

1040 W. Craig

LICENSE AGREEMENT

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THIS AGREEMENT is made the day \ of OCTOBER, 19 98

BETWEEN:

**GROSVENOR INTERNATIONAL CANADA LIMITED
&
BUTLIN INTERNATIONAL HOLDINGS LTD.**

(hereinafter called the "Licensor")

OF THE FIRST PART

- and -

GT GROUPTELECOM NETWORKS INC.

(hereinafter called the "Licensee")

OF THE SECOND PART

WHEREAS the Licensor is the owner of the property or properties described in Schedule A annexed hereto (the "Property");

AND WHEREAS the Licensee has requested the Licensor's permission to install, operate and maintain in location or locations at the Property, fibre optic telecommunications facilities and together with all related ancillary equipment cable and wires as shown on the plans to be approved by the Licensor as set out below (the "Equipment");

AND WHEREAS the Licensor has agreed to permit the Licensee to install, operate and maintain the Equipment at such location or locations and for such period, upon and subject to the terms and conditions hereinafter stated;

NOW, THEREFORE THIS AGREEMENT WITNESSETH that, is consideration of the mutual covenants and agreements hereinafter contained and the sum of Ten Dollars (\$10.00) now paid by each of the parties hereto the other (the receipt and sufficiency of which is hereby acknowledged) the parties hereto do hereby agree as follows:

1. LICENSE

Subject to the terms and conditions hereinafter contained, the Licensor hereby grants to the Licensee the followings rights:

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- (a) the right to install, operate, maintain, repair, remove and replace the Equipment in a location or locations at the Property which is or are to be mutually agreed upon between the Licensor and the Licensee.
- (b) the right to connect the Equipment to other tenants of the Property by means of wires and cables including, without limitation, fibre optic cables ("Cables"), which Cables may be installed by the Licensee in, over or under those portions of the Property including, without limitation, through existing building conduits, as may be necessary, subject to the approval of the Licensor as to location (such approval not to be unreasonably withheld or delayed), to connect the Equipment to electrical and communications lines;
- (c) the right to connect the Equipment to the electrical power source within the Property by means of Cables as such points of connection as the Licensor shall designate from time to time;
- (d) the right to connect the telephone lines within the Property to the Equipment by means of Cables at such points of connection as the Licensor or authorities having jurisdiction shall designate from time to time;
- (e) the right to have access to the Areas for the purposes of installation, maintenance, repair, removal and replacement of the Equipment 24 hours a day, 7 days a week, subject to the Licensor's reasonable requirements;
- (f) the right to use the Areas and Equipment for the purposes of Telecommunications (the "Uses") to be operated by the Licensee and for any other purpose incidental thereto, and for no other purpose.

The rights granted to the Licensee herein constitute a license only and shall not under any circumstances whatsoever constitute a right by the Licensee to have or claim exclusive possession of the Areas and this Agreement shall not constitute nor be interpreted to be either a partnership agreement, employment agreement, lease or joint venture agreement made between the parties.

2. TERM

Subject to the right of earlier termination as hereinafter specified, the term of this license (the "Term") shall commence on the 1st day of September, 1998 (the "Commencement Date"), and shall expire at midnight (Vancouver time) on the 31st day of August, 2008.

3. REMOVAL OF PROPERTY ON EXPIRATION OR TERMINATION OF LICENSE

Upon the expiration or earlier termination of the license herein, the Licensee shall forthwith remove the Equipment save and except for riser conduits and all of its trade fixtures situate in the Areas, but not any leasehold improvements situate thereon. In effecting such removal of trade fixtures and the Equipment, the Licensee shall not cause any damage to the Areas and the Property and shall make good any damage caused to the Areas or the Property arising out of the installation or removal of the Equipment, reasonable wear and tear excepted. If the Licensee fails to make good any such damage to the satisfaction of the Licensor, acting reasonably, after fifteen (15) days notice is given by the Licensor to the Licensee, the Licensor shall be entitled to repair all such damage and all costs incurred by the Licensor in connection therewith shall be paid forthwith by the Licensee upon demand. The obligations of the Licensee under this Section shall survive the expiration or earlier termination of this agreement.



4. APPROVAL OF PLANS

Prior to commencing installation of the Equipment, the Licensee shall prepare and deliver to the Licensor for its approval, such approval not to be unreasonably withheld or delayed, plans and specifications showing the size and location of the Equipment and Cables and the location of wiring connecting the Equipment to the power supply source and the telephone lines within the Property. The Licensor's approval of the plans and specifications shall be evidenced by its written endorsement thereon. If the Licensee following the initial installation of the Equipment determines that the location of the Equipment is not satisfactory for its use, the Licensee may submit to the Licensor for its approval not to be unreasonably withheld or delayed, further plans and specifications showing the relocation of the Equipment. The Licensee shall install the Equipment in a good and workmanlike manner provided that such installation is:

- (a) made in accordance with the plans and specifications approved by the Licensor from time to time;
- (b) done outside normal business hours for the Property, where possible, with the intent of minimizing the disruption or disturbance of the other occupants of the Property.
- (c) made in compliance with all applicable laws, building codes and regulations and all necessary permits and licenses are obtained by the Licensee; and
- (d) made in co-operation with the Licensor, or its consultants.

5. OPERATION AND MAINTENANCE OF AREA

At all times throughout the term of this Agreement, the Licensee shall use, maintain, repair and clean the Areas and the improvements therein in a reasonable and careful manner as would a prudent owner in accordance with all rules, regulations and requirements as may be prescribed from time to time by the Licensor, acting reasonably, and at all times shall use the Areas strictly in accordance with applicable governmental laws, bylaws, orders and regulations. The Licensee shall also obtain at its sole cost all necessary governmental permits, consents and approvals for its use of the Areas.

6. LICENSE FEE

(a) Annual License Fee

The Licensee shall pay to the Licensor, the License Fee as follows:

Years 1-5, the sum of: Five Thousand Dollars (\$5,000.00) plus G.S.T., to be payable in equal annual installments of One Thousand, Dollars (\$1,000.00) plus G.T.S. each on January 1st of each year. The Licensee shall pay the first of such installment on September 1, 1998, and the future installments on the 1st day of January in each year thereafter for the duration of the Term.

For Years 6-10, the Licensee shall pay a market rent equal to the then existing market value for comparable space in comparable buildings in the immediate vicinity of the property as agreed between the parties or, failing agreement within 3 months of the 5th anniversary, shall be determined in accordance with the Commercial arbitration Act of British Columbia in accordance with the foregoing guideline.

The Licensee shall pay to the Licensor during the Term of this License Agreement, a license fee, as an annual fee (the License Fee") for the right to use of the Areas granted herein.



The Licensee will provide the payment to the Licensor at Suite 320, 650 West Georgia Street, Vancouver, B.C., V6B 4N8 or at such other place as the Licensor shall hereafter designate. If the Term commences on any day other than the first day of a month, or if the Term ends on any day other than the last day of a month, the License Fee for the fraction of a month at the commencement and at the end of the Term shall be adjusted pro rata. The Licensor's G.S.T. number is R123261836.

Provided that the Licensee is not in default hereunder, the Licensee shall have the option to renew this License Agreement for one successive five year term on the same terms and conditions as provided in the License Agreement. During the renewal period the Licensee shall pay a market rent equal to the then existing market value for comparable buildings in the immediate vicinity of the Property as agreed between the parties, or failing agreement within 3 months of the expiration of the Term, shall be determined in accordance with the Commercial Arbitration Act of British Columbia in accordance with the foregoing guideline.

This option shall only be exercised by the Licensee giving to the Licensor not less than six (6) months prior to the expiry of the Term written notice requesting renewal.

7. INDEMNITY

Save for the negligence, or willful acts of the Licensor, its employees and those persons authorized by the Licensor to be on the Property of the Areas, the Licensee shall indemnify the Licensor against and hold it harmless from any and all claims, actions, damages, liabilities and expenses in connection with loss of life, personal injury, damage to property and/or any other loss or injury arising from or out of:

- (a) the use of the Areas pursuant to this Agreement;
- (b) any acts or omissions by the Licensee, its servants, agents, employees or invitees, and
- (c) this License.

The provisions of this section shall survive the expiration or earlier termination of this License.

8. INSURANCE

Throughout the term of this Agreement, the Licensee, at its sole cost and expense, shall take out and keep in full force and effect the following insurance:

- (a) comprehensive general liability insurance, including but not limited to personal injury liability of the Licensee as stated in this Agreement and owners' and contractors' protective insurance coverage with respect to the Licensee's use of the Areas and any portion thereof; such coverage shall include the activities and operations conducted by the Licensee and any other person or persons performing work on behalf of the Licensee or on behalf of those for whom the Licensee is in law responsible; such policy shall contain a cross liability clause in favor of the Licensor; such policy shall be written with inclusive limits of not less than Two Million Dollars (\$2,000,000.00) for each occurrence involving bodily injury, death or property damage, or for such higher limits as the Licensor may reasonably require from time to time; and
- (b) any other form of insurance as the Licensor may reasonably require from time to time, through the term of this Agreement, in amounts and for insurance risks against which a prudent licensee under similar circumstances would insure.

The Licensee shall provide certificates of insurance to the Licensors on or before the Commencement Date. All insurance policies shall contain an undertaking by the Licensee's insurer to notify the Licensors, upon not less than twenty-one (21) days prior written notice, of any material change, or proposed cancellation or termination of such policy. The Licensee shall also provide a replacement certificate of insurance to the Licensors not less than fifteen (15) days prior to any expiring certificate of insurance.

9. NO ASSIGNMENT

The Licensee covenants that it will not assign without consent, which consent the Licensors covenants not to withhold or delay unreasonably to any assignee who, the Licensors' judgment, has satisfactory financial conditions and agrees to use and to continue to operate the Equipment as required by this Agreement. Without limitation, the Licensee shall for the purposes of this paragraph be considered to assign in any case where it permits the Equipment or any portion thereof be operated by persons other than the Licensee, his employees or others engaged in carrying on the business of the Licensee whether pursuant to assignment, license or other right and shall also include the case where any of the foregoing occurs by operation of law.

Any request for consent shall be in writing and the Licensee shall furnish the Licensors all information available to the Licensee and requested by the Licensors as to the responsibility, reputation, financial standing, and business of the proposed assignee. Within fifteen (15) days after the receipt by the Licensors of such request for consent and all information which the Licensors shall have requested hereunder (and if no information has been requested within fifteen (15) days after receipt of such request for consent) the Licensors shall approve of the assignment acting reasonably or advise the Licensee that it does not approve of the assignment and the reasonable basis for such non-approval.

The Licensee shall pay the Licensors reasonable cost of preparation of the assignment of documents not to be less than \$250.00 forthwith upon invoice from the Licensors.

No assignment of this Agreement shall be effective unless the assignee shall execute an appropriate instrument in favor of the Licensors assuming all obligations of the Licensee hereunder and unless the fee referred to herein has been paid in full. No assignment of this Agreement shall in any way release the Licensors from the due performance of its obligations hereunder.

Notwithstanding the above, the Licensee shall have the right to assign this Agreement to an affiliated or related corporation, partnership or joint venture without the consent of the Licensors but with written notice to the Licensors provided however that the Licensee shall still remain fully liable for all obligations contained in this Agreement.



10. NOTICE

Any notice, demand, request, consent or other instrument required or permitted to be given under this Agreement (in this Section called a "Notice"), shall be in writing and shall be hand delivered or faxed to the Licensor or Licensee, as the case may be, as follows:

(a) to the Licensor, as follows:

Grosvenor International Canada Limited
Suite 2100
1040 West Georgia Street
Vancouver, B.C.
V6E 4H1

Attention: The President

Fax No. (604) 684-5041

(b) to the Licensee, as follows:

or such other address as either party may from time to time advise the other party by notice. The date of giving any notice shall be the date of delivery thereof in the case of personal delivery. With respect to any notice which is faxed, its date of receipt shall be deemed to be the date of transmission as evidenced by electronic confirmation in the sender's office provided, however, that such notice if sent after 5:00 P.M. on any day shall be deemed not to have been received until 9:00 A.M. the next following business day.

11. SIGNAGE

The Licensee shall not place, install and maintain during the term of this Agreement signage at the Property unless it first obtains the approval in writing by the Licensor acting reasonably, prior to installation. All signage shall be installed in a good and workmanlike manner by the Licensee at its sole cost and expense and shall be maintained by the Licensee in accordance with Section 7 of this Agreement.

12. RIGHT OF TERMINATION

The Licensor, acting reasonably, shall provide written notice should the Licensee fail to perform its obligations as set out in this License Agreement. The written notice shall clearly identify the problem to be solved. The Licensee shall have 45 days from receipt of said notice, to remedy its breach other than a failure to pay rent where the Licensee will have 5 days from receipt of said notice to remedy its breach. Failing remedy by the Licensee, the Licensor, at its option and without prejudice to any other remedy available to the Licensor herein, may terminate the License Agreement by giving written notice of termination.

Should at any time during the term of this agreement the Licensee feel that the terms and conditions of this agreement, save and except for the amount of the License Fee, or the technologies of the License are not economically viable, the Licensee may terminate this agreement on 60 days notice to the Licensor. All obligations save for continued License Fees will remain until the Licensee has removed all Equipment and restored the premises, or transferred ownership as per the provisions of this agreement.

Upon termination, the Licensee will remove all Equipment, except for the riser conduits, from the Property and appropriate trade fixtures from the Property, repairing any damage caused by whatever cause, save and except normal wear and tear to the reasonable satisfaction of the Licensee. Such action will be taken within fifteen (15) working days after which the Licensee shall have the option to either remove the fixtures at the Licensee's expense or, by notice to the Licensee, acquire ownership of those fixtures at no cost to the Licensor.

13. SUCCESSORS AND ASSIGNS

This Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

14. ADDITIONAL PROVISIONS

See Schedule "B".

15. INTERPRETATION

This Agreement shall be governed by the laws of the Province of British Columbia.

IN WITNESS WHEREOF the parties have executed this Agreement.

GROSVENOR INTERNATIONAL CANADA LIMITED

By

Signing Officer

And

Authorized Sig

BUTLIN INTERNATIONAL HOLDINGS LTD

By

Signing Office

And

Authorized Signatory

I/We have authority to bind the Corporation

GT GROUPTELECOM NETWORKS INC.

By

And

I/We have authority to bind the Corporation

CMG
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SCHEDULE "A"

DESCRIPTION OF THE PROPERTY

GROSVENOR BUILDING
1040 West Georgia Street
Vancouver, BC

Legal Description:

Lots: 5, 6 & 7
Blocks: 4
District Lot: 185
Plan: 92
New Westminster District



SCHEDULE "B"

ADDITIONAL PROVISIONS

1. **Suitability of Areas** - The Licensee acknowledges and agrees that it is accepting the license of the Areas on an "as is, where is" basis and the Licensor has made no representations or warranties respecting the Areas or their suitability for the intended use by the Licensee.

2. **Non-Interference** - The Licensee covenants and agrees that the installation, maintenance, use and operation of the Equipment on the Property shall not impede, inconvenience or interfere with the use and enjoyment of the Property, by the Licensor other occupants, including without limitation the use and enjoyment of the electrical and communication lines, the electrical sources, the telephone lines and other similar equipment and services.

Should interference develop at any time between the installations of other users of the Property and those of the Licensee, the Licensee shall promptly agree to cooperate in determining the cause of such interference and shall take immediate steps to resolve the interference at its own expense should the Licensee be at fault and without prior rights.

3. **Taxes** - The Licensee shall pay all taxes and license fees rated or assessed in respect of the Licensee's use and occupation of the Areas, the installation of the Equipment and the Licensee's business. The Licensee shall reimburse the Licensor for:

- (a) any real property taxes assessed in respect of the Equipment; and
- (b) any increase in the real property taxes payable by the Licensor as a result of the Licensee's occupancy of the Areas, this License or otherwise attributable to the Licensee,

which payments shall be made to the Licensor upon 30 days demand.

4. **Electricity** - The Licensee shall be responsible for the payment of its electrical consumption on the Property. The Licensee shall provide the Licensor annually prior to the anniversary of the Commencement Date with an estimate of the kilowatt hours of electricity which the "Equipment" has consumed in the previous year (the Estimate). The Licensee shall provide to the Licensor reasonable technical documentation verifying the Estimate. The Estimate shall be deemed to be accurate unless the Licensor can demonstrate, acting reasonably, that it is inaccurate. The Licensor shall provide to the Licensee within thirty (30) days after receiving the Estimate an invoice calculated by multiplying the Estimate by the then current rates charged by the applicable public utility commission servicing the building in which the Premises are located as determined by the Licensor acting reasonably.

The Licensor, agrees that upon request from the Licensee, that the Licensee, at the Licensee's sole cost may install separately metered power, using a metering system that the Licensor approves of, acting reasonably.

5. **Licensee's Default** - Provided that upon:

- (a) non-payment of the Annual License Fee; or
- (b) breach of any of the terms, covenants or conditions of this Agreement including without limitation the provisions of clause 2 of this Schedule "B",

the Licensor shall have the right to give notice of default to the Licensee and if the Licensee shall fail to remedy such default within five (5) days of receipt of such notice, or shall fail to commence to remedy such default if such default cannot be remedied within fifteen (15) days, then the Licensor may terminate this Agreement and the Licensee shall thereupon deliver possession of the Areas to the Licensor.

6. **Use** - The Licensee acknowledges and agrees that:

- (a) the Licensor may permit another party or parties to use and occupy the Areas or other parts of the Property for the purpose of providing stations for a communication network or other similar facilities; and
- (b) the Licensor has made no representations or warranties that the use by such other party or parties of the Areas or the Property shall not interfere with the use of the Areas by the Licensee.

