

ISSUE PAPER

June 12, 2015

To: Mayor and Council

Port of Sydney Project Proposal

BACKGROUND:

Point Edward Marine Inc. (PEM)

As mentioned in the previous paper, Harbor Port Development Partners was able to attract Point Edward Marine Inc. (PEM), a newly incorporated entity to locate in the Sydport Industrial Park. PEM will provide a full range of marine services including ship docking, storage, ship repair and inspection, ship breaking and floating dry dock services. It will also provide tugboat service which is not currently provided in Sydney Harbour.

The establishment of a marine service company is consistent with the CBRM port development strategy. This type of service offered by PEM would be an essential service required for many port and marine related industries and will be essential to the development of a container terminal facility, which is part of the mandates of Harbor Port Development Partners and the Port of Sydney Development Corporation.

The lease agreement that is being proposed is conditional on the CBRM acquiring certain lands from Sydport Operations and East Coast Metal Fabrication for \$1.2 million, and then leasing these lands at cost plus carrying charges to Point Edward Marine (PEM). PEM will sign a 10 year lease with an option to renew for 10 years however they may buy the lease out during that period and the monthly lease payments would be deducted from the \$1.2 million.

The appraised value of the property in its current condition is approximately \$667,000.00 not including the wharf which was appraised in 2011 at \$356,000.00 by an independent appraiser. The \$1.2 million purchase price and the lease of this property for the same amount reflects a fair market valuation consistent with the MGA as per the Province's Department of Municipal Affairs and CBRM's solicitors on this file.

The 1.2 million paid by CBRM to Sydport Operations Ltd. will be reinvested in their company to improve infrastructure and establish a paint shop. This reinvestment will raise just over \$58,000 in new taxes to the CBRM.

This project is being presented to council as an economic development initiative to grow the Port of Sydney. McKel Marine (a major partner in the PEM consortium) is proposing to make Sydport its Atlantic Hub. This has the potential for the creation of jobs and also for significant spin off benefits.

By leasing the property to PEM, the CBRM would own the property; and, therefore, it is proposed that the CBRM would not be collecting municipal taxes estimated at \$50,000.00 annually; however, this is more than offset by the new taxes the CBRM will receive through East Coast Metal Fabrication's reinvestment plan. This inducement to PEM is in consideration for the considerable economic benefits that will accrue to the CBRM from this project. They include but are not limited to:

- Significant capital investment by PEM estimated at \$18 million
- Fuel purchase from local companies estimated at \$3-4 million annually
- Provision of tug services, which on cruise traffic alone, would have had a \$3 million increase on the local economy in 2014 alone
- Job creation estimated at over 100+ jobs, direct and indirect, over five years from PEM
- Improved infrastructure at Sydport Wharf
- Expansion of East Coast Metal Fabrication resulting in establishment of a \$1 million paint shop and job creation.

This development that HPDP was able to attract to our municipality will provide a tremendous boost to our economy and our local businesses and it is recommended that council approve the sale of the Sydport properties to the CBRM and the subsequent lease from the CBRM to Edward Marine Inc.

Recommendation:

Approve the sale of the Sydport properties to the CBRM and the subsequent lease from the CBRM to Point Edward Marine Inc.



Marlene Usher, CEO Port of Sydney

THIS AGREEMENT OF PURCHASE AND SALE made June ____, 2015

BETWEEN:

EAST COAST METAL FABRICATION INC., a company incorporated and existing under the laws of Province of Nova Scotia ("ECMF");

OF THE FIRST PART

- and -

SYDPORT OPERATIONS INC., a company incorporated and existing under the laws of Province of Nova Scotia ("SOI");

(hereinafter collectively referred to as the "**Vendor**")

OF THE SECOND PART

- and -

CAPE BRETON REGIONAL MUNICIPALITY, a body corporate and politic in and for the Province of Nova Scotia ("CBRM");

(hereinafter called the "**Purchaser**")

OF THE THIRD PART

WHEREAS ECMF is the owner of certain lands designated PID Nos. 15776370 and 15776388;

AND WHEREAS SOI is the owner of certain lands designated PID Nos. 15114101, 15169436 and 15114523;

AND WHEREAS CBRM is desirous of purchasing the Land from the Vendor on the terms enumerated herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 Whenever used in this agreement and in any certificate, opinion or other document delivered in accordance with or for the purpose of this agreement, unless there is something in the subject matter or content inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (1) Agreement means this Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; "hereof", "hereto", and "hereunder" and similar expressions refer to this Agreement and, when relevant, to any particular article, section or paragraph hereof; "Article", "Section", "Subsection" and "paragraph" mean and refer to the specified Article, Section, subsection or Paragraph of this Agreement;
- (2) Closing means that event which takes place on the Closing Date when the transactions specifically set out in this Agreement shall take place or be concluded;
- (3) Closing Date means June 30, 2015 or such other date as may be agreed to by the parties at which the Closing takes place;
- (4) Common User Area means that area identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, NS filed at the Registry of Deeds office on October 15th, 1990 as Plan No. M-2348 and attached hereto as Schedule "A"
- (5) Land means all of the real property (including the ECMF Land and SOI Land) of the Vendor situate at Sydport Industrial Park (PID Nos. 15114101, 15169436, 15114523, 15776370 and a portion of 15776388) more particularly described in Schedule "A" hereto;
- (6) SOI Land means PID Nos. 15114101, 15169436 and 15114523;
- (7) ECMF Land means PID 15776370 and a portion of PID 15776388 as illustrated in the sketch attached hereto as Schedule "A".

1.02 In this Agreement, words importing the singular include the plural and vice versa; words importing gender include all genders.

1.03 No amendment or modification to this Agreement shall be effective unless the same shall be in writing and executed by the Vendor and Purchaser. No indulgence or forbearance by the Purchaser hereunder shall be deemed to or shall constitute a waiver of the Purchaser's rights to insist on performance in a full and timely manner of all covenants of the Vendor hereunder and such waiver, in order to be binding upon the Purchaser, must be in writing and signed by the Purchaser, and then such waiver shall be effective only in the specific instance; nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

1.04 Article and Section headings are not to be considered part of this Agreement, but are included solely for convenience and are not intended to be full or accurate

descriptions of the content hereof.

- 1.05 The following Schedules are attached hereto and any exhibits or other documents attached to this Agreement are an integral part of this Agreement:
- (1) Schedule "A" – Sketch of portion of PID 15776388 to be conveyed;
 - (2) Schedule "B" - Description of Land;
- 1.06 All of the terms and provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors and permitted assigns as the case may be.
- 1.07 This Agreement shall be construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein. The parties hereto shall submit and attorn to the jurisdiction of the Courts of Nova Scotia and to the Courts of such other jurisdiction (where applicable) as may be appropriate in any action or proceeding arising from or pursuant to this Agreement and any documentation provided for in this Agreement.
- 1.08 The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein contained and such invalid provision or covenant shall be deemed to be severable.
- 1.09 All dollar amounts referred to in this Agreement are in the lawful currency of Canada unless otherwise provided.

ARTICLE 2 - PURCHASE PRICE

- 2.01 Subject to the terms and conditions hereof, and based on the warranties and representations herein, the Purchaser agrees to purchase the Land of the Vendor, as described in Schedule "B", and the Vendor agrees to sell, assign and transfer the Land to the Purchaser.
- 2.02 The Purchaser agrees to pay and the Vendor agrees to accept for the Land the following:
- (1) SOI Land: One dollar (\$1.00)
 - (2) ECMF Land: One million one hundred ninety nine thousand nine hundred ninety nine dollars (\$1,199,999.00)
- 2.03 The Purchaser agrees to pay and the Vendor agrees to accept the payment of the purchase price as follows:
- (1) A deposit of one dollar (\$1.00) on the signing of this Agreement, which amount shall be paid to the Vendor's solicitor in trust;

- (2) The balance of the Purchase Price to be paid by Solicitors' Trust cheque, bank draft or wire transfer at the Closing;

2.04 The following items shall be adjusted as of the Closing Date;

- (1) Interest, rentals and fuel, if any, business occupancy taxes; utility charges; and any taxes levied in respect of or on any of the Land; and

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES - (VENDOR)

3.01 The Vendor warrants and represents to the Purchaser and acknowledge that the Purchaser is relying on such covenants, warranties and representations in connection with the purchase of the Land:

- (1) That the execution and delivery of this Agreement and all other documents contemplated by this Agreement to be executed by or on behalf of the Vendor ("Related Documents") and the consummation of the transactions contemplated hereunder and thereunder, subject to the terms of this Agreement, have been duly authorized by all requisite corporate action on behalf of the Vendor and this Agreement and the Related Documents will each be a valid and binding obligation of the Vendor and enforceable against the Vendor in accordance with their respective terms;
- (2) That the Vendor is properly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation with full power and authority (corporate or otherwise) to own its property and to permit the transactions contemplated by this Agreement;
- (3) That the Vendor has good and marketable title to the Land free and clear of all encumbrances and claims whatsoever, excepting existing easements, which include, but are not limited to, the rights of ingress and egress afforded to various landowners in the Sydport Industrial Park over the Common User Area.
- (4) That the Vendor is in good standing with respect to all of the following legislation:
 - (a) Labour Standards Code (Nova Scotia);
 - (b) Workers' Compensation Act (Nova Scotia);
 - (c) *Income Tax Act* (Canada) insofar as it requires monies to be withheld by the Vendor from the wages and salaries of its employees;
 - (d) Canada Pension Plan and Unemployment Insurance Act;
 - (e) Corporations Registration Act (Nova Scotia); and

- (f) All other legislation, the failure of the Vendor to honor their legal obligation under which could result in a lien or charge arising on the Land herein purchased and sold or the responsibility for which may become the obligation of the Purchaser.
- (5) That no person, firm or corporation has any agreement or right capable of becoming an agreement for the Purchase of any of the Land other than by this Agreement.
- (6) That the Vendor is, and on the Closing Date shall be, a resident of Canada within the meaning of the *Income Tax Act* (Canada).
- (7) That the Vendor has the Land insured against loss or damage by all insurable hazards or risks to their full replacement value and carries liability insurance to reasonable limits, and all such insurance coverage will be continued in full force and effect to and including the Closing Date.
- (8) That the Land is at the Vendor's risk up to and including the Closing Date.
- (9) That there are no actions, suits or proceedings pending or threatened against or affecting the Land to be sold.
- (10) That the Vendor has maintained and shall continue to maintain to the Closing Date the Land in good condition and repair.

ARTICLE 4 - CONDITIONS PRECEDENT TO CLOSING

- 4.01 The Purchaser shall not be obligated to complete the purchase and sale unless on the Closing Date the following conditions shall be satisfied, it being understood that these conditions are conditions precedent to the Closing, included for the exclusive benefit of the Purchaser, and that each or all of them may be waived in whole or in part by the Purchaser at any time prior to the Closing Date by written notice to the Vendor:
- (1) The Vendor has the right to convey good and marketable title to the Land free and clear of all encumbrances, with the exception of existing easements, which include, but are not limited to, the rights of ingress and egress afforded to various landowners in the Sydport Industrial Park over the Common User Area;
 - (2) The Vendor shall make available to the Purchaser all title documents, deeds and releases in its possession or under its control relating to any of the Land;
 - (3) The Vendor shall provide to the Purchaser prior to closing every reasonable opportunity to have access to the Land for the purposes of completing the requisite survey work on PID 15776388, as well as all environmental and engineering due diligence;
 - (4) The Vendor states that all covenants, warranties and representations in this

Agreement are true and correct and the Vendor shall furnish the Purchaser with evidence or further assurances reasonably required by the Purchaser that such is the case;

- (5) From the date of this Agreement to the Closing Date, there shall have been no substantial loss or destruction to the Land, and there shall be no material loss or damage to the Land not fully covered by insurance;
- (6) The Land shall be in a condition not worse than the condition as at the date of execution of this Agreement or as may be required by the terms hereof, and in the event any of the Land are destroyed or damaged, reasonable wear and tear excepted, or not in good working order, the Purchaser shall have the right to complete the purchase of the Land, the purchase price of which shall be reduced by the resulting diminution in value or the cost of repair;
- (7) The Purchaser shall, prior to Closing, have a reasonable opportunity to perform a final examination of the Land;
- (8) The purchase of the Land is conditional upon the subdivision of a portion of PID 15776388, as depicted in Schedule "A", being completed to the satisfaction of CBRM.
- (9) This Agreement is subject to the Purchaser's engineers, or otherwise, ensuring that all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities and fire protection, are in good working order.
- (10) This Agreement is subject to the Purchaser's engineers, or otherwise, completing all necessary environmental due diligence and being satisfied with the same.
- (11) The Vendor warrants that the Land title has been converted from the Registry of Deeds under the *Registry Act* to the Land Registration System under the *Land Registration Act*. The Purchaser is allowed up to and including the Closing Date to investigate the title to this Land which he shall do at his own expense. If prior to the Closing Date any valid objections to title are made in writing to the Vendor, which the Vendor shall be unable to remove, and which the Purchaser will not waive, this Agreement may be terminated and the deposit shall be returned without penalty.

ARTICLE 5 - CLOSING

- 5.01 The Closing shall take place on the Closing Date at the offices of the Breton Law Group, Sydney, NS.

5.02 At the Closing:

- (1) The Vendor shall deliver to the Purchaser valid and effective transfers of the Land by Warranty Deed;
- (2) The Vendor shall deliver to the Purchaser proof that it has taken all corporate steps necessary or, in the opinion of the Purchaser's solicitor, desirable to authorize and effect the sale, including without limiting, an opinion of the Vendor's solicitor to that effect;
- (3) The Vendor shall provide certificates of good standing for the Vendor companies and authorizing resolutions of the Vendor companies for the transactions contemplated herein;
- (4) The Vendor shall deliver to the Purchaser such evidence as counsel for the Purchaser may reasonably require, including but not limited to a bring down certificate, that all warranties and representations contained in this Agreement are true and correct to the Closing Date and that all conditions precedent have been met or complied with;
- (5) The Vendor shall deliver to the Purchaser such assignments of license and leases, if any;
- (6) Subject to the conveyance herein, should the conveyance of the Land attract HST, the Vendor and the Purchaser hereto agree that the Purchaser shall be responsible to pay any HST owing with respect to the Land. The Vendor and the Purchaser hereto agree to:
 - (a) File a joint election to neither collect nor remit HST if possible; or
 - (b) that the Purchaser shall have the right to elect to self remit on HST upon providing proof that the Purchaser is duly registered for HST.
- (7) The Purchaser shall pay to the Vendor the purchase price in accordance with Article 2.02;
- (8) The Vendor shall deliver a Statutory Declaration or such other proof (as determined by the solicitor for the Purchaser) that all HST and employee deductions remittances as well as income tax obligations have been paid by the Vendor to Canada Customs and Revenue Agency (CRA) together with a letter of indemnification from the Vendor to the Purchaser indemnifying the Purchaser for any loss, of whatsoever nature or kind, the Purchaser may suffer as a result of the Vendor's failure to make good on any of its obligations with respect to income tax, HST and/or employee deductions to CRA.

5.03 From time to time subsequent to the Closing Date, the Vendor shall at the request and expense of the Purchaser execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of counsel for the Purchaser, be reasonably required to carry out the intent of this Agreement and to

transfer the Land to the Purchaser.

- 5.04 The Land is to be at the risk of the Vendor until the Closing Date. Pending closing, the Vendor will hold all insurance policies and the proceeds thereof in respect of the Land in trust for the parties as their interests may appear. In the event of damage or destruction to the Land, the Purchaser may either have the proceeds of insurance and complete the purchase or may cancel this Agreement and have all monies theretofore paid returned without interest.

ARTICLE 6 - OBLIGATIONS OF THE PURCHASER

- 6.01 The Purchaser agrees to assume the Vendor's obligation pursuant to any Lease agreements provided the Vendor identifies agreements and notifies all parties to the agreements of the transfer of the Land.

ARTICLE 7 - SURVIVAL OF WARRANTIES AND REPRESENTATIONS

- 7.01 All warranties and representations made by the Vendor and the Purchaser shall be deemed to have been relied upon by the other party notwithstanding any investigations before or after made on their behalf and shall survive the completion of the purchase and sale of the Land and, notwithstanding the Closing, shall continue and remain in full force and effect for the benefit of the parties until fully discharged.
- 7.02 The Vendor shall indemnify and save harmless the Purchaser from and against all damages, losses, costs or expenses which the Purchaser sustains or incurs by reason of any breach of any of the warranties and representations contained in this Agreement.
- 7.03 The Purchaser shall indemnify and save harmless the Vendor from and against all damages, losses, costs or expenses which the Vendor sustains or incurs by reason of any breach of any of the warranties and representations contained in this Agreement.

ARTICLE 8 - ARBITRATION

- 8.01 Any dispute respecting the interpretation of this Agreement or the performance by any part of the obligations contained herein shall be determined by arbitration as herein provided. If the parties hereto involved in any dispute are able to agree to the appointment of one arbitrator, then the dispute shall be determined by such arbitrator. If, however, the parties are not able to agree to a single arbitrator, the dispute shall be determined by the award of a majority of arbitrators, one to be named by each one of the disagreeing parties to any dispute. The arbitrators so chosen shall select one additional arbitrator and their award or decision or the award or decision of the majority of them shall be final and binding. If either of the parties shall neglect or refuse to name its arbitrator within thirty (30) days of a request in writing to do so following the appointment of the arbitrator for the other party, the arbitrator appointed shall act as sole arbitrator, and his decision shall be binding upon the parties hereto. If the arbitrators shall fail to agree and shall fail to

appoint the additional arbitrator, the additional arbitrator shall be appointed by the Company through its solicitor making application to the Supreme Court of Nova Scotia. Each of the parties involved in the dispute shall bear its or their costs of the arbitrator by it. The other expenses of arbitration shall be borne equally by the parties involved in the dispute.

ARTICLE 9 - GENERAL PROVISIONS

- 9.01 Time shall be of the essence of this Agreement.
- 9.02 Any notice required or permitted to be given hereunder shall be sufficiently given if given personally, sent by email, or sent by first class mail, postage prepaid:
- (1) if to ECMF, addressed to Jim Gogan at:
Suite 300, 292 Charlotte Street Sydney, NS B1P 1C7
 - (2) If to the SOI, addressed to Jim Gogan at:
Suite 300, 292 Charlotte Street Sydney, NS B1P 1C7
 - (3) If to CBRM, addressed to Jim Gogan at:
Suite 300, 292 Charlotte Street Sydney, NS B1P 1C7
 - (4) Any party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the date of giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder.
- In the case of notice given by mail, such notice shall be deemed to be received on the third business day following mailing.
- 9.03 This Agreement shall enure to the benefit of and be binding upon the Vendor and Purchaser and their respective heirs, executors, administrators, successors and assigns.
- 9.04 This Agreement shall be construed and shall only be construed in accordance with the laws of the Province of Nova Scotia.
- 9.05 No public announcement or press release concerning the purchase and sale herein provided shall be made by the Vendor or the Purchaser without the consent and joint approval of the Vendor and Purchaser.
- 9.06 Words importing the singular number only include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and words importing persons include firms, corporations and vice versa.
- 9.07 Purchaser and the Vendor agree that this Agreement may be communicated by a

facsimile transmission and that when signed by all parties, this Agreement shall be binding on all parties.

SIGNATURE PAGE FOLLOWS

DRAFT

ARTICLE 10 - EXECUTION

10.01 **IN WITNESS WHEREOF** the parties hereto have executed These Presents the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness

Witness

Witness

Cape Breton Regional Municipality

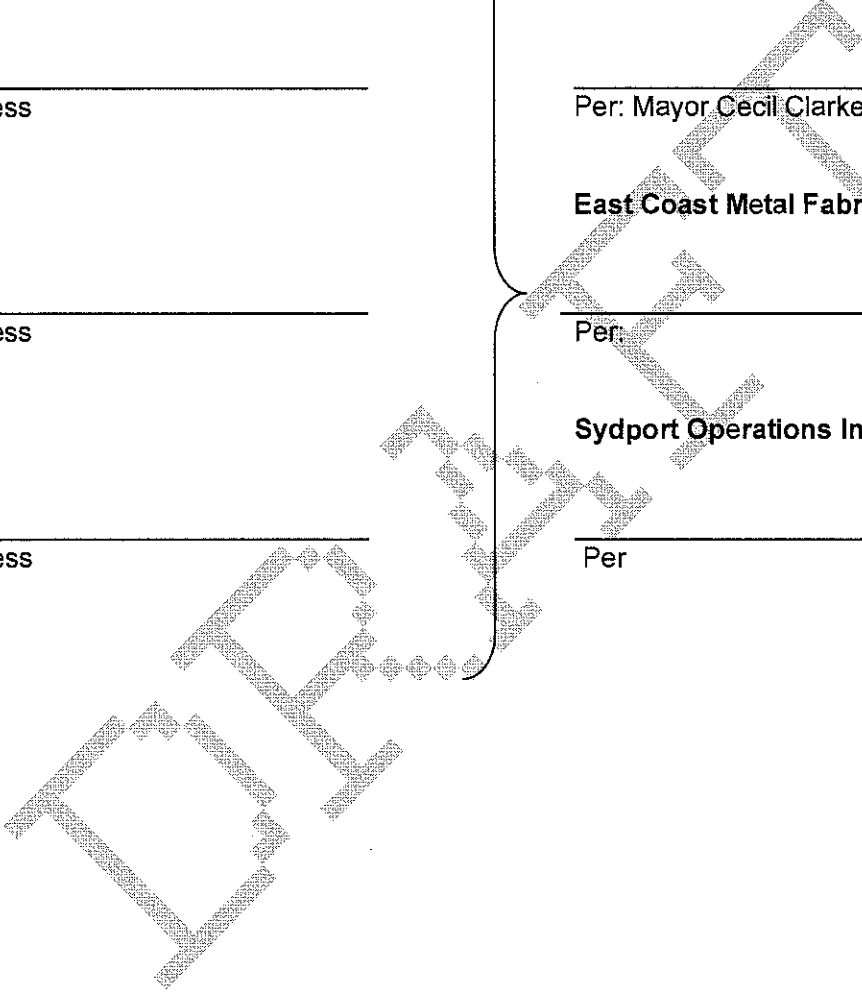
Per: Mayor Cecil Clarke

East Coast Metal Fabrication Inc.

Per:

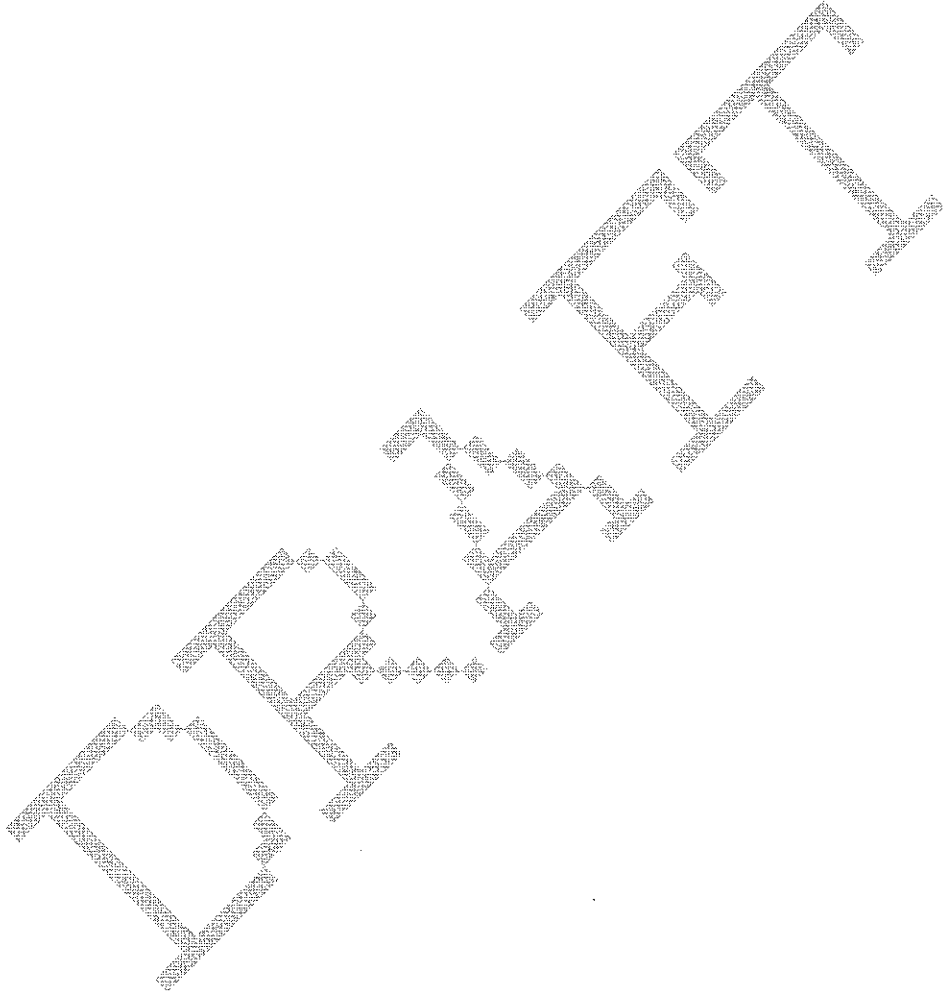
Sydport Operations Inc.

Per

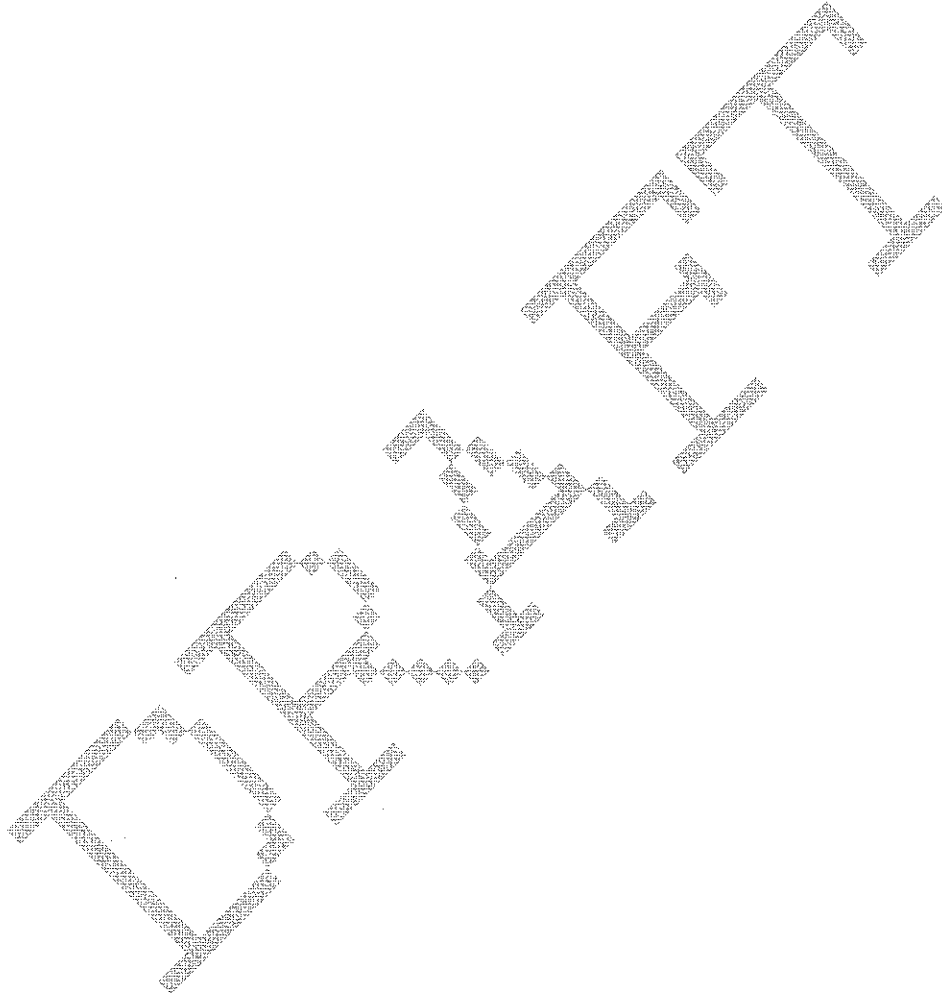


Schedule "A"

**Plan entitled Sydport Industrial Park-Phase 1, Point Edward, NS filed at the Registry
of Deeds office on October 15th, 1990 as Plan No. M-2348**



Schedule "B"
Sketch



Schedule "C"
Legal Descriptions

PID 15776370

Municipality/County Point Edward/Cape Breton County
Designation of Parcel on Plan: Lot S
Title of Plan: Plan of Subdivision Entitled "Sydport Industrial Park - Phase 1" Sydport,
Point Edward, Cape Breton County, Nova Scotia
Registration County: Cape Breton County
Registration Number of Plan: M-2348
Registration Date: October 15, 1990

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 17 December 2012, as Document #102160984.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the existing railway track as depicted on Plan M-2348, filed at the Registry of Deeds Office on October 15, 1990.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114101

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the

expropriated lands of Ellen J. Gammell with the line of high water ordinary spring tides, Sydney Harbour;

THENCE From the Point of Beginning so determined, S 20 degrees 30 minutes E a distance of six hundred sixty feet (660 feet) to a point;

THENCE N 43 degrees E a distance of one thousand two hundred twenty feet (1,220 feet) to a point;

THENCE N 51 degrees W a distance of six hundred five feet (605 feet) to its intersection with the line of high water ordinary spring tides, Sydney Harbour;

THENCE Following the said line of high water ordinary spring tides along the expropriated lands of Ellen J. Gammell in a general Southeasterly direction a distance of one thousand eight hundred thirty feet (1,830 feet) more or less, to the Point of Beginning, and containing an area of 12.6 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

Saving and Excepting Parcel I as shown on registered plan no. 101663400 recorded in the Land Registration Office for Cape Breton County.

SAVING AND EXCEPTING any portion of Lot 2012-2, as shown on registered Plan No. 101663400 filed October 2, 2012, that may be within the boundaries of the above described lot.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled

Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act
Registration District: CAPE BRETON COUNTY
Registration Year: 2012
Plan or Document Number: 101663400

The MGA compliance statement has been applied by SNSMR during the processing of Land Registration Plan

PID 15169436

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred twenty-eight feet (528 feet) to a point;

THENCE S 33 degrees W a distance of five hundred thirty feet (530 feet) to a point;

THENCE N 57 degrees W a distance of five hundred fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser;

THENCE following the said line of high water ordinary spring tides in a Northeasterly direction along the expropriated lands of Laura Fraser a distance of five hundred seventy feet (570 feet) to the Point of Beginning, and containing an area of 7.02 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision
Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114523

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A CERTAIN parcel of land BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred and twenty-eight feet (528 feet) to a point; said point being the Northeasterly corner of a 7.02 acre water lot expropriated with other lands by the Federal Crown by Instrument No. 11205 at Sydney, Nova Scotia on March 24, 1942;

THENCE S 33 degrees W a distance of five hundred and fifty feet (550 feet) to a point, said point being the Southeasterly corner of the above-mentioned 7.02 acre water lot;

THENCE N 57 degrees W a distance of five hundred and fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser, said point being the Southwesterly corner of the above-mentioned 7.02 acre water lot, as well as being the Northwesterly corner of a 12.60 acre water lot expropriated under Instrument No. 11205 registered at Sydney, Nova Scotia on March 24, 1942;

THENCE S 51 degrees E a distance of six hundred and five feet (605 feet) to a point, said point being the Northeasterly corner of the 12.60 acre water lot mentioned above;

THENCE In a general Southerly direction to the Southwesterly corner of the Jetty lying in front of the above-mentioned 7.02 and 12.60 acre water lots;

THENCE Following along the Southerly face of the Jetty in a general Easterly direction to its Southeasterly corner;

THENCE Following along the Easterly face of the Jetty in a general Northerly direction to its Northeasterly corner;

THENCE Following along the Northerly face of the Jetty in a general Northwesterly direction to its intersection with the Easterly face of the Seaward Defense Wharf;

THENCE In a general Northeasterly direction along the Easterly face of the Seaward Defense Wharf to its Northeasterly corner;

THENCE Along the Northerly face of the said wharf in a general Northwesterly direction to a point where the Northerly face of the said wharf intersects the line of high water, ordinary spring tides, Sydney Harbour;

THENCE In a general Southerly direction along the line of high water, ordinary spring tides, Sydney Harbour to the point of commencement.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

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*** Municipal Government Act, Part IX Compliance ***

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Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15776388 **

Registration County: CAPE BRETON COUNTY

Street/Place Name: MARINE DRIVE /EDWARDSVILLE

Title of Plan: PLAN OF SUBDIVISION & CONSOLIDATION OF LANDS OF EAST COAST METAL FABRICATION INC. PID 15776388 & LAURENTIAN ENERGY CORP. INC. PORTION OF PID 15578420 CREATING LOT RA-2013 MARINE DRIVE, POINT EDWARD, SYDPORT

Designation of Parcel on Plan: LOT RA-2013

Registration Number of Plan: 105611918

Registration Date of Plan: 2014-08-15 15:10:15

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act

Registration District: CAPE BRETON COUNTY

Registration Year: 2014

Plan or Document Number: 105611918

****Only portion of PID 15776388 to be conveyed.**

DELETED

THIS LEASE AGREEMENT made this ____ day of June, 2015.

BETWEEN:

CAPE BRETON REGIONAL MUNICIPALITY, a body politic in the Province of Nova Scotia;

(hereinafter called "Landlord")

OF THE FIRST PART

- and -

POINT EDWARD MARINE INC., a body corporate incorporated pursuant to the laws of the Province of Nova Scotia;

(hereinafter called "Tenant")

OF THE SECOND PART

WHEREAS the Landlord is the owner of certain lands and improvements located in the Sydport Industrial Park, Edwardsville, Nova Scotia;

AND WHEREAS the Landlord is authorized to lease real property owned by it to a third party at market value pursuant to s. 50(5)(c) of the Municipal Government Act;

AND WHEREAS the Tenant wishes to lease the lands and improvements for industrial and general warehouse use, along with the provision of marine services, ship docking, storage, ship repair and inspection, shipbreaking and floating dry-dock services;

NOW THEREFORE IN CONSIDERATION of the rents, obligations, covenants, agreements and undertakings contained herein to be rendered, performed and/or fulfilled, the parties agree as follows:

DEFINITIONS

1. In this lease:

- a) "**Act**" means the Municipal Government Act S.N.S. 1998, c. 18
- b) "**Building(s)**" means the buildings currently located on the Lands, including the interior and exterior walls, the foundation, the floors, the roof support columns, the roof, the fixtures, and the services to the building, but not the Lands;
- c) "**Demised Premises**" means the Building and the Lands;

- d) "**Expenses**" mean the expenses outlined in Paragraph 12 herein;
- e) "**Fair Market Value**" means the market value of the Demised Premises as evidenced by the acquisition cost to the Landlord of Demised Premises from an arm's length third party;
- f) "**Lands**" means the lands located in the Sydport Industrial Park, Edwardsville, Nova Scotia being all of PIDs 15776370, 15114101, 15169436, 15114523 and a portion of PID 15776388, more particularly described in Schedule "A", and containing approximately 23.9 acres and further depicted as outlined in blue on the sketch attached hereto as Schedule "B"
- g) "**Rent**" means the rent as outlined in Paragraph 10 herein;
- h) "**Real Property Taxes**" means all real estate taxes, public and local improvement rates, school taxes, imposts, charges, levies, rates, and duties assessed against the Lands by any government authority;
- i) "**Significant Damage**" means extensive damage to the Demised Premises which materially prevents the Tenant from carrying on its business providing marine services, ship docking, storage, ship repair and inspection, shipbreaking and floating dry-dock services;
- j) "**Structural Repairs**" means repairs to the foundation, exterior walls, roof support columns and/or roof of the Buildings not attributable to the negligent actions of the Tenant;

Demise and Quiet Enjoyment

2. The Landlord hereby demises to the Tenant the Demised Premises, on a net lease basis save and except for any other obligations of the Landlord stated herein and save and except for HST on Rent, which is the Tenant's obligation herein, the Landlord shall be responsible for the payment of all taxes associated with this Lease, including but not limited to realty taxes, any and all personal taxes, capital gains, income, capital, large corporation, corporate, capital levy, capital stock, profits, excess profits, transfer, revenue, estate, partnership, inheritance, gift, devolution or succession taxes and the Tenant hereby accepts the demise and its obligations as outlined in the lease herein.
3. The Landlord represents and warrants to the Tenant that the Landlord is the owner of the Demised Premises and that the Landlord has full power and authority to enter into the lease herein. The Landlord further represents and warrants to the Tenant that the Demised Premises are zoned Sydport/Sysco Industrial Park (SIP) and that there are no outstanding work orders.
4. The Landlord covenants with Tenant that the Tenant shall and may peaceably hold and enjoy the Demised Premises for the Term hereby demised without hindrance or interruption by the Landlord or other person or persons claiming by, through or under the Landlord, subject nevertheless to the terms and conditions of the lease.

Term, Renewal, Permitted Use and Deposit

5. The Tenant shall lease the Demised Premises for the period of ten (10) years (the "Term"). The Term shall commence thirty (30) days following the satisfaction, or waiver, of the following conditions, or another date as mutually agreed upon between the parties (the "Commencement Date"):
 - a) the Tenant's review and acceptance, in its sole discretion, of the environmental condition of the Demised Premises, based on a Phase I Environmental Assessment and Phase II Environmental Assessment (if recommended by the Phase I Environmental Assessment), the cost of which environmental assessments, as applicable, will be shared equally by the Landlord and Tenant. The Phase II Environmental Assessment being attached hereto as Schedule "C";
 - b) the subdivision of PID 15776388 – it being understood that all costs associated with this subdivision shall be at the expense of the Landlord; and
 - c) the acquisition by the Landlord of the Demised Premises from Sydport Operations Inc. and East Coast Metal Fabrication Inc.
6. The Tenant shall have the right to enter the Demised Premises upon execution of this lease to begin due diligence listed in Paragraph 5, fit-up work and to store inventory or equipment, provided that the Tenant shall not interfere with any leasehold improvement work and the Tenant shall not be obligated to pay Expenses or Rent.
7. The Tenant shall not be obligated to pay a deposit.
8. The Demised Premises may be used for any lawful purpose permitted by local zoning by-laws from time to time, including but not limited to the provision of marine services, ship docking, storage, ship repair and inspection, shipbreaking and floating dry-dock services (the "Permitted Uses"), along with all necessary purposes ancillary to the Permitted Uses.
9. The Tenant shall not use or allow the use of the Demised Premises for any residential purpose, any illegal activity, any activity in contravention of the applicable land use controls, any activity in contravention of environmental statutes or regulations and/or any activity which would render the Tenant's or Landlord's insurance void or voidable.

Rent

10. The Tenant shall pay to the Landlord, Rent of Ninety Thousand (\$90,000.00) Dollars plus HST, if applicable, per annum for the Term of the Lease. Rent shall be payable in equal monthly installments of Seven Thousand Five Hundred (\$7,500.00) Dollars, payable in advance commencing on the first day of the Term.
11. The Rent shall be directed to the capital reserve fund of the Landlord created pursuant to s. 99(3)(a) of the Act.

Expenses to Be Paid by Tenant

12. Beginning on the Commencement Date, and continuing throughout the Term, and any period of overholding, the Tenant shall promptly pay any and all Expenses relating to the Demised Premises including:

- a) all charges for utilities relating to the Demised Premises including water, sewer, trash removal, electricity, gas, oil, telephone;
- b) all premiums for Tenant's insurance as arranged by the Tenant in accordance with paragraph 14 hereof;
- c) all fees for snow removal from the private road portion of the Demised Premises, landscaping and security monitoring services;
- d) all fees and disbursements for any repairs or changes to the Demised Premises as required by the Landlord or Tenant's insurer, except such repairs or changes which form part of the Landlord's obligations herein;
- e) all reasonable charges by the Landlord to effect any repair or perform any obligation of the Tenant which the Tenant has refused or is unable to perform, provided that the Landlord has provided five (5) days written notice and, in response thereto, the Tenant has not commenced to perform the work or obligation and is not diligently proceeding with the completion thereof;
- f) all taxes, fees or charges relating to the Tenant's occupation of the Demised Premises, save and except those of a personal nature to the Landlord, including Real Property Taxes and all other expenses and/or costs that are otherwise specifically stated herein as being part of the Landlord's obligations; and
- g) all amounts due for HST on the Rent.

Insurance

13. The Landlord shall maintain, at the Landlord's expense:

- a) fire insurance (including standard extended coverage endorsement perils and leakage from fire protective devices) in such amounts and on such terms and conditions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Buildings.
- b) broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis, with limits for each accident in an amount not less than the full replacement costs of the property, with respect to any boilers and machinery in the Demised Premises or relating to or serving the Demised Premises.
- c) an all risks policy of insurance with respect to the Demised Premises to insure against loss to property, liability to third parties with a single occurrence limit of not less than five million dollars (\$5,000,000), rental loss and such other incidental coverage as may be recommended by the Landlord's insurance agent, such policy not to include contents or the Tenant's trade fixtures.

14. The Tenant shall, at their own expense, maintain a comprehensive general liability policy with respect to the Demised Premises for the Term with a single occurrence limit of not less than five million dollars (\$5,000,000). The Tenant shall arrange for the Landlord and

its mortgagee to be named as insureds under the Tenant's policy and for copies of the policy to be delivered to the Landlord at the commencement of each policy year. The Tenant shall also be responsible for insuring contents or the Tenant's trade fixtures.

15. All public liability insurance shall contain a provision for cross liability or severability of interest as between the Landlord and the Tenant. All the foregoing property policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or its contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its contractors, agents or employees. The Tenant shall obtain, from the insurers under the building coverage, undertakings to notify the Landlord in writing at least thirty (30) days prior to any cancellation thereof. The Tenant shall furnish to the Landlord, upon written request, certificates of all such policies. The Tenant agrees that if the Tenant fails to take out or to keep in force such insurance or to provide a certificate of every policy and evidence of continuation of coverage as herein provided, the Landlord shall have the right to take out such insurance and to pay the premium thereof and, in such event, the Tenant shall pay to the Landlord the amount paid as premium plus fifteen percent (15%), which payment shall be deemed to be an Expense payable on the first day of the next month following the said payment by the Landlord.

Liability and Indemnity

16. Except with respect to the obligations expressly assumed by the Landlord under the terms of the lease herein, the Landlord assumes no responsibility to the Tenant.
17. The parties agree to the following during the Term and any subsequent renewals of this Lease:
 - a) **Tenant's Indemnity** – Subject to any environmental contaminant, pollutant or toxic substance disclosed in the Phase I and Phase II Environmental Reports, existing as at the Commencement date of this Lease for which the Landlord indemnifies the Tenant and except with respect to any claim arising from the Landlord's own negligence or willful and wrongful act, or failure by the Landlord to repair or replace as required under the lease herein, the Tenant hereby indemnifies the Landlord and holds it harmless against any claim, damages, loss, compensation or remedy, by a third party, arising from the Tenant's occupation of the Demised Premises, including without limitation any claim that results from any violation of any environmental law or regulation.
 - b) **Landlord's Indemnity** – The Landlord shall indemnify and save the Tenant harmless from any environmental contaminant, pollutant or toxic substance disclosed in the Phase I and Phase II Environmental Reports existing as at the Commencement date of this Lease, and shall further indemnify the Tenant with respect to any claims, actions, suits, fines, sanctions, remediation orders, or demands of any kind whatsoever with respect to any such contaminant, pollutant or toxic substance on or in the Demised Premises as at the Commencement date and contained in the aforementioned reports. It is understood and agreed that the Landlord shall bear sole responsibility and expense for the clean-up, remediation and/ or removal of any such contaminant, pollutant or toxic substance if ordered by a governmental authority having jurisdiction to do so and shall be further

responsible for any consequential damages claimed by any third party with respect thereto.

- c) The Tenant will provide as a Schedule to this Lease, the current Environmental Assessment Phase II Report for the Demised Premises. The parties agree that this report accurately sets out the environmental condition of the demised Premises as of the commencement date of this Lease.

For greater certainty, the parties agree that the indemnities contained in this Paragraph 17 shall not survive the exercising by the Tenant of the purchase option contained in Paragraph 42.

Repair and Maintenance

- 18. The Landlord makes no representations regarding the condition of the Demised Premises and assumes no responsibility for any repairs to any portion of the Demised Premises during the Term. The Tenant, in the same manner and extent as a prudent owner, shall maintain the Demised Premises. The Tenant shall be responsible for all required repairs and maintenance to the Demised Premises excepting any damage or wear and tear to the wharf that was not caused by the negligent actions of the Tenant or those parties to which the Tenant is responsible for, at law.
- 19. For greater certainty, the Parties hereto acknowledge the current deteriorated condition of the wharf facilities and neither party shall bear the responsibility for maintenance, upkeep or repair of such wharf facilities during the Term or any subsequent renewals.
- 20. At all times, the Tenant shall, at its own expense, maintain the interior and exterior of the Building and the Lands in a presentable condition, fair wear and tear accepted, and will arrange for cleaning, snow removal, garbage removal, landscaping and such other services as required.
- 21. The Tenant shall also be responsible for any Structural Repairs and replacement of capital infrastructure, including, but not limited to electrical and plumbing fixtures.
- 22. The Tenant agrees with the Landlord as follows:
 - a) The Landlord and its employees or agents shall be entitled at all reasonable times during normal business hours and upon twenty four (24) hours' notice, save and except any time in the case of any real or apprehended emergency, to enter and examine the state of maintenance and repair of the Leased Premises and to do such acts or things as may be necessary or advisable to prevent or abate damage or injury to the Demised Premises or any adjoining lands;
 - b) The Tenant shall be liable for all destruction or damage of property of the Landlord or others caused by any defect, failure or want of repair of anything for the condition and repair of which the Tenant is responsible under Paragraphs 18-21;
 - c) If the Tenant fails to make a repair within a reasonable period of time, the Landlord may make such repair on the Tenant's behalf, and all expense incurred

by the Landlord in so doing plus ten percent (10%) shall be reimbursed to it by the Tenant on demand, provided that except in cases of real or apprehended emergency or where any destruction, damage, risk or material inconvenience affecting any part of the Demised Premises exists or might ensue failing an immediate repair, the Landlord shall first give written notice to the Tenant requiring the Tenant to so repair.

23. In the event the Demised Premises suffers Significant Damage the Tenant shall have the option to terminate the Lease immediately upon written notice to the Landlord and upon paying any outstanding Expenses and Rent under the Lease up to the date that the Demised Premises suffered Significant Damage and PROVIDED that the damage was not caused by the negligence of the Tenant, its agents, contractors, employees and /or its representatives and the Tenant shall not be obligated to pay the Termination Fee stated herein.

Tenant Improvements and Signs

24. The Tenant may, upon obtaining the written approval of the Landlord, which approval shall not be unreasonably withheld, make leasehold improvements to the non-structural portions of the Building at its own expense. Any improvement made without the Landlord's written consent shall be immediately removed by the Tenant at its own expense. Upon expiry of the Term or the termination of the Lease herein, whichever occurs first, the Tenant shall not have any obligation to restore the Demised Premises or remove any leasehold improvements provided that such leasehold improvements, alterations, decorations or additions were installed with the Landlord's consent.
25. The Tenant shall have the right to install fencing around the perimeter of the Demised Premises, and install or implement any security systems or measures it deems necessary at its sole discretion, cost and expense, subject, however, to any easements, rights of way or common user lands as may be referenced or described in the legal descriptions of the Lands.
26. The Tenant shall ensure that no liens are registered against the Lands arising from the provision of materials or services by a contractor to the Tenant. In the event that the Tenant is in breach of this provision and a lien is registered, the Tenant must immediately arrange for the removal of same from title to the Lands.
27. The Tenant may erect signs on the Demised Premises at its own expense. Any signs erected by the Tenant shall be in compliance with local laws and shall be removed at the Tenant's expense at the earlier of the end of the Term or the termination of the lease herein.

Entry by Landlord

28. The Landlord shall be allowed unfettered access to the Demised Premises, upon delivery of twenty four (24) hours' notice, for the purpose of performing an inspection, provided the Landlord does not interfere with the Tenant's business. In case of emergency, the tenant hereby waives the notice requirement and the Landlord shall be provided with immediate access.

29. In order to make any improvement or repair to the Demised Premises, the Landlord may suspend or interrupt the supply of services or utilities, provided however, that the Landlord shall exercise this right reasonably and with minimal inconvenience to the Tenant, and upon at least twenty four (24) hours' notice from the Landlord, excepting emergency situations.

Landlord's Remedies

30. Without in any way detracting from the Tenant's obligations herein, if the Tenant refuses or is unable to perform its duties under the lease herein or at law and, upon written notice from the Landlord which is reasonable in the circumstances, the Tenant has not commenced to perform its duties or is not proceeding diligently, the Landlord shall be entitled to perform same on the Tenant's behalf and receive compensation from the Tenant for the amount expended, plus a fee of ten percent (10%) of the cost of the work done and charged to the Landlord.

31. The Landlord shall be at liberty to re-enter the Demised Premises and/or terminate the lease herein, as it sees fit, upon the occurrence of any one of the following events:

- a) the Tenant is in default of payment of Rent for a period of fifteen (15) days following written notice by the Landlord and has failed to respond to the notice provided;
- b) the Tenant is in default of any of its obligations under the lease herein and has failed to rectify same within ten (10) days of receiving the Landlord's notice, or such longer time as is reasonable under the circumstances, unless the Tenant has commenced and is proceeding diligently to rectify the default;
- c) the Tenant is insolvent, commits an act of bankruptcy, makes a proposal to its creditors, makes an assignment in bankruptcy, receives a petition in bankruptcy, is wound-up, dissolved or liquidated;
- d) any of the chattels located on the Demised Premises are seized by a creditor of the Tenant in satisfaction of judgment;
- e) a lien is registered against the Lands or the Tenant's leasehold interest relating to goods or services provided to the Lands at the Tenant's request, which is not removed by the Tenant in a reasonable time, being ten (10) days from the date that the Tenant would have received notice from the Landlord;
- f) the Tenant changes the use of the Demised Premises beyond the Permitted Use authorized in the lease herein; or
- g) the Tenant or Landlord receives notice that adequate insurance coverage is unavailable to either one of them in the market with respect to the Demised Premises.

32. Upon default by the Tenant in accordance with this lease and whether or not the Landlord exercises its right to terminate the lease as provided for in this lease, the Landlord may re-enter upon the Demised premises and perform such improvements and repairs as it deems fit in order to re-let. Any repairs, improvements, or costs associated

with the re-letting of the Demised Premises shall be incurred by the Landlord solely in its capacity as agent for the Tenant.

33. The Tenant acknowledges the Landlord's right to distrain upon chattels located at the Demised Premises and hereby waives and renounces any legal defence it may have available to it to prevent the Landlord from pursuing the dual remedies of termination and distraint.

Re-Letting and Surrender

34. During the six (6) month period prior to the expiry of the Term, re-entry by the Landlord, or upon the termination of the lease herein, whichever comes first, the Landlord and its agents shall be entitled to exhibit the Demised Premises to potential tenants. Such exhibiting shall be without interference by the Tenant and without interference to the Tenant's business.
35. Upon the expiry of the Term or the termination of the lease herein, whichever occurs first, the Tenant shall surrender up the Demised Premises in good repair. The Landlord shall be entitled to perform inspections and to retain agents to perform inspections. If the Demised Premises exhibit damage above and beyond reasonable wear and tear, the Landlord shall be entitled to perform repairs, on the Tenant's behalf and at the Tenant's expense. Such repairs shall only be performed upon reasonable notice to the Tenant and provided that the Tenant has not commenced to repair the damage and is proceeding diligently to complete such repairs.
36. Upon the expiry of the Term and having performed all of its obligations under the lease herein, the Tenant shall be entitled to remove its equipment, inventory and trade fixtures. The Tenant shall repair any damage caused by the removal of its equipment, inventory and trade fixtures.
37. Upon expiry of the Term or the termination of the Lease herein, whichever occurs first, the Tenant shall not have any obligation to restore the Demised Premises or remove any leasehold improvements provided that such leasehold improvements, alterations, decorations or additions were installed with the Landlord's consent.

Subletting and Disposition

38. The Tenant shall be at liberty to sublet all or any part of the Demised Premises to any subsidiary, affiliate or successor to the assets or business of the Tenant. The Tenant shall not assign, pledge or sublet any portion of the Demised Premises to any other party without first obtaining the written consent of the Landlord, which consent may be unreasonably withheld by the Landlord in its sole discretion. Any assignment, pledge or subletting of any portion of the Demised Premises shall in no way derogate from or be construed as a release of the Tenant from its on-going liabilities under the lease herein. The Tenant agrees to provide whatever financial and other documentation the Landlord requires and to pay the Landlord's fees relating to the assignment, pledge or subletting.
39. It is understood and agreed that during the tenure of this Lease and any extensions or renewals thereof:

- a) the Tenant shall have the right of First Refusal to purchase the Demised Premises and the Landlord shall notify the Tenant in writing, of any offer to sell and/or purchase made to or by any bona fide arm's length third party, and acceptable by the Landlord and the Landlord shall provide the Tenant with a copy of the said offer to sell and/or purchase. The Tenant shall then have ten (10) days from receipt of such notice in writing from the Landlord to exercise its right of First Refusal subject to paragraph 42 – Outright Purchase and provided that the Tenant shall not have been in default at the time that such notice is given;
- b) Notwithstanding the foregoing it is understood and agreed that the Tenant shall have the option to exercise its right of First Refusal in accordance with the better terms as obtained either in the offer to sell and/or purchase and the option to purchase contained in paragraph 42 of this Lease; and
- c) Where the Landlord re-mortgages the Lands or where there is an existing mortgage holder or other holder of instruments of financing or trust deeds on the land, the Landlord shall cause any mortgage holder or other holder of instruments of financing or trust deeds on the Building to enter into a Non-Disturbance Agreement with the Tenant which agreement would acknowledge that the interest holder would not interfere with the Tenant's right to occupy the premises pursuant to the Lease, provided that the Tenant is not in default under the Lease.

Options

Renewal

40. Provided that the Tenant shall have regularly and duly performed all of its obligations under the lease herein, including the timely payment of Rent and Expenses, it shall have an option to renew prior to the expiration of the Term for a further ten (10) year period, with fixed annual minimum rent equal to the current Rent. Upon any renewal, all other terms of the original lease herein shall apply mutatis mutandis.
41. The Tenant shall exercise the option to renew by written notice to the Landlord delivered no less than six (6) months prior to the expiry of the Term, failing which the option to renew shall be null and void and the Tenant shall be obligated to pay a fee of six hundred thousand dollars (\$600,000.00) as a termination fee (the "Termination Fee") which represents the unamortized portion of the original Landlord purchase price for the Lands.

Outright Purchase

42. Provided that the Tenant shall have regularly and duly performed all of its obligations under the lease herein, including the timely payment of Rent and Expenses, it shall have an option, at any time during the Term or any subsequent renewal, to purchase the Demised Premises for an amount equal to One Million Two Hundred Thousand Dollars (\$1,200,000.00), less the amount of Sixty Thousand (\$60,000.00) Dollars per year from the date of the commencement of the Term to the date of exercise of the option contained in this Paragraph 42.

Overholding

43. If the Tenant overholds the Demised Premises without exercising the renewal option outlined in Paragraph 41, the Tenant shall be responsible for the Termination Fee, continued Rent and the Expenses.

General

44. No payment by the Tenant or acceptance by the Landlord of any amount less than the amount due under the lease herein shall be construed as accord or satisfaction on the Landlord's part.
45. Failure by the Landlord to pursue any remedy provided in the lease herein or at law shall in no way be construed as any waiver by the Landlord of its rights.
46. The lease herein is the entire agreement between the parties and is not subject to the terms of any prior or subsequent discussions, representations or promises unless same have been reduced to writing and signed by the parties.
47. In the circumstance of any provision of the lease herein being or becoming unenforceable or invalid, the parties hereby agree that the offending provision shall be severed and that the balance of the lease shall remain in effect.
48. Wherever notice is required under the terms of the lease herein or otherwise, it shall be given in writing by fax or registered mail to the Landlord at:

Mr. Demetri Kachafanas
320 Esplanade
Suite 401
Sydney, Nova Scotia
B1P 7B9

Fax - (902) 563-5137
Email - dkachafanas@cbrm.ns.ca
If to the Tenant:

Blair McKeil
208 Hillyard Street
Hamilton ON L8L 6B6

With a copy to:

James R. Gogan
The Breton Law Group
Suite 300, 292 Charlotte Street
Sydney, NS B1P 1C7
tel 902-563-1000 | fax 902-563-1113
email - Jim@bretonlawgroup.com

49. The Tenant shall have the right at its cost to register a notice of this Lease.

50. This lease shall enure to the benefit of and be binding on the parties and their legal representatives, heirs, executors, administrators, successors and permitted assigns, as the case may be.

51. This lease may be executed in counterparts, each of such counterparts when executed shall constitute an original document, and such counterparts taken together shall constitute one and the same document. The signature of any of the parties may be evidenced by a facsimile or "pdf" copy of this Agreement bearing such signature.

52. This lease herein is governed by the laws of the Province of Nova Scotia.

SIGNATURE PAGE FOLLOWS

DRAFT

IN WITNESS WHEREOF the parties hereto have duly executed this agreement under seal as of the day and year first above written.

SIGNED, SEALED and DELIVERED

in the presence of:

CAPE BRETON REGIONAL MUNICIPALITY

Per: _____

Name: Cecil Clarke

Title: Mayor

Per: _____

Name:

Title:

POINT EDWARD MARINE INC.

Per: _____

Name: Blair McKeil

Title: President

DRAFT

Schedule "A"
Legal Descriptions

PID 15776370

Municipality/County Point Edward/Cape Breton County
Designation of Parcel on Plan: Lot S
Title of Plan: Plan of Subdivision Entitled "Sydport Industrial Park - Phase 1" Sydport, Point Edward, Cape Breton County, Nova Scotia
Registration County: Cape Breton County
Registration Number of Plan: M-2348
Registration Date: October 15, 1990

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 17 December 2012, as Document #102160984.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the existing railway track as depicted on Plan M-2348, filed at the Registry of Deeds Office on October 15, 1990.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114101

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the expropriated lands of Ellen J. Gammell with the line of high water ordinary spring tides, Sydney Harbour;

THENCE From the Point of Beginning so determined, S 20 degrees 30 minutes E a distance of six hundred sixty feet (660 feet) to a point;

THENCE N 43 degrees E a distance of one thousand two hundred twenty feet (1,220 feet) to a point;

THENCE N 51 degrees W a distance of six hundred five feet (605 feet) to its intersection with the line of high water ordinary spring tides, Sydney Harbour;

THENCE Following the said line of high water ordinary spring tides along the expropriated lands of Ellen J. Gammell in a general Southeasterly direction a distance of one thousand eight hundred thirty feet (1,830 feet) more or less, to the Point of Beginning, and containing an area of 12.6 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

Saving and Excepting Parcel I as shown on registered plan no. 101663400 recorded in the Land Registration Office for Cape Breton County.

SAVING AND EXCEPTING any portion of Lot 2012-2, as shown on registered Plan No. 101663400 filed October 2, 2012, that may be within the boundaries of the above described lot.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act
Registration District: CAPE BRETON COUNTY
Registration Year: 2012
Plan or Document Number: 101663400

The MGA compliance statement has been applied by SNSMR during the processing of Land Registration Plan

PID 15169436

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred twenty-eight feet (528 feet) to a point;

THENCE S 33 degrees W a distance of five hundred thirty feet (530 feet) to a point;

THENCE N 57 degrees W a distance of five hundred fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser;

THENCE following the said line of high water ordinary spring tides in a Northeasterly direction along the expropriated lands of Laura Fraser a distance of five hundred seventy feet (570 feet) to the Point of Beginning, and containing an area of 7.02 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-

2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114523

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A CERTAIN parcel of land BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred and twenty-eight feet (528 feet) to a point; said point being the Northeasterly corner of a 7.02 acre water lot expropriated with other lands by the Federal Crown by Instrument No. 11205 at Sydney, Nova Scotia on March 24, 1942;

THENCE S 33 degrees W a distance of five hundred and fifty feet (550 feet) to a point, said point being the Southeasterly corner of the above-mentioned 7.02 acre water lot;

THENCE N 57 degrees W a distance of five hundred and fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser, said point being the Southwesterly corner of the above-mentioned 7.02 acre water lot, as well as being the Northwesterly corner of a 12.60 acre water lot expropriated under Instrument No. 11205 registered at Sydney, Nova Scotia on March 24, 1942;

THENCE S 51 degrees E a distance of six hundred and five feet (605 feet) to a point, said point being the Northeasterly corner of the 12.60 acre water lot mentioned above;

THENCE In a general Southerly direction to the Southwesterly corner of the Jetty lying in front of the above-mentioned 7.02 and 12.60 acre water lots;

THENCE Following along the Southerly face of the Jetty in a general Easterly direction to its Southeasterly corner;

THENCE Following along the Easterly face of the Jetty in a general Northerly direction to its Northeasterly corner;

THENCE Following along the Northerly face of the Jetty in a general Northwesterly direction to its intersection with the Easterly face of the Seaward Defense Wharf;

THENCE In a general Northeasterly direction along the Easterly face of the Seaward Defense Wharf to its Northeasterly corner;

THENCE Along the Northerly face of the said wharf in a general Northwesterly direction to a point where the Northerly face of the said wharf intersects the line of high water, ordinary spring tides, Sydney Harbour;

THENCE In a general Southerly direction along the line of high water, ordinary spring tides, Sydney Harbour to the point of commencement.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID

15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15776388 **

Registration County: CAPE BRETON COUNTY
Street/Place Name: MARINE DRIVE /EDWARDSVILLE
Title of Plan: PLAN OF SUBDIVISION & CONSOLIDATION OF LANDS OF EAST COAST
METAL FABRICATION INC. PID 15776388 & LAURENTIAN ENERGY CORP. INC. PORTION
OF PID 15578420 CREATING LOT RA-2013 MARINE DRIVE, POINT EDWARD, SYDPORT
Designation of Parcel on Plan: LOT RA-2013
Registration Number of Plan: 105611918
Registration Date of Plan: 2014-08-15 15:10:15

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act
or registered under the Land Registration Act
Registration District: CAPE BRETON COUNTY
Registration Year: 2014
Plan or Document Number: 105611918

**Only portion of PID 15776388 to be conveyed.

Schedule "B"



ISSUE PAPER

June 12, 2015

To: Mayor and Council

Port of Sydney Development Strategy

BACKGROUND:

Governance and Operation: Transference of Responsibility for the Port of Sydney

On April 1, 2015 the Port of Sydney Development Corporation was created with a mandate to develop and market the Port of Sydney on behalf of its sole shareholder, the Cape Breton Regional Municipality. With the placement of Marlene Usher as the CEO, it is recommended that the mandate, authority and responsibility for the overall port development, operations and governance be transferred from the Mayor, Council and CBRM Administration, as approved by previous Motion of Council to the Port of Sydney Development Corporation.

Marketing Exclusivity Agreement: Harbor Port Development Partners, Inc. (HPDP)

Harbor Port Development Partners, Inc. (HPDP) was formed specifically to assemble the business consortium required to develop the Port of Sydney. Their intent is to capitalize on the significant natural and strategic advantages that position Sydney as the optimal location to develop a World-class shipping hub for eastern North America. Their mandate is to bring together firms with the necessary financial resources, construction expertise and logistical support skills to fast-track this project.

For the past 16 months HPDP have provided development services for the Port of Sydney; specifically, they have brought finance, engineering, shipping and construction companies to the table to discuss specific port-related projects in the CBRM, including Point Edward Marine Inc. (PEM).

Besides their significant time commitment, HPDP have invested money as well. They have paid for services related to legal engineering graphic design, feasibility and consulting. They have disclosed that their investment to date is in excess of 1.2 million.

This approach for the development of the Port of Sydney is low risk for the CBRM. The actions of HPDP on port development are based on the immense potential of the Sydney Port rather than a client/fee relationship which CBRM has had in the past.

HPDP have advanced the project to a point where they are seeking an agreement from CBRM to be the exclusive developer for the port for a period of two years. This agreement would be in effect for lands known as the “greenfield site” as well as other lands in Sydport referred to as the “backlands” The backlands have yet to be acquired by CBRM and negotiations are underway with Public Works and Government Services Canada.

The exclusivity agreement also contemplates the Development agreement (para. 2 vi). The Development agreement would be exercised when the project has fully materialized. The details for this agreement are subject to negotiation between CBRM and HPDP; however, the agreement contemplates three areas of compensation for CBRM (para. 2 vi [c]):

- A) A lump sum payment to CBRM
- B) An annual lease payment payable to CBRM
- C) A royalty based annual revenue stream based on traffic at the Port.

The timing of this agreement is important as the project is progressing and further travel is required and the phase one feasibility study will be available before the end of this month. HPDP are eager and willing to take next steps however they can only do so under this agreement with the CBRM.

Therefore it is recommended that Harbor Port Development Partners, Inc. be awarded an exclusivity agreement to continue to pursue the development of the Port of Sydney with the Port of Sydney Development Corporation.

Recommendations:

- The mandate, authority and responsibility for the overall port development, operations and governance be transferred from the Mayor, Council and CBRM Administration, as approved by previous Motion of Council to the Port of Sydney Development Corporation.

- Harbor Port Development Partners, Inc. be awarded an exclusivity agreement to continue to pursue the development of the Port of Sydney with the Port of Sydney Development Corporation.



Marlene Usher, CEO Port of Sydney

THIS EXCLUSIVE DEVELOPMENT AGREEMENT made May ____, 2015.

BETWEEN:

CAPE BRETON REGIONAL MUNICIPALITY, a body politic in the Province of Nova Scotia;

(hereinafter called "**CBRM**")

OF THE FIRST PART

- and -

HARBOR PORT DEVELOPMENT PARTNERS INC., a corporation duly incorporated pursuant to the laws of Canada, with a registered office situate at 3940 Cote des Neiges, Suite B92, Montreal, Quebec, Canada H3H 1W2;

(hereinafter called the "**HPDP**")

OF THE SECOND PART

WHEREAS the CBRM is the owner of certain lands identified by PID Nos. 15678253, 15210651, 15210073, 15589567, 15210461, 15378268 and 15545312, commonly known as the Greenfield Site which comprise a portion of the Port of Sydney;

AND WHEREAS CBRM is in the process of acquiring lands in proximity to the Greenfield Site, referred to as Backlands, identified as follows:

Point Edward property:

15031891, 15589575, 15718976, 15589591, 15589617, 15589583, 15589609

AND WHEREAS it is the intention and desire of HPDP to develop the Greenfield Site and, subject to acquisition by CBRM, the Backlands property, into a state of the art container terminal and logistic park for the purpose of linking the Port of Sydney to global cargo markets (the "Project");

AND WHEREAS HPDP has invested considerable time and expense in establishing and maintaining business relationships with viable strategic partners interested in participating in the Project and is desirous of further facilitating development on behalf of CBRM for the advancement of the Project;

AND WHEREAS it is the desire of the parties to document the relationship between CBRM and HPDP.

NOW THEREFORE WITNESSETH IN CONSIDERATION of the sum of One Dollar (\$1.00), and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Exclusive Rights

- (a) CBRM hereby grants to HPDP, subject to the terms and conditions set out herein, sole and exclusive development rights in relation to the advancement of the Project.

2. Duties of HPDP

- (a) HPDP shall use its best efforts to develop a consortium of equity investors, and other necessary entities which would be required to initiate the construction of a container terminal, leading to the eventual operation of the container terminal. Without limiting the foregoing, HPDP shall:

- i. Use its best efforts to develop a consortium of equity partners for development of a state of the art container terminal for the Port of Sydney, and such other collateral developments as may be agreed between the Parties;
- ii. Facilitate completion of a feasibility study as a basis for securing funding for the Project;
- iii. Report with CBRM on a biweekly basis and advise (financial and otherwise) and advise with respect to the planning of the Project;
- iv. Facilitate and mediate discussions between potential investors, developers, operators, and CBRM to assist in establishing timelines in relation to initiating the Project and development process generally;
- v. Initiate cooperative relationships with other international ports and associations;
- vi. Subject to approval of the CBRM Council, finalize a binding agreement between CBRM, HPDP and the strategic partners that will form the basis of commencement of the Project (the "Development Agreement"). For greater certainty, the parties, acting reasonably, agree that the Development Agreement shall only be exercised at a time in which:
 - a. HPDP has identified a viable scheme for the operation of an international container terminal;
 - b. HPDP has delivered associated financial projections and aggregate construction costs;
 - c. The Parties have reached final agreement with respect to the financial return of CBRM on the Project ("CBRM financial return"). It is agreed that the CBRM financial return, shall include, *iter alia* :

1. A lump sum payment at the time of execution of the Development Agreement; and
2. An annual lease payment in relation to the occupation and use of the Greenfield site, and associated lands for the Project; and
3. A royalty based annual revenue stream calculated and based upon throughput associated with the Project.

vii. Perform such other appropriate and necessary services in connection with the Project as HPDP, in good faith, deems appropriate.

- (b) Notwithstanding anything to the contrary herein, HPDP shall not enter into any agreement, contract or arrangement with any person, firm or corporation, or other enterprise imposing any legal obligation or liability of any kind whatsoever on CBRM, unless it has specific authority to do so from CBRM, in writing.

3. Costs and Remuneration

- (a) CBRM acknowledges that HPDP has invested considerable time and expense in relation to the promotion of the Project and shall continue to do so through the duration of this Agreement.
- (b) All funds to be paid hereunder shall be paid in Canadian dollars to be disbursed on closing via wire transfer.

4. Term

- (a) The term of this Agreement shall be for a period of two (2) years (the "Term"). The Agreement may be extended upon both parties agreeing, and acting reasonably, that HPDP has made viable progress but was unable in good faith to finalize the Development Agreement by the end of the initial Term.
- (b) This Agreement may be terminated as follows:
- i. by mutual agreement between the parties; or
 - ii. CBRM may terminate the Agreement for cause.
- (c) Upon termination of this Agreement, or in the event the parties fail to negotiate a Development Agreement, the propriety rights in all work product generated by the efforts of HPDP shall become the sole property of CBRM upon payment by CBRM of all direct costs of HPDP associated with compilation of the data.

5. Relationship

- (a) The relationship of HPDP to CBRM is intended to be and shall be that of an independent contractor. Prior to entering into a Development Agreement, the parties acknowledge and agree that HPDP is not an employee, partner or joint venturer of CBRM. HPDP shall not act or attempt to act, or represent itself, directly or by implication, as an employee, partner or joint venturer of CBRM. HPDP shall in the course of all transactions and in all

correspondence and other documents emphasize its role as the developer of the aforementioned lands on behalf of the owner of these lands, CBRM.

6. Representations of HPDP

(a) HPDP represents and warrants that:

- i. in executing this agreement, it is not presently involved, nor will it involve itself in any conflict of interest situation which would prevent it from acting in CBRM's best interests; and
- ii. it shall disclose to CBRM any beneficial or carried interest HPDP has acquired, or will acquire, in respect of any investor or other strategic partner in relation to the Project; and
- iii. it will not, directly or indirectly, disclose or use, at any time, either during or subsequent to the termination or expiry of this agreement, any secret or any confidential information, knowledge or data of CBRM unless it has been determined by CBRM and HPDP that such disclosure is necessary to further development related to the Project.

7. Disclosure and Confidentiality

(a) CBRM will provide all information deemed relevant, and reasonably required by HPDP, to further development related to the Project.

(b) Each party shall, during the term of this agreement, and thereafter, treat as confidential any and all information learned by the other concerning the business or affairs of the other, and in particular:

- i. not disclose to any third party the terms and conditions of this agreement;
- ii. take proper steps to prevent such disclosure by employees, and
- iii. safeguard all documents against theft, damage or access by unauthorized persons.

8. Dispute Resolution

(a) All disputes, controversy or claims arising out of or in connection with or in relation to the contract, including any question regarding its existence, validity or termination, shall be submitted to and be subject to the jurisdiction of the courts of the Province of Nova Scotia which shall have exclusive jurisdiction in the event of any dispute under this agreement. The parties irrevocably submit to the jurisdiction of such courts to finally adjudicate or determine any suit, action or proceedings arising out of or in connection with this agreement. Alternatively, the parties may agree to submit the matter to arbitration in accordance with the Nova Scotia Commercial Arbitration Act.

9. Assignment

(a) This agreement is not assignable by HPDP, either directly or indirectly.

10. Applicable Law

- (a) This agreement shall be governed by and construed in accordance with the domestic laws of the Province of Nova Scotia.

11. Notice

- (a) Any notice or other documents required or permitted to be given hereunder shall be in writing and shall be delivered, mailed by pre-paid registered mail, return receipt requested or sent by facsimile transmission addressed to the party or parties to whom it is to be given at the address shown below or at such other address or addresses as the party or parties to whom such writing or document is to be given shall have last notified all other parties hereto in accordance with the provisions of this section:

if to HPDP at:

3940 Cote des Neiges
Suite B92
Montreal, Quebec
Canada H3H 1W2

if to CBRM at:

c/o The Breton Law Group
292 Charlotte Street, Suite 300
Sydney, NS B1P 1C7

- (b) Any such notice or other document shall:
- i. if delivered, be deemed to have been given and received at the place of receipt on the date of delivery, provided that if such date is a day other than a business day, such notice or document shall be deemed to have been given and received at the place of receipt on the first business day in the place of receipt, thereafter;
 - ii. if transmitted by facsimile transmission, be deemed to have been given and received at the place of receipt on the next business day in the place of receipt, following the day of sending, and
- (c) In the event of postal disruption, such notices or documents must either be delivered personally or sent by facsimile transmission.

12. Entire Agreement

- (a) This agreement constitutes the entire agreement of all the parties with respect to the subject-matter hereof and, except as stated in this agreement and in the instruments and documents to be executed and delivered pursuant to it, contains all of the representations, undertakings and agreements of all parties respecting the subject-matter hereof. There are no representations, undertakings or agreements of any kind between all the parties respecting the subject-matter hereof except those contained in this agreement.

13. Successors and Assigns

- (a) This agreement shall be binding on and enure to the benefit of the successors of both parties and all persons or corporations succeeding to or acquiring the business now carried on by CBRM or HPDP.

SIGNATURE PAGE FOLLOWS

DRAFT

IN WITNESS WHEREOF the parties hereto have set their hands and affixed their seals the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness

Witness

Witness

Witness

CAPE BRETON REGIONAL MUNICIPALITY

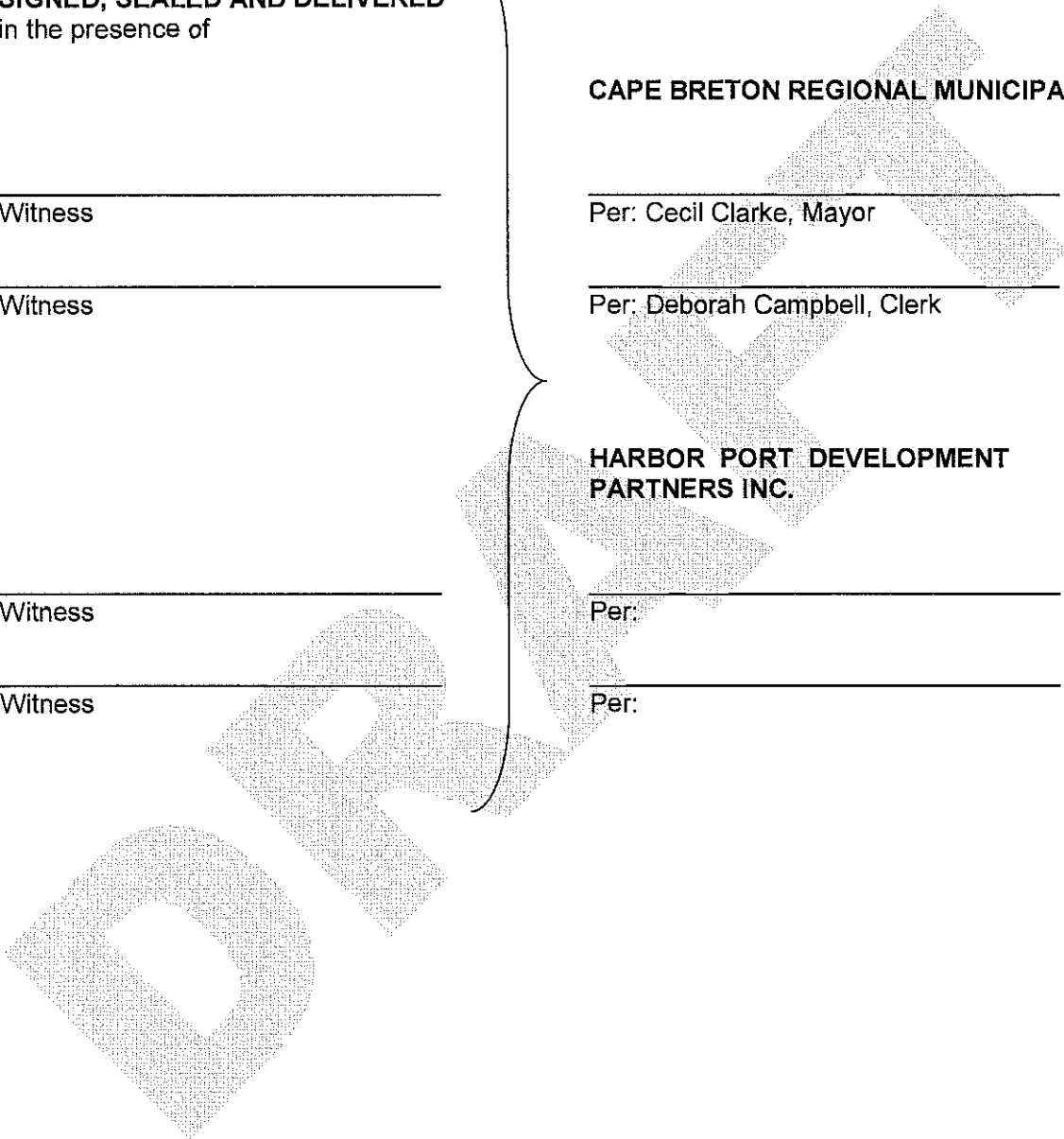
Per: Cecil Clarke, Mayor

Per: Deborah Campbell, Clerk

**HARBOR PORT DEVELOPMENT
PARTNERS INC.**

Per:

Per:



ISSUE PAPER

June 12, 2015

To: Mayor and Council

Port of Sydney Project Proposal

BACKGROUND:

Point Edward Marine Inc. (PEM)

As mentioned in the previous paper, Harbor Port Development Partners was able to attract Point Edward Marine Inc. (PEM), a newly incorporated entity to locate in the Sydport Industrial Park. PEM will provide a full range of marine services including ship docking, storage, ship repair and inspection, ship breaking and floating dry dock services. It will also provide tugboat service which is not currently provided in Sydney Harbour.

The establishment of a marine service company is consistent with the CBRM port development strategy. This type of service offered by PEM would be an essential service required for many port and marine related industries and will be essential to the development of a container terminal facility, which is part of the mandates of Harbor Port Development Partners and the Port of Sydney Development Corporation.

The lease agreement that is being proposed is conditional on the CBRM acquiring certain lands from Sydport Operations and East Coast Metal Fabrication for \$1.2 million, and then leasing these lands at cost plus carrying charges to Point Edward Marine (PEM). PEM will sign a 10 year lease with an option to renew for 10 years however they may buy the lease out during that period and the monthly lease payments would be deducted from the \$1.2 million.

The appraised value of the property in its current condition is approximately \$667,000.00 not including the wharf which was appraised in 2011 at \$356,000.00 by an independent appraiser. The \$1.2 million purchase price and the lease of this property for the same amount reflects a fair market valuation consistent with the MGA as per the Province's Department of Municipal Affairs and CBRM's solicitors on this file.

The 1.2 million paid by CBRM to Sydport Operations Ltd. will be reinvested in their company to improve infrastructure and establish a paint shop. This reinvestment will raise just over \$58,000 in new taxes to the CBRM.

This project is being presented to council as an economic development initiative to grow the Port of Sydney. McKeil Marine (a major partner in the PEM consortium) is proposing to make Sydport its Atlantic Hub. This has the potential for the creation of jobs and also for significant spin off benefits.

By leasing the property to PEM, the CBRM would own the property; and, therefore, it is proposed that the CBRM would not be collecting municipal taxes estimated at \$50,000.00 annually; however, this is more than offset by the new taxes the CBRM will receive through East Coast Metal Fabrication's reinvestment plan. This inducement to PEM is in consideration for the considerable economic benefits that will accrue to the CBRM from this project. They include but are not limited to:

- Significant capital investment by PEM estimated at \$18 million
- Fuel purchase from local companies estimated at \$3-4 million annually
- Provision of tug services, which on cruise traffic alone, would have had a \$3 million increase on the local economy in 2014 alone
- Job creation estimated at over 100+ jobs, direct and indirect, over five years from PEM
- Improved infrastructure at Sydport Wharf
- Expansion of East Coast Metal Fabrication resulting in establishment of a \$1 million paint shop and job creation.

This development that HPDP was able to attract to our municipality will provide a tremendous boost to our economy and our local businesses and it is recommended that council approve the sale of the Sydport properties to the CBRM and the subsequent lease from the CBRM to Edward Marine Inc.

Recommendation:

Approve the sale of the Sydport properties to the CBRM and the subsequent lease from the CBRM to Point Edward Marine Inc.



Marlene Usher, CEO Port of Sydney

THIS AGREEMENT OF PURCHASE AND SALE made June ____, 2015

BETWEEN:

EAST COAST METAL FABRICATION INC., a company incorporated and existing under the laws of Province of Nova Scotia ("ECMF");

OF THE FIRST PART

- and -

SYDPORT OPERATIONS INC., a company incorporated and existing under the laws of Province of Nova Scotia ("SOI");

(hereinafter collectively referred to as the "**Vendor**")

OF THE SECOND PART

- and -

CAPE BRETON REGIONAL MUNICIPALITY, a body corporate and politic in and for the Province of Nova Scotia ("CBRM");

(hereinafter called the "**Purchaser**")

OF THE THIRD PART

WHEREAS ECMF is the owner of certain lands designated PID Nos. 15776370 and 15776388;

AND WHEREAS SOI is the owner of certain lands designated PID Nos. 15114101, 15169436 and 15114523;

AND WHEREAS CBRM is desirous of purchasing the Land from the Vendor on the terms enumerated herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1 - DEFINITIONS

1.01 Whenever used in this agreement and in any certificate, opinion or other document delivered in accordance with or for the purpose of this agreement, unless there is something in the subject matter or content inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (1) Agreement means this Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; "hereof", "hereto", and "hereunder" and similar expressions refer to this Agreement and, when relevant, to any particular article, section or paragraph hereof; "Article", "Section", "Subsection" and "paragraph" mean and refer to the specified Article, Section, subsection or Paragraph of this Agreement;
- (2) Closing means that event which takes place on the Closing Date when the transactions specifically set out in this Agreement shall take place or be concluded;
- (3) Closing Date means June 30, 2015 or such other date as may be agreed to by the parties at which the Closing takes place;
- (4) Common User Area means that area identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, NS filed at the Registry of Deeds office on October 15th, 1990 as Plan No. M-2348 and attached hereto as Schedule "A"
- (5) Land means all of the real property (including the ECMF Land and SOI Land) of the Vendor situate at Sydport Industrial Park (PID Nos. 15114101, 15169436, 15114523, 15776370 and a portion of 15776388) more particularly described in Schedule "A" hereto;
- (6) SOI Land means PID Nos. 15114101, 15169436 and 15114523;
- (7) ECMF Land means PID 15776370 and a portion of PID 15776388 as illustrated in the sketch attached hereto as Schedule "A".

1.02 In this Agreement, words importing the singular include the plural and vice versa; words importing gender include all genders.

1.03 No amendment or modification to this Agreement shall be effective unless the same shall be in writing and executed by the Vendor and Purchaser. No indulgence or forbearance by the Purchaser hereunder shall be deemed to or shall constitute a waiver of the Purchaser's rights to insist on performance in a full and timely manner of all covenants of the Vendor hereunder and such waiver, in order to be binding upon the Purchaser, must be in writing and signed by the Purchaser, and then such waiver shall be effective only in the specific instance; nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

1.04 Article and Section headings are not to be considered part of this Agreement, but are included solely for convenience and are not intended to be full or accurate

descriptions of the content hereof.

- 1.05 The following Schedules are attached hereto and any exhibits or other documents attached to this Agreement are an integral part of this Agreement:
- (1) Schedule "A" – Sketch of portion of PID 15776388 to be conveyed;
 - (2) Schedule "B" - Description of Land;
- 1.06 All of the terms and provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors and permitted assigns as the case may be.
- 1.07 This Agreement shall be construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein. The parties hereto shall submit and attorn to the jurisdiction of the Courts of Nova Scotia and to the Courts of such other jurisdiction (where applicable) as may be appropriate in any action or proceeding arising from or pursuant to this Agreement and any documentation provided for in this Agreement.
- 1.08 The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein contained and such invalid provision or covenant shall be deemed to be severable.
- 1.09 All dollar amounts referred to in this Agreement are in the lawful currency of Canada unless otherwise provided.

ARTICLE 2 - PURCHASE PRICE

- 2.01 Subject to the terms and conditions hereof, and based on the warranties and representations herein, the Purchaser agrees to purchase the Land of the Vendor, as described in Schedule "B", and the Vendor agrees to sell, assign and transfer the Land to the Purchaser.
- 2.02 The Purchaser agrees to pay and the Vendor agrees to accept for the Land the following:
- (1) SOI Land: One dollar (\$1.00)
 - (2) ECMF Land: One million one hundred ninety nine thousand nine hundred ninety nine dollars (\$1,199,999.00)
- 2.03 The Purchaser agrees to pay and the Vendor agrees to accept the payment of the purchase price as follows:
- (1) A deposit of one dollar (\$1.00) on the signing of this Agreement, which amount shall be paid to the Vendor's solicitor in trust;

- (2) The balance of the Purchase Price to be paid by Solicitors' Trust cheque, bank draft or wire transfer at the Closing;

2.04 The following items shall be adjusted as of the Closing Date;

- (1) Interest, rentals and fuel, if any, business occupancy taxes; utility charges; and any taxes levied in respect of or on any of the Land; and

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES - (VENDOR)

3.01 The Vendor warrants and represents to the Purchaser and acknowledge that the Purchaser is relying on such covenants, warranties and representations in connection with the purchase of the Land:

- (1) That the execution and delivery of this Agreement and all other documents contemplated by this Agreement to be executed by or on behalf of the Vendor ("Related Documents") and the consummation of the transactions contemplated hereunder and thereunder, subject to the terms of this Agreement, have been duly authorized by all requisite corporate action on behalf of the Vendor and this Agreement and the Related Documents will each be a valid and binding obligation of the Vendor and enforceable against the Vendor in accordance with their respective terms;
- (2) That the Vendor is properly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation with full power and authority (corporate or otherwise) to own its property and to permit the transactions contemplated by this Agreement;
- (3) That the Vendor has good and marketable title to the Land free and clear of all encumbrances and claims whatsoever, excepting existing easements, which include, but are not limited to, the rights of ingress and egress afforded to various landowners in the Sydport Industrial Park over the Common User Area.
- (4) That the Vendor is in good standing with respect to all of the following legislation:
 - (a) Labour Standards Code (Nova Scotia);
 - (b) Workers' Compensation Act (Nova Scotia);
 - (c) *Income Tax Act* (Canada) insofar as it requires monies to be withheld by the Vendor from the wages and salaries of its employees;
 - (d) Canada Pension Plan and Unemployment Insurance Act;
 - (e) Corporations Registration Act (Nova Scotia); and

- (f) All other legislation, the failure of the Vendor to honor their legal obligation under which could result in a lien or charge arising on the Land herein purchased and sold or the responsibility for which may become the obligation of the Purchaser.
- (5) That no person, firm or corporation has any agreement or right capable of becoming an agreement for the Purchase of any of the Land other than by this Agreement.
- (6) That the Vendor is, and on the Closing Date shall be, a resident of Canada within the meaning of the *Income Tax Act* (Canada).
- (7) That the Vendor has the Land insured against loss or damage by all insurable hazards or risks to their full replacement value and carries liability insurance to reasonable limits, and all such insurance coverage will be continued in full force and effect to and including the Closing Date.
- (8) That the Land is at the Vendor's risk up to and including the Closing Date.
- (9) That there are no actions, suits or proceedings pending or threatened against or affecting the Land to be sold.
- (10) That the Vendor has maintained and shall continue to maintain to the Closing Date the Land in good condition and repair.

ARTICLE 4 - CONDITIONS PRECEDENT TO CLOSING

- 4.01 The Purchaser shall not be obligated to complete the purchase and sale unless on the Closing Date the following conditions shall be satisfied, it being understood that these conditions are conditions precedent to the Closing, included for the exclusive benefit of the Purchaser, and that each or all of them may be waived in whole or in part by the Purchaser at any time prior to the Closing Date by written notice to the Vendor:
- (1) The Vendor has the right to convey good and marketable title to the Land free and clear of all encumbrances, with the exception of existing easements, which include, but are not limited to, the rights of ingress and egress afforded to various landowners in the Sydport Industrial Park over the Common User Area;
 - (2) The Vendor shall make available to the Purchaser all title documents, deeds and releases in its possession or under its control relating to any of the Land;
 - (3) The Vendor shall provide to the Purchaser prior to closing every reasonable opportunity to have access to the Land for the purposes of completing the requisite survey work on PID 15776388, as well as all environmental and engineering due diligence;
 - (4) The Vendor states that all covenants, warranties and representations in this

Agreement are true and correct and the Vendor shall furnish the Purchaser with evidence or further assurances reasonably required by the Purchaser that such is the case;

- (5) From the date of this Agreement to the Closing Date, there shall have been no substantial loss or destruction to the Land, and there shall be no material loss or damage to the Land not fully covered by insurance;
- (6) The Land shall be in a condition not worse than the condition as at the date of execution of this Agreement or as may be required by the terms hereof, and in the event any of the Land are destroyed or damaged, reasonable wear and tear excepted, or not in good working order, the Purchaser shall have the right to complete the purchase of the Land, the purchase price of which shall be reduced by the resulting diminution in value or the cost of repair;
- (7) The Purchaser shall, prior to Closing, have a reasonable opportunity to perform a final examination of the Land;
- (8) The purchase of the Land is conditional upon the subdivision of a portion of PID 15776388, as depicted in Schedule "A", being completed to the satisfaction of CBRM.
- (9) This Agreement is subject to the Purchaser's engineers, or otherwise, ensuring that all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities and fire protection, are in good working order.
- (10) This Agreement is subject to the Purchaser's engineers, or otherwise, completing all necessary environmental due diligence and being satisfied with the same.
- (11) The Vendor warrants that the Land title has been converted from the Registry of Deeds under the *Registry Act* to the Land Registration System under the *Land Registration Act*. The Purchaser is allowed up to and including the Closing Date to investigate the title to this Land which he shall do at his own expense. If prior to the Closing Date any valid objections to title are made in writing to the Vendor, which the Vendor shall be unable to remove, and which the Purchaser will not waive, this Agreement may be terminated and the deposit shall be returned without penalty.

ARTICLE 5 - CLOSING

- 5.01 The Closing shall take place on the Closing Date at the offices of the Breton Law Group, Sydney, NS.

5.02 At the Closing:

- (1) The Vendor shall deliver to the Purchaser valid and effective transfers of the Land by Warranty Deed;
- (2) The Vendor shall deliver to the Purchaser proof that it has taken all corporate steps necessary or, in the opinion of the Purchaser's solicitor, desirable to authorize and effect the sale, including without limiting, an opinion of the Vendor's solicitor to that effect;
- (3) The Vendor shall provide certificates of good standing for the Vendor companies and authorizing resolutions of the Vendor companies for the transactions contemplated herein;
- (4) The Vendor shall deliver to the Purchaser such evidence as counsel for the Purchaser may reasonably require, including but not limited to a bring down certificate, that all warranties and representations contained in this Agreement are true and correct to the Closing Date and that all conditions precedent have been met or complied with;
- (5) The Vendor shall deliver to the Purchaser such assignments of license and leases, if any;
- (6) Subject to the conveyance herein, should the conveyance of the Land attract HST, the Vendor and the Purchaser hereto agree that the Purchaser shall be responsible to pay any HST owing with respect to the Land. The Vendor and the Purchaser hereto agree to:
 - (a) File a joint election to neither collect nor remit HST if possible; or
 - (b) that the Purchaser shall have the right to elect to self remit on HST upon providing proof that the Purchaser is duly registered for HST.
- (7) The Purchaser shall pay to the Vendor the purchase price in accordance with Article 2.02;
- (8) The Vendor shall deliver a Statutory Declaration or such other proof (as determined by the solicitor for the Purchaser) that all HST and employee deductions remittances as well as income tax obligations have been paid by the Vendor to Canada Customs and Revenue Agency (CRA) together with a letter of indemnification from the Vendor to the Purchaser indemnifying the Purchaser for any loss, of whatsoever nature or kind, the Purchaser may suffer as a result of the Vendor's failure to make good on any of its obligations with respect to income tax, HST and/or employee deductions to CRA.

5.03 From time to time subsequent to the Closing Date, the Vendor shall at the request and expense of the Purchaser execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of counsel for the Purchaser, be reasonably required to carry out the intent of this Agreement and to

transfer the Land to the Purchaser.

- 5.04 The Land is to be at the risk of the Vendor until the Closing Date. Pending closing, the Vendor will hold all insurance policies and the proceeds thereof in respect of the Land in trust for the parties as their interests may appear. In the event of damage or destruction to the Land, the Purchaser may either have the proceeds of insurance and complete the purchase or may cancel this Agreement and have all monies theretofore paid returned without interest.

ARTICLE 6 - OBLIGATIONS OF THE PURCHASER

- 6.01 The Purchaser agrees to assume the Vendor's obligation pursuant to any Lease agreements provided the Vendor identifies agreements and notifies all parties to the agreements of the transfer of the Land.

ARTICLE 7 - SURVIVAL OF WARRANTIES AND REPRESENTATIONS

- 7.01 All warranties and representations made by the Vendor and the Purchaser shall be deemed to have been relied upon by the other party notwithstanding any investigations before or after made on their behalf and shall survive the completion of the purchase and sale of the Land and, notwithstanding the Closing, shall continue and remain in full force and effect for the benefit of the parties until fully discharged.
- 7.02 The Vendor shall indemnify and save harmless the Purchaser from and against all damages, losses, costs or expenses which the Purchaser sustains or incurs by reason of any breach of any of the warranties and representations contained in this Agreement.
- 7.03 The Purchaser shall indemnify and save harmless the Vendor from and against all damages, losses, costs or expenses which the Vendor sustains or incurs by reason of any breach of any of the warranties and representations contained in this Agreement.

ARTICLE 8 - ARBITRATION

- 8.01 Any dispute respecting the interpretation of this Agreement or the performance by any part of the obligations contained herein shall be determined by arbitration as herein provided. If the parties hereto involved in any dispute are able to agree to the appointment of one arbitrator, then the dispute shall be determined by such arbitrator. If, however, the parties are not able to agree to a single arbitrator, the dispute shall be determined by the award of a majority of arbitrators, one to be named by each one of the disagreeing parties to any dispute. The arbitrators so chosen shall select one additional arbitrator and their award or decision or the award or decision of the majority of them shall be final and binding. If either of the parties shall neglect or refuse to name its arbitrator within thirty (30) days of a request in writing to do so following the appointment of the arbitrator for the other party, the arbitrator appointed shall act as sole arbitrator, and his decision shall be binding upon the parties hereto. If the arbitrators shall fail to agree and shall fail to

appoint the additional arbitrator, the additional arbitrator shall be appointed by the Company through its solicitor making application to the Supreme Court of Nova Scotia. Each of the parties involved in the dispute shall bear its or their costs of the arbitrator by it. The other expenses of arbitration shall be borne equally by the parties involved in the dispute.

ARTICLE 9 - GENERAL PROVISIONS

- 9.01 Time shall be of the essence of this Agreement.
- 9.02 Any notice required or permitted to be given hereunder shall be sufficiently given if given personally, sent by email, or sent by first class mail, postage prepaid:
- (1) if to ECMF, addressed to Jim Gogan at:
Suite 300, 292 Charlotte Street Sydney, NS B1P 1C7
 - (2) If to the SOI, addressed to Jim Gogan at:
Suite 300, 292 Charlotte Street Sydney, NS B1P 1C7
 - (3) If to CBRM, addressed to Jim Gogan at:
Suite 300, 292 Charlotte Street Sydney, NS B1P 1C7
 - (4) Any party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the date of giving of such notice the address therein specified shall be deemed to be the address of such party for the giving of notices hereunder.
- In the case of notice given by mail, such notice shall be deemed to be received on the third business day following mailing.
- 9.03 This Agreement shall enure to the benefit of and be binding upon the Vendor and Purchaser and their respective heirs, executors, administrators, successors and assigns.
- 9.04 This Agreement shall be construed and shall only be construed in accordance with the laws of the Province of Nova Scotia.
- 9.05 No public announcement or press release concerning the purchase and sale herein provided shall be made by the Vendor or the Purchaser without the consent and joint approval of the Vendor and Purchaser.
- 9.06 Words importing the singular number only include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and words importing persons include firms, corporations and vice versa.
- 9.07 Purchaser and the Vendor agree that this Agreement may be communicated by a

facsimile transmission and that when signed by all parties, this Agreement shall be binding on all parties.

SIGNATURE PAGE FOLLOWS

DRAFT

ARTICLE 10 - EXECUTION

10.01 **IN WITNESS WHEREOF** the parties hereto have executed These Presents the day and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

Witness

Witness

Witness

Cape Breton Regional Municipality

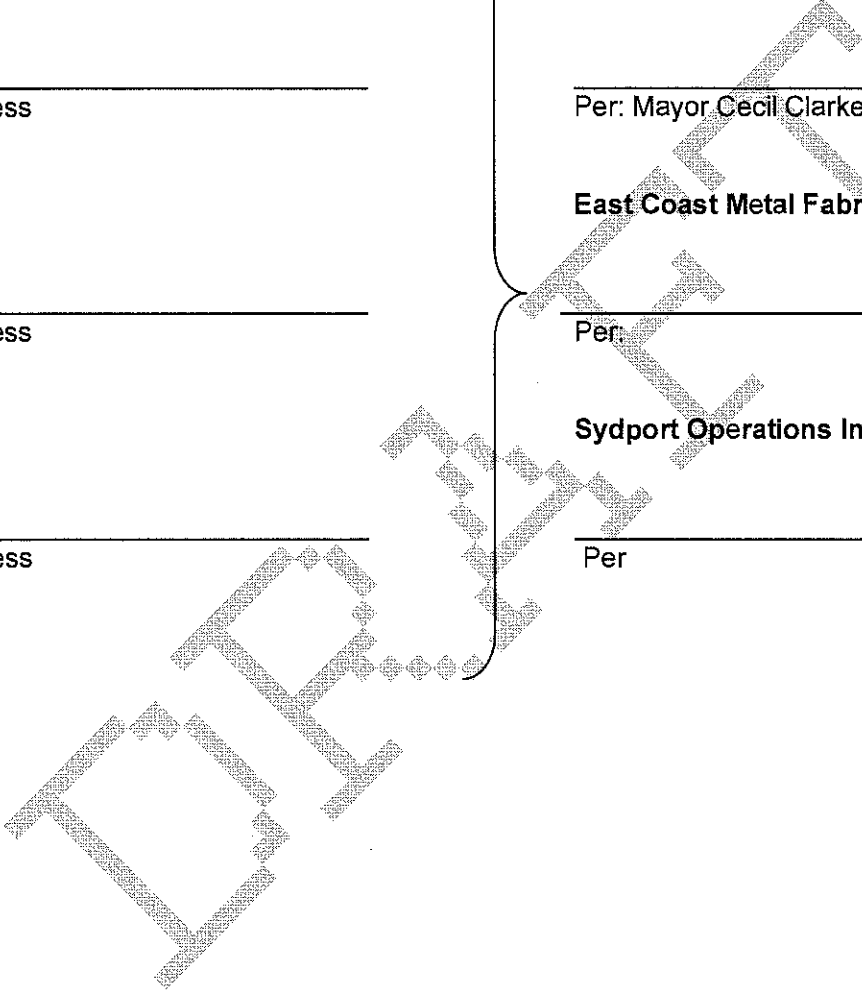
Per: Mayor Cecil Clarke

East Coast Metal Fabrication Inc.

Per:

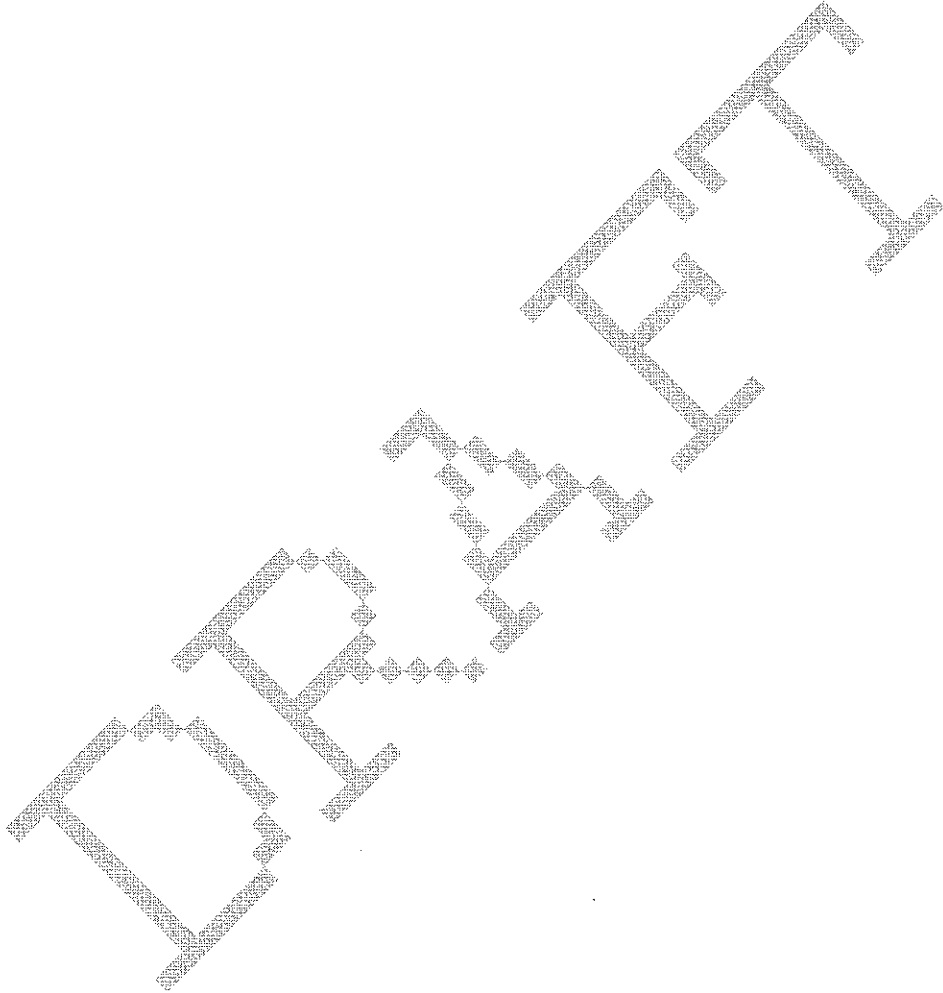
Sydport Operations Inc.

Per

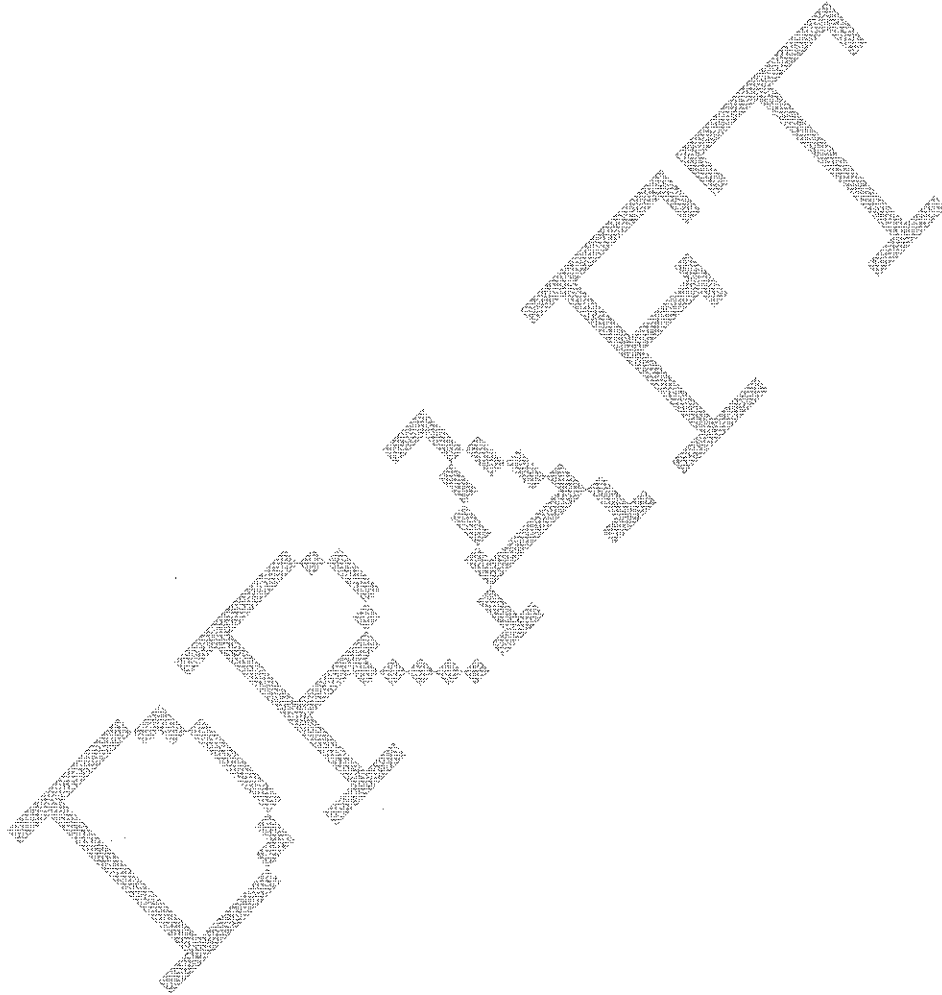


Schedule "A"

**Plan entitled Sydport Industrial Park-Phase 1, Point Edward, NS filed at the Registry
of Deeds office on October 15th, 1990 as Plan No. M-2348**



Schedule "B"
Sketch



Schedule "C"
Legal Descriptions

PID 15776370

Municipality/County Point Edward/Cape Breton County
Designation of Parcel on Plan: Lot S
Title of Plan: Plan of Subdivision Entitled "Sydport Industrial Park - Phase 1" Sydport,
Point Edward, Cape Breton County, Nova Scotia
Registration County: Cape Breton County
Registration Number of Plan: M-2348
Registration Date: October 15, 1990

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 17 December 2012, as Document #102160984.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the existing railway track as depicted on Plan M-2348, filed at the Registry of Deeds Office on October 15, 1990.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114101

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the

expropriated lands of Ellen J. Gammell with the line of high water ordinary spring tides, Sydney Harbour;

THENCE From the Point of Beginning so determined, S 20 degrees 30 minutes E a distance of six hundred sixty feet (660 feet) to a point;

THENCE N 43 degrees E a distance of one thousand two hundred twenty feet (1,220 feet) to a point;

THENCE N 51 degrees W a distance of six hundred five feet (605 feet) to its intersection with the line of high water ordinary spring tides, Sydney Harbour;

THENCE Following the said line of high water ordinary spring tides along the expropriated lands of Ellen J. Gammell in a general Southeasterly direction a distance of one thousand eight hundred thirty feet (1,830 feet) more or less, to the Point of Beginning, and containing an area of 12.6 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

Saving and Excepting Parcel I as shown on registered plan no. 101663400 recorded in the Land Registration Office for Cape Breton County.

SAVING AND EXCEPTING any portion of Lot 2012-2, as shown on registered Plan No. 101663400 filed October 2, 2012, that may be within the boundaries of the above described lot.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled

Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act
Registration District: CAPE BRETON COUNTY
Registration Year: 2012
Plan or Document Number: 101663400

The MGA compliance statement has been applied by SNSMR during the processing of Land Registration Plan

PID 15169436

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred twenty-eight feet (528 feet) to a point;

THENCE S 33 degrees W a distance of five hundred thirty feet (530 feet) to a point;

THENCE N 57 degrees W a distance of five hundred fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser;

THENCE following the said line of high water ordinary spring tides in a Northeasterly direction along the expropriated lands of Laura Fraser a distance of five hundred seventy feet (570 feet) to the Point of Beginning, and containing an area of 7.02 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision
Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114523

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A CERTAIN parcel of land BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred and twenty-eight feet (528 feet) to a point; said point being the Northeasterly corner of a 7.02 acre water lot expropriated with other lands by the Federal Crown by Instrument No. 11205 at Sydney, Nova Scotia on March 24, 1942;

THENCE S 33 degrees W a distance of five hundred and fifty feet (550 feet) to a point, said point being the Southeasterly corner of the above-mentioned 7.02 acre water lot;

THENCE N 57 degrees W a distance of five hundred and fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser, said point being the Southwesterly corner of the above-mentioned 7.02 acre water lot, as well as being the Northwesterly corner of a 12.60 acre water lot expropriated under Instrument No. 11205 registered at Sydney, Nova Scotia on March 24, 1942;

THENCE S 51 degrees E a distance of six hundred and five feet (605 feet) to a point, said point being the Northeasterly corner of the 12.60 acre water lot mentioned above;

THENCE In a general Southerly direction to the Southwesterly corner of the Jetty lying in front of the above-mentioned 7.02 and 12.60 acre water lots;

THENCE Following along the Southerly face of the Jetty in a general Easterly direction to its Southeasterly corner;

THENCE Following along the Easterly face of the Jetty in a general Northerly direction to its Northeasterly corner;

THENCE Following along the Northerly face of the Jetty in a general Northwesterly direction to its intersection with the Easterly face of the Seaward Defense Wharf;

THENCE In a general Northeasterly direction along the Easterly face of the Seaward Defense Wharf to its Northeasterly corner;

THENCE Along the Northerly face of the said wharf in a general Northwesterly direction to a point where the Northerly face of the said wharf intersects the line of high water, ordinary spring tides, Sydney Harbour;

THENCE In a general Southerly direction along the line of high water, ordinary spring tides, Sydney Harbour to the point of commencement.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15776388 **

Registration County: CAPE BRETON COUNTY

Street/Place Name: MARINE DRIVE /EDWARDSVILLE

Title of Plan: PLAN OF SUBDIVISION & CONSOLIDATION OF LANDS OF EAST COAST METAL FABRICATION INC. PID 15776388 & LAURENTIAN ENERGY CORP. INC. PORTION OF PID 15578420 CREATING LOT RA-2013 MARINE DRIVE, POINT EDWARD, SYDPORT

Designation of Parcel on Plan: LOT RA-2013

Registration Number of Plan: 105611918

Registration Date of Plan: 2014-08-15 15:10:15

*** Municipal Government Act, Part IX Compliance ***

Compliance:

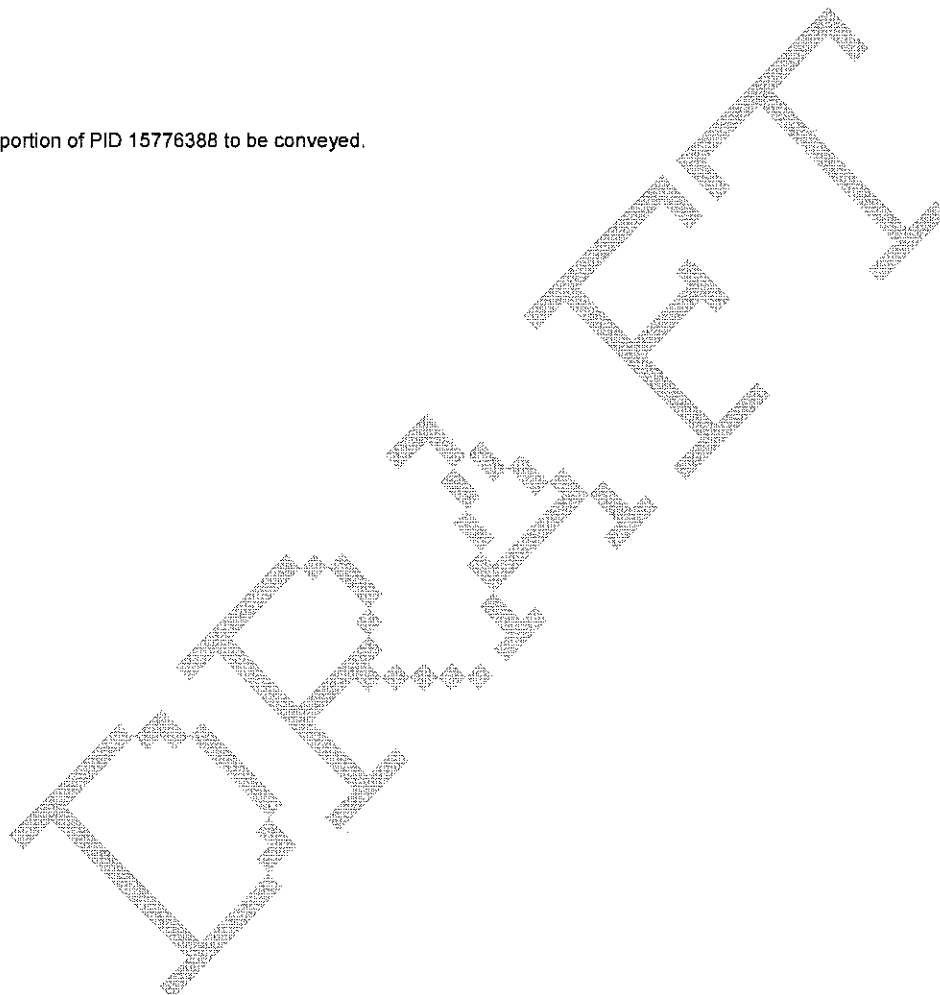
The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act

Registration District: CAPE BRETON COUNTY

Registration Year: 2014

Plan or Document Number: 105611918

****Only portion of PID 15776388 to be conveyed.**



THIS LEASE AGREEMENT made this ____ day of June, 2015.

BETWEEN:

CAPE BRETON REGIONAL MUNICIPALITY, a body politic in the Province of Nova Scotia;

(hereinafter called "Landlord")

OF THE FIRST PART

- and -

POINT EDWARD MARINE INC., a body corporate incorporated pursuant to the laws of the Province of Nova Scotia;

(hereinafter called "Tenant")

OF THE SECOND PART

WHEREAS the Landlord is the owner of certain lands and improvements located in the Sydport Industrial Park, Edwardsville, Nova Scotia;

AND WHEREAS the Landlord is authorized to lease real property owned by it to a third party at market value pursuant to s. 50(5)(c) of the Municipal Government Act;

AND WHEREAS the Tenant wishes to lease the lands and improvements for industrial and general warehouse use, along with the provision of marine services, ship docking, storage, ship repair and inspection, shipbreaking and floating dry-dock services;

NOW THEREFORE IN CONSIDERATION of the rents, obligations, covenants, agreements and undertakings contained herein to be rendered, performed and/or fulfilled, the parties agree as follows:

DEFINITIONS

1. In this lease:

- a) "**Act**" means the Municipal Government Act S.N.S. 1998, c. 18
- b) "**Building(s)**" means the buildings currently located on the Lands, including the interior and exterior walls, the foundation, the floors, the roof support columns, the roof, the fixtures, and the services to the building, but not the Lands;
- c) "**Demised Premises**" means the Building and the Lands;

- d) "**Expenses**" mean the expenses outlined in Paragraph 12 herein;
- e) "**Fair Market Value**" means the market value of the Demised Premises as evidenced by the acquisition cost to the Landlord of Demised Premises from an arm's length third party;
- f) "**Lands**" means the lands located in the Sydport Industrial Park, Edwardsville, Nova Scotia being all of PIDs 15776370, 15114101, 15169436, 15114523 and a portion of PID 15776388, more particularly described in Schedule "A", and containing approximately 23.9 acres and further depicted as outlined in blue on the sketch attached hereto as Schedule "B"
- g) "**Rent**" means the rent as outlined in Paragraph 10 herein;
- h) "**Real Property Taxes**" means all real estate taxes, public and local improvement rates, school taxes, imposts, charges, levies, rates, and duties assessed against the Lands by any government authority;
- i) "**Significant Damage**" means extensive damage to the Demised Premises which materially prevents the Tenant from carrying on its business providing marine services, ship docking, storage, ship repair and inspection, shipbreaking and floating dry-dock services;
- j) "**Structural Repairs**" means repairs to the foundation, exterior walls, roof support columns and/or roof of the Buildings not attributable to the negligent actions of the Tenant;

Demise and Quiet Enjoyment

2. The Landlord hereby demises to the Tenant the Demised Premises, on a net lease basis save and except for any other obligations of the Landlord stated herein and save and except for HST on Rent, which is the Tenant's obligation herein, the Landlord shall be responsible for the payment of all taxes associated with this Lease, including but not limited to realty taxes, any and all personal taxes, capital gains, income, capital, large corporation, corporate, capital levy, capital stock, profits, excess profits, transfer, revenue, estate, partnership, inheritance, gift, devolution or succession taxes and the Tenant hereby accepts the demise and its obligations as outlined in the lease herein.
3. The Landlord represents and warrants to the Tenant that the Landlord is the owner of the Demised Premises and that the Landlord has full power and authority to enter into the lease herein. The Landlord further represents and warrants to the Tenant that the Demised Premises are zoned Sydport/Sysco Industrial Park (SIP) and that there are no outstanding work orders.
4. The Landlord covenants with Tenant that the Tenant shall and may peaceably hold and enjoy the Demised Premises for the Term hereby demised without hindrance or interruption by the Landlord or other person or persons claiming by, through or under the Landlord, subject nevertheless to the terms and conditions of the lease.

Term, Renewal, Permitted Use and Deposit

5. The Tenant shall lease the Demised Premises for the period of ten (10) years (the "Term"). The Term shall commence thirty (30) days following the satisfaction, or waiver, of the following conditions, or another date as mutually agreed upon between the parties (the "Commencement Date"):
 - a) the Tenant's review and acceptance, in its sole discretion, of the environmental condition of the Demised Premises, based on a Phase I Environmental Assessment and Phase II Environmental Assessment (if recommended by the Phase I Environmental Assessment), the cost of which environmental assessments, as applicable, will be shared equally by the Landlord and Tenant. The Phase II Environmental Assessment being attached hereto as Schedule "C";
 - b) the subdivision of PID 15776388 – it being understood that all costs associated with this subdivision shall be at the expense of the Landlord; and
 - c) the acquisition by the Landlord of the Demised Premises from Sydport Operations Inc. and East Coast Metal Fabrication Inc.
6. The Tenant shall have the right to enter the Demised Premises upon execution of this lease to begin due diligence listed in Paragraph 5, fit-up work and to store inventory or equipment, provided that the Tenant shall not interfere with any leasehold improvement work and the Tenant shall not be obligated to pay Expenses or Rent.
7. The Tenant shall not be obligated to pay a deposit.
8. The Demised Premises may be used for any lawful purpose permitted by local zoning by-laws from time to time, including but not limited to the provision of marine services, ship docking, storage, ship repair and inspection, shipbreaking and floating dry-dock services (the "Permitted Uses"), along with all necessary purposes ancillary to the Permitted Uses.
9. The Tenant shall not use or allow the use of the Demised Premises for any residential purpose, any illegal activity, any activity in contravention of the applicable land use controls, any activity in contravention of environmental statutes or regulations and/or any activity which would render the Tenant's or Landlord's insurance void or voidable.

Rent

10. The Tenant shall pay to the Landlord, Rent of Ninety Thousand (\$90,000.00) Dollars plus HST, if applicable, per annum for the Term of the Lease. Rent shall be payable in equal monthly installments of Seven Thousand Five Hundred (\$7,500.00) Dollars, payable in advance commencing on the first day of the Term.
11. The Rent shall be directed to the capital reserve fund of the Landlord created pursuant to s. 99(3)(a) of the Act.

Expenses to Be Paid by Tenant

12. Beginning on the Commencement Date, and continuing throughout the Term, and any period of overholding, the Tenant shall promptly pay any and all Expenses relating to the Demised Premises including:

- a) all charges for utilities relating to the Demised Premises including water, sewer, trash removal, electricity, gas, oil, telephone;
- b) all premiums for Tenant's insurance as arranged by the Tenant in accordance with paragraph 14 hereof;
- c) all fees for snow removal from the private road portion of the Demised Premises, landscaping and security monitoring services;
- d) all fees and disbursements for any repairs or changes to the Demised Premises as required by the Landlord or Tenant's insurer, except such repairs or changes which form part of the Landlord's obligations herein;
- e) all reasonable charges by the Landlord to effect any repair or perform any obligation of the Tenant which the Tenant has refused or is unable to perform, provided that the Landlord has provided five (5) days written notice and, in response thereto, the Tenant has not commenced to perform the work or obligation and is not diligently proceeding with the completion thereof;
- f) all taxes, fees or charges relating to the Tenant's occupation of the Demised Premises, save and except those of a personal nature to the Landlord, including Real Property Taxes and all other expenses and/or costs that are otherwise specifically stated herein as being part of the Landlord's obligations; and
- g) all amounts due for HST on the Rent.

Insurance

13. The Landlord shall maintain, at the Landlord's expense:

- a) fire insurance (including standard extended coverage endorsement perils and leakage from fire protective devices) in such amounts and on such terms and conditions as would be carried by a prudent owner of a similar building, having regard to the size, age and location of the Buildings.
- b) broad form comprehensive boiler and machinery insurance on a blanket repair and replacement basis, with limits for each accident in an amount not less than the full replacement costs of the property, with respect to any boilers and machinery in the Demised Premises or relating to or serving the Demised Premises.
- c) an all risks policy of insurance with respect to the Demised Premises to insure against loss to property, liability to third parties with a single occurrence limit of not less than five million dollars (\$5,000,000), rental loss and such other incidental coverage as may be recommended by the Landlord's insurance agent, such policy not to include contents or the Tenant's trade fixtures.

14. The Tenant shall, at their own expense, maintain a comprehensive general liability policy with respect to the Demised Premises for the Term with a single occurrence limit of not less than five million dollars (\$5,000,000). The Tenant shall arrange for the Landlord and

its mortgagee to be named as insureds under the Tenant's policy and for copies of the policy to be delivered to the Landlord at the commencement of each policy year. The Tenant shall also be responsible for insuring contents or the Tenant's trade fixtures.

15. All public liability insurance shall contain a provision for cross liability or severability of interest as between the Landlord and the Tenant. All the foregoing property policies shall contain a waiver of any right of subrogation or recourse by the Tenant's insurers against the Landlord or its contractors, agents and employees, whether or not any loss is caused by the act, omission or negligence of the Landlord, its contractors, agents or employees. The Tenant shall obtain, from the insurers under the building coverage, undertakings to notify the Landlord in writing at least thirty (30) days prior to any cancellation thereof. The Tenant shall furnish to the Landlord, upon written request, certificates of all such policies. The Tenant agrees that if the Tenant fails to take out or to keep in force such insurance or to provide a certificate of every policy and evidence of continuation of coverage as herein provided, the Landlord shall have the right to take out such insurance and to pay the premium thereof and, in such event, the Tenant shall pay to the Landlord the amount paid as premium plus fifteen percent (15%), which payment shall be deemed to be an Expense payable on the first day of the next month following the said payment by the Landlord.

Liability and Indemnity

16. Except with respect to the obligations expressly assumed by the Landlord under the terms of the lease herein, the Landlord assumes no responsibility to the Tenant.
17. The parties agree to the following during the Term and any subsequent renewals of this Lease:
 - a) **Tenant's Indemnity** – Subject to any environmental contaminant, pollutant or toxic substance disclosed in the Phase I and Phase II Environmental Reports, existing as at the Commencement date of this Lease for which the Landlord indemnifies the Tenant and except with respect to any claim arising from the Landlord's own negligence or willful and wrongful act, or failure by the Landlord to repair or replace as required under the lease herein, the Tenant hereby indemnifies the Landlord and holds it harmless against any claim, damages, loss, compensation or remedy, by a third party, arising from the Tenant's occupation of the Demised Premises, including without limitation any claim that results from any violation of any environmental law or regulation.
 - b) **Landlord's Indemnity** – The Landlord shall indemnify and save the Tenant harmless from any environmental contaminant, pollutant or toxic substance disclosed in the Phase I and Phase II Environmental Reports existing as at the Commencement date of this Lease, and shall further indemnify the Tenant with respect to any claims, actions, suits, fines, sanctions, remediation orders, or demands of any kind whatsoever with respect to any such contaminant, pollutant or toxic substance on or in the Demised Premises as at the Commencement date and contained in the aforementioned reports. It is understood and agreed that the Landlord shall bear sole responsibility and expense for the clean-up, remediation and/ or removal of any such contaminant, pollutant or toxic substance if ordered by a governmental authority having jurisdiction to do so and shall be further

responsible for any consequential damages claimed by any third party with respect thereto.

- c) The Tenant will provide as a Schedule to this Lease, the current Environmental Assessment Phase II Report for the Demised Premises. The parties agree that this report accurately sets out the environmental condition of the demised Premises as of the commencement date of this Lease.

For greater certainty, the parties agree that the indemnities contained in this Paragraph 17 shall not survive the exercising by the Tenant of the purchase option contained in Paragraph 42.

Repair and Maintenance

- 18. The Landlord makes no representations regarding the condition of the Demised Premises and assumes no responsibility for any repairs to any portion of the Demised Premises during the Term. The Tenant, in the same manner and extent as a prudent owner, shall maintain the Demised Premises. The Tenant shall be responsible for all required repairs and maintenance to the Demised Premises excepting any damage or wear and tear to the wharf that was not caused by the negligent actions of the Tenant or those parties to which the Tenant is responsible for, at law.
- 19. For greater certainty, the Parties hereto acknowledge the current deteriorated condition of the wharf facilities and neither party shall bear the responsibility for maintenance, upkeep or repair of such wharf facilities during the Term or any subsequent renewals.
- 20. At all times, the Tenant shall, at its own expense, maintain the interior and exterior of the Building and the Lands in a presentable condition, fair wear and tear accepted, and will arrange for cleaning, snow removal, garbage removal, landscaping and such other services as required.
- 21. The Tenant shall also be responsible for any Structural Repairs and replacement of capital infrastructure, including, but not limited to electrical and plumbing fixtures.
- 22. The Tenant agrees with the Landlord as follows:
 - a) The Landlord and its employees or agents shall be entitled at all reasonable times during normal business hours and upon twenty four (24) hours' notice, save and except any time in the case of any real or apprehended emergency, to enter and examine the state of maintenance and repair of the Leased Premises and to do such acts or things as may be necessary or advisable to prevent or abate damage or injury to the Demised Premises or any adjoining lands;
 - b) The Tenant shall be liable for all destruction or damage of property of the Landlord or others caused by any defect, failure or want of repair of anything for the condition and repair of which the Tenant is responsible under Paragraphs 18-21;
 - c) If the Tenant fails to make a repair within a reasonable period of time, the Landlord may make such repair on the Tenant's behalf, and all expense incurred

by the Landlord in so doing plus ten percent (10%) shall be reimbursed to it by the Tenant on demand, provided that except in cases of real or apprehended emergency or where any destruction, damage, risk or material inconvenience affecting any part of the Demised Premises exists or might ensue failing an immediate repair, the Landlord shall first give written notice to the Tenant requiring the Tenant to so repair.

23. In the event the Demised Premises suffers Significant Damage the Tenant shall have the option to terminate the Lease immediately upon written notice to the Landlord and upon paying any outstanding Expenses and Rent under the Lease up to the date that the Demised Premises suffered Significant Damage and PROVIDED that the damage was not caused by the negligence of the Tenant, its agents, contractors, employees and /or its representatives and the Tenant shall not be obligated to pay the Termination Fee stated herein.

Tenant Improvements and Signs

24. The Tenant may, upon obtaining the written approval of the Landlord, which approval shall not be unreasonably withheld, make leasehold improvements to the non-structural portions of the Building at its own expense. Any improvement made without the Landlord's written consent shall be immediately removed by the Tenant at its own expense. Upon expiry of the Term or the termination of the Lease herein, whichever occurs first, the Tenant shall not have any obligation to restore the Demised Premises or remove any leasehold improvements provided that such leasehold improvements, alterations, decorations or additions were installed with the Landlord's consent.
25. The Tenant shall have the right to install fencing around the perimeter of the Demised Premises, and install or implement any security systems or measures it deems necessary at its sole discretion, cost and expense, subject, however, to any easements, rights of way or common user lands as may be referenced or described in the legal descriptions of the Lands.
26. The Tenant shall ensure that no liens are registered against the Lands arising from the provision of materials or services by a contractor to the Tenant. In the event that the Tenant is in breach of this provision and a lien is registered, the Tenant must immediately arrange for the removal of same from title to the Lands.
27. The Tenant may erect signs on the Demised Premises at its own expense. Any signs erected by the Tenant shall be in compliance with local laws and shall be removed at the Tenant's expense at the earlier of the end of the Term or the termination of the lease herein.

Entry by Landlord

28. The Landlord shall be allowed unfettered access to the Demised Premises, upon delivery of twenty four (24) hours' notice, for the purpose of performing an inspection, provided the Landlord does not interfere with the Tenant's business. In case of emergency, the tenant hereby waives the notice requirement and the Landlord shall be provided with immediate access.

29. In order to make any improvement or repair to the Demised Premises, the Landlord may suspend or interrupt the supply of services or utilities, provided however, that the Landlord shall exercise this right reasonably and with minimal inconvenience to the Tenant, and upon at least twenty four (24) hours' notice from the Landlord, excepting emergency situations.

Landlord's Remedies

30. Without in any way detracting from the Tenant's obligations herein, if the Tenant refuses or is unable to perform its duties under the lease herein or at law and, upon written notice from the Landlord which is reasonable in the circumstances, the Tenant has not commenced to perform its duties or is not proceeding diligently, the Landlord shall be entitled to perform same on the Tenant's behalf and receive compensation from the Tenant for the amount expended, plus a fee of ten percent (10%) of the cost of the work done and charged to the Landlord.

31. The Landlord shall be at liberty to re-enter the Demised Premises and/or terminate the lease herein, as it sees fit, upon the occurrence of any one of the following events:

- a) the Tenant is in default of payment of Rent for a period of fifteen (15) days following written notice by the Landlord and has failed to respond to the notice provided;
- b) the Tenant is in default of any of its obligations under the lease herein and has failed to rectify same within ten (10) days of receiving the Landlord's notice, or such longer time as is reasonable under the circumstances, unless the Tenant has commenced and is proceeding diligently to rectify the default;
- c) the Tenant is insolvent, commits an act of bankruptcy, makes a proposal to its creditors, makes an assignment in bankruptcy, receives a petition in bankruptcy, is wound-up, dissolved or liquidated;
- d) any of the chattels located on the Demised Premises are seized by a creditor of the Tenant in satisfaction of judgment;
- e) a lien is registered against the Lands or the Tenant's leasehold interest relating to goods or services provided to the Lands at the Tenant's request, which is not removed by the Tenant in a reasonable time, being ten (10) days from the date that the Tenant would have received notice from the Landlord;
- f) the Tenant changes the use of the Demised Premises beyond the Permitted Use authorized in the lease herein; or
- g) the Tenant or Landlord receives notice that adequate insurance coverage is unavailable to either one of them in the market with respect to the Demised Premises.

32. Upon default by the Tenant in accordance with this lease and whether or not the Landlord exercises its right to terminate the lease as provided for in this lease, the Landlord may re-enter upon the Demised premises and perform such improvements and repairs as it deems fit in order to re-let. Any repairs, improvements, or costs associated

with the re-letting of the Demised Premises shall be incurred by the Landlord solely in its capacity as agent for the Tenant.

33. The Tenant acknowledges the Landlord's right to distrain upon chattels located at the Demised Premises and hereby waives and renounces any legal defence it may have available to it to prevent the Landlord from pursuing the dual remedies of termination and distraint.

Re-Letting and Surrender

34. During the six (6) month period prior to the expiry of the Term, re-entry by the Landlord, or upon the termination of the lease herein, whichever comes first, the Landlord and its agents shall be entitled to exhibit the Demised Premises to potential tenants. Such exhibiting shall be without interference by the Tenant and without interference to the Tenant's business.
35. Upon the expiry of the Term or the termination of the lease herein, whichever occurs first, the Tenant shall surrender up the Demised Premises in good repair. The Landlord shall be entitled to perform inspections and to retain agents to perform inspections. If the Demised Premises exhibit damage above and beyond reasonable wear and tear, the Landlord shall be entitled to perform repairs, on the Tenant's behalf and at the Tenant's expense. Such repairs shall only be performed upon reasonable notice to the Tenant and provided that the Tenant has not commenced to repair the damage and is proceeding diligently to complete such repairs.
36. Upon the expiry of the Term and having performed all of its obligations under the lease herein, the Tenant shall be entitled to remove its equipment, inventory and trade fixtures. The Tenant shall repair any damage caused by the removal of its equipment, inventory and trade fixtures.
37. Upon expiry of the Term or the termination of the Lease herein, whichever occurs first, the Tenant shall not have any obligation to restore the Demised Premises or remove any leasehold improvements provided that such leasehold improvements, alterations, decorations or additions were installed with the Landlord's consent.

Subletting and Disposition

38. The Tenant shall be at liberty to sublet all or any part of the Demised Premises to any subsidiary, affiliate or successor to the assets or business of the Tenant. The Tenant shall not assign, pledge or sublet any portion of the Demised Premises to any other party without first obtaining the written consent of the Landlord, which consent may be unreasonably withheld by the Landlord in its sole discretion. Any assignment, pledge or subletting of any portion of the Demised Premises shall in no way derogate from or be construed as a release of the Tenant from its on-going liabilities under the lease herein. The Tenant agrees to provide whatever financial and other documentation the Landlord requires and to pay the Landlord's fees relating to the assignment, pledge or subletting.
39. It is understood and agreed that during the tenure of this Lease and any extensions or renewals thereof:

- a) the Tenant shall have the right of First Refusal to purchase the Demised Premises and the Landlord shall notify the Tenant in writing, of any offer to sell and/or purchase made to or by any bona fide arm's length third party, and acceptable by the Landlord and the Landlord shall provide the Tenant with a copy of the said offer to sell and/or purchase. The Tenant shall then have ten (10) days from receipt of such notice in writing from the Landlord to exercise its right of First Refusal subject to paragraph 42 – Outright Purchase and provided that the Tenant shall not have been in default at the time that such notice is given;
- b) Notwithstanding the foregoing it is understood and agreed that the Tenant shall have the option to exercise its right of First Refusal in accordance with the better terms as obtained either in the offer to sell and/or purchase and the option to purchase contained in paragraph 42 of this Lease; and
- c) Where the Landlord re-mortgages the Lands or where there is an existing mortgage holder or other holder of instruments of financing or trust deeds on the land, the Landlord shall cause any mortgage holder or other holder of instruments of financing or trust deeds on the Building to enter into a Non-Disturbance Agreement with the Tenant which agreement would acknowledge that the interest holder would not interfere with the Tenant's right to occupy the premises pursuant to the Lease, provided that the Tenant is not in default under the Lease.

Options

Renewal

40. Provided that the Tenant shall have regularly and duly performed all of its obligations under the lease herein, including the timely payment of Rent and Expenses, it shall have an option to renew prior to the expiration of the Term for a further ten (10) year period, with fixed annual minimum rent equal to the current Rent. Upon any renewal, all other terms of the original lease herein shall apply mutatis mutandis.
41. The Tenant shall exercise the option to renew by written notice to the Landlord delivered no less than six (6) months prior to the expiry of the Term, failing which the option to renew shall be null and void and the Tenant shall be obligated to pay a fee of six hundred thousand dollars (\$600,000.00) as a termination fee (the "Termination Fee") which represents the unamortized portion of the original Landlord purchase price for the Lands.

Outright Purchase

42. Provided that the Tenant shall have regularly and duly performed all of its obligations under the lease herein, including the timely payment of Rent and Expenses, it shall have an option, at any time during the Term or any subsequent renewal, to purchase the Demised Premises for an amount equal to One Million Two Hundred Thousand Dollars (\$1,200,000.00), less the amount of Sixty Thousand (\$60,000.00) Dollars per year from the date of the commencement of the Term to the date of exercise of the option contained in this Paragraph 42.

Overholding

43. If the Tenant overholds the Demised Premises without exercising the renewal option outlined in Paragraph 41, the Tenant shall be responsible for the Termination Fee, continued Rent and the Expenses.

General

44. No payment by the Tenant or acceptance by the Landlord of any amount less than the amount due under the lease herein shall be construed as accord or satisfaction on the Landlord's part.
45. Failure by the Landlord to pursue any remedy provided in the lease herein or at law shall in no way be construed as any waiver by the Landlord of its rights.
46. The lease herein is the entire agreement between the parties and is not subject to the terms of any prior or subsequent discussions, representations or promises unless same have been reduced to writing and signed by the parties.
47. In the circumstance of any provision of the lease herein being or becoming unenforceable or invalid, the parties hereby agree that the offending provision shall be severed and that the balance of the lease shall remain in effect.
48. Wherever notice is required under the terms of the lease herein or otherwise, it shall be given in writing by fax or registered mail to the Landlord at:

Mr. Demetri Kachafanas
320 Esplanade
Suite 401
Sydney, Nova Scotia
B1P 7B9

Fax - (902) 563-5137
Email - dkachafanas@cbrm.ns.ca
If to the Tenant:

Blair McKeil
208 Hillyard Street
Hamilton ON L8L 6B6

With a copy to:

James R. Gogan
The Breton Law Group
Suite 300, 292 Charlotte Street
Sydney, NS B1P 1C7
tel 902-563-1000 | fax 902-563-1113
email - Jim@bretonlawgroup.com

49. The Tenant shall have the right at its cost to register a notice of this Lease.

50. This lease shall enure to the benefit of and be binding on the parties and their legal representatives, heirs, executors, administrators, successors and permitted assigns, as the case may be.

51. This lease may be executed in counterparts, each of such counterparts when executed shall constitute an original document, and such counterparts taken together shall constitute one and the same document. The signature of any of the parties may be evidenced by a facsimile or "pdf" copy of this Agreement bearing such signature.

52. This lease herein is governed by the laws of the Province of Nova Scotia.

SIGNATURE PAGE FOLLOWS

DRAFT

IN WITNESS WHEREOF the parties hereto have duly executed this agreement under seal as of the day and year first above written.

SIGNED, SEALED and DELIVERED

in the presence of:

CAPE BRETON REGIONAL MUNICIPALITY

Per: _____

Name: Cecil Clarke

Title: Mayor

Per: _____

Name:

Title:

POINT EDWARD MARINE INC.

Per: _____

Name: Blair McKeil

Title: President

DRAFT

Schedule "A"
Legal Descriptions

PID 15776370

Municipality/County Point Edward/Cape Breton County
Designation of Parcel on Plan: Lot S
Title of Plan: Plan of Subdivision Entitled "Sydport Industrial Park - Phase 1" Sydport, Point Edward, Cape Breton County, Nova Scotia
Registration County: Cape Breton County
Registration Number of Plan: M-2348
Registration Date: October 15, 1990

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 17 December 2012, as Document #102160984.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the existing railway track as depicted on Plan M-2348, filed at the Registry of Deeds Office on October 15, 1990.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114101

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the expropriated lands of Ellen J. Gammell with the line of high water ordinary spring tides, Sydney Harbour;

THENCE From the Point of Beginning so determined, S 20 degrees 30 minutes E a distance of six hundred sixty feet (660 feet) to a point;

THENCE N 43 degrees E a distance of one thousand two hundred twenty feet (1,220 feet) to a point;

THENCE N 51 degrees W a distance of six hundred five feet (605 feet) to its intersection with the line of high water ordinary spring tides, Sydney Harbour;

THENCE Following the said line of high water ordinary spring tides along the expropriated lands of Ellen J. Gammell in a general Southeasterly direction a distance of one thousand eight hundred thirty feet (1,830 feet) more or less, to the Point of Beginning, and containing an area of 12.6 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

Saving and Excepting Parcel I as shown on registered plan no. 101663400 recorded in the Land Registration Office for Cape Breton County.

SAVING AND EXCEPTING any portion of Lot 2012-2, as shown on registered Plan No. 101663400 filed October 2, 2012, that may be within the boundaries of the above described lot.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act or registered under the Land Registration Act
Registration District: CAPE BRETON COUNTY
Registration Year: 2012
Plan or Document Number: 101663400

The MGA compliance statement has been applied by SNSMR during the processing of Land Registration Plan

PID 15169436

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A WATER LOT BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred twenty-eight feet (528 feet) to a point;

THENCE S 33 degrees W a distance of five hundred thirty feet (530 feet) to a point;

THENCE N 57 degrees W a distance of five hundred fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser;

THENCE following the said line of high water ordinary spring tides in a Northeasterly direction along the expropriated lands of Laura Fraser a distance of five hundred seventy feet (570 feet) to the Point of Beginning, and containing an area of 7.02 acres, more or less.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID 15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-

2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15114523

All that certain lot, piece or parcel situate, lying and being at Edwardsville, County of Cape Breton, Province of Nova Scotia and being more particularly bounded and described as follows:

A CERTAIN parcel of land BEGINNING at the intersection of the Southwesterly boundary of the Water Fence Road with the line of high water ordinary spring tides, Sydney Harbour;

THENCE S 57 degrees E a distance of five hundred and twenty-eight feet (528 feet) to a point; said point being the Northeasterly corner of a 7.02 acre water lot expropriated with other lands by the Federal Crown by Instrument No. 11205 at Sydney, Nova Scotia on March 24, 1942;

THENCE S 33 degrees W a distance of five hundred and fifty feet (550 feet) to a point, said point being the Southeasterly corner of the above-mentioned 7.02 acre water lot;

THENCE N 57 degrees W a distance of five hundred and fifteen feet (515 feet) to a point at the intersection of the line of high water ordinary spring tides, Sydney Harbour, with the Southwesterly boundary of the expropriated lands of Laura Fraser, said point being the Southwesterly corner of the above-mentioned 7.02 acre water lot, as well as being the Northwesterly corner of a 12.60 acre water lot expropriated under Instrument No. 11205 registered at Sydney, Nova Scotia on March 24, 1942;

THENCE S 51 degrees E a distance of six hundred and five feet (605 feet) to a point, said point being the Northeasterly corner of the 12.60 acre water lot mentioned above;

THENCE In a general Southerly direction to the Southwesterly corner of the Jetty lying in front of the above-mentioned 7.02 and 12.60 acre water lots;

THENCE Following along the Southerly face of the Jetty in a general Easterly direction to its Southeasterly corner;

THENCE Following along the Easterly face of the Jetty in a general Northerly direction to its Northeasterly corner;

THENCE Following along the Northerly face of the Jetty in a general Northwesterly direction to its intersection with the Easterly face of the Seaward Defense Wharf;

THENCE In a general Northeasterly direction along the Easterly face of the Seaward Defense Wharf to its Northeasterly corner;

THENCE Along the Northerly face of the said wharf in a general Northwesterly direction to a point where the Northerly face of the said wharf intersects the line of high water, ordinary spring tides, Sydney Harbour;

THENCE In a general Southerly direction along the line of high water, ordinary spring tides, Sydney Harbour to the point of commencement.

SAVING AND EXCEPTING any portions of the lots and/or streets as depicted on the Plan of Subdivision entitled "Sydport Industrial Park - Phase 1" filed as Plan M-2348 on October 15, 1990, that may be within the boundaries of the above described lot.

RESERVING AND EXCEPTING ALL WATER AND SEWER PIPELINES as described in document #82905234.

TOGETHER WITH the right of ingress and egress over a network of streets (identified as PID

15578420) within the Sydport Industrial Park as shown on the Plan of Subdivision entitled Sydport Industrial Park-Phase 1, Sydport, Point Edward, Nova Scotia, filed October 15, 1990, at the Registry of Deeds Office at Sydney, Cape Breton County, Nova Scotia, as Plan Number M-2348, for the purpose of accessing the above-described lot located within the Sydport Industrial Park from the nearest public road, commonly known as the Edwardsville Road, in the County of Cape Breton as recorded in a Deed at the Registry of Deeds Office on 2 January 2013, as Document #102234888.

SUBJECT TO existing easements for pole and/or pipelines as described in Book 1589 at page 249.

SUBJECT TO the right of Her Majesty the Queen, to the free use, passage and enjoyment of, in, over and upon all navigable waters that now are or may be hereafter found on or under or flowing through or upon any part of said lands as described in Grant from Her Majesty the Queen (Registry Reference Book 954 at Page 667).

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348 and described at Document No. 88845111.

SUBJECT TO a right of way over a "Common User Area" identified on a plan entitled Sydport Industrial Park-Phase 1, Point Edward, N.S. filed at the Registry of Deeds office on October 15, 1990 as Plan No. M-2348.

SUBJECT TO THE RIGHT OF INGRESS AND EGRESS over the property (via the Inner Quay (wharf) and Main Jetty) as shown on a Plan entitled "Sydport Industrial Park - Phase 1", dated November 24, 1989 and prepared by MacKinnon Surveys and Investments Ltd., of Sydney, Nova Scotia, and registered at the Registry of Deeds on the 15th day of October, 1990 as Plan No. M-2348 as shall be required for access to the lands as described in Book 1678 at Page 161.

SUBJECT TO a 20 foot width easement for a proposed Fuel Pipe Line, extending in a southeasterly direction within the boundary limits of Marine Drive, from the southernmost corner of a parcel of land owned by Northern Petroleum Corporation Limited (PID 15614712) and terminating at a point on the Outer Jetty on the western side of Sydney Harbour; said 20 foot easement being shown on Plan No. 2351 filed October 17, 1990 and described in Schedule "B" in Book 1678 at Page 161.

*** Municipal Government Act, Part IX Compliance ***

Exemption:

The parcel is exempted from subdivision approval under the Municipal Government Act because the parcel was created by a subdivision

Reason for exemption:

Clause 268(2)(c) resulting from an acquisition or disposition of land by Her Majesty the Queen in right of the Province or in right of Canada or by an agency of Her Majesty.

PID 15776388 **

Registration County: CAPE BRETON COUNTY
Street/Place Name: MARINE DRIVE /EDWARDSVILLE
Title of Plan: PLAN OF SUBDIVISION & CONSOLIDATION OF LANDS OF EAST COAST
METAL FABRICATION INC. PID 15776388 & LAURENTIAN ENERGY CORP. INC. PORTION
OF PID 15578420 CREATING LOT RA-2013 MARINE DRIVE, POINT EDWARD, SYDPORT
Designation of Parcel on Plan: LOT RA-2013
Registration Number of Plan: 105611918
Registration Date of Plan: 2014-08-15 15:10:15

*** Municipal Government Act, Part IX Compliance ***

Compliance:

The parcel is created by a subdivision (details below) that has been filed under the Registry Act
or registered under the Land Registration Act
Registration District: CAPE BRETON COUNTY
Registration Year: 2014
Plan or Document Number: 105611918

**Only portion of PID 15776388 to be conveyed.

Schedule "B"

