COR/2016/00118
January 20, 2016

s.40(1)

Dear [Redacted] s.40(1)

RE: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (Our File: TW/062/2015)

On December 21, 2015, the Department of Transportation and Works received your request for access to the following records/information:

A copy of the contract signed with Norcon Marine for use of the Norcon Galatea back in November 2013. Also provide a break down of where she was placed into service and how long she had to remain there until the next assignment. Also what is the daily costs of leaving here in service and when she can be expected to be returned back to her owners and if there is an open agreement for her use in the future.

I am pleased to inform you that a decision has been made by the Deputy Minister for the Department of Transportation and Works to provide access to some of the requested information. In particular, access is granted to the following records:


Access to information contained within the records has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):

40. (1) – The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party’s personal privacy.

P.O. Box 8700, St. John’s, NL, Canada, A1B 4J6
As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible.

In accordance with your request for a copy of the records, appropriate copies of the charter agreements have been enclosed. Please note, paragraphs and tables below contain information regarding the ferry’s service locations, time durations, expenditures, expectation on return to owners, and future use.

A charter agreement with Norcon Marine Services Limited for the provision of the MV Norcon Galatea was in place from November 22, 2013 until March 31, 2014. A subsequent charter agreement with Norcon Marine Services Limited for the provision of the MV Norcon Galatea was in place from June 18, 2014 until March 31, 2015. This second charter agreement required the vessel to be upgraded to include bow thrusters in order to increase the operational envelope of the vessel. This agreement has subsequently been extended until March 31, 2016.

During the time the MV Galatea was chartered from Norcon Marine Services Limited, it was in operation on various routes throughout the intraprovincial ferry service as outlined below:

<table>
<thead>
<tr>
<th>Period</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 27, 2013 - March 30, 2014</td>
<td>Bell Island</td>
</tr>
<tr>
<td>July 12, 2014 - August 5, 2014</td>
<td>Green Bay</td>
</tr>
<tr>
<td>August 6, 2014 - September 20, 2014</td>
<td>Fogo Island/Change Islands</td>
</tr>
<tr>
<td>October 3, 2014 - November 10, 2014</td>
<td>Bell Island</td>
</tr>
<tr>
<td>December 3, 2014 - December 16, 2014</td>
<td>Bell Island</td>
</tr>
<tr>
<td>January 13, 2015 - January 22, 2015</td>
<td>Bell Island</td>
</tr>
<tr>
<td>January 24, 2015 - February 3, 2015</td>
<td>St. Brendan’s</td>
</tr>
<tr>
<td>February 8, 2015 - April 29, 2015</td>
<td>Bell Island</td>
</tr>
<tr>
<td>May 12, 2015 - June 22, 2015</td>
<td>Bell Island</td>
</tr>
<tr>
<td>June 23, 2015 - September 18, 2015</td>
<td>Fogo Island/Change Islands</td>
</tr>
<tr>
<td>September 21, 2015 - November 20, 2015</td>
<td>Bell Island</td>
</tr>
<tr>
<td>November 23, 2015 - December 21, 2015</td>
<td>Green Bay</td>
</tr>
</tbody>
</table>

The cost of operating the MV Galatea for the provision of service on various routes as outlined above (total cost between November 2013 and December 2015) is as follows:

<table>
<thead>
<tr>
<th>MV Galatea Expenditures - November 2013-December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries $1,408,500</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Please be advised that you may appeal this decision and ask the Information and Privacy Commissioner to review the decision to provide partial access to the requested information, as set out in section 42 of the Act (a copy of this section of the Act has been enclosed for your reference). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your appeal should identify your concerns with the request and why you are submitting the appeal.

The appeal may be addressed to the Information and Privacy Commissioner as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John’s, NL A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act (a copy of this section of the Act has been enclosed for your reference).

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Office of Public Engagement’s website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at (709) 729-5351 or by e-mail at FrankWalsh@gov.nl.ca.

Sincerely,

[Signature]

Frank Walsh
ATIPP Coordinator
Department of Transportation and Works
Enclosures
Disclosure harmful to personal privacy

40. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.

(2) A disclosure of personal information is not an unreasonable invasion of a third party's personal privacy where

(a) the applicant is the individual to whom the information relates;

(b) the third party to whom the information relates has, in writing, consented to or requested the disclosure;

(c) there are compelling circumstances affecting a person’s health or safety and notice of disclosure is given in the form appropriate in the circumstances to the third party to whom the information relates;

(d) an Act or regulation of the province or of Canada authorizes the disclosure;

(e) the disclosure is for a research or statistical purpose and is in accordance with section 70;

(f) the information is about a third party's position, functions or remuneration as an officer, employee or member of a public body or as a member of a minister's staff;

(g) the disclosure reveals financial and other details of a contract to supply goods or services to a public body;

(h) the disclosure reveals the opinions or views of a third party given in the course of performing services for a public body, except where they are given in respect of another individual;

(i) public access to the information is provided under the Financial Administration Act;

(j) the information is about expenses incurred by a third party while travelling at the expense of a public body;

(k) the disclosure reveals details of a licence, permit or a similar discretionary benefit granted to a third party by a public body, not including personal information supplied in support of the application for the benefit;

(l) the disclosure reveals details of a discretionary benefit of a financial nature granted to a third party by a public body, not including
(i) personal information that is supplied in support of the application for the benefit, or

(ii) personal information that relates to eligibility for income and employment support under the Income and Employment Support Act or to the determination of income or employment support levels; or

(m) the disclosure is not contrary to the public interest as described in subsection (3) and reveals only the following personal information about a third party:

(i) attendance at or participation in a public event or activity related to a public body, including a graduation ceremony, sporting event, cultural program or club, or field trip, or

(ii) receipt of an honour or award granted by or through a public body.

(3) The disclosure of personal information under paragraph (2)(m) is an unreasonable invasion of personal privacy where the third party whom the information is about has requested that the information not be disclosed.

(4) A disclosure of personal information is presumed to be an unreasonable invasion of a third party's personal privacy where

(a) the personal information relates to a medical, psychiatric or psychological history, diagnosis, condition, treatment or evaluation;

(b) the personal information is an identifiable part of a law enforcement record, except to the extent that the disclosure is necessary to dispose of the law enforcement matter or to continue an investigation;

(c) the personal information relates to employment or educational history;

(d) the personal information was collected on a tax return or gathered for the purpose of collecting a tax;

(e) the personal information consists of an individual's bank account information or credit card information;

(f) the personal information consists of personal recommendations or evaluations, character references or personnel evaluations;

(g) the personal information consists of the third party's name where

   (i) it appears with other personal information about the third party, or
(ii) the disclosure of the name itself would reveal personal information about the third party; or

(h) the personal information indicates the third party's racial or ethnic origin or religious or political beliefs or associations.

(5) In determining under subsections (1) and (4) whether a disclosure of personal information constitutes an unreasonable invasion of a third party's personal privacy, the head of a public body shall consider all the relevant circumstances, including whether

(a) the disclosure is desirable for the purpose of subjecting the activities of the province or a public body to public scrutiny;

(b) the disclosure is likely to promote public health and safety or the protection of the environment;

(c) the personal information is relevant to a fair determination of the applicant's rights;

(d) the disclosure will assist in researching or validating the claims, disputes or grievances of aboriginal people;

(e) the third party will be exposed unfairly to financial or other harm;

(f) the personal information has been supplied in confidence;

(g) the personal information is likely to be inaccurate or unreliable;

(h) the disclosure may unfairly damage the reputation of a person referred to in the record requested by the applicant;

(i) the personal information was originally provided to the applicant; and

(j) the information is about a deceased person and, if so, whether the length of time the person has been deceased indicates the disclosure is not an unreasonable invasion of the deceased person's personal privacy.
Access or correction complaint

42. (1) A person who makes a request under this Act for access to a record or for correction of personal information may file a complaint with the commissioner respecting a decision, act or failure to act of the head of the public body that relates to the request.

(2) A complaint under subsection (1) shall be filed in writing not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16(2).

(3) A third party informed under section 19 of a decision of the head of a public body to grant access to a record or part of a record in response to a request may file a complaint with the commissioner respecting that decision.

(4) A complaint under subsection (3) shall be filed in writing not later than 15 business days after the third party is informed of the decision of the head of the public body.

(5) The commissioner may allow a longer time period for the filing of a complaint under this section.

(6) A person or third party who has appealed directly to the Trial Division under subsection 52(1) or 53(1) shall not file a complaint with the commissioner.

(7) The commissioner shall refuse to investigate a complaint where an appeal has been commenced in the Trial Division.

(8) A complaint shall not be filed under this section with respect to

(a) a request that is disregarded under section 21;

(b) a decision respecting an extension of time under section 23;

(c) a variation of a procedure under section 24; or

(d) an estimate of costs or a decision not to waive a cost under section 26.

(9) The commissioner shall provide a copy of the complaint to the head of the public body concerned.
Direct appeal to Trial Division by an applicant

52. (1) Where an applicant has made a request to a public body for access to a record or correction of personal information and has not filed a complaint with the commissioner under section 42, the applicant may appeal the decision, act or failure to act of the head of the public body that relates to the request directly to the Trial Division.

(2) An appeal shall be commenced under subsection (1) not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16(2).

(3) Where an applicant has filed a complaint with the commissioner under section 42 and the commissioner has refused to investigate the complaint, the applicant may commence an appeal in the Trial Division of the decision, act or failure to act of the head of the public body that relates to the request for access to a record or for correction of personal information.

(4) An appeal shall be commenced under subsection (3) not later than 15 business days after the applicant is notified of the commissioner’s refusal under subsection 45(2).
Table of Contents:


# CHARTER AGREEMENT

## PART I

1. **Owners**  
   Norcon Marine Services Ltd.

2. **Place and date**  
   St. John’s, NL 16-JUN-2014

3. **Owners Place of business**  
   Clarenville, NL

4. **Charterers (Charterers)/Place of business**  
   Her Majesty in right of Newfoundland and Labrador as represented by the Minister of Transportation and Works, St. John’s, NL

5. **Vessel’s name, Official Number and Flag (Cl 9c))**  
   MV Norcon Galatea, 329343, CANADA

6. **Type of vessel**  
   Ro-Ro Passenger

7. **GRT/NRT**  
   387 / 222

8. **When/Where built**  
   1968, Verrault Navigation, QC

9. **Total DWT (abt.) in metric tons on summer freeboard**  
   443.8

10. **Class (Cl.9)**  
    N/A

11. **Date of last annual survey**  
    26 – NOV - 2013

12. **Further particulars of Vessel (also indicate minimum number of months’ validity of class certificates agreed according to Cl. 13)**  
    22 months

13. **Port or Place of delivery (Cl. 2)**  
    Clarenville, NL

14. **Time for delivery (Cl. 3)**  
    18 – JUN - 2014

15. **Cancelling date (Cl.4)**  
    30 JUN 2014

16. **Port or Place of redelivery (Cl. 13)**  
    Clarenville, NL

17. **Running days’ notice if other than stated in Cl. 3**  
    Not Applicable

18. **Frequency of dry-docking if other than stated in Cl. 9(f)**

19. **Trading Limits (Cl. 5) Near Coastal II, Limited Home Trade III, Canadian Ports Only Between ports in Newfoundland as assigned by the Charterers.**

20. **Charter period**  
    18 - JUN-2014 to 31-March-2015 with provision for extension as per Cl. 28.

21. **Charter hire (Cl. 10)**  
    $5,987.00 Canadian per day plus associated H.S.T. payable at the end of each month within thirty (30) days of receipt of an invoice from the Owner

22. **Rate of interest payable according To Cl. 10(f). The interest rate established by the Department of Finance of the Government of Newfoundland and Labrador and existing at the time an overdue payment under this Charter Agreement arises**

23. **Currency and method of payment (Cl.10) (optional)**  
    By cheque in Canadian dollars.

24. **Place of payment; also state beneficiary and bank account (Cl.10)**
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>25. Mortgage(s), if any, (state whether Cl.11(a) or (b) applies; if 11(b) applies state date of Deed(s) of Covenant and name of Mortgagees(s) Place of business) (Cl. 11)</td>
<td>26. Insurance (marine and war risks) (state value acc. to Cl. 12(k) (Cl. 12 applies)</td>
</tr>
<tr>
<td>27. Additional insurance cover, if any, for Owner’s account limited to (Cl. 12 (g))</td>
<td>28. Additional insurance cover, if any, for Charterers’ account limited to (Cl. 12 (g))</td>
</tr>
<tr>
<td>29. Latent defects</td>
<td>30. War cancellation (indicate countries agreed) (Cl. 23) Not Applicable</td>
</tr>
<tr>
<td>NIL</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>31. Brokerage Commission and to whom payable</td>
<td>32. Law and arbitration (state see CL. 23, also state place of arbitration) (Cl.26)</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>Applicable law is Canadian Law; place of any arbitration is St. John's, NL.</td>
</tr>
</tbody>
</table>

PREAMBLE — It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further.

Signature (Owners) | Signature (Charterers)

Her Majesty in right of Newfoundland and Labrador as represented by the Minister of Transportation and Works

Subsection 40(1)
CHARTER AGREEMENT

PART II

1. Definitions

In this Charter, the following terms shall have the meanings hereby assigned to them:
“**The Owners**” shall mean the person or company registered as Owners of the Vessel.
“**The Charterers**” shall mean the charterers and shall not be construed to mean a time charterer or a voyage charterer.

2. Delivery

The Vessel shall be delivered and taken over by the Charterers at the port or place indicated in Box 13, in such ready berth as the Charterers may direct. The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy and in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be properly documented at time of delivery.

The delivery to the Charterers of the Vessel and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners’ obligations under Clause 2, except that: the Owners during the term of this Charter shall be responsible for repairs and maintenance of the Vessel except for repairs and maintenance to the Vessel arising from damage and damages occasioned as a result of the negligence of the Charterers; and the Owners during the term of this Charter shall be responsible for repairs and maintenance or renewals occasioned by latent defects or patent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under the Charter or emerging or becoming evident and manifesting themselves during the term of this Charter.

3. Time for Delivery

The Vessel to be delivered not before the date indicated in Box 14 unless with the Charterers’ consent.
Unless otherwise agreed in Box 17, the Owners to give the Charterers not less than 7 running days’ preliminary and not less than 10 days’ definite notice of the date on which the Vessel is expected to be ready for delivery.
The Owners to keep the Charterers closely advised of possible changes in the Vessel’s position and readiness for delivery.

4. Cancelling

Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers to have the option of cancelling this Charter without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.

If it appears that the Vessel will be delayed beyond the cancelling date, the Owners shall, as soon as they are in a position to state with reasonable certainty the day on which the Vessel
should be ready, give notice thereof to the Charterers asking whether they will exercise their option of cancelling and the option must then be declared within one hundred and twenty (120) hours of the receipt by the Charterers of such notice. If the Charterers do not then exercise their option of cancelling, the seventh day after the readiness date stated in the Owners’ notice shall be regarded as a new cancelling date for the purpose of this Clause.

5. Trading Limits

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise within the trading limits indicated in Box 19. The Charterers undertake not to employ the Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the instruments of insurance (including any warranties expressed or implied therein) without first obtaining the consent to such employment of the insurers and complying with such requirements as to extra premium or otherwise as the insurers may prescribe. If required, the Charterers shall keep the Owners and the Mortgagees advised of the intended employment of the Vessel. The Charterers also undertake not to employ the Vessel or suffer her employment in any trade or business which is forbidden by the law of any country to which the Vessel may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner whatsoever which may render her liable to condemnation, destruction, seizure or confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels or radioactive products or waste are specifically excluded from the cargo permitted to be loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or intended to be used for any industrial, commercial, agricultural, medical or scientific purposes provided the Owners’ prior approval has been obtained to loading thereof.

6. Surveys

Survey on Delivery and Redelivery – The Owners and Charterers shall each appoint surveyors, including of the underwater hull, for the purpose of determining and agreeing in writing the condition of the Vessel at the time of delivery and redelivery hereunder. The Owners shall bear all expenses of the On-Survey and Off-survey including loss of time, if any, at the rate of hire per day or pro rata, also including in each case the cost of any docking and undocking, if required, in connection herewith.

7. Inspection

Inspection – The Charterers shall have the right at any time to inspect or survey the Vessel or instruct a duly authorized surveyor to carry out such survey on their behalf to ascertain the condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and maintained as per Clause 2 and 9 of this Charter. For this purpose the Charterers shall have the right to require the Vessel to be dry-docked for inspection if the Owners are not docking her at normal classification intervals. The fees for such inspection or survey shall in the event of the Vessel not being found to be in the condition provided in Clause 9 of this Charter be payable by the Owners and shall be paid by the Charterers only in the event of the Vessel being found not to require repairs or maintenance in order to achieve the condition so
provided. All time taken in respect of inspection, survey or repairs shall count as time on hire and shall form part of the Charter period.

The Parties hereto shall each permit the other to inspect the Vessel’s log books whenever requested and shall whenever required by the Owners the Charterers furnish them with full information regarding any casualties or other accidents or damage to the Vessel. For the purpose of this Clause, the Charterers shall keep the Owners advised of the intended employment of the Vessel.

8. Inventories and Consumable Oil and Stores

A complete inventory of the Vessel’s entire equipment, outfit, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, water and un-broached provisions, paints, oils, ropes and other consumables stores in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively.

9. Maintenance and Operation

(a) The Vessel shall during the Charter period be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. In consideration of the Charter Hire amounts referenced in Box 21, the Owners shall carry out all required maintenance, outside of normal day to day operational maintenance, including the vessel hull, machinery, boilers, and appurtenances. As part of normal day to day operations, the Charterers shall exercise due diligence and maintain the vessel, her machinery, boilers and appurtenances in a good state of repair and in an efficient operational condition in accordance with commercial practice. Except as provided for in Clause 12 (i), the Owners shall keep the Vessel with unexpired classification of the class indicated in Box 10 and with other required certificates in force at all times. The Owners to take immediate steps to have the necessary maintenance and repairs done within a reasonable time failing which the Charterers shall have the right to claim liquidated damages as per Clause 24 as long as this Charter is in effect or terminate this Charter in accordance with Clause 25 without prejudice to any other legal claim the Charterers may otherwise have against the Owners under the Charter.

Unless otherwise agreed, in the event of any improvement, structural changes or expensive new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing more than 5 per cent of the Vessel’s marine insurance value as stated in Box 26, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under the Charter, and shall in the absence of agreement, be referred to arbitration according to Clause 23.
(b) The Charterers shall at their own expense and by their own procurement man, victual, navigate, lubricate, grease, fuel and oil the Vessel whenever required during the Charter period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to the same and any applicable taxes related to the same or such operation. The Owners will as part of this Charter in consideration of the Charter hire be responsible for all other items of repair and maintenance necessary to ensure the proper functioning of the Vessel in accordance with this Charter and will bear any and all other costs associated with the repair, maintenance and operation of the Vessel during the term of this Charter, other than those outlined in the previous sentence of this paragraph.

In conducting the repairs and maintenance to the Vessel that the Owners are responsible for, the Owners shall do so in a manner that does not interfere with the operating schedule of the Vessel as established by the Charterers in connection with the ferry services the Charterers will be offering, which schedule may be amended from time to time by the Charterers. The Charterers will advise that Owners of the operating schedule of the Vessel as established by the Charterers in connection with the ferry services the Charterers will be offering and of any changes to it. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever. Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel’s flag or any other applicable law.

(c) During the currency of this Charter, the Vessel shall retain her present name as indicated in Box 5 and shall remain under and fly the flag as indicated in Box 5. Provided, however, that the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own flag. Painting and re-painting, installment and re-installment for the foregoing purpose if occasioned by the Charterers is to be for the Owner’s account and time used thereby to count as time on hire.

(d) The Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners’ approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of the Charter.

(e) The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter period replace such items of equipment as shall be so damaged by the Charterers as a result of their negligence and rendered unfit for use. The Charterers are to procure that all repairs to or replacement of any parts by the Charterers as a result of their negligence or lost parts or lost equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit additional equipment at their expense and risk but the Charterers shall remove such equipment at the end of the period if requested by the Owners.
Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith except as to payment of the same which shall still be the Owners responsibility and shall reimburse the Owners for all expenses except as to payment of any such lease contract incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(f) The Owners at their expense shall dry-dock the Vessel as necessary for repair and/or maintenance work and as required by Transport Canada and/or the Classification Society for the Vessel and also to clean and paint her underwater parts whenever the same may be necessary.

10. Hire

(a) The Charterers shall pay to the Owners for the hire of the Vessel at the lump sum per calendar month calculated based on the rates indicated in Box 21 commencing on and from the date and hour of her delivery to the Charterers and at and after the agreed lump sum per calendar month as indicated in Box 21 commencing on and from the date and hour of her delivery to the Charterers and at and after the agreed lump sum for any part of a month. Hire to continue until the date and hour when the Vessel is redelivered by the Charterers to her Owners.

(b) Payment of Hire, except for the first and last month’s Hire, if sub-clause (c) of this Clause is applicable, shall be made in cash without reduction except as provided for in Clause 24 of this Charter every month in the currency and in the manner indicated in Box 23 and at the place mentioned in Box 24.

(c) Payment of Hire for the first and last month’s Hire if less than a full month shall be calculated proportionally according to the number of days in the particular calendar month and advance payment to be effected accordingly.

(d) Should the Vessel be lost or missing, Hire to cease from the date and time when she was lost or last heard of. Any Hire paid in advance to be adjusted accordingly.

(e) Time shall be of the essence in relation to payment of Hire hereunder. In default of payment beyond a period of sixty (60) days, the Owners shall have the right to withdraw the Vessel from the service of the Charterers on seven (7) days written notice to the Charterers if such default is not rectified without interference by any court or any other formality whatsoever, and shall, without prejudice to any other claim the Owners may otherwise have against the Charterers under the Charter, be entitled to damages in respect of all costs and losses incurred as a result of the Charterers’ default and the ensuing withdrawal of the Vessel.

(f) Any delay in payment of Hire shall entitle the Owners to an interest at the rate per annum as agreed in Box 22.
11. Mortgage

(a) Owners warrant that they will not mortgage the Vessel or any of the shares in it other than in the ordinary course of business.

12. Insurance, Repairs and Classification

(a) During the Charter period the Vessel shall be kept insured by the Owners at their expense against marine and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such Insurance. All insurance policies shall be in the joint names of the Owners and the Charterers as their interests may appear.

(b) During the Charter period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks in such form as the Owners shall in writing approve which approval shall not be unreasonable withheld. If the Charterers fail to arrange and keep any of the insurances provided for under the provisions of sub-clause (b) in the manner described therein, the Owners shall notify the Charterers whereupon the Charterers shall rectify the position within seven (7) days, failing which the Owners shall have the right to withdraw the Vessel from the service of the Charterers without prejudice to any claim the Owners may otherwise have against the Charterers.

(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.

(d) The Owners shall, subject to the approval of the Owners or Owners’ Underwriters, effect all insured repairs, and the Owners shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause (a) of this Clause.

(e) The Owners to remain responsible for and to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.

(f) All time used for repairs under the provisions of sub-clause (d) and (e) of this Clause and for repairs of latent and and/or patent defects and/or repairs and maintenance according to Clause 2 above, including any deviation, shall count as time on hire and shall form part of the Charter period.

The Owners shall be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.
(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 27 and Box 28, respectively. The Owners or the Charterers, as the case, may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the Insurers of any such required insurance in any case where the consent of such Insurers is necessary.

(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause (a) of this Clause, all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.

(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause (a) of the Clause, this Charter shall terminate as of the date of such loss.

(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to Insurers and claim a constructive total loss.

(k) For the purpose of insurance coverage against marine and war risks under the provisions of sub-clause (a) of this Clause, the value of the Vessel is the sum indicated in Box 26.

(l) Notwithstanding anything contained in Clause 9 (a), it is agreed that under the provisions of Clause 12, if applicable, the Owners shall keep the Vessel with unexpired classification in force at all times during the Charter period.

13. Redelivery

The Charterers shall at the expiration of the Charter period redeliver the Vessel at a safe and ice-free port or place as indicated in Box 16. The Charterers shall give the Owners not less than ten (10) days’ preliminary and not less than seven (7) days definite notice of expected date, range of ports of redelivery or port or place of redelivery. Any changes thereafter in Vessel’s position shall be notified immediately to the Owners.

Should the Vessel be ordered on a voyage by which the Charter period may be exceeded the Charterers to have the use of the Vessel to enable them to complete the voyage, provided it could be reasonably calculated that the voyage would allow redelivery about the time fixed for the termination of the Charter.

Subject to the Owner discharging the Owners responsibilities under Clause 2 and Clause 9, the Vessel shall be redelivered to the Owners in the same or as good structure, state, condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.

The Vessel upon redelivery shall have her survey cycles up to date and class certificates valid for at least the number of months set out in Box 12.
14. Non-Lien and Indemnity

The Charterers will not suffer, not permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel.

The Charterers further agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter period a notice reading as follows:-

"This Vessel is the property of (name of Owners). It is under charter to (name of Charterers) and by the terms of the Charter Party neither the Charterers nor the Master have any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever."

The Charterers shall indemnify and hold the Owners harmless against any lien of whatsoever nature arising upon the Vessel during the Charter period while she is under the control of the Charterers, and against any claims against the Owners arising out of or in relation to the operation of the Vessel by the Charterers. Should the Vessel be arrested by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released and at their own expense put up bail to secure release of the Vessel.

15. Lien

The Owners to have a lien upon all cargoes and sub-freights belonging to the Charterers and any Bill of Lading freight for all claims under this Charter, and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.

16. Salvage

All salvage and towage performed by the Vessel shall be for the Charterers’ benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

17. Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation, except to the extent that the same is covered by any insurance policy of the Charterers or the Owners or the loss is caused by the negligence of the Owners.

18. General Average

General Average, if any, shall be adjusted according to the York-Antwerp Rules 1974 or any subsequent modification thereof current at the time of the casualty.

The Charter Hire shall not contribute to General Average.

19. Assignment and Sub-Demise
The Charterers shall not assign this Charter nor sub-demise the Vessel except with the prior consent in writing of the Owners which shall not be unreasonably withheld and subject to such terms and conditions as the Owners shall approve.

20. Bills of Lading

The Charterers are to procure that all Bills of Lading issued for carriage of goods under this Charter shall contain a Paramount Clause incorporating any legislation relating to Carrier’s liability for cargo compulsorily applicable in the trade; if no such legislation exists, the Bills of Lading shall incorporate the British Carriage of Goods by Sea Act. The Bills of Lading shall also contain the amended New Jason Clause and the Both-to-Blame Collision Clause. The Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

21. Requisition/Acquisition

(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as “Requisition for Hire”) irrespective of the date during the Charter period when “Requisition for Hire” may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter period, this Charter shall be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers obligation to pay Hire ended. In such event Charter Hire to be considered as earned and to be paid up to the date and time of such “Requisition for Hire”.

(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as “Compulsory Acquisition”), then, irrespective of the date during the Charter period when “Compulsory Acquisition” may occur, this Charter shall be deemed terminated as of the date of such “Compulsory Acquisition”. In such event Charter Hire to be considered as earned and to be paid up to the date and time of such “Compulsory Acquisition”.

22. War

(a) The Vessel unless the consent of the Owners be first obtained not to be ordered nor continue to any place or on any voyage nor be used on any service which will bring her within a zone which is dangerous as the result of any actual or threatened act of war, war, hostilities, warlike operations, acts of piracy or of hostility or malicious damage against this or any other vessel or its cargo by any person, body or State whatsoever, revolution, civil war, civil commotion or the operation of international law, nor be exposed in any way to any risks or penalties whatsoever consequent upon the imposition of sanctions, nor carry any goods that may in any way expose her to any risks of seizure, capture, penalties or any other interference of any kind whatsoever by the belligerent or fighting powers or parties or by any Government or Ruler.
(b) The Vessel to have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stoppages, destination, delivery or in any other wise whatsoever given by the Government of the nation under whose flag the Vessel sails or any other Government or any person (or body) acting or purporting to act with the authority of such Government or by any committee or person having under the terms of the war risks insurance on the Vessel the right to give any such orders or directions.

(c) In the event of outbreak of war (whether there be a declaration of war or not) between any two or more of the countries as stated in Box 30, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 13, if she has cargo on board after discharge thereof at destination, or if debarrer under this Clause from reaching or entering it at a near open and safe port as directed by the Owners, or if she has no cargo on board, at the port at which she then is or if at sea at a near open and safe port as directed by the Owners. In all cases hire shall continue to be paid in accordance with Clause 10 and except as aforesaid all other provisions of this Charter shall apply until redelivery.

23. **Law and Arbitration**

(a) This Charter shall be governed by Canadian law and any dispute arising out of this Charter shall be referred to arbitration in St. John’s, NL by three (3) persons, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final and for purpose of enforcing any award, under this agreement may be registered as a judgment of the court.

(b) Should either party to this Charter fail to appoint an arbitrator within ten (10) days of being requested to do so or should the two (2) arbitrators appointed be unable to agree on the identity of the third arbitrator within twenty (20) days of their appointment then either party hereto shall be at liberty on notice to the other party to this Charter to request a judge of the Supreme Court of Newfoundland and Labrador, Trial Division to exercise his or her authority and to appoint any un-appointed or un-agreed upon arbitrator under the Arbitration Act of the Province of Newfoundland and Labrador.

24. **Liquidated Damages and Downtime**

(a) Should the Vessel suffer downtime and fail to operate at any time or times during the term of this Charter as a result of mechanical or other breakdown not occasioned by the negligence of the Charterers, because it does not possess any operating or other certificate or insurance which it is the Owners responsibility under this Charter to have in place or maintain during the term of this Charter, or because it is arrested by a creditor of the Owners, the Owners shall be liable to pay Liquidated Damages to the Charterers for each and every day of this Charter or part day of this Charter that the Vessel is unavailable for service and use by the Charterers as a result of such cause or causes equal to the amount of the Charter Hire set out in Box 21. The Owner shall also pay Liquidated Damages to the Charterer for the amount of the Charterers crew cost to a maximum liquidated damage amount of seven (7) days calculated on a daily basis or a pro rata basis for the portion of any such day of service so missed.
(b) In any case under the Clause 24 where the Owners become liable to pay Liquidated Damages to the Charterers, the Charterers on writing the Owners and advising the Owners of the Charterers intent to claim such Liquidated Damages may either deduct the amount of such Liquidated Damages from any payment then or subsequently due under this Charter to the Owners and/or otherwise invoice the Owners for the amount of such Liquidated Damages, which shall be a debt due from the Owners to the Charterers.

(c) In the event of the termination of this Charter for any reason the Parties hereto agree that the right of the Charterers to claim Liquidated Damages under this Charter shall survive the termination of this Charter.

25. Termination

(a) Should the Owners breach the Owners obligations under this Charter Agreement the Charterers may notify the Owners in writing that the Owners are in default of the Owners contractual obligations, and in such written notice by the Charterers shall instruct the Owners to correct the default within twenty-four (24) hours from the receipt of such written notice.

(b) If the correction of the default cannot be completed within the twenty-four (24) hours specified, the Owners shall be considered to be in compliance with the Charterers instructions to correct the default under this Clause 25, if the Owners:

(i) commence the correction of the default within the specified time,
(ii) provide the Charterers with an acceptable schedule for such correction, and
(iii) complete the correction in accordance with such schedule.

(c) If the Owners fail to correct the default within the time specified or subsequently agreed upon, the Charterers may, without prejudice to any other right or remedy the Charterers may have, terminate this Charter.

(d) Notwithstanding any other part of this Clause 25, if the Owners should be adjudged bankrupt, or make a general assignment for the benefit of creditors or if a receiver is appointed on account of the Owners insolvency, the Charterers may, without prejudice to any other right or remedy the Charterers may have, by giving the Owners written notice, terminate the Contract.

(e) Notwithstanding any other part of this Clause 25, if the Vessel should fail to operate for a period of seven (7) days consecutively or ten (10) days cumulatively over the term of this Charter as a result of one or more failures of the Owners to meet the requirements of this Charter, then on one (1) days written notice the Charterers, without prejudice to any other right or remedy the Charterers may have, may terminate this Charter.

26. Inspections and Sea Trials, Crew Training and Vessel Acceptance
(a) Notwithstanding any other clause in this Charter, the Delivery process referred to in Clause 2 and Clause 3 shall take place over a period of three (3) days selected by the Charterers being consecutive days, if possible, during which weather and sea conditions are suitable for the conduct of Inspections and Sea Trials, Crew Training and Vessel Acceptance.

(b) During the aforesaid three (3) days, the Charterers with the assistance of the Owners will conduct Inspections and Sea Trials between ports of call nominated and agreed upon by the Parties to this Charter and Crew Training of the Charterers assigned crew in the operations of the Vessel. For this purpose the Owners shall have a duly qualified Captain who is familiar with the operation of the Vessel, an Engineer and sufficient other numbers of qualified personnel to impart knowledge of the Vessel’s operations and operating characteristics to the Charterers Master and crew and the Charterers Crew shall be composed of trained and qualified seaman for the positions they are to occupy on the Vessel.

(c) Should the Vessel be found to meet the criteria for acceptance by the Charterers set out in this Charter, upon the successful completion of the aforesaid Inspections and finding by the Charterers that the Vessel meets the requirements of this Charter for acceptance of this Vessel and the successful completion of Sea Trials and training and orientation of the Charterer’s Crew, the Charterers shall sign off on in writing and accept delivery of the Vessel. In the event that the Vessel is accepted the Charter Hire shall become payable from the date of commencement of the Inspections, Sea Trials and Crew Training referred to in this Clause.

(d) Should however the Vessel not be found to otherwise meet the criteria for acceptance of the same set out in this Charter and/or Sea Trials not be successfully completed and/or Crew Training of the Charterers Crew not be successfully completed by the Owners, then the Charterers shall provide notice to the Owners in writing that the Charterers will not accept such Vessel until any circumstance or defect giving rise to such rejection has been corrected. In such a circumstance no Charter Hire rate shall be paid by the Charterers to the Owners under this Charter or accrue to the Owners before the day that such circumstance or defect is corrected and the Charterers accept the Vessel in writing as meeting all such requirements.

Should the circumstance or defect giving rise to this rejection not be corrected within fourteen (14) days of such notice being given, then the Charterers on one (1) day notice in writing thereafter may terminate this Charter. No Charter Hire rate beyond the sum of $1.00 shall be paid to the Owners by the Charterers in the event that this Charter is terminated under this clause.

(e) In the event of any conflict between this clause and any other clause in this Charter this clause shall prevail.

27. Capability, Capacity and Characteristics of the Vessel

The Vessel shall at all times during the term of this Charter:
(a) be capable of docking, securing, operating, and loading and discharging traffic in a safe and reliable manner to the purpose of passenger and vehicle marine transport for which it has been chartered;

(b) carrying a minimum of 70 passengers;

(c) be capable of carrying that number of vehicles which corresponds at a minimum of 20 passenger vehicles or 1 tractor trailer and a compliment of passenger vehicles;

(d) be capable of operating both ramps in an efficient manner for the loading and discharge of vehicles and passengers;

(e) be capable of achieving and maintaining 11 knots or such speed or speeds as are necessary in fair seas and weather, for it to operate in accordance with the operating schedule of the Vessel as established by the Charterers in connection with the ferry services the Charterers will be offering referenced in Clause 9, as amended from time to time by the Charterers with 100% maximum continuous rating (MCR) available for maneuvering;

(f) be capable of appropriately accommodating a Captain and mixed gender crew numbers as specified in the Minimum Safe Manning Document;

(g) be sound, staunch and tight and of welded steel construction;

(h) be delivered with all required operational certificates and certified to operate, unrestricted, and be capable of safely navigating in the ports on the following services:

- Portugal Cove – Bell Island
- Burnside – St. Brendan’s
- Farewell – Change Islands – Fogo Island
- Pilley’s Island – Long Island – Little Bay Islands
- Petite Forte – South East Bight
- Bay L’Argent – Rencontre East – Pool’s Cove

(i) be capable of operating in local and first year ice. It will be the responsibility of the Tenderer to ensure all certificates are kept current for the duration of the contract;

(j) be classified by and delegated to a Recognized Organization (i.e. Classification Society recognized by Transport Canada and certified as meeting all of the requirements Delegated Statutory Inspection Program). Consideration may also be given to vessels that are not classed or enrolled in the delegation program and certified solely by Transport Canada (TC);

(k) use low sulfur marine diesel oil as its primary fuel source;

(l) have berths for each required crew member, this may be in the form of single or multiple berth cabins ensuring that current arrangement includes a private berth for any female crew members;
(m) have a fully equipped galley and mess, including all appliances, tables, chairs, to adequately serve crew compliment;

(n) be equipped with a bow thruster;

(o) be equipped with an approved marine sanitation device or have adequate black water retention onboard, to allow for one (1) week, twelve (12) hours per day, of uninterrupted service with full passenger and crew compliment onboard;

(p) have potable water system(s) that meet all Health Canada Potable Water Regulations for Common Carriers with sufficient capacity to allow one (1) week, of uninterrupted service with full passenger and crew compliment onboard;

(q) be of twin screw configuration;

(r) come equipped with a stow-able gangway. A separate gangway stored onboard that does not interfere with loading / unloading may be accepted;

(s) be painted to the current GNL ferry scheme at the cost of the Owners;

(t) be capable of connecting to a 460VAC or 600VAC 3 phase shore power supply. Shore power plug shall be supplied by the Department. Vessel shall be equipped with a shore power cord of no less than 100m in length;

(u) be equipped with a well-lit and comfortable passenger lounge containing enough seating for all passengers. Vessel shall have heating and ventilation systems to maintain comfortable ambient temperatures;

(v) have a passenger lounge shall be equipped with one (1) flat panel type television monitor, minimum 36”, and DVD player. Monitor shall be bulkhead or deckhead mounted and viewable from all seats within the passenger lounge;

(w) be equipped with an internal public address system to permit announcements to be made from bridge to all passenger areas including the vehicle deck(s);

(x) be equipped with a voyage data recorder (VDR) and automatic identification system (AIS);

(y) be equipped with a 60 Hz electrical power system serving all receptacles located in passenger and crew areas;

(z) be furnished with a purser’s office or other lockable / secure area in from which passenger tickets may be sold to the public;

(aa) have a maximum draft of three (3) meters;

(bb) have a maximum length of sixty (60) meters;
be equipped with a fully functioning and licenced communication system that enables contact between the Vessel, with other vessels and the shore at all times.

28. Extension of Charter Term

On sixty (60) days written notice given by the Charterers to the Owners the Owners agree that the Charterers may extend this Charter Agreement for a further period of one (1) year or any part thereof from March 31, 2015.
<p>| | |</p>
<table>
<thead>
<tr>
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</table>
| **1. Shipbroker**
  Not applicable |   |
| **2. Place and date**
  St. John’s, NL  
  November 22, 2013 |   |
| **3. Owners/Place of business**
  Norcon Marine Services Limited, Clarenville, NL |   |
| **4. Charterers (Charterers)/Place of business**
  Her Majesty in right of Newfoundland and Labrador as represented by the Minister of Transportation and Works, St. John’s, NL |   |
| **5. Vessel’s name, Official Number and Flag (CI 9c))**
  M.V. Norcon Galatea  
  29343  
  Canada |   |
| **6. Type of vessel**
  Ferry Passengers, Freight and Vehicles | **7. GRT/NRT**
  387.0/222.0 |
| **8. When/Where built**
  1968  
  Les Mechins, Quebec | **9. Total DWT (abt.) in metric tons on summer freeboard**
  105.0 |
| **10. Class (CI.9)**
  Not Applicable | **11. Date of last annual survey by Transport Canada, Marine Safety Division**
  November 19, 2013 |
| **12. Further particulars of Vessel (also indicate minimum number of months’ validity of class certificates agreed acc. To CI. 13)** From the beginning to the end of this Charter |   |
| **13. Port or Place of delivery (Cl. 2)**
  Portugal Cove, NL | **14. Time for delivery (Cl. 3)**
  November 22, 2013 |
| **15. Cancelling date (Cl. 4)**
  November 31, 2013 | **16. Port or Place of redelivery (Cl. 13)**
  Portugal Cove, NL unless otherwise mutually agreed |
| **17. Running days’ notice if other than stated in Cl. 3**
  See Clause 3 | **18. Frequency of dry-docking if other than stated in Cl. 9(f)** As necessary for repair and/or maintenance work and as required by Transport Canada and/or the Classification Society for the vessel |
| **19. Trading Limits (Cl. 5)** Between ports in Newfoundland and Labrador as assigned by the Charterers |   |
| **20. Charter period**
  From effective date of Charter up until March 31, 2014 | **21. Charter hire (Cl. 10)**
  $5,787.00 Canadian per day plus a maintenance fee of $25,000.00 per month in lieu of the Charterers having to pay any maintenance, costs associated with the Vessel, plus associated H.S.T. payable at the end of each month within thirty (30) days of receipt of an invoice from the Owner |
| **22. Rate of interest payable acc. To Cl. 10(f) and, if applicable, acc. To PART IV** In accordance with the policy of the Charterers in force at the time any such charge arises | **23. Currency and method of payment (Cl.10) (optional)**
  By cheque in Canadian Dollars |
### Table

<table>
<thead>
<tr>
<th>24. Place of payment; also state beneficiary and bank account (Cl.10) The Bank Account identified by the Owner being supplier number</th>
<th>25. Bank guarantee/bond (sum and place) Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Applicable</td>
<td></td>
</tr>
<tr>
<td>26. Mortgage(s), if any, (state whether Cl.11(a) or (b) applies; if 11(b) applies state date of Deed(s) of Covenant and name of Mortgagees(s) Place of business) (Cl. 11)</td>
<td>27. Insurance (marine and war risks) (state value acc. to Cl. 12(k) (CL 12 applies)</td>
</tr>
<tr>
<td>Not Applicable</td>
<td></td>
</tr>
<tr>
<td>28. Additional insurance cover, if any, for Owner's account limited to (Cl. 12 (g))</td>
<td>29. Additional insurance cover, if any, for Charterers' account limited to (Cl. 12 (g))</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>30. Latent defects</td>
<td>31. War cancellation (indicate countries agreed) (Cl. 23)</td>
</tr>
<tr>
<td>None</td>
<td>Any countries, including Canada affecting the Vessel’s operation under this Charter</td>
</tr>
<tr>
<td>32. Brokerage Commission and to whom payable</td>
<td>None, not Applicable</td>
</tr>
<tr>
<td>33. Law and arbitration (state see CL. 23, also state place of arbitration) (Cl.26)</td>
<td>34. Number of additional clauses covering special provisions, if agreed</td>
</tr>
<tr>
<td>Applicable law is Canadian Law; place of any arbitration is St. John’s, NL.</td>
<td>See Clauses 24, 25, 26 and 27</td>
</tr>
</tbody>
</table>

**PREAMBLE** — It is mutually agreed that this Contract shall be performed subject to the conditions contained in this Charter which shall include PART I and PART II. In the event of a conflict of conditions, the provisions of PART I shall prevail over those of PART II to the extent of such conflict but no further. It is further mutually agreed that PART III and/or PART IV and/or PART V shall only apply and shall only form part of this Charter if expressly agreed and stated in the Boxes 35, 39, and 40. If PART III and/or PART IV and/or PART V apply, it is further mutually agreed that in the event of a conflict of conditions, the provisions of PART I and PART II shall prevail over those of PART III and/or PART IV and/or PART V to the extent of such conflict but no further.

**Signature (Owners)**

Norcon Marine Services Limited

**Signature (Charterers)**

Her Majesty in right of Newfoundland and Labrador as represented by the Minister of Transportation and Works
CHARTER
PART II

1. Definitions

In this Charter, the following terms shall have the meanings hereby assigned to them: 
"The Owners" shall mean the person or company registered as Owners of the Vessel. 
"The Charterers" shall mean the charterers and shall not be construed to mean a time charterer or a voyage charterer.

2. Delivery

The Vessel shall be delivered and taken over by the Charterers at the port or place indicated in Box 13, in such ready berth as the Charterers may direct. The Owners shall before and at the time of delivery exercise due diligence to make the Vessel seaworthy and in every respect ready in hull, machinery and equipment for service under this Charter. The Vessel shall be properly documented at time of delivery.

The delivery to the Charterers of the Vessel and the taking over of the Vessel by the Charterers shall constitute a full performance by the Owners of all the Owners’ obligations under Clause 2, except that: the Owners during the term of this Charter shall be responsible for repairs and maintenance of the Vessel except for repairs and maintenance to the Vessel arising from damage and damages occasioned as a result of the negligence of the Charterers; and the Owners during the term of this Charter shall be responsible for repairs and maintenance or renewals occasioned by latent defects or patent defects in the Vessel, her machinery or appurtenances, existing at the time of delivery under the Charter or emerging or becoming evident and manifested themselves during the term of this Charter.

3. Time for Delivery

The Vessel to be delivered not before the date indicated in Box 14 unless with the Charterers’ consent.

Unless otherwise agreed in Box 17, the Owners to give the Charterers not less than 7 running days’ preliminary and not less than 10 days’ definite notice of the date on which the Vessel is expected to be ready for delivery.

The Owners to keep the Charterers closely advised of possible changes in the Vessel’s position and readiness for delivery.

4. Cancelling

Should the Vessel not be delivered latest by the cancelling date indicated in Box 15, the Charterers to have the option of cancelling this Charter without prejudice to any claim the Charterers may otherwise have on the Owners under this Charter.

If it appears that the Vessel will be delayed beyond the cancelling date, the Owners shall, as soon as they are in a position to state with reasonable certainty the day on which the Vessel should be ready, give notice thereof to the Charterers asking whether they will exercise their
option of cancelling and the option must then be declared within one hundred and twenty
(120) hours of the receipt by the Charterers of such notice. If the Charterers do not then
exercise their option of cancelling, the seventh day after the readiness date stated in the
Owners’ notice shall be regarded as a new cancelling date for the purpose of this Clause.

5. Trading Limits

The Vessel shall be employed in lawful trades for the carriage of suitable lawful merchandise
within the trading limits indicated in Box 19. The Charterers undertake not to employ the
Vessel or suffer the Vessel to be employed otherwise than in conformity with the terms of the
instruments of insurance (including any warranties expressed or implied therein) without first
obtaining the consent to such employment of the insurers and complying with such
requirements as to extra premium or otherwise as the insurers may prescribe. If required, the
Charterers shall keep the Owners and the Mortgagees advised of the intended employment of
the Vessel. The Charterers also undertake not to employ the Vessel or suffer her employment
in any trade or business which is forbidden by the law of any country to which the Vessel
may sail or is otherwise illicit or in carrying illicit or prohibited goods or in any manner
whatsoever which may render her liable to condemnation, destruction, seizure or
confiscation.

Notwithstanding any other provisions contained in this Charter it is agreed that nuclear fuels
or radioactive products or waste are specifically excluded from the cargo permitted to be
loaded or carried under this Charter. This exclusion does not apply to radio-isotopes used or
intended to be used for any industrial, commercial, agricultural, medical or scientific
purposes provided the Owners’ prior approval has been obtained to loading thereof.

6. Surveys

Survey on Delivery and Redelivery – The Owners and Charterers shall each appoint
surveyors, including the underwater hull, for the purpose of determining and agreeing in
writing the condition of the Vessel at the time of delivery and redelivery hereunder. The
Owners shall bear all expenses of the On-Survey and Off-survey including loss of time, if
any, at the rate of hire per day or pro rata, also including in each case the cost of any docking
and undocking, if required, in connection herewith.

7. Inspection

Inspection – The Charterers shall have the right at any time to inspect or survey the Vessel
or instruct a duly authorized surveyor to carry out such survey on their behalf to ascertain the
condition of the Vessel and satisfy themselves that the Vessel is being properly repaired and
maintained as per Clause 2 and 9 of this Charter. For this purpose the Charterers shall have
the right to require the Vessel to be dry-docked for inspection if the Owners are not docking
her at normal classification intervals. The fees for such inspection or survey shall in the event
of the Vessel not being found to be in the condition provided in Clause 9 of this Charter be
payable by the Owners and shall be paid by the Charterers only in the event of the Vessel
being found not to require repairs or maintenance in order to achieve the condition so
provided. All time taken in respect of inspection, survey or repairs shall count as time on hire and shall form part of the Charter period.

The Parties hereto shall each permit the other to inspect the Vessel's log books whenever requested and shall whenever required by the Owners the Charterers furnish them with full information regarding any casualties or other accidents or damage to the Vessel. For the purpose of this Clause, the Charterers shall keep the Owners advised of the intended employment of the Vessel.

8. Inventories and Consumable Oil and Stores

A complete inventory of the Vessel's entire equipment, outfit, appliances and of all consumable stores on board the Vessel shall be made by the Charterers in conjunction with the Owners on delivery and again on redelivery of the Vessel. The Charterers and the Owners, respectively, shall at the time of delivery and redelivery take over and pay for all bunkers, lubricating oil, water and un-broached provisions, paints, oils, ropes and other consumables stores in the said Vessel at the then current market prices at the ports of delivery and redelivery, respectively.

9. Maintenance and Operation

(a) The Vessel shall during the Charter period be in the full possession and at the absolute disposal for all purposes of the Charterers and under their complete control in every respect. In consideration of the Charter Hire amounts referenced in Box 21, the Owners shall carry out all required maintenance, outside of normal day to day operational maintenance, including the vessel hull, machinery, boilers, and appurtenances. As part of normal day to day operations, the Charterers shall exercise due diligence and maintain the vessel, her machinery, boilers and appurtenances in a good state of repair and in an efficient operational condition in accordance with commercial practice. Except as provided for in Clause 12 (i), the Owners shall keep the Vessel with unexpired classification of the class indicated in Box 10 and with other required certificates in force at all times. The Owners to take immediate steps to have the necessary maintenance and repairs done within a reasonable time failing which the Charterers shall have the right to claim liquidated damages as per Clause 24 as long as this Charter is in effect or terminate this Charter in accordance with Clause 25 without prejudice to any other legal claim the Charterers may otherwise have against the Owners under the Charter.

Unless otherwise agreed, in the event of any improvement, structural changes or expensive new equipment becoming necessary for the continued operation of the Vessel by reason of new class requirements or by compulsory legislation costing more than 5 per cent of the Vessel's marine insurance value as stated in Box 27, then the extent, if any, to which the rate of hire shall be varied and the ratio in which the cost of compliance shall be shared between the parties concerned in order to achieve a reasonable distribution thereof as between the Owners and the Charterers having regard, inter alia, to the length of the period remaining under the Charter, and shall in the absence of agreement, be referred to arbitration according to Clause 23.
(b) The Charterers shall at their own expense and by their own procurement man, victual, navigate, lubricate, grease, supply and change light bulbs, fuel and oil the Vessel whenever required during the Charter period and they shall pay all charges and expenses of every kind and nature whatsoever incidental to the same and any applicable taxes related to the same or such operation. The Owners will as part of this Charter in consideration of the Charter hire be responsible for all other items of repair and maintenance necessary to ensure the proper functioning of the Vessel in accordance with this Charter and will bear any and all other costs associated with the repair, maintenance and operation of the Vessel during the term of this Charter, other than those outlined in the previous sentence of this paragraph.

In conducting the repairs and maintenance to the Vessel that the Owners are responsible for, the Owners shall do so in a manner that does not interfere with the operating schedule of the Vessel as established by the Charterers in connection with the ferry services the Charterers will be offering, which schedule may be amended from time to time by the Charterers. The Charterers will advise that Owners of the operating schedule of the Vessel as established by the Charterers in connection with the ferry services the Charterers will be offering and of any changes to it. The Master, officers and crew of the Vessel shall be the servants of the Charterers for all purposes whatsoever. Charterers shall comply with the regulations regarding officers and crew in force in the country of the Vessel’s flag or any other applicable law.

(c) During the currency of this Charter, the Vessel shall retain her present name as indicated in Box 5 and shall remain under and fly the flag as indicated in Box 5 and shall remain under and fly the flag as indicated in Box 5. Provided, however, that the Charterers shall have the liberty to paint the Vessel in their own colours, install and display their funnel insignia and fly their own flag. Painting and re-painting, installment and re-installment for the foregoing purpose if occasioned by the Charterers is to be for the Charterers’ account and time used thereby to count as time on hire.

(d) The Charterers shall make no structural changes in the Vessel or changes in the machinery, boilers, appurtenances or spare parts thereof without in each instance first securing the Owners’ approval thereof. If the Owners so agree, the Charterers shall, if the Owners so require, restore the Vessel to its former condition before the termination of the Charter.

(e) The Charterers shall have the use of all outfit, equipment, and appliances on board the Vessel at the time of delivery, provided the same or their substantial equivalent shall be returned to the Owners on redelivery in the same good order and condition as when received, ordinary wear and tear excepted. The Charterers shall from time to time during the Charter period replace such items of equipment as shall be so damaged by the Charterers as a result of their negligence and rendered unfit for use. The Charterers are to procure that all repairs to or replacement of any parts by the Charterers as a result of their negligence or lost parts or lost equipment be effected in such manner (both as regards workmanship and quality of materials) as not to diminish the value of the Vessel. The Charterers have the right to fit

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additional equipment at their expense and risk but the Charterers shall remove such equipment at the end of the period if requested by the Owners.

Any equipment including radio equipment on hire on the Vessel at time of delivery shall be kept and maintained by the Charterers and the Charterers shall assume the obligations and liabilities of the Owners under any lease contracts in connection therewith except as to payment of the same which shall still be the Owners responsibility and shall reimburse the Owners for all expenses except as to payment of any such lease contract incurred in connection therewith, also for any new equipment required in order to comply with radio regulations.

(f) The Owners at their expense shall dry-dock the Vessel as necessary for repair and/or maintenance work and as required by Transport Canada and/or the Classification Society for the Vessel and also to clean and paint her underwater parts whenever the same may be necessary.

10. Hire

(a) The Charterers shall pay to the Owners for the hire of the Vessel at the lump sum per calendar month calculated based on the rates indicated in Box 21 commencing on and from the date and hour of her delivery to the Charterers and at and after the agreed lump sum per calendar month as indicated in Box 21 commencing on and from the date and hour of her delivery to the Charterers and at and after the agreed lump sum for any part of a month. Hire to continue until the date and hour when the Vessel is redelivered by the Charterers to her Owners.

(b) Payment of Hire, except for the first and last month’s Hire, if sub-clause (c) of this Clause is applicable, shall be made in cash without reduction except as provided for in Clause 24 of this Charter every month in the currency and in the manner indicated in Box 23 and at the place mentioned in Box 24.

(c) Payment of Hire for the first and last month’s Hire if less than a full month shall be calculated proportionally according to the number of days in the particular calendar month and advance payment to be effected accordingly.

(d) Should the Vessel be lost or missing, Hire to cease from the date and time when she was lost or last heard of. Any Hire paid in advance to be adjusted accordingly.

(e) Time shall be of the essence in relation to payment of Hire hereunder. In default of payment beyond a period of sixty (60) days, the Owners shall have the right to withdraw the Vessel from the service of the Charterers on seven (7) days written notice to the Charterers if such default is not rectified without interference by any court or any other formality whatsoever, and shall, without prejudice to any other claim the Owners may otherwise have against the Charterers under the Charter, be entitled to damages in respect of all costs and losses incurred as a result of the Charterers’ default and the ensuing withdrawal of the Vessel.
(f) Any delay in payment of Hire shall entitle the Owners to an interest at the rate per annum as agreed in Box 22.

11. Mortgage

(a) Owners warrant that they will not mortgage the Vessel or any of the shares in it other than in the ordinary course of business.

12. Insurance, Repairs and Classification

(a) During the Charter period the Vessel shall be kept insured by the Owners at their expense against marine and war risks under the form of policy or policies attached hereto. The Owners and/or insurers shall not have any right of recovery or subrogation against the Charterers on account of loss of or any damage to the Vessel or her machinery or appurtenances covered by such insurance or on account of payments made to discharge claims against or liabilities of the Vessel or the Owners covered by such Insurance. All insurance policies shall be in the joint names of the Owners and the Charterers as their interests may appear.

(b) During the Charter period the Vessel shall be kept insured by the Charterers at their expense against Protection and Indemnity risks in such form as the Owners shall in writing approve which approval shall not be unreasonable withheld. If the Charterers fail to arrange and keep any of the insurances provided for under the provisions of sub-clause (b) in the manner described therein, the Owners shall notify the Charterers whereupon the Charterers shall rectify the position within seven (7) days, failing which the Owners shall have the right to withdraw the Vessel from the service of the Charterers without prejudice to any claim the Owners may otherwise have against the Charterers.

(c) In the event that any act or negligence of the Charterers shall vitiate any of the insurance herein provided, the Charterers shall pay to the Owners all losses and indemnify the Owners against all claims and demands which would otherwise have been covered by such insurance.

(d) The Owners shall, subject to the approval of the Owners or Owners’ Underwriters, effect all insured repairs, and the Owners shall undertake settlement of all miscellaneous expenses in connection with such repairs as well as all insured charges, expenses and liabilities, to the extent of coverage under the insurances provided for under the provisions of sub-clause (a) of this Clause.

(e) The Owners to remain responsible for any to effect repairs and settlement of costs and expenses incurred thereby in respect of all other repairs not covered by the insurances and/or not exceeding any possible franchise(s) or deductibles provided for in the insurances.

(f) All time used for repairs under the provisions of sub-clause (d) and (e) of this Clause and for repairs of latent and and/or patent defects and/or repairs and maintenance according to
Clause 2 above, including any deviation, shall count as time on hire and shall form part of the Charter period.

The Owners shall be responsible for any expenses as are incident to the use and operation of the Vessel for such time as may be required to make such repairs.

(g) If the conditions of the above insurances permit additional insurance to be placed by the parties such cover shall be limited to the amount for each party set out in Box 28 and Box 29, respectively. The Owners or the Charterers, as the case, may be shall immediately furnish the other party with particulars of any additional insurance effected, including copies of any cover notes or policies and the written consent of the Insurers of any such required insurance in any case where the consent of such Insurers is necessary.

(h) Should the Vessel become an actual, constructive, compromised or agreed total loss under the insurances required under sub-clause (a) of this Clause, all insurance payments for such loss shall be paid to the Owners, who shall distribute the moneys between themselves and the Charterers according to their respective interests.

(i) If the Vessel becomes an actual, constructive, compromised or agreed total loss under the insurances arranged by the Owners in accordance with sub-clause (a) of the Clause, this Charter shall terminate as of the date of such loss.

(j) The Charterers shall upon the request of the Owners, promptly execute such documents as may be required to enable the Owners to abandon the Vessel to Insurers and claim a constructive total loss.

(k) For the purpose of insurance coverage against marine and war risks under the provisions of sub-clause (a) of this Clause, the value of the Vessel is the sum indicated in Box 27.

(l) Notwithstanding anything contained in Clause 9 (a), it is agreed that under the provisions of Clause 12, if applicable, the Owners shall keep the Vessel with unexpired classification in force at all times during the Charter period.

13. Redelivery

The Charterers shall at the expiration of the Charter period redeliver the Vessel at a safe and ice-free port or place as indicated in Box 16. The Charterers shall give the Owners not less than ten (10) days’ preliminary and not less than seven (7) days definite notice of expected date, range of ports of redelivery or port or place of redelivery. Any changes thereafter in Vessel’s position shall be notified immediately to the Owners.

Should the Vessel be ordered on a voyage by which the Charter period may be exceeded the Charterers to have the use of the Vessel to enable them to complete the voyage, provided it could be reasonably calculated that the voyage would allow redelivery about the time fixed for the termination of the Charter.

Subject to the Owner discharging the Owners responsibilities under Clause 2 and Clause 9, the Vessel shall be redelivered to the Owners in the same or as good structure, state,
condition and class as that in which she was delivered, fair wear and tear not affecting class excepted.

The Vessel upon redelivery shall have her survey cycles up to date and class certificates valid for at least the number of months agreed in Box 12.

14. Non-Lien and Indemnity

The Charterers will not suffer, not permit to be continued, any lien or encumbrance incurred by them or their agents, which might have priority over the title and interest of the Owners in the Vessel.

The Charterers further agree to fasten to the Vessel in a conspicuous place and to keep so fastened during the Charter period a notice reading as follows:-
“\textit{This Vessel is the property of \textit{(name of Owners)}. It is under charter to \textit{(name of Charterers)} and by the terms of the Charter Party neither the Charterers nor the Master has any right, power or authority to create, incur or permit to be imposed on the Vessel any lien whatsoever.}”

The Charterers shall indemnify and hold the Owners harmless against any lien of whatsoever nature arising upon the Vessel during the Charter period while she is under the control of the Charterers, and against any claims against the Owners arising out of or in relation to the operation of the Vessel by the Charterers. Should the Vessel be arrested by reason of claims or liens arising out of her operation hereunder by the Charterers, the Charterers shall at their own expense take all reasonable steps to secure that within a reasonable time the Vessel is released and at their own expense put up bail to secure release of the Vessel.

15. Lien

The Owners to have a lien upon all cargoes and sub-freights belonging to the Charterers and any Bill of Lading freight for all claims under this Charter, and the Charterers to have a lien on the Vessel for all moneys paid in advance and not earned.

16. Salvage

All salvage and towage performed by the Vessel shall be for the Charterers’ benefit and the cost of repairing damage occasioned thereby shall be borne by the Charterers.

17. Wreck Removal

In the event of the Vessel becoming a wreck or obstruction to navigation the Charterers shall indemnify the Owners against any sums whatsoever which the Owners shall become liable to pay and shall pay in consequence of the Vessel becoming a wreck or obstruction to navigation, except to the extent that the same is covered by any insurance policy of the Charterers or the Owners.
18. General Average

General Average, if any, shall be adjusted according to the York-Antwerp Rules 1974 or any subsequent modification thereof current at the time of the casualty. The Charter Hire shall not contribute to General Average.

19. Assignment and Sub-Demise

The Charterers shall not assign this Charter nor sub-demise the Vessel except with the prior consent in writing of the Owners which shall not be unreasonably withheld and subject to such terms and conditions as the Owners shall approve.

20. Bills of Lading

The Charterers are to procure that all Bills of Lading issued for carriage of goods under this Charter shall contain a Paramount Clause incorporating any legislation relating to Carrier’s liability for cargo compulsorily applicable in the trade; if no such legislation exists, the Bills of Lading shall incorporate the British Carriage of Goods by Sea Act. The Bills of Lading shall also contain the amended New Jason Clause and the Both-to-Blame Collision Clause. The Charterers agree to indemnify the Owners against all consequences or liabilities arising from the Master, officers or agents signing Bills of Lading or other documents.

21. Requisition/Acquisition

(a) In the event of the Requisition for Hire of the Vessel by any governmental or other competent authority (hereinafter referred to as “Requisition for Hire”) irrespective of the date during the Charter period when “Requisition for Hire” may occur and irrespective of the length thereof and whether or not it be for an indefinite or a limited period of time, and irrespective of whether it may or will remain in force for the remainder of the Charter period, this Charter shall be deemed thereby or thereupon to be frustrated or otherwise terminated and the Charterers obligation to pay Hire ended. In such event Charter Hire to be considered as earned and to be paid up to the date and time of such “Requisition for Hire”.

(b) In the event of the Owners being deprived of their ownership in the Vessel by any Compulsory Acquisition of the Vessel or requisition for title by any governmental or other competent authority (hereinafter referred to as “Compulsory Acquisition”), then, irrespective of the date during the Charter period when “Compulsory Acquisition” may occur, this Charter shall be deemed terminated as of the date of such “Compulsory Acquisition”. In such event Charter Hire to be considered as earned and to be paid up to the date and time of such “Compulsory Acquisition”.

22. War

(a) The Vessel unless the consent of the Owners be first obtained not to be ordered nor continue to any place or on any voyage nor be used on any service which will bring her within a zone which is dangerous as the result of any actual or threatened act of war, war, hostilities, warlike operations, acts of piracy or of hostility or malicious damage against this
or any other vessel or its cargo by any person, body or State whatsoever, revolution, civil war, civil commotion or the operation of international law, nor be exposed in any way to any risks or penalties whatsoever consequent upon the imposition of Sanctions, nor carry any goods that may in any way expose her to any risks of seizure, capture, penalties or any other interference of any kind whatsoever by the belligerent or fighting powers or parties or by any Government or Ruler.

(b) The Vessel to have liberty to comply with any orders or directions as to departure, arrival, routes, ports of call, stoppages, destination, delivery or in any other wise whatsoever given by the Government of the nation under whose flag the Vessel sails or any other Government or any person (or body) acting or purporting to act with the authority of such Government or by any committee or person having under the terms of the war risks insurance on the Vessel the right to give any such orders or directions.

(c) In the event of outbreak of war (whether there be a declaration of war or not) between any two or more of the countries as stated in Box 31, both the Owners and the Charterers shall have the right to cancel this Charter, whereupon the Charterers shall redeliver the Vessel to the Owners in accordance with Clause 13, if she has cargo on board after discharge thereof at destination, or if debarred under this Clause from reaching or entering it at a near open and safe port as directed by the Owners, or if she has no cargo on board, at the port at which she then is or if at sea at a near open and safe port as directed by the Owners. In all cases hire shall continue to be paid in accordance with Clause 10 and except as aforesaid all other provisions of this Charter shall apply until redelivery.

23. **Law and Arbitration**

(a) This Charter shall be government by Canadian law and any dispute arising out of this Charter shall be referred to arbitration in St. John's, NL by three (3) persons, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final and for purpose of enforcing any award, this agreement may be made a rule of the court.

(b) Should either party to this Charter fail to appoint an arbitrator within ten (10) days of being requested to do so or should the two (2) arbitrators appointed be unable to agree on the identity of the third arbitrator within twenty (20) days of their appointment then either party hereto shall be at liberty on notice to the other party to this Charter to request a judge of the Supreme Court of Newfoundland and Labrador, Trial Division to exercise his or her authority and to appoint any un-appointed or un-agreed upon arbitrator under the Arbitration Act of the Province of Newfoundland and Labrador.

24. **Liquidated Damages and Downtime**

(a) Should the Vessel suffer downtime and fail to operate at any time or times during the term of this Charter as a result of mechanical or other breakdown not occasioned by the negligence of the Charterers, because it does not possess any operating or other certificate or insurance which it is the Owners responsibility under this Charter to have in place or
maintain during the term of this Charter, or because it is arrested by a creditor of the Owners, the Owners shall be liable to pay Liquidated Damages to the Charterers for each and every day of this Charter or part day of this Charter that the Vessel is unavailable for service and use by the Charterers as a result of such cause or causes equal to the amount of the Charter Hire set out in Box 21. The Owner shall also pay Liquidated Damages to the Charterer for the Charterers crew cost to a maximum liquidated damage amount of seven (7) days calculated on a daily basis or a pro rata basis for the portion of any such day of service so missed.

(b) In any case under the Clause 24 where the Owners become liable to pay Liquidated Damages to the Charterers, the Charterers on writing the Owners and advising the Owners of the Charterers intent to claim such Liquidated Damages may either deduct the amount of such Liquidated Damages from any payment then or subsequently due under this Charter to the Owners and/or otherwise invoice the Owners for the amount of such Liquidated Damages, which shall be a debt due from the Owners to the Charterers.

(c) In the event of the termination of this Charter for any reason the Parties hereto agree that the right of the Charterers to claim Liquidated Damages under this Charter shall survive the termination of this Charter.

25. Termination

(a) Should the Owners breach the Owners obligations under this Charter Agreement the Charterers may notify the Owners in writing that the Owners are in default of the Owners contractual obligations, and in such written notice by the Charterers shall instruct the Owners to correct the default within twenty-four (24) hours from the receipt of such written notice.

(b) If the correction of the default cannot be completed within the twenty-four (24) hours specified, the Owners shall be considered to be in compliance with the Charterers instructions to correct the default under this Clause 25, if the Owners:

   (i) commence the correction of the default within the specified time,
   (ii) provide the Charterers with an acceptable schedule for such correction, and
   (iii) complete the correction in accordance with such schedule.

(c) If the Owners fail to correct the default within the time specified or subsequently agreed upon, the Charterers may, without prejudice to any other right or remedy the Charterers may have, terminate this Charter.

(d) Notwithstanding any other part of this Clause 25, if the Owners should be adjudged bankrupt, or make a general assignment for the benefit of creditors or if a receiver is appointed on account of the Owners insolvency, the Charterers may, without prejudice to any other right or remedy the Charterers may have, by giving the Owners written notice, terminate the Contract.
(c) Notwithstanding any other part of this Clause 25, if the Vessel should fail to operate for a period of seven (7) days consecutively or ten (10) days cumulatively over the term of this Charter as a result of one or more failures of the Owners to meet the requirements of this Charter, then on one (1) days written notice the Charterers may, without prejudice to any other right or remedy the Charterers may have, terminate this Charter.

26. Inspections and Sea Trials, Crew Training and Vessel Acceptance

(a) Notwithstanding any other clause in this Charter, the Delivery process referred to in Clause 2 and Clause 3 shall take place over a period of three (3) days selected by the Charterers being consecutive days, if possible, during which weather and sea conditions are suitable for the conduct of Inspections and Sea Trials, Crew Training and Vessel Acceptance.

(b) During the aforesaid three (3) days, the Charterers with the assistance of the Owners, will conduct Inspections and Sea Trials between ports of call nominated and agreed upon by the Parties to this Charter and Crew Training of the Charterers assigned crew in the operations of the Vessel. For this purpose the Owners shall have a duly qualified Captain who is familiar with the operation of the Vessel, an Engineer and sufficient other numbers of qualified personnel to impart knowledge of the Vessel’s operations and operating characteristics to the Charterers Master and crew and the Charterers Crew shall be composed of trained and qualified seaman for the positions they are to occupy on the Vessel.

(c) Should the Vessel be found to meet the criteria for acceptance by the Charterers set out in this Charter, upon the successful completion of the aforesaid Inspections and finding by the Charterers that the Vessel meets the requirements of this Charter for acceptance of this Vessel and the successful completion of Sea Trials and training and orientation of the Charterer’s Crew, the Charterers shall sign off on in writing and accept delivery of the Vessel. In the event that the Vessel is accepted the Charter Hire shall become payable from the date of commencement of the Inspections, Sea Trials and Crew Training referred to in this Clause.

(d) Should however the Vessel not be found to otherwise meet the criteria for acceptance of the same set out in this Charter and/or Sea Trials not be successfully completed and/or Crew Training of the Charterers Crew not be successfully completed by the Owners, then the Charterers shall provide notice to the Owners in writing that the Charterers will not accept such Vessel until any circumstance or defect giving rise to such rejection has been corrected. In such a circumstance no Charter Hire rate shall be paid by the Charterers to the Owners under this Charter or accrue to the Owners before the day that such circumstance or defect is corrected and the Charterers accept the Vessel in writing as meeting all such requirements.

Should the circumstance or defect giving rise to this rejection not be corrected within fourteen (14) days of such notice being given, then the Charterers on one (1) days notice in writing thereafter may terminate this Charter. No Charter Hire rate beyond the sum of $1.00 shall be paid to the Owners by the Charterers in the event that this Charter is terminated under this clause.
(e) In the event of any conflict between this clause and any other clause in this Charter this clause shall prevail.

27. Capability and Capacity

The Vessel shall at all times during the term of this Charter:

(a) be capable of docking, securing, operating, and loading and discharging traffic in a safe and reliable manner to the purpose of passenger and vehicle marine transport for which it has been chartered;

(b) carrying a minimum of 70 passengers;

(c) be capable of carrying that number of vehicles which corresponds at a minimum of 20 TEUs;

(d) be capable of operating both ramps in an efficient manner for the loading and discharge of vehicles and passengers;

(e) be capable of achieving and maintaining 10 knots or such speed or speeds as are necessary for it to operate in accordance with the operating schedule of the Vessel as established by the Charterers in connection with the ferry services the Charterers will be offering referenced in Clause 9, as amended from time to time by the Charterers; and,

(f) be capable of appropriately accommodating a Captain and mixed gender crew numbers as specified in the Minimum Safe Manning Document

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