

**STAGE 1 PRELIMINARY SITE INVESTIGATION
PROPOSED SUBDIVISION
OYSTER BAY, BC**

Prepared for:

**G5 Management Inc.
8811 Ash Street
Richmond BC
V6Y 3B4**

Prepared by:

**Levelton Consultants Ltd.
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February 25, 2005

File: 604-0103

February 25, 2005
File: 804-0103

G5 Management Inc.
8811 Ash Street
Richmond BC
V6Y 3B4

Attention: Mr. Mike Riesterer

**Re: Stage 1 Preliminary Site Investigation
Proposed Subdivision, Oyster Bay, BC**

Dear Mr. Riesterer:

Levelton Consultants Ltd. (Levelton) is pleased to present you with two copies of this Stage 1 Preliminary Site Investigation report for the above-referenced site. We trust this information meets your needs at the present time. Please contact the undersigned if you have any questions or comments. Thank you for allowing us to be of service to you on this project.

Yours truly,
LEVELTON CONSULTANTS LTD.

Per: Janet Rygnestad, B.Sc., B.I.T.
Environmental Scientist

EXECUTIVE SUMMARY

Levelton Consultants Ltd. was retained by G5 Management Inc. to conduct a Stage 1 Preliminary Site Investigation (PSI) of a site located on the west side of Highway 19A south of Campbell River in Oyster Bay, BC. The Stage 1 PSI consisted of evaluating and reporting existing and historical information collected through a historical search and records review, an on-site review and interviews with individuals knowledgeable about the site. The purpose of the Stage 1 PSI was to provide the client with an evaluation of actual and potential environmental liabilities at the site, and to identify present conditions or practices that may represent failure to comply with applicable environmental laws, regulations or guidelines. Levelton understands this report is required as part of the client's due diligence prior to developing the site.

The subject site is approximately 202 ha (500 acres) in size consisting of portions of six different legal titles and all are registered to Oyster Bay Investments Ltd. Portions of the site have been recently logged and there are currently no buildings on the subject site. The general topography of the site slopes downwards from the southwest to the northeast from approximately 33 m above sea level to just above sea level near Oyster Bay.

The individual properties are a mix of Upland Resource (UR) and Rural Residential (R-1) zoning. According to the Regional District Comox Strathcona Habitat Atlas the site has ten areas which are listed as Sensitive Ecosystems (wetlands and older forests). Two watercourses (Restrictive Covenant Areas) with known fish presence and eleven additional watercourses with unknown fish presence are mapped on the subject site.

Historically, parts of the subject site have been cleared although no residential or commercial development has occurred. The surrounding areas to the northwest, west and south remain forested with some clearing observed since the 1957 aerial photograph and increasing to the present. Residential development, primarily single family homes, has occurred to the north and east of the subject site.

Based on historical data collected, and observations to date, the potential for environmental impact on the subject site from activities that have occurred on the site or from surrounding properties is low. Levelton does not recommend any further environmental investigation at this time.

aquifers for groundwater supply and contaminant investigation as well as environmental and hydrogeological projects for all levels of government, cities, towns and villages, and major industries. Mr. Loffler has conducted environmental site assessments at motels, apartment buildings, malls, car dealerships, a distillery, a cement plant, rail yards, office buildings, restaurants, chemical plants, gas stations, etc

Signed

Date

Signed

Date

TABLE OF CONTENTS

Cover Letter
Executive Summary
Summary of Report Participants

	Page:
1.0 INTRODUCTION	1
2.0 SITE DESCRIPTION	1
3.0 STAGE 1 PSI PROCESS	2
3.1. Purpose	2
3.2. Scope of Work	2
3.3. Regulatory Framework.....	2
3.4. Methodology	3
4.0 FINDINGS.....	3
4.1. Site Geology and Groundwater.....	3
4.2. Historical Information	4
4.3. On-Site Review	5
5.0 CONCLUSIONS	8
6.0 PROFESSIONAL STATEMENT	8
7.0 CLOSURE	8

FIGURES

Figure 1 Site Location
Figure 2 Site Plan
Figure 3 Site Photographs

APPENDICES

Appendix 1 Figures
Appendix 2 MWLAP Information
Appendix 3 Environmental Site Assessment Checklist
Appendix 4 Levelton Report to Fisheries and Oceans Canada
Appendix 5 Standard Limitations

1.0 INTRODUCTION

Levelton Consultants Ltd. (Levelton) was retained by G5 Management Inc. (the client) to conduct a Stage 1 Preliminary Site Investigation (PSI) of a site located on the west side of Highway 19A south of Campbell River in Oyster Bay, BC (Figure 1). The Stage 1 PSI consisted of evaluating and reporting existing and historical information collected through a historical search and records review, an on-site review and interviews with individuals knowledgeable about the site. This report describes the work associated with the Stage 1 PSI investigation and its findings. Levelton understands this report is required as part of the client's due diligence prior to developing the site.

2.0 SITE DESCRIPTION

The subject site is approximately 202 ha (500 acres) in size and made up of sections of six different legal titles. Portions of the site have been recently logged and there are currently no buildings on the subject site. The general topography of the site slopes downwards from the southwest to the northeast from approximately 33 m above sea level to just above sea level near Oyster Bay.

As required by the British Columbia Ministry of Water, Land and Air Protection (MWLAP) contaminated sites registry, the following information is provided:

Common Name: n/a

Municipal Address: n/a

Legal Addresses: The northwest ¼ of Section 25, Township 4, Comox District, Plan 552C containing 56 acres more or less, Except part in Plan VIP68872;

The southwest ¼ of Section 25, Township 4, Comox District, Plan 552C;

The southeast ¼ of Section 26, Township 4, Comox District, Plan 552C;

The southwest ¼ of Section 26, Township 4, Comox District, Plan 552C;

The northwest ¼ of Section 26, Township 4, Comox District, Plan 552C; and

The northeast ¼ of Section 26, Township 4, Comox District, Plan 552C, Except part in Plan VIP68872.

P.I.N.: 008-965-188, 008-965-480, 008-966-273, 008-965-943, 008-966-079, 008-966-371

Latitude/Longitude¹: 49° 53' 42.5" / 125° 09' 42.2"

¹ Approximate centre of the site as determined by the BC MWLAP Aquifer and Waterwells database.

3.0 STAGE 1 PSI PROCESS

3.1. Purpose

The purpose of the Stage 1 PSI was to provide the client with an evaluation of actual and potential environmental liabilities at the site, and to identify present conditions or practices that may represent failure to comply with applicable environmental laws, regulations or guidelines.

3.2. Scope of Work

The scope of work entailed conducting a Stage 1 PSI, which included completing the following:

- Historical search and records review. The search included reviewing business directories, aerial photographs, land titles, Regional District of Comox Strathcona records, MWLAP databases and Fire Department records with respect to environmental concerns associated with the site or surrounding properties that may impact the site;
- An on-site review and interviews with persons knowledgeable about the past and present activities on the site. Items addressed included asbestos-containing materials, chemical storage and handling, underground and aboveground storage tanks, polychlorinated biphenyls, non-hazardous and hazardous waste, air and water discharges and dumping or landfilling activities;
- Identification of potential impacts on the site from surrounding properties; and
- Preparation of this report outlining the findings of the investigation and, where applicable, identifying areas of potential environmental concern and providing recommendations for further work.

In addition to the aforementioned scope of work, a Summary of Report Participants (Appendix B of the MWLAP Protocol 5) was completed for this investigation and is presented on page ii.

3.3. Regulatory Framework

Since 1988, the Environmental Management Act (EMA) (formerly the Waste Management Act) has been addressing contaminated sites in British Columbia. In June 1993, the Waste Management Amendment Act, 1993 (WMAA, also known as Bill 26) was passed. The Ministry of Water, Land and Air Protection (formerly known as the Ministry of Environment, Lands and Parks) added provisions, which specifically address contaminated sites, and promulgated the Contaminated Sites Regulation² (CSR) which came into effect on 1 April 1997. On July 19, 1999, February 21, 2002 and July 30, 2004, first, second and third stage amendments to the CSR were made. The CSR has divided the investigations as follows:

² Contaminated Sites Regulation (CSR, BC Reg. 375/96); Effective 1 April 1997; Including third amendment, July 30, 2004; Ministry of Water, Land and Air Protection; Victoria, British Columbia.

- Stage 1 PSI comprising a historical search and records review, and a walk-through site review.
- Stage 2 PSI comprising selective sampling and analysis of areas of potential environmental concern.
- Detailed Site Investigation (DSI) comprising evaluation of the extent and concentrations of contaminants of potential environmental concern identified during the Stage 2 PSI.

Canada Mortgage and Housing Corporation³ (CMHC) and the Canadian Standards Association⁴ (CSA) refer to Stage 1 and Stage 2 PSIs as Phase 1 and Phase 2 Environmental Site Assessments (ESAs), respectively. The DSI is referred to as a Phase 3 ESA.

3.4. Methodology

Levelton conducts a Stage 1 PSI in accordance with the CMHC and CSA guidelines for a Phase 1 ESA and the requirements in the CSR. Current and historical information on both the site and surrounding properties were acquired through a historical search, an on-site review and discussions with the site representatives.

Steve Carballeira, P.Geo. of Levelton completed an on-site review on February 21, 2005. The site review consisted of a walk through of accessible areas to ascertain the presence of suspect hazardous materials and environmental concerns associated with the site. The review of adjacent properties was limited to what was visible from public areas or from the subject property. No sampling of any materials was conducted during this study.

4.0 FINDINGS

4.1. Site Geology and Groundwater

According to the Geological Survey of Canada⁵, the formation in the vicinity of the subject site is the Northumberland Formation consisting of siltstone, shale and sandstone with an average thickness of 250 m (820 ft). The surficial sediments consist of various loose materials, ranging in grain-size from clay to gravel, overlying a gravelly, bouldery till complex⁶.

The site is not located above a mapped aquifer however there are several water wells listed on the BCMWLAP Aquifer and Water Wells' database within a 1.5 km radius of the subject site. During a surficial soil investigation undertaken by Levelton in April 2004, groundwater was encountered

³ Canada Mortgage and Housing Corporation (CMHC); Dated June 1993; Environmental Site Investigation Procedures; Phase 1 Environmental Site Assessments (II 9907-02); Ottawa, Ontario.

⁴ Canadian Standards Association (CSA); Dated April 1994; Phase 1 Environmental Site Assessment (CSAZ768-94); Rexdale, Ontario.

⁵ Geology of Vancouver Island (east half), B.F. 463; Geological Survey of Canada, 1977.

⁶ Surficial Geology, Oyster River; Map 49-1959; Geological Survey of Canada, 1959.

deeper in the southern central portions of the site with shallower depths recorded in the north and northwest section of the site. The inferred direction of near surface groundwater flow is to the northeast.

4.2. Historical Information

Land Title

Each of the six land titles that make up the subject site are registered to Oyster Bay Investments Ltd.

Region District of Comox Strathcona

The Regional District of Comox Strathcona (RDCS) has six legal titles for the subject site. The individual properties are a mix of Upland Resource (UR) and Rural Residential (R-1) zoning. According to the RDCS Habitat Atlas⁷ the site has ten areas which are listed as Sensitive Ecosystems (wetlands and older forests). Two watercourses with known fish presence (Restrictive Covenant Areas) and eleven additional watercourses with unknown fish presence are mapped on the subject site.

Natural Gas

According to Terasen Gas there are no natural gas connections to the subject site.

City Business Directories

The site is not listed in any of the Business Directories reviewed.

Commercial Property Inspection Reports/Fire Insurance Maps

No Commercial Property Inspection Reports or Fire Insurance Maps were available through the Insurer's Advisory Organization for the subject site.

Oyster Bay Volunteer Fire Department

The Courtenay and Oyster Bay Volunteer Fire Departments do not have any records pertaining to the subject site.

Aerial Photographs

Aerial photographs from the following years were reviewed as part of this investigation, 1957, 1964, 1968, 1975, 1984, 1991 and 1996.

In the 1957 photograph the subject site and surrounding properties do not appear to have any development or clearing on them. Limited clearing is noted starting in the eastern corner of the site and extending northwest along the coastal road in the 1964 photograph. Additional clearing along the eastern border of the site is seen in the 1984 photograph and several small buildings are present. The property appears to be agricultural. An increase in cleared areas appears to the south and west from 1984 through to 1996.

⁷

RDCS Habitat Atlas, Map 092F.0850303; June 2004.

Ministry of Water, Land and Air Protection

An information request was submitted to MWLAP through BC Online regarding any recorded past environmental investigation or complaint within a 0.5 km search radius from the site. No record of environmental investigation or complaint was listed for any of the six properties which make up the subject site or within a 0.5 km radius of the subject site.

Surficial Soil Report

Levelton completed a preliminary surficial soil investigation on a property in Oyster Bay, BC in April 2004⁸. The purpose of the investigation was to complete a preliminary surficial soil assessment for potential septic areas for the 100 proposed lots and entailed advancing 37 testpits along the existing roads at the site.

Based on the soil and groundwater observations during the testpitting program, it appeared that the southwestern side of the site may be conducive to individual septic systems. The eastern side of the site appeared to be quite variable for feasibility of septic disposal, but may be acceptable in certain areas. Levelton recommended that a minimum of four testpits and two percolations tests completed on each proposed lot before the subdivision plans were finalized.

4.3. On-Site Review

A site review was completed on February 21, 2005 by Steve Carballeira, P.Geo. of Levelton. Site photographs are presented in Appendix 1 and a site review checklist is included in Appendix 3.

Air and Water Discharges

There are currently no buildings on the subject site therefore no underground sewer, storm or water lines are present. Several streams and creeks bisect the site in both a southwest to northeast and southeast to northwest direction.

Aboveground and Underground Storage Tanks

No visual evidence of any aboveground storage tanks (ASTs) or underground storage tanks (USTs) were observed at the time of the on-site review.

Asbestos Containing Materials

Asbestos in the workplace is defined as a Designated Substance under the Occupational Health and Safety Regulation⁹ (OHSR). The OHSR governs the safe handling of asbestos-containing materials (ACMs) in the workplace. This regulation requires owners to notify work persons of the presence of ACMs, when verified, during renovation, alteration, maintenance or demolition activities. OHSR also requires the implementation of an Asbestos Management Plan until all ACMs have been removed from the building. Asbestos containing materials (ACMs) were discontinued from use in Canada in

⁸ Surficial Soil Investigation, Proposed Oyster Bay Development, Oyster Bay, BC; Levelton Consultants Ltd., File No.: 604-0103; April 20, 2004.

⁹ Sections 6.1 – 6.32; Occupational Health and Safety Regulation; BC Regulation 296/97; Effective 15 April 1998; Workers' Compensation Board of British Columbia; Richmond, British Columbia.

the late 1970s/early 1980s, although non-friable asbestos is still found in many more recent buildings.

There are currently no buildings on the subject site therefore ACMs are not a concern.

Chemical Storage and Handling

No chemicals were observed to be stored or handled at the site during the on-site review.

Hazardous Waste Generation, Storage and Disposal

No hazardous materials were observed to be generated, stored or disposed of at the site during the on-site review.

Lead Based Paints

Lead-based paint in the workplace is defined as a Designated Substance under the OHSR¹⁰. The OHSR governs the safe handling of materials (lead) in the workplace. This regulation requires the owners to notify work persons of potential airborne lead exposure once the presence of lead has been confirmed. OHSR also requires the implementation of an exposure control plan if workers are or may be exposed to lead in excess of 50% of the exposure limits, or is exposure through any route of entry could result in elevated lead body-burdens.

There are currently no buildings on the subject site therefore lead based paints are not a concern.

Ozone-Depleting Substances

An ozone-depleting substance ("ODS") refers to any substance containing chlorofluorocarbon ("CFC"), hydrochlorofluorocarbon ("HCFC"), halon or any other material capable of destroying ozone in the atmosphere. ODSs have been used in rigid polyurethane foam and insulation, laminates, aerosols, air conditioners, fire extinguishers, cleaning solvents and the sterilization of medical equipment. Federal regulations introduced in 1995 required the elimination of production and import of CFCs by 1 January 1996 (subject to certain essential uses) and a freeze on the production and import of HCFC-22 by 1 January 1996. These regulations also require the complete elimination of HCFC-22 by the year 2020.

There are currently no buildings on the subject site therefore ODSs are not a concern.

Polychlorinated Biphenyls

In Canada, polychlorinated biphenyls ("PCBs") were prohibited from being used in products, equipment, machinery, electrical transformers and capacitors, which were manufactured or imported into the country after July 1, 1980. However, older equipment in use after this date may still contain PCBs if the equipment's fluid has not been changed, or if there was sufficient inventory of such equipment.

No PCBs were observed to be stored at the subject site during the on-site review.

¹⁰

Sections 6.59 – 6.69; Occupational Health and Safety Regulation; BC Regulation 296/97; Effective 15 April 1998; Workers' Compensation Board of British Columbia; Richmond, British Columbia.

Radon

Radon is a colourless, odourless gas that occurs naturally from the breakdown of uranium. Radon can be found where soils and rocks contain uranium mineral. In open air or in areas with high air circulation, radon is not considered a health problem. However, in confined spaces (such as basements or underground structures), radon can concentrate and become a health hazard.

Bedrock and soil in the area are known for having low radon gas-generating potential. The Ministry of Health¹¹ has completed a regional study of radon in homes in British Columbia. The results of the study indicated that radon is not a concern in the Lower Mainland and Coastal Region of British Columbia. Levelton does not expect radon gas to be an environmental issue at the site.

Landfills

Based on aerial photo review and on-site observations, no landfilling activities were present at the sites or surrounding area. As such, Levelton does not expect waste disposal to be an environmental issue at the sites.

Fill Material

Based on aerial photos and the on-site review, Levelton did not observe any areas where significant amounts of fill material were placed on the subject site.

There is a borrow pit located in the central area of the site, which is used to provide granular fill for on-site road development. There was some concern by Fisheries and Oceans Canada that the borrow pit was draining the wetland of Mayfly Creek (Restrictive Covenant) via a ditch located on the southeast side of the pit. The ditch was subsequently plugged and an assessment of the borrow pit was later conducted by Levelton which indicated that the groundwater level in the pit had returned to the natural level and was not causing water to be diverted from Mayfly Creek or the wetland. A copy of the letter report is included in Appendix 4.

Surrounding Properties

The properties to the north, south and west are predominantly forested with some logging. There is also some residential development to the north and further to the east is the ocean (Oyster Bay).

¹¹ Memorandum; Mr. Brian Phillips, Director, Radiation Protection Services Branch; Ministry of Health; Dated 8 December 1992; Burnaby, British Columbia.

5.0 CONCLUSIONS

The subject site is approximately 202 ha (500 acres) in size and made up of sections of six different legal titles. Portions of the site have been recently logged and there are currently no buildings on the subject site. The general topography of the site slopes downwards from the southwest to the northeast from approximately 33 m above sea level to just above sea level near Oyster Bay. The individual properties are a mix of Upland Resource (U-) and Rural Residential (R-1) zoning. According to the RDCS Habitat Atlas the site has ten areas which are listed as Sensitive Ecosystems (wetlands and older forests). Two watercourses (Restrictive Covenant Areas) with known fish presence and eleven additional watercourses with unknown fish presence are mapped on the subject site.

Historically, parts of the subject site have been cleared although no residential or commercial development has occurred. The surrounding areas to the northwest, west and south remain forested with some clearing observed since the 1957 aerial photograph and increasing to the present. Residential development, primarily single family homes, has occurred to the north and east of the subject site. The ocean is located northeast of the site, across Highway 19A.

Based on historical data collected, and observations to date, the potential for environmental impact on the subject site from activities that have occurred on the site or from surrounding properties is low. Levelton does not recommend any further environmental investigation at this time.

6.0 PROFESSIONAL STATEMENT

As required under Part 16, Section 63 of the *Environmental Management Act* (the Act), *Contaminated Sites Regulation* (the Regulation) Levelton confirms that:

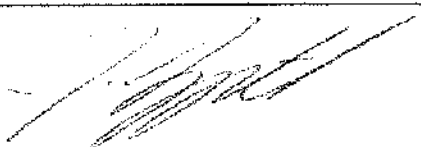
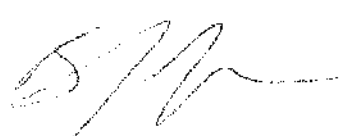
- the site investigation report has been prepared in accordance with requirements of the Act and the Regulation; and
- the persons signing this report have demonstrable experience in remediation of the type of contamination at the site for which this statement applies, and are familiar with completing the work.

7.0 CLOSURE

No environmental site assessment or investigation can wholly eliminate uncertainty regarding the potential for recognized environmental conditions in connection with a site. Performance of a standardized preliminary site investigation protocol is intended to reduce, but not eliminate, uncertainty regarding the potential for recognized environmental conditions in connection with the site, given reasonable limits of time and cost.

This Stage 1 Preliminary Site Investigation report has been prepared by Levelton Consultants Ltd. exclusively for G5 Management Inc. and is intended to provide an assessment of the potential for the presence of contamination on site. The conclusions made in this report reflect the information available at the time of preparation. No other warranty, expressed or implied, is made. Any use which a third party makes of this report, or any reliance on or decisions to be made or actions based on it, are the responsibility of such third parties. Levelton accepts no responsibility for damages, if any suffered by a third party as a result of decisions made or actions based on this report. The standard limitations of this report are specified in Appendix 5.

Yours truly,
LEVELTON CONSULTANTS LTD.

Prepared by:	Reviewed by:
	
Per: Janet Rygnestad, B.Sc., B.I.T. Environmental Scientist	Per: Brad Loffler, P.Eng. P.Geo. Senior Environmental Engineer

STANDARD LIMITATIONS

1. The findings and conclusions documented in this Stage 1 PSI report have been prepared for specific application to this project and have been developed in a manner consistent with that level of care normally exercised by environmental professionals currently practicing under similar conditions in the area.
2. The findings of this report are based solely on data collected on site during this investigation and on the conditions of the site during the completion of the work. Levelton has relied on good faith on information provided by individuals and sources noted in the report. No other warranty, expressed or implied, is made.
3. This Stage 1 PSI has addressed the history of the use of the site to identify potential risks of environmental contamination, and no sampling/analysis of the subsurface was undertaken. As such, the potential remains for the presence of unknown, unidentified or unforeseen surface of subsurface contamination.
4. If new information is developed in future work that affects the conclusions of this report, Levelton should be contacted to re-evaluate the conclusions of this report and provide amendments as required.
5. The service provided by Levelton in completing this Stage 1 PSI is intended to assist the client in a business decision. The liability of the site is not transferred to Levelton as a result of such services, and Levelton does not make recommendation regarding the purchase, sale, or investment in the property.