

COPY

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

IN THE MATTER OF TREE FARM LICENCE NUMBER 8
AMENDMENT NUMBER 4

THIS AGREEMENT made in duplicate this *21st* day of
March in the year of Our Lord one thousand nine hundred
and sixty-nine,
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

BOUNDARY SAWMILLS LTD., a Corporation duly
incorporated under the laws of the Province
of British Columbia, and having its registered
office in the Town of Midway, in the said Province,

hereinafter called "the Licensee"

OF THE OTHER PART.

WHEREAS by an Agreement made in duplicate on the 26th day of
January, 1951, between the Minister of Lands and Forests of the Province
of British Columbia, therein called "the Licensor" of the one part, and
Boundary Sawmills Limited, therein called "the Licensee" of the other
part, the said Minister did, pursuant to Section 33 (now Section 36) of
the Forest Act and in consideration of the payments, agreements and
stipulations to be made and observed on the part of the Licensee, grant
unto the Licensee that certain Tree Farm Licence which was numbered eight
(8) on the Forest Service Register of Tree Farm Licences and on official
atlas maps of the Department of Lands and Forests, and known as the
"Boundary Creek Tree Farm Licence" or "Tree Farm Licence No. 8";

AND WHEREAS by an Agreement made in duplicate on the 14th day of January, 1952, between the Minister of Lands and Forests of the Province of British Columbia, therein called "the Licensor" of the one part, and Olinger Lumber Company Limited, therein called "the Licensee" of the other part, the said Minister did, pursuant to Section 33 (now Section 36) of the Forest Act and in consideration of the payments, agreements and stipulations to be made and observed on the part of the Licensee, grant unto the Licensee that certain Tree Farm Licence which was numbered eleven (11) on the Forest Service Register of Tree Farm Licences and on official atlas maps of the Department of Lands and Forests, and known as the "Carmi Tree Farm Licence" or "Tree Farm Licence No. 11"

AND WHEREAS the said Tree Farm Licence No. 11 has been assigned and transferred as of the 28th day of March, 1967 by Olinger Lumber Company Limited to Boundary Sawmills Ltd., and the Minister has consented in writing on the 23rd day of May, 1967 to the said assignment and transfer pursuant to the provisions of Clause 44 of the said Tree Farm Licence No. 11, as amended June 16, 1965.

AND WHEREAS the parties hereto are mutually agreeable to terminating and cancelling the said Tree Farm Licence No. 11 and are mutually agreeable to consolidating the lands of the aforementioned Tree Farm Licence No. 11 in accordance with the principles of sustained yield management as part of the said Tree Farm Licence No. 8 and to amending the said Tree Farm Licence No. 8 as heretofore amended as hereinafter set forth;

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 pursuant to the provisions of Clause 46 of the said Tree Farm Licence No. 11 or Carmi Tree Farm Licence, the same is hereby terminated and cancelled and is hereby declared to be of no further

force and effect as of the date hereof;

- (2) That the said Tree Farm Licence No. 8 or Boundary Creek Tree Farm Licence, as hereafter amended shall be known as "Boundary Tree Farm Licence" or "Tree Farm Licence No. 8".
- (3) That the said Tree Farm Licence No. 8 or formerly Boundary Creek Tree Farm Licence dated the 26th day of January, 1951, as heretofore amended be and the same is hereby further amended by:
 - (i) deleting therefrom paragraphs 1 to 47, both inclusive, Schedules "A" and "B" thereto and the plan 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 Schedules "A" and "B" thereto and the plans attached to said Exhibit "A".
- (4) 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 Boundary Tree Farm Licence or Tree Farm Licence No. 8.
- (5) That subject to the terms of this Agreement, the parties hereto confirm the Agreement of the 26th day of January, 1951, in all other respects.

This Agreement 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.

IN WITNESS WHEREOF the Minister has executed these

presents and the Licensee has hereunto affixed its common seal by the hands of its proper officers in that behalf.

SIGNED SEALED AND DELIVERED
in the presence of:

Elmer Chalkin
Witness

Samuel H. H. H. H.
Minister of Lands, Forests, and
Water Resources

THE COMMON SEAL OF BOUNDARY SAWMILLS LTD.
was hereunto affixed in the presence of:

W. H. H. H.

W. H. H. H.

EXHIBIT "A"

This is Exhibit "A" referred to in sub-clause (ii) of Clause (3) of the agreement dated the *21st* day of *March* in the year of Our Lord one thousand nine hundred and sixty-nine.

BOUNDARY TREE FARM LICENCE

TREE FARM LICENCE NO. 8

1. This Tree Farm Licence may be referred to as the "Boundary Tree Farm Licence" and is numbered eight (8) 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 a manufacturing plant or plants owned or operated by the Licensee. Provided the said manufacturing plant shall be maintained in operation on the licence area or within a distance of one mile of the highway between the town of Kettle Valley on the West and the town of Eholt on the East. 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. 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. Subject to compliance on the part of the Licensee with the provisions of this Agreement, the "Forest Act" and the regulations made thereunder, and compliance with the Management Working Plan, the licence is perpetual.

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 and shall include, immediately following their reversion, all the lands not otherwise alienated at this date all of which are within the area outlined in bold black line on the plans attached hereto, subject, however, to increase, decrease, re-allocation or exchange of lands 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 said Schedule "A" pursuant to Clause 7 hereof, provided also that any lands 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 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 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 lands for the aforementioned purposes then the Minister may in his discretion not withdraw such lands but may grant the use of such lands for the said purposes; provided however that before making such grant of use the Minister notifies the Licensee of the application for the proposed use and in the event the Licensee does not within 30 days object to the same the Minister may make the grant of use. In the event the Licensee objects to the making of such a grant the Minister may enter into an agreement with the Licensee in respect of such use and in the event no agreement is made within 30 days after the objection the Minister may grant the use of such lands subject to such terms and conditions he deems advisable.

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, the Minister may require the Licensee to remove from such lands within one hundred and twenty 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 by the Crown 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 buildings, structures, fixtures, and things erected upon or under or affixed to such lands and shall include machinery, boilers, tanks, pipes, dams, flumes, tunnels, roads, railways, transmission lines, and other works used in connection with the business of the Licensee. Improvements shall

also mean areas artificially reforested by planting or seeding, 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, one to be appointed 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 at the request of the Licensee and on the consent of the Minister, and after such withdrawal such lands will be deducted from Schedule "A" and shall be disposed of or used 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.

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 Forest Service for lands of a comparable site quality in British Columbia.

21. Any lands in the Tree Farm Licence area denuded before the date of this Agreement which are found to be stocked below the

minimum standards defined by the Forest Service as provided in Clause 20 above, shall be classified as to 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, 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 species suitable 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 lesser, all in accordance with the Management Working Plan and to the satisfaction of the Minister.

The Licensee further agrees that lands of site quality index better than 110 denuded after the date of this Agreement and not found to be restocked satisfactorily five years after logging, will be artificially regenerated by the Licensee before the end of the seventh year after logging; and that lands of site quality index between 80 and 110 not found to be restocked satisfactorily eight years after logging, will be artificially regenerated by the Licensee before the end of the tenth year after logging, all to the satisfaction of the Minister.

22. On failure of the Licensee to comply with the provisions of Clause 21, the Minister, his servants or agents, may enter on the Tree Farm Licence lands in respect of which the Licensee is in default, and restock 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 Agreement.

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. In preparing the Management Working Plan, advantage shall be taken of all available data and experience.

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.

Without limiting the generalities of the preceding paragraph, cause for revision on account of emergency conditions will cover such things as fire damage of major proportions, serious windthrow, insect or disease attacks, serious damage to the Licensee's manufacturing plant, or other catastrophe of great moment, or should there occur a national emergency brought about by war, or 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 interest to harvest up to the equivalent of fifty per cent 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 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 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 reasonable 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 Chief Forester and a Cutting Permit has been issued. Such Cutting Permit shall be issued by the Chief Forester if the proposed cutting is in keeping with the provisions of this Tree Farm Licence and the Management Working Plan. If the proposed cutting is to be on other tenures, the Cutting Permit will constitute the Minister's concurrence that the cutting is according to plan and specify such other details as he may deem necessary, such details, however, always to be in keeping with the provisions of the Management Working Plan and this Agreement. If cutting is on Crown lands not held under other tenures, the Cutting Permit will, in addition, fix the stumpage rate 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 a sum by the Minister in respect thereof in an amount not in excess of the value of the logs or other products so cut or wasted or destroyed.

33. Timber marks shall be secured by the Licensee and marking 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 and otherwise in all respects in accordance with the provisions of Part VIII of the Forest Act.

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 Fifteen Thousand Dollars (\$15,000.00) receipt of which is acknowledged. The said deposit shall be held for the purpose of ensuring compliance on the part of the Licensee with the terms of the Forest Act, the regulations made thereunder, this Tree Farm Licence, the Management Working Plan, and

any permit issued pursuant to this Tree Farm Licence.

37. The Licensee agrees to pay stumpage on all wood cut, wasted or removed by the Licensee, its agents or servants on or from that part of the Tree Farm Licence area described in Schedule "B" hereto, as provided in the Forest Act and the Cutting Permit.

38. Starting on the 1st day of January, 1963, 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 of the approved annual cut, and the total cut over five consecutive years shall not vary more than ten per cent from the total approved cut for the five year period.

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 Agreement, 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 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 of the approved annual cut, whether cut from Crown lands or from other tenures, and any stumpage paid on such excess under Clause 37 above will be credited against such assessment.

(c) Should the total cut over five consecutive years vary more than ten per cent over the total of the five years' approved cut, a sum per one hundred cubic feet of double the stumpage as established for the fifth year of the period, will be assessed by the Minister on the amount cut over the ten per cent allowance, whether cut from Crown land or from other tenures. Should the total cut over five consecutive years vary more than ten per cent under the total of the five years' approved cut, a sum per one hundred cubic feet equal to the stumpage as

established for the fifth year of the period, will be assessed by the Minister on the amount cut under the ten per cent allowance whether cut from Crown land or from other tenures.

(d) Should the total cut over ten consecutive years, including the five-year period referred to in (c) above, vary less than ten per cent from the total of the ten-year cutting budget as approved in the Working Plan, the damage assessed under Paragraph (c) above, if any, will be refunded.

(e) For the purposes of Clause 39, 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 mentioned in Clause 32 may be deducted from the deposit mentioned in Clause 36, and thereupon the Licensee shall forthwith deposit with 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 Licensor under the terms of this Agreement shall be payable to the Crown for damages.

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

41. The aggregate acreage of the Crown lands not held under other tenure 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 Working Plan.

42. For the purposes of Section 126, Subsection (2) of the Forest Act, Chapter 153 of the Revised Statutes of British Columbia for 1960

and subsequent amendments, the allowable annual cut of the Tree Farm Licence shall be such as may be determined in the current approved Working Plan, and forest protection tax shall be payable as provided by the said Section 126.

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 reasonable 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 reasonable office and living accommodation for a reasonable 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 Company shall make any assignment for the benefit of creditors or becoming bankrupt or insolvent shall 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. This management licence shall not be sold or transferred by the Licensee separately from the mill or plant during the continuance of the management licence, and this licence shall not be transferred except on the written consent of the Minister.

50. 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 years immediately subsequent to the issuance of this Tree Farm Licence 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 50 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

- (b) a person, firm or corporation upon the sale or other disposition by or on behalf of such trustee or mortgagee aforesaid or other person realizing upon or enforcing any security for the benefit of the holders of such bonds, debentures and other securities of the Licensee or any mortgagee of the Licensee; and

the Minister insofar as is necessary to give effect to (a) and (b) above hereby consents pursuant to Section 36 (22) of the Forest Act to any such sale, assignment or transfer.

51. Any notice required to be given to the Licensee by the Minister or Chief Forester under this Agreement, may be given by written notice sent by registered mail or delivered to the registered office of the Licensee in British Columbia, and shall be deemed to be so given on the day it would have been received by the Licensee in the ordinary course of post, or on the day it was so delivered.

52. (a) This Tree Farm Licence may be terminated at any time by mutual consent of the parties hereto.

(b) The Licensee may terminate this Tree Farm Licence on two years' notice in writing given to the Minister subject as hereinafter provided.

(c) In the event that the Licensee serves notice of termination of this Tree Farm Licence as provided in Subclause (b) above or if the Minister terminates this Tree Farm Licence such termination shall be subject to the following conditions:

- (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 revert 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.

53. 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.

54. This Agreement is subject to the provisions of the Forest Act and such amendments thereto as may be 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 of the Forest Service have not yet been established.

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

"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.

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

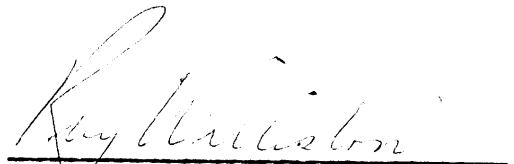
"Other tenure" means any title, licence, lease, or berth whereby the Licensee has the right to cut timber on land included in Schedule "A" hereto, or on land that subsequently may be acquired by the Licensee and added to the Licence pursuant to Clause 7 hereof.

"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 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.

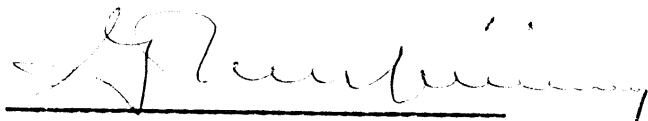
IN WITNESS WHEREOF the Minister has executed these presents and the Licensee has hereunto affixed its corporate seal by the hands of its proper officers in that behalf.

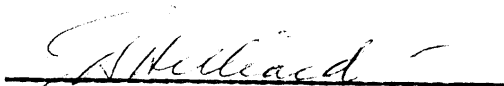
SIGNED SEALED AND DELIVERED
in the presence of


Minister of Lands, Forests, and
Water Resources



THE COMMON SEAL OF THE LICENSEE
was hereunto affixed in the
presence of:





SCHEDULE "A"

BOUNDARY TREE FARM LICENCE

TREE FARM LICENCE NO. 8

Forest lands and merchantable timber in other tenures
owned or controlled by the Licensee in the Boundary Tree Farm
Licence, No. 8.

NIL.

SCHEDULE "B"

This is Schedule "B" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause 3 of the Agreement dated the *21st* day of *March* in the year of Our Lord one thousand nine hundred and sixty-nine.

BOUNDARY TREE FARM LICENCE

TREE FARM LICENCE NO. 8

Description - Block I

All Crown lands not otherwise alienated within the following described area within the Similkameen Division of Yale District:

"Commencing at the northeast corner of Lot 2839s, Similkameen Division of Yale District, (being a point on the westerly boundary of Lot 1875s), situated southwest of Jewel Lake; thence northerly and easterly along the westerly and northerly boundaries of Lot 1875s to the southwest corner of Lot 860; thence northerly, easterly and northerly along the westerly, northerly and westerly boundaries of said Lot 860 to the most northerly northwest corner thereof; thence north 45 degrees west 50 chains more or less to the southerly boundary of the watershed of Clement Creek; thence northeasterly along the said southerly boundary of the watershed of Clement Creek to the easterly boundary of the watershed of Boundary Creek; thence northerly along the said easterly boundary of the watershed of Boundary Creek to a point 194 chains, more or less, due east from a point 985 chains due north of the northeast corner of Lot 471s; thence generally north 15 degrees west, (following a line marked with axe blazes and orange paint) 60 chains, more or less, to a point indicated by a witness post set in a rock mound and inscribed 'NE T.F.L. #8', being the most northerly northeast corner of Tree Farm Licence Number 8, Block I; thence south 85 degrees west, (following a line marked with axe blazes and orange paint) 40 chains more or less, to a point indicated by a witness post marked 'northerly boundary of T.F.L. #8';

thence due west 76 chains; thence due north 28 chains, more or less, to the northerly boundary of the watershed of an unnamed creek which drains easterly; thence westerly along the said northerly boundary of the watershed of the unnamed creek to the northerly boundary of the watershed of Boundary Creek; thence westerly and southerly along the northerly and westerly boundaries of the watershed of said Boundary Creek to a point due east of the northeast corner of Lot 2334s; thence west 50 chains, more or less, to said corner; thence southerly and westerly along the easterly and southerly boundaries of Lots 2334s, 2335s and 2086s to the southwest corner of said Lot 2086s; thence due west to the easterly boundary of Lot 1924s; thence southerly and westerly along the easterly and southerly boundaries of said Lot 1924s to the northeast corner of Lot 2369s; thence southerly along the easterly boundaries of Lots 2369s and 1923s to the northerly boundary of Lot 2087s; thence easterly along the northerly boundaries of Lots 2087s and 1922s to the northeast corner of said Lot 1922s; thence southerly along the easterly boundary of said Lot 1922s to the northwest corner of Lot 2331s; thence easterly and southerly along the northerly and easterly boundaries of said Lot 2331s to the northeast corner of Lot 305s; thence southerly and westerly along the easterly and southerly boundaries of Lots 305s, 306s and 1723s to the northwest corner of Lot 1724s; thence southerly along the westerly boundaries of Lots 1724s and 1725s to the southwest corner of said Lot 1725s; thence easterly along the southerly boundary of said Lot 1725S to the northeast corner of Lot 1719s; thence southerly along the easterly boundary of said Lot 1719s to the southeast corner thereof; thence westerly along the southerly boundaries of Lots 1719s and 1716s to the northwest corner of Lot 2311s; thence southerly along the westerly boundary of said Lot 2311s to the northerly boundary of Lot 1468s; thence easterly and southerly along the northerly and easterly boundaries of said Lot 1468s to the most southerly southwest corner

of Lot 2312s; thence easterly and northerly along the southerly and easterly boundaries of said Lot 2312s to the northwest corner of Lot 2328s; thence easterly along the northerly boundaries of Lots 2328s and 2317s to the northeast corner of said Lot 2317s; thence southerly along the easterly boundary of said Lot 2317s to the northwest corner of Lot 1818s; thence easterly along the northerly boundaries of Lots 1818s and 1819s to the westerly boundary of Lot 1820s; thence northerly, easterly and southerly along the westerly, northerly and easterly boundaries of said Lot 1820s to the northwest corner of Lot 2338; thence easterly, southerly and westerly along the northerly, easterly and southerly boundaries of said Lot 2338 to the northeast corner of Lot 2336; thence southerly along the easterly boundary of said Lot 2336 to the most northerly northwest corner of Lot 848; thence easterly and southerly along the northerly and easterly boundaries of said Lot 848 to the northwest corner of Lot 878; thence easterly along the northerly boundaries of Lots 878 and 877 to the westerly boundary of Lot 2505s; thence northerly along the said westerly boundary of Lot 2505s to the most southerly southwest corner of Lot 2506s; thence northerly and westerly along the westerly and southerly boundaries of said Lot 2506s to the most westerly southwest corner thereof; thence northerly along the westerly boundaries of Lots 2506s, 2507s, and 2508s to the northwest corner of said Lot 2508s; thence easterly along the northerly boundaries of Lots 2508s and 2509s to the westerly boundary of Lot 2510s; thence northerly along the westerly boundaries of Lots 2510s and 2511s to the northwest corner of said Lot 2511s; thence easterly and southerly along the northerly and easterly boundaries of Lots 2511s, 3003s and 740s to the northwest corner of Lot 736s; thence easterly along the northerly boundary of said Lot 736s to the northeast corner thereof; thence due north to the southerly boundary of Lot 696; thence westerly and northerly along the southerly and westerly

boundaries of Lots 696 and 2229s to the northwest corner of said Lot 2229s; thence easterly and southerly along the northerly and easterly boundaries of said Lots 2229s and 696 to the southeast corner of said Lot 696; thence due south to a point due west of the northwest corner of Lot 620; thence east to the said northwest corner of Lot 620; thence easterly along the northerly boundary of said Lot 620 to the northeast corner thereof; thence easterly in a straight line to the southwest corner of Lot 710; thence northerly along the westerly boundary of said Lot 710 to the northwest corner thereof; thence northerly to the southwest corner of Lot 640; thence northerly along the westerly boundary of said Lot 640 to the southerly boundary of Lot 638; thence westerly and northerly along the southerly and westerly boundaries of Lots 638 and 1054 to the southerly boundary of Lot 470s; thence westerly along the southerly boundary of said Lot 470s to the easterly boundary of Lot 2638s; thence southerly, westerly, northerly and easterly along the easterly, southerly, westerly and northerly boundaries of said Lot 2638s to the westerly boundary of aforesaid Lot 470s; thence northerly and easterly along the westerly and northerly boundaries of said Lot 470s to the southwest corner of Lot 1020; thence northerly along the westerly boundary of said Lot 1020 to the southeast corner of Lot 2979s; thence westerly along the southerly boundary of said Lot 2979s to the southwest corner thereof; thence northerly along the westerly boundaries of Lots 2979s, 2978s and 471s to the northwest corner of said Lot 471s; thence easterly and southerly along the northerly and easterly boundaries of Lots 471s, 2983 and 75s to the northeast corner of Lot 2977s; thence southerly along the easterly boundary of said Lot 2977s to the northwest corner of Lot 2976s; thence easterly along the northerly boundaries of Lots 2976s and 2975s to the northeast corner of said Lot 2975s; thence due east to the westerly boundary of Lot 2839s; thence northerly and easterly along the westerly and northerly boundaries of said Lot 2839s to the northeast corner thereof, being the point of commencement."

Description - Block II

All Crown lands not otherwise alienated within the following described area within the portion of the Similkameen Division of the Yale Land District:

"Commencing at the southwest corner of Lot 1253s, Similkameen Division of Yale Land District, situated in a southerly direction from Carmi; thence northerly along the westerly boundary of said Lot 1253s to a point due east of the southeast corner of Lot 798s; thence west to said corner and continuing westerly along the southerly boundary of said Lot 798s to the easterly boundary of Lot 1565s; thence southerly and westerly along the easterly and southerly boundaries of said Lot 1565s to the southwest corner thereof; thence northerly along the westerly boundaries of Lots 1565s and 798s to the easterly boundary of Lot 2356; thence southerly along the said easterly boundary of Lot 2356 to the northerly boundary of Lot 3092s; thence easterly, southerly and westerly along the northerly, easterly and southerly boundaries of said Lot 3092s to the easterly boundary of Lot 3091s; thence southerly, westerly and northerly along the easterly, southerly and westerly boundaries of said Lot 3091s to a point due east of the southeast corner of Lot 3090s; thence west to said corner and continuing westerly along the southerly boundary of said Lot 3090s to the southerly boundary of Lot 3093s; thence westerly and northerly along the southerly and westerly boundaries of Lot 3093s to the southeasterly boundary of Lot 3094s; thence southwesterly and northwesterly along the southerly and westerly boundaries of said Lot 3094s to the northeasterly boundary of Lot 2423s; thence southeasterly, southwesterly and northwesterly along the easterly, southerly and westerly boundaries of said Lot 2423s to the southerly boundary of Lot 2424s; thence westerly, northerly, easterly and southerly along the southerly, westerly, northerly and easterly boundaries of said Lot 2424s to the northwesterly boundary of the aforesaid Lot 3094s; thence northeasterly and southeasterly along the northerly and easterly

boundaries of said Lot 3094s to the westerly boundary of Lot 3095s; thence northerly along the said westerly boundary of Lot 3095s to the southerly boundary of Sub-lot 2 of Lot 3638; thence westerly, northerly, westerly and northerly along the southerly and westerly boundaries of said Sub-lot 2 to the northwest corner thereof; thence easterly, northerly, easterly and southerly along the northerly, westerly, northerly and easterly boundaries of said Sub-lot 2 to the northwest corner of Lot 482s; thence easterly along the northerly boundaries of Lot 482s and Sub-lot 1 of aforesaid Lot 3638 to the westerly boundary of Lot 2520; thence northerly, easterly and southerly along the westerly, northerly and easterly boundaries of said Lot 2520 to the southeast corner thereof; thence due east to the westerly boundary of the watershed of Beaverdell Creek; thence in a general northerly direction along the said westerly boundary of the watershed of Beaverdell Creek to the easterly boundary of the watershed of Trapping Creek; thence in a general northerly and westerly direction along the easterly and northerly boundaries of the watershed of said Trapping Creek to a point 30 chains east of the easterly boundary of D.L. 2713, S.D.Y.D.; thence due south 135 chains more or less to a point 500 chains due south and 30 chains due east of the northeast corner of aforesaid D.L. 2713; thence due west 150 chains more or less to the northerly boundary of the watershed of Trapping Creek; thence westerly and southerly along the northerly and westerly boundaries of the watershed of said Trapping Creek to the northerly boundary of the watershed of Ptarmigan Creek; thence in a general westerly and southerly direction along the northerly and westerly boundaries of the watershed of said Ptarmigan Creek to a point due east of the northeast corner of Lot 2763s; thence west to said corner; thence southerly and westerly along the easterly and southerly boundaries of said Lot 2763s to the southwest corner thereof; thence due west to the easterly

boundary of the watershed of Wolff Creek; thence in a general southerly and westerly direction along the easterly and southerly boundaries of the watershed of said Wolff Creek to the easterly boundary of the watershed of Dale Creek; thence in a general southerly direction along the said easterly boundary of the watershed of Dale Creek to a point North 30 degrees East of the northwest corner of Lot 2758s; thence South 30 degrees West to said corner; thence southerly along the westerly boundaries of Lots 2758s and 3638 to the easterly boundary of the watershed of Saunier Creek; thence in a general southerly direction along the said easterly boundary of the watershed of Saunier Creek to the westerly boundary of the watershed of Carmi Creek; thence in a general southerly, easterly and northerly direction along the westerly, southerly and easterly boundaries of the watershed of said Carmi Creek to a point South 70 degrees West of the northwest corner of Sub-lot 9 of aforesaid Lot 3638; thence North 70 degrees East to said corner; thence easterly along the northerly boundary of said Sub-lot 9 to the southwest corner of Lot 1253s, being the point of commencement".

