

LIVESTOCK DESCRIPTION:

Livestock leased herein shall be as follows:

KIND	BREED	NUMBER	SEX	AGE	BRAND OR MARKING

(hereinafter referred to as the "Livestock").

TERM

The term of the lease must be clearly described.

To have and to hold the said Livestock for and during the term of _____ years to be computed from the first day of _____, A.D. 19____, and to be fully completed and ended on the _____ day of _____, A.D. 19____.

RENT

Income/Share rental clause

Yielding and paying therefore unto the Lessor at _____ percent of the gross proceeds from the sale of Livestock and/or Livestock products obtained from the Livestock leased herein; Provided further, that such percentage rent shall be payable on the _____ day of _____, A.D. 19____ and on the _____ day of _____ each and every year thereafter during the said term in respect of the annual proceeds in each year. It is further understood between the parties hereto that the sale proceeds outlined above shall include not only the proceeds of sale but any other insurance carried in respect of such Livestock together with any governmental or other compensation, subsidy or grant with respect to the said Livestock.

LESSOR'S COVENANTS

The Lessor hereby covenants and agrees with the Lessee:

The Lessor's covenants should include covenants as to the quantity of the Livestock leased together with a covenant for the quiet enjoyment or use of the

- i) To deliver _____ bred (type of Livestock) as hereinbefore set forth at the Lessee's farm on or before the _____ day of _____, A.D. 19____.
- ii) To brand the Livestock with a brand agreed to by both Parties.
- iii) To have the Livestock certified by a professional veterinarian to be pregnant and to be responsible for the costs relating to pregnancy

testing.

leased Livestock. We have included some standard covenants, however, it should be noted that additional covenants or promises may be added to cover individual problems or circumstances which may arise in a particular leasing situation.

- iv) That the said Livestock shall average _____ pounds at the date of delivery and shall be in good health.
- v) To be responsible for either:
 - a) providing and paying for a breeding bull which meets the standards acceptable to the Lessee; or
 - b) arranging for and paying for all expenses connected with artificial insemination of the Livestock.
- vi) To be responsible for Livestock which die or are recommended to be sold by a professional veterinarian during a period of thirty (30) days immediately following their delivery to the Lessee; Provided further, that income or compensation from such forced sales shall accrue to the Lessor who shall replace such Livestock with an equal number of Livestock in accordance with the abovenoted paragraphs (ii) and (iii) by December 31st of that year.
- vii) That inconsideration of the Lessee paying the rent hereby reserved and performing all of the covenants herein on its part contained, the Lessee shall and may peacefully possess and enjoy the said Livestock for the term hereby granted without any interruption or disturbance from the Lessor or any other person or persons lawfully claimed by, from or under him.

LESSEE'S COVENANTS

The lease should include certain covenants by the Lessee. Failure by the Lessee to live up to those covenants could amount to a breach of the lease giving the Lessor the right to terminate the lease and possibly sue for damages. Again, it should be emphasized that additions or deletions to the covenants

The Lessee covenants with the Lessor:

- i) To pay rent as aforesaid;
- ii) To allow the Lessor or an agent or representative of the Lessor the right with all reasonable times to attend and inspect the said Livestock.
- iii) To care for the Livestock so as to maximize production and to do the feeding and watering at the proper time and in the proper manner to follow health and sanitation measures and guard against disease.

noted in this sample lease may be made in order to reflect the needs of the parties in a given leasing situation.

- iv) To make available at all times and from time to time to the Lessor or his accountants or other nominee all books of record and accounts of expenditure and income with both particulars thereof in connection with the Livestock operation and that he will maintain such records and account fully and accurately and on a continuous basis.
- v) To apply for and maintain Livestock insurance and such other insurance for subsidy programs which may become available through the government of the Province of British Columbia or any other level of government during the currency of this lease.
- vi) To carry out a breeding program in accordance with currently accepted and recommended practices in the Province of British Columbia and to insure that the Livestock are bred by _____ of each year during the term herein.
- vii) To supply and pay for the cost of vitamins, minerals and other medicines or vaccinations to the said Livestock and their offspring as is necessary to prevent disease or malnutrition and to promote growth and well-being of the said Livestock.
- viii) To supply at his own cost all feed, water, pasture and necessary shelter and all labour supervision and care of the said Livestock and their offspring.
- ix) To be responsible for the Livestock which die or are recommended to be sold by a professional veterinarian after the thirty (30) day period noted in Paragraph (vi) of the Lessor's covenants and to replace such Livestock with Livestock of equal quality and form as those provided by the Lessor at the outset of the term herein.

PROVIDED ALWAYS AND IT IS HEREBY AGREED BETWEEN THE LESSOR AND LESSEE AS FOLLOWS:

- i) BUYING & SELLING - The Lessee shall consult with the Lessor regarding the time, price, sales agency and similar matters regarding the purchase and sale of Livestock whenever the transaction exceeds \$ _____ in value.

Provisions for culling and replacement of sick or diseased Livestock.

ii) **CULLING** - On or about October 31st in each year during the currency of this Lease, the Lessor and Lessee shall mutually agree upon those animals which are to be culled as a result of their being weak or diseased. Should the Lessor and Lessee disagree concerning a particular animal, the question of whether it is to be culled shall be submitted to a veterinarian and he shall decide on the basis of the animal's past performance and health. Any expenses of the veterinarian shall be born equally by the Lessor and the Lessee. The Lessor and Lessee shall share the income derived from the sale of the culled animals on the same basis as the income from the sale of healthy animals is shared pursuant to the within Lease.

iii) **REPLACEMENT** - The Lessor and Lessee shall mutually agree on whether to replace the culled animals by way of the natural increase of calves or by the purchasing or replacement animals. In the event the Lessor and Lessee agree to purchase replacement animals the costs thereof shall be shared by the Parties as follows:

Clause setting out rights of Lessor where the Lessee fails to perform the covenants and conditions contained in the lease.

iv) **DEFAULT** - If and where the rent hereby reserved or any part thereof, whether lawfully demanded or not, is not paid when due, or in the case of breach of non-observance or non-performance by the Lessee of any of the covenants, agreements, provisos, or conditions on the part of the Lessee to be kept, observed or performed and any such default on the part of the Lessee shall continue for fifteen (15) days after written notice thereof to the Lessee by the Lessor, and in every such case, the Lessor, in addition to any other remedy now or hereafter provided by law, may at its option cancel this lease and enter on the Lessee's lands and take possession of the said Livestock or any part thereof by force, if necessary, without any previous notification and such action shall not operate as a waiver or satisfaction in whole or in part of any right, claim or demand arising out of or connected with any breach or violation by the Lessee of any covenant or agreement on its part to be performed.

Failure to insist on performance of a covenant does not amount to waiver of same.

v) **INTEREST ON OVERDUE RENT** - Any instalment of rent not paid on the due date shall, without prejudice to any other rights of the Lessor arising from such breach, bear interest from such due date at the rate of _____ PERCENT per annum until paid.

Remedy of Lessor where Lessee not operating livestock operation in good and proper manner.

- vi) NON-WAIVER - The failure of the Lessor to insist upon strict performance of any covenants or conditions in this lease or to exercise the right or option hereunder shall not be construed or operate as a waiver or relinquishment for the future of any such covenant, condition or option and no waiver shall be inferred from or implied by anything done or omitted by the Lessor, save only express waiver in writing. The acceptance of any rent or the performance of any obligation hereunder by a person other than the Lessee shall not be construed as an admission by the Lessor of any right, title or interest of any such persons as a sub-tenant, assignee, transferee or otherwise in place and stead of the Lessee.
- vii) FAILURE TO PERFORM WORK - Should the Lessee fail to perform any of the work of the livestock operation as herein provided or meet the expenses when due, then the Lessor may give to the Lessee seven (7) days notice to commence the said work and if the default shall continue, then the Lessor or its agent duly authorized in that behalf may enter upon the said lands with such agents, servants or workmen as he may consider necessary and proceed to do the said work and pay the said expenses all at the expense of the Lessee and the Lessee hereby covenants forthwith thereafter to pay the Lessor the cost of the same.

Remedy of Lessor where Lessee bankrupt or insolvent.

- 8) BANKRUPT OR INSOLVENT - It is hereby expressly agreed and understood by and between the parties hereto that if the interests of the Lessee hereunder and any of the goods and chattels of the Lessee shall at any time during the said term or any renewal thereof be seized or taken in execution or attachment by any creditor of the Lessee or if the Lessee shall make an assignment for the benefit of his creditors, or become bankrupt or insolvent and shall take the benefit of any act that may be in force for bankrupt or insolvent debtors or shall abandon the said lands, then, in every such case the current year's rent shall immediately become due and payable and the term hereby granted shall, at the option of the Lessor, forthwith be forfeited and determined.

Provision for third party determination where Lessor and Lessee cannot agree.

- 14) ARBITRATION - In the event that the parties hereto disagree as to whether or not the said lands are being operated in a proper and husbandlike manner, such disagreement shall be settled by arbitration

pursuant to the provisions of the Arbitration Act of the Province of British Columbia, hereinbefore described. The arbitration shall be conducted by and before three (3) arbitrators, one to be chosen by each party hereto and the third by the two so chosen, provided that such arbitrators shall be persons experienced in the matters of dispute. The decision of the arbitrators shall be final and binding upon the parties hereto. Pending the completion of any arbitration, the parties agree to proceed insofar as practicable in the performance of this Agreement.

- x) NOTICE - Any notice hereunder may be given by prepaid registered mail, addressed to the other party at the other party's respective address as aforesaid, or at such other address as either party may notify the other of in writing during the term hereof and any such notice shall be deemed to have been received the day following its posting. Any such notice may also be given to either party by delivering the same in writing to the said party by hand.

This Lease and everything herein contained shall enure for the benefit of and be binding upon the heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each of the parties hereto, subject to the granting of consent by the Lessor to any assignment or sublease, and every reference herein to any party hereto shall include the heirs, executors, administrators, successors, assigns and other legal representatives of such party and where there is more than one Lessee or where there is a female party or corporation, the provisions herein shall be read with all grammatical changes thereby rendered necessary and all the covenants shall be deemed joint and several.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals in the presence of their officers duly authorized in that behalf, or have hereunto set their hands and seals, as the case may be, on the day and year first above written.

SIGNED, SEALED AND DELIVERED

in the presence of:

THE CORPORATE SEAL OF
was hereunto affixed in the presence of:

SAMPLE ONLY