

COPY

LITTLE SLOCAN TREE FARM LICENCE

TREE FARM LICENCE NO. 3

AMENDMENT NO. 9

PROVINCE OF BRITISH COLUMBIA  
Department of Lands, Forests, and Water Resources  
FOREST SERVICE

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IN THE MATTER OF TREE FARM LICENCE NUMBER 3  
AMENDMENT NUMBER 9

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THIS INDENTURE made in duplicate this first day of July,  
in the year of Our Lord One Thousand Nine Hundred and Seventy,  
BETWEEN:

THE MINISTER OF LANDS, FORESTS, AND WATER RESOURCES,  
of the Province of British Columbia, who with his  
successors in office is

hereinafter called "the Minister",

OF THE ONE PART,

AND

PACIFIC PINE CO. LTD., a Corporation duly incorporated  
under the laws of the Province of British Columbia,  
and having its registered office in the City of  
Vancouver, in the said Province,

hereinafter called "the Licensee",

OF THE OTHER PART.

WHEREAS by an Indenture made in duplicate on the 1st day  
of February, 1950, between the Minister of Lands and Forests of  
the Province of British Columbia, of the one part, and Passmore  
Lumber Company Limited, of the other part, the said Minister  
did, pursuant to Section 32A of the Forest Act, being Chapter  
102, R.S.B.C. 1936 as enacted by Section 12 of the Forest Act  
Amendment Act, 1947, and in consideration of the payments,  
agreement and stipulations to be made and observed by and on  
the part of Passmore Lumber Company Limited, grant unto  
Passmore Lumber Company Limited that certain Forest Management  
Licence which was numbered three on the Forest Service Register

of Forest Management Licences and on official atlas maps of the Department of Lands and Forests, and known as the "Little Slocan Management Licence" or "Forest Management Licence No. 3";

AND WHEREAS it is provided by Section 12 of Chapter 17 of the Statutes of British Columbia for 1958 that the words "Tree Farm Licence" shall be substituted for "Forest Management Licence";

AND WHEREAS the said Passmore Lumber Company Limited assigned all its interest in, to and out of the said Little Slocan Tree Farm Licence, as theretofore amended, by an indenture dated the 7th day of December, 1963 to Pacific Logging Company Limited and consent of the said Minister was given thereto on the 18th day of December, 1963;

AND WHEREAS the said Tree Farm Licence No. 3 has been assigned and transferred as of the twenty-second day of April, 1970 by Pacific Logging Company Limited to Pacific Pine Co. Ltd., and the Minister has consented in writing on the twenty-ninth day of April, 1970, to the said assignment and transfer pursuant to the provisions of Clause 44 of the said Tree Farm Licence No. 3;

AND WHEREAS Pacific Pine Co. Ltd. has pursuant to Section 48 of the Companies Act changed its name to Triangle-Pacific Forest Products Ltd.;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of one dollar (\$1.00) of lawful money of Canada now paid by the Licensee to the Minister the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

- (1) That the said Tree Farm Licence No. 3, dated the 1st day of February, 1950, as heretofore amended be and the same is hereby further amended by:
  - (i) deleting therefrom all paragraphs numbered from 1 to 47, both inclusive, including the recitals and clause preceding said paragraph 1, Appendix No. 1, Schedules "A" and "B" thereto and the plans attached thereto, all as amended to the date hereof, but excepting the testimonium and attestation clauses, and
  - (ii) substituting therefor Exhibit "A" attached hereto including paragraphs numbered 1 to 56, both numbers inclusive, Schedules "A" and "B" thereto and the plan designated Schedule "C", attached to said Exhibit "A" and the testimonium and attestation clause.
- (2) That hereafter the said document marked as Exhibit "A" shall for all purposes, save as provided for in the next succeeding clause, from the date hereof be read and construed as Tree Farm Licence No. 3, and known as the Little Slocan Tree Farm Licence.
- (3) That subject to the terms of this Agreement, the parties hereto confirm the Agreement of the 1st day of February, 1950 in all other respects.

EXHIBIT "A"

This is Exhibit "A" referred to in sub-clause (ii) of Clause (1) of the Indenture dated the first day of July, in the Year of Our Lord One Thousand Nine Hundred and Seventy.

THIS AGREEMENT made in duplicate this first day  
of July in the year of Our Lord One Thousand Nine Hundred  
and Seventy,

BETWEEN:

THE MINISTER OF LANDS, FORESTS, AND WATER RESOURCES,  
of the Province of British Columbia, who, with his  
successors in office, is

hereinafter called "the Minister",

OF THE ONE PART,

AND

TRIANGLE-PACIFIC FOREST PRODUCTS LTD.,  
a Corporation duly incorporated under  
the laws of the Province of British  
Columbia, and having its registered  
office in the City of New Westminster,  
in the said Province,

hereinafter called "the Licensee",

OF THE OTHER PART.

WHEREAS by Subsection (2) of Section 36 of the  
Forest Act, being Chapter 153 of the Revised Statutes of  
British Columbia, 1960, and subsequent amendments, it is  
provided that the Minister may enter into an agreement to be  
described as a "tree-farm licence" with the owner of other  
tenures to combine such other tenures and Crown forest lands  
into a single unit by mutual consent and contract for the  
purpose of growing continuously crops of forest products to  
be harvested in approximately equal annual or periodic cuts  
adjusted to the sustained-yield capacity of the lands in  
the area covered by the licence, or the Minister may enter  
into an agreement to be known as a "tree-farm licence" with  
any person for the management of Crown lands specified in  
the agreement for the like purpose.

AND WHEREAS the conditions precedent to the  
issuance of this Licence, as set forth in said Section 36,  
have been complied with to the satisfaction of the Minister;

NOW THIS AGREEMENT WITNESSETH THAT pursuant to Section 36 of the Forest Act and in consideration of the payments, agreements and stipulations to be made and observed by and on the part of the Licensee as hereinafter mentioned, the Minister doth hereby grant unto the Licensee the management of the Crown lands specified in Schedule "B" to this agreement, which lands are reserved to the sole use of the Licensee for the purpose of growing continuously successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the lands described in this Agreement;

And in consideration of the premises, IT IS  
HEREBY AGREED AS FOLLOWS:

1. This Tree Farm Licence may be referred to as the "Little Slocan Tree Farm Licence" or "Tree Farm Licence No. 3" and is numbered Three (3) on the Forest Service Register of Tree Farm Licences and on the official atlas maps of the Department of Lands, Forests, and Water Resources.
2. This Tree Farm Licence is given for the maintenance of the manufacturing plant or plants owned or operated by the Licensee. Said plant or plants shall be capable of using an amount equivalent to the allowable cut of forest products from the Licence area, and such plant or plants shall be maintained in operation in sufficient continuity to use an amount equivalent to the allowable annual cut from the Licence. Provided also that the said manufacturing plant or one of the plants shall be maintained in operation within a radius of twenty-five (25) miles of the junction of the Little Slocan and Slocan Rivers.

Notwithstanding the provisions of this clause, the Minister may, for good and sufficient reasons, at his discretion, in writing, afford such relief from the provisions of this clause as he may see fit.

3. The Licensee shall manage the Tree Farm Licence area in accordance with the provisions of the said Section 36 of the Forest Act and of regulations under the said Act for the regulation of tree-farm licences and in accordance with the Management Working Plan applicable thereto, for the purpose of growing continuously successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the Tree Farm Licence area.

4. The term of this Tree Farm Licence shall be twenty-one (21) years commencing from the first day of July, 1970, subject to the provisions of this Agreement and compliance with the Management Working Plan. This Tree Farm Licence shall be renewable but subject to renegotiation of the terms and conditions of the contract according to the provisions of the Forest Act and the regulations in force at the time of the application for renewal.

5. The Tree Farm Licence area includes all Crown lands not otherwise alienated at this date, as set forth in Schedule "B" hereto, together with all the lands owned or controlled by the Licensee, as set forth in Schedule "A" hereto, all of which are within the area outlined in bold black line on Schedule "C" attached hereto, subject, however, to any increase or decrease in area as provided by this Agreement or by Subsection (14) of Section 36 of the Forest Act; and in addition it includes any and all lands



that may be subsequently acquired by the Licensee and incorporated into the said Schedule "A" pursuant to Clause 7 hereof, provided also that any other tenure included in Schedule "A", the title or interest to which reverts to the Crown or which the Licensee elects to revert to the Crown shall be included in Schedule "B" immediately following their reversion.

6. The Licensee hereby declares that it owns or controls the cutting rights on each parcel of the lands listed and described in Schedule "A" hereto.

7. The acquisition by the Licensee of forest lands within the Tree Farm Licence area subsequent to the issuance of this Tree Farm Licence, shall, pursuant to Subsection (9) of said Section 36, be reported to the Minister, and such forest lands if they are located in the watershed and drainage basins as defined in Clause 8 hereunder shall be included forthwith in the Tree Farm Licence area and be incorporated in Schedule "A" hereof.

8. For the purposes of Subsection (8) of Section 36 of the Forest Act, the watershed and drainage basins relating to this Tree Farm Licence are defined as the areas within the boundaries of the Tree Farm Licence area.

9. The Minister may from time to time withdraw from the Crown lands included in the Tree Farm Licence area, such lands as are required for forest experimental purposes, parks, or for aesthetic purposes; but the lands so withdrawn if productive forest land shall not exceed one per cent (1%) of the total productive area of forest lands in the Tree Farm Licence area without the consent of the Licensee, and no land shall be withdrawn from areas being developed under the current cutting plan of the Tree

Farm Licence without the consent of the Licensee. Any such withdrawals shall be deducted from Schedule "B" of the Tree Farm Licence.

10. If at any time, or from time to time, part of the Crown lands within the Tree Farm Licence area is found to be required for a higher economic use than growing and harvesting forest crops, or for any use deemed to be essential to the public interest, said lands may be withdrawn from Schedule "B" of the Tree Farm Licence area by the Minister, provided that if by such withdrawal the productive capacity of the Licence area is diminished by more than one-half of one per cent of its total productive capacity, other lands, if available, will be added to the Licence area in substitution therefor. Any such withdrawals shall be deducted from Schedule "B", and any such additions shall be added to Schedule "B". For the purposes of this clause, the development of mines and mineral claims may be deemed to be essential to the public interest.

11. It is expressly understood that the Minister may at his discretion and at any time, either permanently or for a specified time, withdraw from this Tree Farm Licence and from the Tree Farm Licence area any Crown lands needed for rights-of-way under Part VI of the Forest Act, or for railway, highway, power transmission, or other right-of-way purposes, and such lands will be deducted from Schedule "B" of the Tree Farm Licence.

12. Notwithstanding the provisions of Clauses 10 and 11, if in the opinion of the Minister it is not necessary to withdraw any part of the Crown lands within

the Tree Farm Licence area for the purposes mentioned in said clauses the Minister may, subject as hereinafter provided, in lieu of effecting any such withdrawal, grant the use of such lands for the said purposes. Before making any such grant of use, the Minister shall notify the Licensee of the particulars of the proposed use in respect of which such grant is intended to be made, at the same time advising that the Licensee has a period of thirty (30) days from the date of such notice to file an objection in writing thereto. If the Licensee shall so object to the Minister's proposed grant of use, the Minister and the Licensee shall endeavour to agree upon mutually agreeable terms for the grant of such use by the Minister and, should the Minister and Licensee fail to so agree within thirty (30) days from the date of the filing of the said objection, the Minister may make the proposed grant of use upon such terms and conditions as he deems advisable and shall furnish the Licensee with a copy of such grant, or, if so requested in writing by the Licensee, shall withdraw from the Tree Farm Licence area the lands proposed for such use.

13. In the event of the withdrawal of any lands from the Tree Farm Licence area pursuant to Clauses 9, 10, 11 and 15 hereof or pursuant to the provisions of the Forest Act, the Licensee may remove and the Minister may require the Licensee to remove from such lands, within one hundred and twenty (120) days thereafter, all timber then cut thereon and all buildings, machinery, equipment, and other property placed by it thereon and which is capable of removal.

Compensation shall be paid to the Licensee in

respect of improvements capable of removal from the lands so withdrawn to the extent only of the cost of removal and damage incidental thereto; and compensation shall be paid to the Licensee in respect of improvements not capable of removal on the basis of cost less depreciation. Without limiting the generality of the foregoing, the term "improvements" means all roads, buildings, structures, fixtures and things erected or built upon or affixed to the said lands and used in connection with the business of the Licensee in the management or operation of the Tree Farm Licence. Improvements shall also mean areas artificially reforested by planting and other silvicultural acts, compensation for which shall be the cost incurred in the act of reforesting.

If the amount of compensation payable to the Licensee is not agreed upon, then such amount shall be appraised and awarded by a single arbitrator in case the Minister and Licensee agree upon one; otherwise by three arbitrators, one to be appointed by the Minister and one by the Licensee and the third to be appointed by writing under the hands of the two appointed, such arbitration to be in accordance with the provisions of the Arbitration Act of the Province of British Columbia. In the event that both parties are unable to agree on a third arbitrator, the Chief Justice of the Supreme Court of British Columbia shall be requested to make an appointment.

14. If at any time, or from time to time, part of the lands included in Schedule "A" is found to be required for a higher economic use than raising forest crops, said lands may be withdrawn from the Tree Farm Licence area by

the Minister at the request of the Licensee and after such withdrawal such lands will be deducted from Schedule "A" and shall be used or disposed of by the Licensee for the purpose for which they were withdrawn.

15. Where the Tree Farm Licence insofar as Crown lands in Schedule "B" are concerned, includes within the described boundaries a belt or area of non-productive land surrounding or adjacent to the productive forest land of the Licence, any or all of such non-productive land may be withdrawn from the Tree Farm Licence at the pleasure of the Minister unless the Licensee has a bona-fide use for such non-productive land related to the management of the Tree Farm Licence.

16. Other tenures included in this Tree Farm Licence shall not be sold, transferred or otherwise disposed of except as hereinbefore provided or except as provided in Section 36 of the Forest Act.

17. This Tree Farm Licence, insofar as Crown lands in Schedule "B" are concerned, shall not be considered to limit the use of the lands at the discretion of the Minister for other purposes such as mining, trapping, hunting, fishing, hydro-electric development, or any use that does not materially prejudice the rights granted to the Licensee to employ the use of the lands for the growing and harvesting of forest products under the terms of this Tree Farm Licence.

18. It is understood and agreed between the parties hereto that any rights under this Agreement in respect of Crown lands in Schedule "B" hereof do not include any riparian or foreshore rights, and all such

riparian and foreshore rights vested in the Crown in respect of the said Crown lands shall remain in the same status as if this Agreement had not been entered into, and the Licensee shall have no rights or claims whatsoever in respect thereto by virtue of this Agreement.

19. The Minister may direct the Licensee to have surveyed and defined on the ground, and at the Licensee's expense, any or all the boundaries of the Tree Farm Licence area which he may deem necessary to have so surveyed and defined. In the event of failure of the Licensee to complete any such survey within time limits set by the Minister, the Minister may cause the survey to be made and the costs shall be charged to and be payable forthwith by the Licensee.

20. As a first essential to the primary object of sustained yield management of this Tree Farm Licence, it is agreed that all denuded forest land within the Tree Farm Licence area shall be kept by the Licensee in growing stock as provided in Clause 21 hereof, and adequately stocked in accordance with standards to be defined from time to time by the Chief Forester for lands of comparable site quality in British Columbia.

21. Any lands in the Tree Farm Licence area denuded before July 1st, 1970, which are found to be stocked below the minimum standards defined by the Chief Forester as provided in Clause 20 above, shall be classified as to forest-site quality and those determined by the Forest Service to be of a site quality index equal to or better than 80, unless in the opinion of the Minister they are occupied by an advanced growth of brush to such an extent, or otherwise in such condition or location as to

make planting operations economically impractical, shall be reforested by the Licensee by artificial means with a merchantable timber species suitable and adapted to the locality at a rate per year of not less than one thousand acres, or ten per cent of the total acreage of such lands, whichever is the less, all to the satisfaction of the Minister.

Any lands in the Tree Farm Licence area denuded on or after July 1st, 1970 shall be artificially regenerated by the Licensee with timber tree species as follows:

- (a) those of a forest site quality index better than 110 and not found to be restocked satisfactorily five (5) years after such denudation will be so regenerated before the end of the seventh (7th) year; and
- (b) those of a forest site quality index between 80 and 110 and not found to be restocked satisfactorily eight (8) years after such denudation will be so regenerated before the end of the tenth (10th) year;

all to the satisfaction of the Minister.

22. On failure of the Licensee to comply with the provisions of Clause 21, the Minister, by the Forest Service, may enter on the lands in respect of which the Licensee is in default, and reforest them, and the cost thereof shall be recoverable by the Crown from the Licensee and may be taken in whole or in part from the deposit referred to in Clause 36 hereof.

23. The operations covered by the Tree Farm Licence shall be managed in accordance with the currently approved

Management Working Plan, each of which, in turn, as approved for each successive period, is hereby incorporated into and made part of this Tree Farm Licence.

24. Management Working Plans for the Tree Farm Licence will be approved for such period as the Chief Forester may decide and will be subject to revision as set forth in the said Plans.

25. Revised Management Working Plans for the Tree Farm Licence shall be submitted for the approval of the Chief Forester not later than six months prior to the expiry of currently approved plans.

26. The object of each succeeding Plan shall be to implement the primary object of the Tree Farm Licence; i.e., sustained yield in equal annual or periodic cuts, and the Plan may embody any method of attaining that objective that over a reasonable period of years is likely to prove economically feasible, that is approved by the Chief Forester, and that is consistent with the spirit and intent of the Act and regulations.

27. Should it appear at any time to either party hereto necessary or expedient in case of emergency to increase or decrease the rate of cutting contemplated by the Tree Farm Licence cutting budget then in effect, or to alter the cutting plan then being observed, then, subject to the approval of the Chief Forester, emergency revision of the Management Working Plan will be undertaken upon the request of either the Licensee or the Chief Forester.

"Emergency" shall include an economic depression severe enough in the opinion of the Minister to justify revision of the Management Working Plan.



28. In the process of harvesting the crop from the Tree Farm Licence area, regardless of the tenure of the land from which it is harvested, the Licensee shall provide the opportunity for contractors, other than the Licensee's own employees or shareholders who own more than one per cent (1%) interest to harvest up to the equivalent of fifty per cent (50%) of the allowable cut from Crown lands in Schedule "B" hereof, not held under other tenure but where the Minister is satisfied that such contract operation is not feasible, either by reason of lack of operators or for other good and sufficient reason, the Minister may relieve the Licensee in whole or in part from this responsibility.

29. In the event of the development on the Tree Farm Licence area of injurious insects in numbers which in the opinion of the Minister will seriously reduce the current or future allowable annual harvest of wood, and which in the opinion of the Minister can be controlled, then the Licensee and the Minister shall take such control measures as may be mutually agreed upon, or the Licensee shall take such control measures as the Minister shall direct, provided that the cost of such control measures to the Licensee at its own expense in any one calendar year shall not exceed one-half ( $\frac{1}{2}$ ) the cost of such control measures incurred during that calendar year, or the total stumpage of that year's allowable cut, whichever may prove to be the lesser. For the purposes of this Clause, the stumpage shall be the stumpage at rates as appraised by the Forest Service.

30. In the event that mutual agreement cannot be reached between the parties hereto as to the allowable

annual cut of the Tree Farm Licence or as to the sequence or methods of cutting to be employed at the time an emergency, or any other revision of the cutting plan or cutting budget is undertaken, the Minister shall determine the allowable annual cut and the plan and methods of cutting.

31. The Licensee, in its logging operations on the Tree Farm Licence area, shall at all times maintain at least as high a standard of utilization as, in the Chief Forester's opinion, is being maintained by well-conducted logging operations in the Nelson Forest District.

32. Cutting on the Tree Farm Licence area shall be done only in accordance with the Management Working Plan, and only after notice of intent has been given to the Forest Service and a Cutting Permit has been issued. Such Cutting Permit shall be issued on the direction of the Chief Forester if the proposed cutting is in keeping with the provisions of this Agreement and the Management Working Plan. If cutting is on Crown lands not held under other tenures, the Cutting Permit will fix the stumpage rates in accordance with Subsection (20), Section 36 of the Forest Act. Any cutting not covered by a Cutting Permit will be deemed to be in trespass and the Licensee may be assessed damages by the Minister in amounts not in excess of the value of the logs or other products so cut, which may be charged against the deposit.

33. Timber marks shall be secured by the Licensee and marking of all timber carried out as required by Part IX of the Forest Act.

34. All timber harvested on the Tree Farm Licence area shall be scaled in cubic feet in accordance with the provisions of Part VIII of the Forest Act and regulations made pursuant thereto.

35. Timber and wood cut from lands included in this Tree Farm Licence, regardless of the tenure of the lands, shall be subject in all respects to the provisions of Part X of the Forest Act, insofar as they relate to lands granted after the 12th day of March, 1906.

36. The Licensee herewith deposits, pursuant to Subsection (6) of Section 36 of the Forest Act, the sum of Six thousand nine hundred dollars (\$6,900.00), receipt of which is acknowledged. The said deposit shall be held by the Minister for the purpose of ensuring compliance on the part of the Licensee with the provisions of the Forest Act, the regulations made thereunder and the terms and conditions of this Tree Farm Licence, of the Management Working Plan and any permit issued pursuant thereto.

37. The Licensee agrees to pay stumpage on all merchantable wood cut, wasted or removed by the Licensee, its agents or servants on or from the lands described in Schedule "B" of this Tree Farm Licence, as provided in the Forest Act and any Cutting Permit issued pursuant to this Agreement.

38. Starting on the first day of January, 1970, the wood harvested from the Tree Farm Licence area in any one year shall not be less than fifty per cent and not more than one hundred and fifty per cent (150%) of the approved annual cut, and shall not vary more than ten per cent (10%) from the total approved cut over a period of five (5) consecutive years.

39. Damages, recoverable in full or in part from the deposit made by the Licensee under Clause 36 hereof, may be assessed by the Minister for failure to observe the provisions of Clause 38 of this Tree Farm Licence as follows:

(a) The full stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut falls below fifty per cent (50%) of the approved annual cut.

(b) Double the stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut is in excess of one hundred and fifty per cent (150%) of the approved annual cut, whether cut from Crown lands or from other tenures, and any stumpage paid on such excess will be credited against such assessment.

(c) Should the total cut for five (5) consecutive years vary more than ten per cent (10%) in excess of the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet of double the stumpage rates, as established for the fifth year of the period, will be assessed by the Minister for the quantity of timber in excess of the ten per cent (10%) allowance, whether such timber was cut from Crown land or from other tenures. Should the total quantity of timber cut for five (5) consecutive years vary more than ten per cent (10%) under the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet equal to the stumpage rates as established for the fifth year of the period will be assessed by the Minister on the quantity of timber less than the ten per cent (10%) allowance whether from Crown land or from other tenures.

(d) Should the total cut for ten (10) consecutive years, including the five-year period referred to in (c) above, vary less than ten per cent (10%) from the total of the ten-year cutting budget as

approved in the Working Plan, the sum assessed under Paragraph (c) above, if any, will be refunded or credited.

(e) For the purposes of this clause stumpage shall be appraised on the same basis and in the same manner as provided in Clause 32 hereof.

(f) Any damages provided for in any Cutting Permit may be deducted from the deposit and thereupon the Licensee shall forthwith pay to the Minister sufficient moneys to make the said deposit equal to the amount of deposit required under Clause 36.

(g) In the event that the Tree Farm Licence is cancelled by reason of any default or breach of the Tree Farm Licence by the Licensee, then all moneys on deposit with the Minister under the terms of this Agreement shall be payable to the Crown for damages.

40. For the purpose of carrying out the provisions of Clauses 38 and 39 hereof, the Licensee may elect to start a new five-year period from any year in which the quantity of timber cut for the preceding five-year period is within ten per cent (10%) of the accumulated approved annual cuts.

41. The aggregate acreage of the Crown lands not held under other tenures in the Tree Farm Licence area for the purposes of rental under Subsection (19) of Section 36 of the Forest Act, as of this date, shall be the acreage as set forth in the current approved Working Plan.

42. The allowable annual cut of the Tree Farm Licence shall be as may be determined in the current approved Working Plan, and forest protection tax shall be payable as provided by Section 126, Subsection (2) of the Forest Act.

43. All camps or other living quarters established incident to the management of the Tree Farm Licence area shall be of a standard at least as high as those that, in the Minister's opinion, are being maintained by comparable well-conducted forest operations in the Nelson Forest District.

44. All roads, on lands within the boundaries of this Tree Farm Licence, including the lands listed in Schedule "A" shall be held available for public use in accordance with the terms of the Forest Act relating thereto.

45. The Licensee shall provide, to the satisfaction of the Chief Forester, office and living accommodation for a Forest Service inspection staff on the Tree Farm Licence area or at any headquarters, plant or operation maintained by the Licensee, if instructed by the Chief Forester in writing so to do.

46. The Licensee shall employ one Forester, registered under the terms of Chapter 37, R.S.B.C., 1960, and amendments thereto, and as many additional Registered Foresters as may be deemed necessary by the Chief Forester. The Working Plan and all revisions and amendments thereto shall be signed and sealed by the Registered Forester and by one other officer authorized to sign contracts for the Licensee.

47. If the Licensee shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent, take the benefit of any Act that may be in force for bankrupt or insolvent debtors, the Minister may cancel this Agreement and any or all moneys on deposit may be declared by the Minister to be payable

to the Crown for damages. Provided, however, that this clause shall not become effective until the Minister has given written notice to any and all Trustees for the holders of bonds, debentures or other securities of the Licensee of which he has notice of his intention to cancel this Agreement and has given such Trustee or Trustees reasonable time to exercise for the holders of bonds, debentures or other securities of the Licensee, or such holders themselves, reasonable time to exercise any rights or remedies contained in any Deed of Trust and Mortgage or other Agreement under which such bonds, debentures or other securities are issued or secured, including without restricting the generality of the foregoing, the taking of possession by any such Trustee of the Licensee's properties and assets and the operation or disposition thereof for the benefit of the holders of the Licensee's bonds, debentures or other securities.

48. This Agreement may be amended by the parties hereto by a memorandum in writing signed by the parties hereto.

49. Without the written consent of the Minister first having been obtained, this Tree Farm Licence shall not be sold or transferred by the Licensee within ten (10) years from the first day of July, 1970 and the control of the Tree Farm Licence shall not be transferred in any manner whatsoever to any person or persons, firm or firms, corporation or corporations. Provided that nothing hereinbefore contained in this Clause 49 or in Clause 16 shall apply to any sale, assignment or transfer made to

- (a) a trustee for the holders of bonds, debentures and other securities of the Licensee or a mortgagee of the Licensee; and

- (i) All moneys held as security deposit of whatsoever nature or kind or any part thereof may be declared by the Minister payable to the Crown for damages or otherwise and the Minister shall not be obliged to account in respect thereof.
- (ii) All tenures which have reverted to the Crown pursuant to this Contract shall not revest in the Licensee.
- (iii) All improvements made on Crown lands included in Schedule "B" shall become and be the property of the Crown and the Licensee shall have no claim or in any way be entitled to compensation therefor: Provided the Licensee may remove its own improvements which are capable of removal in such a manner as not to damage other improvements; provided also such removal shall not in any way affect the lien of the Crown on such fixtures as provided in the Forest Act.
- (iv) All Cutting Permits issued pursuant to this Agreement shall terminate on the termination of the Agreement.
- (v) The Licensee shall forthwith pay all moneys owing on outstanding accounts for stumpage, royalty, taxes and annual rental.
- (vi) All rights granted pursuant to any



statute or regulation or under this Agreement as ancillary thereto and

all appurtenances shall be cancelled effective on the termination of this

Tree Farm Licence.

52. In the event that this Tree Farm Licence is

cancelled or terminated, existing other tenures owned or controlled by the Licensee included within the Tree Farm Licence area shall in no way be encumbered by any

commitments, agreements, understanding or in any other manner arising out of the execution of this Tree Farm

Licence.

53. The Licensee shall use such techniques as are

available and practical in the operation of the plants referred to in Clause 2 hereof to safeguard the public generally from any deleterious effects which may result

from the processing of pulp.

54. This Agreement is subject to the provisions of

the Forest Act and any amendments thereto made from time to time and the regulations made from time to time pursuant

thereto.

55. In this Agreement:

Forest Act and Act mean the Forest Act, R.S.B.C.

1960, Chapter 153, and amendments thereto in force from time to time during the currency of this Agreement, and the

regulations made pursuant thereto.

"Approved" if not otherwise defined in the

context, means approved by the Minister.

"Denuded" or "denuded lands" means any forest

lands in the Tree Farm Licence area from or on which

substantially all mature or immature timber has been cut, logged, or destroyed, and on which trees of young growth

in sufficient numbers to produce a valuable crop according to the standards defined by the Chief Forester have not yet been established.

"Forest Service" means the Forest Service of the Department of Lands, Forests, and Water Resources of British Columbia and officers thereof.

"Higher economic use" means that use which in the opinion of the Minister will contribute most to the good and welfare of the Province, including non-monetary uses.

"Other tenures" means any title, licence, lease or berth whereby the Licensee has the right to cut timber on land in Schedule "A" hereto, or on land that subsequently may be acquired by the Licensee and added to the Licence pursuant to Clause 7 hereof.

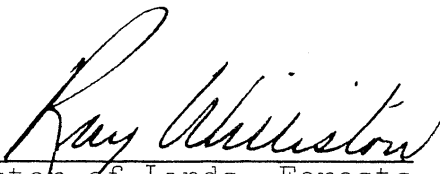
"Minister" means the Minister of Lands, Forests, and Water Resources and his successors in office.

"Management Working Plan" means the Management and Working Plan submitted by the Licensee with the application for this Tree Farm Licence and approved prior to the execution of these presents and subsequent revised management working plans submitted or to be submitted by the applicant in accordance with the terms of this Licence as herein appearing.

56. This Licence shall enure to the benefit of and shall be binding upon, not only the parties hereto

but also the successors in office of the Minister and  
the successors and assigns of the Licensee, respectively.

SIGNED SEALED AND DELIVERED  
in the presence of:

  
Minister of Lands, Forests,  
and Water Resources.

  
Witness

THE COMMON SEAL OF TRIANGLE-PACIFIC FOREST PRODUCTS LTD.  
was hereunto affixed in the presence of:





SCHEDULE "A"

This is Schedule "A" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture dated the first day of July in the year of Our Lord One Thousand Nine Hundred and Seventy.

LITTLE SLOCAN TREE FARM LICENCE

TREE FARM LICENCE NO. 3

Forest lands in other tenures owned or controlled by the Licensee in the Little Slocan Tree Farm Licence.

NIL.

SCHEDULE "B"

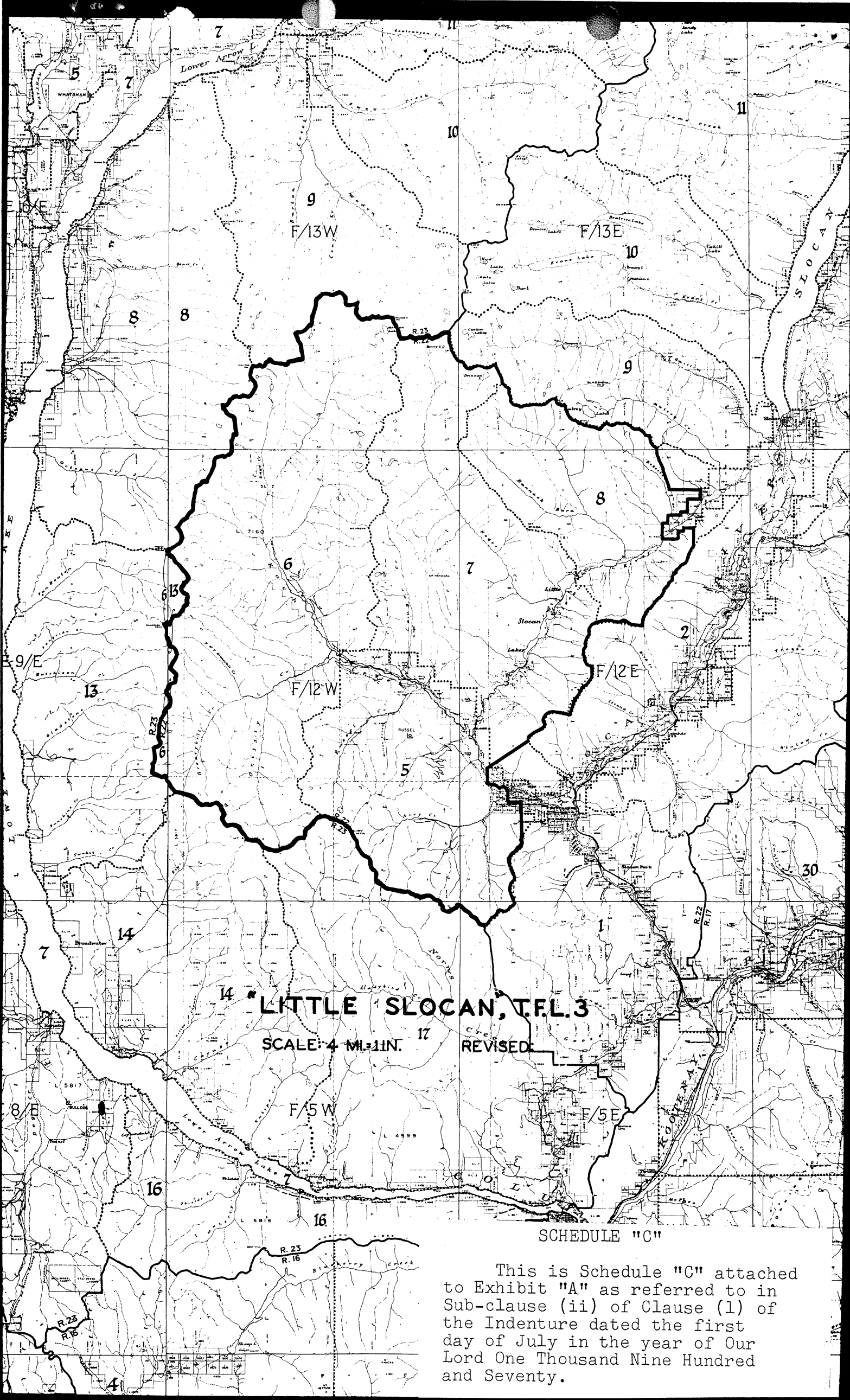
Little Slocan Tree Farm Licence

Tree Farm Licence No. 3

All Crown lands not otherwise alienated within that portion of Kootenay Land District described as follows:

"Commencing at the southwest corner of Lot 10806, Kootenay Land District; thence northerly along the westerly boundaries of Lots 10806 and 12305 to the southeast corner of Lot 12307; thence westerly along the southerly boundaries of Lots 12307 and 12308 to the southwest corner of said Lot 12308; thence northerly along the westerly boundary of said Lot 12308 to the highwater mark of Little Slocan River on the right bank thereof; thence in a general westerly direction along the said highwater mark of Little Slocan River on the right bank thereof to a point due South of the southwest corner of Sub-lot 13 of Lot 7161; thence North to said corner and continuing northerly along the westerly boundary of said Sub-lot 13 to the northwest corner thereof; thence North 55.5 degrees East 150 chains more or less to the summit of an unnamed peak, being a point on the easterly boundary of the watershed of Little Slocan River, commonly known as Perry Ridge; thence in a general northerly direction along the said easterly boundary of the watershed of Little Slocan River to a point due South of the southeast corner of Lot 3815; thence North 50 chains more or less to said corner; thence westerly along the southerly boundary of said Lot 3815 to the easterly boundary of Lot 8336; thence southerly and westerly along the easterly and southerly boundaries of Lots 8336 and 8337 to the southwest corner of said Lot 8337; thence northerly and easterly along the westerly and northerly boundaries of Lots 8337, 8336, 3815 and 3818 to the westerly boundary of Lot 14252; thence northerly along the westerly

boundaries of Lots 14252 and 14253 to the northwest corner of said Lot 14253; thence due West 100 chains more or less to the easterly boundary of the watershed of Robertson Creek; thence in a general northerly and westerly direction along the easterly and northerly boundaries of the said watershed of Robertson Creek to the northerly boundary of the watershed of Bannock Burn; thence in a general westerly direction along the northerly boundaries of the watersheds of Bannock Burn, Hoder Creek and Koch Creek to the easterly boundary of the watershed of Lower Arrow Lake; thence in a general southerly direction along the said easterly boundary of the watershed of Lower Arrow Lake to the southerly boundary of the watershed of Grizzly Creek; thence in a general easterly direction along the southerly boundaries of the watersheds of Grizzly Creek, Russel Creek and Airy Creek to the easterly boundary of the watershed of said Airy Creek; thence in a general northerly direction along the said easterly boundary of the watershed of Airy Creek to a point due South of the aforesaid southwest corner of Lot 10806; thence north 80 chains more or less to said corner, being the point of commencement."



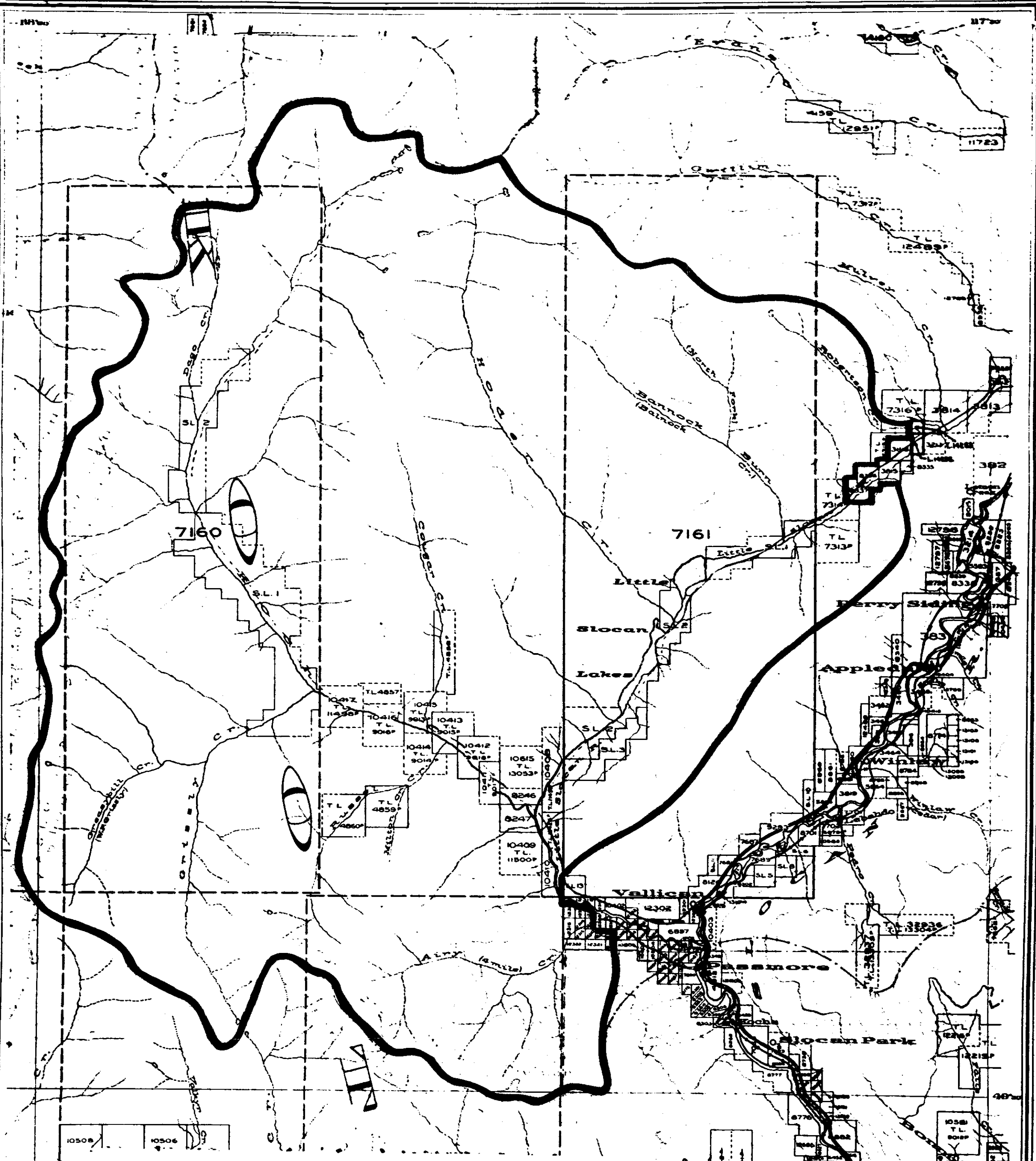
**"LITTLE SLOCAN, T.F.L. 3"**

SCALE: 4 MI. = 1 IN.

REVISED

SCHEDULE "C"

This is Schedule "C" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture dated the first day of July in the year of Our Lord One Thousand Nine Hundred and Seventy.



MAP TO ACCOMPANY  
LITTLE SLOCAN FOREST MANAGEMENT LICENSE  
( BOUNDARIES OUTLINED IN RED PURSUANT TO PARAGRAPH 6  
— THEREOF ) —  
SCALE. 1 INCH = 2 MILES

