

SHAREHOLDER'S AGREEMENT

THIS AGREEMENT dated for reference the 25th day of July, 2018.

BETWEEN:

DISTRICT OF SICAMOUS, a local government under the laws of British Columbia and having an office at 446 Main Street, Box 219, Sicamous, British Columbia, V0E 2V0

(hereinafter called the "**District**")

OF THE FIRST PART

AND:

DISTRICT OF SICAMOUS DEVELOPMENT CORPORATION, a corporation incorporated under the laws of British Columbia, having an office at 446 Main Street, Box 219, Sicamous, British Columbia, V0E 2V0

(hereinafter called the "**Company**")

OF THE SECOND PART

WHEREAS:

- A. The District is the sole shareholder of the Company; and
- B. The parties hereto wish to enter into this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the mutual covenants set forth in this Agreement, each of the parties agree with the others as follows:

ARTICLE 1 - DEFINITIONS

1.1 In this Agreement, the following words and phrases, unless there is something in the context inconsistent with them, will have the following meanings:

- (a) "**Affiliate**" means, as to any party herein, an affiliate as that term is defined in the Act;
- (b) "**Articles**" means the articles of the Company as may be amended from time to time;
- (c) "**Board**" means the board of directors of the Company;

- (d) **"Company Business"** has the meaning ascribed to it in the Partnering Agreement;
- (e) **"IFRS"** means the International Financial Reporting Standards as amended from time to time and, where applicable, any set of accounting principles specifically applicable to the business of the Company;
- (f) **"Partnering Agreement"** means the partnering agreement between the District of Sicamous and the Company dated for reference July 25th, 2018;
- (g) **"Shareholder"** means the District of Sicamous and its permitted assigns; and
- (h) **"Shares"** means at the relevant time the common shares in the capital of the Company issued and outstanding.

ARTICLE 2 - INTERPRETATION

2.1 This Agreement will in all respects be governed by and be construed in accordance with the laws of the Province of British Columbia and the parties to this Agreement submit and attorn to the jurisdiction of the courts of the Province of British Columbia.

2.2 If a provision contained in this Agreement is invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision is not in any way affected or impaired in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired.

2.3 Wherever the singular is used in this Agreement, it is deemed to include the plural or the body politic or corporate where the context or the parties so require.

2.4 The headings of the sections of this Agreement are inserted for convenience only and do not affect the construction of this Agreement.

2.5 A reference to this Agreement to a numbered or lettered section, subsection or clause refers to the section, subsection or clause bearing that number or letter in this Agreement, unless otherwise stated.

2.6 All accounting terms not defined in this Agreement have those meanings generally ascribed to them in accordance with IFRS principles, applied consistently.

2.7 In the event of any conflict between this Agreement and the Articles, the terms of this Agreement will prevail and the Shareholder will vote its Shares to amend the Articles so that the Articles will conform with this Agreement. Upon execution of this Agreement, if required, the Shareholder will cause the Articles to be amended to reflect the terms of this Agreement.

ARTICLE 3 - CONDUCT OF THE AFFAIRS OF THE COMPANY

3.1 The Shareholder will vote its Shares so that the Board is comprised of five directors and one alternate director who shall attend Board meetings and participate in Board proceedings when one or more of the other directors is unable to attend. The initial directors and alternate directors shall be as follows:

Evan Parliament, CAO

Kelly Bennett, CFO

George Dennis III

Peter Schrama

Eldon Kralkay

Brenda Dalzell (alternate)

If a position on the Board is open for any reason, the Shareholder may nominate a new director to fill the vacancy.

3.2 If a nominee to the Board of the Shareholder fails to vote and act as a director to carry out the provisions of this Agreement, the Shareholder will exercise its right as shareholder of the Company and in accordance with the Articles to remove such nominee from the Board and to elect in his or her place an individual nominated by the Shareholder.

3.3 The conduct of the business of the Company shall be governed in accordance with the Articles, except as otherwise provided in this Agreement.

3.4 The parties agree that the Company shall hold semi-annual information meetings that are open to the public on or before June 30 and December 31 every year at a location specified by the District and otherwise as directed by the District.

3.5 A quorum for any meeting of the Shareholder shall be a quorum of the municipal council of the District in accordance with the District's bylaws and applicable law.

3.6 Notwithstanding any other provision of this Article 3, the following matters will only be undertaken upon the written consent of the Shareholder:

- (a) increasing, reducing or cancelling the authorized or issued share capital of the Company or issuing or granting any option over the unissued share capital of the Company;
- (b) issuing any shares of any class in the capital of the Company (except for an issue of shares made pursuant to this Agreement);
- (c) adopting the annual budgets of the Company;

- (d) disposing of any land or improvements of the Company or any other significant asset of the Company or the Company (other than in the normal course of business);
- (e) entering into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$100,000;
- (f) borrowing more than an aggregate of \$100,000 at any given time;
- (g) selling or disposing of the whole or a substantial part of the undertaking and goodwill or the assets of the Company.

3.7 Notwithstanding any other provision of this Article 3, the following matters will only be undertaken upon the unanimous written consent of the Board:

- (a) incurring by the Company of any capital commitment (including the purchase of any fixed asset) in excess of \$50,000 in respect of any one transaction;
- (b) entering into any contracts which have as a term (including any renewal or extension terms permitted under the contract), exceeding two years or requires payment by the Company of an amount in excess of \$50,000;
- (c) acquiring or disposing of any interest in any other corporation or partnership or entering into any joint venture or partnership with any other corporation or person;
- (d) lending or providing any guarantee in respect of any amount whatsoever to any person;
- (e) entering into, or the amendment of, an agreement with a person to manage substantially all of the Company Business (the "**Manager**"); and
- (f) mortgaging, charging, whether by way of specific or floating charge, granting a security interest in or giving other security on, the whole or any part of the Company assets.

3.8 Notwithstanding any provision in the Articles to the contrary,

- (a) the Company will only carry on the Company Business; and
- (b) the Shareholder and Company agree that if a Manager is engaged by the Company, the Manager will be and is hereby authorized to carry out such Company Business on behalf of the Company with such authority and discretion as would otherwise be exercised by the Board in accordance with the terms of this Agreement, subject to the terms of any such engagement, the

approvals required from the Board and Shareholder hereunder and any decisions by the Board hereunder.

ARTICLE 4 - FINANCING AND SHAREHOLDER'S CONTRIBUTIONS

4.1 Initially the issued capital of the Company is:

NAME	CLASS A COMMON SHARES
DISTRICT OF SICAMOUS	10

4.2 Funds required from time to time by the Company will be obtained, to the greatest extent possible, by borrowing from a chartered bank or other institutional lender.

4.3 No Shareholder is obliged to enter into any agreement of guarantee with respect to the indebtedness of the Company or to pledge its credit on behalf of the Company and the sole financial obligation of a Shareholder is as set out in section 4.1.

ARTICLE 5 - RESTRICTIONS ON TRANSFER

5.1 Subject to section 5.2, the Shareholder may not sell, transfer or otherwise dispose of, or offer to sell, transfer or otherwise dispose of, any of its Shares.

5.2 The Shareholder may transfer its Shares to an Affiliate.

ARTICLE 6 - DEFAULT

6.1 An event of default (a "**Default**") arises if a party (the "**Defaulting Party**"):

- (a) fails to observe, perform or carry out any of its obligations under this Agreement and such failure continues for thirty (30) days after any party not in default (the "**Non-Defaulting Party**") has in writing demanded that such failure be cured;
- (b) fails to take reasonable actions to prevent or defend assiduously, any action or proceeding, seizure, execution or attachment or which claims possession, sale, foreclosure, the appointment of a receiver or receiver-manager of its assets, or forfeiture of any of the Shares, and such failure continues for thirty (30) days after a Non-Defaulting Party has in writing demanded that such actions be taken or the Defaulting Party fails to defend successfully any such action or proceeding; or
- (c) becomes a bankrupt or commits an act of bankruptcy or if a receiver or receiver-manager of its assets is appointed or makes any assignment for the benefit of creditors or otherwise.

6.2 If a Default occurs under section 6.1, the Non-Defaulting Party(s) may:

- (a) pursue any remedy available in law or in equity, each party acknowledging that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a Default; or
- (b) waive the Default provided that any waiver of a particular Default shall not operate as a waiver of any subsequent or continuing Default.

ARTICLE 7 - GENERAL PROVISIONS

7.1 This Agreement terminates:

- (a) if the Company:
 - (i) has a receiving order made against it;
 - (ii) goes into bankruptcy either voluntarily or involuntarily; or
 - (iii) makes a proposal to its creditors;
- (b) if the Shareholder and the Company consent in writing to the termination; or
- (c) on the date specified in a notice in writing provided by a Shareholder to the Company, provided such notice is given at least one (1) month prior to the date of termination.

7.2 A Shareholder who has disposed of all of his or her Shares in compliance with the provisions of this Agreement is entitled to the benefit of and is bound by only the rights and obligations which arose under this Agreement prior to such disposition.

7.3 The Shareholder and the Company will execute such further assurances and other documents and instruments and do such further and other things as may be necessary to implement and carry out the intent of this Agreement.

7.4 The provisions of this Agreement constitute the entire agreement between the Shareholder and the Company, and supersedes all previous expectations, understandings, communications, representation and agreements whether verbal or written between the Shareholder and the Company with respect to the subject matter of this Agreement.

7.5 Any notice required to be given under this Agreement by any party will be deemed to have been given if faxed to, or delivered at, the address of the other parties as follows:

- (a) If to the District of Sicamous:

Mayor Terry Rysz
446 Main Street, Box 219
Sicamous, British Columbia, V0E 2V0
Fax # 1.250.836.4314
Cell # 1.250.253.6655

(b) if to the Company:

Evan Parliament, CAO
446 Main Street, Box 219
Sicamous, British Columbia, V0E 2V0
Fax # 1.250.836.4314
Cell # 1.250.517.8049

or at such other address as the other parties to this Agreement may from time to time direct in writing, and any such notice is deemed to have been received, if faxed, forty-eight (48) hours after the time of faxing and, if delivered, upon the date of delivery. If normal fax service is interrupted by any cause, the party sending the notice will utilize such other service as is not interrupted or will deliver the notice.

7.6 Neither party shall disclose any confidential information relating to the other party's finances and business affairs unless such information is in the public domain or was disclosed to the first-mentioned Shareholder by a third party under no confidential obligation to that party to whom the information relates, or such disclosure is required by law, governmental or regulatory body's rules, or such disclosure is given in connection with mediation or legal proceedings in respect of this Agreement.

7.7 Time is of the essence of this Agreement.

7.8 This Agreement enures to the benefit of and is binding upon the Shareholder and the Company and their respective personal representatives, heirs, executors, administrators, successors and permitted assigns.

7.9 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

7.10 Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

7.11 Nothing contained or implied in this Agreement shall fetter in any way the discretion of the District or the municipal council of the District. Further, nothing contained or implied in this Agreement shall affect the District's rights, powers, duties or obligation in the exercise of its functions pursuant to the *Community Charter* or the *Local Government Act*, as amended or replaced from time to time, or act to fetter or otherwise affect the District's discretion, and the rights, powers, duties and obligations of the District under all public and private statutes, by-laws, orders and regulations, which may be, if the District so elects, as fully and effectively exercised.

7.12 This Agreement may be signed by original or by facsimile and executed and delivered in any number of counterparts which will constitute an original and all of them taken together will constitute one instrument.

END OF PAGE

IN WITNESS WHEREOF this Agreement is executed as of the day and year first above written.

DISTRICT OF SICAMOUS DEVELOPMENT CORPORATION

by its authorized signatory(ies):

Kelly Bennett
Signature

Print Name: Kelly Bennett

Evan D. Parliament
Signature

Print Name: EVAN D. PARLIAMENT

DISTRICT OF SICAMOUS

by its authorized signatory(ies):

Terry Ryse
Mayor:

Print Name: Terry Ryse

Evan D. Parliament
Corporate Officer:

Print Name: EVAN D. PARLIAMENT