



This is an application to convert three existing licenses of occupation into a long-term lease. The three licenses are crown file numbers: 2406801, 2407858 and 2407425. These three licenses are overlain by a mineral tenure also controlled by Westport (crown file number 373666).

- Westport has been operating a quarry at this location since 2001. We currently employ over 8 people, most of whom are residents of Squamish.
- We request the conversion of our existing licenses' to a lease in order to provide us with the surety necessary to make some large investments (large, at least, relative to the size of our company!) in infrastructure and staffing. These include:
 - a) Construction of a rail crossing which is expected to cost close to \$1,000,000;
 - b) Acquisition of a "platform" barge which is expected to cost close to \$500,000;
 - c) Other ancillary access roads and construction anticipate to cost over \$300,000;
 - d) Potentially doubling the number of full-time operator/labourer positions.
- Construction would begin as soon as the licenses are converted to a lease. We anticipate construction of the rail crossing to take three to six months.

Exhibit 1





Need for Lease:

The absence of a lease is becoming more and more challenging for us. Over the past several years we have either lost out on contracts or been excluded from bidding all together because we lacked a long-term lease for the property. In addition, there are a number of near-term projects for which we will require a lease in order to be a potential supplier. Examples of both:

- 1) Large international construction firm looking for 30 tonne granite rip rap (they want each rock to be 30 tonnes) for upgrades to the Columbia River dyke system. This is a unique size of dimension stone and very few quarries can produce them this size.
- 2) South Fraser Perimeter Road - Main contractor declined to award us the contract because we did not have long-term lease in place.
- 3) Roberts Bank expansion will require significant amount of riprap, all of which will be delivered via barge. We have already had inquiry from potential prime contractor.
- 4) Massey Tunnel replacement. This project, construction of which is to begin next year, will require significant amounts of riprap and aggregates.
- 5) Squamish terminals project is importing riprap all the way from Port Coquitlam!

We are also well positioned to increase our exports of specialty stone products - both basalt and granite. This is an expanding market and there are a limited number of basalt quarries with the water access that enables more efficient long distance transport of these products. In addition to sizable riprap, the granite within our quarry produces distinctive granite slabs that are increasingly popular as landscape centerpieces. We have had numerous inquiries from the United States about importing a variety of our specialty dimension stones. To date, the shipping costs have been prohibitive but with the completion of our barge load, this will become feasible.



High Level Overview:

The existing operation sells aggregate and dimension stone to Squamish and the North Shore of Vancouver via truck deliveries. We expect to continue to serve our numerous customers from our existing footprint in Stage 1 even after the barge load-out is operational. The footprint for this can be seen in Exhibits 2 and 3. As this area is mined, operations will progress westward.

Because the trucking costs, which are billed by the hour or mile, are so high, the area that we can service via trucked deliveries is effectively limited to the North Shore and Squamish. As a result, we don't anticipate many changes to the current operations or footprint. While we are always trying to wring out a few more efficiencies, we have a limited market that we can practically serve. The current footprint has been mined for 10-years and the footprint is virtually unchanged. But as the material is mined, operations will progress down and slightly west.

Once the licenses are converted to a lease we will construct a crossing over the CN tracks, bring in a permanent "platform" barge and set up additional processing operations in "Stage 2". The biggest hurdle here is the rail crossing. The east side of the tracks is flanked by a 75 foot granite wall and the costs to build a road and crossing through that will be sizable.

Exhibit 2





Current Operations:

Westport is currently producing less than 250,000 tonnes per year. The total minable material within the Stage 1 footprint is 44,000,000 tonnes.

Current operations are concentrated on the north-east section of Westport's license (2406801) and mineral tenure (#373666). See exhibit 1. Approximately, two-thirds of the material within the tenure is granite and one-third is basalt. Our current operations breakdown into three categories of products:

1) Aggregates:

Most of the aggregates we produce comes from the basalt portion of the quarry. Basalt is a great product from which to produce aggregates as it is very durable but requires only a minimal amount of drilling and blasting. Our current operations consist of "ripping and dozing" the basalt material to an excavator. The excavator feeds the material into a screening & crushing plant located in the pit floor. This setup produces between 80-200 tonnes per hour. The aggregates we produce include different sizes of road base material (used for driveways, roads, and highways) and different sizes of drain rock (used to control water drainage around houses, etc.).

We periodically gather up all the "by-product" of our riprap and granite wall rock production and produce aggregates from the granite. But this occurs only once every couple of years.

2) Riprap & Wall Rock:

From the granite portion of the quarry, we also produce granite riprap and wall rock. Riprap consists of large, angular rocks and it gets used in a number of critical infrastructure projects to control water flow (2015's upgrade to the Squamish river dyke, being a great example of riprap's primary usage). Wall rock consists of rectangular or square rocks that get used as "stacking" rocks for terracing or slope control. To produce granite, we drill & blast in 20-30 foot depths. The material is then sorted using an excavator and loaded into customer trucks. Any rock that is too small to be considered riprap or wall rock is stockpiled and periodically turned into aggregate.

3) Decorative Basalt:

There are sections within the quarry where the basalt, has formed into 5-sided columns that can be up to 10 feet long. These are carefully extracted using an excavator and sold as decorative rocks for various architecture and landscaping applications.

Operations:

We currently employ 5 operators, 1 mechanic, 1 scale house operator and 1 quarry manager.

Exhibit 3





Future Quarry Development:

Stage 2 and 3 are meant to represent the material that will be mined for transport on the water as compared to the material in Stage 1 which is to be delivered using trucks. Once the rail crossing is completed, we plan to set up a screening and crushing plant towards the northern end of the mineral tenure (but still south and east of the CN tracks). Starting at the northern end, we will then progress southwards. Stage 3 is simply the continuation of stage 2; however, we will likely have moved the screening and crushing plant further south also to minimize the amount of trucking required. There is no current production from Stages 2 & 3. Total minable material in Stage 2 is 25,000,000 tonnes and Stage 3 is 10,200,000 tonnes.

Other than material excavated during construction of the rail crossing, we do not anticipate mining any material from the west side of the rail line. This area will be used for access to the barge and as a material staging area.

Rail Crossing:

Once the licenses are converted to a lease, we will be able to begin construction on a rail crossing. This rail crossing will enable us to transport material down to our barge loading facility. Initially this will consist of material being brought down using trucks, and eventually may include material being transported with conveyor belts. Because the eastern edge of the rail line is flanked by a 75 foot granite wall, this will be an expensive crossing for us to construct and we need the surety of lease to make such a large investment.

Barge Load-Out:

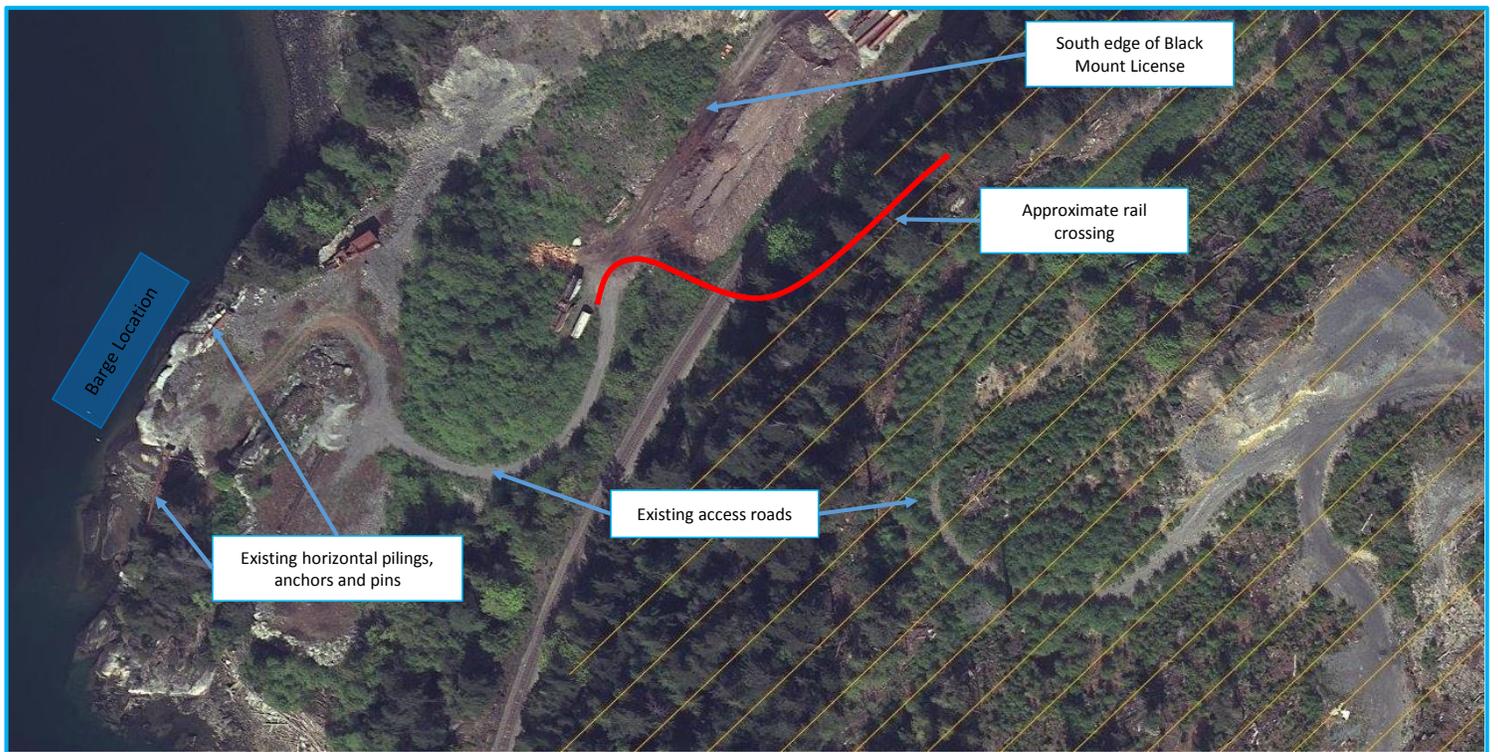
Substantial components of the barge-load out are already in-place. We have already installed the horizontal pilings that will be affixed to the barge as well as the shore anchor points. The completion of the load-out is waiting only on the acquisition of the barge that will be affixed to these pilings. The barge will allow us to use load the dimension stone onto the "transportation barge" that will be tied up to the permanent barge during loading. The permanent barge may also house a telescoping conveyor belt that could load the barges with
As you can see from Exhibits 4 & 5, this is a small area of disturbance that has already been logged and is in a state of semi-readiness. The access roads are already in place and the only shore based apparatus required to complete the facility is the rail crossing.



Exhibit 4



Exhibit 5





First Nations Consultation:

- First Nations consultation was conducted on numerous occasions, most recently by Mr. Sam Hall at FLNRO.

Location:

- The site is located at Watts Point, south of Squamish and North of Britannia.
- In addition to being located adjacent to other industrial operations, this location is ideal for quarry operations for several reasons: 1) proximity to customers. Aggregate and rock products have very high transportation costs and so proximity to customers is critical to reduce the costs for residential and commercial construction costs. 2) the location has existing water rights which will enable material to be transported via barge; further reducing costs.
- The site will be utilized year-round.

Infrastructure and Improvements:

- Infrastructure as detailed above.
- No change to public access or access roads.
- Site has existing utility services and no changes to this are planned.
- No water supply necessary nor waste water generated.

Environmental:

- The vast majority of the area has been previously logged & cleared.
- No additional infrastructure works will be completed within riparian zones.
- No pesticides or herbicides are to be used.
- The location is visually secluded: Because it is obscured by natural boundaries, the site is not viewable from Hwy 99 or from Squamish.
- There are no archeological sites within this project. Research completed by ARCAS Consulting Archeologists Limited: Squamish Investigation Permit #99-0044; Heritage Inspection Permit 1999-033.
- No streams present. Water run-off will be captured by existing settling ponds. No increased flood risk.

Socio-Community:

- Converting the license to a lease should have no impact on adjacent users. Further, as can be seen in Exhibit 1, the project is neighbor to several other quarrying operations, log sorts and industrial activities. While Murrin Park is located to the south-east of the project, our current mine plan is to move westward, away from the park boundaries.
- No land or resource management issues. This is already zoned for industrial usage.
- We don't anticipate any significant increased demand on local emergency services. While we expect that the number of onsite employees could double, this represents an increase of only 5-6 people.