

QUARRY ADMINISTRATION AGREEMENT

FILE NO. 425-2006-01-QUA

THIS INDENTURE made in duplicate this 30th day of March, 2015.

BETWEEN

THE COMMISSIONER OF NUNAVUT,

Hereinafter called "the Commissioner"

AND

THE MUNICIPALITY CORPORATION OF THE HAMLET OF KUGAARUK, in
Nunavut

Hereinafter called "the Municipality"

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

All those parcels of land at Kugaaruk in Nunavut shown outlined in red on the sketch annexed hereto and forming part of this description and as listed on the attached schedule "A",

Hereinafter called "the land" subject to the reservations and exceptions contained in the Commissioner's Land Act and the Commissioner's Land Regulations and to the following reservations:

- a) All mines and mineral whether solid, liquid or gaseous which may be found to exist within, upon or under the land together with the full powers to work the same and for the purpose to enter upon, use and occupy the land or so much thereof and to such an extent as may be necessary for the effectual working and extracting of the said materials;
- b) The rights of the recorded holders of mineral claims and any other claims or permits affecting the land;
- c) All timber that may be on the land excepting what must be removed for the purpose of landscaping or the construction of improvements;
- d) Such rights of way and of entry as may be required under regulation in force in connection with construction, maintenance and use of works for the conveyance of water for use in mining operations; and
- e) The right to enter upon the land for the purpose of installing and maintaining any public utility.

THIS AGREEMENT shall be in force and effect for a period of five (5) years beginning on
April 1st, 2015 R.

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:

Kugaaruk QAA

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DEFINITION

1. In this agreement "Deputy Minister" means the Deputy Minister of the Department of Community Government & Transportation, 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.

SURVEY

3. The boundaries of the land are subject to such adjustment and alteration as may be shown to be necessary by survey.

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 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. Applications 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.

FEEES

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 the Municipality is authorized to do so under municipal legislation at the time. The Municipality will issue a receipt for all funds collected.
15. The Municipality shall establish and deposit all fees for quarry restoration into a Restoration Reserve Fun consistent with the provisions of the Tax-Based Financial Handbook published by the Department of Community Government & Transportation. 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 all 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 fun after restoration is complete, the balance will be remitted to the Commissioner. If sufficient funds are not available in the Restoration Fund to complete the approved restoration, the Commissioner may assist the Municipality to providing up to Fifty percent (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. The Plan must be received and acknowledged by the Regional Lands Administrator as being complete prior to the execution of this Agreement and will form part of this agreement as Appendix One (1). Without restricting the scope of 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 measure
 - d) A statement on the method and timing for restoration which will prevent substantial water-ponding, and include a final site contouring design and/or preparation of the land for a different land use; and such a Management

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.

RESTORATION

22. On the termination of this Agreement, the Municipality shall deliver up possession of the land in a condition satisfactory to the Deputy Minister.
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 expense thus incurred by the Deputy Minister shall be recoverable from the Municipality as a debt due to the Commissioner.

EASEMENT

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 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 Government & Transportation
Government of Nunavut
Bag Service 800
Iqaluit, NU
X0A 0H0

To the Municipality:

The Municipality Corporation of the Hamlet of Kugaaruk
P.O. Box General Delivery

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.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date and year first above written.

SIGNED, SEALED AND DELIVERED
By The Commissioner of Nunavut



(SEAL)

SIGNED, SEALED AND DELIVERED
By the Mayor

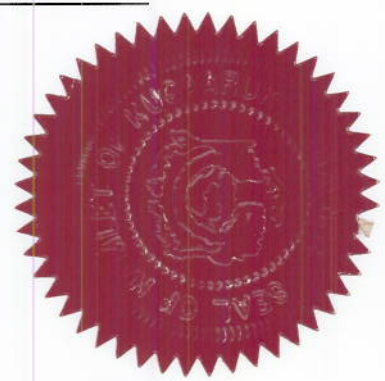
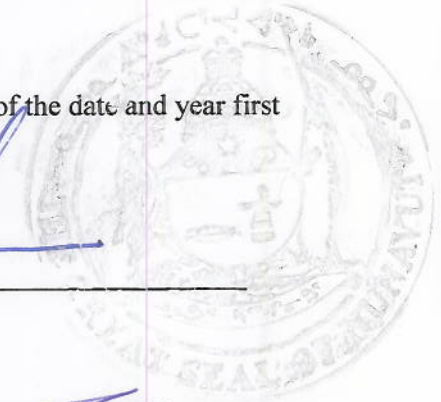


(SEAL)

By the
Of the Municipal Corporation of Hamlet of



(SEAL)



Appendix One
Quarry Management and Restoration Plan

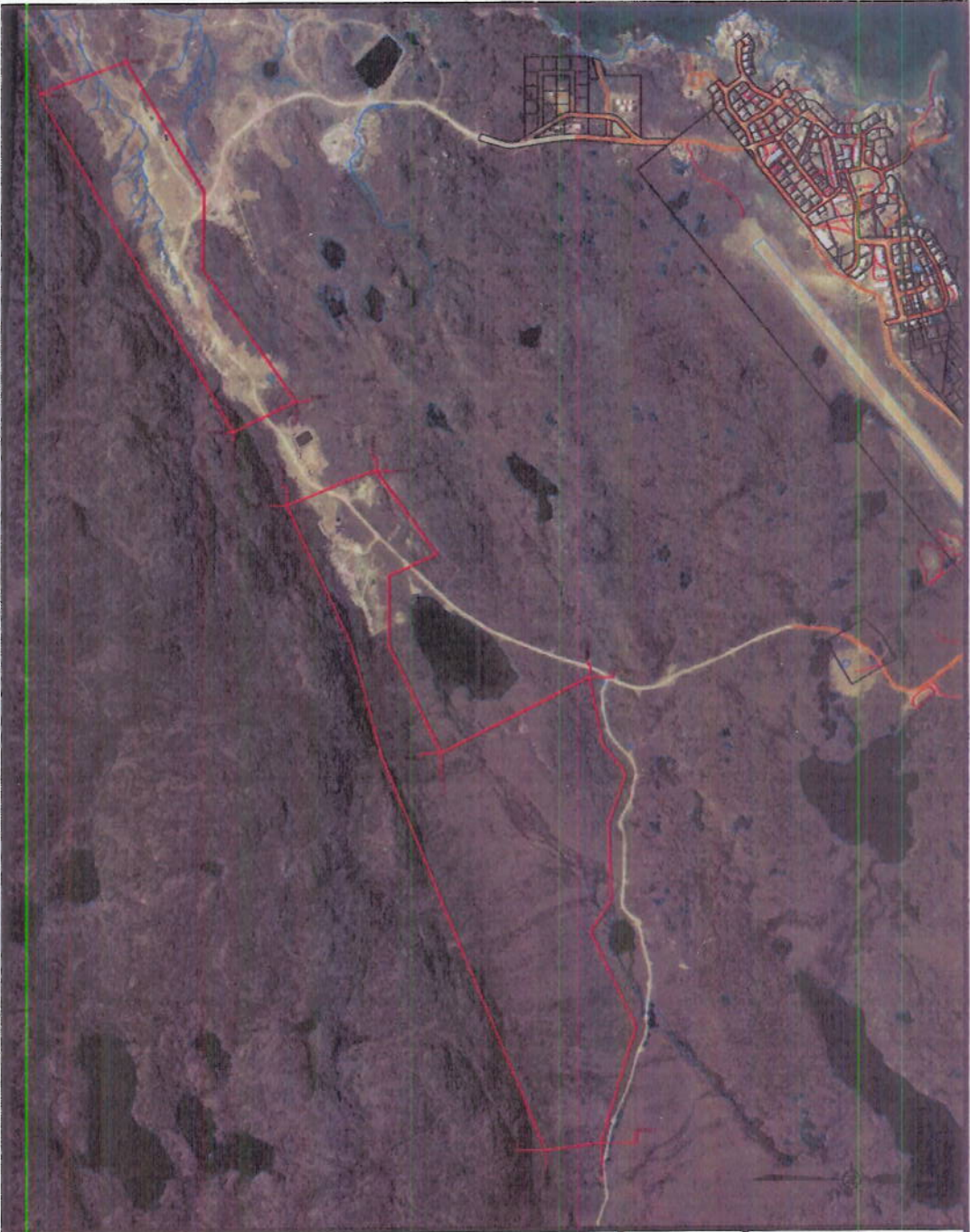
HAMLET OF KUGAARUK QUARRY MANAGEMENT & RESTORATION PLAN

The Hamlet of Kugaaruk is prepared to take on the management of the quarries within their jurisdiction to ensure that the damage to the environment is kept to a minimum. Areas that have been mined out will require restoration to:

- Ensure that there is no pools of water laying dormant
- There are no sharp drop off areas
- Ensure haul-way are kept in proper condition
- To ensure proper drainage to prevent erosion
- Total reclamation of disturbed area

This will be accomplished by:

1. Working with the contractor to ensure excavation is kept within a defined area
2. Monitoring of the volume removed
3. Ensuring that the area is cleaned prior to moving onto another site
4. Hamlet of Kugaaruk developing the haul ways to ensure there is no blockage of drainage ways
5. During reclamation the terrain will be shaped to fit in with the natural drainage flow



LEGEND

QAA BOUNDARY



Schedule A

Quarry Administration Agreement Boundary

QAA Excludes all Water Bodies

CERTIFIED AS BEING ANNEXED HERETO
AND FORMING PART OF QAA.

425-2006-01 QAA

DATE:

SCALE 1:15,000

RC
INITIALS

SK-001
SKETCH NUMBER