

LICENCE

Licence No. / Licence n° 2773

Issue Date / Date de délivrance July 10, 2007

In accordance with The Environment Act (C.C.S.M. c. E125) /
Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

THIS LICENCE IS ISSUED TO : / CETTE LICENCE EST DONNÉE À :

AGASSIZ RESOURCE MANAGEMENT LTD.;
"the Licencee"

for the construction and operation of the Development being an irrigation system in the Rural Municipality of Dufferin (Smith Potato Farms Irrigation Project), with a water intake on the Boyne River in SE 30-6-4W and a reservoir in SW 17-6-4W, in accordance with the Proposal filed under The Environment Act dated April 30, 2007, and subject to the following specifications, limits, terms and conditions:

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. The Licencee shall collect and dispose of all used oil products and other regulated hazardous wastes generated by the machinery used in the construction and operation of the Development in accordance with applicable Manitoba Conservation and legislation requirements.
2. The Licencee shall revegetate areas disturbed by the construction of the Development with a mixture of native or introduced grasses or legumes. These areas shall be revegetated as quickly as possible following construction to prevent soil erosion and the establishment of noxious weeds. Native species shall be used to revegetate areas where native species existed prior to construction.

****A COPY OF THE LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES****

3. The Licencee shall:
 - (a) prepare "As Constructed" drawings for the Development and shall label the drawings "As Constructed"; and
 - (b) provide to the Director, within three months of the completion of construction of the Development, two sets of "As Constructed" drawings.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

Project Scope

4. The Licencee shall, unless otherwise approved by the Director in writing, construct the water diversion and management works and irrigate the lands as described on Figure 1, attached to this Licence. Project land includes NE 7-6-4W, NW 8-6-4W, SW 17-6-4W, and NW, NE and SW 18-6-4W. Proposed amendments to this project must be submitted to the Director for approval with an accompanying discussion of the nature and purpose of the amendments.

Construction

5. The Licencee shall, not less than two weeks prior to beginning construction of the Development, provide notification to the Environment Officer responsible for the administration of this Licence of the intended starting date of construction and the name of the contractor responsible for the construction.
6. The Licencee shall establish any fuel storage areas required for the construction and operation of the Development:
 - (a) a minimum distance of 100 metres from any waterbody unless double containment is provided; and
 - (b) in compliance with the requirements of *Manitoba Regulation 188/2001* respecting *Storage and Handling of Petroleum Products and Allied Products* or any future amendment thereof.
7. The Licencee shall, during construction and operation of the Development:
 - (a) immediately report any reportable spills to Manitoba Conservation's Accident Reporting Line at (204) 944-4888; and
 - (b) provide a follow-up report to the Director on a reportable environmental accident outlining the cause(s) and proposing corrective action to prevent reoccurrence.
8. The Licencee shall not remove, destroy or disturb species listed as rare, endangered, or of special concern, or their habitats. These species are listed in *Manitoba Regulation 25/98* respecting *Threatened, Endangered and Extirpated Species* or any future amendment thereof, and in the federal Species at Risk Act.
9. The Licencee shall, during construction of the Development, take all appropriate measures to prevent erosion and the deposition of sediment into the Boyne River.

10. The Licencee shall not undertake instream construction activities in connection with the Development between April 1 and June 30 of any year.
11. The Licencee shall not undertake instream construction activities in connection with the Development during periods of high streamflow.
12. The Licencee shall, during construction of water intake works in connection with the Development, minimize the extent of clearing of riparian vegetation adjacent to the Boyne River.
13. The Licencee shall install buried pipelines on cultivated land or land in its natural state in accordance with the methodology illustrated in Figures 2 to 4, attached to this Licence. These procedures do not apply when a plough or a continuous trencher is used to install a pipeline.

Operation – Matters Respecting Water Management and Water Quality Protection

14. The Licencee shall install and maintain instream water diversion works associated with the Development in accordance with the requirements of the Department of Fisheries and Oceans.
15. The Licencee shall screen the pump intake associated with the Development in accordance with the Department of Fisheries and Oceans publication "Freshwater Intake End-of-Pipe Fish Screen Guideline" (March, 1995). Final screen design shall be approved by the Department of Fisheries and Oceans prior to the operation of the Development.
16. The Licencee shall alter the screen on the pump intake associated with the Development if future research indicates that different design criteria are appropriate with respect to water withdrawals prior to July 1 of any year.
17. The Licencee shall maintain a minimum instream flow below the diversion point of the Development on the Boyne River in SE 30-6-4W at all times while water is being diverted into the Development. The minimum instream flow at the diversion point shall be as determined by Manitoba Water Stewardship and in accordance with the provisions of a Water Rights Licence issued for the Development.
18. The Licencee shall immediately cease diverting water from the Boyne River or reduce the diversion rate if the minimum instream flow provided for in Clause 17 of this Licence is not equalled or exceeded.
19. The Licencee shall limit the pumping rate at the diversion point of the Development on the Boyne River in SE 30-4-6W to 66 litres per second or as specified in a Water Rights Licence issued for the Development by Manitoba Water Stewardship.
20. The Licencee shall, on a daily basis while the reservoir in SW 17-6-4W is being filled and while irrigation is occurring from the Development, record volumes of

water pumped, and durations of pumping. A report on this information shall be provided, by March 1 of the following year, to the Environment Officer responsible for the administration of this Licence and the Environmental Assessment and Licensing Branch. The report shall be provided in the format shown in Table 1, attached to this Licence.

21. The Licencee shall install backflow prevention devices and maintain them in operational condition at all times if fertilizer or crop protection products are applied through the irrigation systems of the Development.
22. The Licencee shall, if fertilizer or crop protection products are applied through the irrigation systems of the Development, not allow irrigation water containing these materials to be applied to or drain to surface water bodies.

Operation – Matters Respecting Land Management and Soil Quality Protection

23. The Licencee shall not use water diverted by the Development to irrigate land in the project area more frequently than one year in three.
24. The Licencee shall manage phosphorus as well as nitrogen in all nutrient management plans developed pursuant to Clause 25 of this Licence.
25. The Licencee shall implement agronomic practices described in the following documents:
 - (a) Section 4.1 of the report “Smith Potato Farms Irrigation Project Environment Act Proposal” prepared by Acres Manitoba, April, 2007;
 - (b) Section 4 of the report “Smith Potato Farms Ltd. Irrigation Project Land-Use and Agronomic Assessment” prepared by Tone Ag Consulting, December 2005; and
 - (c) “Draft Best Management Practices Manual 1999” by the Central Manitoba Irrigators Association and Central Manitoba Resource Management Ltd., concerning general agronomic practices, or future versions thereof.

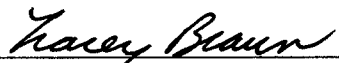
Monitoring

26. The Licencee shall, upon the request of the Director:
 - (a) sample, monitor, analyze or investigate specific areas of concern regarding groundwater, surface water and soil for such duration and at such frequencies as may be specified;
 - (b) determine the environmental impact associated with the specific areas of concern; and
 - (c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, and such other information as may from time to time be requested.

27. The Licencee shall, prior to the commencement of operation of the Development, meet with the Environment Officer responsible for the administration of this Licence and the contact person for the Environmental Assessment and Licensing Branch of Manitoba Conservation to review the monitoring and reporting requirements of this Licence.

REVIEW AND REVOCATION

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- B. If construction of the development has not commenced within three years of the date of this Licence, the Licence is revoked.
- C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.



Tracey Braun, M. Sc.
Director
Environment Act

Client File: 5263.00

FIGURE 1 TO ENVIRONMENT ACT LICENCE NO. 2773

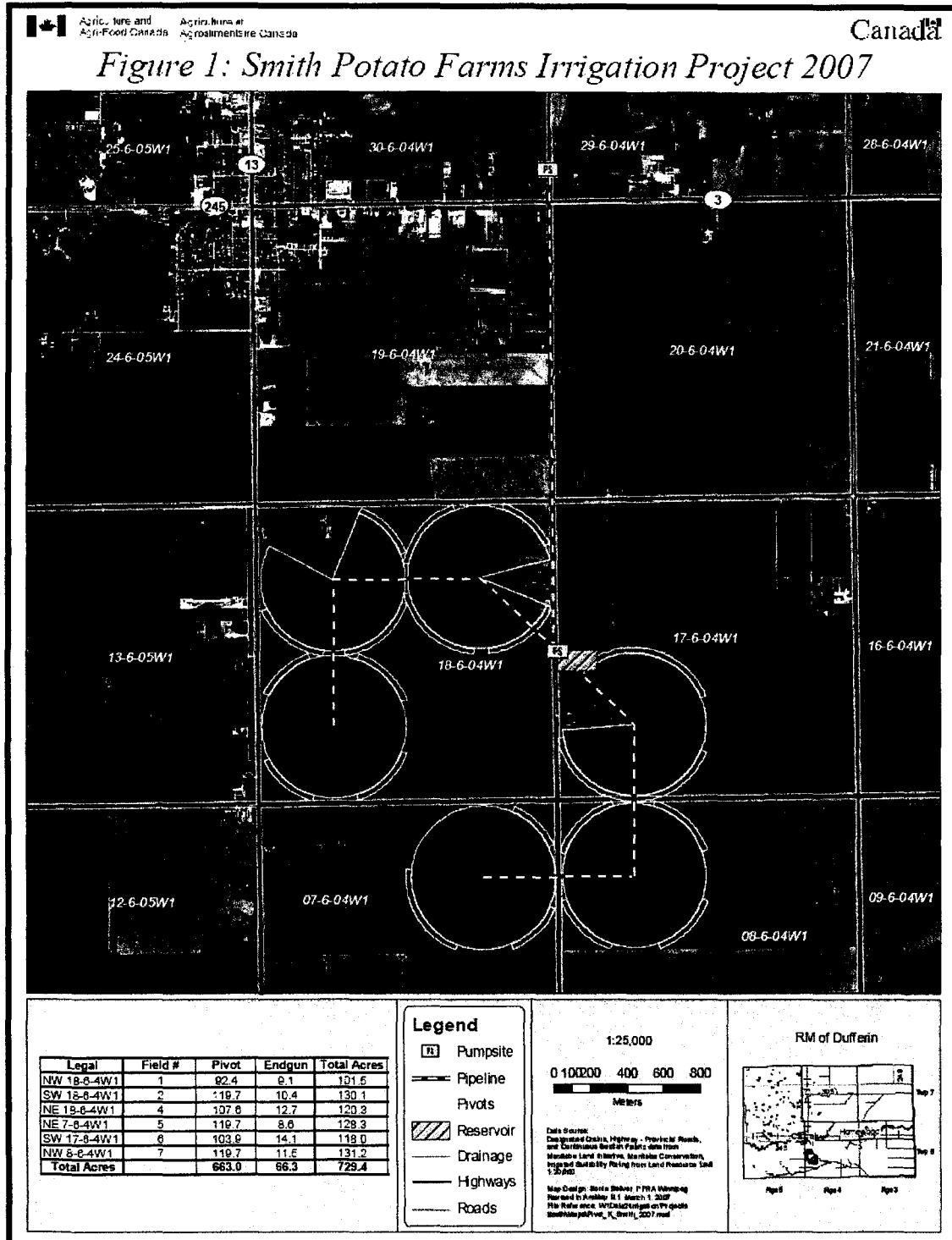
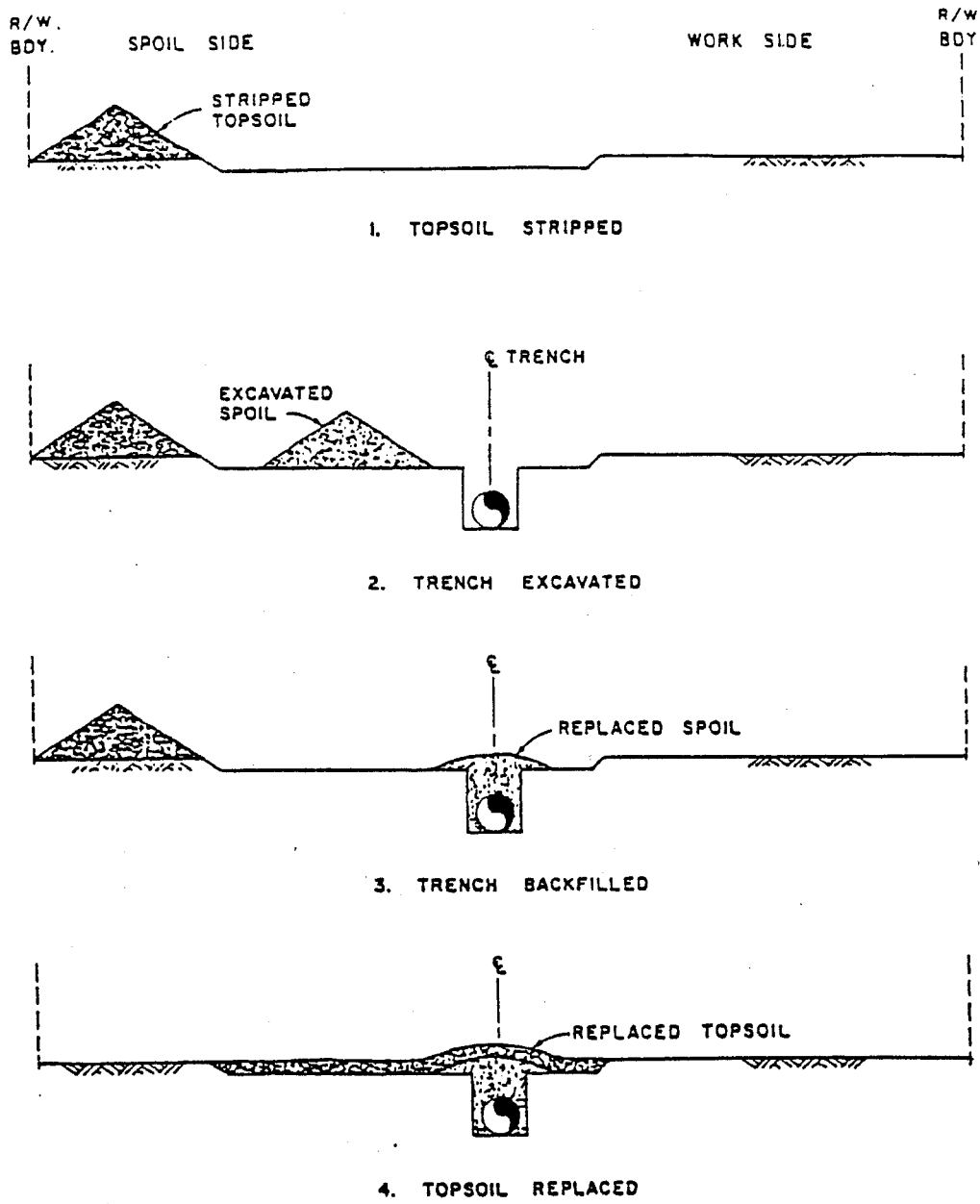
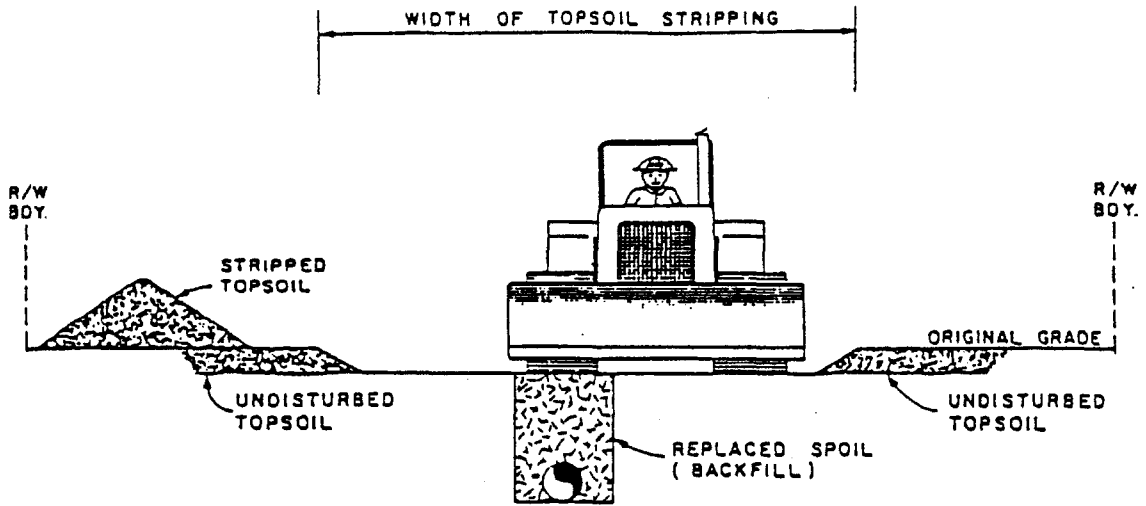


FIGURE 2 TO ENVIRONMENT ACT LICENCE NO. 2773



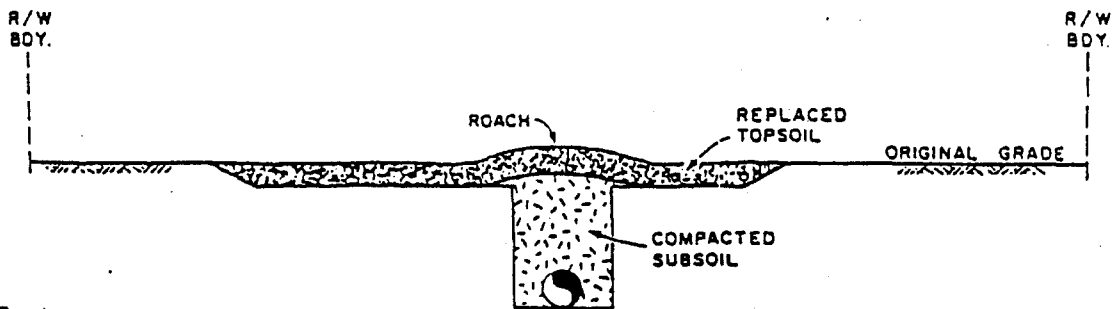
SEQUENCE OF TOPSOIL HANDLING

Figure 2



COMPACTION OF BACKFILL

Figure 3



Roach the trench to compensate for settlement and changes in natural drainage patterns. The height of the roach depends upon land use, the degree of compaction achieved.

ROACHING THE TRENCH

Figure 4

TABLE 1 TO ENVIRONMENT ACT LICENCE NO. 2773

Smith Potato Farms Irrigation Project Reservoir in SW 17-6-4W					
Year: _____					
Reservoir capacity: _____ dam ³ or acre-feet					
Pump Capacities: 1. Filling reservoir from the Boyne River: _____ m ³ /s or cfs					
2. Irrigation from reservoir: _____ m ³ /s or cfs					
Minimum instream flow: _____ m ³ /s MIF Monitoring Location: _____					
Notes:					
1. d/s Q - Flow measured at downstream point of interest (specify _____) or downstream of pump intake _____					
2. Elevation - reservoir elevation (Geodetic - metres) _____					
3. Volume Pumped - as measured by change in reservoir elevation _____ or pumping rate x time pumped _____					
1. Filling reservoir From the Boyne River in SE 30-6-4W					
Day	Date	d/s Q (1)	Elevation (2)	Hours Pumped	Vol. Pumped (3)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
Total				0.00	0.00

2. Use from Reservoir					
Day	Date	Elevation (2)	Hours Pumped	Vol. Pumped (3)	
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
Total			0.00	0.00	