

ATMOSPHERIC BENEFIT SHARING AGREEMENT

THIS AGREEMENT made the 23 day of March, 2012

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Minister of Aboriginal Relations and Reconciliation

("British Columbia")

AND

Haida Nation, as represented by the Council of the Haida Nation

(Haida Nation)

WHEREAS:

- A. In December 2006 leadership of the Haida and other coastal First Nations passed a resolution to explore and work to realize revenues and other benefits related to the increased carbon sequestration that would occur as a result of their land and resource planning initiatives on Haida Gwaii.
- B. On December 12, 2007, British Columbia and the Haida Nation entered into a Strategic Land Use Agreement which committed the parties to implement Ecosystem Based Management (EBM) and protected areas on Haida Gwaii (land use objective agreements).
- C. In December 2010, the Parties entered into the KUNST'AA GUU – KUNST'AAYAH Reconciliation Protocol which amongst other things, established commitments related to the analysis and sharing of forest carbon offsets arising from land use decisions and implementation of EBM;
- D. The Parties are of the view that the implementation of the land use objectives agreements will continue to increase the amount of carbon sequestration and reduce carbon emissions that occurs on forested land in the Project Area and will result in greenhouse gas reductions that are capable of being recognized as carbon emission offsets;

- E. The Parties utilized a spatial timber supply model to assess the timber supply implications of implementing land use objectives agreements in the Project Area;
- F. Based on the spatial timber supply model, the Parties have utilized an appropriate and credible model for estimating the forest carbon offsets in the Project Area; and
- G. The Parties now wish to establish the specific arrangements to utilize atmospheric benefits to achieve progress toward management objectives and satisfy the terms of the KUNST'AA GUU – KUNST'AAYAH Reconciliation Protocol.

Now therefore in consideration of the premises and the covenants and agreements set out below, the parties agree as follows:

1.0 DEFINITIONS

In this Agreement:

“Atmospheric Benefits” means the enhancement of carbon gas removal and the reduction of carbon gas emission resulting from the effect of the implementation of the land use objectives agreements and estimated in the Forest Carbon Model

“Distributed Atmospheric Benefits” means the Atmospheric Benefits available for sale by the Haida Nation in accordance with section 3.2 of this Agreement;

“EBM” means Ecosystem Based Management the adaptive; systematic approach to managing human activities that seeks to ensure the coexistence of healthy, fully functioning ecosystems and human communities;

“Forest Carbon Model” means the methods applied to estimate atmospheric benefits, attached as Appendix 2;

“Haida Gwaii Atmospheric Benefits” means incremental tonnes of atmospheric CO2 sequestered per calendar year measured using the Forest Carbon Model applied to the Project Area;

“Project Area” means Haida Gwaii, as noted in Appendix 1 of this agreement;

“Reconciliation Protocol” means the KUNST'AAGUU – KUNST'AAYAH Reconciliation Protocol signed by the Parties on December 10, 2009; and

“Term” means the period of time this Agreement is in effect in accordance with section 6.1;

2.0 PURPOSE OF AGREEMENT

- 2.1 This Agreement defines negotiated understanding between the Parties regarding the implementation of the offset sharing agreement as outlined in Schedule C of the Reconciliation Protocol.
- 2.2 Notwithstanding any other provision in this Agreement, the Parties acknowledge and agree that no provision of this Agreement shall prejudice, limit, or derogate from any Aboriginal title, treaty or other Aboriginal rights. Further, nothing in this Agreement is intended to create or modify any Aboriginal title, treaty or other Aboriginal rights.

3.0 ATMOSPHERIC BENEFITS

- 3.1 Through this Agreement, the Haida Nation has ownership and the right to sell Distributed Atmospheric Benefits
- 3.2 During the Term, the Parties agree to the following distribution of Haida Gwaii Atmospheric Benefits to the Haida Nation:
- a) commencing on April 1, 2012 and in each fiscal year thereafter until April 1, 2016 81% of the annually calculated Haida Gwaii Atmospheric Benefits for the previous calendar year; and
 - b) commencing on April 1, 2017, a percentage of Haida Gwaii Atmospheric Benefits as agreed to by the Parties under 7.2.
- 3.3 British Columbia will not sell any, or claim, or cause a claim to be made, in respect of any right, title or interest in, nor will it assist or support a third party in any such claim to any Distributed Atmospheric Benefits.

4.0 CARBON OFFSET PROJECT DEVELOPMENT, OPERATION AND INFORMATION

- 4.1 The Parties agree to maintain and update the spatial timber supply model or any successor model agreed to by the Parties, on an as required basis to incorporate the latest growth and yield, forest inventory and timber supply analysis data available to British Columbia.
- 4.2 The Parties agree to use the Forest Carbon Model to determine the Atmospheric Benefits in the Project Area.
- 4.3 The Parties will promptly provide to each other documentation provided to or received from third parties in connection with the validation and verification of the

Atmospheric Benefits.

- 4.4 The Parties do not make any representation or warranty regarding the qualification or eligibility of the Distributed Atmospheric Benefits under any program or market relating to carbon offsets, or the marketability or value of the Distributed Atmospheric Benefit.
- 4.5 The Parties will make all reasonable efforts to work with each other and designated representatives to achieve the validation, verification and registration of the Distributed Atmospheric Benefits under recognized forest carbon offset programs.
- 4.6 Except as otherwise agreed by the Parties, no Party to this Agreement will take steps to validate, verify or register Atmospheric Benefits without the prior written agreement of the other Party.
- 4.7 This Agreement does not change or affect the positions the Parties have, or may have, regarding their jurisdictions, responsibilities or decision making authority, nor is it to be interpreted in a manner that would unlawfully interfere with that decision making authority.
- 4.8 Except with respect to representations, commitments, covenants or obligations made by British Columbia under this Agreement, the Haida Nation shall indemnify and save harmless British Columbia and its servants, employees, agents, contractors and licensees from any and all liabilities, damages, costs (including legal fees on a solicitor and own client basis), claims, suits or actions arising from any use made by the Haida Nation of the Distributed Atmospheric Benefits, including the sale, trade, registration or other dealing with the Distributed Atmospheric Benefits in any way, with any person.

5.0 COMMUNICATIONS AND INFORMATION EXCHANGE

- 5.1 The Haida Nation and British Columbia will provide to each other notice of intention to make written public communications relating to this Agreement or Distributed Atmospheric Benefits and provide the other party with an opportunity to review and comment on the communications.
- 5.2 To support ongoing validation and verification of the Distributed Atmospheric Benefits, the Parties will provide to each other on an as required basis, the forest land inventory, harvest disturbance, harvest volume and natural disturbance data and related technical support documents that are available to the Parties.

- 5.3 Within 60 days of the effective date of this Agreement, the Haida Nation will prepare a Statement of Reconciliation Protocol Priorities (Appendix 3) that identifies the outcomes that the Haida Nation will seek to achieve in relation to the objectives set out in the Reconciliation Protocol, including management of protected areas, or other agreements between the Parties with some or all of the funds from the sale of Distributed Atmospheric Benefits through the end of calendar year 2015.
- 5.4 On or before June 15, 2015, and every five years thereafter, the Haida Nation will prepare a further Statement of Reconciliation Protocol Priorities that identifies the outcomes that the Haida Nation will seek to achieve in relation to the objectives set out in the Reconciliation Protocol or other agreements between the Parties with some or all of the funds from the sale of Distributed Atmospheric Benefits over the next five year period.
- 5.5 The Statement of Reconciliation Protocol Priorities (Appendix 3) referred to in 5.3 and 5.4 and a financial statement of revenues received from the sale of Distributed Atmospheric Benefits will be made available by the Haida Nation to the Haida people with copies provided to British Columbia.

6.0 TERM AND TERMINATION

- 6.1 This Agreement is in effect from the date that both British Columbia and the Haida Nation have signed and continues until March 31, 2025 unless terminated under section 6.2.
- 6.2 Any Party may terminate this Agreement if either ceases to be a party to the Reconciliation Protocol, specifically commitments in section 6 of the Shared Decision Making in the Reconciliation Protocol.
- 6.3 The Parties must provide 30 days written notice of intention to terminate under subsection 6.2, including confirmation of the effective date of the termination.

7.0 REVIEW AND AMENDMENT

- 7.1 This agreement may be amended from time to time only with the written consent of the Parties to the agreement at the time of the amendment.
- 7.2 Commencing every fifth anniversary of the effective date of this agreement thereafter, the Parties will make best efforts to reach agreement on a distribution under section 3.2(b) of Haida Gwaii Atmospheric Benefits for calendar years after 2015 consistent with the terms of Schedule C of the Reconciliation Protocol.

7.3 In support of the negotiation under subsection 7.2, the Parties will consider relevant and reasonably available information regarding:

- a) a summary of the total tonnes of Distributed Atmospheric Benefits sold;
- b) the expected market price of Distributed Atmospheric Benefits;

8.0 FURTHER ASSURANCES

8.1 The parties will execute any other documents and do any other things that may be necessary to carry out the intent of this Agreement.

9.0 INTERPRETATION

9.1 In this Agreement:

- a) headings are for convenience only, do not form part of this Agreement and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Agreement;
- b) a reference to a statute includes every amendment to it, every regulation made under it, and any law enacted in substitution for it or in replacement of it; and
- c) unless it is otherwise clear from the context, the use of the singular includes the plural, and the use of the plural includes the singular.

10.0 ENUREMENT

10.1 This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors.

11.0 DISPUTE RESOLUTION

11.1 The Parties are committed to resolving disputes that may arise in the implementation of this Agreement and may utilize dispute resolution mechanisms as agreed to by the Parties including mediation.

12.0 NOTICES

12.1 A notice, document, request, approval, authorization, consent or other communication (each a "communication") required or permitted to be given or made under this Agreement must be in writing and may be given or made in the following ways:

- a) delivered personally or by courier;
- b) transmitted by facsimile transmission; or
- c) mailed by post in Canada in any form which requires a receipt.

12.2 A communication will be considered to have been given or made, and received:

- a) if delivered personally or by courier, at 9:00 a.m. on the business day after the day on which it was received by the addressee or a responsible representative of the addressee;
- b) if sent by facsimile transmission and if the sender receives confirmation of the transmission, at 9:00 a.m. on the next business day after the day on which it was transmitted; or
- c) if mailed in Canada in any form which requires a receipt, when the postal receipt records that it was received.

12.3 A communication must be delivered, transmitted to the facsimile number or mailed to the address of the intended recipient set out below:

For: British Columbia

Attention:

Minister of Aboriginal Relations and Reconciliation

Personal or courier delivery:

Parliament Buildings
Victoria, British Columbia

Facsimile transmission:

(250) 387-5594

Postal deliver:

PO Box 9468
STN PROV GOVT
Victoria, British Columbia V8W 9E2

For: Council of the Haida Nation

Attention:

President

Facsimile transmission:

(250) 559-8951

Postal delivery:

Box 98 Queen Charlotte
Haida Gwaii, British Columbia V0T 1S0

13.0 EXECUTION IN COUNTERPARTS

13.1 This Agreement may be executed in counterparts and by facsimile. Each signature

shall be deemed to be an original signature and all executed documents together shall constitute one and the same document.


14.0 NO ASSIGNMENT

14.1 This Agreement may not be assigned, either in whole or in part, by any Party.


THIS AGREEMENT HAS BEEN EXECUTED AND DELIVERED as of the day and year first above written

EXECUTED in the presence of

) **HER MAJESTY THE QUEEN**
) **IN RIGHT OF THE PROVINCE**
) **OF BRITISH COLUMBIA**
) as represented by the Minister of
) **Aboriginal Relations and Reconciliation**

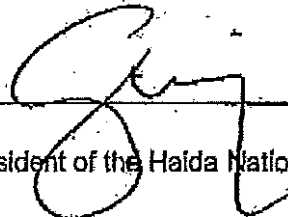


As to the signature of the
Minister of Aboriginal Relations
and Reconciliation

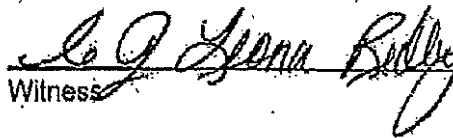


Minister of Aboriginal Relations and
Reconciliation

SIGNED ON BEHALF OF THE Council of the Haida NATION, as represented by:



President of the Haida Nation



Witness

and

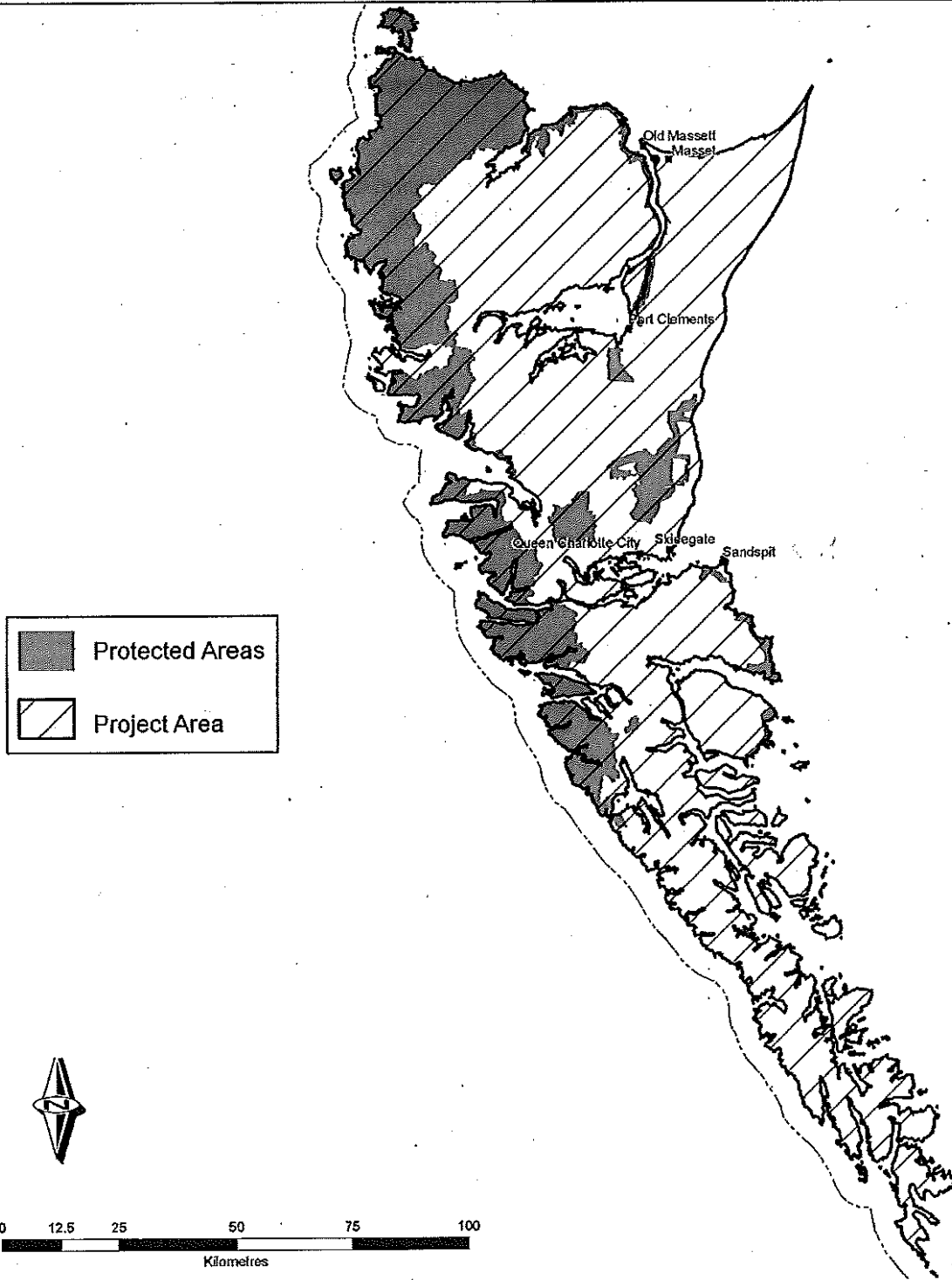


Vice President, Council of the Haida Nation



Witness

Appendix 1: Project Area (Haida Gwaii)



APPENDIX 2: The Forest Carbon Model

The Forest Carbon Model used by the Parties to quantify Atmospheric Benefits is as described in the following reports prepared by Andrew Fall, Gowlland Technologies Ltd:

1. *Linking Spatial Timber Supply Analysis and Carbon Budget Modelling, An application in Haida Gwaii, BC, March 2010.*
2. *Haida Gwaii Detailed Strategic Planning Decision-Support, Analysis of 2009 Strategic Land-Use Objectives, December 2009.*

**APPENDIX 3:
Statement of Reconciliation Protocol Priorities**

- Outcomes specific to the Reconciliation Protocol to be achieved by the Haida Nation from 2011 through 2015

Reconciliation Protocol Outcomes	Measurement Criteria

