



**TREE FARM LICENCE 43
FRASER-HOMATHCO-KINGCOME
TREE FARM LICENCE**



THIS LICENCE, dated for reference **March 1, 2018**.

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,
as represented by the MINISTER OF FORESTS, LANDS,
NATURAL RESOURCE OPERATIONS and RURAL
DEVELOPMENT
PO BOX 9049 STN PROV GOVT
VICTORIA, BRITISH COLUMBIA
V8W 9E2
Fax: 250-387-1040
(the “Minister”)**

AND:

**HOMALCO FORESTRY LIMITED PARTNERSHIP
P.O. BOX 217
1400B DRAKE ROAD
CAMPBELL RIVER, BRITISH COLUMBIA
V9W 5B1
Fax: 250-286-9913
(the “Licensee”)**

WHEREAS:

- A. The Minister offered the Licensee a replacement for Tree Farm Licence No 43 dated **August 31, 2017** pursuant to Section 36 of the *Forest Act*.
- B. The Licensee accepts the offer.
- C. The Licensee agrees to manage the licence area according to this Licence and the management plan in effect under this Licence.

THEREFORE:

Under Section 36 of the *Forest Act*, this Licence replaces Tree Farm Licence 43, dated March 1, 2010.

“The Table of Contents and headings in this Licence are included for convenience only and do not form a part of this Licence and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Licence.”

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THE PARTIES agree as follows:

0.00 LICENCE

0.01 This Licence is a Tree Farm Licence under the *Forest Act*.

1.00 GRANT OF RIGHTS AND TERM

1.01 The term of this Licence is 25 years, beginning on March 1, 2018.

1.02 Subject to the provisions of the *Forest Act* and this Licence, including the reservations and the *Forest Revitalization Act* allowable annual cut reduction under Part 2.00, the Minister grants the Licensee:

- (a) the exclusive right to harvest all types of Crown timber on all terrain types, other than coniferous types.
- (b) the exclusive right to harvest all Crown timber on all terrain types authorized under a timber licence held by the Licensee as part of Schedule "A" Land ;
- (c) the right to manage Schedule "A" Land that is subject to a timber licence held by the Licensee and Schedule "B" Land according to:
 - (i) this Licence;
 - (ii) the management plan in effect under this Licence; and
 - (iii) operational plans approved in respect of this Licence.

1.03 Except where the timber has been otherwise reserved or disposed of under Part 2.00, the Licensee may harvest Crown timber of a deciduous type from Schedule "B" Land.

2.00 TIMBER DISPOSITION

2.01 In accordance with the definition of allowable annual cut available under section 1(1) of the *Forest Act*, the allowable annual cut available to this Licence shall be equal to the allowable annual cut for the area of the Licence determined by the Chief Forester pursuant to section 8 of the *Forest Act* less any volumes reserved under Paragraphs 2.02 and 2.03, attributed as a reduction under Paragraph 2.04, and any volume disposed pursuant to Paragraph 2.05.

2.02 Each year during the term of this Licence, in accordance with section 35(1)(h) of the *Forest Act*, the Minister reserves the following volumes from the Crown timber in Schedule "B" Land specified in Part 1.00:

- (a) 0 m³ of the allowable annual cut for BC timber sales enterprises, and
- (b) 0 m³ of the allowable annual cut for woodlot licences,

to be disposed of by the Minister to persons other than the Licensee.

- 2.03 Each year during the term of this Licence, in accordance with Section 35(1)(n) of the *Forest Act*, the District Manager reserves the right to dispose of Crown timber referred to in Subparagraph 1.02(a) through free use permits to persons other than the Licensee up to a volume not exceeding one half of one percent (0.5%) of the portion of the allowable annual cut otherwise available under this Licence from Schedule "B" Land.
- 2.04 The reduction in volume to the allowable annual cut attributed to this Licence pursuant to the operation of the *Forestry Revitalization Act* is 0 m³. In accordance with section 47.8 of the *Forest Act*, the Ministry may dispose of this volume to persons other than the Licensee.
- 2.05 In addition to any timber disposed of under this Part, the Regional Executive Director, District Manager or Timber Sales Manager may dispose of any timber that is not specified in Paragraph 1.02
- 2.06 The Crown timber reserved under Paragraphs 2.02 and 2.03, reduced under Paragraph 2.04 or disposed of under Paragraph 2.05 shall be taken from areas agreed to under Paragraph 3.01 or specified under Paragraph 3.02.
- 2.07 Subject to Part 3 of this Licence, the Minister in a notice given to the Licensee may delete an area from Schedule "B" Land to enable the Regional Executive Director or District Manager to issue a woodlot licence over the area, if the Chief Forester determines that the portion of the allowable annual cut attributable to the area does not exceed the volume of Crown timber referred to in Paragraph 2.02(b), having regard to factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.
- 2.08 Subject to Part 3 of this Licence, the Minister by Order, in accordance with Section 3(4) of the *Forestry Revitalization Act*, given to the Licensee may delete an area from Schedule "B" Land as long as the portion of allowable annual cut attributable to the area does not exceed the volume of Crown timber referred to in Paragraph 2.04, having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.
- 2.09 Before deleting an area under Paragraph 2.07, or 2.08, the Minister will consult the Licensee and consider any recommendations made by the Licensee.
- 2.10 Where the Minister deletes an area under Paragraph 2.07, or 2.08, the volume of Crown timber referred to in Paragraph 2.01 is deemed to be reduced by an amount equal to the portion of the allowable annual cut that the Chief Forester determines is attributable to the deleted area, having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.

3.00 AREA SELECTION PROCESS

- 3.01 Subject to Paragraph 3.02 the District Manager or Timber Sales Manager and the Licensee will agree upon areas for the purposes of Part 2.00 of this Licence, or for an allowable annual cut reduction under Section 69 of the *Forest Act*, having regard to:
- (a) the type and quality of timber and the type of terrain on the area of Schedule "B" Land under consideration compared to the Schedule "B" Land as a whole;
 - (b) the management plan in effect under this Licence and the forest stewardship plan approved in respect of this Licence;
 - (c) any potential interference with the operations of the Licensee under this Licence;
 - (d) rights being exercised on the licence area by persons other than the Licensee including trappers, guide outfitters, range tenure holders, and other licenced resource users; and
 - (e) an aboriginal group claiming an aboriginal interest in, or having a determined aboriginal right, including aboriginal title, or a treaty right in the area.
- 3.02 If under Paragraph 3.01 the District Manager or the Timber Sales Manager and the Licensee are unable to agree upon areas for the purposes of Part 2.00 of this Licence, or for an allowable annual cut reduction under Section 69 of the *Forest Act*, the District Manager or the Timber Sales Manager or the Licensee may refer the matter to the Regional Executive Director, in which case the Regional Executive Director, subject to Paragraph 3.03, and having regard to:
- (a) the factors referred to in Paragraph 3.01; and
 - (b) the recommendations of the District Manager or the Timber Sales Manager and the Licensee;
- will specify areas for these purposes.
- 3.03 The Regional Executive Director will only specify an area under Paragraph 3.02, when satisfied it will not:
- (a) compromise the management plan in effect under this Licence or a forest stewardship plan approved in respect of this Licence; or
 - (b) unreasonably interfere with the Licensee's operations under this Licence.

4.00 OTHER CONDITIONS AND REQUIREMENTS

- 4.01 Subject to Paragraph 4.02, the Licensee will not enter, use or occupy Schedule "A" Land that is subject to a timber licence held by the Licensee or Schedule "B" Land except under and in accordance with a cutting permit, road permit associated with this Licence, special use permit or another legal authority authorizing such use or occupation.
- 4.02 Paragraph 4.01 does not apply to temporary occupation for the purpose of:

- (a) carrying out silviculture;
 - (b) collecting inventory information;
 - (c) carrying out engineering layouts and surveys;
 - (d) carrying out protection and forest health activities; or
 - (e) fulfilling other obligations or conducting other activities incidental to the operations of the Licensee under or associated with this Licence.
- 4.03 The Licensee will not harvest timber from Schedule “A” or “B” Lands, except under a road permit associated with this Licence or a cutting permit issued to the Licensee or as otherwise authorized under the forestry legislation.
- 4.04 The Licensee must not harvest timber if the timber is specified as reserved timber in a cutting permit, or under an applicable operational plan.
- 4.05 If an area of Schedule “A” Land is:
- (a) subject to a timber licence held by the Licensee that expires; or
 - (b) deleted from a timber licence held by the Licensee;
- then the area is deemed to be deleted from Schedule “A” Land and added to Schedule “B” Land.

5.00 TIMBER VOLUME CHARGED TO THE LICENCE

- 5.01 In accordance with Division 3.1, Part 4 of the *Forest Act*, the volume of timber harvested under this Licence includes the volume of waste determined under Part 6.00 of this Licence.
- 5.02 The Coast Timber Merchantability Specifications in the Provincial Logging Residue and Waste Measurement Procedures Manual that was in effect on the date of issuance of a cutting permit or road permit shall govern.

6.00 WASTE ASSESSMENTS FOR MERCHANTABLE CROWN TIMBER

- 6.01 The Licensee must conduct a waste assessment of the volume of merchantable Crown timber, whether standing or felled, that was authorized to be cut and removed under the Licence but, at the Licensee’s discretion, was not cut and removed.
- 6.02 A waste assessment conducted under either Paragraph 6.01 or 6.03 must be in accordance with the Provincial Logging Residue and Waste Measurement Procedures Manual, as amended or replaced from time to time.
- 6.03 If the Licensee fails to comply with Paragraph 6.01, the District Manager may, after the expiry of the term of a cutting permit, road permit, or the Licence, conduct a waste assessment of the volume of merchantable Crown timber which could have been cut and removed under the Licence but, at the Licensee’s discretion, was not cut and removed.

- 6.04 If a waste assessment is conducted under Paragraph 6.03, the volume of waste determined by that assessment will be the volume of waste determined under Part 6.00 of this Licence for the purpose of Paragraph 5.01.
- 6.05 If the District Manager carries out a waste assessment under Paragraph 6.03, the District Manager, in a notice given to the Licensee, may require the Licensee to pay the costs incurred by the District Manager in carrying out the assessment.

7.00 MANAGEMENT PLAN

- 7.01 In accordance with section 35.2 of the *Forest Act*, the Licensee must comply with a management plan approved under that section.

8.00 CUTTING PERMITS

- 8.01 Subject to Part 1.00 and Paragraph 8.02 of this Licence, the Licensee may submit an application to the District Manager for a cutting permit or an amendment to a cutting permit referred to in the Appraisal Manual in effect on the date of submission of the application for a cutting permit, an application to amend a cutting permit or a road permit, to authorize the Licensee to harvest one or more areas of Schedule "A" or "B" Lands for the portion of the allowable annual cut available to the Licensee that are:
 - (a) located within a forest development unit of an approved forest stewardship plan; or
 - (b) exempted under the *Forest and Range Practices Act* from the requirement for a forest stewardship plan.
- 8.02 For those areas of Schedule "B" Land or in timber licences held by the Licensee under Schedule "A" Land to be included in the application under Paragraph 8.01, the Licensee must ensure that cruise and appraisal data submitted is gathered and compiled according to the Appraisal Manual.
- 8.03 An application for a cutting permit submitted under Paragraph 8.01 must:
 - (a) be in a form established by the District Manager;
 - (b) state a proposed term that does not exceed four years;
 - (c) include:
 - (i) a map to a scale acceptable to the District Manager showing the area(s) referred to in the application;
 - (ii) the cruise data and appraisal data referred to in Paragraph 8.02; and
 - (iii) a description, acceptable to the District Manager, of any timber that is reserved from harvest.
- 8.04 The area(s) of land shown on the map referred to in Clause 8.03(c)(i) must be:
 - (a) the area(s) referred to in Subparagraph 8.01(a); or

- (b) the area(s) referred to in Subparagraph 8.01(b);
allowing for difference in scale between maps used in the forest stewardship plan, or exemption, and the map referred to in Clause 8.03(c)(i).
- 8.05 Subject to Paragraphs 8.06 through 8.09 inclusive and 8.04, upon receipt of an application under Paragraph 8.01, the District Manager will issue a cutting permit to the Licensee if the District Manager is satisfied that the requirements of Paragraphs 8.01, 8.02, 8.03 and 8.04 have been met.
- 8.06 The District Manager may consult aboriginal group(s) who may be exercising or claiming an aboriginal interest(s) if in the opinion of the District Manager issuance of the cutting permit or an amendment to a cutting permit as submitted and/or operations under the cutting permit may result in:
 - (a) an adverse impact to an aboriginal interest(s); or
 - (b) an infringement of a determined aboriginal right(s) or treaty right(s).
- 8.07 The District Manager may impose conditions in a cutting permit to address an aboriginal interest(s) if in the opinion of the District Manager issuance of the cutting permit as submitted would result in:
 - (a) an adverse impact to that aboriginal interest(s); or
 - (b) an infringement of a determined aboriginal right(s) or treaty right(s).
- 8.08 The District Manager may refuse to issue a cutting permit or an amendment to a cutting permit if in the opinion of the District Manager issuance of the cutting permit or an amendment to a cutting permit would result in:
 - (a) an adverse impact to an aboriginal interest(s) that cannot be reasonably accommodated; or
 - (b) an infringement of a determined aboriginal right(s) or treaty right(s) that cannot be justified.
- 8.09 If the District Manager:
 - (a) determines that a cutting permit may not be issued because the requirements of Paragraph 8.05 have not been met;
 - (b) is carrying out consultations under Paragraph 8.06; or
 - (c) refuses to issue a cutting permit under Paragraph 8.08;
 the District Manager will notify the Licensee within 45 days of the date on which the application for the cutting permit or an amendment to the cutting permit was received.
- 8.10 A cutting permit must:
 - (a) identify the boundaries of the areas of Schedule "A" or "B" Land which, subject to this Licence, the Licensee is authorized to conduct operations;
 - (b) specify the term stated in the application;

- (c) specify a timber mark to be used in conjunction with the timber removal carried on under the cutting permit;
 - (d) specify, for timber on Schedule "A" Land that is subject to a timber licence held by the Licensee and Schedule "B" Land, whether, for the purpose of determining the amount of stumpage payable in respect of timber removed under the cutting permit, the volume and quantity of timber is to be determined using information provided by;
 - (i) a scale of the timber; or
 - (ii) a cruise of the timber conducted before the timber is cut;
 - (e) specify any timber that is reserved from harvest; and
 - (f) include those conditions imposed under Paragraph 8.07 and any other condition or provision, consistent with this Licence and the forestry legislation, as determined by the District Manager.
- 8.11 The District Manager may amend a cutting permit only with the consent of the Licensee.
- 8.12 An application to extend a cutting permit must be made at least 45 days before the expiry of the cutting permit to the District Manager and in a form acceptable to the District Manager.
- 8.13 A cutting permit is deemed to be part of this Licence.
- 8.14 All cutting permits in effect that were issued under a Tree Farm Licence that is replaced by this Licence continue under this Licence.

9.00 ACCESS AND ACCOMMODATION

- 9.01 Nothing in this Licence affects the right of access to Crown lands by any other party.
- 9.02 Any Ministry employee may:
 - (a) enter onto Schedule "A" Land; and
 - (b) use roads owned or deemed to be owned by the Licensee;
 for any purpose arising out of the administration of this Licence.
- 9.03 The Licensee will allow any person who has been granted rights to timber referred to in Part 2.00 of this Licence or under any authority granted under the forestry legislation, to use any road referred to in Subparagraph 9.02(b) for the purpose of exercising rights or fulfilling obligations under that Part or legislation.
- 9.04 The Licensee will not require any payment from a person referred to in Paragraph 9.03 other than a reasonable payment in respect of the actual maintenance costs of the road where allowed under the forestry legislation or as otherwise permitted under forestry legislation.
- 9.05 The Ministry may carry out on Crown lands:
 - (a) silviculture operations the Province is required to carry out under the forestry legislation; and

- (b) Subject to Paragraph 9.06, any other silviculture operations, provided in the opinion of the Regional Executive Director, District Manager or Timber Sales Manager, it does not:
 - (i) compromise the management plan in effect under this Licence or forest stewardship plan approved in respect of this Licence; or
 - (ii) unreasonably interfere with the Licensee's operations under this Licence.
- 9.06 Where the Regional Executive Director, District Manager or Timber Sales Manager carries out silviculture referred to in Paragraph 9.05, the Regional Executive Director, District Manager or Timber Sales Manager, as the case may be, will ensure the silviculture is consistent with the intent of the forest stewardship plan and management plan in effect under this Licence, except where the Regional Executive Director or District Manager is required to depart from the intent of the management plan because of the requirements pursuant to forestry legislation.
- 9.07 Upon reasonable notice from the Regional Executive Director, District Manager or Timber Sales Manager, the Licensee will provide a Ministry employee with reasonable office and living accommodation on premises owned or operated by the Licensee in or near the licence area, to enable the Ministry employee to fulfill an obligation or exercise a right under this Licence.
- 9.08 The Licensee may charge the Regional Executive Director, District Manager or Timber Sales Manager, as the case may be, for costs reasonably incurred in providing the accommodation referred to in Paragraph 9.07.

10.00 CONTRACTORS

- 10.01 Each year during the term of this Licence, the Licensee will ensure that not less than:
 - (a) **50 % (minimum)** of the volume of timber harvested by or on behalf of 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 that is available to the Licensee during that year and which the Chief Forester has determined is attributable to Crown land under the Licence by
 - (ii) the allowable annual cut available to the Licensee during that year is harvested by persons under contract with the Licensee.
- 10.02 Compliance with the requirement referred to in Paragraph 10.01 will be calculated in accordance with the methods under the *Forest Act* or the regulations made under that Act.
- 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 Regional Executive Director, in a notice given to the Licensee, may require the Licensee to pay an amount determined in accordance with Paragraph 10.04.

- 10.04 For the purpose of determining the amount payable under Paragraph 10.03, the Regional Executive Director will multiply:
- (a) the volume required to be harvested by persons under contract under Paragraph 10.01, minus the actual volume harvested during the calendar year by persons under contract; by
 - (b) the average stumpage rate charged for timber in statements or invoices issued to the Licensee during the calendar year in respect of timber harvested under this Licence.
- 10.05 The Minister may relieve the Licensee from the requirements of this Part to the extent provided for under the *Forest Act* or the regulations made under that Act.
- 10.06 The Licensee may contract to have more than the volume required under Paragraph 10.01 harvested by persons under contract.

11.00 COURT DETERMINED ABORIGINAL RIGHTS AND/OR TITLE

- 11.01 Notwithstanding any other provision of this Licence, if a court of competent jurisdiction:
- (a) determines that activities or operations under or pursuant to this Licence will unjustifiably infringe an aboriginal right, including aboriginal title, or treaty right;
 - (b) grants an injunction further to a determination referred to in Subparagraph 11.01(a); or
 - (c) grants an injunction pending a determination of whether activities or operations under or pursuant to this Licence will unjustifiably infringe an aboriginal right, including aboriginal title, or treaty right;
- the Regional Executive Director or District Manager, in a notice given to the Licensee, may, with respect to a cutting permit, road permit, special use permit or free use permit, associated with the Licence and issued to the Licensee, vary or suspend, in whole or in part or refuse to issue such permit to the Licensee so as to be consistent with the court determination.
- 11.02 Subject to this Licence and the forestry legislation if:
- (a) under Paragraph 11.01, the Regional Executive Director or District Manager has varied a cutting permit, road permit, special use permit or free use permit associated with the Licence and issued to the Licensee;
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
 - (c) it is practical to do so;

the Regional Executive Director or District Manager, at the request of the Licensee, will vary the permit to reflect as closely as possible, for the remainder of its term, the terms and conditions of the permit prior to the variation under Paragraph 11.01.

- 11.03 Subject to this Licence and the forestry legislation, if:
- (a) under Paragraph 11.01, the Regional Executive Director or District Manager has suspended a cutting permit, road permit, special use permit or free use permit associated with the Licence and issued to the Licensee;
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
 - (c) it is practical to do so;
- the Regional Executive Director or District Manager, at the request of the Licensee, will reinstate the permit for the remainder of its term.
- 11.04 Subject to this Licence and the forestry legislation, if:
- (a) under Paragraph 11.01, the Regional Executive Director or District Manager has refused to issue a cutting permit, road permit, special use permit or free use permit associated with the Licence to the Licensee;
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
 - (c) it is practical to do so;
- the Regional Executive Director or District Manager, at the request of the Licensee, will issue the permit.

12.00 REPORTING

- 12.01 The Regional Executive Director, in a notice given to the Licensee by April 1 of any calendar year, may require the Licensee to submit reports containing such information as the Province requires, concerning:
- (a) the Licensee's performance of its obligations under or in respect of this Licence; and
 - (b) the approved management plan and allowable annual cut rationale and conditions from the Chief Forester's allowable annual cut determination;
- in the previous calendar year if the information is not included in any other reports which the Licensee must submit under the forestry legislation.
- 12.02 Upon receipt of a notice referred to in Paragraph 12.01, the Licensee, on or before the date specified in the notice, must submit a report to the Regional Executive Director containing the required information.
- 12.03 Subject to Paragraph 12.04, the Regional Executive Director may include the information contained in a report submitted under Paragraph 12.02 in any reports prepared by the Ministry for public review.

- 12.04 Subject to the *Freedom of Information and Protection of Privacy Act* and the forestry legislation, the Regional Executive Director will not disclose information provided in confidence by the Licensee in a report submitted under Paragraph 12.02.

13.00 FINANCIAL AND DEPOSITS

- 13.01 In addition to any money payable under the forestry legislation in respect of this Licence, or a cutting permit, road permit, special use permit or a free use permit associated with this Licence and issued to the Licensee, the Licensee will pay to the Province, immediately upon receipt of a notice, statement or invoice issued on behalf of the Province:
- (a) stumpage under Part 7 of the *Forest Act* in respect of timber removed
 - (i) under a cutting permit for
 - (A) Schedule "B" Land,
 - (B) Schedule "A" Land that is subject to a timber licence held by the Licensee, and
 - (ii) under a road permitat rates determined, re-determined and varied under Section 105 of that Act;
 - (b) costs incurred by the District Manager in carrying out an assessment under Part 6.00 of this Licence;
 - (c) waste assessments under Part 6.00 of this Licence;
 - (d) any payment required under Part 10.00 of this Licence; and
 - (e) any bonus bid or bonus offers as tendered.
- 13.02 During the term of this Licence, the Licensee will maintain with the Province a deposit in the amount prescribed under the forestry legislation, in a form acceptable to the Minister, as security for the Licensee's performance of its obligations under or in respect of this Licence, and any cutting permit, road permit, special use permit, or free use permit associated with this Licence and issued to the Licensee.
- 13.03 If the Regional Executive Director or District Manager gives the Licensee a notice that an amount has been realized as security from the deposit under this Part, the Licensee, within four weeks of the date on which the notice is given, must pay to the Province, in a form acceptable to the Minister, an amount sufficient to replenish the deposit.
- 13.04 If the Licensee fails:
- (a) to pay money that the Licensee is required to pay to the Province under
 - (i) this Licence, or cutting permit, road permit, special use permit, or free use permit associated with this Licence and issued to the Licensee; or

- (ii) the forestry legislation in respect of this Licence, or cutting permit, road permit, special use permit, or free use permit associated with this Licence and issued to the Licensee; or
- (b) to otherwise perform its obligations under
 - (i) this Licence, or cutting permit, road permit, special use permit, or free use permit associated with this Licence and issued to the Licensee; or
 - (ii) in respect of this Licence, or cutting permit, road permit, special use permit, or free use permit associated with this Licence and issued to the Licensee;

the Regional Executive Director or District Manager, after at least four weeks' notice to the Licensee, may cause an amount to be withdrawn from the deposit referenced in Paragraph 13.02:

- (c) equal to the money which the Licensee failed to pay; and
- (d) sufficient to cover all costs incurred by the Regional Executive Director or District Manager in remedying the Licensee's failure to perform its obligations; or
- (e) equal to the Regional Executive Director's or District Manager's estimate of the costs which the Regional Executive Director or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations;

and, for that purpose an amount of the security included in the deposit may be realized.

13.05 A notice referred to in Paragraph 13.04 must specify:

- (a) the money which the Licensee has failed to pay or the obligation which the Licensee has failed to perform; and
- (b) the amount of the security the Regional Executive Director or District Manager intends to realize from the deposit.

13.06 Subject to Paragraphs 13.08, 13.09 and 13.10, if:

- (a) under Paragraph 13.04 an amount of security realized from the deposit is equal to the Regional Executive Director's or District Manager's estimate of the costs which the Regional Executive Director or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations; and
- (b) the costs reasonably incurred by the Regional Executive Director or District Manager in remedying the Licensee's failure to perform its obligations are less than the amount of the security realized from the deposit;

the Province will as soon as is feasible

- (c) return an amount equal to the difference between the amount of the security realized from the deposit and the costs incurred by the Regional Executive Director or District Manager to

- (i) the Licensee, if the deposit has been replenished in accordance with Paragraph 13.03, or
- (ii) to the deposit, if the Licensee has not yet replenished the deposit in accordance with Paragraph 13.03.

13.07 If:

(a) under Paragraph 13.04 the amount of security realized from the deposit is equal to the Regional Executive Director's or District Manager's estimate of the costs which the Regional Executive Director or District Manager could expect to incur in remedying the Licensee's failure to perform its obligations; and

(b) the costs reasonably incurred by the Regional Executive Director or District Manager in remedying the Licensee's failure to perform its obligations are greater than the amount realized from the deposit;

the Regional Executive Director or the District Manager may cause to be withdrawn an additional amount from the deposit equal to the difference between the costs incurred by the Regional Executive Director or District Manager and the amount originally realized from the deposit and for that purpose an additional amount of the security included in the deposit may be realized.

13.08 If under Paragraph 13.04 the amount of security realized from the deposit is equal to the Regional Executive Director's or District Manager's estimate of the costs under Clause 13.04 (d) (ii), the Regional Executive Director or District Manager is under no obligation to remedy the Licensee's failure, and subject to Paragraph 13.10, the Province may retain the amount of the security realized from the deposit under Paragraph 13.04.

13.09 If security is realized under Paragraph 13.04 and the Regional Executive Director or District Manager decides not to remedy the Licensee's failure to perform its obligations, the Regional Executive Director or District Manager must give notice to the Licensee indicating that the Province will not be remedying the Licensee's failure to perform its obligations;

13.10 If, after receiving a notice referred to in Paragraph 13.09, the Licensee:

(a) remedies the failure to perform its obligations; and

(b) gives a notice to that effect to the Regional Executive Director or District Manager within three months of the date on which the notice referred to in Paragraph 13.09 is given to the Licensee, or within such longer period as the Regional Executive Director may approve;

(c) the Province will as soon as is feasible return an amount equal to the difference between the amount of the security realized from the deposit and the costs incurred by the Regional Executive Director or District Manager in respect of the Licensee's failure to perform its obligations to

- (i) the Licensee if the deposit has been replenished in accordance with Paragraph 13.03, or

- (ii) to the deposit, if the Licensee has not yet replenished the deposit in accordance with Paragraph 13.03.
- 13.11 Subject to the forestry legislation, the Province will return to the Licensee the deposit, less deductions made under Paragraphs 13.04 and 13.07, when:
 - (a) this Licence expires, or is surrendered; and
 - (b) the Minister is satisfied that the Licensee has fulfilled its obligations under this Licence and the forestry legislation.

14.00 REPRESENTATIONS

- 14.01 The Licensee represents and warrants to the Regional Executive Director that:
 - (a) it has the ability to undertake and complete its obligations under the Licence and while doing so comply with all applicable safety and environmental laws and regulations; and
 - (b) to the Licensee's knowledge, there is no legal or other reason why it cannot enter into the Licence.
- 14.02 All representations and warranties made in paragraph 14.01 are material and will conclusively be deemed to have been relied upon by the Crown, notwithstanding any prior or subsequent investigations by the Crown.

15.00 LIABILITY AND INDEMNITY

- 15.01 The Licensee must indemnify the Province against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Province as a result, directly or indirectly, of any act or omission of:
 - (a) the Licensee;
 - (b) an employee or agent of the Licensee;
 - (c) a contractor of the Licensee who engages in any activity or carries out any operation, under or associated with this Licence, or a cutting permit, road permit, special use permit or free use permit associated with this Licence and issued to the Licensee; or
 - (d) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation, under or associated with this Licence, or a cutting permit, road permit, special use permit or free use permit associated with this Licence and issued to the Licensee.
- 15.02 For greater certainty, the Licensee has no obligation to indemnify the Province under Paragraph 15.01 in respect of any act or omission of:
 - (a) an employee, agent or contractor of the Province, in the course of carrying out his or her duties as employee, agent or contractor of the Province; or

- (b) a person, other than the Licensee, to whom the Province has granted the right to use or occupy Crown land, including a person who has been granted the right to harvest timber referred to in Part 2.00 of this Licence, in the course of exercising those rights.
- 15.03 The Province is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to this Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under this Licence by road blocks or other means.
- 15.04 Any amounts taken under Part 13.00 of this Licence from the deposit, any payments required under Part 6.00 or Part 10.00 of this Licence, and any reductions in the allowable annual cut made under the *Forest Act* and regulations, are in addition to and not in substitution for any other remedies available to the Province in respect of a default of the Licensee.

16.00 TERMINATION

- 16.01 If this Licence expires and is not replaced under Section 36 of the *Forest Act*, or is surrendered, cancelled or otherwise terminated:
 - (a) all cutting permits will immediately terminate;
 - (b) timber, including logs and special forest products, cut under the authority of this Licence and which are still located on Crown land, vest in the Province, without right of compensation to the Licensee;
 - (c) unless otherwise agreed to between the District Manager and the Licensee prior to the surrender, cancellation or termination of this Licence, title to all improvements, including roads and bridges, constructed by the Licensee on Crown land under the authority of this Licence vest in the Province, without right of compensation to the Licensee; and
 - (d) subject to subparagraphs (b) and (c), the Licensee may continue to enter and use Crown land for a period of one month after the expiry or termination of this Licence for the purpose of removing the Licensee's property.
- 16.02 The Licensee will not take away any improvements or remove any timber referred to in Subparagraph 16.01(b), unless authorized to do so by the Regional Executive Director.
- 16.03 If the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensee is deemed to have failed to perform an obligation under this Licence and the Province may suspend or cancel this Licence.

17.00 WAIVER

- 17.01 No waiver by the Province of any default or non-compliance by the Licensee in the strict and literal performance of or compliance with any

provision of the Licence will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of the Licence or to be a waiver of, or in any manner release the Licensee from compliance with any provision, condition or requirement in the future, nor will any delay or omission by the Crown in the exercising of any right hereunder in any manner with respect to non-compliance impair the exercise of any such rights in the future.

18.00 NOTICE

- 18.01 A notice given under this Licence must be in writing.
- 18.02 A notice given under this Licence may be
- (a) delivered by hand;
 - (b) sent by mail; or
 - (c) subject to Paragraph 18.05, sent by facsimile transmission; to the address or facsimile number, as applicable, specified on the first page of this Licence, or to such other address, or facsimile number as is specified in a notice given in accordance with this Part.
- 18.03 If a notice is given under this Licence, it is deemed to have been given:
- (a) if it is given in accordance with Subparagraph 18.02(a), on the date it is delivered by hand;
 - (b) if it is given in accordance with Subparagraph 18.02(b), subject to Paragraph 18.04, on the eighth day after it is deposited with the Canada Post Office at any place in Canada; and
 - (c) if it is given in accordance with Subparagraph 18.02(c), subject to Paragraph 18.05, on the date it is sent by facsimile transmission.
- 18.04 If, between the time a notice is mailed in accordance with Subparagraph 18.02(b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.
- 18.05 If a notice is sent by facsimile, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.
- 18.06 Either party may, from time to time, advise the other party by notice in writing, of any change of address or facsimile number of the party giving such notice and, from and after the giving of such notice, the address or facsimile number specified will, for purposes of this Licence, be considered to be the address or facsimile number of the party giving such notice, until changed in accordance with this subsection.

19.00 MISCELLANEOUS

- 19.01 This Licence will inure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.

- 19.02 The laws of British Columbia will govern the interpretation of this Licence and the performance of the parties obligations under this Licence.
- 19.03 Any power conferred or duty imposed on the Minister or official under this Licence may be exercised or fulfilled by another person authorized to do so by the Minister, the Chief Forester, the Regional Executive Director, the District Manager or Timber Sales Manager, as appropriate.
- 19.04 The Schedules, if any attached to this Licence are deemed to be part of this Licence.
- 19.05 Nothing in this Licence or a cutting permit issued under this Licence is to be construed as authorizing the Licensee to engage in any activities or carry out any operations otherwise than in compliance with the requirements of the forestry legislation.
- 19.06 Subject to this Licence and all applicable legislation, including but not restricted to the forestry legislation, the Minister will ensure that the obligations under this Licence of the Ministry employees referred to in this Licence are fulfilled.
- 19.07 The Licensee must:
- (a) comply with the forestry legislation; and
 - (b) ensure that its employees, agents and contractors comply with the forestry legislation when engaging in or carrying out activities or operations under or associated with the Licence.
- 19.08 Nothing in the Licence authorizes the Licensee to in any way to restrict the Province's right of access to the areas defined in a cutting permit or a road permit or the right of any authorized entrant, user or occupier of those areas exercised in accordance with the forestry legislation.
- 19.09 Nothing in this Licence entitles the Licensee to have an area of Schedule "A" Land that is subject to a timber licence held by the Licensee or Schedule "B" Land, be replaced with another area, or to have rights awarded under another agreement under the *Forest Act*, in the event:
- (a) timber is damaged or destroyed by pests, fire, wind or other natural causes;
 - (b) an area of land is deleted from the licence area under the forestry legislation, or under any other Act or regulation; or
 - (c) this Licence expires, is surrendered, is cancelled or otherwise terminated.
- 19.10 At the request of the Regional Executive Director or District Manager, the Licensee will survey the licence area to the satisfaction of the Regional Executive Director or District Manager and define on the ground any or all boundaries of the licence area.
- 19.11 Where:
- (a) the boundaries of the licence area are based on boundaries established under existing or expired timber licences;

- (b) the legal description of the boundaries of the licence area has been derived from the timber licence survey plans or from reference maps prepared from the timber licence survey plans; and
- (c) the legal description differs from the location of timber licence corner posts located on the ground;

the boundaries of the licence area are the boundaries as established by the location of the timber licence corner posts located on the ground.

- 19.12 The Licensee will use the services of one or more professional foresters to manage the licence area.
- 19.13 This document contains the entire agreement and no additional terms are to be implied.

20.00 INTERPRETATION & DEFINITIONS

- 20.01 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 is to 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.

- 20.02 In this Licence, unless the context otherwise requires:

“aboriginal interest” means

- a) an asserted treaty right(s) or aboriginal right(s), including aboriginal title, or
- b) a determined treaty right(s) or aboriginal right(s), including aboriginal title, which is recognized and affirmed by section 35(1) of the *Constitution Act, 1982*;

“alienated Crown land” means Crown land which:

- (a) is, as of the effective date of this Licence, within the area of:
 - (i) a park, ecological reserve or conservancy;
 - (ii) an interest in land registered under the *Land Title Act* and held by the Crown for a conservation, wildlife or environmental management purpose;
 - (iii) a lease, licence of exclusive occupation, or timber licence held by a person other than the Licensee; or
 - (iv) a highway or road right of way where the highway or road is, or is deemed, declared or determined to be a public highway under the *Highway Act* or a forest service road under the *Forest Act*; or

- (b) becomes vested in or returns to the Crown by way of lease, purchase, escheat, reversion, transfer, surrender, cancellation or other process during the term of this Licence, except as otherwise provided in Schedule B of this Licence;
- (c) became vested in or returned to the Crown under a process referred to in subparagraph (b) during the term of a Tree Farm Licence replaced by this Licence, or a precursor to that Tree Farm Licence, except as otherwise provided in Schedule B of this or those Agreements;

“Appraisal Manual” means the policies and procedures approved by the Minister from time to time under Section 105 of the *Forest Act* for the forest region in which the tree farm licence is located;

“cutting permit” means a cutting permit, as amended, issued under this Licence, or an amendment to a cutting permit, as the context requires;

“forest stewardship plan” means a forest stewardship plan referred to in the *Forest and Range Practices Act*;

“forestry legislation” means:

- (a) the *Forest Act*;
- (b) the *Forestry Revitalization Act*;
- (c) the *Forest Practices Code of British Columbia Act*;
- (d) the *Forest and Range Practices Act*;
- (e) the *Wildfire Act*;

and the regulations under those Acts, and, as amended from time to time;

“Forestry Revitalization Act, allowable annual cut reduction” is the amount of allowable annual cut removed from the licence and held as a reservation within the licence area by order in accordance with Section 3(2) of the *Forestry Revitalization Act*;

“free use permit” means a free use permit issued under the *Forest Act* to:

- (a) a person other than the Licensee;

to authorize the harvest of Crown timber within Schedule “B” Land;

“harvest” means to:

- (a) cut;
- (b) remove; or
- (c) cut and remove;

“licence area” means Schedule “A” and “B” Lands;

“management plan” means a plan approved under the Tree Farm Licence for managing, protecting and conserving both the timber resources and the non-timber values and resources of the licence area, and integrating the primary logging and removal of timber and related activities with use of the licence area for purposes other than timber production;

“manual” means a guideline, guidebook, policy, procedure, or manual set or approved by the Ministry;

“merchantable timber” has the same meaning as described in the Provincial Logging Residue and Waste Measurements Procedure Manual, as amended from time to time;

“Minister” means the Minister responsible for administering the *Forest Act*;

“Ministry” means the Ministry of Forests, Lands, Natural Resource Operations and Rural Development or its successor;

“person” includes a corporation and a partnership;

“pest” means any animal, insect, fungus, bacteria, virus, nematode, or other organism which is detrimental to effective forest management;

“primary logging” includes felling timber and yarding or forwarding the timber to central landings or road-sides, but does not include the removal of the timber from these landings or road-sides;

“Province” means Her Majesty the Queen in Right of the Province of British Columbia;

“Regional Executive Director” means a person to whom a power or duty of the Minister, in relation to this Licence, has been delegated under section 1.1(1)(a) or (3) of the *Forest Act*.

“road permit” means a road permit issued to the Licensee under the *Forest Act* in relation to this Licence;


“Schedule “A” Land” means the private land and timber licences held by the Licensee described in Schedule “A” to this Licence;

“Schedule “B” Land” means the Crown land described in Schedule “B” to this Licence;

- 20.03 Unless otherwise provided in Paragraph 20.02, if a word or phrase used in this Licence is defined in the forestry legislation, the definition in the Act applies to this Licence, and where the word or phrase in the Act is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.
- 20.04 If a provision of the forestry legislation, referred to in this Licence is renumbered or replaced, the reference in this Licence is to be construed as a reference to the provision as renumbered or replaced.
- 20.05 In this Licence, unless the context otherwise requires:
- (a) the singular includes the plural and the plural includes the singular;
and
 - (b) the masculine, the feminine and the neuter are interchangeable.

IN WITNESS WHEREOF this Licence has been executed by the Minister and the Licensee on the dates written below.

SIGNED on behalf of **Her Majesty the Queen in Right of the Province of British Columbia** by the Minister of Forests, Lands, Natural Resource Operations and Rural Development or the Minister's Authorized Representative


Minister or the Minister's Authorized Representative


Dave Peterson, Assistant Deputy Minister

Printed Name (and Title if Minister's Authorized Representative)

AUG 23 2017

Date

SIGNED on behalf of (Name of the Licensee) by a duly authorized signatory


Authorized Signatory

MaryAnn Envaldsen; President
Printed Name and Title

11/09/17
Date

SCHEDULE "A"
TREE FARM LICENCE 43
DESCRIPTION OF CROWN GRANTS & TIMBER LICENCES

SCHEDULE "A" LAND

- 1.01** Fee simple private forest lands subject to **Tree Farm Licence 43** and Crown land subject to timber licences contained within the boundaries of the Tree Farm Licence and subject to the Licence.

SCHEDULE "B"
TREE FARM LICENCE 43

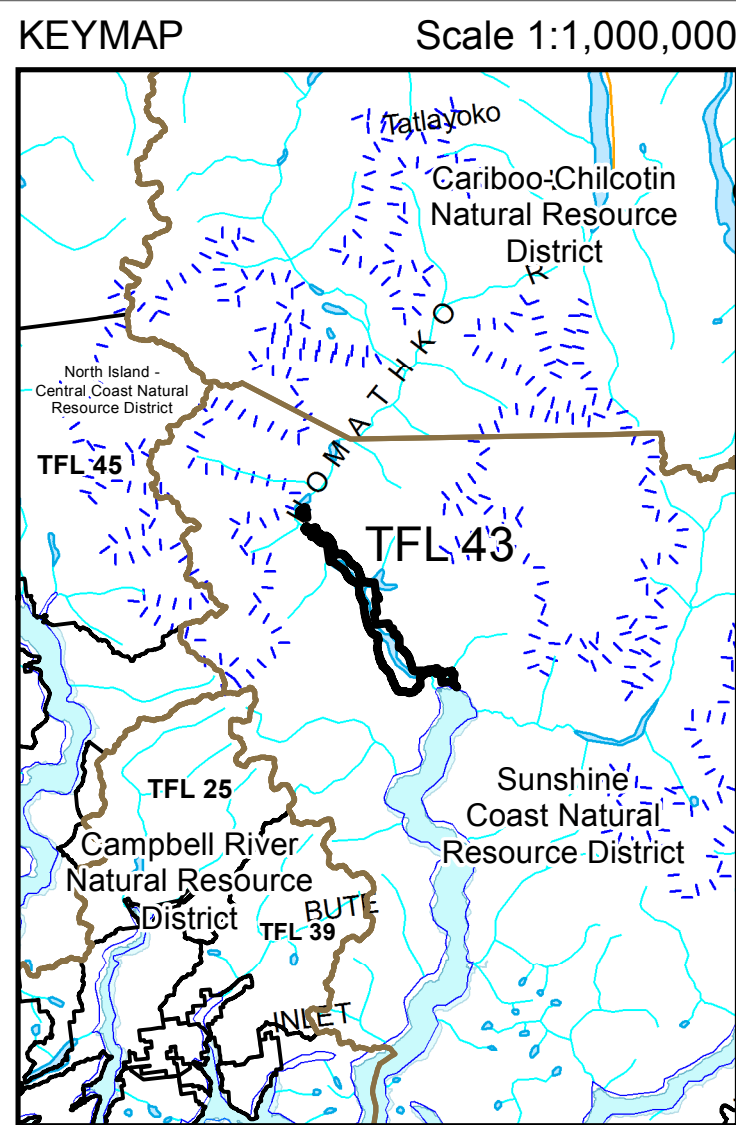
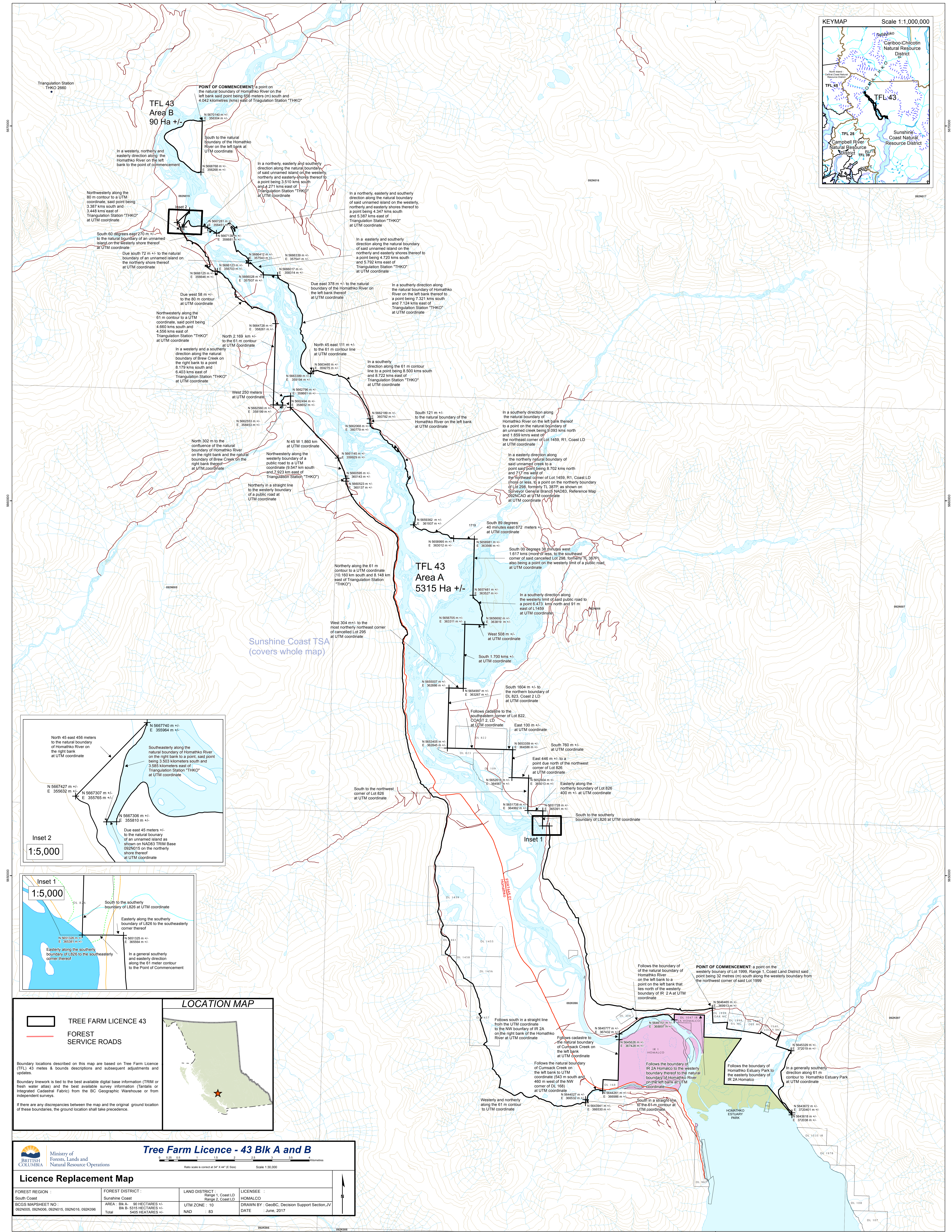
DESCRIPTION OF CROWN LAND SUBJECT TO THE LICENCE
SCHEDULE "B" LAND

- 1.01 For the purposes of the definition of "Schedule "B" Land" in Paragraph 20.02 of the Licence, "Crown land described in Schedule "B" to this Licence" means all Crown land within the boundaries described in Paragraph 2.01 of this Schedule, except for:
- (a) "alienated Crown land" as defined in Paragraph 20.02, including Crown land subject to any "old temporary tenure" (as that term was defined in section 1 of the Forest Act, SBC 1978, c. 23) which reverted after 1971 and at the time of reversion was held by a person other than the Licensee;
 - (b) Crown land owned by an agent of the Crown or vested in the federal Crown;
 - (c) all foreshore and land covered by water; and,
 - (d) all surveyed rights of way.

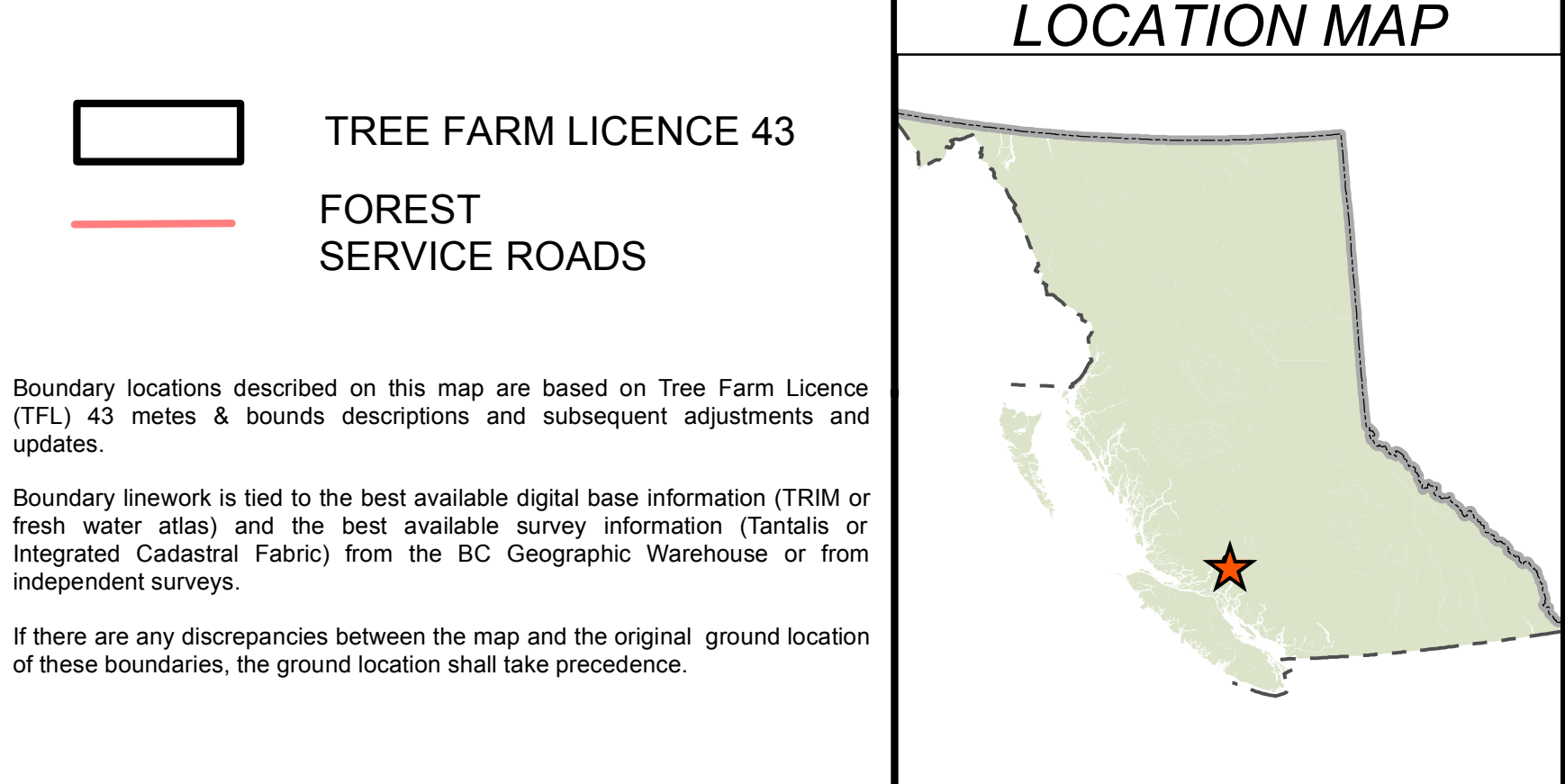
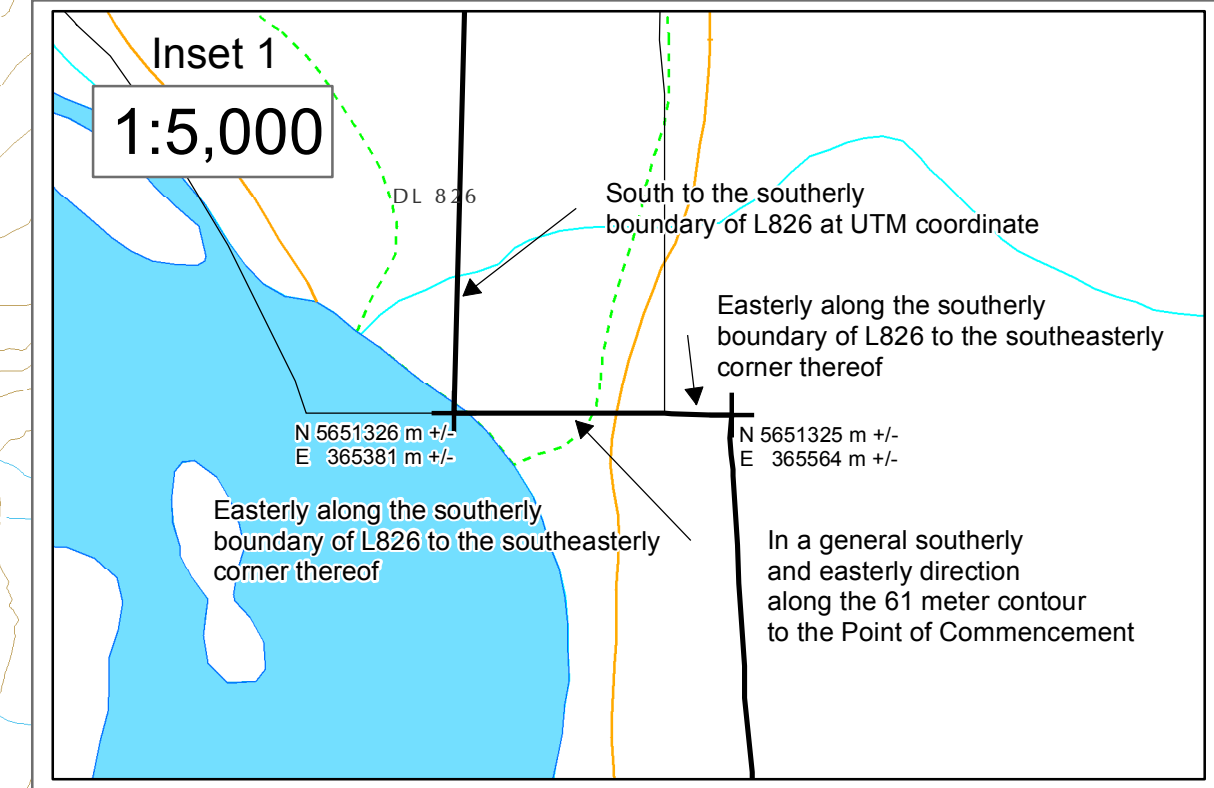
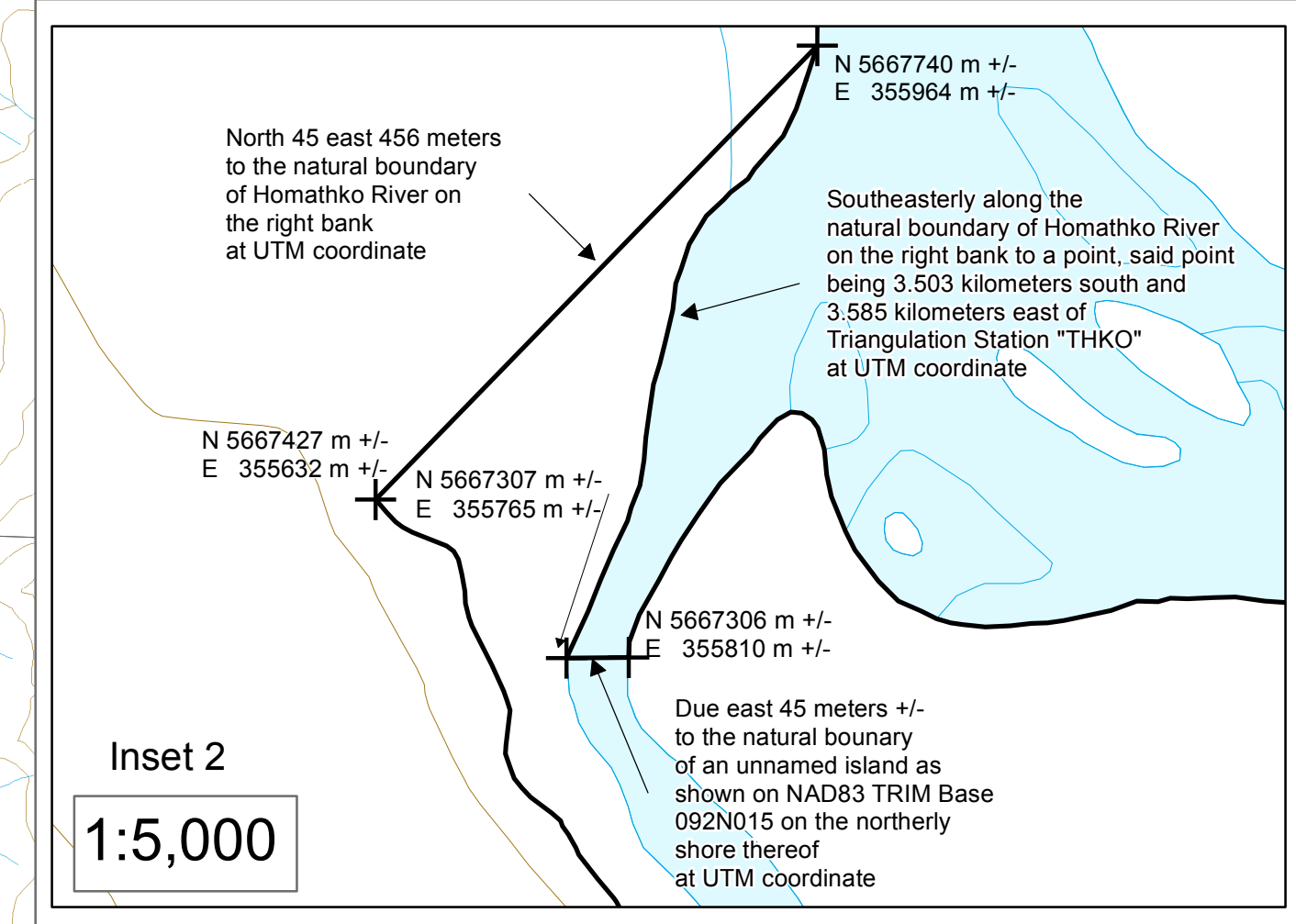
2.00 BOUNDARIES AND MAP

- 2.01 The boundaries referred to in Paragraph 1.01 of this Schedule are stored and maintained in their digital form on the B.C. Geographic Warehouse (BCGW) as TFL 43, within the layer named "WHSE_ADMIN_BOUNDARIES.FADM_TFL".
- These boundaries are based on the original "metes and bounds" legal description of the TFL boundary and include all subsequent boundary changes, including the following made during the term of the previous agreement effective March 1, 2010:
- (1) Instrument No. 14, dated January 1, 2016, deleting 4406 hectares;
- 2.02 The bold black line on the attached map generally describes the outer boundary of TFL 43. The attached map is for reference only, and may not identify all alienated Crown land and other exceptions identified in Paragraph 1.01 of this Schedule. If a difference exists between the map and the digital files referred to in Paragraph 2.01, the digital files shall govern.
- 2.03 If a difference in location of a boundary exists between the digital format and maps described in Paragraph 2.02 of this Schedule, and the description in Paragraphs 1.01 and 2.01 of this Schedule, the metes and bounds description in Paragraphs 1.01 and 2.01 of this Schedule shall govern. In all cases, the actual verifiable ground locations of the boundaries described in Paragraph 1.01 and 2.01 of this Schedule will take

SCHEDULE "B"
TREE FARM LICENCE 43
DESCRIPTION OF CROWN LAND SUBJECT TO THE LICENCE
precedence over boundary locations depicted on the digital information
and map(s) described in Paragraph 2.02 of this Schedule.



Sunshine Coast TSA
(covers whole map)



Tree Farm Licence - 43 Blk A and B			
FOREST REGION : South Coast	FOREST DISTRICT : Sunshine Coast	LAND DISTRICT : Range 1, Coast LD Range 2, Coast LD	LICENSEE : HOMALCO
BCGS MAPSHEET NO : 092N005, 092N006, 092N015, 092N016, 092N096	AREA : Blk A- 90 HECTARES +/- Blk B- 5315 HECTARES +/- Total 5405 HECTARES +/-	UTM ZONE : 10 NAD : 83	DRAWN BY : GeoBC, Decision Support Section, JV DATE : June, 2017