PROJECT PERMIT NUMBER 2012-072

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<tr>
<th>DATE OF APPROVAL</th>
<th>August 21, 2014</th>
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<tbody>
<tr>
<td>PROPONENT</td>
<td>Fraser Surrey Docks LP</td>
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<tr>
<td>ADDRESS OF PROPONENT</td>
<td>11060 Elevator Road, Surrey, BC V3V 2R7</td>
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<td>PROJECT LOCATION</td>
<td>11060 Elevator Road, Surrey, BC V3V 2R7</td>
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<td>PROJECT TITLE</td>
<td>Direct Transfer Coal Facility</td>
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PROJECT DESCRIPTION

For the purposes of this Permit, the Project is understood to include the construction works and operations as described by the Proponent in the Project Permit Application to the Vancouver Fraser Port Authority (VFPA), doing business as Port Metro Vancouver (PMV), and supporting documentation, as further described in the Environmental Review Decision Statement.

Pursuant to the Port Authorities Operations Regulations under the Canada Marine Act, the Project is authorized to proceed provided all of the conditions listed below are adhered to.

CONDITIONS OF APPROVAL:

GENERAL CONDITIONS

1. This Permit is conditional on a valid tenure agreement with respect to the subject premises being in place. NO CONSTRUCTION MAY COMMENCE IN THE ABSENCE OF A VALID TENURE AGREEMENT.

2. In consideration of the granting of this Permit by VFPA, the Proponent agrees to indemnify and save harmless VFPA against any and all actions, claims, loss, damages or other expenses in any way arising or following from or caused by the granting of this Permit or any works contemplated by this Permit.

3. The Proponent shall at all times comply with and abide by all applicable laws, authorizations, and regulations from time to time in force and effect, including, without limiting the generality of the foregoing, all directions established by VFPA from time to time (collectively, “Applicable Law”) that apply to the approved works. Any reference below to a specific law, statute, by-law, regulation, order or policy is for clarity only and in no way limits the generality of the foregoing.

4. The Proponent acknowledges that all plans and specifications have been prepared and reviewed by qualified professionals working on its behalf, and that VFPA in no way endorses the design, safety, engineering, or construction of authorized works.

5. Details of any significant proposed changes to the Project or relating to the application must be submitted to VFPA for consideration of an amendment to this Permit. Note that changes to the Project that affect the assumptions underpinning the VFPA Review may
result in a requirement to revisit that Review and the validity of the Permit, and that revisions to environmental mitigation measures described in the application may be deemed significant changes as referred to in other Conditions of this Permit.

6. Development shall be generally in accordance with the application submitted by Jurgen Franke, Director, Engineering and Maintenance, on behalf of the Proponent on June 15 2012, including the attached 10 project drawings numbered 2012-072 (a) to (j), and including the full list of submitted drawings and communications referenced in the Environmental Review Decision Statement. This approval does not apply to works other than those described.

7. VFPA reserves the right to rescind or revise the Conditions listed in this Permit at any time that new information warranting this action becomes known to VFPA. The Proponent shall cooperate fully with VFPA in respect of any review by VFPA of the Proponent’s compliance with these Conditions including, without limitation, providing any information or documentation required by VFPA.

ENVIRONMENTAL CONDITIONS

8. In addition to the Conditions listed in this approval, work shall be carried out in a manner consistent with the supporting documents provided by the Proponent, and in compliance with appropriate industry environmental codes of practice. Where those documents and codes of practice are in conflict with the Conditions listed in this approval, the Conditions in this approval shall have priority. VFPA should be consulted for clarification when and if required.

9. Prior to commencement of operations, the Proponent shall prepare and submit, to the satisfaction of VFPA, an Operations Management Plan that addresses coal loading operations, general housekeeping procedures, and terminal incident response, and water use protocols, including but not limited to the following:

- Stabilization of loaded rail cars and barge loads to limit fugitive dust from wind erosion;
- Rail car dumper building operation;
- Removal of remnant coal from empty rail cars, and rail car wash down procedures;
- Binding agent use and application practices;
- Barge and conveyor water spray practices and water management;
- Barge loading and profiling, specifically controlling free drop height into receiving barge cargo holds by use of an adjustable chute (snorkel) apparatus and loading operations designed to mitigate fugitive dust during transit; and
- Procedures relating to shut down of loading and towing of barges during periods of high winds.

10. The construction shall be monitored by an appropriately qualified environmental monitor, who shall be empowered in writing to direct construction to ensure compliance with this Permit. Monitoring shall occur when the environmental monitor deems it appropriate but in no case less than weekly, and shall be full time when construction is under way that has potential to have adverse effects on fish or fish habitat.
11. The environmental monitor shall provide Environmental Monitoring Reports to VFPA on a weekly basis or more frequently if circumstances warrant. In addition, a Summary Report for the entire environmental monitoring period shall be forwarded to VFPA within six weeks of the conclusion of construction. VFPA reserves the right to rule on the adequacy of the monitoring and the content of the reports and to require revisions to address any inadequacies. The Proponent shall provide copies of the Environmental Monitoring Reports to other parties when and as directed by VFPA.

12. The riparian areas of the watercourses within the Project area that drain directly and indirectly into the Fraser River are fish habitat and thus are protected under the Fisheries Act. Physical works that may affect these areas shall be conducted in a manner that takes this into consideration, and shall be monitored by the environmental monitor.

13. The Proponent shall make this approval available to all employees, agents, contractors, licensees and invitees prior to commencing any physical activities. The Proponent shall be solely responsible for ensuring that all such employees, agents, contractors, licensees and invitees comply with these Conditions.

14. The Proponent shall make a copy of this approval available to agents of any regulatory authority (such as Fishery Officers) upon request.

VEGETATION AND WILDLIFE

15. Except as described or referenced in the Environmental Review Decision Statement, there shall be no disturbance to upland vegetation within 15 metres of any water body. All physical work carried out in the vicinity of the watercourses described in the application documents shall be monitored by and in accordance with any advice provided by the environmental monitor.

16. Existing native riparian vegetation and native soil shall be retained where possible, and disturbance or clearing of vegetation shall be staged and strictly limited to that required for Project implementation.

17. Where Project specifics permit, disturbed areas shall be replanted with appropriate native species as soon as practical after the disturbance occurs, in a manner that maximizes the likely success of the plantings.

18. The Migratory Birds Convention Act and the British Columbia Wildlife Act prohibit the disruption of birds and their nests. Nest search surveys shall be completed by qualified professionals before the start of any clearing activity to ensure no active nests or nests of raptors or herons will be affected by the proposed works. Vegetation clearing works should be avoided during the general bird breeding season (March 15 to August 15) where practical.

FISH AND WILDLIFE HABITAT

19. The Proponent shall not, directly or indirectly: (i) deposit or permit the deposit of a deleterious substance of any type in water frequented by fish in a manner contrary to Section 36(3) of the Fisheries Act; or (ii) adversely affect fish or fish habitat in a manner contrary to Section 35(1) of the Fisheries Act.

20. Water spray intended to wet down coal loaded on barges for dust control shall be tested to confirm that overspray entering the aquatic environment does not contain detectable residual chlorine, using best available routine field monitoring equipment (any overspray
shall be tested, not the receiving Fraser River). These spray systems shall be tested for this condition prior to commencement of operations, and the test results shall be included in the Environmental Monitoring Reports specified elsewhere in this approval.

21. Piles shall be driven with a vibratory or drop hammer where possible. Where a diesel, hydraulic or other accelerated impact hammer is required to install pipe piles greater than 300 mm in diameter, that installation shall be monitored with hydrophones to ensure that peak overpressures in the water do not exceed 30 kiloPascals at distances greater than one metre (1 m) from the pile. Bubble curtains or other proven mitigation equipment/technologies shall be available for deployment as required. The Proponent shall consult with VFPA for additional advice and conditions in the event it wishes to use other technologies (e.g., drilling) to install the piles.

22. The work shall be halted immediately if distressed, injured or dead fish are observed following the initiation of pile driving, and appropriate experts and VFPA shall be consulted before the works are restarted.

23. Exposed hollow pipe piles that are left unattended (temporarily or otherwise) shall be covered or capped to prevent wildlife entrapment. The environmental monitor shall provide written confirmation in monitoring reports that this condition has been adhered to.

24. Sediments contained within the piles after installation shall be left in place. If those sediments must be removed, such as to facilitate filling with concrete, appropriate experts and VFPA shall be consulted for appropriate advice regarding the mitigation of potential adverse effects before the works are initiated.

25. Barges or other vessels used during construction shall not be permitted to ground on the foreshore or river bed or otherwise disturb the foreshore or river bed (e.g., disturbance as a result of vessel propeller wash). Appropriate use of spuds to secure barges is acceptable.

26. All applicable legislation, guidelines, and best management practices shall be followed with respect to the application of wood preservatives and any other paints or coatings. Where practicable timber preservatives are to be applied upland in the dry prior to installation to allow the preservative to completely absorb and prevent leaching into the aquatic environment. A minimum of 45 days or compliance with wood treatment industry Best Management Practices (BMPs) is generally required to satisfy this criterion. This Condition applies to initial construction and to subsequent maintenance. The Proponent may wish to refer to the Fisheries and Oceans Canada Guidelines to Protect Fish and Fish Habitat from Treated Wood Used in Aquatic Environments in the Pacific Region (Hutton, K.E. and S.C. Samis. 2000. Can. Tech. Rep. Fish. Aquat. Sci. 2314: vi + 34 p) for information concerning the BMPs.

27. The Proponent shall contain any debris and waste materials resulting from the Project in the immediate working area and recover such debris and waste material as soon as possible. The Proponent shall remove any submerged debris and waste material by means of a diver or other non-intrusive method. The Proponent shall not use a grappling hook or clamshell bucket to recover submerged debris or waste material unless such use is reviewed and approved by VFPA.

28. The Fisheries and Oceans Canada, Conservation and Protection Field Supervisor for Fraser Valley West in Langley, British Columbia is to be advised at least two (2) days in advance of the start of the in-water physical works (telephone: 604 607 4150; fax: 604 607 4199). VFPA Environmental Programs and Harbour Master shall be copied on this
notification (EnvironmentalPrograms@portmetrovancouver.com and Harbour_Master@portmetrovancouver.com). The physical works may not be initiated before the expiry of the notice period.

CONCRETE AND CEMENTITIOUS MATERIALS

29. Project works involving the use of concrete, cement, mortars and other Portland cement or lime containing construction materials shall be conducted so as to ensure that sediments, debris, concrete (cured or uncured), and concrete fines are not deposited into the aquatic environment, either directly or indirectly. Water that has contacted uncured or partly cured concrete or Portland cement or lime containing construction materials, such as the water that may be used for exposed aggregate wash-off, wet curing, equipment and truck washing, etc. shall not be permitted to enter the aquatic environment. VFPA shall be consulted in advance for further review and authorization where there is no alternative to permitting the release of such water. Containment facilities shall be provided at the site for the wash-down water from concrete delivery trucks, concrete pumping equipment, and other tools and equipment as required.

SPILL PREVENTION AND CONTINGENCY

30. Prior to commencing any physical activities, the Proponent shall establish a Spill Prevention, Containment and Clean-up Plan for hydrocarbon products (including fuel, oil and hydraulic fluid) and any other deleterious substances that may be used or present during the construction phase of the Project that uses standards, practices, methods and procedures to a good commercial standard, conforms to Applicable Law and uses that degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a qualified, skilled and experienced person engaged in a similar type of undertaking under the same or similar circumstances. The Proponent shall ensure that appropriate spill containment and clean-up supplies are available on site at all times and that all personnel working on the Project are familiar with the spill prevention, containment and clean-up plan. Incident response shall be prompt and appropriate in accordance with the response plans and the circumstances. (Note that other conditions refer to incident response during the operations phase.)

31. Working equipment shall be inspected regularly to ensure that it is in good mechanical condition and free from visible evidence of fuel, oil, coolant, solvent and hydraulic leaks. Equipment that is found to be other than in good condition shall be removed from the job site immediately.

32. Construction equipment shall be equipped with easily accessible spill kits, and operators shall know how and when to use them.

33. Fuelling or maintenance shall not be carried out within 30 metres of the banks of water courses or surface water bodies, or in areas where there is potential for run-off and spilled substances to reach water courses or surface water bodies. Fuel and other hydrocarbons shall not be stored in such areas, temporarily or otherwise.

34. Small portable equipment such as generators or air compressors shall be used in accordance with best environmental practice, including the use of drip trays when appropriate.

SEDIMENT AND EROSION CONTROL

35. Any soils excavated from the site during the proposed works must be handled in a manner that prevents their release into an aquatic environment, either directly or
indirectly as silt in storm runoff.

36. Steps shall be taken to ensure that sediment, sediment-laden waters and other potentially deleterious substances do not enter watercourses during implementation of the Project.

37. Notwithstanding the foregoing condition concerning the release of sediments, steps shall be taken to ensure that suspended sediments in foreshore and near-shore areas and induced turbidity of local waters attributable to the proposed works do not exceed the following water quality criteria:

- When reference background is less than or equal to 50 nephelometric turbidity units (NTU) or 100 milligrams per litre (mg/L) non-filterable residue (NFR), induced turbidity must not exceed 5 NTU or 10 mg/L NFR above the background values;

- When reference background is greater than 50 NTU or 100 mg/L NFR, induced turbidity must not exceed the background values by more than 10% of the background value; and

- Reference background is the level at a representative nearby reference site that is not or will not be affected by the proposed works in any way.

38. Excavation dewatering methods and mitigations shall be as described in the Excavation and Dewatering Management Plan submitted by the Proponent on June 1, 2014. The Environmental Monitoring Reports shall confirm that the Excavation and Dewatering Management Plan methods are providing effective mitigation of potential adverse environmental effects associated with excavation dewatering.

OPERATIONAL WATER QUALITY

39. There shall be no discharge of effluents of any type from this site to land or water within VFPA jurisdiction, either directly or indirectly as by storm sewer or other drainage system, unless explicitly authorized by VFPA. A permitted discharge to sanitary sewer would meet this condition. Any other proposed water disposal method must be reviewed and authorized by VFPA prior to construction of the water treatment system.

40. Water use on the terminal shall be generally as described in the Water Management Plan dated August 2014, and as further detailed in the Operations Management Plan.

SOIL AND GROUNDWATER QUALITY

41. Any soils excavated from the site that are not suitable for backfill must be disposed of at appropriate off-site facilities in accordance with Applicable Law. Suspect materials should be treated as contaminated or they should be stockpiled until their environmental quality has been determined. Duration of stockpiling on site shall not exceed 60 days unless authorized by VFPA. Stockpiles shall be covered to prevent dispersal by rain, surface flowing storm water or wind.

42. Materials brought onto the property for use as backfill or for site preparation must be from sources demonstrated to be clean and free of environmental contamination.

AIR QUALITY

43. Dust and air emissions associated with the Project shall be managed to avoid adverse
health and safety effects and prevent impacts to regional and local air quality. In this regard, the Proponent shall prepare and submit, to the satisfaction of PMV, an Air Quality Management Plan (AQMP). The Proponent shall fully implement the AQMP prior to the commencement of operations. The plan shall include, but not be limited to the following components:

- Management Plan Scope - outlining the general approach, objectives, intent, and responsibilities;
- Emission Site Inventory - characterization of site and activities;
- Impact Assessment - identifying issues of concern, sources, and receptors;
- Mitigation Measures - identification of operational plans, complaint management, standard operating procedures and policies;
- Monitoring Methodology – detailing the types of monitoring, equipment, locations, and methods;
- Reporting – detailing data management, report types, content and frequency.

44. All air quality data gathered through the AQMP shall be compared to the expected values described in the Levelton Air Quality Assessment (AQA) report underpinning the SNC Lavalin Human Health Risk Assessment (HHRA), and the results of the comparison reported to PMV. PMV will be consulted and advised of the human health risk implications in the event that the monitoring data suggest that air quality effects are worse than expected in the AQA. PMV will review the data and, if appropriate, will require that the HHRA be updated to incorporate the results. Note that if such an update suggests that significant human health risk exists, PMV would require that the Project be revised appropriately to mitigate that risk.

45. Prior to commencement of operations, FSD is required to obtain the appropriate approvals for and complete the upgrades to the agricultural products air handling equipment identified in the AQA.

46. During the construction phase of the Project, the Proponent shall make reasonable efforts to ensure that heavy duty diesel powered road licensed vehicles are model year 2007 or newer.

47. During the construction phase of the Project, the Proponent shall make reasonable efforts to ensure that diesel powered non-road or off-road equipment is Tier 3 or better.

48. During the construction phase of the Project, dust control measures shall be implemented as required and in accordance with the Environmental Management Plan, including but not limited to the following:

- Soil stockpiles shall be covered or shielded from wind as necessary or stabilized with water or other dust control measures;
- There shall be no visible dust or vehicle track-out beyond the lease boundary;
- Wheel washing facilities shall be established where appropriate;
- Vehicles used to transport bulk fine materials should be covered;
- Paved sections subject to dust accumulations should be cleaned/wetted on a regular basis; and
- Unpaved sections should be wetted on a regular basis.

49. Vehicle and equipment idling shall be limited to the greatest practical and safe extent.

50. Where the option is available, the newest tugs shall be utilized during barge positioning and movement to limit exposure to Nitrogen Oxides (NOx) and Diesel Particulate Matter from engine exhaust.

51. VFPA reserves the right to impose additional conditions in the future in the event that it becomes apparent to VFPA that this is necessary with regard to managing emissions to air associated with the terminal facility.

LIGHTING

52. The Proponent shall take all appropriate steps to prevent adverse off-site lighting impacts on wildlife, aquatic life, and the surrounding community. Such steps shall include the use of best available technology to mitigate light spillage and documentation of the implementation and effectiveness of these practices to the satisfaction of VFPA. The Proponent shall be responsive to light concerns raised by VFPA during construction and operations.

NOISE

53. Appropriate steps shall be taken to prevent adverse noise impacts on wildlife and the surrounding community. In the event that it becomes apparent to VFPA that additional measures are necessary with regard to managing noise, VFPA may require that the Proponent prepare and submit a Noise Management Plan, to the satisfaction of VFPA. The Proponent shall be responsive to noise-related issues identified by regulators and VFPA during construction and operations.

DEBRIS AND WASTE MATERIALS

54. Construction wastes shall be reused or recycled where practical and as appropriate.

55. The Proponent shall ensure that debris and waste material resulting from the Project are contained, collected, and disposed of at appropriate upland locations in a manner that uses standards, practices, methods and procedures to a good commercial standard, conforms to Applicable Law and uses that degree of skill and care, diligence, prudence and foresight which would reasonably and ordinarily be expected from a qualified, skilled and experienced person engaged in a similar type of undertaking under the same or similar circumstances.

ENGINEERING

56. The Proponent is responsible for locating all existing site services and utilities including any located underground and the Proponent shall ensure that these services and utilities are protected during construction and operation of the Project. The Proponent is responsible to employ best practices and meet applicable code requirements with respect to protection of existing site services and clearance between existing and proposed site services, and shall relocate any affected utilities. The Proponent is responsible for repair or replacement of any damage to existing site services and utilities, to the satisfaction of
VFPA, that result from construction and operation of the Project.

57. Prior to commencement of construction, the Proponent shall submit signed and sealed drawings for proposed works approved for construction by a professional engineer licensed to practice in the Province of British Columbia for the proposed on and off-site works, to the satisfaction of VFPA.

58. The Proponent shall observe the Coal Transfer Facility Fire Safety Plan dated September 2012 and update as necessary prior to construction and from time to time as necessary during operations, to the satisfaction of VFPA.

59. The Proponent shall provide a separate set of as-built drawings and plans in AutoCAD and Adobe (PDF) format detailing the improvements made to off-site areas, within 60 days of completion of off-site works.

60. Prior to commencement of construction, the Proponent shall submit confirmation from its structural engineer that the loading and surface wear resulting from the barge loader will not cause overstress, damage, or deterioration of the dock structure (i.e. excessive deflections, cracking, water ingress, etc.).

61. The Proponent shall not use ground anchors that are abandoned in place without separate written authorization from VFPA.

62. Prior to commencement of construction, the Proponent shall submit written confirmation that the proposed connection of the barge winch fairleads to the existing dock shall not negatively impact the existing tensioned dock along the barge berths.

63. The Proponent shall conduct and submit a photographic inventory of the asphalt area to the south of the proposed dumper building, and an instrumented survey of the building foundations of the Bekaert Canada building located adjacent to the dumper building, prior to commencement of construction and within 90 days of the completion of construction, to the satisfaction of VFPA.

TRANSPORTATION

64. Prior to commencement of construction, the Proponent shall submit a detailed design, including electrical connections, for the two proposed rail crossings of Robson Road, demonstrating compliance with current Transport Canada standards, to the satisfaction of VFPA.

65. Prior to commencement of operations, the Proponent shall construct an alternate permanent access route for the Bekaert Canada site, to the satisfaction of VFPA.

66. The Proponent shall completely remove the Data Audit Industries truck scale by the conclusion of road construction, including foundations and associated utilities, shall make good the work area, and shall match existing grades, to the satisfaction of VFPA.

MARINE OPERATIONS

67. Prior to commencement of operations, the Proponent shall provide a written submission confirming that the risk reduction measures outlined in the Risk Assessment Study for Coal Barge Operation dated September 26, 2012 will be implemented during operations over the life of the Project.

68. The Proponent shall maintain a current Spill Response Plan on behalf of the barge
operator responsible for barge movements within VFPA jurisdiction.

69. The Proponent shall develop and submit a Sediment Monitoring Plan specific to the coal types (and their associated organic, metallic, and metalloid components) handled at the terminal for the river bottom near the berth face, to the satisfaction of VFPA.

70. In the event of a product spill into the Fraser River, the Proponent will be required to submit a Clean-up Plan to the satisfaction of the VFPA Harbour Master. Should VFPA determine that the submitted plan does not sufficiently address the carrier’s responsibilities, VFPA reserves the right to hire a contractor to remove the spilled material at the expense of the Proponent.

71. VFPA reserves the right to implement operational criteria on the Fraser River that may prioritize traffic on an as-needed basis at a future date.

CONSTRUCTION - GENERAL

72. Prior to commencement of construction, a tenure arrangement to permit off-site works must be in place.

73. Prior to application for a Building Permit, the Proponent shall submit an updated Fire Code Report from a Fire Protection Engineer demonstrating that the proposed facility will be adequately protected from the risks of fire, and shall work with the City of Surrey Fire Department to this same end, to the satisfaction of VFPA.

74. Prior to commencement of construction, the Proponent shall submit signed and sealed drawings and professional letters of assurance approved for construction by a professional engineer licensed to practice in the Province of British Columbia, and shall obtain a VFPA Building Permit.

75. Prior to commencement of construction the Proponent shall prepare and implement an archaeological Chance Find Procedure as guidance during excavation activities. In the event that suspected archaeological materials are encountered during Project construction, the Proponent shall immediately cease construction activities that may disturb the potential materials and notify VFPA.

76. The Proponent shall adhere to the Construction Communications Plan dated August 2014, to the satisfaction of VFPA.

77. The Proponent shall provide VFPA with an updated construction schedule prior to commencement of any works, and shall provide VFPA with regular updates of the schedule throughout the duration of construction.

78. All noise levels resulting from construction activities shall be in keeping with standards of the City of Surrey Noise Control By-Law No. 7044, and Corporation of Delta Noise Control By-Law No. 1906, and the City of New Westminster Noise Bylaw No. 6520, whichever is most restrictive, unless prior written consent from VFPA has been obtained.

79. The Proponent may place temporary construction trailers on site while this permit remains in effect, provided that the Proponent shall not connect such trailers to any underground utilities without the prior written consent of VFPA which may include, without limitation and at VFPA’s discretion, a VFPA Building Permit.

80. The Proponent shall provide as-built drawings and plans, in both AutoCAD and Adobe (PDF) format, within 60 days of completion of all works.
81. The approved works must commence by August 31, 2015 (the “Commencement Date”) and be complete no later than August 31, 2016 (the “Completion Date”). For an extension to the Commencement Date, the Proponent must apply to VFPA in writing no later than 30 days following that date. For an extension to the Completion Date, the Proponent must apply in writing to VFPA no later than 30 days prior to that date. Failure to apply for an extension as required may, at the sole discretion of VFPA, result in termination or modifications to this approval.

Robin Silvester  
President and Chief Executive Officer