

INTERIM LICENCE OF OCCUPATION AND LAND TRANSFER AGREEMENT
FOR THE POND INLET SMALL CRAFT HARBOUR

("The Agreement")

BETWEEN:

THE GOVERNMENT OF CANADA, as represented by the Minister of Public Works and Government Services (herein "Canada")

AND

THE GOVERNMENT OF NUNAVUT, as represented by the Minister of Community and Government Services (herein the "GN")

WHEREAS:

- A. Canada has administration and control of the seabed located below the ordinary low water mark in the vicinity of the Hamlet of Pond Inlet, Nunavut;
- B. The GN desires to construct and operate a Small Craft Harbor (herein the "SCH") in the vicinity of the Hamlet of Pond Inlet, including on the seabed more particularly described in the attached Appendix A (the "Seabed");
- C. The SCH will require the use and occupation by GN of the Seabed, including for the purpose of constructing and operating breakwaters, constructing and operating a fixed wharf and increasing the water depth by dredging of sediments;
- D. The Seabed has not been surveyed under the *Canada Lands Surveys Act*, RSC 1985, c L-6;

- E. The Nunavut Impact Review Board (herein the “NIRB”) determined that a review of the SCH project is not required pursuant to paragraph 92(1)(a) of the *Nunavut Planning and Project Assessment Act, SC 2013, c 14, s 2* (herein “NuPPAA”) and recommended terms and conditions associated with the project;
- F. The SCH may also require a water licence under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act, SC 2002, c 10* and other regulatory authorizations;
- G. The parties desire to transfer administration and control of the Seabed from Canada to the GN for the purpose of the SCH project;
- H. The parties recognize that such transfers of administration and control take some time, and Canada therefore wishes to grant an interim licence of occupation to the GN for the construction and operation of the SCH pending the completion of the aforementioned transfer of administration and control.

NOW THEREFORE, in consideration of the premises and mutual covenants set forth herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereby mutually agree as follows:

Transfer of Administration and Control

1. The GN agrees to forthwith recommend to the Commissioner that a Commissioner’s Order (the “Territorial Order”) be issued, accepting the transfer to the Commissioner of administration and control of the seabed, excluding mines and minerals, in perpetuity.
2. Upon issuance of the Territorial Order, the GN shall forthwith deliver the original or a

certified true copy of it to Canada.

3. Upon issuance of the Territorial Order, Canada agrees to forthwith recommend to the Governor in Council that an Order in Council (herein the "Federal Order") be issued, transferring to the Commissioner administration and control of the Seabed, excluding mines and minerals, in perpetuity.
4. Upon issuance of the Federal Order, Canada shall forthwith deliver a certified true copy of it to the GN.

Interim Licence of Occupation

5. Canada hereby grants a non-exclusive licence of occupation to the GN to enter upon and occupy the Seabed, with or without vehicles, machinery, materials and equipment, to construct, install, operate, maintain, repair and replace the SCH and generally for all purposes necessary or incidental thereto (herein the "Seabed Licence").
6. The GN shall construct, install, operate, maintain, repair and replace the SCH infrastructures in a safe, proper and workmanlike manner, at its own risk, cost and expense except as otherwise expressly provided herein, and shall comply with all applicable legislation, by-laws, regulations and any other laws made by any competent authority governing any activity undertaken with respect to the SCH, in or upon the Seabed, or pursuant to the Seabed Licence, including, without limitation and as may be modified from time to time, any applicable terms and conditions recommended or imposed by the NIRB under the *NuPPAA* and terms and conditions imposed by the Nunavut Water Board under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act, SC 2002, c 10*.
7. The Seabed Licence commences upon the effective date of this Agreement and expires upon the issuance of the Federal Order or five (5) years after the effective date of this Agreement,

whichever is sooner, unless the Seabed Licence is terminated at an earlier date pursuant to the terms of this Agreement.

8. Canada may enter upon the Seabed area at any time when the Seabed Licence is in effect to inspect for compliance with terms of the Seabed Licence.
9. Canada shall not grant any third-party rights with respect to or interests in the Seabed during the term of the Seabed Licence without the prior written consent of the GN, which shall not be unreasonably withheld.
10. The Seabed Licence operates solely as contractual rights and does not transfer or convey any property or interests in the Seabed.
11. Prior to the issuance of the Federal Order, Canada or the GN may terminate the Seabed Licence, at their sole discretion, by giving to the other written notice of the early termination not less than two (2) years following the date of delivery of the notice or such other period as the Parties may agree upon.

Environmental Protection and Restoration

12. The GN agrees that:

- a) it has inspected the seabed or has caused it to be inspected on its own behalf;
- b) it has entered into this Agreement on reliance upon that inspection and not on reliance upon any representation, warranty, inducement, whether oral, written or implied, by whomsoever made; and
- c) it is satisfied with the extent of its knowledge of the condition, including environmental condition, affecting the seabed

13. Upon the issuance of the Federal Order, the GN shall accept administration and control of the Seabed "as is", including with respect to its environmental condition.
14. The GN shall be responsible for any environmental damage or contamination to the Seabed or other land caused or contributed to by the GN or any other person arising from the construction, operation or use of the SCH during the term of the Licence. This section survives the expiry or early termination of the Seabed Licence.
15. Upon the termination of this agreement by either party for any reason, the GN shall forthwith restore the Seabed to the satisfaction of Canada in every respect.

Release and Indemnity

16. The GN shall forever release, indemnify and save harmless Canada from and against any and all claims, demands, suits, actions, causes of action, losses, damages, costs and expense, whether known or unknown, and whether in law, equity or otherwise, that may now or ever in the past or future exist, arising from the construction, operation or use of the SCH or the condition of the Seabed, including environmental condition. This indemnity survives the expiry or termination of this Agreement.

Survey of the Seabed

17. Prior to the issuance of the Federal Order, The GN shall, at its own expense, prepare a plan or plans of survey of the Seabed in accordance with the requirements of the *Canada Lands Surveys Act*, R.S.C. 1985, c. L-6, showing the boundaries of the land that will be under the administration and control of the Commissioner as a result of the issuance of the Federal Order (herein the "Survey").

Miscellaneous

18. Time is of the essence.
19. All appendices attached hereto form part of this Agreement.
20. All notices and other communications authorized or required among the parties by any of the provisions of this Agreement shall be in writing, and delivered in person or by courier service or by any electronic or other means of transmitting written communications which provides written confirmation at the originating party's end of complete transmission, and addressed to such parties as set out below:

If to Canada: Government of Canada
 c/o Public Works and Government Services Canada
 ATB Place, 5th Floor, 10025 Jasper Ave.
 Edmonton, Alberta, T5J 1S6
 Phone: 780-616-3490
 Email: kevin.finucane@pwgsc-tpsgc.gc.ca

If to the GN Government of Nunavut
 Department of Community and Government Services
 Attn: Assistant Deputy Minister Infrastructure
 PO Box 1000 Stn. 700
 W.G. Brown Building, 4th Floor
 Telephone: 867-975-5306
 Email: edeveaux@gov.nu.ca

21. This Agreement shall be governed by, and is to be interpreted in accordance with the applicable laws of Canada.
22. The parties agree that the Federal Court shall have jurisdiction to settle any dispute that may arise in regard to the Agreement.
23. If any part of this Agreement is determined by a court of competent jurisdiction to be illegal or unenforceable, then such part shall be considered separate and severable from this

Agreement and the remainder of this Agreement shall remain in full force and effect and shall be binding on the parties as though such illegal or unenforceable part was never included.

24. This Agreement, or any rights or obligations hereunder, may not be assigned by either party prior to issuance of the Federal Order without the written consent of the other party. The parties agree that any assignment prior to the Federal Order without the written consent of the other party is void and of no effect.
25. Nothing in this Agreement creates or is to be construed as creating the relationship of principal and agent, employer and employee, partnership or joint venture between the parties.
26. The failure on the part of either party to exercise or enforce any right conferred upon it under this Agreement shall not be deemed to be a waiver of any such right or operate to bar the exercise or enforcement thereof at any time or times thereafter. Any waiver to be effective shall be in writing and signed by the party waiving.
27. The parties agree that any acknowledgements, warranties, representations, covenants, releases, indemnities and agreements set forth in this Agreement shall survive all of the conveyances, transfers, relinquishments, acceptances, and issuances set out herein, including the Territorial Order and the Federal Order, according to their terms. The doctrine of merger shall not apply hereto and this Agreement shall remain in full force and effect notwithstanding the sealing, issuing or delivery of any of the instruments specified herein.
28. This Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective heirs, administrators, executors, successors and permitted assigns.
29. This Agreement may be signed in counterparts, each of which so signed shall be deemed to be an original, and such counterparts taken together shall constitute one Agreement.
30. This Agreement may be amended at any time by mutual consent, in writing, of the parties.

31. This Agreement constitutes the entire Agreement between these parties with respect to its subject matter and there are no representations, either oral or written, other than those expressly set out herein. This Agreement supersedes and cancels any previous agreement or agreements between the parties with respect to the same subject matter.

32. This Agreement shall come into effect on the latest date either party signs it.

IN WITNESS WHEREOF the Minister of Public Works and Government Services has hereunto set his hand on behalf of the Government of Canada and the Minister of Community and Government Services has hereunto set her hand on behalf of the Government of the Nunavut.

This 7TH day of MAY, 2018.

THE GOVERNMENT OF CANADA, as represented by the Minister of Public Works and Government Services.

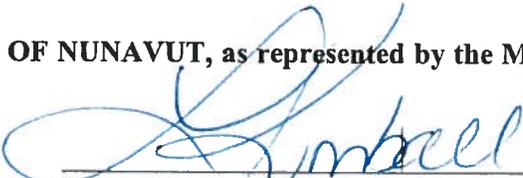


Per: Kevin Finucane, Real Estate Advisor

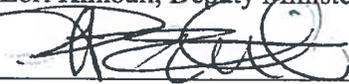


Witness

THE GOVERNMENT OF NUNAVUT, as represented by the Minister of Community and Government Services



Per: Lori Kimball, Deputy Minister



Witness

APPENDIX "A"

METES AND BOUNDS OF THE LICENCED SEABED FOR THE PROPOSED SMALL CRAFT HARBOUR, POND INLET, NUNAVUT.

All Northings and Eastings hereinafter are referred to the Central Meridian of Universal Transverse Mercator, Zone 15. The reference frame is NAD83 (CSRS).

All survey plans hereinafter are archived in the Canada Lands Surveys Records (CLSR), in Ottawa and are filed at the Land Titles Office (LTO), in Iqaluit;

In Nunavut;

All that unsurveyed parcel of land, located adjacent to the Municipal Boundary of the Hamlet of Pond Inlet, comprising the bed of body of water described as follows:

Commencing at a point on the ordinary low water mark of Eclipse Sound that intersects the line produced by the Northwesterly projection of the common boundary of lots 61 and 62, Plan 52989 CLSR, 0422 LTO. Said boundary was re-established in 2011, according to Field Book #30403-776 filed in the CLSR.

Thence Northwesterly in a straight line to a point at a Northing of 8068987 and an Easting of 400866;

Thence Northerly in a straight line to a point at a Northing of 8069154 and an Easting of 400860;

Thence Northeasterly in a straight line to a point at a Northing of 8069243 and an Easting of 400889;

Thence Northeasterly in a straight line to a point at a Northing of 8069559 and an Easting of 401292;

Thence Southeasterly in a straight line to a point on the ordinary low water mark of Eclipse Sound that intersects the line produced by the Westerly projection of the Northeastern boundary of lot 355, Plan 91887 CLSR, 3686 LTO.

Thence following the ordinary low water mark of Eclipse Sound in a general Southwesterly direction to the point of commencement.

Said parcel containing 20 hectares more or less.

Saving and excepting therefrom and reserving thereout all mines and minerals whether solid, liquid or gaseous and the right to work the same;