IN ACCORDANCE WITH THE MANITOBA ENVIRONMENT ACT (C.C.S.M. c. E125)
THIS LICENCE IS ISSUED PURSUANT TO SECTIONS 11(1) AND 14(2) TO:

ASPENHEIM COLONY FARMS LTD.; "the Licencee"

for the construction and operation of the Development being a water supply dugout
located in NE 17-12-9W in the Rural Municipality of North Norfolk and in accordance
with the Proposal filed under The Environment Act dated May 15, 1996, and the Notice
of Alteration dated June 21, 2002, and subject to the following specifications, limits,
terms and conditions:

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to
the Licencee in implementing practices to ensure that the environment is maintained in
such a manner as to sustain a high quality of life, including social and economic
development, recreation and leisure for present and future Manitobans.

1. The Licencee shall ensure that all used oil products and other regulated hazardous
   wastes generated by the machinery used in the construction and operation of the
   Development are collected and disposed of in accordance with applicable
   Manitoba Conservation and legislation requirements.

2. The Licencee shall obtain authorization from the Manitoba Water Branch for
   works undertaken on Provincial Waterways.

3. The Licencee shall ensure that measures are taken during the construction of the
   Development to minimize the deposition of sediment in waterways.

The Licencee shall:
   a) prepare "As Constructed" drawings for the Development and shall label the
      drawings "As Constructed"; and
   b) provide to the Director, within one month of the completion of construction
      of the Development, two sets of "As Constructed" drawings of the
      Development.
SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

5. The Licencee shall not undertake construction or maintenance activities related to the Development which may result in siltation or sediment deposition on or immediately adjacent to waterways between April 1 and June 15 of any year.

6. The Licencee shall ensure that the capacity of pumps used to divert water into the Development does not exceed 0.75 m$^3$/s.

7. The Licencee shall ensure that the storage volume of the Development does not exceed 122 cubic decametres.

8. The Licencee shall ensure that the maximum volume of water diverted into the Development in any year does not exceed 81 cubic decametres. Of this volume, a maximum of 16 cubic decametres may be used for agricultural purposes (livestock watering) and a maximum of 65 cubic decametres may be used for irrigation purposes on a land area not exceeding 128 hectares.

9. The Licencee shall ensure that a minimum instream flow is maintained in Image Creek below the diversion point of the Development at all times while water is being diverted into the Development. The minimum instream flow shall be 0.122 m$^3$/s.

10. The Licencee shall on a daily basis monitor streamflows, diversion rates and pumping durations when dugout filling is occurring. Weekly dugout water levels, pumping rates and monthly cumulative pumping durations shall be monitored when water is being used from the dugout. An annual report on this operating data shall be provided to Manitoba Conservation, the Prairie Farm Rehabilitation Administration and the Department of Fisheries and Oceans. This report shall be submitted prior to February 1 of the following year.

11. The Licencee shall ensure that fuel storage areas established for the construction and operation of the Development are located a minimum distance of 100 metres from any waterbody, and shall comply with the requirements of Manitoba Regulation 188/2001 respecting Storage and Handling of Petroleum Products and Allied Products.

12. The Licencee shall not irrigate land using water stored by the Development until a soil suitability assessment of land proposed for irrigation has been completed and approved by the Director.

13. The Licencee shall not apply manure using the irrigation system associated with the Development, except in accordance with a manure management plan approved by Manitoba Conservation.

14. The Licencee shall, by December 31, 2002, provide for the approval of the Director a plan listing annual groundwater, surface water and soil monitoring activities to be carried out in connection with the irrigation associated with the Development. The plan shall include a monitoring schedule.
15. The Licencee shall, on an annual basis, undertake the monitoring plan approved by Clause 14 of this Licence. A report summarizing the monitoring results for the previous year shall be submitted to the Director by February 1 of each year.

REVIEW AND REVOCATION

A. This Licence replaces Licence No. 2214 which is hereby rescinded.

B. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.

C. If construction of the development has not commenced within three years of the date of this Licence, the Licence is revoked.

D. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.

Larry Strachan, P. Eng.
Director
Environment Act

Client File No.: 4176.00