

Cash Lease Agreement - Parcel 1

This lease made in duplicate the ___ day of _____, 2013 between Harvey & Carolyn McDonald of RR 1 Richard, SK S0M 2P0, hereinafter called the "landlord" being the registered owner of Land described below, and _____ of _____ hereinafter called the "tenant."

1. Witness that in consideration of the rents, covenants, promises and agreements contained in this lease on the part of the tenant to be paid, observed and performed, the landlord does hereby lease to the tenant the following farm lands and premises situated in the Province of Saskatchewan, that is to say:

<u>Land description:</u>	<u>Cult Acres:</u>	<u>Last years crop:</u>	<u>Notes:</u>
NW 17-43-12-W3	155		
NE 17-43-12-W3	155		
NW 20-43-12-W3	150		
SW 20-43-12-W3	152		

Total cultivated acres to be used for lease calculation = 612.00 acres

hereinafter called "the land."

2. Term

This lease shall continue in force on the said land and premises for and during the term of 3 years, from April 1st, 2013 to December 31st, 2015.

3. Rental

The tenant will pay to the landlord the yearly rental of _____ (_____) plus 5% G.S.T., (less any deposit paid in the execution of this agreement) for the use of 612 cultivated acres during the said term.

Lease Payment Terms:

2013: 20% of annual lease non-refundable deposit, to be applied to first year lease payment.

Balance due April 15th, 2013.

2014 - 2015: 25% of annual lease due each year on or before January 31 of the year of annual lease, balance due on or before April 1 of the year of annual lease.

4. Saskatchewan Laws Apply

The contents of this agreement shall for all purposes be construed according to the laws of the Province of Saskatchewan and any cause of action arising hereunder shall be entered and tried in the judicial centre serving the area of Saskatchewan in which the land of this agreement is located.

5. Landlord and Tenant Definitions

The terms "landlord" and "tenant" shall include their heirs, executors, administrators, successors and assigns in the singular or plural number and feminine or masculine gender when

the context or the parties so require and all the covenants shall be construed as being joint and several.

6. Cropping Plans.

The tenant shall make all decisions with respect to growing crops or raising livestock on the land unless stated otherwise in this agreement, and as such the tenant shall be responsible for all costs of farming the said land unless stated otherwise in this agreement.

7. Resource Protection.

The tenant shall:

- a) cultivate, seed, control weeds, insects and disease, harvest crops on the land in a sustainable manner;
- b) use pesticides in accordance with labelled directions; and
- c) minimize soil loss from erosion with the use of, but not limited to, crop residue management, conservation tillage, zero-till practices, grassed waterways, strip cropping, or other accepted conservation practices.

The tenant shall not:

- a) overload nutrient levels on the land or adjacent water bodies;
- b) allow pesticide to drift on to non target lands, including adjacent crops, & shelterbelts
- c) accumulate, permit or allow the accumulation of any waste material, debris, refuse or garbage; or
- d) allow any site contamination such as, but not limited to, chemicals, oil spills, hydrocarbons or any other waste materials on the land or adjacent water bodies.

8. Pesticides

The tenant will make all decisions on which pesticides are to be used on crops grown on the land.

9. Use of the Land

The tenant will use the lands and premises for the purpose of growing crops or forages and the tenant shall not, without the written consent of the landlord:

- a) sublet, or assign this lease, or any part thereof, or any interest therein without obtaining the written consent of the landlord to the sublease or assignment;
- b) change the natural course of any waterways on the said land;
- c) cut down trees growing upon the land, nor will he permit any other person to do so;
- d) allow the entry of any persons for the purpose of outfitting, eco-tourism, picking of berries or flowers or any such plant materials;
- e) remove any sand, gravel, clay, stone or other such substances existing on, or under the surface of said land; or
- f) bring into cultivation any new lands.

10. Crop Residues and Fire

Crop residues including straw, chaff and stubble remaining after harvesting the crops on the land shall not be burned, baled or otherwise removed, used or disposed of without the consent of the landlord.

11. Weed Control

The tenant shall control all noxious weeds on the subject lands and maintain all summerfallow in a reasonably weed-free condition.

12. Crop Insurance

With respect to the Saskatchewan Crop Insurance program, the tenant has the option to take a Crop Insurance contract and in so doing shall absorb the total cost of coverage and receive all the benefits.

13. Other Insurance

Insurance on all leased buildings in this agreement shall be the responsibility of the landlord. The tenant shall be responsible for any damage to the buildings resulting in their use during the term of the lease. The tenant shall make their own arrangements regarding other production and all risk insurance and in so doing shall absorb the total cost of coverage and receive all the benefits.

14. Storage of Grain

The tenant to provide grain storage.

15. Government Income Support Payments and Subsidies

In the event that any payment, subsidy or other reimbursement is made under any government agency or any marketing agency in connection with income support to the actual producer of crops grown on the leased lands during the term of this lease, the payments identified with the leased land shall be paid to the tenant unless otherwise agreed upon.

Should such payment, subsidy or other reimbursement be made to the landowner during the term of this lease, the payments shall be paid to the landowner unless otherwise agreed upon.

Where contributions are required for entitlement to any payment, subsidy or reimbursement the landlord and tenant shall mutually agree as to the sharing of the costs and income.

16. Compensation for Oil and Gas, Utilities, Roads, and Rights-of-Way

Compensation for reasons such as, but not limited to, property damage and inconvenience from oil and gas exploration, pipeline development, power and telephone line installations, or road construction, shall accrue to the party that has suffered the loss. The landlord will have the final say on who has suffered the loss except as follows:

- a) where the compensation is for crop damage, the compensation will be paid to the tenant.
- b) where the compensation is for work completed by the tenant such as, but not limited to, fence re-construction, grass reseeding or top soil levelling, the compensation will be paid to the tenant.
- c) where the compensation is for the creation of a nuisance situation such as, but not limited to, gates left open, dust or noise, the compensation will be paid to the tenant.
- d) where the compensation is for a decrease in the land's value such as, but not limited to, loss of acres from the development, severing a parcel of land or top soil disturbance, the payment shall be made to the landlord.

17. Taxes

The cost of all municipal and school taxes on the land included in this lease shall be paid by the landlord.

18. Improvements

The tenant shall not make major improvements, other than what is considered normal repair and maintenance, to the leased land or any other assets identified in this agreement without written permission of the landlord. Major improvements, which without restricting the generality of the term, shall include: water development, erosion control, fencing and building construction, clearing, breaking and seeding to pasture and hayland. Such consent shall be attached to and form part of the lease agreement. The amount of compensation shall be an amount agreed upon by the landlord and tenant.

Title to all improvements shall vest in the landlord and no improvements shall be sold, removed, disposed of or encumbered without the written consent of the landlord.

19. Repair of Buildings, Fences and Improvements

Responsibility for normal maintenance and repair to buildings, fences and improvements shall be as follows:

Tenant's Responsibility (list items):

- Repair any damage caused by tenant during term & leave area clean at termination of lease of any debris
- Remove temporary bins and leave area clean at termination of lease.

Landlord's Responsibility:

- Maintain existing fences.

20. Grain Stored on Land at Commencement of Lease

In the event that marketing facilities prevent the landlord from delivering the grain previously grown and stored on the said leased premises at the commencement of this lease, it is agreed that such undelivered grain may be stored on the said land for a period not exceeding seven months (Aug 1st) after the commencement of this lease without charge for storage or interference from the tenant. However, the landlord must not deliver any other grain in priority to the grain stored on the leased premises. During this period, the landlord has the right to entry to obtain any grain which he has stored on the said property.

21. Grain Stored on Land at Termination of Lease

In the event that the harvesting and marketing conditions prevent the tenant from delivering the grain grown and stored on the leased land during the term of this lease, such grain may be harvested and removed from the landlord's property according to *The Agricultural Leaseholds Act*.

22. Protection of Land Against Liens, Charges, etc.

The tenant shall protect the said land and indemnify the landlord in regard to any and all liens and charges by reason of or in any way accruing from the construction of any building or the making of any improvements thereon done by or on behalf of the tenant.

23. Protection of Landlord Against Claims, Liabilities, etc.

The tenant shall indemnify and save harmless the landlord against all claims, liabilities, demands, damages or rights or causes of action whatever made or asserted by anyone arising out of or incidental to this indenture or use or occupancy of the said lands and premises.

24. Bankruptcy or Insolvency of Tenant

That if the term hereby granted or any of the goods and chattels of the tenant or his assigns shall be at any time seized or taken in execution or in attachment by any creditors of the tenant or his assigns, or if the tenant or his assigns shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent, shall take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or if any writ of execution shall issue against the goods and chattels of the tenant or his assigns, the then current year's rent shall immediately become due and payable, and the said term shall immediately become forfeited and void at the option of the landlord.

25. Default, Breach or Non-observance of Contract by Tenant

That if the rent reserved or any part thereof be in arrears whether such rent has been demanded or not, or if there be default, breach or non-observance by the tenant at any time or times of any covenant, proviso, condition or reservation herein contained, which on the part of the tenant ought to be observed or performed, whether such covenant be positive or negative, or if there be any seizure or forfeiture of the said term for any of the causes herein specified, then the landlord or his agents may enter upon the said lands and premises and thereafter have, possess and enjoy them as if his indenture had not been made, and no acceptance of rent subsequent to any breach or default other than non-payment of rent nor any condoning, excusing or overlooking by the landlord on previous occasions of breach or defaults similar to that for which re-entry is made shall be taken to operate as a waiver of this condition, nor in any way defeat or affect the rights of the landlord herein.

26. Tenant's Peaceful Surrender of Land at Expiration of Lease

The tenant shall at the expiration of the said term or other sooner determination of this lease peaceably and quietly leave, surrender and yield up onto the landlord the said lands and premises in good and sufficient repair, reasonable wear and tear and damage by fire, lightning and tempest only excepted.

27. Tenant's Access to Property

If the tenant fulfils the terms and conditions of this agreement, the tenant shall and may peaceably possess and enjoy the said land for the said term, without any interruption or disturbance from the landlord or any representative of the landlord.

28. Landlord's Access to Property

The landlord or a representative of the landlord has the right at all reasonable times to attend and inspect the said property. The landlord reserves the right of entry and exit over and upon the land in this agreement to use any land and buildings expressly excluded from this agreement.

29. Failure to Carry out Lease Provisions

If either party shall fail in any respect to carry out any of the provisions of this lease agreement, the other may have the same done, and the costs shall be paid by the party failing to carry out the said provisions.

30. Renewal

The tenant to have the first option to negotiate a lease renewal for a further term of 3 years or as otherwise may be agreed to by the parties executing a renewal statement.

31. Incoming Tenant

An incoming tenant, purchaser or the landlord shall have the right to enter on the land contained in this agreement after harvest in the fall preceding the expiration of the said term for the purpose of preparing the land for crop.

32. Arbitration

The landlord and tenant may by mutual agreement submit any disagreement, which may arise with respect to the terms and conditions of this lease to arbitration in accordance with *The Arbitration Act*.

33. Termination

The landlord and tenant may mutually agree to terminate this lease at any time.

I, _____, do hereby accept this lease of the above described land to be (Tenant's Name) held by me as tenant, and subject to the conditions, restrictions and covenants above set forth.

In Witness whereof the parties have set their hands and seals this ___ day of _____ AD 2013.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

(As to the execution by landlord)

(Signature of Landlord)

AND IN THE PRESENCE OF:

(As to the execution by tenant)

(Signature of Tenant)