

INSIDE PASSAGE MARINE CORPORATION.

For attachment to “Marine Lease Applications” submitted June 27, 2013 to re-issue “L.2251 surveyed foreshore lease” and “L1240 surveyed land lease” associated , with the company's deeded surveyed lands “Lot 29A” Range 4, Coast District, at Butedale BC.

PROJECT OVERVIEW

Butedale BC was founded in 1911.

The deeded, surveyed, ocean-front lands at Butedale are owned by Inside Passage Marine Corporation (DL 29A).

The Final Water Rights Licences, issued in 1944 are also held by Inside Passage Marine Corporation.

Butedale is located on the Inside Passage Route approximately 90Km SSW of Kitimat BC, and 46Km SE of the First Nations Village of Hartley Bay.

Access to Butedale is by water, float plane, or helicopter.

Butedale is listed as Point #2 of Interest, on the “BC Ferries Inside Passage Map”.

Historically, Butedale has been in operation for +100 years, as a marine base.

A cannery (now closed), sheltered deep-water moorage, onsite hydro-electric power and fresh water, and a maritime population of approximately 400 were present at Butedale, during the years that the cannery operated.

After the cannery closed, the site continued to operate as a Marina, but began to decline, due to lack capital, lack of maintenance and unauthorized salvage / pilfering of materials from the site.

Today, boaters still stop regularly at Butedale and moor at the remains of the

old floats, at their own risk.

The site is posted as being closed, due to decline in the infrastructure at Butedale (for the reasons mentioned above).

Even though the site is “closed” and in need of clean up/restoration, the moorage continues to attract boaters.

Butedale is one of the only moorages of its type between Belle Bella / Shearwater and Prince Rupert. (The exceptions being the First Nations Villages of Klemtu and Hartley Bay).

Deeded Survey Land with freehold title is rare in the area

Objective of Two Applications

Re-issue of Foreshore lease **L. 2251** on Butedale Bay, adjacent to the company's lands (L29A) and Lease **L.1240** covers lands on the other side of the bay. (**SEE ILLUSTRATION ATTACHED APPENDIX A**)

Both leases have been part of Butedale for many years. and were integral to historic operations.

The previous owner failed to pay the lease fees, associated with foreshore lease L 2251 and land lease L.1240.

Recovery of the above-mentioned lease lands to the Butedale Property is a pre-requisite to re-establishing Butedale BC, as a functional Marine Base / Marina.

Construction Schedule and Prerequisite Recovery of Leases

The project is expected to require a 3 year initial building phase, which can only commence “after” overall project funding is in place.

A pre-requisite to funding of the project is recovery of the subject Leases :L2251 and L1240 to the Butedale Property.

Assuming that the pre-requisite recovery of the foreshore rights to Butedale Bay and the land lease are recovered to the property then funding and detailed project planning can proceed.

PROJECT DESCRIPTION

Butedale has natural deep water moorage, on the Inside Passage Route. No dredging is required.

The licensed Hydro-Electric capacity of the site is 800KW

The fresh water supply and current licenced hydro-electric potential of the site are more than sufficient for proposed Marina / Marine Base operations.

The project would initially replace the present, existing docks, with properly constructed marine moorage floats (assuming return of L 2251)



Present Docks and foreshore pilings at Butedale: Pictured Above.

Shearwater Marine Group is the contractor selected to build and install the new docks.

Initially, only 500 ft of new floats would be installed, to facilitate barge access and clean up of the site, during Phase 1.

The re-establishment of the hydro-electric system (owned by Inside Passage Marine Corp) at Butedale.



Clean up of damaged infrastructure and debris at Butedale.

Replacement of the present floats with new, safe access floats during Phase I of the project, is estimated at \$2Million.

The objective of Phase I is to re-establish good quality, serviced, moorage at the site and the accompanying utilities, to facilitate ongoing development of the marine base.

When the site is clean and safe, the moorage facilities can be expanded “up

to” an estimated Phase Two 2,000 ft. of moorage, occupying the locations of the historic moorage.

Historically, moorage at Butedale utilized the foreshore of Butedale Bay, as pictured below.



The warehouse building owned by Inside Passage Marine will be re-habilitated to serve as a construction centre, during Phase I and then converted to a revenue centre (to be determined) during Phase II. The warehouse building is 120' x 60' and two stories tall.



The level of business during the period of construction and closure is expected to low.

When re-established Butedale is expected to operate year-round as a base for commercial operations in the area. Moorage and accommodation for emergency response crews, marine pilots, helicopter base, coast guard and government moorage are some of the base sustaining contracts that may become available in the area in the future.

Eco-Tourism is a prime draw to the area for several months of the year. We do not see any conflict in servicing both the year-round commercial marine enterprises and the eco-tourism and sport fishing indstries.

The model that we are using is the Shearwater Marine Group at Bella Bella BC, which has become a diversified marine centre.

Shearwater provides services to various aspects of the central coast and enjoys good relationships with First Nations of the area.

Mooorage rates will be competitive with those at Kitimat's Municipal Marina and the Rates at Shearwater BC (nearest comparable).

The project is envisioned as being developed either with the Shearwater Marine Group as a general contractor, or in a form of joint venture, with the established operator.

C Additional Information

Land Impacts

The project is to re-establish marine facilities which have existed in this location for close to 100 years.

Initially the work is to reverse the recent years of decline due to lack of maintenance and unauthorized salvaging at Butedale. In this sense the impact on the site should be very positive.

The impact of the site is expected be the same as it has been in recent years or less, due to the clean up phase, before commercial moorage and utilities are re-established.

Status of Land

Butedale was founded in 1911.

The surveyed and deeded land and the leases requested in the application(s) have been privately held, 100 history of the site as a commercial location.

The water Final rights were issued in 1944 and are in good standing.

The dates of the Lease surveys are not known as of this application.

The property is located where several First Nations Territories overlap.

Atmospheric Impact

Re-establishment of the licenced hydro-electric power at Butedale is a “no-carbon footprint”, clean source of energy for powering operations.



The impact of transient marine vessels, that burn fossil fuels is consistent with what is presently mandated all along the inside passage.

(Management is a proponent of hydrogen as a marine engine fuel in the future, but this wish is beyond the scope this application)

Aquatic Impacts

The marine facilities at Butedale have existed since 1911.

Today, with exception of the lack of maintenance of the infrastructure at Butedale , the location and surrounding marine environment are considered to be pristine and desirable for eco-tourism, after 100yrs of commercial occupation.

Regulations to protect the environment have evolved substantially over the past 100 years in a positive way.

The continued presence of marine facilities in this location is not expected to impact adversely on the marine environment.

Butedale may become a necessary location for stationing emergency response crews, properly equipped to deal with any type of spill that might occur within a reasonable radius from the location, if other proposed developments in the district proceed.

(Butedale is located in close proximity to proposed marine LNG routes)

Fish and Wildlife Habitats

Re-habilitating a long-established site is not expected to have an adverse impact on fish and wildlife.

SOCIO-COMMUNITY

Land Use

Commercial marine base is the land use that has been associated with this site for 100 years.

The location is water access only, with the exception of float planes, or helicopter.

The base with its sheltered deep water moorage has been commercial in its intent, with varying degrees of success for a century.

Socio-Community Conditons

The nearest neighbours are the First Nations Communities of Hartley Bay and Klemtu. Both communities are “more than” 30 Km away from Butedale.

Butedale will be self-sufficient in Hydro-electric and water.

There should be no adverse impact on any neighbouring community. Positive impact in the the form of increased opportunity, in a sparsely populated area, is a possible benefit.

The model of Shearwater Marine Group's 65 year relationship with First Nations on the Central Coast is the model that we hope to incorporate.

Public Health

There should be no adverse affect to public health from the Butedale Project. Any sewage disposal at the site will be designed to meet regulations. We anticipate that emergency response crew may wish to station at Butedale in the future, which could be a future benefit to public health, however at this time there are no services, or readily available medical attention in close proximity to Butedale.

FIRST NATIONS

First Nations were among the people who worked at Butedale during its days as a Cannery Village and have been present in the area for thousands of years.

Consultation to date about the Butedale project has been with Roy Henry Vickers, a well-known BC First Nations elder, with a lifelong connection to the area and Butedale.

Roy Vickers attended the first meetings with Government at Smithers BC, on behalf of Inside Passage Marine Corp, prior to the Inside Passage Marine Corp purchase of Butedale. (The leases which are the subject of this application were discussed at that meeting).

Roy is from Kitkatla and first visited Butedale, as a boy on his grandfather's fishing boat.

As I understand it, the territories of several First Nations overlap Butedale.

Roy has expressed positive thoughts about the “neutrality” of Butedale in the sense that it may afford a location for discussion of First Nation Topics, which does not favour a specific Nation by location.

In general we will look to both Roy Vickers and the Shearwater Marine Group for guidance in fostering good relationships with the surrounding First Nations.

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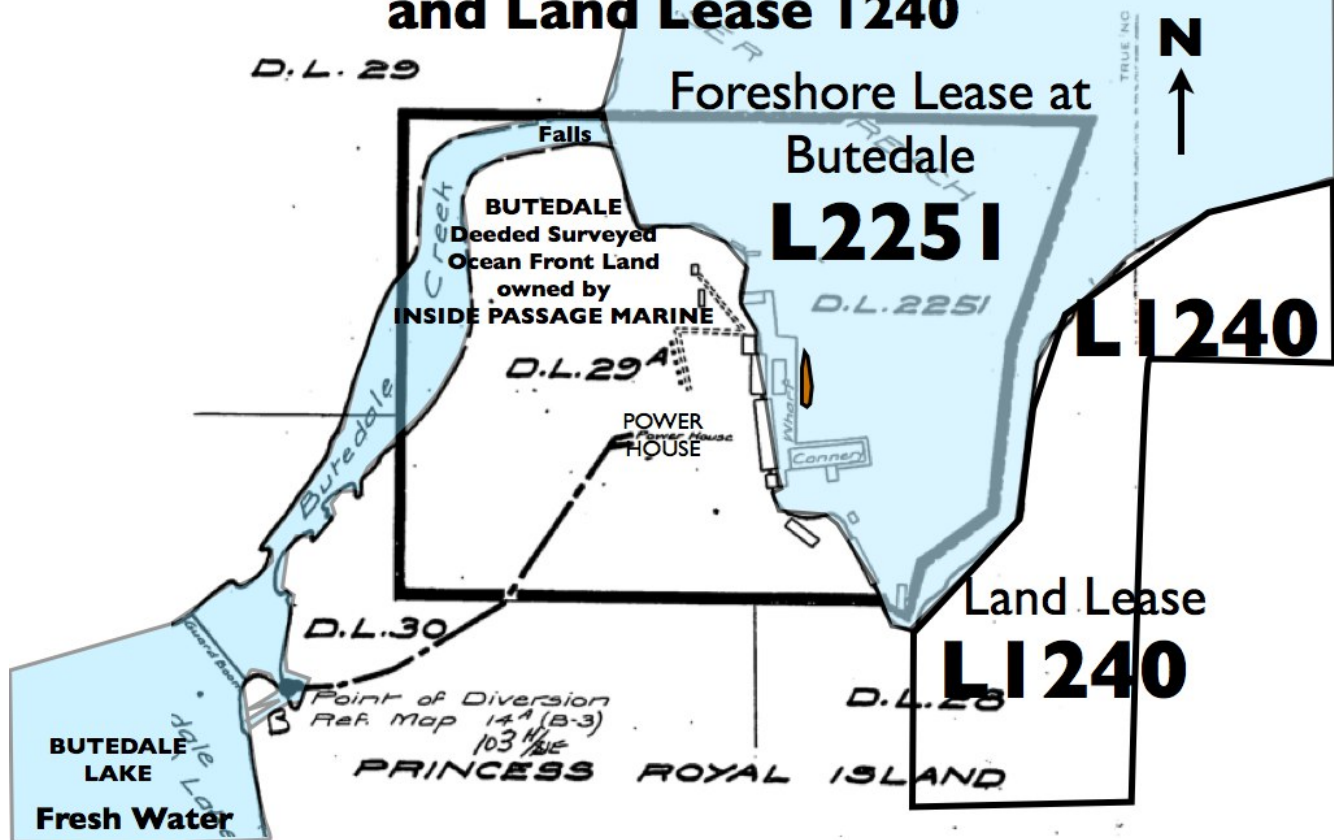
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Perry & Co Smithers

CC Susannah Lam
Inside Passage Marine Corporation

SEE APPENDIX A

ATTACHED

Lands owned by Inside Passage Marine corp at Butedale(DL29A) and Foreshore Lease 225 I and Land Lease 1240



APPENDIX A ABOVE

L 2251 and L1240 have long been associated with the deeded land at Butedale:DL 29A which are owned by Inside Passage Marine Corporation.

The Re-issue of L 2251 and L 1240 to Inside Passage Marine Corp. Are essential element to the project proposed above.

ALSO SEE Separate APPENDIX B:
INSIDE PAAGE MARINE CORPORATION
Location, Maps and Photos (separate 12pg. PDF)