

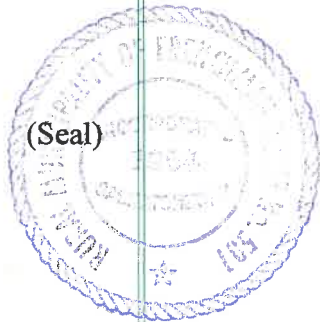
**R.M. OF FRENCHMAN BUTTE NO. 501**

**BYLAW NO 2013-29**

**A BYLAW TO PROVIDE FOR ENTERING INTO AN AGREEMENT FOR GRAVEL EXPLORATION ON SE 16 53 24 W3**

The Council of the Rural Municipality of Frenchman Butte No. 501 in the Province of Saskatchewan enacts as follows:

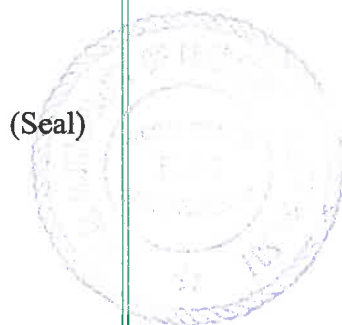
1. The R.M of Frenchman Butte No. 501 is hereby authorized to enter into an Agreement for Gravel Exploration on SE 16 53 24 W3 with Echo Bay Developments, attached hereto and forming a part of this bylaw, and identified as "Exhibit A".
2. The Reeve and the Administrator of the R.M. of Frenchman Butte are hereby authorized to sign and execute the attached agreement identified as "Exhibit A".



*B. J. J. J.*  
Reeve

*B. J. J. J.*  
Administrator

Certified a true copy of Bylaw No. 2013-29



*B. J. J. J.*  
Reeve

*B. J. J. J.*  
Administrator

## MEMORANDUM OF AGREEMENT

Made in Duplicate this 3<sup>rd</sup> day of December, 2013.

BETWEEN:

**ECHO BAY DEVELOPMENTS PARTNERSHIP**  
**C/O BRIAN DURIEZ,**  
of Box 7, Site 1, Frenchman Butte, SK, S0M 0W0  
(hereafter referred to as the "Lessor" of the First Part)

- and -

**THE RURAL MUNICIPALITY OF FRENCHMAN BUTTE #501**  
Box 180  
Paradise Hill, Saskatchewan, S0M 2G0  
(hereinafter referred to as the "Lessee" of the Second Part)

WHEREAS the Lessor is the registered owner of the following land:

**SE 16-53-24 W3**

AND WHEREAS the Lessor has agreed to grant the Lessee the exclusive right to remove sand or gravel from a portion of the said lands, namely:

Approximately a 15.75 hectare (38.9 acre) Portion of SE 16-53-24 W3 consisting of the area described as commencing at the SW corner of the quarter for a distance of 450 metres to the north, then 350 metres to the east, then 450 metres to the south, then 350 metres to the west back to the point of commencement (as shown on Schedule "A" attached hereto).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the payments, covenants and conditions herein reserved and contained, the Lessor does permit the Lessee the exclusive right, to enter upon the said portion of land for the purpose of excavating and subsequently removing sand or gravel to be found in, upon, or under the said portion of land for a period ending on December 31, 2018. The Lessor reserve the right for its agents or assigns to access the open excavation on the said lands for extraction of pit run gravel for the Lessor's own purposes (to a maximum of 500 yards per year). The Lessor may not maintain sand or gravel stockpiles or access the Lessee's stockpiles of sand and gravel on the said lands.

## 1.0 The Lessee covenants:

- 1.1 That it will pay a royalty to the Lessor for each and every cubic yard of sand or gravel excavated for useful purposes from the said portion of land pursuant to the terms of this agreement the following amounts and conditions:
  - 1.1.1 A royalty of **Four Dollars (\$4.00) per cubic yard** of sand or gravel excavated from the said lands, for the period of this agreement **commencing December 1, 2013 and ending December 31, 2014**. For the period from **January 1, 2015 to December 31, 2015** the royalty price of **Four Dollars and twenty-five cents (\$4.25) per cubic yard**, will be paid to the Lessor. The quantity is to be measured and verified by the Municipality's Engineer. The parties agree that these amounts will be paid for gravel and sand excavated, until the period ending of December 31, 2015, whereupon the royalty amount will be subject to re-negotiation. By December 31, 2015, a continuing agreement for pricing for the remainder of the contract will be agreed upon in writing by both the Lessor and the Lessee, for the term expiring December 31, 2018. If there is no agreement by Friday, April 29, 2016, this will deem an end to the contract and expiration terms will commence. Stockpiles of aggregate produced on this site during previous contracts will endure and be covered by provisions of current contract. Previous stockpiles will be treated as being current.
  - 1.1.2 Payment of royalty will be made to the Lessor upon completion of crushing and based upon verification of the amount of sand and gravel excavated, by the Lessee's engineered stockpile measurement.
  - 1.1.3 The lessee will utilize the excavated sand and gravel on an ongoing basis. **An annual minimum volume of crush of 15,000 yards will be maintained.** This 15,000 yard minimum includes both the rejected sand and gravel pile measurements. The Lessee may make arrangements to attribute a portion of a large volume of crush to the following year, with payment to be made by January 31<sup>st</sup> of the year following the original crush. Written agreement between the parties will accompany this circumstance. Larger than average, crush volumes may not be stockpiled through a period of price negotiation without consent of the Lessor.

- 1.1.4 In the final year of this contract, the Lessee will not excavate more than 125% of the average annual excavation of aggregate for the period covered by this contract, unless written consent of the Lessor is obtained.
- 1.2 Records of the Lessee will be open for inspection by the Lessor or his agent at the office of the Lessee during regular working hours.
- 1.3 That it will remove sand and gravel in a good and workmanlike manner and will not commit any willful waste upon the said portion of land.
- 1.4 That upon termination of this agreement it will yield up peaceable and quiet possession of the said portion of land, and will insofar as is practicable restore such areas of excavation as shall no longer be required by replacement of topsoil so that such areas shall be restored to their former condition as much as is reasonably possible.
- 1.5 That it will conduct its operations in such a manner as to comply with governmental regulations as may be applicable to its operations including restoration of the land and environmental regulations.
- 1.6 Two texas gates previously installed by the Lessee as required by the Lessor at two points on the road allowance to allow free access for cattle and other livestock will remain in place. The texas gates will allow livestock to cross the access road for watering and mustering purposes. The Lessor will install sufficient fencing from the texas gates to existing fences to reasonably contain said livestock. The texas gates will be removed by the Lessee upon termination of agreement (texas gates will remain the property of the Lessee) unless other arrangements are made with the Lessor. The Lessee will further maintain the access road to the gravel pit site at its cost, and shall be entitled to upgrade the access road across the low spots. Reasonable allowance for livestock crossing the roadway will be assumed by both parties. A "30km/h" speed sign will be erected on the road allowance into the gravel pit and will be maintained by the Lessee. This "30km/h" zone will be passed by Bylaw to make the speed limit enforceable on the road allowance into the gravel pit. Further, a "Cattle Crossing" sign will be erected between the two texas gates and will also be maintained by the Lessee.
- 1.7 That, where practical, the Lessee will use the full depth of gravel to a depth where substrata are evidenced. No reclamation will take place in an area with useable aggregate without being agreed to in writing by both parties.

- 1.8 At the termination of this contract, the Lessee may offer a payment in lieu of reclamation. The Lessor has the opportunity to accept a payment agreed upon by both parties and assume the responsibility for reclaiming the specified area. If the payment is refused, the Lessee shall be responsible for the reclamation.

## **2.0 The Lessor Covenants:**

- 2.1 That the Lessee shall have peaceable and quiet possession of the said portion of land for the purpose of removing therefrom gravel according to the terms of this agreement.
- 2.2 That he has good title to the sand and gravel described in this lease and the right to enter into this lease.
- 2.3 That the Lessee shall have full liberty and power to erect, construct, occupy, replace, repair and remove all equipment and machinery as may from time to time be necessary for removing the said sand or gravel and shall have the right to remove the same at any time during the term of this agreement to within 365 days after the expiration or other termination.
- 2.4 That he will do all reasonable acts necessary to protect the interest of the Lessee as herein set forth.
- 2.5 That he will grant the Lessee the right to maintain stockpiles of sand and gravel and reject sand in 2014 and 2015 upon the said portion of land and the right to access the said stockpiles until they are depleted or until the end of 2016. If the contract remains in force, the Lessor will grant to the Lessee the right to maintain stockpiles of sand or gravel upon the said portion of land prior to and including the years 2016 to 2018 until depleted or until the end of 2019, an extension may be given by the Lessor in writing if extenuating circumstances arise.
- 2.6 If the aggregate within the defined area of operation is deemed by the parties to have run out or becomes unsuitable, the Lessor may seek to supply another area, on property owned by the Lessor that would be suitable for excavation to fulfill the terms of this contract. If there is no agreement on further aggregate available on the Lessor's land, the contract will be deemed to be terminated and reclamation will be commenced.

- 2.7 If the aggregate within the defined area of operation is deemed by the parties to have changed in its makeup and the Lessee is seeking to eliminate sand from the final crushed aggregate there will be no price discount for sand removed if the Lessee plans to use the sand for other purposes. If, however the Lessee does not plan to use the eliminated product the "eliminate" will be diverted and stockpiled at the Lessee's expense and the measured amount will be charged at 50% of the normal excavated price, beginning December 1, 2013. The eliminated sand will become the property of the Lessor. The Lessor will allow the Lessee up to 20% "eliminate" when aggregate is crushed from December 1, 2013 to December 31, 2014 as a test period to see how much elimination is needed to get the desired sand and gravel mixture. The elimination will be subject to the royalty of 50% of the normal excavated price from December 1, 2013 to December 31, 2014. For the period starting January 1, 2015 and running with the contract, the parties will negotiate an ongoing formula for dealing with any further elimination deemed necessary for the term of this contract. Intention to eliminate sand will be communicated when crush is scheduled and will be confirmed when pile measurements are taken. Ownership of pile will then be determined and identified as per agreement. If the lessee wishes to purchase back the eliminated aggregate they may do so at current aggregate price minus previously paid amount on a per yard basis.


### **3.0 The parties further covenant and agree:**

- 3.1 The Lessee covenants and agrees to save harmless the Lessor from any and all liability arising by reason of the acts of the Lessee, its workmen, servants or agents, in removing the sand or gravel from the said portion of land.
- 3.2 The Lessor covenants and agrees to pay all taxes and rates which may be charged in respect of the said portion of land for the period during the continuance of the term hereby created and the Lessee will pay all taxes upon or charges solely in respect of the removal of sand or gravel, if any, from the said portion of land.
- 3.3 The Lessee shall have the right to place a caveat on the title to the said portion of land, notifying of its interests defined within this lease agreement. The caveat will be registered at the Lessee's expense and will run for a term equal to the contract.

- 3.4 The Lessee shall have the right to construct roads necessary for the transport of sand or gravel within the said portion of land and for the purpose of maintaining any such roads the Lessee shall have the right to use pit run sand or gravel to be found in, upon or under the said portion of land for the purposes of construction or maintaining the said roads without payment to the Lessor of any royalty for such sand or gravel. However this provision does not extend to aggregate used to create areas for processing facilities other than a gravel crusher.
- 3.5 Any notice required to be served pursuant to the terms of this agreement shall be deemed to be served within seven (7) days of its having been mailed by prepaid registered post to the party to whom notice is required to be directed at the addresses noted in the opening part of this agreement.
- 3.6 This agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.
- 3.7 The aggregate removed by the Lessee is to be used solely by the Lessee and its residents; not sub-contracted out to others. The Lessee may supply aggregate to contractors providing services to the Lessee for road construction or maintenance of municipal roadways.
- 3.8 The parties agree to maintain control of the access points to the active area of excavation and seek to prohibit public access to the said lands. Perimeter fences with lockable gates will be maintained and locked when the said lands are not being actively accessed by the Lessor's or Lessee's agents. Signs (supplied and owned by the Lessee) indicating "No Trespassing" should be maintained to discourage access by the general public. Keys for the locked gates will be held by both parties and will not be shared with other parties. Access to the area by agents or assigns of the Lessor or Lessee will be controlled by the responsible party.
- 3.9 The parties agree that if, in the final year of this contract, the arrangements set out in this contract are mutually beneficial, that they will enter into negotiations and that the Lessee shall have an equal opportunity to acquire future gravel resources at the said lands.
- 3.10 On occasion the parties will inspect the gravel pit and the area established in Schedule "A" of this agreement. The parties should inspect the area to insure that no outside interest has gained access and removed the Lessee's sand or gravel from the said lands.
- 3.11 The parties agree that once this contract is signed by both the Lessor and the Lessee that all other agreements between the Lessor and Lessee will be superseded by this Memorandum of Agreement. Any future issues arising between the parties and pertaining to this contract will be clarified and solutions will be agreed to in writing. Addendums to this contract may be added to reflect those solutions.

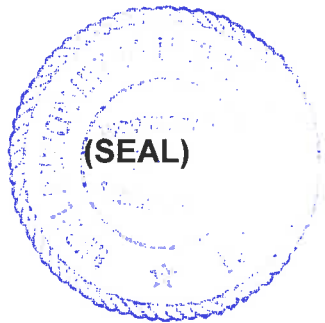
IN WITNESS WHEREOF the Lessor has set his hand the day and year first above written.

SIGNED, AND DELIVERED  
in the Presence of


  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
ECHO BAY DEVELOPMENTS  
PARTNERSHIP;  
C/O BRIAN DURIEZ

IN WITNESS WHEREOF the said Rural Municipality of Frenchman Butte No. 501 has caused its corporate seal to be hereunto affixed, attested by the signatures of the proper officers in its behalf the 19<sup>th</sup> day of December, 2013.



**R.M. of Frenchman Butte No. 501**

  
\_\_\_\_\_  
REEVE

  
\_\_\_\_\_  
ADMINISTRATOR

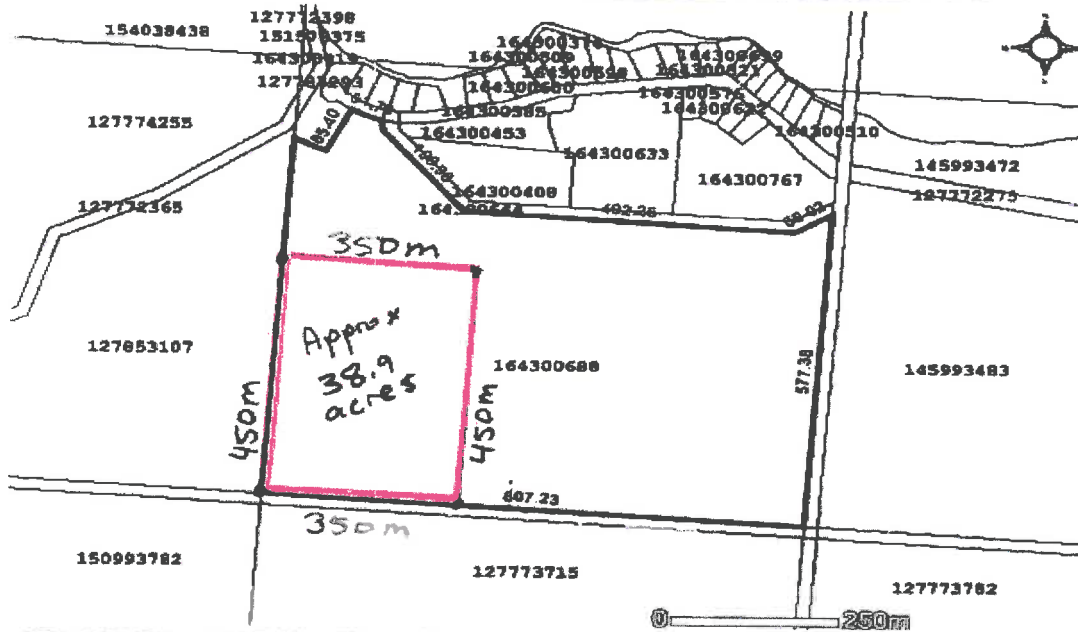


# Schedule "A"



**Information Services Corporation**  
of Saskatchewan

Surface Parcel Number: 164300688  
LLD: SE 16-53-24-3 Ext 49  
Parcel Class Code: Parcel (Generic)  
Area: 48.419 hectares (114.78 acres)  
Request Date: 1-Nov-2013 3:20:25 o'clock PM CST




DISCLAIMER: THIS IS NOT A PLAN OF SURVEY. It is a consolidation of plans to assist in identifying the location, size and shape of a parcel in relation to other parcels. Parcel boundaries and area may have been adjusted to fit with adjacent parcels. To determine actual boundaries, dimensions, or area of any parcel, refer to the plan, or consult a surveyor.

 = Lease Area

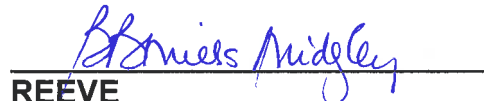
**ECHO BAY DEVELOPMENTS PARTNERSHIP**

  
Witness

  
BRIAN DURIEZ



R.M. of Frenchman Butte No. 501

  
REEVE

  
ADMINISTRATOR