

QUARRY ADMINISTRATION AGREEMENT

THIS INDENTURE made in duplicate this 14th day of August, 2013

BETWEEN

THE COMMISSIONER OF NUNAVUT,

hereinafter called "the Commissioner"

AND

THE MUNICIPAL CORPORATION OF THE HAMLET
OF SANIKILUAQ in Nunavut,

hereinafter called "the Municipality"

THIS AGREEMENT is to delegate quarry administration management to the Municipality of those quarries, lying and being in and being composed of,

all those deposits in the area of Sanikiluaq, Nunavut outlined in red and as detailed on the sketches annexed hereto and forming part of this Agreement marked as **Borrow Source #1, Borrow Source #2, Borrow Source #3, Worked Area #1 Worked Area # 2 and Silt Area**

hereinafter called "the land" subject to the reservations and exceptions provided in law.

THIS AGREEMENT shall be in force and effect for a period of ten (10) years, beginning on September 1st, 2013.

IN CONSIDERATION of this Agreement, the Municipality shall pay one (\$1.00) dollar every year to the Commissioner of Nunavut.

THE PARTIES COVENANT AND AGREE AS FOLLOWS:

DEFINITION

1. In this Agreement "Deputy Minister" means the Deputy Minister of the Department of Community and Government Services and any person authorized in writing by the Commissioner to act on behalf of the Deputy Minister.

TERMINATION

2. Termination of this Agreement shall not prejudice the Commissioner's right to unpaid fees or any other right with respect to a breach of any covenant or Agreement herein contained.

LAND USE

4. The Municipality shall ensure the land is for quarry purposes only.

AUTHORITY

5. The Municipality is hereby authorized to exercise the power set out in Sections 31, 33 and 33.1 of the Commissioner's Land Regulations. Nothing in this Agreement shall grant the Municipality the authority to lease or otherwise dispose of the land to a third party.
6. Applicants will apply to the Municipality who will be responsible for issuing a quarrying permit. The Municipality, upon receipt of payment in advance of royalties and fees at rates set out in the Commissioner's Land Regulations, may issue a quarrying permit to any person or corporation applying therefore, authorizing the person or corporation to take such quantity of materials named in the permit from the lands described in the permit subject to the conditions contained therein.
7. The Municipality will assume responsibility and liability for the operation of the quarries under this Agreement in accordance with the Mine Health and Safety Act and the Mine Health and Safety Regulations, and the Commissioner's Land Act and the Commissioner's Land Regulations, and all other applicable territorial and federal legislation.

QUARRY MATERIALS

8. Government and municipal requirements for granular material will be given precedence to private interests.
9. The Municipality will take all reasonable precautions to ensure that granular material is used for the purpose for which it is best suited, keeping in mind such factors as quality, quantity and the conservation of the same.
10. Except in the case of material removed pursuant to s.32 of the Commissioner's Land Regulations, the Municipality will ensure that no material will be removed from the quarries under this Agreement by an individual, corporation, municipality, government or person unless a quarrying permit authorizing the removal has been issued.

QUARRY PERMITS

11. The Municipality shall issue complete and correct quarry permits in accordance with the form prescribed by the Commissioner's Land Regulations, as amended from time to time.

FEES

12. The fees for permits, fees and royalties are as established under the Commissioner's Land Regulations.
13. The Municipality shall retain the fees it collects in accordance with the Commissioner's Land Regulations.
14. The Municipality will not charge additional fees unless the Commissioner's Land Regulations, as amended from time to time, allow for such additional charges and

15. The Municipality shall establish and deposit all fees for quarry restoration into a Restoration Reserve Fund consistent with the provisions of the **Tax-Based Financial Handbook** published by the **Department of Community and Government Services**. The **Municipality** shall provide an audited report the **Deputy Minister** within one hundred and twenty (120) days of the end of the **Municipality's** fiscal year indicating the standing of the Restoration Reserve.
16. Subject to s. 31.2 of the **Commissioner's Land Regulations**, the **Municipality** shall use the monies in the Restoration Reserve Fund to restore quarries, including the development of a restoration plan, and for no other purposes. Should monies remain in the reserve fund after restoration is complete, the balance will be remitted to the **Commissioner**. If sufficient funds are not available in the Restoration Reserve Fund to complete the approved restoration, the **Commissioner** may assist the **Municipality** by providing up to Fifty (50%) of the additional funds to complete restoration.
17. The **Municipality** shall pay royalties collected pursuant to **Clause 12** to the **Commissioner**, and shall deliver a statement indicating the types and quantities of materials quarried from all quarries under this **Agreement** to the **Deputy Minister** on or before the 31st day of March in each and every year of this **Agreement**. Granular materials shall be as defined by the **Commissioner's Land Act**, and includes limestone, granite, slate, marble, gypsum, loam, marl, gravel, sand, clay, volcanic ash or stone, but do not include minerals.

MANAGEMENT AND RESTORATION PLAN

18. The **Municipality** shall have a Management and Restoration Plan for each quarry under this **Agreement** and without restricting the scope or contents of the Plan, it shall include:
- a) a statement of estimated material in the quarry
 - b) a statement of the management of the site, including removal methodology, depth of excavation, sequence of extraction
 - c) a statement on the method of operation, including stripping and location of overburden and topsoil materials, drainage and erosion control measures
 - d) a statement on the method and timing for restoration which will prevent substantial waterponding, and include a final site contouring design and/or preparation of the land for a different land use.

and such a Management and Restoration plan shall be prepared with the objective of operating and managing the land in an environmentally safe manner.

19. Unless otherwise agreed, the **Municipality** shall manage and restore all quarries under this **Agreement** in accordance with the Management and Restoration Plan prepared pursuant to **Clause 18**, and quarries shall be restored within twelve (12) months of depletion of the quarry.
20. The **Deputy Minister** may, at any time during the term of the **Agreement**, request the **Municipality** to review and update the Management and Restoration plan.

ENVIRONMENT

21. Notwithstanding anything herein to the contrary, the **Municipality** shall, at all times, keep the land in a condition satisfactory to the **Deputy Minister**.

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23. Where the **Municipality** fails to restore the land as required and within the time allowed by **Clause 19**, the **Deputy Minister** may order the restoration of all or any part of such land and any expenses thus incurred by the **Deputy Minister** shall be recoverable from the **Municipality** as a debt due to the **Commissioner**.

EASEMENTS

24. The **Commissioner** may, where the **Deputy Minister** deems it necessary in the public interest, establish easements through, under or over any portion of the land for any public utility purpose, but said easements shall not unreasonably interfere with the rights granted to the **Municipality** hereunder or with any improvements made by the **Municipality** on the land.

TIME

25. Time shall be of the essence in this **Agreement**.

WAIVER

26. Unless a waiver is given in writing by the **Deputy Minister** the **Commissioner** shall not be deemed to have waived any breach by the **Municipality** of any of the covenants or **Agreements** herein contained, and a waiver relates only to the specific breach to which it refers.

ADDRESS FOR NOTICES

27. Wherever in this **Agreement** it is required or permitted that notice or demand be given or served by any party to this **Agreement** to or on the other, such notice or demand shall be given or served in writing and forwarded by registered mail, addressed as follows:

To the **Deputy Minister**:

Deputy Minister
Department of Community and Government Services
Government of Nunavut
Bag Service 800
Iqaluit, Nunavut
X0A 0H0

To the **Municipality**:

Municipality of Sanikiluaq
P.O. Box 157
Sanikiluaq, NU
X0A 0W0

or to such other address as either of the parties may from time to time notify the other in writing in the manner hereinbefore provided.

