Schedule “I”
Development and Use Covenant

TERMS OF INSTRUMENT – PART 2

SECTION 219 COVENANT

BETWEEN:

NORTHLAND PROPERTIES CORPORATION (Inc. No C083976), a company incorporated under the laws of the Province of British Columbia and having an office located at 301 – 1755 West Broadway, Vancouver, BC, V6J 4S5

(hereinafter called the "Transferor")

AND:

REVELSTOKE MOUNTAIN RESORT INC. (Inc. No. BC0781736), a company incorporated under the laws of the Province of British Columbia and having an office located at 301 – 1755 West Broadway, Vancouver, BC,, V6J 4S5

(hereinafter called the "Transferee")

WHEREAS:

A. The Transferor is the registered owner of those lands (as hereinafter defined) located in the City of Revelstoke and more particularly described in Item 2 of Part 1, of the Land Title Act Form C to which this Agreement is attached and which forms part of this Agreement;

B. Section 219 of the Land Title Act, R.S.B.C., 1996 c. 250, provides that a covenant, in favour of the Transferee, whether of a negative or positive nature, in respect of the use of the Lands (as hereinafter defined) or that the Lands are or are not to be built on, may be registered as a charge against the title to the Lands and is enforceable against the Transferor and its successors in title even if the covenant is not annexed to land owned by the Transferee;

C. The Transferee has been designated under section 219(3)(c) of the *Land Title Act*, evidence of which designation has been filed in the Kamloops / Nelson Land Title Office under instrument number LB090393;

D. The Transferee requires that the Transferor enter into this Covenant with the Transferee in accordance with section 219 of the *Land Title Act* and the Transferor has agreed to do so; and

E. The Transferor attests that the Lands encumbered by this Covenant do not lie within an Agricultural Land Reserve.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the sum of ONE ($1.00) DOLLAR of lawful money of Canada, paid by the Transferee to the Transferor (the receipt whereof is hereby acknowledged), the parties hereto do hereby covenant and agree that the Lands shall be used in accordance with the terms of this Covenant, as follows:

1. In this Covenant, the following terms have the following meanings:

(a) **"Develop"** means to change the use of any land or Improvement, or to carry out any development, construction, engineering or other operations or undertakings whatsoever on, in, over or under land, including, without limitation, any removal or deposit of soil, gravel, rocks, minerals or other fill, any clearing, grading or excavating, any cutting or other removal of trees, landscaping or other vegetation or ground cover or any planting, installing or placing of trees, landscaping or other vegetation or ground cover and **"Development"** has a corresponding meaning.

(b) **"Development Unit"** means any building constructed on a Lot meant for residential purposes;

(c) **"Improvement"** means any building, structure, work, service, utility, soil, gravel, rocks, minerals, other fill, trees, landscaping, vegetation or other ground cover or other improvements of any kind or nature whatsoever, including, without limitation, any Services and Facilities.

(d) **"Lands"** means the lands legally described in item 2 of the *Land Title Act* Form C to which these terms are attached and form part thereof, including any Lot, common property, limited common property or other parcel into which such lands may be subdivided and including the surface, under-surface and ground water on, in or under such lands.

(e) "**Land Title Act"** means the *Land Title Act* (British Columbia), as amended from time to time.

(f) **"Lot"** means any lot or parcel into which the Lands are divided, whether by subdivision plan, strata plan, bare land strata plan or otherwise howsoever and includes the common property of any strata plan or bare land strata plan, and the terms **"Lot 1", "Lot 2", "Lot 3"** and so on refer to the specific lots or strata lots within the Lands, as shown on the strata plan or bare land strata plan in respect of the Lands.

(g) **"Plans and Specifications"** has the meaning of the plans and specifications for any Improvement or Development, as described in section 4.

(h) **"Services and Facilities"** means all services, utilities, amenities and facilities in respect of or for the use of any of the Lots or any Improvements thereon, including any roads, curbs, walkways, sidewalks, trails, street lighting, parks, common areas, community facilities, recreation facilities, water, sanitary sewer, garbage or solid waste removal or disposal, storm drainage or other drainage facilities, natural gas, propane, fuel, telephone, electricity, lighting, cablevision, communication, heating, energy, geothermal energy, ventilation or air conditioning services and facilities.

2. The Transferor will not Develop the Lands or any portion thereof, including, without limitation, any Lot, without obtaining the prior written approval of the Transferee, which approval the Transferee may provide in its absolute discretion and which may include conditions which the owner of the Lot must satisfy prior to commencing any Development on the Lot.

3. The Transfer shall not rent or grant short-term accommodation, hotel/motel or lodge-like use, bed and breakfast use or other type of licencing arrangement, to any third party, for less than the whole of the Development Unit. For greater certainty, the Transferor shall not provide single room rental accommodation.

4. No Lot may be Developed and the Transferor will not carry out any Improvement or Development in respect of any Lot unless:

(a) prior thereto:

(i) the Transferor submits to the Transferee the Plans and Specifications in respect to the proposed Improvement or Development;

(ii) the Transferee has issued written approval of the Plans and Specifications in accordance with paragraph 2;

(b) such Improvement or Development is carried out in accordance with Plans and Specifications approved by the Transferee;

(c) such Improvement or Development is carried out in compliance with all applicable laws, ordinances, rules, regulations and orders of the City of Revelstoke and any other applicable governmental or regulatory authority.

5. The Plans and Specifications will describe the proposed Improvement or Development in reasonable detail, and will include the following:

(a) an accurate site plan to a scale of 1:200 showing all Lot dimensions, building envelopes, contours (existing or proposed), underground Services and Facilities, driveway locations and grades building locations and trees and vegetation to be retained;

(b) full architectural drawings, including floor plans, all elevations, sections and site sections and a rendered elevation or sketch showing exterior colours, materials and textures to be used;

(c) a detailed landscape plan for the entire Lot, prepared by a professional landscape architect, showing trees and vegetation proposed to e introduced, existing trees and vegetation to be protected and details of all hard landscaped surfaces; and

(d) such further and other documents, plans, specifications, samples or other materials as the Transferee may require in connection with its consideration of the proposed Improvements or Development.

5. Pursuant to Section 219 of the Land Title Act, the covenants herein contained shall be covenants running with the Lands and shall enure to the benefit of and be binding upon the Transferor and the Transferor's heirs, executors, administrators, successors, assigns and successors in title.

6. The parties agree that nothing contained or implied herein shall in any way prejudice or affect the powers of the Transferee in the exercise of its functions under any statute, bylaw, order or regulation, all of which may be fully exercised in relation to the Lands as if this Agreement had not been executed.

7. In this Covenant unless the context otherwise requires, the singular includes the plural and vice versa.

8. This Covenant will be interpreted according to the laws of the Province of British Columbia.

9. If any part of this Covenant is found to be illegal or unenforceable, that part will be considered separate and severable and the remaining parts will not be affected thereby and will be enforceable to the fullest extent permitted by law.

10. Nothing contained or implied in this Covenant shall prejudice or affect the exercise of any of the Transferee's functions under any source of authority including, without limitation, any statutes, regulations, bylaws, orders or other constating documents, all of which may be fully and effectively exercised by the Transferee.

11. The Transferor will do or cause to be done, all things and execute or cause to be executed, all documents and give such further and other assurances which may be reasonably necessary to give proper effect to the intent of this Covenant.

12. The provisions herein contained shall not be modified or discharged except in accordance with the provisions of Section 219 of the Land Title Act.

13. Notwithstanding anything else herein contained to the contrary, it is understood and agreed that the terms, covenants and agreements herein contained shall only be personal and binding upon the Transferor with respect to the Lands, only for so long as the Transferor is the owner of such Lands. For greater certainty, neither the Transferor named in this Covenant, nor any future owner(s) from time to time of the Lands, shall be liable under any of the terms, covenants and agreements contained in this Covenant with respect to such Lands, where such liability arises by reason of an act or omission occurring after the Transferor named in this Covenant, or any future owner(s), ceases to have an ownership interest in such Lands.

As evidence of their agreement to be bound by this Agreement, the parties have executed the Land Title Act Form C attached to and forming part of this Agreement.