

**SHAREHOLDERS/UNITHOLDERS AGREEMENT**

THIS AGREEMENT made as of the 29<sup>th</sup> day of August, 2014

BETWEEN:

**SLIAMMON FIRST NATION**, a first nation and an Indian Band under the *Indian Act*, as represented by its Council, having a postal office address having an office at RR#2, 6686 Sliammon Rd, Powell River, British Columbia, V8A 0B8

("SFN")

AND:

**TEES'KWAT LAND HOLDINGS LTD.**, a corporation incorporated under the laws of the Province of British Columbia, with its registered office at RR#2, 6686 Sliammon Road, Powell River, British Columbia, V8A 4Z3

("Tees' Kwat LP")

AND:

**POWELL RIVER WATERFRONT DEVELOPMENT CORPORATION**, a corporation incorporated under the laws of the Province of British Columbia, with its registered office at #103 - 7020 Duncan Street, Powell River, British Columbia, V8A 1V9

("Powell River LP")

AND:

**SLIAMMON DEVELOPMENT CORPORATION**, a corporation incorporated under the laws of the Province of British Columbia, with its registered office at RR#2, 6686 Sliammon Road, Powell River, British Columbia, V8A 4Z3

("Sliammon")

AND:

**PRSC LAND DEVELOPMENTS LTD.**, a company incorporated under the laws of the Province of British Columbia, with its registered office at 4448A Marine Avenue, Powell River, British Columbia, V8A 2K2

("Company")

WHEREAS:

- A. The authorized capital of the Company consists of an unlimited number of common shares, of which ninety (90) common shares are issued and outstanding;

- B. Sliammon and Powell River LP are each the registered and beneficial owner of forty-five (45) issued and outstanding common shares of the Company;
- C. The Company is the general partner of the PRSC Limited Partnership (the “**Limited Partnership**”), a limited partnership formed pursuant to the *Partnership Act* (British Columbia);
- D. SFN, Tees’ Kwat LP and Powell River LP are the registered and beneficial holders of Units in the Limited Partnership; and
- E. The Parties hereto wish to enter into this Agreement to provide for restrictions on the transfer and ownership of their respective Interests (as that term is defined below) in the Company and the Limited Partnership and to govern their relationship as shareholders of the Company and holders of Units of the Limited Partnership.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties hereto agree as follows:

1. **INTERPRETATION**

1.1. **Definitions.** In this Agreement unless there is something in the subject matter or context inconsistent therewith, the following terms and expressions have the following meanings:

- (a) “**Agreement**” means this agreement and all schedules attached hereto, in each case as they may be amended pursuant to the terms of this Agreement;
- (b) “**Arm's Length**” has the meaning attributed to such term in the *Income Tax Act* (Canada), as the same may be amended from time to time;
- (c) “**Business Corporations Act**” means the British Columbia *Business Corporations Act*, S.B.C. 2002, Chapter 57, as amended;
- (d) “**Business**” has the meaning ascribed thereto in the Limited Partnership Agreement;
- (e) “**Business Day**” means any day, other than Saturday, Sunday or any statutory holiday in the Province of British Columbia, on which the principal commercial banks located in Powell River, British Columbia are open for business during normal banking hours;
- (f) “**Business Plan**” means (i) a detailed business plan which, shall include a statement of objectives and detailed plans with respect to the Business, details of all management salaries and such other information as required by the Directors together with (ii) the financial and cash budget for the projected business activities and operations of the Limited Partnership, including estimates of proposed and committed expenditures (capital or otherwise) and the subject matter of each expenditure and all sources of

revenue, cash and financing of the Limited Partnership for the subject period (“**Annual Budget**”);

- (g) “**Catalyst LP**” means 0606890 B.C. Ltd., formerly a Limited Partner of the Limited Partnership, a Shareholder and party under this Agreement and which ceased to be a Limited Partner, a Shareholder and a party to this Agreement effective on the Closing under the Share Transfer Agreement;
- (h) “**Catalyst Mortgage**” means that certain mortgage that charged the Lands (as that term is defined in the Limited Partnership Agreement) which secured the principal amount of \$4,500,000, plus accrued interest from time to time (the “**Catalyst Loan Obligation**”) owed to Catalyst LP which was paid off in its entirety upon Closing under the Share Transfer Agreement;
- (i) “**Closing**” means the date upon which, in accordance with the Share Transfer Agreement, Catalyst LP transferred all of its Units in the Limited Partnership to SFN and Powell River LP and all of its Shares in the Company to Sliammon and Powell River LP;
- (j) “**Control**” means, when applied to the relationship between a Person and a corporation or partnership, the beneficial ownership by such Person at the relevant time of shares of such corporation or units in such partnership carrying more than the greater of fifty (50%) percent of the voting rights ordinarily exercisable at meetings of shareholders of such corporation or partners of such partnership and the percentage of voting rights ordinarily exercisable at meetings of shareholders of such corporation or partners of such partnership that are sufficient to elect a majority of the Directors of such corporation and “**Controlled**” has a corresponding meaning;
- (k) “**Directors**”, “**Board of Directors**” and “**Board**” means the persons who are, from time to time, duly elected or appointed as Directors of the Company in accordance with the *Business Corporations Act*, the charter documents of the Company and the terms of this Agreement;
- (l) “**Fair Market Value**” means, for the purpose of valuation of any Interest (as determined by the auditors of the Company or a firm of qualified and independent business valutors agreed to by the Parties hereto), the highest cash price in terms of money which would be obtained as of the date specified in the applicable section hereof, if all the Shareholders of the Company and all of the Limited Partners sold all of their respective Interests in an open and unrestricted market without compulsion to act to a willing and knowledgeable purchaser acting at Arm's Length and where, in determining such Fair Market Value:
  - (i) the value of each Share or Unit is based on the value of all Shares and Units;
  - (ii) no diminution or no accretion in value is attributable to any majority or minority interest; and

- (iii) the value of all intangible and unrecorded assets is included;
- (m) “**Interest**” means, for Powell River LP all of the Shares and Units held by it; and for Sliammon, means all of the Shares and Units held by Sliammon, Tees’ Kwat LP and SFN;
- (n) “**Limited Partners**” means the limited partners of the Limited Partnership from time to time who are parties to this Agreement and Limited Partner means one of them;
- (o) “**Limited Partnership Agreement**” means the Limited Partnership Agreement dated for reference August 29<sup>th</sup>, 2014 between the Company as general partner and SFN, Teeskwat LP and Powell River LP as limited partners;
- (p) “**Limited Partnership**” has the meaning ascribed thereto in the recitals hereto;
- (q) “**Parties**” means each of the Company, SFN, Tees’ Kwat LP, Powell River LP and Sliammon, and “**Party**” means any one of such Parties;
- (r) “**Person**” means any individual, corporation, partnership, limited partnership, limited liability company, joint venture, association, joint stock company, trust, society, incorporated organization or similar entity;
- (s) “**Shares**” means all shares of the Company at the date hereof and includes any shares or securities into which such shares may be converted or changed or which result from a consolidation, subdivision, reclassification or redesignation of shares, any shares or securities which are received as a stock dividend or distribution payable in shares or securities of the Company, any shares of the Company received on the exercise of any option, warrant or other similar right and any shares or securities which may be received by the parties hereto or bound hereby as a result of an amalgamation, merger, arrangement or other reorganization of or including the Company;
- (t) “**Shareholders**” means the shareholders of the Company from time to time who are parties to this Agreement and “**Shareholder**” means any one of them;
- (u) “**Share Transfer Agreement**” means the agreement between the Parties, Catalyst Paper Corporation, Catalyst LP and the City of Powell River dated August 29<sup>th</sup>, 2014 whereby the Catalyst Mortgage was paid in its entirety and Catalyst LP transferred all of its Units to the Limited Partners and all of its Shares in the Company to Powell River LP and SFN;
- (v) “**Subsidiary**” means a subsidiary within the meaning of the *Business Corporations Act* and shall be deemed to include any corporation or partnership, the majority of the voting securities of which are owned, directly or indirectly, by the Limited Partnership;

(w) **“Transfer”** includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes, directly or indirectly, from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and the words “Transferred”, “Transferring” and similar words have corresponding meanings; and

(x) **“Units”** means the limited partnership units of the Limited Partnership as the same are constituted at the date hereof, together with any other class or classes of units in the capital of the Limited Partnership, whether now existing or hereafter created, entitling the holder to share in the final distribution of the property and assets of the Limited Partnership upon liquidation, dissolution or winding-up and includes any securities into which such Units may be converted or changed or which result from a consolidation, subdivision, reclassification or redesignation of Units or other securities which are received as a distribution payable in Units or Units received on the exercise of any option, warrant or other similar right and any other securities which may be received by the parties hereto or bound hereby as a result of an amalgamation, merger, arrangement or other reorganization of or including the Limited Partnership, and where the context permits, includes any Units issuable pursuant to any instrument of the Limited Partnership that is convertible into Units or evidences the right to acquire Units.

1.2. Gender and Number. Words and defined terms importing the singular shall include and have a comparable meaning when used in the plural, and vice versa, and words importing gender include all genders.

1.3. Currency. All references to currency shall mean Canadian Dollars unless otherwise expressly provided.

1.4. Generally Accepted Accounting Principles. References in this Agreement to generally accepted accounting principles (“GAAP”) shall be to the generally accepted accounting principles from time to time recommended by the Canadian Institute of Chartered Accountants, or any successor institute, by the “CICA Handbook” applicable as of the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles consistently applied. All accounting terms not otherwise defined in this Agreement shall have the meanings ascribed to them in accordance with GAAP, applied on a basis consistent with prior periods.

1.5. Statutory References. Unless otherwise stated herein, any reference to a statute includes all regulations made under that statute and includes all amendments made to the statute and the regulations in force from time to time, and any statute or regulation that supplements or replaces that statute or regulation.

- 1.6. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the parties hereto irrevocably attorns to the exclusive jurisdiction of the courts of the Province of British Columbia.
- 1.7. Time. Time shall be the essence hereof. When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded. If the last date of such period is not a Business Day, the period in question shall end on the next Business Day.
- 1.8. Conflict with Charter Documents. In the event of any conflict between the provisions of this Agreement and the Company's constating documents or the Limited Partnership's constating documents, the provisions of this Agreement shall prevail and govern to the extent permitted by law. The Shareholders and/or Unitholders shall forthwith procure all necessary proceedings and vote their respective voting rights in respect of Shares and/or Units in favour (or execute written consent resolutions) of causing the Company's and/or Limited Partnership's constating documents to be amended in order to resolve such conflict in favour of the provisions of this Agreement to the extent permitted by law.

## 2. BUSINESS AND AFFAIRS OF THE COMPANY

Conduct of Affairs. The Shareholders shall cause such meetings to be held, votes to be cast, resolutions to be passed, charter documents to be made and confirmed, documents to be executed and all other things and acts to be done to ensure that, at all times, the following provisions are in effect or are complied with:

- 2.1. SFN/Tees' Kwat LP/Sliammon. SFN, Tees' Kwat LP and Sliammon shall for the purposes of sections 3, 4 and 5 of this Agreement be deemed to be one party in so far as any rights or obligations relating to the Shares held by Sliammon and/or the Units held by SFN or Tees' Kwat LP. Sliammon shall cause SFN and Tees' Kwat LP to deal with its Units only in accordance with and to abide by the terms of this Agreement. For the purposes of sections 3, 4 and 5 of this Agreement, notice to or from Sliammon alone shall be sufficient notice to or from Sliammon, SFN and Tees' Kwat LP. Whenever an offer or election is authorised under this Agreement, Sliammon shall be entitled to elect whether or not to make or accept the offer or election in its name or in the name of SFN or Tees' Kwat LP. For greater certainty, SFN and Tees' Kwat LP cannot sell their Units unless Sliammon sells its Shares nor can Sliammon sell its Shares without SFN and Tees' Kwat LP selling their Units, all in accordance with section 4.
- 2.2. Business of the Company. The Company will act as the general partner of the Partnership and will not enter into any other business.
- 2.3. Board of Directors - Composition. There shall be six (6) Directors of the Company comprised of:

- (a) so long as Sliammon holds its Interest, three (3) Directors nominated by Sliammon; and
- (b) so long as Powell River LP holds its Interest, three (3) Directors nominated by Powell River LP.

2.4. Retiring Directors. If a Director ceases to be a Director for any reason (a "Retiring Director"), the Shareholders shall fill the vacancy thereby created by appointing as soon as reasonably possible that individual who is nominated by the Shareholder or Shareholders who nominated the retiring Director. Until the vacancy is filled, the Directors shall not transact any business or exercise any of their powers or duties. If the Shareholder entitled to do so fails for any reason to nominate an individual to fill the vacancy within forty-five (45) days after the vacancy arises, the remaining Directors or the other Shareholders shall appoint an individual to fill the vacancy. In the event of the proposed removal of any Director, each Shareholder agrees to vote for such removal if, and against such removal unless, it has been proposed or approved by the Shareholder or Shareholders who nominated such Director.

2.5. Meetings of Directors. The Board of Directors of the Company shall meet at least once every three (3) months in such place as the Directors may agree from time to time and otherwise at the principal office of the Limited Partnership. Meetings of the Directors may be called by any Director upon not less than seventy-two (72) hours' written notice, which notice shall contain a statement in sufficient detail as to the business proposed to be transacted at such meeting. A Director may waive his right to receive notice of any meeting of the Directors, both prospectively and retrospectively, but such waiver must be in writing, or by participation in the meeting, unless that Director's participation is for the express purpose of objecting to the transacting of any business without proper notice. Any or all Directors may participate in a meeting of the Board by means of such telephone, electronic or other communication facilities enabling all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a Director participating in such meeting by such means is deemed to be present at that meeting. Minutes of meetings of the Board of Directors shall be kept at the office of the Company and a copy of such minutes shall be provided to the Shareholders within three (3) Business Days after such meeting.

2.6. Quorum. Unless otherwise agreed to in writing by all of the Directors, a quorum for a meeting of Directors shall be four (4) or six (6) Directors, an equal number of whom will be nominees of Powell River LP and Sliammon respectively. If at any meeting of Directors (the "First Meeting"), a quorum shall not be present, then, notwithstanding anything herein contained, the Director or Directors present at such meeting may call a supplementary meeting of the Board of Directors on not less than five (5) Business Days' notice to each Director, which notice shall describe with particularity the business proposed to be transacted at such meeting. If the Directors who did not attend the First Meeting do not attend the supplementary meeting, the Directors present at the supplementary meeting in person or by teleconference shall constitute a quorum for the transaction of the business referred to in the notice of meeting and any business relating thereto

which may come before the meeting provided that an equal number of nominees of each of Powell River LP and Sliammon is present at the supplementary meeting and the Board of Directors shall not transact any business unless such Directors are present in person or by teleconference.

- 2.7. Meetings of Shareholders. Meetings of Shareholders shall be held at least once in each calendar year at the registered office of the Company, or at such other place within or outside British Columbia as the Directors determine and may be called by any Director or Shareholder of the Company upon not less than ten (10) Business Days' nor more than thirty (30) Business Days' notice. A Shareholder may waive his right to receive notice of any meeting of the shareholders, both prospectively and retrospectively. A quorum for a meeting of Shareholders shall be at least three individual representatives, one from each of the three Shareholders, each holding a valid proxy for that Shareholder.
- 2.8. Decisions of Directors. In order to be effective, except for matters contemplated in Section 2.11 below, a decision of the Board of Directors must be approved either by a resolution passed by the affirmative vote of a simple majority of the Directors present at a meeting of Directors duly called and at which a quorum is present or by an instrument signed by all the Directors in writing.
- 2.9. Casting Vote. The Chairman of any meeting of the Directors or Shareholders shall not have a second or casting vote.
- 2.10. Officers. The Board of Directors will appoint the officers of the Company from time to time.
- 2.11. Certain Matters Requiring Special Board Approval. The Company shall not undertake or proceed with any of the following matters without (i) a resolution passed by the affirmative vote of all of the six (6) Directors at a meeting of Directors duly called and at which a quorum is present or by an instrument signed by all the Directors in writing and (ii) with such other approvals as required by the *Business Corporations Act*:
  - (a) amend its articles of incorporation or cause any amendments to be made to the Limited Partnership Agreement, as the case may be, or other constating documents or make, amend or repeal any by-law in such a manner as to adversely affect the rights and privileges of the Shareholders, other than as required by this Agreement;
  - (b) issue, or enter into any agreement to issue, any Shares or Units of any class or any securities convertible into or exchangeable for Shares or Units of any class or grant any option or other right to purchase any such Shares, Units or securities convertible into or exchangeable for Shares or Units;
  - (c) purchase, redeem for cancellation retire or otherwise acquire any Shares or securities of the Company or Units of the Limited Partnership;
  - (d) declare or pay any dividends or make any distribution, whether in cash, in stock or in specie, on any of its outstanding shares of any class of the



Company or make or cause to be made any distributions of Limited Partnership income, cash or earnings to any Limited Partner;

- (e) approve the Annual Budget and Business Plan;
- (f) invest in, agree to indemnify, make loans to, give any financial assistance (by way of guarantee or otherwise) to or become liable, directly or indirectly, in respect of any security, indebtedness or obligation of any Person other than a Subsidiary;
- (g) mortgage, pledge, charge, grant of a security interest or lien on or otherwise encumber, any of the assets of the Company or the Limited Partnership;
- (h) amalgamate, merge or combine the Company or the Limited Partnership with or into any other entity or carry out any reorganization or arrangement or apply to be continued as a company under or as a partnership or a limited partnership governed by the laws of any jurisdiction other than British Columbia;
- (i) incorporate, create, purchase, acquire, fund, sell or dispose of any Subsidiary or any other entity;
- (j) make any material change to the Business;
- (k) unless as otherwise required by applicable law, make an assignment for the benefit of any of the Company's creditors generally or undertake any winding-up, liquidation, reorganization or dissolution of the Company;
- (l) enter into any contract, agreement or commitment out of the ordinary course of business or acquire or establish any additional business or make any material change in, or terminate or suspend any material part of, its existing business or sell or dispose of fixed assets in excess of amounts contemplated by the Business Plan then in effect;
- (m) in any fiscal year of the Company, make any expenditures (capital or otherwise), leasing commitments or incur any debt in excess of \$2500, in the aggregate, which are not contemplated in the Annual Budget and Business Plan for that year previously approved as contemplated hereunder;
- (n) enter into any material joint venture or partnership, or invest, in any corporation, partnership, joint venture, firm or other Person;
- (o) enter into any contract, agreement or commitment with any Person who does not deal at Arm's Length with the Corporation or the Limited Partnership;

- (p) determine the terms of employment contracts for officers of the Company including the responsibilities and compensation (including performance contracts and bonus plans) of the officers of the Company;
- (q) resign as, or change the General Partner or admit or appoint any new general partner of the Limited Partnership;
- (r) amend or make any changes to any material employment agreement, management services agreement or other such agreement pursuant to which the Limited Partnership is managed; or
- (s) incur any debt on behalf of the Company or the Limited Partnership other than as contemplated herein or in the Limited Partnership Agreement.

2.12. Reporting Requirements. The Company shall cause to be prepared and delivered to the Board of Directors:

- (a) annual audited financial statements of the Company, within 120 days of the Company's fiscal year end;
- (b) interim, unaudited quarterly financial statements of the Company, within 60 days of the end of each of the Company's quarters;
- (c) monthly, unaudited financial statements prepared by the Company, within 30 days following the end of each calendar month, including a budget variance analysis; and
- (d) such other information as the Board of Directors or any one Shareholder reasonably requests.

The financial statements referred to herein shall be prepared in accordance with GAAP (except in the case of monthly and quarterly financial statements, which are not required to be adjusted for year-end adjustments, accruals and other matters as would normally be included as part of a year-end audit).

2.13. Business Plan and Annual Budget. The Company shall, prior to commencing business operations (other than the acquisition of the Lands) present to the Board of Directors for approval an initial Business Plan and an initial Budget. Thereafter, the Company shall prepare and submit to the Board of Directors in accordance with section 2.11 not later than thirty (30) days prior to the commencement of each fiscal year of the Limited Partnership, in reasonable detail, the annual Business Plan and the Annual Budget. The Company shall also prepare, on a rolling basis, and include with the Business Plan and Annual Budget, five-year forecasts, specifying in reasonable detail, annual operational thresholds and financial benchmarks.

2.14. Books and Records. The Company shall maintain books and records which shall disclose all financial transactions of the Company and the Limited Partnership in accordance with GAAP, consistently applied.

3. **GENERAL MATTERS RELATING TO THE HOLDING OF INTERESTS AND PERMITTED TRANSFERS**

3.1. Representations and Warranties of Shareholders/Limited Partners. Each Shareholder/Limited Partner represents, warrants and covenants to the other Shareholders/Limited Partners with regard to itself as follows:

- (a) that such Shareholder/Limited Partner owns, beneficially and of record, the Interest which is expressed to be owned by it in the recitals to this Agreement and, other than as set out in Schedule A attached hereto, which may be amended from time to time, that such Interest is not subject to any mortgage, lien, charge, pledge, encumbrance, security interest or adverse claim and that no Person has any rights to become a holder of any of such Shares or Units representing same;
- (b) that such Shareholder/Limited Partner is duly incorporated and in good standing and has the full power and capacity to enter into and give full effect to this Agreement;
- (c) that this Agreement constitutes a valid and binding obligation of such Shareholder/Limited Partner enforceable against it in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies;
- (d) the execution and delivery of the Agreement, and the performance of the obligations under the Agreement, will not create a default under any constating documents, bylaws, indentures, agreements or other instruments by which the Shareholder/Limited Partner is bound; and
- (e) that all the foregoing representations and warranties will continue to be true and correct during such time as a Shareholder/Limited Partner is a party to this Agreement.

3.2. General Prohibition on Transfer. During the continuance of this Agreement, none of the Shareholders/Limited Partners shall Transfer its registered and/or beneficial interest in any of its Interest in whole or in part, except in accordance with this Agreement. A purported Transfer of any such Interest in violation of this Agreement shall not be valid and the Company shall not register, nor permit any transfer agent to register, any such Transfer on the securities register of the Company or the Limited Partnership, nor shall any voting rights attaching or relating to any such Interest be exercised, nor shall any purported exercise of such voting rights be valid or effective, nor shall any dividend or distribution to be paid or made on any such Interest.

3.3. Specific Prohibition on Transfer. Subject to section 3.4 below, no Shareholder/Limited Partner may transfer its Interest without the consent of each of the other Shareholders/Limited Partners.

3.4. Permitted Transfers. A Shareholder/Limited Partner may, at any time, transfer all (but not less than all) of its Interest:

- (a) to a person that is Controlled by such Shareholder/Limited Partner provided that any such transferee first enters into an agreement under which the transferee becomes a party to and is bound by this Agreement and the Limited Partnership Agreement; or
- (b) to an Arm's Length Person to secure financial obligations provided that no application will be made by the holder of the financial charge or a nominee, assignee or transferee of such charge holder to register the holder or a nominee, assignee or transferee as a Shareholder/Limited Partner except in accordance with the provisions of Section 4 of this Agreement, and if such holder, nominee, assignee or transferee becomes a Shareholder/Limited Partner, it first enters into an agreement under which the charge holder, nominee, assignee or transferee becomes a party to and is bound by this Agreement and the Limited Partnership Agreement.

3.5. Notation on Certificates. All share certificates representing Shares shall have the following statement conspicuously noted thereon:

“There are restrictions on the right of transfer of the securities represented by this share certificate. In addition, such securities are subject to the Shareholders/Unitholders Agreement dated for reference August 29<sup>th</sup>, 2014 between PRSC Land Developments Ltd., Sliammon First Nation, Sliammon Development Corporation, Powell River Waterfront Development Corporation and Tees'kwat Land Holdings Ltd., as the same may be amended from time to time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof.”

3.6. Shareholders/Limited Partners to Facilitate Transfers. Each of the Shareholders/Limited Partners agrees that it will give and execute all necessary consents and approvals to a Transfer permitted pursuant to this Agreement as soon as the relevant provisions of this Agreement relating to such Transfer have been complied with.

#### 4. MATTERS RELATING TO THE DISPOSITION AND ACQUISITION OF INTEREST

4.1. Rights of First Refusal.

- (a) Subject to sections 3.3 and 4.2, if at any time a Shareholder/Limited Partner (the “**Selling Party**”) obtains from a Person with whom the Selling Party is dealing at Arm's Length (a “**Third Party**”) a bona fide offer (a “**Third Party Offer**”) to purchase all (but not less than all) of the Interest held by the Selling Party for cash and the Selling Party is willing and able to accept the Third Party Offer, such Selling Party shall give written notice thereof (the “**First Refusal Notice**”) to the Other Parties (the “**Other Parties**”). A Third Party Offer shall not provide for any consideration other than cash consideration. The First Refusal Notice shall state that the Selling Party has received an offer which the Selling

Party is willing and able to accept, and that the offer is bona fide and is made by a Person with whom the Selling Party is dealing at Arm's Length and shall be accompanied by a copy of the Third Party Offer and details as to the identity and business of the Third Party and of any Person who controls, directly or indirectly, the Third Party, together with a copy of the Carry-Along Offer referred to in Section 4.2 below. A First Refusal Notice shall be irrevocable and shall remain open for acceptance by the Other Parties for a period of thirty (30) Business Days after receipt thereof.

- (b) Each of the Other Parties (in each case, an "**Exercising Party**") shall have the right, exercisable by notice given to the Selling Party in writing within thirty (30) Business Days after receipt of the First Refusal Notice:
  - (i) to agree to purchase the Interest held by the Selling Party on the same terms and conditions contained in the Third Party Offer;
  - (ii) to agree that the Selling Party may sell all the Interest held by such Selling Party to the Third Party on the terms and conditions contained in the Third Party Offer and to exercise the carry along right by accepting the Carry-Along Offer such that the sale by the Selling Party to the Third Party is contingent on the purchase by the Third Party of the Interest held by the Exercising Party; or
  - (iii) to agree that the Selling Party may sell all the Interest held by such Selling Party to the Third Party on the terms and conditions contained in the Third Party Offer (without exercising the carry-along right), provided that, prior to completion of such sale, such Third Party and any Person, directly or indirectly, controlling such Third Party become subject to all of the obligations of the Selling Party under this Agreement and the Limited Partnership Agreement and agrees to be bound by all of the provisions hereof.
- (c) If an Other Party gives no notice within such 30 Business Day period as contemplated above, such Other Party shall be deemed to have given the notice referred to in Section 4.1(b)(iii).
- (d) If both of the Other Parties give the notice referred to in Section 4.1(b)(i), each of the Other Parties shall purchase one-half of the Interest of the Selling Party and such purchase by the Other Parties of the Interest of the Selling Party shall be completed in accordance with the terms of the Third Party Offer. In the event that only one of the Other Parties gives the notice referred to in Section 4.1(b)(i), then such Exercising Party shall be entitled to purchase the Interest of both the Selling Party and the Interest of the Other Party (the "**Additional Interest**") that has not given the notice contemplated in Section 4.1(b)(i) and such sale of both Interests shall be completed simultaneously in accordance with the terms of the Third Party Offer. If such Exercising Party does not elect to purchase the Additional Interest, it may still purchase the Interest of the Selling Party

and will have no obligation to purchase the Additional Interest and Section 4.2 will not apply to the Additional Interest.

- (e) If both of the Other Parties give the notice referred to in Section 4.1(b)(ii), the sale of the Interest by the Selling Party and the Interest of both of the Other Parties to the Third Party shall be completed concurrently in accordance with the terms of the Third Party Offer and the Carry-Along Offer, respectively. Subject to Section 4.1(d), in the event that only one of the Other Parties gives the notice referred to in Section 4.1(b)(ii), then the sale of the Interest of such Exercising Party shall be completed concurrently with the Selling Party in accordance with the terms of the Third Party Offer and the Carry-Along Offer.
- (f) If both of the Other Parties give or are deemed to have given the notice referred to in Section 4.1(b)(iii), the Selling Party may accept the Third Party Offer and, subject to compliance with Section 4.1(b)(iii), may sell the Interest held by it in accordance with the terms of the Third Party Offer for a period of 180 days after the expiry of the thirty (30) day period referred to in Section 4.1(b). Subject to compliance with Section 4.1(b)(i)(ii) and (iii) and Section 4.2, in each case, as applicable, in the event that only one of the Other Parties gives, or is deemed to have given, the notice referred to in Section 4.1(b)(iii), then the Selling Party may accept the Third Party Offer and may sell the Interest held by it in accordance with the terms of the Third Party Offer for a period of 180 days after the expiry of the thirty (30) day period referred to in Section 4.1(b). If the sale is not completed within such 180-day period, the provisions of Section 4.1 shall again apply to any proposed sale of Interest and so on from time to time.

#### 4.2. Carry Along Rights

A Selling Party shall not be entitled to deliver a First Refusal Notice and sell its Interest to a Third Party unless the Third Party Offer contains, or is accompanied by, an offer by the Third Party to the Other Parties to purchase all (but not less than all) the Interest held by the Other Parties (the "**Carry-Along Offer**"). The Carry-Along Offer shall contain terms and conditions identical to those contained in the Third Party Offer. The Carry-Along Offer shall be irrevocable and shall be open for acceptance by the Other Parties for the thirty (30) Business Day period referred to in Section 4.1. If the Other Parties accept the Carry-Along Offer, then the Selling Party is only entitled to sell its Interest if the Third Party also, at the same time, purchases the Other Parties Interest on the terms and conditions contained in the Carry-Along Offer. If only one of the Other Parties accepts the Carry-Along Offer, then (provided that one of the Exercising Parties has not given notice under Section 4.1(a)(i)), the Selling Party is only entitled to sell its Interest to the Third Party if the Third Party also, at the same time, purchases the Interest of the Other Party that accepted the Carry-Along Offer on the terms and conditions contained in the Carry-Along Offer and also complies with Section 4.1(b)(iii).

4.3. Pre-Emptive Rights

- (a) Subject to section 2.11, Shares, Units or other securities (collectively, “**Securities**”) may be issued by the Company or the Limited Partnership at any time after the date hereof, with the unanimous consent of the Board of Directors and in compliance with this section 4.3.
- (b) If the Company or the Limited Partnership proposes to issue any Securities, the Company shall or shall cause the Limited Partnership to first offer the Securities for subscription by the Shareholders/Limited Partners on a pro rata basis at the date of the offer at the subscription price as determined by the Board of Directors. Such offer shall be made in writing by the Secretary of the Company to the Shareholders/Limited Partners on a pro rata basis. The offer shall contain a description of the terms and conditions relating to the Securities and shall state the price at which the Securities are offered and the date on which the purchase of Securities is to be completed and shall state that if any Shareholder/Limited Partner wishes to subscribe for such Securities, it may do so only by giving notice of the exercise of the subscription right to the Secretary of the Company within ten (10) Business Days after the date of the offer. The offer shall also state that if any Shareholder/Limited Partner wishes to subscribe for a number of Securities less than or in excess of its proportion it shall, in its notice of subscription, specify the number of Securities less than or in excess of such proportion that it wishes to purchase. If any Shareholder/Limited Partner does not subscribe for all of the Securities to which it is entitled, the unsubscribed Securities shall be made available to the Other Parties on a pro rata basis in the same manner for a further period of ten (10) Business Days. If the Company has received subscriptions to purchase which are more than sufficient to exhaust the unsubscribed Securities, the unsubscribed Securities shall be allocated pro rata among the Shareholders/Limited Partners who wish to purchase Securities in excess of their respective proportion in proportion to the number of Units held by them respectively at the date of the offer. If the Securities shall not be capable, without division into fractions, of being offered to or being allocated among the Shareholders/Limited Partners in the proportions referred to above, they shall be offered to or allocated among the Shareholders/Limited Partners as nearly as may be in the proportions referred to above and any balance shall be offered to or allocated among the Shareholders/Limited Partners or some of them in such manner as the Board of Directors determines to be equitable. No Shareholder/Limited Partner shall be obliged to purchase any Securities in excess of the number indicated in its subscription.
- (c) If any of the Securities are not subscribed for within the period of twenty (20) Business Days after they are offered to the Shareholders/Limited Partners, the Corporation or the Limited Partnership may offer such unsubscribed Securities within the period of sixty (60) Business Days after the expiration of such twenty (20) Business Days period to any Person, but the price at which such Securities may be issued shall not be less than the

subscription price offered to the Shareholders/Limited Partners and the terms of payment for such Securities shall not be more favourable to such Person than the terms of payment offered to the Shareholders/Limited Partners. Such offer shall also be conditional on such Person agreeing to be bound by all the provisions of this Agreement and the terms of the Limited Partnership Agreement as if it were an original signatory hereto pursuant to an agreement in writing, in form and substance satisfactory to the other parties then bound by this Agreement, acting reasonably.

## 5. **DEFAULT**

### 5.1. Events of Default

It is an event of default (a “**Default**”) if any Shareholder/Limited Partner (the “**Defaulting Party**”) fails to defend assiduously and successfully any action or proceeding in relation to any of its Interest for seizure, execution, attachment or that claims possession, sale, foreclosure, the appointment of a receiver or receiver manager, or forfeiture or termination, of or against or with respect to any of its Interest.

### 5.2. Determination of Default

A Party which is not a Defaulting Party (a “**Non-Defaulting Party**”) may, by notice in writing (the “**Default Notice**”) to the Defaulting Party, with a copy to all other Parties, notify the Defaulting Party that such Non-Defaulting Party considers the Defaulting Party to have committed a Default and shall set out the particulars of such Default within the Default Notice. If the Defaulting Party does not, within 5 Business Days of receipt of the Default Notice, reply in writing to the sender of the Default Notice that the Defaulting Party disputes that it has committed a Default, then the Defaulting Party shall be deemed to have committed a Default and the provisions of Section 5.3 shall apply. If the Defaulting Party does, within five Business Days of receipt of the Default Notice, reply in writing to the sender of the Default Notice that the Defaulting Party disputes that it has committed a Default, then an arbitrator appointed in accordance with Section 6.6, shall determine whether or not the Defaulting Party has committed a Default. If the arbitrator finds that the Defaulting Party has committed a Default, then the provisions of Section 5.3 shall apply.

### 5.3. Remedies on Default

If a Defaulting Party has, pursuant to Section 5.2, been deemed to have committed a Default or been found by the arbitrator to have committed a Default, and has not, within 20 Business Days of the date that such Default was found or deemed, cured such Default, then, each Non-Defaulting Party shall be entitled to purchase the Defaulting Parties Interest on a pro rata basis at an aggregate price equal to the Fair Market Value of the Defaulting Parties Interest and the Defaulting Party shall sell the entire Defaulting Parties Interest to one or both of the Non-Defaulting Parties, as the case may be.



6. **GENERAL**

- 6.1. Interest Subject to this Agreement. Each of the Shareholders/Limited Partners agrees that it shall be bound by the terms of this Agreement with respect to the Interest held by it from time to time.
- 6.2. No Funding Obligations. For greater certainty, other than as contemplated hereunder, no Shareholder/Limited Partner will be required to advance, guarantee or otherwise loan additional funds to the Company or the Limited Partnership.
- 6.3. Conflicts. In the event of any conflict between the provisions of this Agreement and the Company's articles of incorporation or other constating documents or any other agreement now or hereafter entered into among the Shareholders/Limited Partners, including, but not limited to the Limited Partnership Agreement, the provisions of this Agreement shall prevail and govern. The Shareholders/Limited Partners shall forthwith procure all necessary proceedings and vote their respective Shares or Units in favour (or execute written shareholder or other consent resolutions) of causing such of the Company's articles of incorporation, other constating documents or any other agreement to be amended in order to resolve such conflict in favour of the provisions of this Agreement.
- 6.4. Notices. All notices hereunder shall be deemed given if in writing and delivered personally or sent by facsimile, but not by email, to the Parties at the following addresses (or at such other addresses as shall be specified by like notice):
- (a) If to SFN: RR#2, 6686 Sliammon Rd  
Powell River, British Columbia, V8A 0B8  
Attention: Chief and Band Council  
Fax No.:
  - (b) If to Tees' Kwat LP: C-93, RR#2  
Powell River, BC  
V8A 4Z3  
Attention: Board of Directors  
Fax No.: (604) 483-7741
  - (c) If to Powell River LP: #103 - 7020 Duncan Street  
Powell River, BC  
V8A 1V9  
Attention: Board of Directors  
Fax No.: (604) 483-7741
  - (d) If to Sliammon: C-93, RR#2  
Powell River, BC  
V8A 4Z3  
Attention: Board of Directors  
Fax No.: (604) 483-7741
  - (e) If to the Company: 4448A Marine Drive

Powell River, BC  
V8A 2K2  
Attention: Board of Directors  
Fax No.: (604) 485-6923

with copies to SFN, Tees' Kwat LP, Powell River LP and Sliammon.

Any notice given by facsimile shall be effective on the Business Day following the sending. Any notice delivered personally shall be effective at the time it is delivered to the applicable address noted above either to the individual designated above or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee.

- 6.5. Amendment and Modification; Waiver. This Agreement may only be amended or modified in writing, signed by the Company, SFN, Tees' Kwat LP, Powell River LP and Sliammon. No waiver in writing of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.
- 6.6. Dispute Resolution. If any dispute or question (a "**dispute**") shall arise between the Parties hereto or any of them concerning the interpretation of this Agreement or the Limited Partnership Agreement or any part thereof, such Parties, with the assistance of a senior officer of each such Shareholder/Limited Partner, as required, shall attempt in good faith to resolve such dispute. If the Parties have not agreed to a settlement of the dispute within thirty (30) days from the date on which the dispute first became known to all the Parties, then the parties agree to resolve the dispute through mediation and thereafter, failing a successful resolution of the dispute, the dispute shall be submitted to binding arbitration pursuant to the *Commercial Arbitration Act* (British Columbia). Such dispute shall not be made the subject matter of an action in any court by any party unless the dispute has been first submitted to arbitration and finally determined. Any such action commenced thereafter shall only be for the purpose of enforcing the decision of the arbitrators and the costs incidental to the action. In any such action, the decision of the arbitrators shall be conclusively deemed to determine the rights and liabilities as between the parties to the arbitration in respect of the matter in dispute.
- 6.7. Assignment. No party may assign this Agreement or any of their rights or obligations under this Agreement without the prior written consent of the other Parties.
- 6.8. Invalidity. If any provision of this Agreement is invalidated in whole or in part, the remaining terms of this Agreement shall remain in full force.
- 6.9. Entire Agreement. This Agreement together with the Limited Partnership Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

- 6.10. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.
- 6.11. Parties in Interest. This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- 6.12. Counterparts. This Agreement and any amendments hereto may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be considered one and the same agreement. A signed facsimile or telecopied copy of this Agreement shall be effectual and valid proof of execution and delivery. Each counterpart shall bear the date first written above, regardless of the date of execution by the parties hereto.

**END OF PAGE**

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written by:

**SLIAMMON FIRST NATION** has executed )  
this Agreement by its duly and authorized )  
signatories: )

\_\_\_\_\_)  
Authorized signatory )

\_\_\_\_\_)  
Authorized signatory )

**TEES'KWAT LAND HOLDINGS LTD.** has )  
executed this Agreement by its duly and )  
authorized signatories: )

\_\_\_\_\_)  
Authorized signatory )

\_\_\_\_\_)  
Authorized signatory )

**POWELL RIVER WATERFRONT )  
DEVELOPMENT CORPORATION** has )  
executed this Agreement by its duly and )  
authorized signatories: )

  
\_\_\_\_\_)  
Authorized signatory )

\_\_\_\_\_)  
Authorized signatory )


**SLIAMMON DEVELOPMENT )  
CORPORATION** has executed this Agreement )  
by its duly and authorized signatories: )

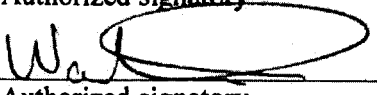
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Authorized signatory )


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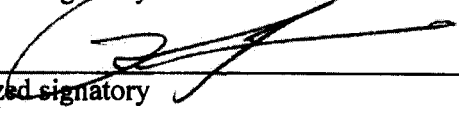
SLIAMMON FIRST NATION has executed )  
this Agreement by its duly and authorized )  
signatories: )

  
\_\_\_\_\_  
Authorized signatory )

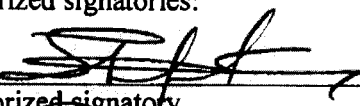
  
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Authorized signatory )

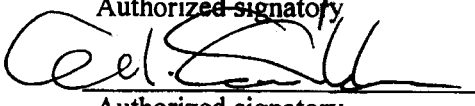
TEES'KWAT LAND HOLDINGS LTD. has )  
executed this Agreement by its duly and )  
authorized signatories: )

  
\_\_\_\_\_  
Authorized signatory )

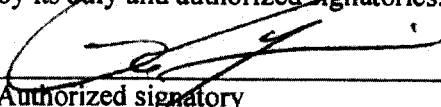
  
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Authorized signatory )


POWELL RIVER WATERFRONT )  
DEVELOPMENT CORPORATION has )  
executed this Agreement by its duly and )  
authorized signatories: )

  
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Authorized signatory )

  
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Authorized signatory )

SLIAMMON DEVELOPMENT )  
CORPORATION has executed this Agreement )  
by its duly and authorized signatories: )

  
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Authorized signatory )

  
\_\_\_\_\_  
Authorized signatory )

PRSC LAND DEVELOPMENTS LTD. has )  
executed this Agreement by its duly and )  
authorized signatories: )

  
\_\_\_\_\_)  
Authorized signatory )

  
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Authorized signatory )

**END OF PAGE**

**SCHEDULE A**  
**ENCUMBRANCES ON INTEREST**

SLIAMMON FIRST NATION: None (as of August 29<sup>th</sup>, 2014)

TEES'KWAT LAND HOLDINGS LTD.: None (as of August 29<sup>th</sup>, 2014)

POWELL RIVER WATERFRONT DEVELOPMENT CORPORATION: None (as of August 29<sup>th</sup>, 2014)

SLIAMMON DEVELOPMENT CORPORATION: None (as of August 29<sup>th</sup>, 2014)

PRSC LAND DEVELOPMENTS LTD.: None (as of August 29<sup>th</sup>, 2014)

**END OF DOCUMENT**