

ARROW LAKES FOREST MANAGEMENT LICENCE

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Forest Management Licence No. 23

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THIS INDENTURE made in duplicate this . 20 . day of  
... July ... in the year of Our Lord one thousand nine  
hundred and fifty-five.

BETWEEN:

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

hereinafter called "the Licensor", of the one part,

AND

CEGAR DEVELOPMENT COMPANY, LIMITED, 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 Subsection (2) of Section 33 of the "Forest Act",  
being Chapter 128 of the Revised Statutes of British Columbia, 1948,  
it is provided that the Licensor may enter into an agreement to be  
described as a forest management licence with any person for the  
management of Crown lands specified in the agreement and reserved to  
the sole use of the Licensee for the purpose of growing continuously  
and perpetually successive 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 may  
enter into an agreement to be known as a forest management licence  
with the owner of other tenures to combine such other tenures and  
Crown forest lands into a single unit reserved by mutual consent and  
contract to the sole use of the licensee for the like purpose:

AND WHEREAS the conditions precedent to the issuance of this  
licence, as set forth in said Section 33, have been complied with to  
the satisfaction of the Licensor:

NOW THIS INDENTURE WITNESSETH THAT pursuant to Section 33 of the  
"Forest Act" and in consideration of the payments, agreements and  
stimulations to be made and observed by and on the part of the Licensee

as hereinafter mentioned, the Licensor 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 and perpetually successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained-yield capacity of the said lands:

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

1. This forest management licence may be referred to as the "Arrow Lakes Forest Management Licence" and is numbered twenty-three (23) on the Forest Service register of forest management licences and on the official atlas maps of the Department of Lands and Forests.
2. This licence is given for the maintenance of and shall be appurtenant to the Licensee's forest products manufacturing plants, capable of utilizing not less than twenty-four (24) million cubic feet of wood per year, including the proposed pulp mill referred to in the "Memorandum of Agreement" dated April 28, 1955, attached hereto as Appendix "A" and referred to in Clause 50 hereof.
3. The Licensee shall manage the licence area in accordance with the provisions of the said Section 33 of the "Forest Act" and of regulations under the said Act for the regulation of forest management licences, and in accordance with the management working plan applicable thereto, for the purpose of growing continuously and perpetually successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained-yield capacity of the licence area.
4. Subject to compliance on the part of the Licensee with the provisions of the "Forest Act" and the regulations made thereunder, and the terms and conditions of this licence and the management working

plan, the licence is perpetual. This agreement in all respects shall be subject to the "Forest Act".

5. The 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, both of which are shown outlined in bold black line on the plan attached hereto, subject, however, to any increase, decrease, re-allocation or exchange of lands as provided by this agreement; 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 considered as being included in Schedule "B" from the time of such 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, and that each parcel is estimated to contain the quantity of merchantable timber set opposite each parcel in the said Schedule "A" at the time this agreement is entered into.

7. The acquisition by the Licensee of forest lands, excepting only cutting rights offered by the Forest Service for competitive sale, subsequent to the issuance of this licence shall, pursuant to Subsection (9) of said Section 33, be reported to the Licensor, and such forest lands shall be included forthwith in the licence area and be incorporated in Schedule "A" hereof to the extent required by said Subsection (9). Acquisition, as used herein, shall be deemed to include other tenures as defined hereinafter.

8. For the purposes of Subsection (8) of Section 33 of the "Forest Act", the watershed and drainage basins relating to this licence are defined as the watersheds draining directly into the Upper and Lower

Arrow Lakes together with that portion of the Columbia River drainage lying between the Canoe River and Upper Arrow Lake, and the Trout Lake watershed.

9. The Licensor may from time to time withdraw from the Crown lands included in the licence area such lands as are required for forest experimental purposes, parks, or for aesthetic purposes; but the lands so withdrawn shall not exceed one per cent of the total area of lands in the licence area without the consent of the Licensee, and no land shall be withdrawn from areas being developed under the current cutting plan without the consent of the Licensee. Any such withdrawals shall be deducted from Schedule "B".

10. If at any time, or from time to time, part of the Crown lands within the management licence area is found to be required for a higher economic use than raising forest crops, or for any use deemed to be essential to the public interest, said lands may be withdrawn from the licence area by the Licensor, 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 section, the development of mines and mineral prospects may be deemed to be essential to the public interest.

11. It is expressly understood that the Licensor may at his discretion and at any time, either permanently or for a specified time, withdraw from this licence and from the 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".

12. In the event of the withdrawal of any lands from the

licence area pursuant to Clauses 9, 10, 11 and 14 hereof, the Licensor 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 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 affixed to such lands and shall include machinery, boilers, tanks, pipes, dams, flumes, 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 Licensor and Licensee agree upon one; otherwise by three arbitrators, one to be appointed by the Licensor, 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.

13. 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 licence area on the consent of the Licensor and at the request of the Licensee, and after such withdrawal such lands will be deducted from

Schedule "A" and may be disposed of by the Licensee for the purpose for which they were withdrawn.

14. Where the licence 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 licence at the pleasure of the Minister.

15. Other tenures included in this management licence shall not be sold, transferred, or otherwise disposed of except as hereinbefore provided or except as provided in Section 33 of the "Forest Act".

16. This 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 licence.

17. It is understood and agreed between the parties hereto that any rights under this indenture in respect of Crown lands 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 mentioned in this indenture shall remain in the same status as if this licence had not been granted, and the Licensee shall have no rights or claims whatsoever in respect thereto by virtue of this indenture.

18. The Licensor 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 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 Licensor, the Licensor may cause the survey to be made and the costs shall be charged to and be payable forthwith by the Licensee.

19. As a first essential to the primary object of sustained-yield management of this licence, it is agreed that all potentially productive forest land within the licence area shall be kept by the Licensee in growing stock as provided in Clause 20 hereof, and adequately stocked in accordance with standards to be defined from time to time by the Forest Service for comparable lands in British Columbia.

20. Any lands in the licence area denuded before the date of this indenture which are found to be stocked below the minimum standards defined by the Forest Service as provided in Clause 19 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 Licensor they are occupied by an advanced growth of brush, or otherwise in such condition 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 to the satisfaction of the Licensor.

The Licensee further agrees that lands of site quality index better than 110 denuded after the date of this indenture, 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 Licensor.

21. On failure of the Licensee to comply with the provisions of Clause 20, the Licensor, his servants or agents, may enter on the 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.

22. The operations covered by this 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 a part of this indenture.

23. Management working plans will be approved for such period as the Minister may decide, and will be subject to revision as set forth in the said plans.

24. Revised management working plans shall be submitted for the approval of the Minister not later than three months prior to the expiry of currently approved plans.

25. The object of each succeeding plan shall be to implement the primary object of the licence; i.e., sustained-yield in equal annual or periodic cuts, and 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 Minister, and that is not inconsistent 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.

26. 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 cutting budget then in effect, or to alter the cutting plan then being observed, then, subject to the approval of the Minister, emergency revision of the management working plan will be undertaken upon the request of either the Licensee or the Minister.

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 a severe economic depression.

27. In the process of harvesting the crop from the licence area, 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 a minimum of thirty per cent of the allowable cut on Crown lands not held under other tenure as set forth in each succeeding management working plan, 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.

28. In the event of the development on the 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 Licenser shall take such control measures as may be mutually agreed upon, or the Licensee at his own expense shall take such control measures as the Minister shall direct, provided that the cost of such control measures to the Licensee 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 value of that year's cut, whichever may prove to be the lesser. For the purposes of this clause, the stumpage value shall be the value appraised by the Forest Service.

29. In the event that mutual agreement cannot be reached between the parties hereto as to the sustained-yield cutting capacity or as to the sequence or methods of cutting to be employed at the time emergency, or any other revision of the cutting plan or cutting budget is undertaken, the Licenser shall determine the permissible cut and the plan and methods of cutting.

30. The Licensee, in his logging operations on the licence area, shall at all times maintain at least as high a standard of utilization as, in the Licensor's reasonable opinion, is being maintained by well-conducted logging operations in the Nelson Forest District.

31. Cutting on the licence area shall be done only in accordance with the management working plan, and only after notice of intent has been given to the Minister and a cutting permit has been issued. Such cutting permit shall be issued by the Minister if the proposed cutting is in keeping with the provisions of this licence and the management working plan. If the proposed cutting is to be on other tenures, the cutting permit will constitute the Licensor'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 indenture. If cutting is on Crown lands not held under other tenures, the cutting permit will, in addition, fix the stumpage. 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 Licensor in respect thereof in an amount not in excess of the value of the logs or other product so cut or wasted or destroyed.

32. Subject to Subsection (20), Clause (c) of Section 33 of the "Forest Act", the Licensee agrees to pay to the Crown on all timber on Crown lands in the licence area not held under other tenure, full stumpage, inclusive of royalty, as and when the timber is cut, in such sum per unit of measurement as is appraised and assessed by the Forest Service; and the appraisal shall allow as a cost of logging such costs of management, protection, and silvicultural treatment of the licence area as the Licensor deems to be just and proper charges, but in other respects, the method of appraisal shall be the

method currently in use by the Forest Service at the time the appraisal is made.

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 licence area shall be scaled in cubic feet and in accordance with the provisions of Part VIII of the "Forest Act", provided that the Licensee may have the option of scaling timber cut on other tenures by B.C. Log Rule up to December 31, 1957.

35. Timber and wood harvested from lands included in this 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 33 of the "Forest Act", the sum of Sixteen Thousand Dollars (\$16,000.00), receipt of which is acknowledged and will supplement this deposit by the payment of ten cents on each one hundred cubic feet of wood harvested, but the sum total of deposits held at any one time by the Licensor under this Clause shall not exceed Thirty-two Thousand Dollars (\$32,000.00). In the event that the amount of the deposit becomes less than Sixteen Thousand Dollars (\$16,000.00), the Licensee will forthwith deposit sufficient money with the Licensor to bring the total amount up to Sixteen Thousand Dollars (\$16,000.00), and thereafter will supplement the deposit by the payment of ten cents on each one hundred cubic feet of wood harvested to bring the total amount up to Thirty-two Thousand Dollars (\$32,000.00). The said deposits 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 licence, the management working plan, and any permit issued pursuant to this indenture.

37. The Licensee agrees to pay stumpage on all merchantable wood cut, wasted, or removed by the Licensee or his agents on or from that part of the licence area described in Schedule "B" hereto, as provided in this indenture, the "Forest Act" and the cutting permit.

38. Starting on the first day of January next following the date of this indenture, the wood harvested from the 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 annual cut as set forth in the currently approved working plan, and shall not vary more than ten per cent from the total approved cut over a period of five 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 Licensor for failure to observe the provisions of Clause 38 of this indenture, as follows:

(a) The full stumpage value 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 value 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 as provided in Clause 32 above, shall be credited against this assessment of damages.

(c) Should the total cut over five consecutive years vary more than ten per cent over or under the total of the five year's approved cut, a sum per one hundred cubic feet will be assessed by the Minister on the amount cut over or 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 in paragraph (c) above, if any, will be refunded.

(e) For the purposes of this paragraph, 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 31 may be deducted from the deposit mentioned in Clause 36, and thereupon the Licensee shall forthwith deposit with the Licensor sufficient moneys to make the said deposit equal to the amount of deposit thus required.

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

40. For the purpose of carrying out the provisions of Clause 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 in the licence area for the purposes of the rental under Subsection (19) of Section 33 of the "Forest Act", as of this date, shall be eight hundred and fifty-seven thousand, two hundred and thirty (857,230) acres.

42. For the purposes of Section 124, Subsection (1) of the "Forest Act", the approved annual productive capacity of the 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 124.

43. All camps or other living quarters established incident to the management of the licence area shall be of a standard at least

as high as those that, in the Licensor'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 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 Licensor, reasonable office and living accommodation for a reasonable Forest Service inspection staff on the licence area or at any headquarters, plant, or operation maintained by the Licensee, if instructed by the Licensor in writing so to do.

46. The Licensee shall employ one Forester, registered under the terms of Chapter 127, R.S.B.C., 1948, and amendments thereto, and as many additional Registered Foresters as may be deemed necessary. The working plan and all revisions and amendments thereto shall be signed and sealed by the Registered Forester.

47. In the event of the bankruptcy or insolvency of the Licensee, the Licensor may cancel the licence and any or all moneys on deposit may be declared by the Licensor to be payable to the Crown for damages.

48. This indenture 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 within ten years immediately subsequent to the issuance of this licence.

50. Pursuant to the provisions of Subsection (6) of Section 33 of the "Forest Act", the Licensee has placed on deposit with the Government of the Province of British Columbia the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00), and more particularly as set forth in the "Memorandum of Agreement" entered

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 the licence shall terminate on the termination of the licence.
- (v) Where cutting and removal of timber is being carried out subject to the provisions of Subsection (21) of Section 33 of the "Forest Act" and such cutting and removal has not been completed or is otherwise insufficient to extinguish the tenures involved then the provisions of Subsection (22) of the said Section 33 shall apply thereto as if the contract had been cancelled as mentioned in the said Subsection (22).
- (vi) The Licensee shall forthwith pay all moneys owing on outstanding accounts for stumpage, royalty, taxes, and annual rental.
- (vii) All rights granted pursuant to any statute or regulations or under this licence as ancillary to the licence and all appurtenances shall be and are herewith cancelled effective on the termination of this licence.

53. In the event that this licence is cancelled or terminated, existing other tenures owned or controlled by the Licensee included within the licence area shall in no way be encumbered by any commitments, agreements, understandings or in any other manner arising out of the execution of this licence, except as provided for in Subsection (22) of Section 33 of the "Forest Act".

54. In this licence:

"Act" means the "Forest Act", R.S.B.C., 1948, Chapter 128, and amendments thereto in force from time to time during the currency of this licence.



IN WITNESS WHEREOF the Licensor 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:



Witness



Minister of Lands and Forests

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

Wentworth Brown  
Vice President

for A. Bondy  
Assistant Secy

SCHEDULE "A"

Arrow Lakes Forest Management Licence

Forest Management Licence No. 23

Forest lands and merchantable timber in other tenures owned or controlled by the Licensee included in the Arrow Lakes Forest Management Licence No. 23, all within the Kootenay Land District.

A. CROWN GRANTS

<u>Description</u>	<u>Merchantable Volume (M cubic feet)</u>	<u>Area in Acres</u>
<u>Kootenay Land District</u>		
Lot 439	---	160
Lot 860	4,751	2,676
Lot 870	---	749
Lot 3257	---	82
Lot 5069	---	186
Lot 704.5	---	87
Lot 704.6	---	93
Parcel A, Lot 764.8	---	158
Block 20-1-2-3 8029	---	43
Lot 8653	---	108
Lot 9126	---	40
Total	4,751	4,382

CROWN GRANTS - CUTTING RIGHTS ONLY

Lot 811	1,000	5,578
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B. TIMBER BERTHS

Kootenay Land District

<u>Lot Number</u>	<u>Licence Number</u>	<u>Merchantable Volume (M cubic feet)</u>	<u>Area in Acres</u>
333	721	593	1,795
392	721	1,129	5,331
499	900	692	1,280
Total		2,414	8,406

C. TIMBER LEASES AND LICENCES

<u>Description</u>	<u>Merchantable Volume (M cubic feet)</u>	<u>Area in Acres</u>
<u>Kootenay Land District</u>		
S.T.L. 2671 (Lot 7641)	244	725
S.T.L. 2737	336	562
S.T.L. 4842	1,168	640
S.T.L. 4843	1,104	637
S.T.L. 4844	719	640
S.T.L. 4845	1,119	605
S.T.L. 7318	84	640
S.T.L. 7319	64	640
S.T.L. 11278	366	389
S.T.L. 10031	<u>46</u>	<u>640</u>
Total	<u>5,250</u>	<u>6,118</u>

TIMBER LEASES AND LICENCES - CUTTING RIGHTS ONLY

S.T.L. 591	Lot 11240	835	590
S.T.L. 595	Lot 11247	990	640
S.T.L. 596	Lot 11236	96	640
S.T.L. 597	Lot 11242	320	369
S.T.L. 598	Lot 11221	17	640
S.T.L. 599	Lot 11234	726	640
S.T.L. 600	Lot 11233	106	320
S.T.L. 604	Lot 11229	710	640
S.T.L. 607	Lot 11232	791	640
S.T.L. 879	Lot 11245	574	640
S.T.L. 880	Lot 11248	250	640
S.T.L. 881	Lot 11246	794	640
S.T.L. 882	Lot 11251	403	640
S.T.L. 883	Lot 11252	472	640
S.T.L. 884	Lot 11249	1,274	640

TIMBER LEASES AND LICENCES - CUTTING RIGHTS ONLY (CONT'D)

<u>Description</u>	<u>Merchantable Volume (M cubic feet)</u>	<u>Area in Acres</u>
<u>Kootenay Land District</u>		
S.T.L. 885 Lot 11243	569	64.0
S.T.L. 886 Lot 11254	330	64.0
S.T.L. 887 Lot 11250	348	64.0
S.T.L. 888 Lot 11253	348	64.0
S.T.L. 1868 Lot 11220	64	64.0
S.T.L. 2235 Lot 11235	100	64.0
S.T.L. 2236 Lot 11237	159	64.0
S.T.L. 10014	611	64.0
S.T.L. 10015	357	64.0
S.T.L. 10028	490	64.0
S.T.L. 10029	269	64.0
S.T.L. 10030	<u>485</u>	<u>64.0</u>
Total	<u>12,488</u>	<u>16,639</u>

D. TIMBER SALES

X 33348	631
X 44346	600
X 51695	650
X 52731	576
X 52765	365
X 52856	1,848
X 53144	335
X 55194	195
X 57619	175
X 57951	170
X 60150	1,344
X 61128	1,343
X 32978	519
X 36185	220
X 50526	157

D. TIMBER SALES (CONT'D)

<u>Description</u>	<u>Merchantable Volume</u> <u>(M cubic feet)</u>	<u>Area in</u> <u>Acres</u>
<u>Kootenay Land District</u>		
X 58942		<u>34</u>
Total		<u>9.162</u>

SUMMARY

Total Crown Grants	4,751	4,382
Total Crown Grants (Cutting Rights Only)	1,000	5,578
Total Timber Berths	2,414	8,406
Total Timber Licences and Leases	5,250	6,118
Total Timber Licences and Leases (Cutting Rights Only)	12,488	16,639
Total Timber Sales	<u>---</u>	<u>9.162</u>
GRAND TOTAL	<u>25,903</u>	<u>50.285</u>

SCHEDULE "B"

Arrow Lakes Forest Management Licence

Forest Management Licence No. 23

Description.

All Crown lands not otherwise alienated within the Kootenay Land District and situated in the Arrow Lakes and Upper Columbia River region, described as follows:

Block 1.

"Commencing at the north-east corner of Timber Berth 74, Kootenay Land District, being a point on the right bank of the Columbia River, and situated northerly from Revelstoke; thence westerly along the northerly boundary of said Timber Berth 74 and the westerly prolongation thereof, to the easterly boundary of the watershed of Jordan River; thence in a general northerly and westerly direction along the easterly and northerly boundaries of the watersheds of said Jordan River to the westerly boundary of the watershed of Frisby Creek, being a point on the westerly boundary of the watershed of the aforesaid Columbia River; thence in a general northerly direction along the said westerly boundary of the watershed of the Columbia River to a point due west of the north-west corner of S.T.L. 1526<sup>P</sup>; thence east to the said north-west corner of S.T.L. 1526<sup>P</sup>; thence easterly along the northerly boundary of said S.T.L. 1526<sup>P</sup> to the north-east corner thereof; thence South 65 degrees East to the easterly boundary of the watershed of Mica Creek; thence in a general southerly direction along the easterly boundaries of the watersheds of Mica Creek, Bigmouth Creek, Goldstream River, Downie Creek, Carnes Creek and La Forme Creek to the northerly boundary of Mount Revelstoke Park; thence westerly along the said northerly boundary of Mount Revelstoke Park to the westerly boundary of the watershed of said La Forme Creek; thence in a general northerly direction along the said westerly boundary of the watershed of

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La Forme Creek to the northerly boundary of the watershed of Martha Creek; thence in a general westerly direction along the said northerly boundary of the watershed of Martha Creek to the high-water-mark on the left bank of the Columbia River; thence westerly in a straight line to the north-east corner of Timber Berth 74, being the point of commencement."

Block 2.

"Commencing at the south-west corner of S.T.L. 5194<sup>P</sup>, Kootenay Land District, being a point on the easterly high-water-mark of Upper Arrow Lake and situated north of Nakusp; thence in a general north-westerly direction along the said easterly high-water-mark of Upper Arrow Lake to the south-east corner of Lot 8130; thence northerly and westerly along the easterly and northerly boundaries of Lots 8130 and 8408 to the north-west corner of said Lot 8408, being a point on the aforesaid easterly high-water-mark of Upper Arrow Lake; thence in a general northerly direction along the said easterly high-water-mark of Upper Arrow Lake to the south-west corner of Lot 1139; thence easterly to the south-east corner of said Lot 1139; thence northerly and westerly along the easterly and northerly boundaries of Lots 1139 and 5069 to the north-west corner of said Lot 5069, being a point on the aforesaid easterly high-water-mark of Upper Arrow Lake; thence in a general northerly direction along the said easterly high-water-mark of Upper Arrow Lake to the south-west corner of Lot 11005; thence easterly and northerly along the southerly and easterly boundaries of Lots 11005, 2451, and 100 to the north-east corner of said Lot 100; thence westerly to the north-west corner of said Lot 100, being a point on the aforesaid easterly high-water-mark of Upper Arrow Lake; thence in a general northerly direction along said easterly high-water-mark to the most westerly north-west corner of Lot 12459; thence southerly and easterly along the westerly and southerly boundaries of Lots 12459 and 1146 to the south-east corner of said Lot 1146; thence northerly to the north-east corner of said Lot 1146; thence easterly and northerly along the boundaries of Lot 7044 to the north-east corner thereof;

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thence easterly to the south-east corner of Lot 7635; thence southerly, easterly, northerly, easterly and northerly along the boundaries of Lot 10633 to the north-east corner thereof; thence easterly to the south-east corner of Lot 1143; thence northerly along the easterly boundaries of Lots 1143 and 2112 and the northerly prolongation thereof to the southerly boundary of Lot 7818; thence easterly to the south-east corner of said Lot 7818; thence northerly along the easterly boundaries of Lots 7818, 8668, 7956, 7957, 7583 and 8406 to the north-east corner of said Lot 8406; thence easterly and northerly along the boundaries of Lot 7584 to the north-east corner thereof; thence westerly along the northerly boundaries of Lots 7584, 8308, 8309, 8683 and 8614 to the north-west corner of said Lot 8614; thence southerly to the south-west corner of said Lot 8614; thence westerly along the northerly boundaries of Lots 2111 and 8407 to the north-west corner of said Lot 8407; thence southerly to the north-east corner of Lot 8653; thence westerly and southerly along the boundaries of said Lot 8653 to the south-west corner thereof, being a point on the aforesaid high-water-mark of Upper Arrow Lake; thence in a general westerly and northerly direction along said high-water-mark of Upper Arrow Lake to the north-west corner of Lot 7045; thence southerly to the south-west corner of said Lot 7045; thence easterly and northerly along the southerly and easterly boundaries of Lots 7045 and 7046 to the north-east corner of said Lot 7046, being a point on the southerly high-water-mark of the North-East Arm of aforesaid Upper Arrow Lake; thence in a general north-easterly direction along the said southerly high-water-mark of the North-East Arm of Upper Arrow Lake to a point due west of the north-west corner of Lot 7586 (T.L. 4872<sup>P</sup>); thence east to said north-west corner of Lot 7586; thence easterly to the north-east corner of Lot 7586; thence due east to the left bank of Beaton Creek; thence in a general northerly direction along the said left bank of Beaton Creek to the southerly boundary of Lot 505; thence easterly and northerly along the boundaries of said Lot 505 to the north-east corner thereof; thence easterly



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along the southerly boundaries of Lots 502 and 7959 to the south-east corner of said Lot 7959; thence northerly to the north-east corner of said Lot 7959; thence westerly along the northerly boundaries of Lots 7959, 502 and 501 to the south-west corner of Lot 503; thence northerly and easterly along the boundaries of said Lot 503 to the south-west corner of Lot 7643 (T.L. 2112<sup>P</sup>); thence northerly to the north-west corner of said Lot 7643; thence northerly in a straight line to the summit of Albert Peak, being a point on the southerly boundary of the watershed of Albert Creek; thence in a general easterly and northerly direction along the southerly and easterly boundaries of the watershed of Albert Creek to the southerly boundary of Glacier National Park; thence in a general easterly direction along the said southerly boundary of Glacier National Park to the easterly boundary of the watershed of Battle Creek; thence southerly along the easterly boundaries of the watersheds of Battle Creek, Kellie Creek, Boyd Creek and Ferguson Creek to the northerly boundary of the watershed of Finkle Creek, being a point on the northerly boundary of the watershed of Lardeau Creek; thence in a general easterly and southerly direction along the northerly and easterly boundaries of the watershed of Lardeau Creek to a point due east of the most southerly corner of Lot 8681; thence west to the said most southerly corner of Lot 8681; thence south-westerly in a straight line to the south-east corner of S.T.L. 7835<sup>P</sup>; thence south-westerly in a straight line to the south-east corner of S.T.L. 7833<sup>P</sup>, being a point on the north-easterly high-water-mark of Trout Lake; thence in a general north-westerly direction along the said north-easterly high-water-mark of Trout Lake to the most southerly south-west corner of Lot 10645; thence easterly, northerly and westerly along the boundaries of said Lot 10645 to the south-east corner of Lot 769; thence northerly along the easterly boundaries of Lots 769 and 1147 to the north-east corner of said Lot 1147; thence westerly to the north-west corner of said Lot 1147; thence northerly to the north-east corner of Lot 771; thence westerly along the

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northerly boundaries of Lots 771 and 772 to the north-west corner of said Lot 772; thence northerly and westerly along the boundaries of Lot 7950 to the north-west corner thereof; thence due west to the easterly boundary of Lot 770; thence northerly and westerly along the easterly and northerly boundaries of Lots 770, 5694 and 5693 to the north-west corner of said Lot 5693; thence southerly and easterly along the westerly and southerly boundaries of said Lots 5693, 5694 and 770 to the south-east corner of said Lot 770; thence south-easterly in a straight line to the south-west corner of aforesaid Lot 7950; thence easterly to the north-west corner of Lot 7951; thence southerly and easterly along the westerly and southerly boundaries of Lots 7951 and 772 to the south-east corner of said Lot 772; thence easterly to the north-west corner of Lot 11328; thence southerly and easterly along the westerly and southerly boundaries of Lots 11328 and 190 to the south-east corner of said Lot 190, being a point on the south-westerly high-water-mark of Trout Lake; thence in a general south-easterly direction along the said south-westerly high-water-mark of Trout Lake to the south-east corner of S.T.L. 11050<sup>P</sup>; thence South 60 degrees West to the easterly boundary of the watershed of Halfway Creek; thence in a general southerly direction along the easterly boundaries of the watersheds of Halfway Creek and St. Leon Creek to the northerly boundary of the watershed of Kuskanax Creek; thence in a general south-westerly direction along the said northerly boundary of the watershed of Kuskanax Creek to the easterly boundary of S.T.L. 2733<sup>P</sup>; thence southerly to the south-east corner of said S.T.L. 2733<sup>P</sup>; thence westerly along the southerly boundaries of S.T.L. 's 2733<sup>P</sup> and 5194<sup>P</sup> to the aforesaid south-west corner of S.T.L. 5194<sup>P</sup>, being the point of commencement except thereout the following, namely: Lots 6020, 7491, 12899, 7805, 11333, 7865, 3505 and 4818."

Block 3.

"Commencing at the north-east corner of Lot 10391, Kootenay District, being a point on the westerly high-water-mark of Lower Arrow Lake

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and situated north of Needles; thence westerly and southerly along the boundaries of said Lot 10391 to the northerly boundary of Lot 8180; thence westerly along said northerly boundary of Lot 8180 to the easterly boundary of Lot 8409; thence northerly and westerly along the easterly and northerly boundaries of Lots 8409 and 10026 to the north-west corner of said Lot 10026; thence southerly to the most northerly north-east corner of Lot 10387; thence westerly to the north-west corner of said Lot 10387; thence southerly along the westerly boundaries of Lots 10387 and 8101 to the south-west corner of said Lot 8101; thence south-westerly in a straight line to the south-east corner of Lot 9882 (T.L. 6929<sup>P</sup>); thence westerly along the southerly boundaries of Lots 9882 and 8546 to the south-west corner of said Lot 8546; thence northerly and easterly along the westerly and northerly boundaries of said Lots 8546 and 9882 to the north-east corner of said Lot 9882; thence northerly and westerly along the easterly and northerly boundaries of Lots 8548 and 8170 to the north-west corner of said Lot 8170; being a point on the easterly high-water-mark of Whatshan Lake; thence in a general southerly, westerly and northerly direction along the said high-water-mark of Whatshan Lake to the south-east corner of Lot 8187; thence westerly and northerly along the boundaries of said Lot 8187 to the most southerly south-east corner of Lot 8189; thence westerly along the southerly boundaries of Lots 8189 and 8544 and the westerly prolongation thereof to the westerly boundary of the watershed of Barnes Creek; thence in a general northerly direction along the westerly boundaries of the watersheds of Barnes Creek, Whatshan Lake, Arrow Park Creek, Upper Arrow Lake and the Columbia River to a point due west of the north-west corner of Section 35, Township 22, Range 2, West of the Sixth Meridian; thence east to the said north-west corner of Section 35; thence southerly to the south-west corner of said Section 35; thence easterly along the southerly boundaries of Sections 35 and 36 to the right bank of the Columbia River; thence in a general southerly direction along the said

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right bank of the Columbia River to the most easterly north-east corner of Section 7 of Township 22, Range 1; thence southerly along the easterly boundaries of Sections 7 and 6 to the north-west corner of the south-west quarter of Section 5; thence easterly and southerly along the northerly and easterly boundaries of the south-west quarter of Section 5, Township 22, Range 1, Section 32, the south-west quarter of Section 33, and Section 28, Township 21, Range 1, to the south-west corner of the North half of the North half of Section 27, Township 21, Range 1; thence easterly along the southerly boundary of the said North half of the North half of Section 27 to the aforesaid right bank of the Columbia River; thence in a general southerly direction along said right bank of the Columbia River to the easterly boundary of the West half of Section 26, of said Township 21, Range 1; thence southerly along the easterly boundaries of the West half of Sections 26 and 23 to the south-east corner of the west half of said Section 23; thence easterly to the north-east corner of Section 14, of said Township 21, Range 1; thence southerly along the easterly boundaries of Sections 14 and 11 to the south-east corner of said Section 11; thence easterly and southerly along the boundaries of the North-West quarter of Section 1, of said Township 21, Range 1, to the south-east corner thereof; thence easterly to the north-east corner of the South-East quarter of said Section 1; thence southerly to the north-west corner of the fractional South half of Section 31, Township 20, Range 29, West of the Fifth Meridian; thence easterly to the north-east corner of said South half of Section 31; thence southerly along the easterly boundaries of fractional Sections 31 and 30 to the south-east corner of said fractional Section 30; thence easterly along the southerly boundary of fractional Section 29, of said Township 20, Range 29 to a point due north of the north-west corner of Lot 5092; thence south to said north-west corner of Lot 5092; thence southerly and easterly along the boundaries of said Lot 5092 to the north-west corner of Lot 3257; thence southerly along the westerly boundaries of

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Lots 3257, 439, and 1095 to the south-west corner of said Lot 1095; thence easterly to the north-west corner of Lot 3259; thence southerly and easterly along the westerly and southerly boundaries of Lots 3259, 1096 and 445 to the south-east corner of said Lot 445, being a point on the westerly high-water-mark of Upper Arrow Lake; thence in a general southerly direction along the said westerly high-water-mark of Upper Arrow Lake to the north-east corner of Lot 4576; thence westerly along the northerly boundaries of Lots 4576 and 7897 to the north-west corner of said Lot 7897; thence southerly and easterly along the westerly and southerly boundaries of Lots 7897 and 7677 to the south-east corner of said Lot 7677; thence easterly to the south-east corner of Lot 7676, being a point on the aforesaid westerly high-water-mark of Upper Arrow Lake; thence in a general southerly direction along the said westerly high-water-mark of Upper Arrow Lake to the north-east corner of Lot 8033; thence westerly and southerly along the boundaries of said Lot 8033 to the south-west corner thereof; thence westerly to the north-east corner of Lot 8510; thence westerly and southerly along the northerly and westerly boundaries of Lots 8510, 12774, 8564, and 12775 to the south-west corner of said Lot 12775; thence westerly to the north-west corner of Lot 8566; thence northerly and westerly along the boundaries of Lot 12340 to the north-west corner thereof; thence westerly and southerly along the boundaries of Lot 8333 to the south-west corner thereof; thence westerly and southerly along the northerly and westerly boundaries of Lots 373 and 8029 to the south-west corner of said Lot 8029; thence easterly to the north-west corner of Lot 8030; thence southerly along the westerly boundaries of Lots 8030 and 12776 to the south-west corner of said Lot 12776; thence easterly along the southerly boundaries of Lots 12776 and 7105 to the north-west corner of Lot 7104; thence southerly along the westerly boundaries of Lots 7104 and 8512 to the south-west corner of said Lot 8512; thence easterly to the north-west corner of Lot 8027; thence southerly and easterly along the

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boundaries of said Lot 8027 to the south-east corner thereof; thence southerly along the westerly boundaries of Lots 3619, 3620, and 7690 to the south-west corner of said Lot 7690; thence easterly to the north-west corner of Lot 7691; thence southerly along the westerly boundaries of Lots 7691 and 12777 to the south-west corner of said Lot 12777; thence easterly along the southerly boundaries of Lots 12777, 8159, and 7692, to the south-east corner of said Lot 7692, being a point on the right bank of the Columbia River; thence in a general south-westerly direction along said right bank of the Columbia River and the high-water-mark of Lower Arrow Lake to the south-east corner of Lot 7967; thence northerly to the north-east corner of said Lot 7967; thence westerly along the northerly boundaries of Lots 7967 and 8691 to the north-west corner of said Lot 8691; thence northerly and westerly along the boundaries of Lot 10593 to the easterly boundary of Lot 12786; thence northerly along the easterly boundaries of Lots 12786, 12785 and 9892 to the north-east corner of said Lot 9892; thence westerly and southerly along the boundaries of said Lot 9892 to the south-west corner thereof; thence westerly along the northerly boundaries of Lots 9889 and 11162 to the north-west corner of said Lot 11162; thence southerly along the westerly boundaries of Lots 11162, 12784 and 9893 to the south-west corner of said Lot 9893; thence easterly to the north-west corner of Lot 9895; thence southerly and easterly along the boundaries of said Lot 9895 to the south-east corner thereof; thence northerly along the easterly boundaries of Lots 9895 and 9894 to the south-west corner of Lot 12786; thence easterly along the southerly boundaries of Lots 12786 and 10593 to the south-east corner of said Lot 10593; thence southerly along the westerly boundaries of Lots 8691 and 12895 to the most northerly north-west corner of Indian Reserve "Arrow Lake"; thence southerly, westerly, southerly, and easterly along the boundaries of said Indian Reserve "Arrow Lake" to the south-east corner thereof, being a point on the aforesaid westerly high-water-mark of Lower Arrow Lake; thence in a general south-

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westerly direction along the said westerly high-water-mark of Lower Arrow Lake to the aforesaid north-east corner of Lot 10391, being the point of commencement."

Block 4.

"Commencing at the north-west corner of Lot 7630, Kootenay Land District, being a point on the easterly high-water-mark of Lower Arrow Lake, situated south-west of Burton; thence southerly, easterly, northerly and easterly along the boundaries of said Lot 7630 to the south-west corner of Lot 7629; thence easterly along the southerly boundaries of Lots 7629 and 7628 to the most southerly south-east corner of said Lot 7628; thence northerly and easterly along the boundaries of said Lot 7628 to the most easterly south-east corner thereof; thence easterly along the southerly boundaries of Lots 8032 and 7977 to the most southerly south-east corner of said Lot 7977; thence northerly and easterly along the boundaries of said Lot 7977 to the most easterly south-east corner thereof; thence southerly and easterly along the westerly and southerly boundaries of Lots 8026, 8160, and 7696 to the north-west corner of Lot 8161; thence southerly to the south-west corner of said Lot 8161; thence westerly to the north-west corner of Lot 8700; thence southerly and easterly along the westerly and southerly boundaries of Lots 8700 and 8031 to the south-east corner of said Lot 8031; thence northerly to the most westerly south-west corner of Lot 8047; thence easterly, southerly and easterly along the boundaries of said Lot 8047 to the south-east corner thereof; thence easterly, northerly and westerly along the boundaries of Lot 8048 to the north-west corner thereof; thence northerly along the easterly boundary of Lot 7980 and the northerly prolongation thereof to the northerly boundary of the watershed of the main stream of Snow Creek; thence in a general easterly direction along the said northerly boundary of the watershed of Snow Creek to the easterly boundary of the watershed thereof, being a point on the easterly boundary of the watershed

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of Lower Arrow Lake; thence in a general southerly direction along the said easterly boundary of the watershed of Lower Arrow Lake to the northerly boundary of the watershed of Syringa Creek; thence in a general westerly direction along said northerly boundary of the watershed of Syringa Creek to the easterly boundary of the watershed of Tulip Creek; thence in a general southerly direction along said easterly boundary of the watershed of Tulip Creek to the northerly boundary of Lot 9154; thence westerly and southerly along the northerly and westerly boundaries of Lots 9154 and 9068 to the south-west corner of said Lot 9068, being a point on the north-easterly high-water-mark of Lower Arrow Lake; thence in a general north-westerly direction along the said north-easterly high-water-mark of Lower Arrow Lake to the south-east corner of Lot 8070; thence northerly and westerly along the boundaries of said Lot 8070 to the north-west corner thereof, being a point on the aforesaid north-easterly high-water-mark of Lower Arrow Lake; thence in a general north-westerly direction along the said north-easterly high-water-mark of Lower Arrow Lake to the south-east corner of Lot 400; thence northerly and westerly along the easterly and northerly boundaries of Lot 400 and Sub-Lot 22, of Lot 5817 to the north-west corner of said Sub-Lot 22, of Lot 5817; thence southerly to the north-east corner of Sub-Lot 3, of said Lot 5817; thence westerly and southerly along the boundaries of said Sub-Lot 3, of Lot 5817 to the most northerly north-east corner of Sub-Lot 17, of said Lot 5817; thence westerly to the north-west corner of said Sub-Lot 17; thence northerly and westerly along the easterly and northerly boundaries of Sub-Lot 21, of said Lot 5817 to the north-west corner thereof, being a point on the easterly high-water-mark of aforesaid Lower Arrow Lake; thence westerly in a straight line to the most northerly north-east corner of Lot 8069, being a point on the westerly high-water-mark of aforesaid Lower Arrow Lake; thence westerly to the north-west corner of said Lot 8069; thence southerly along the westerly boundary of said Lot 8069 and the southerly prolongation thereof, to the



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southerly boundary of Sub-Lot 18, of aforesaid Lot 5817; thence easterly along the southerly boundaries of Sub-Lots 18 and 10, of said Lot 5817 to the south-east corner of said Sub-Lot 10, being a point on the aforesaid westerly high-water-mark of Lower Arrow Lake; thence in a general south-easterly direction along the said high-water-mark of Lower Arrow Lake to the most northerly north-east corner of Sub-Lot 24 of aforesaid Lot 5817; thence westerly to the north-west corner of said Sub-Lot 24, of Lot 5817; thence south-westerly in a straight line to the north-east corner of Lot 10199 (T.L. 5481<sup>P</sup>); thence westerly along the northerly boundary of said Lot 10199 and the westerly prolongation thereof to the westerly boundary of the watershed of the aforesaid Lower Arrow Lake; thence in a general northerly direction along the said westerly boundary of the watershed of Lower Arrow Lake to a point due west of the south-west corner of Sub-Lot 17, of Lot 7159; thence east to the said south-west corner of Sub-Lot 17, of Lot 7159; thence easterly to the south-east corner of said Sub-Lot 17, of Lot 7159; thence north-easterly in a straight line to the south-west corner of Lot 7771; thence easterly along the southerly boundaries of Lots 7771 and 9144 to the south-east corner of said Lot 9144; thence northerly to the north-east corner of said Lot 9144; thence easterly and northerly along the southerly and easterly boundaries of Lots 9146 and 6902 to the north-east corner of said Lot 6902; thence westerly to the south-east corner of Lot 8097; thence northerly along the easterly boundaries of Lots 8097, 6900, and 8095 to the north-east corner of said Lot 8095; thence westerly, northerly, and easterly along the boundaries of Lot 11910 to the south-east corner of Lot 10588; thence northerly along the easterly boundaries of Lots 10588, 7670, and 7126 to the south-west corner of Lot 9159; thence easterly to the south-east corner of said Lot 9159; thence northerly along the easterly boundaries of Lots 9159 and 10389 to the north-east corner of said Lot 10389; thence easterly to the south-east corner of Lot 9158; thence northerly along the easterly boundaries of Lots 9158 and 8164 to the north-east corner of said

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Lot 8164; thence easterly, northerly and westerly along the boundaries of Lot 8165 to the south-east corner of Lot 8163; thence northerly to the south-west corner of Lot 10029; thence easterly and northerly along the southerly and easterly boundaries of Lots 10029, 8808 and 8809 to the north-east corner of said Lot 8809, being a point on the aforesaid easterly high-water-mark of Lower Arrow Lake; thence in a general northerly direction along said easterly high-water-mark of Lower Arrow Lake to the north-west corner of Lot 7630, being the point of commencement except thereout the following, namely: Sub-Lots 1 and 30 of Lot 5817, Lots 7605, 8066, 8065 and 13032."

APPENDIX "A"

COPY OF "MEMORANDUM OF AGREEMENT"

In the matter of the application of Celgar Development Company, Limited, to the Government of the Province of British Columbia for a Forest Management Licence in the Arrow Lakes region, the Government and the Company agree as follows:

1. The Company deposits herewith and the Government acknowledges receipt of a certified cheque in the amount of \$250,000 (it being understood that such cheque may be replaced in due course by other security acceptable to the Government) as guarantee that the Company will undertake, subject to force majeure, to begin construction by March 1st, 1958, of a pulp mill of at least 300 tons per day capacity at the Company's new plant site near Castlegar and to complete the said mill by March 1st, 1961. The said security is to be returned to the Company upon the fulfillment by it of its undertaking, the whole subject to the provisions of paragraph 3, otherwise the said deposit to remain the property of the Government.
2. There will be established a salvage rate on over-mature and decadent hemlock and balsam stands of one-quarter royalty plus nominal stumpage for a period of ten years. The stands to which this shall apply are to be designated by the Chief Forester. On the termination of this ten-year period, this salvage rate will be subject to review and may be extended at the discretion of the Minister of Lands and Forests.
3. The Government will issue to the Company a Forest Management Licence covering the area now held under reserve in connection with the Company's application. In the event that mutual agreement is not reached on the terms of such Forest Management Licence and no such licence is issued within a period of 120 days from this date, the

Government will return the foregoing deposit of \$250,000 to the Company.

4. Upon the issuance of the Forest Management Licence, the Company will deposit with the Government an additional cheque (or other security acceptable to the Government) in the amount of \$250,000 as guarantee of capital expenditures it will make in the area. The Company will be entitled to the return of this additional security in the amounts and to the extent that it makes capital expenditures on plant and equipment excluding roads in the area after the date of issuance of the Forest Management Licence.

Signed this 28th day of April, 1955.

GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

"H. Alan Maclean"  
Witness

by "R.E. Sommers"  
Minister of Lands and Forests

CELGAR DEVELOPMENT COMPANY, LIMITED

"T.N. Beaupre"  
Witness

by "M.W. Mackenzie"  
President



