Nova Bancorp Group

Vancouver
Toronto
Paris

February 18, 1997

510721 B.C. Ltd.
c/o Tekmar Mortgages Ltd.
Box 1903, 1281, 70th Ave., N.E.
Salmon Arm, B.C.
V1E 4P9

Attention: Mr. Richard Smith

Pursuant to our discussions, Nova Bancorp Mortgage Corporation ("Lender") is pleased to provide you with its Letter of Interest to provide a loan as outlined in accordance with the following terms and conditions: This letter is in no way or form to be construed as a letter of commitment.

1. **Lender:** Nova Bancorp Mortgage Corporation or its assignee.

2. **Borrower:** 510721 B.C. Ltd. and its affiliated companies

3. **Purpose:** To provide interim construction financing for the construction and development of a 75 room, 160 seat restaurant, 60 seat licensed lounge, meeting rooms and recreation facility.

4. **Property:** The land and improvements located in Revelstoke, B.C.,

5. **Financing Sources:** The development will be financed as follows:

Cash Equity by Borrower	$1,840,000
First Mortgage upto	4,200,000
Nova Bancorp	1,360,000
Total Financing	$7,400,000

Suite 1000, 1075 West Georgia Street, Vancouver, British Columbia, Canada V6E 3C9
Tel: (604) 681-0332 Fax: (604) 681-5699

5.1 **Loan Amount** The total loan amount is calculated as follows:

Principal to be advanced	$1,300,000
Estimated Legal Fees	13,300
Broker Fees to Nova Bancorp	19,500
Lender Fees	27,200
Total Loan Amount	$1,360,000

6. **Interest Rate**: 12.0% per annum, calculated and payable monthly.

7. **Security:**

Promissory Note in the amount of $1,360,000;
First mortgage charge on property, fully subordinated to second place on the occurrence of first mortgage construction advances;
Assignment of Income/rents/leases;
Assignment of insurance along with rental and operational insurance;
Assignment of all relevant licenses;
Personal Guarantee(s);
Corporate Guarantee;
General Security Agreement;
Satisfactory indemnity for environmental issues, fraud, misappropriation of funds, and unauthorized property transfers, liens, or encumbrances by the borrower in form and intent satisfactory to the Lender;
$80,000 clean, irrevocable letter of credit held in favour of Nova Bancorp or assignee;
Assignment of life insurance policies;
Assignment of Shareholder loans in the amount of $1,840,000
Any other documents as required by counsel.

8. **Term** :

Construction Period - 24 months from date of initial funding;

Term Period - financing availability for a Term Period will be subject to negotiation between the Borrower and the Lender

9. **Prepayment**
Prepayment allowed without notice, bonus or penalty during the Construction Period, subject only to 30 days prior written notice from the Borrower to the Lender

10. **Conditions precedent to advance**

a) Completion and registration of security documentation in form and content acceptable to the Lender's counsel;

b) Verification of project details including project plans, development costs, detailed summary of soft costs, approvals covering land use classification, development permits and all necessary regulatory approvals;

c) Fixed price contract to be entered into;

d) Project Monitor or Quantity Surveyor (Lender's choice/your cost) shall accompany loan draw request, together with your Engineers'/Architect's' Certificate. Draws shall be subject to a 10% holdback.

e) Provision satisfactory to Lender of structural engineers report, hotel development agreement, manager's resume', audited financial statements of Selkirk Tangiers Heli Skiing Ltd.. and , construction bond by Leader Contracting and Construction Inc.;

f) Provision satisfactory to Lender of Valuation/Feasibility study and Environmental;

g) Confirmation of paid up equity in the form satisfactory to the Lender of $1,000,000 prior to advancement of funds.

h) Any other conditions recommended by counsel;

11. **Insurance**

The Borrower shall obtain and maintain throughout the term of the loan, public liability, fire, business interruption and casualty insurance in such amounts and coverage acceptable to the Lender in the exercise of its sole and absolute discretion. All risk builders insurance with loss payable to the Lender

12. **Reporting**

The borrower shall provide the Lender with reports and financial statements concerning the Project at the Lender's request.

13. **Other Conditions**

The Lender reserves the right to withdraw its support at any time and demand repayment of the mortgage loan in full should any of the aforementioned terms, conditions and representations not be kept or abridged or should there be in the Lender's opinion:

i) an unacceptable change in the ownership of the Borrower, and/or;

ii) legal implications detrimental to the affairs of the Borrower and/or;

iii) the insufficiency of the Lender's security;

iv) bankruptcy/insolvency of borrower.

Borrower acknowledges that monies provided for this loan are to be obtained by Nova Bancorp through a syndication and the commitment will be conditional on monies received as described herein.

Borrower acknowledges that there will be no recourse whether in contract law, tort or otherwise against the Co-Lenders pursuant to the Co-Lender's agreement which will be referred to in the syndication.

In the event that the loan is not funded for any reason other than the Lender's default, then the contemplated letter of commitment shall be terminated and the Lender shall be entitled to recover all associated costs paid.

14. **Assignment**

The commitment is not assignable by the Borrower but the Lender shall have the right to assign this commitment.

15. **Other Costs**

All of the Lender's out of pocket expenses related to this Loan, including such items as inspections, legal fees and other associated costs are to be paid by the Borrower. The Lender shall have the right to engage any professionals to work on the projects it deems necessary in its sole and absolute discretion, the cost(s) of which shall be borne by the Borrower. Lender may deduct such expenses from the Loan proceeds.

The foregoing is not a commitment to finance and is subject to the approval and review by Lender's counsel and completion of all due diligence.

In the event that the due diligence review is satisfactory and the primary lender provides a commitment we will forward you a loan commitment.

If you are interested in pursuing the proposed funding in accordance with the above terms and conditions, please execute this letter where indicated and return to me no later than **February 23,1998** together with a cheque representing a good faith deposit in the amount of $10,000.00. If Nova Bancorp provides a commitment on the terms noted above, or such other terms as may have been agreed to by you, and you fail to accept such commitment, or in the event you deal with another Lender or Broker during the term of this agreement, then you acknowledge that the $10,000.00 deposit will be retained by Nova Bancorp as liquidated damages.

In the event we fail to provide you with a commitment substantially on the terms and conditions summarized herein, within 5 business days of receipt of the letter of commitment from the primary lender, we will return to the Borrower the $10,000.00 (less an investigation fee of $2,000) deposit without interest, and this application will be null and void.

NOVA BANCORP MORTGAGE CORPORATION
Per:

Kurt Wright /S/
Vice President

I/WE do hereby apply for a mortgage on the above basic terms and conditions, this 23 *day of* February *, 1998.*

BORROWER:

Per: ______________________
510721 B.C. Ltd.

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510721 B.C. Ltd

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