

Province of
British Columbia

Ministry of
Forests

Forest Service

TREE FARM LICENCE

NO. 18

CLEARWATER TREE FARM LICENCE

THIS LICENCE, made as of January 1, 1982

BETWEEN:

THE MINISTER OF FORESTS OF BRITISH
COLUMBIA, on behalf of HER MAJESTY
THE QUEEN IN RIGHT OF THE PROVINCE
OF BRITISH COLUMBIA,

(the "Licensor")

OF THE FIRST PART,

AND:

CLEARWATER TIMBER PRODUCTS LTD.
P.O. Box 9
Clearwater, British Columbia
VOE 1N0

(the "Licensee")

OF THE SECOND PART

WITNESSES that, under section 33 of the Forest Act, the
parties agree as follows:

1.00 GRANT OF RIGHTS, LICENCE AREA AND TERM

1.01 Subject to this Licence and in consideration of the
Licensee's covenants in it the Licensor grants to the Licensee,

- (a) the right during the term of this Licence to enter and
occupy Crown land in the licence area for the purpose of
managing it according to management and working plans,
- (b) the right during the term of this Licence to manage Crown
land in the licence area according to management and
working plans, and

- (c) subject to paragraph 14.01 and the Forest Act, the exclusive right during the term of this Licence to harvest timber from Crown land in the licence area, according to management and working plans and from areas specified in cutting permits issued from time to time under this Licence.

1.02 The Licence area is

- (a) the private land and Timber Licences described in Schedule "A" to this licence, and
(b) the Crown land described in Schedule "B" to the Licence, and as shown outlined in bold black on the map attached to this Licence, but excludes Crown land deleted, from time to time, under the Forest Act.

1.03 As Timber Licences expire, or as areas are deleted from them under section 57 of the Forest Act, the land subject to the Timber Licences or the areas deleted, as the case may be, shall be deemed to be deleted from Schedule "A" and to be added to Schedule "B".

1.04 This Licence may be amended by agreement of the parties, by deleting from the licence area private land described in Schedule "A" to this Licence, where

- (a) the private land is required for a use that is more valuable than timber production, and
(b) the deletion would not, in the Chief Forester's opinion, unreasonably disturb the management of the licence area for timber production.

1.05 The term of this Licence is 25 years, beginning January 1, 1982.

1.06 On its tenth anniversary this Licence may be replaced according to the Forest Act.

2.00 MANAGEMENT AND WORKING PLANS

2.01 Not later than January 31, 1982 the Licensee will submit for the Chief Forester's approval a proposed management and working plan for the 5 year period beginning January 1, 1982.

2.02 The management and working plan approved under the Tree Farm Licence that, under the Forest Act, is replaced by this Licence shall, until June 30, 1982, be deemed to be a management and working plan approved under paragraph 2.07.

2.03 Not later than June 30, 1986, and June 30 of every fifth year afterward, the Licensee will submit for the Chief Forester's approval a proposed management and working plan for the 5 year period beginning January 1 of the following year.

2.04 The Chief Forester, at the Licensee's request or on his own initiative, in a notice to the Licensee, may require that a management and working plan be amended or replaced where

- (a) timber in the licence area is damaged by fire, wind, insects, disease, or other natural forces, or
 - (b) damage is caused to a timber processing facility of the Licensee, or there is labour conflict, war, civil insurrection, adverse weather conditions, depressed markets or other circumstances beyond the Licensee's control, or
 - (c) serious and unforeseen damage is caused to soils, fisheries or wildlife resources, of the licence area,
- and the Chief Forester considers that the occurrence has rendered the management and working plan inadequate.

2.05 Where a notice is given under paragraph 2.04

- (a) the notice shall specify the occurrence, the extent to which the management and working plan is inadequate and the nature of the change required by the Chief Forester, and
- (b) the Licensee will, within 6 months after the notice, submit for the Chief Forester's approval a proposed management and working plan or a proposed amendment to the management and working plan, as the case may be, to have effect during the unexpired term of the then current management and working plan.

2.06 A proposed management and working plan shall be prepared, signed and sealed by a registered professional forester and shall contain

- (a) information respecting the inventory of the forest resources and, where available to the Licensee, and where required by the Chief Forester, respecting the soils, fisheries and wildlife resources and recreational capabilities, of the licence area,
- (b) a proposal for developing timber harvesting operations and providing access on the licence area,
- (c) a proposal for protecting the forest in the licence area from damage by fire, insects, and disease,
- (d) a proposal for reforestation and providing other silvicultural treatments to the licence area,
- (e) the Licensee's program for fulfilling its obligations under part 10.00, and
- (f) such other information respecting the development, management and use of the licence area as the Chief Forester requires.

2.07 The Chief Forester will approve, from time to time, management and working plans for the licence area, acceptable to him, that specify

- (a) an allowable annual cut that he determines may be sustained from the licence area, having regard to

- (i) the composition of the forest on the licence area and its expected rate of growth, determined from an inventory of the forest,
 - (ii) the expected time that it will take the forest to become re-established on the licence area following denudation,
 - (iii) silvicultural treatments to be applied to the licence area,
 - (iv) the standard of timber utilization and the allowances for waste and breakage it is expected will be applied with respect to timber harvesting operations conducted on the licence area, and
 - (v) any other information that relates to the capability of the licence area to produce timber,
 - (b) measures taken and to be taken by the Licensee, consistent with this Licence and the Forest Act, for developing, protecting, restoring and improving the forest resources in the licence area, and for fulfilling its obligations under part 10.00, and
 - (c) the portion of the allowable annual cut that the Chief Forester determines is attributable to Schedule "B" land at the beginning of the term of this Licence,
- and any management and working plan may provide for the protection of such unique features of the licence area as are identified from time to time, by studies within the licence area, the results of which are approved by the Chief Forester.

2.08 A management and working plan shall be deemed to be a part of, and shall be consistent with, this Licence.

3.00 CUTTING PERMITS

3.01 Without the Regional Manager's written consent the Licensee will not cut timber on the licence area except under a cutting permit issued under this Licence, or under a road permit.

~~AMENDMENT~~ 3.02 On application by the Licensee the Regional Manager will, from time to time, issue cutting permits to the Licensee, to enable the Licensee to harvest timber from the licence area, within the limits specified in paragraph 4.02 and according to the management and working plan then in effect.

~~AMENDMENT~~ 3.03 A cutting permit shall, subject to the management and working plan then in effect,

SEE INST. NO. 6 (a) authorize timber to be harvested under this Licence from a specific area of land in the licence area,

(b) be for a term, not exceeding 3 years, determined by the Regional Manager,

(c) provide for the payment of stumpage rates applicable to timber harvested under it and procedures for varying the stumpage rates, where stumpage is payable in respect of the timber,

- (d) prescribe utilization standards, other cutting specifications and forest practices to be followed in timber harvesting operations carried on under it,
- (e) prescribe the specifications and standards of roads to be built on the land subject to the cutting permit,
- (f) set out procedures for assessing timber wasted and damaged by the Licensee and damages payable to the Crown for timber wasted and damaged,
- (g) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under it,
- (h) be deemed to be a part of this Licence, and
- (i) include such other provisions, consistent with this Licence and the Forest Act, as the Regional Manager determines.

AMENDMENT
SEE INST. NO. 6

AMENDMENT 3.04 The Licensee will define on the ground the boundaries of the areas authorized for harvesting under a cutting permit, unless the Regional Manager determines otherwise.

3.05 Timber cut under this Licence shall be marked according to the Forest Act and cutting permits, and shall, subject to the Forest Act, be scaled according to the Forest Act.

4.00 CUT CONTROL

4.01 In this part the "volume of timber harvested" during a period of time means the total of

- (a) the volume of timber cut under this Licence and under road permits, and
- (b) the volume of timber that is estimated to be wasted or damaged under cutting permits issued pursuant to this Licence and under road permits, and
- (c) the volume of timber cut during the period by the Licensee in the licence area, but not authorized for cutting under this Licence,

that is billed to the Licensee in statements issued on behalf of the Crown during the period, and in this paragraph "Licence" includes a Tree Farm Licence replaced by this Licence.

4.02 The Licensee will not permit the volume of timber harvested

- (a) during a calendar year
 - (i) to be more than 150%, or
 - (ii) to be less than 50%,
of the allowable annual cut approved in the management and working plan in effect during the calendar year, or
- (b) during a 5 year cut control period,
 - (i) to be more than 110%, or
 - (ii) to be less than 90%,
of the 5 year allowable cut for the 5 year cut control period.

4.03 If the volume of timber harvested during a calendar year exceeds 150% of the allowable annual cut specified in the management and working plan in effect during the calendar year, the Licensee will pay to the Crown, in addition to stumpage, as liquidated damages, an amount of money equal to 2 times

- (a) the volume exceeding 150%, multiplied by
- (b) the average stumpage rate applicable to timber harvested under this Licence, billed to the Licensee in statements issued on behalf of the Crown during the calendar year.

4.04 If the volume of timber harvested during a 5 year cut control period exceeds 110% of the 5 year allowable cut for the 5 year cut control period, the Licensee will pay to the Crown, in addition to stumpage, as liquidated damages, an amount of money equal to 2 times

- (a) the volume exceeding 110%, multiplied by
- (b) the average stumpage rate applicable to timber harvested under this Licence, that is billed to the Licensee in statements issued on behalf of the Crown during the last year of the 5 year cut control period.

5.00 FINANCIAL AND DEPOSITS

5.01 In addition to other money payable by the Licensee under the Forest Act and under this Licence, but without duplication, the Licensee will pay to the Crown, immediately on receipt of a statement issued on behalf of the Crown,

- (a) annual rent under the Forest Act,
- (b) in respect of timber cut under this Licence from Schedule "B" land, stumpage at rates determined by a forest officer and varied under cutting permits,
- (c) in respect of timber cut under this Licence from Schedule "A" land subject to Timber Licences, either
 - (i) stumpage at rates determined by a forest officer and varied under cutting permits, or
 - (ii) royalty at rates specified in the Forest Act, according to the election made under section 23 of the Forest Act in respect of the Timber Licences,
- (d) scaling fees determined under the regulations, and
- (e) waste and damage assessments made under cutting permits.

5.02 During the term of this Licence the Licensee will maintain with the Crown a deposit in an amount prescribed in the regulations, in cash or in negotiable securities acceptable to the Licenser, as security for the Licensee's performance of its obligations under this Licence and under the Forest Act.

5.03 If the Licensee fails to pay money it is required to pay to the Crown under the Forest Act, this Licence, a road permit or a cutting permit,

- (a) the payment may, after at least 30 days' notice has been given to the Licensee, be taken from the deposit maintained under paragraph 5.02 and for that purpose a security included in the deposit may be sold, and
- (b) the Licensee will forthwith pay to the Crown, in cash or in negotiable securities acceptable to the Licensors, an amount of money sufficient to maintain the deposit in the amount specified under paragraph 5.02.

5.04 Where the Regional Manager considers that timber harvesting or related operations that are proposed to be carried out under a cutting permit or road permit are likely to cause damage to the improvements or chattels of a lawful occupier or lawful user of Crown land, the Licensee may be required in the cutting permit or road permit

- (a) to prevent the damage from occurring,
- (b) to pay reasonable compensation to the occupier or user in respect of damage that occurs, and
- (c) to pay to the Crown a special deposit, in cash or in negotiable securities acceptable to the Licensors, in an amount determined by the Regional Manager to be adequate security for the Licensee's performance of requirements under subparagraphs (a) and (b).

5.05 Where under a cutting permit or road permit referred to in paragraph 5.04 the Licensee

- (a) fails to prevent the damage from occurring, and
- (b) fails to pay reasonable compensation to the occupier or user,

the occupier or user may, after at least 30 days' notice has been given to the Licensee, be paid reasonable compensation, on the Licensee's behalf, out of a deposit paid under paragraph 5.04 or maintained under paragraph 5.02, or both, and for that purpose a security included in either deposit, or both of them, may be sold.

5.06 The Licensors will refund to the Licensee

- (a) the deposit maintained under paragraph 5.02 (minus deductions made under paragraphs 5.03 and 5.05), when this Licence expires, is cancelled, or terminates and is not replaced under section 29 of the Forest Act, and
- (b) a special deposit paid under paragraph 5.04 (minus deductions made under paragraph 5.05), when the cutting permit or road permit referred to in paragraph 5.04 expires.

5.07 If this Licence is disposed of, within the meaning of the Interpretation Act, otherwise than bona fide by way of security, deposits held under this Licence shall be deemed to be assigned to the person taking the disposition of this Licence and the Crown shall not be bound afterward to account for the deposits to the person making the disposition.

6.00 ROADS

6.01 The locations, specifications and standards of all roads to be built on Crown land by the Licensee to provide access to or in the licence area,

- (a) shall, except branch or spur roads on land that is subject to a cutting permit, be included in road permits entered into under the Forest Act between the Regional Manager and the Licensee, and
- (b) shall be consistent with management and working plans in effect from time to time.

6.02 Where any part of the expense of constructing a logging access road to or in the licence area is to be applied as a credit against stumpage payable by the Licensee under section 88 of the Forest Act and the right of way of the road, or part of it, is to be located on private land, the Licensee will, if the Regional Manager in a notice to the Licensee requires,

- (a) at its own expense survey the part of the right of way located on private land and register a plan of the survey in the appropriate Land Title Office, and
- (b) deliver to the Regional Manager, in consideration of \$1.00, a deed of land in registerable form over the part of the right of way to be located on private land, according to and in the form set out in the notice.

6.03 Before April 1 of each year during the term of this Licence the parties will review the road system in or serving the licence area and, after the review,

- (a) the Regional Manager, or a Forest Officer authorized by him, may, in a notice to the Licensee, identify roads that are to be maintained by the Licensee for forest protection and silviculture purposes, until April 1 of the following year, and
- (b) the Licensee will maintain the roads according to the notice.

7.00 FOREST PROTECTION

7.01 Before April 1 of every year during the term of this Licence, the Licensee will submit to the Regional Manager a fire protection pre-organization plan, including a duty roster, acceptable to the Regional Manager.

7.02 The Regional Manager will from time to time approve fire protection pre-organization plans acceptable to him.

7.03 A fire protection pre-organization plan approved by the Regional Manager shall be deemed to be part of the management and working plan then in effect and shall be consistent with this Licence.

7.04 The Licensee's obligations under a fire protection pre-organization plan shall be in addition to and do not replace its obligations under section 121 of the Forest Act.

8.00 FORESTRY

8.01 The Licensee will employ or contract for the services of, or both, as many registered professional foresters as the Chief Forester considers are reasonably required to manage the licence area according to this Licence.

8.02 The Licensee will not post a sign on or near the licence area concerning forestry practised or the development of recreation sites on the licence area, unless the sign acknowledges the Crown's contributions.

9.00 FOREST SERVICE ACCOMMODATION AND ACCESS

9.01 After receiving reasonable notice from the Regional Manager, the Licensee will provide the Regional Manager and Forest Officers with reasonable office and living accommodation on the licence area, or at a headquarters or timber processing facility of the Licensee near the licence area, to enable the Regional Manager and Forest Officers to carry out their responsibilities in the licence area and the Licensee may charge the Licensor the reasonable cost of the provision of such office and living accommodation.

9.02 The Regional Manager and Forest Officers may at reasonable times

- (a) use roads on the licence area owned, or deemed to be owned, by the Licensee, and
 - (b) enter private land in the licence area,
- to carry out their responsibilities in the licence area.

10.00 CONTRACTORS

10.01 Each calendar year during the term of this Licence a volume of timber equal to at least

- (a) 50% of the volume of timber harvested by or for the Licensee from the licence area during the year, multiplied by
 - (b) the result obtained by the division of
 - (i) the portion of the allowable annual cut specified in the management and working plan in effect during the calendar year that the Chief Forester determines is attributable to Schedule "B" land, by
 - (ii) the allowable annual cut specified in the management and working plan in effect during the calendar year,
- shall be harvested by persons under contract with the Licensee unless the Licensor, pursuant to the regulations, relieves the Licensee from this requirement in whole or in part.

10.02 Compliance with paragraph 10.01 shall be calculated according to the method prescribed in the regulations.

10.03 If in a calendar year the volume of timber harvested by persons under contract with the Licensee is less than the volume required under paragraph 10.01, the Licensee will on demand pay to the Crown, as liquidated damages, an amount of money equal to

(a) the volume below the volume required under paragraph 10.01, multiplied by

(b) the average stumpage rate applicable to timber harvested from the licence area, that is billed to the Licensee in statements issued on behalf of the Crown during the calendar year,

unless, and to the extent that, relief is given under paragraph 10.01.

11.00 TIMBER PROCESSING

11.01 The Licensee will give the Licenser at least three months prior notice in writing of closure or major reduction in capacity of a timber processing facility owned or operated by the Licensee or any of its affiliates within the meaning of the Companies Act.

12.00 LIABILITY AND INDEMNITY

12.01 The Licensee will indemnify the Crown against and will save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Crown as a result, directly or indirectly, of wrongful acts and omissions on the licence area of the Licensee, and

(a) an employee of the Licensee,

(b) a person who performs work directly or indirectly under contract with the Licensee, and

(c) any other person who carries on timber harvesting or related operations on the licence area with the consent of the Licensee, except

(i) the holder of a Free Use Permit referred to in paragraph 14.01, or

(ii) the holder of a Timber Sale Licence entered into under the Forest Act, or

(iii) a servant or agent of the Crown, or

(iv) any other person who uses or occupies the licence area under rights granted by the Crown,

acting within the scope of his duties.

12.02 Paragraph 12.01 does not apply to an act or omission that is a reasonable response to, and complies with, an order made on behalf of the Crown.

12.03 Where the Licensee fails to perform an obligation it is required to perform under this Licence, a management and working plan, a fire protection pre-organization plan approved under paragraph 7.02, a cutting permit, or a road permit

- (a) the Regional Manager or a Forest Officer authorized by him may perform the obligation on the Licensee's behalf, and
- (b) the Licensee will on demand pay the Crown an amount of money equal to the reasonable costs incurred under subparagraph (a) to perform the obligation.

12.04 Liquidated damages paid by the Licensee to the Crown under this Licence

- (a) shall be in addition to, and not in substitution for, and
- (b) shall not, if accepted on behalf of the Crown, be deemed to be a waiver of, any remedy available under the Forest Act to the Crown, the Licenser, the Regional Manager or a Forest Officer, in respect of the default of the Licensee that led to the payment of liquidated damages.

12.05 Notwithstanding this Licence, liquidated damages are not payable under this Licence in respect of the Licensee's default if the Licensee pays a penalty in respect of the default under section 139 of the Forest Act.

12.06 The Crown will indemnify the Licensee against and will save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Licensee as a result, directly or indirectly, of wrongful acts or omissions on the licence area of the Crown, its employees, agents and contractors.

13.00 TERMINATION

13.01 If this Licence expires, or is terminated and is not replaced under section 29 of the Forest Act, or if this Licence is cancelled,

- (a) cutting permits and road permits will terminate when the expiry, termination or cancellation occurs,
- (b) Timber Licences that are in effect at termination or cancellation shall be replaced by new timber licences under the Forest Act,
- (c) title to all improvements, including roads and bridges, then fixed on Schedule "B" land shall vest in the Crown, without compensation to the Licensee provided that the Licensee may remove its improvements which are capable of removal in such manner as not to damage other improvements within thirty (30) days of such expiration, termination or cancellation.
- (d) property in logs, and in special forest products as defined in the Forest Act, then on Schedule "B" land shall pass to the Crown, without compensation to the Licensee.

13.02 Subject to paragraph 13.03 if the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensors may cancel this Licence in a notice served on the Licensee.

13.03 The Licensors will not cancel this Licence under paragraph 13.02 unless and until

- (a) he gives notice to
 - (i) the holder of a debenture, mortgage or other debt security that charges this Licence, then registered against the Licensee under the Companies Act, and
 - (ii) the trustee for the holder of a bond or debenture issued under a deed of trust that charges this Licence, then registered against the Licensee under the Companies Act, and
- (b) a person referred to in clauses (a)(i) or (a)(ii) has had a reasonable opportunity to exercise his rights and to pursue his remedies under the deed of trust, debenture, mortgage or other debt security, including the taking of possession of the Licensee's properties and assets.

14.00 MISCELLANEOUS

14.01 The Regional Manager may, on behalf of the Crown, grant Free Use Permits to persons other than the Licensee authorizing the harvest of Crown timber from the licence area, but the volume of timber harvested under such Free Use Permits in any year during the term of this Licence shall not exceed 1% of the allowable annual cut approved for that year.

14.02 The Licensee represents and warrants to the Licensors that it is the beneficial owner of the private land and the Timber Licences described in Schedule "A" unless the parties agree otherwise.

14.03 By April 1 of every year during the term of this Licence the Licensee will deliver to the Regional Manager an annual report in respect of this Licence for the preceding calendar year, reporting on inventory depletion, forestry and silviculture, engineering, inventory, protection, research, recreation and performance of the requirement under part 10.00, and containing such other information as the Regional Manager requires.

14.04 If the Licensors so directs the Licensee will, at its own expense, survey and define on the ground any or all boundaries of the licence area.

14.05 Where in this Licence an obligation is to be performed by the Chief Forester, the Regional Manager or a Forest Officer, the Licensors will cause the obligation to be performed by that person.

14.06 This Licence is subject to the Forest Act.

14.07 Where a notice is required under this Licence, the notice shall be in writing and shall be deemed to have been given if delivered to, or if sent by prepaid registered mail addressed to:

The Licensor:

HONOURABLE MINISTER OF FORESTS,
Parliament Buildings
Victoria, British Columbia
V8V 1X4,

and

The Licensee:

CLEARWATER TIMBER PRODUCTS LTD.
P.O. Box 9
Clearwater, British Columbia
V0E 1N0

Attention: President

or to such other address specified by one party to the other in a notice given according to this paragraph and, subject to paragraph 14.08, where service is by registered mail the notice shall be conclusively deemed to be given on the eighth day after its deposit in a Canada Post Office at any place in Canada.

14.08 Where, between the time a notice is mailed under paragraph 14.07 and the time it is actually received by a party, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice shall not be deemed to be given until the party actually receives it.

14.09 This Licence will enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

15.00 INTERPRETATION

15.01 In this Licence, unless the context otherwise requires,

- (a) "allowable annual cut" means the rate of timber harvesting specified as the allowable annual cut in a management and working plan,
- (b) "Chief Forester" means the chief forester appointed under the Ministry of Forests Act,

- (c) "Crown" has the same meaning as in the Interpretation Act,
- (d) "Crown land" has the same meaning as in the Forest Act,
- (e) "cutting permit" means a cutting permit issued under paragraph 3.02,
- (f) "5 year allowable cut" means the total of the allowable annual cuts in effect each year during a 5 year cut control period,
- (g) "5 year cut control period" means the 5 year period beginning January 1 of the year when the term of this Licence begins, and each successive 5 year period,
- (h) "Forest Officer" means a person who is designated as a forest officer under the Forest Act,
- (i) "Forest Service" means the forest service continued under the Ministry of Forests Act,
- (j) "harvest" includes entry on land for the purpose of cutting and removing timber, cutting the timber and removing the timber from the land,
- (k) "licence area" means
 - (i) the private land and Timber Licences described in Schedule "A" to this Licence, and
 - (ii) the Crown land described in Schedule "B" to this Licence,
and as shown outlined in bold black on the map attached to this Licence, but excludes Crown land deleted, from time to time, under the Forest Act,
- (l) "management and working plan" means a management and working plan approved under paragraph 2.07, or deemed to be approved under paragraph 2.02,
- (m) "Minister" means minister within the meaning of the Forest Act,
- (n) "person" includes a corporation and a partnership,
- (o) "person under contract" has the meaning defined in the regulations,
- (p) "private land" means land that is not Crown land,

- (q) "Regional Manager" means the regional manager appointed under the Ministry of Forests Act, for the forest region in which the licence area, or part, is situated,
- (r) "registered professional forester" means a person registered under the Foresters Act,
- (s) "regulations" means regulations made under the Forest Act,
- (t) "road permit" means a road permit entered into between the Regional Manager and the Licensee under the Forest Act to provide access to or in the licence area,
- (u) "Schedule 'A' land" means the private land and Timber Licences described in Schedule "A" to this Licence, but excludes land deemed to be deleted, from time to time, from Schedule "A" under paragraph 1.03 and land deleted, from time to time, from Timber Licences under the Forest Act,
- (v) "Schedule 'B' land" means the land described in Schedule "B" to this Licence and land deemed to be added, from time to time, to Schedule "B" under paragraph 1.03, but excludes land deleted, from time to time, from Schedule "B" under the Forest Act,
- (w) "Timber Licence" means a Timber Licence described in Schedule "A" to this Licence,
- (x) "timber processing facility" has the same meaning as in the Forest Act, and
- (y) "wood residue" has the same meaning as in the Forest Act.

15.02 In this Licence, unless the context otherwise requires,

- (a) the singular includes the plural and the plural includes the singular,
- (b) the masculine, the feminine and the neuter are interchangeable, and
- (c) a reference to a series of numbers or letters, by the first and last numbers or letters of the series, includes the number or letter referred to first and the number or letter referred to last.

15.03 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:

1.00 part,

1.01 paragraph,

(a) subparagraph,

(i) clause,

A. subclause;

and a reference to a subparagraph, clause or subclause shall be construed as a reference to a subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.

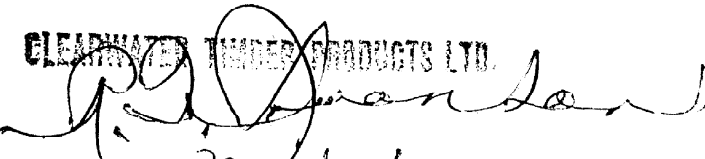
15.04 Where a section of the Forest Act referred to in this Licence is renumbered, the reference in this Licence shall be construed to be the section as renumbered.

IN WITNESS to this Licence, it has been signed on behalf of the Crown, and the common seal of the Licensee has been affixed to it in the presence of its officers who are authorized to do so.

SIGNED, SEALED AND)
DELIVERED by the)
HONOURABLE MINISTER OF)
FORESTS, on behalf of)
the Crown in the)
presence of:)
..... J. B. Lawson)
.....)


.....)
Minister of Forests

THE COMMON SEAL of the)
Licensee was affixed in)
the presence of:)
.....)
.....)
.....)


CLEARWATER TIMBER PRODUCTS LTD.
President.

SCHEDULE "A"

Clearwater Tree Farm Licence

Tree Farm Licence No. 18

Forest lands and merchantable timber in other tenures owned or controlled by the Licensee in the Clearwater Tree Farm Licence No. 18.

CROWN GRANTS

NIL

SCHEDULE "B"

Clearwater Tree Farm Licence

Tree Farm Licence No. 18

All Crown lands not otherwise alienated within the areas outlined in bold black on the accompanying maps except Crown land which was subject to an old temporary tenure (within the meaning of the Forest Act assented to March 30, 1972) and held by a person other than the Licensee.

"Commencing at Mile-post No. 14, being a point on the westerly boundary of Kamloops Division of Yale Land District, situated in the vicinity of Canimred Creek; thence east 3.218 kilometres; thence north 25 degrees east 5.632 kilometres; thence north 63 degrees east 6.760 kilometres more or less to the summit or Mount Mahood; thence east 2.815 kilometres; thence north 4.430 kilometres; thence east 6.838 kilometres; thence south 804 metres; thence east 1.609 kilometres; thence south 804 metres; thence east 5.880 kilometres to a point due south of the southeast corner of Lot 3483, Kamloops Division of Yale Land District; thence south 3.995 kilometres to a point due west of the northwest corner of Lot 3060; thence west 4.827 kilometres; thence south 1.609 kilometres; thence east 2.011 kilometres; thence south 3.235 kilometres to a point due west of the northwest corner of L. 2178; thence east 8.045 kilometres; thence south 6.490 kilometres to a point due west of the northwest corner of Lot 2167; thence south 9 degrees 30 minutes east 7.375 kilometres to a point due west of the southwest corner of

Lot 2161; thence south 77 degrees west 9.257 kilometres; thence south 5.170 kilometres to a point due west of the southwest corner of Lot 4458; thence west 6.975 kilometres to a point due north of the northwest corner of Lot 3429; thence north 50 degrees west 6.027 kilometres; thence north 67 degrees west 3.920 kilometres more or less to the highest point of the easterly summit of the Sentinel Mountains; thence north 88 degrees west 11.195 kilometres to Mile-post No. 22, being a point on the aforesaid westerly boundary of Kamloops Division of Yale Land District; thence northerly along the said westerly boundary to the aforesaid Mile-post No. 14, being the point of commencement."