with all the Licensee's covenants under this Agreement including, without limitation, all foregoing covenants regarding safety, but excluding any covenants regarding the payment of money to the Licensor, while any such party is using the Road, and will also ensure no such party is in possession of, or impaired by, alcohol or drugs while on the Road.
 - (f) Risk Assessment. Prior to entering and using the Road for commercial purposes, the Licensee will tour the Road to conduct a risk assessment and identify any potential hazards to the Licensee's use thereof such as, without limitation, utility and bridge crossings on the Road.

2. **Prime Contractor.**
 - (a) Multiple-Employer Workplace. The Licensee acknowledges and agrees that from time to time the Road is a "multiple-employer workplace" as defined in the *Workers Compensation Act* (British Columbia) (the "**WCA**").
 - (b) Licensee to Co-Operate with Prime Contractor. The Licensee agrees that it will co-operate fully with any "prime contractor" (as defined in the WCA) appointed in respect of the Road, or any portion thereof, in connection with the discharge by such party of its duties and obligations as prime contractor under the WCA.
 - (c) Designation of Licensee as Prime Contractor. The Licensee agrees that if at any time during the Term the Licensor notifies the Licensee that the Licensee is required to become the "prime contractor" (as defined in the WCA) of the Road, or any portion thereof, the Licensee will forthwith

sign and return to the Licensor an acknowledgement (the "**Acknowledgement**") confirming that as and from the date of the Acknowledgement the Licensee:

- i. directly or indirectly controls and directs the majority of the employees on the Road, or relevant portion thereof, and therefore is in the best position to ensure the health and safety of persons on the Road, or relevant portion thereof;
- ii. is the "prime contractor" (as defined in the WCA) of the Road, or relevant portion thereof, and assumes and is wholly responsible for all duties of a prime contractor under the WCA and applicable regulations;
- iii. will ensure that the activities of employers, workers and other persons on the Road, or relevant portion thereof, relating to occupational health and safety are coordinated;
- iv. will take all necessary steps to ensure that all persons on the Road, or relevant portion thereof, are made aware of all health or safety hazards to which they are likely to be exposed on the Road, or relevant portion thereof;
- v. will take all necessary steps to ensure any person to whom it delegates responsibilities for occupational health and safety on the Road, or relevant portion thereof, satisfactorily performs such responsibilities; and
- vi. will forthwith advise the Licensor in writing if the Licensee is unable to perform any of the foregoing responsibilities, and in such event the Licensor will be entitled to take any action it deems necessary to ensure the health and safety of persons on the Road, or relevant portion thereof, including terminating this Agreement without notice or damages of any kind to the Licensee, and to recover from the Licensee any costs incurred in assuming such responsibilities.

The parties acknowledge and agree that the Acknowledgement, once delivered, and this Agreement will together constitute an "agreement", as described in subsection (a) of the definition of "prime contractor" in subsection 118(1) of the WCA. Notwithstanding the foregoing, the Licensor acknowledges and agrees that in the event it notifies the Licensee that the Licensee is required to become the "prime contractor" as contemplated herein, the Licensee may on written notice to the Licensor elect to require one of the Licensee's contractors to be the "prime contractor", provided such contractor forthwith signs and returns an Acknowledgement to the Licensor in a revised form to be prepared by the Licensor, and further provided the Licensee ensures its contractor complies with all duties and obligations set forth in the Acknowledgement.

AMOUNTS PAYABLE BY LICENSEE

3. **Amounts Payable.** The Licensee will pay to the Licensor at its address set out in section 5 of this Agreement, or at such other place designated by the Licensor from time to time, without any abatement, deduction or set-off whatsoever:
 - (a) without any prior demand, the Licence Fee, if applicable, and the Administration Fee, if applicable; and
 - (b) within ten (10) business days after written demand, any additional amounts (the "**Additional Amounts**") owed to the Licensor under this Agreement.

TAXES

4. **Goods and Services Tax.** The Licensee will pay to the Licensor goods and services tax or any other tax imposed on the Licensor with respect to the Licence Fee, if applicable, the Administration Fee, if applicable, or any Additional Amounts (whether characterized as a goods and services tax or otherwise),

such payment to be made to the Licensor at the same time as the amounts to which such tax applies are payable to the Licensor under this Agreement.

5. **Property Tax.** The Licensee will pay to the Licensor an amount equal to any taxes of any nature imposed on the Licensor as a result of the Licensee's exercise of its rights and obligations under this Agreement including, but without limiting the generality of the foregoing, any property tax assessed as a result of any improvements made by or on behalf of the Licensee to the Road or the Licensor's lands.

LICENSEE'S COVENANTS AND ACKNOWLEDGEMENTS

6. **Licensee's Covenants.** In addition to the safety covenants and acknowledgements made by the Licensee in section 1 of this Schedule B the Licensee makes the following additional covenants and acknowledgements:

- (a) Notice of Fire. The Licensee will immediately notify the Licensor and the nearest BC Wildfire Service office of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development by telephone upon discovery of any fire on the Road or in the vicinity of the Road.
- (b) No Fires. The Licensee will not ignite or permit to burn any open fire or any fire hazard on or near the Road or the adjacent lands or timber holdings of the Licensor at any time and the Licensee will take every reasonable precaution to prevent the escape of fire on or to any of the Licensor's lands and timber holdings and to extinguish all fires promptly regardless of cause or origination.
- (c) No Improvements. The Licensee will not construct or establish on lands or timber holdings of the Licensor any campsite or other improvement without the prior written consent of the Licensor.
- (d) Public Highway. The Licensee will not permit public funds to be expended on the Road, and the Licensee will not do anything that will result in the Road being classified as a public highway or a forest service road.
- (e) Vehicles and Equipment. The Licensee will not haul or move machinery on any part of the Road without first notifying the Licensor.
- (f) Signs. The Licensee will erect and maintain at its cost any signs that the Licensor considers necessary in conjunction with the Licensee's use of the Road.
- (g) No Interference. The Licensee will ensure that the exercise of its rights under this Agreement does not interfere with the activities of the Licensor or the Licensor's contractors on the Road.

7. **Licensee's Acknowledgements.** The Licensee acknowledges to the Licensor and agrees that:

- (a) Road Hazards. The Licensor has not made, and will not make, any representation or warranty as to the condition or topography of the Road, that it has satisfied itself with respect to such matters as it considers necessary related to the Licensee's intended use of the Road and that the Licensee accepts the Road for such use on an "as is, where is" basis;
- (b) Non-exclusive Use. The Licensor and its contractors may use the Road in priority to the Licensee, and the Licensor may grant to third parties the right to use the Road;
- (c) Vehicle Risk. The vehicles and equipment of the Licensee and of its employees, contractors, agents, licensees and invitees, and the personnel operating such vehicles and equipment, are at the risk of and are the responsibility of the Licensee, and not of the Licensor;
- (d) Licensor Construction on Road. There is reserved to the Licensor the right, exercisable at all times hereafter and from time to time, without the consent of the Licensee, to construct, erect, install,

bury, excavate for, place, inspect, maintain, operate, protect, repair, remove, replace, renew, add to, enlarge, alter, improve, operate and use, and to grant to others the right to do so, on, over, under, within, above and through the Road, works for utilities, services and for any purposes associated with the business of the Licensor or other persons using the Licensor's lands, provided that the exercise of such rights reserved to the Licensor and the existence and use of such works will not block completely or interfere unreasonably with the use by the Licensee of the Road; and

- (e) Stopping Traffic. The Licensor may regulate or stop any traffic or restrict any activities on the Road for such periods as, in its sole opinion, are required by weather conditions, fire hazard, the operations of the Licensor or other conditions.

MAINTENANCE AND REPAIR

8. **Definitions.**

- (a) "**maintenance**" shall mean keeping the Road in good repair and safe operating condition for the transportation of logs, personnel and equipment, including the repair of any bridges or culverts incidental to the use of the Road, and "**maintain**" shall have a corresponding meaning.

9. **No Licensor Maintenance.** The Licensor is under no obligation whatsoever to maintain or repair the Road or to keep the Road clear of snow, ice, windfall or other hazards.

10. **Road Maintenance and Repair.** The Licensee will not repair, maintain and upgrade the Road without the Licensor's prior written consent.

11. **Maintenance Fee.** Notwithstanding section 10 of this Schedule B, if the Licensor elects from time to time and at any time in its sole discretion to perform any maintenance or repair on the Road during the Term, it will promptly notify the Licensee and the Licensee will pay to the Licensor a fee (the "**Maintenance Fee**") in respect of such maintenance or repair in an amount to be calculated on a *pro-rata* basis as between the Licensor and the Licensee based on the cost of such maintenance or repair and the parties' respective use of the Road, all as determined by the Licensor, acting reasonably. The Licensee will pay the Maintenance Fee from time to time during the Term within ten (10) business days after its receipt of any written demand by the Licensor therefor.

HAZARDOUS SUBSTANCES

12. **Definitions.**

- (a) "**Hazardous Substances**" means any contaminant, pollutant, dangerous or potentially dangerous or noxious or toxic substance, hazardous waste, special waste, flammable or explosive or radioactive material, urea formaldehyde foam insulation, asbestos, PCBs and substances or any other materials declared or defined to be hazardous, toxic, contaminants or pollutants, or which at any time are prohibited, controlled or regulated for the protection, management, conservation or restoration of public health or the environment, under or pursuant to any Applicable Laws.

- (b) "**Release**" includes release, spill, leak, pump, pour, flow, deposit, emit, empty, discharge, escape, leach, dispose, dump and includes all matters included in the words "introduce waste into the environment" in the *Environmental Management Act* (British Columbia), the word "deposit" in the *Fisheries Act* (Canada) or the word "release" in the *Canadian Environmental Protection Act, 1999* (Canada).

13. **Hazardous Substances.** The Licensee will not bring or allow anyone else to bring Hazardous Substances onto the Road or adjacent lands except in strict compliance with all Applicable Laws and environmental permits. The Licensee will not allow the Release of any Hazardous Substances into the environment or into culverts, drains or sewers.

14. **Removal of Hazardous Substances.** The Licensee will remove all Hazardous Substances brought onto or created on or about the Road or adjacent lands as a result of the use of such Road by the Licensee on or before the expiry or earlier termination of the Term. Notwithstanding the degree of affixation of such Hazardous Substance or the goods containing such Hazardous Substance, such Hazardous Substance will be the sole property of the Licensee.
15. **Notice to Licensor.** The Licensee will advise the Licensor forthwith of any Release of any Hazardous Substances on or from the Road or adjacent lands and will provide the Licensor with all information, notices, reports and other documents it has or receives regarding such Release and the remediation steps being undertaken by the Licensee with respect to the Release or as may reasonably be required by the Licensor of the Licensee. The Licensee will also forthwith provide the Licensor with any oral or written notice it receives from a governmental authority under or in respect of an Applicable Law regarding or in respect of the Road or adjacent lands or from any other third party in respect of any claim, demand, action or other proceeding regarding an environmental matter pertaining to the Road or adjacent lands or the Licensee's use or occupancy thereof.
16. **Records.** The Licensor, at any time, on five days' prior written notice to the Licensee, may inspect, or have the Road or adjacent lands, or any records reasonably considered to be relevant for the purpose of identifying the existence, nature and extent of any Hazardous Substance on the Road or adjacent lands and the Licensee's handling of such Hazardous Substance, inspected by a duly qualified independent environmental auditor, and the Licensee agrees to cooperate with the auditor in its performance of each such inspection. In exercising such right of inspection, neither the Licensor nor its auditor will unreasonably interfere with the Licensee's use and occupation of the Road. If the auditor, acting reasonably, determines following any such inspection that further testing or investigation is required in order to monitor the Licensee's compliance with any Applicable Laws relating to the handling of any Hazardous Substance, the Licensor may, at its option, require the Licensee, at the Licensee's expense, to arrange for such testing or investigation or may make such arrangements itself, in which case the Licensor's reasonable costs of any such testing or investigation will be paid by the Licensee to the Licensor within 30 days after receipt of any invoice on account thereof.
17. **Clean-up Plans.** If any Hazardous Substance is Released on the Road or adjacent lands by the Licensee or its directors, officers, employees, contractors, agents, licensees, invitees or any other person for whom the Licensee is responsible in law or who is on the Road or adjacent lands as a result of the Licensee's use or occupancy of the Road, the Licensee will, at its own risk and expense:
 - (a) prepare all necessary studies, plans and proposals to clean up such Hazardous Substances and submit them to the Licensor for approval;
 - (b) provide all bonds and other security required by any governmental body or by the Licensor;
 - (c) carry out the work required to clean up such Hazardous Substances in such manner as is approved by the Licensor;
 - (d) keep the Licensor fully informed regarding the contamination and remediation thereof;
 - (e) provide to the Licensor full information with respect to the proposed plans and comply with the Licensor's reasonable requirements with respect to such plans; and
 - (f) obtain a certificate of compliance under the *Environmental Management Act* (British Columbia) in respect of such remediation.
18. **Clean up by Licensor.** Notwithstanding section 17 of this Schedule B, upon written notice to the Licensee, the Licensor may itself undertake remediation of any contamination at the reasonable cost and expense of the Licensee which cost will be paid by the Licensee within thirty (30) days after receipt of an invoice on account of such cost.

19. **Hazardous Substances Indemnity.** The Licensee will indemnify, and save harmless the Licensor and its partners, directors, officers, shareholders, employees, agents, successors and assigns, as applicable (collectively, excluding the Licensor, the "**Licensor's Representatives**") from and against all loss, expense (including investigation and remediation expenses), claims, demands, actions, suits or other proceedings, judgements, damages, penalties, fines, costs, liabilities, reduction in the market value of any adjacent lands, damages for loss or restriction in use of the Road or any adjacent lands, sums paid in settlement of claims, legal fees (on a solicitor and own client basis), consultants' fees and experts' fees which arise during or after the Term in connection with the presence or suspected presence of any Hazardous Substance or any other contamination in, upon, above, under or about the Road or adjacent lands or has been or is in the future Released from the Road or adjacent lands, caused by, contributed to or aggravated by the Licensee or its employees, contractors, agents, invitees or any other person for whom the Licensee is responsible in law or who is on or about the Road or adjacent lands as a result of the Licensee's use or occupancy of the Road. For greater certainty, this indemnity applies to expenses incurred by the Licensor to investigate and remediate contamination even if not required to do so by a governmental authority or by law.

RISK AND LIMITATION OF LIABILITY

20. **Risk and Limitation of Liability.** The Licensee agrees that it will use the Road at its own risk, and that the Licensor will not be liable for, and the Licensee hereby waives, any claim, action, damage, liability, cost or expense which the Licensee may suffer, incur or be put to in connection with any occurrence on the Road or the adjacent lands or with the use and occupation of the Road by the Licensee or the Licensor. The Licensor will not be liable to the Licensee in connection with this Agreement, whether based on contract, tort (including negligence and strict liability), under warranty or otherwise, for any special, indirect, incidental or consequential loss or damage whatsoever including, without limitation, loss of use of equipment or facilities and loss of profits or revenues. The waiver set forth above will be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Agreement with respect to any loss of, or damage to, property of the Licensee. As the above waiver may preclude the assignment of such claim, by subrogation or otherwise, to an insurance company (or any other person), the Licensee agrees immediately to give any insurance company which has issued policies in respect of such insurance, written notice of the terms of such waiver, and to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverage by reason of such waiver.

INDEMNITY

21. **Indemnity.** The Licensee hereby indemnifies the Licensor and the Licensor's Representatives and saves them harmless from and against any and all claims, actions, damages, liabilities and expenses (including, without limitation, all legal fees on a solicitor and own client basis, experts' fees and disbursements) in connection with (a) loss of life, personal injury and/or damage to property arising from or out of any occurrence in or upon the Road or the adjacent lands in any way related to the exercise by the Licensee of its rights under this Agreement, (b) any breach by the Licensee of any of the terms of this Agreement, and (c) any claim, action, damage, liability, cost or expense suffered or incurred by any of the Licensee or its employees, contractors, agents, invitees or any other person for whom the Licensee is responsible in law or who is on the Road or adjacent lands as a result of the Licensee's use or occupancy of the Road.
22. **Labour Disruptions.** The Licensor will not be liable to the Licensee for, or be required to indemnify the Licensee against or save it harmless from any claims, damages, costs, expenses, actions, or suits caused by, arising out of, attributable to, or in connection with any labour disruption involving the Licensor's employees or its contractors.

TERMINATION

23. **Termination.** Notwithstanding the Term stipulated for this Agreement:
- (a) either party may terminate this Agreement by giving at least sixty (60) days' written notice of termination to the other party; and

(b) Mosaic may terminate this Agreement at any time in a written notice to the Licensee if the Licensee fails to perform an obligation it is required to perform under this Agreement.

24. **Equipment Removal.** On the expiry or earlier termination of the Term, the Licensee will promptly remove all its machinery, supplies or other property from the Road, and will cause the machinery, supplies or other property of its contractors to be removed from the Road, making good any damage caused by such removal, and subject to any rights the Licensor may have under any other agreement with the Licensee or by virtue of any security held by the Licensor for moneys owed by the Licensee to the Licensor. Any such property not removed by the Licensee by the end of thirty (30) days may be removed and stored at a place of the Licensor's choice at the Licensee's sole risk and expense. All expenses incurred by the Licensor for the removal and storage of such property will become a debt due and payable to the Licensor and will constitute a lien against the Licensee's property which the Licensor may exercise by selling the property at any time without notice to the Licensee.
25. **Survival of Obligations.** Upon the expiry or earlier termination of the Term, all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of expiry or earlier termination and all of the provisions of this Agreement relating to the obligation of either of the parties to perform actions or to account to or to indemnify the other and pay to the other any moneys owing as at the date of expiry or earlier termination in connection with this Agreement will survive such expiry or earlier termination.

ARBITRATION

26. **Arbitration.** Any matter which, pursuant to the terms of this Agreement, is to be referred to arbitration must be submitted to and settled by arbitration in accordance with the provisions of this section 26. Arbitration proceedings are to be commenced by the party desiring arbitration giving notice to the other party specifying the matter to be arbitrated and requesting an arbitration thereof. Such arbitration will be carried out as follows:
- (a) The Rules of Procedure (the "**Rules**") for Domestic Arbitrations of the British Columbia International Commercial Arbitration Centre (the "**Centre**") will apply to the arbitration, except as otherwise provided in this section 26.
 - (b) The arbitrator will be a single arbitrator agreed upon by the parties, or, failing agreement within 10 days after the giving of the notice requiring arbitration, an arbitrator appointed by the Centre.
 - (c) The arbitrator will make his determination on the basis of written submissions and affidavits submitted by the parties, without any hearing, unless the arbitrator determines that a hearing is necessary.
 - (d) The parties acknowledge and agree that they have provided for certain matters to be resolved by arbitration so as to promote an efficient, expeditious and inexpensive resolution. The parties will co-operate with the arbitrator and agree to act at all times so as to facilitate, and not frustrate nor delay, such efficient, expeditious and inexpensive resolution. The arbitrator is authorized and directed to make orders, on his initiative or upon application of either party to a disputed matter, to ensure that the arbitration proceeds in an efficient, expeditious and inexpensive manner, and in particular, to enforce strictly the time limits provided for in the Rules or set by order of the arbitrator, unless the arbitrator considers it inappropriate to do so. The parties acknowledge and agree that it is their intention that arbitration hearings will commence as soon as possible. The arbitrator is directed to make all reasonable efforts to make his award within thirty (30) days following appointment.
 - (e) The award of the arbitrator will be rendered in writing and will contain a recital of the facts upon which the award is made and the reasons for the award.

- (f) The award of the arbitrator with respect to a disputed matter will be final and binding upon the parties to the arbitration, subject to sections 58 and 59 of the *Arbitration Act* (British Columbia, 2020).

MISCELLANEOUS

27. **Expropriation.** If during the Term the Road, or any part thereof, is acquired or condemned by expropriation for any public or quasi-public use, then the Licensor and the Licensee may separately claim, receive and retain awards of compensation for the loss of their respective interests, but neither the Licensor nor the Licensee will have any claim against the other in respect of such loss or the unexpired Term.
28. **Late Payments.** If the Licensee does not pay to the Licensor any amount which the Licensee is required to pay to the Licensor under this Agreement on the due date under this Agreement, such amount will thereafter bear interest at a rate equal to the Prime Rate plus 2% per annum, calculated and compounded monthly on the first day of each month until paid. "**Prime Rate**" means the rate of interest, expressed as a percentage per annum, declared from time to time by the main branch in Vancouver, British Columbia of the Royal Bank of Canada as its prime rate, the intention being that the rate of interest prescribed hereunder will fluctuate as and when such declared prime rate fluctuates.
29. **Gate Key.** The Licensee acknowledges that, if necessary, it will attend at the Licensor's office set out in section 5 of this Agreement in order to obtain a gate key, and the Licensee shall provide the Licensor with all the requested information, sign a Gate Key Form and provide a \$500.00 refundable deposit for each gate key issued. The Licensee shall use the key(s) exclusively for the purposes granted under this Agreement. If applicable, the Licensee will return the key(s) to the Licensor upon termination of this Agreement, failing which the deposit for the use of the key(s) shall be forfeited to the Licensor.
30. **Time.** Time is of the essence in this Agreement.
31. **Waiver.** Nothing contained in this Agreement will be construed as a waiver by the Licensor of any rights which the Licensor has or which may accrue to the Licensor at law, in equity or by statute, nor will the Licensor's failure to insist upon the Licensee's performance of any of the Licensee's obligations under the terms of this Agreement be deemed to be a waiver of the Licensor's right to do so at any time.
32. **Entire Agreement.** This Agreement sets forth all of the covenants, promises, conditions, agreements and understandings between the Licensor and the Licensee with respect to the use of the Road. No subsequent amendment of this Agreement will be binding upon the Licensor or the Licensee unless reduced to writing and signed by them.
33. **Governing Law / Exclusive Jurisdiction.** This Agreement will be construed and governed in accordance with the laws of the Province of British Columbia, which will be deemed to be the proper law hereof, and the courts of British Columbia will have the exclusive jurisdiction to determine all claims and disputes arising out of or in any way connected with this Agreement.
34. **No Registration of Agreement.** The Licensee acknowledges and agrees that this Agreement does not contain a grant in favour of the Licensee of any interest in the Road or any part of the adjacent lands upon which the Road is situate and, accordingly, the Licensee agrees that it will not be entitled to register this Agreement in any public registry.
35. **Notices.** All notices will be written and deemed duly given if delivered by hand or mailed by registered mail, postage prepaid, addressed to the party concerned at the address first set forth in Agreement, or at such other address as may from time to time be communicated by notice. Any notice is deemed given and received, if delivered by hand, on the day delivered, and if mailed, when it should have been received in the ordinary course of post. If there is an actual or generally anticipated disruption in postal service caused by strike, lockout, or other labour disturbance, any notice given must be delivered personally.

36. **Successors.** This Agreement will enure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, successors and permitted assigns.
37. **Assignment.** The Licensee will not assign its rights under this Agreement without the prior written consent of the Licensor. Any assignment or transfer by the Licensee of this Agreement or of any interest herein or of any moneys due or to become due by reason of the terms of the Agreement without the written consent of the Licensor will be void. For the purposes of this Agreement, an assignment includes a change in the management, a change in control of the Licensee, or the amalgamation of the Licensee with another entity.
38. **No Asset in Bankruptcy.** This Agreement will not be deemed to be an asset in bankruptcy of the Licensee.

SCHEDULE C MOSAIC SAFE ROAD USE PROCEDURES

The following procedures apply to all Mosaic Forest Management Corporation (“**Mosaic**”) managed resource roads. All users must be familiar with these procedures to ensure safe traveling conditions. Any vehicles failing to follow the Mosaic Safe Road & Radio Use Procedures should be reported to the appropriate supervisor or Mosaic representative. Use of seatbelts is always mandatory.

Remember, roads are radio assisted – not radio controlled, drive accordingly, always expect the unexpected around every corner.

All vehicles:

- All road users must be fully licensed with correct endorsements, adequately insured for the vehicles intended use and follow all applicable driving legislation.
- All vehicles and drivers must comply with applicable rules, laws and regulations like WorkSafe, DOT, National Safety Code, *Motor Vehicle Act*, etc. This is to ensure proper driving, loading, securing, inspection and maintenance of all industrial road users.
- All vehicles must have Mosaic designated haul road frequencies for the operating area they are working or traveling in. Any cell phone use is not permitted on Mosaic resource radio roads, drivers need to pay attention to driving and listen to the radio traffic for safety.
- **All heavy industrial vehicles have the right-of-way at all times.**
- Heavy industrial vehicles have little opportunity to move off the center of the road grade, ensure you quickly find a turnout that enables adequate clearance for safe passage.
- Light vehicles must yield to heavy industrial traffic at all times. Light vehicles will always drive on the right side of the road and be ready to pull over as required.
- Observe and obey all posted signage. Do not proceed into an active area without proper clearance. No vehicles should be parked where they encroach or obstruct an active road.
- Check with the local Mosaic office to ensure you have contact information for the designated Prime Contractor if required. Road users must have a radio and know the current status of log hauling and other industrial use on the desired roads of travel.
- **Maximum vehicle speed is 65 Km/ hr** (unless otherwise posted). Road and weather conditions may warrant a slower speed, posted speed limits should never be exceeded. Ambulances and emergency vehicles will comply with speed limits.
- Drive by the road conditions, sight lines, dust or weather related visibility. Maintain safe distances when following other vehicles. Use caution when passing slower vehicles, never pass on a corner or until given clearance verbally or visually from logging trucks, low beds, graders, etc. Be aware that long loads of logs can sweep a vehicle off the road on corners.
- Vehicles must use headlights while travelling on logging roads year round.
- Report all road hazards immediately to the Prime Contractor or Mosaic representative.

Bridges:

- All bridges are one lane only. All heavy industrial vehicles will have the right of way over light vehicle traffic on bridges. Know where you are and pull over.
- Mosaic bridge inventory is managed to support industrial traffic. When in doubt ask.

Note: Notify Mosaic representative prior to walking (**point loading**) across structures with equipment 35 tonnes or greater to ensure structure can safely support the weight.

RADIO USE PROCEDURES:**Known Hazards**

1. Losing track of your location	5. Unnecessary radio chatter
2. Losing track of other vehicles location	6. Using the wrong frequency
3. Meeting oncoming vehicles without a radio	7. "Walking over" other calls
4. Not following calling procedures	8. Being distracted (i.e. phones, music, passengers)

Minimum guidelines are stated below for all traffic, it is very noteworthy that some road headings require more communication, narrow winding roads that are busy may require users to call more frequently, be Safe and consistent when conditions change.

- Note the standard radio call sequence is: **road name => km => direction => vehicle type** as noted below other than logging trucks.
- **All heavy industrial vehicles must call when entering a new road heading**, and at a minimum frequency of **every 2 km's loaded or empty** or when resuming along a road after having been stopped for an extended period of time.
- **Heavy industrial vehicles** will use the terms "**loaded**" when km's are decreasing and "**empty**" when km's are increasing. For example: "**Buckley 6km loaded**".
- **Heavy industrial vehicles** other than log trucks will identify themselves. For example: "Buckley 4km loaded gravel truck" or "Chemainus 2km empty grader".
- **Low beds will identify themselves** when calling, for example when increasing km's with a machine on deck low beds will call "**Holt 6km empty Low bed, machine on**".
- **Heavy industrial vehicles**, in some rare cases log trucks may be loaded while increasing km's, in this event trucks will call for example "**Road name 6km empty trailer down**".
- **Light Vehicles must call when entering a new road heading**, and at a minimum frequency of every 5 km's or when resuming along a road after having been stopped for an extended period of time. As noted above this may need to increase on busy roads.
- **Light vehicle traffic** will use the terms "**down**" when km's are decreasing and "**up**" when kms are increasing. For example: "**Buckley 6km down**".
- **Some locations have Radio Control Points (RCP's)**. RCP's will be established for high risk road sections and will be marked as RCP's on the signage, these are must call points.