

PROVINCE OF BRITISH COLUMBIA
Ministry of Forests and Range

IN THE MATTER OF TREE FARM LICENCE 18

INSTRUMENT by ORDER
NUMBER 9

Amendment

THIS AGREEMENT is made effective by Ministerial Decision on 9th day of March, 2020

BETWEEN:

**THE MINISTER OF FORESTS, LANDS, NATURAL RESOURCE
OPERATIONS, AND RURAL DEVELOPMENT**, on behalf of
HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA
Parliament Buildings
Victoria, British Columbia
V8V 1X4

(the “Licensor”)

AND:

INTERFOR COPORATION
C/O Adams Lake Lumber Division
9200 Holding Road
Chase, BC
V0E 1M2

(the “Licensee”)

WHEREAS:

- A. Pursuant to the provisions of the *Forest Act*, the Licensor approved the disposition of Tree Farm Licence 18 to the Licensee, dated February 27, 2020,
- B. The Licensee provided a Notice of Completion of the disposition to the Minister, dated March 9, 2020.

THEREFORE:

1. In accordance with Section 54.2(2) of the *Forest Act*, upon completion of the disposition of Tree Farm Licence 18, the Licensee has become the holder of Tree Farm Licence 18 effective the date of the Notice of Completion of March April 9, 2020.

2. For the purpose of Tree Farm Licence 18 the Licensee is changed to:

INTERFOR COPORATION

C/O Adams Lake Lumber Division

9200 Holding Road

Chase, British Columbia

V0E 1M2

Phone: (250) 679-6821

INSTRUMENT MADE EFFECTIVE BY MINISTERIAL DECISION UNDER
SECTION 54 OF THE *FOREST ACT*.

Signed by the Minister of Forests, Lands, Natural Resource Operations and Rural
Development on February 27, 2020



File: 19040-20/1292

Reference: 252610

February 27, 2020

EMAIL: peter.baird@canfor.com

Peter Baird, Director, Forest Planning
Canadian Forest Products Ltd.
5162 Northwood Pulp Mill Road
Post Office Box 9000
Prince George, British Columbia
V2L 4W2

EMAIL: ric.slaco@interfor.com

Ric Slaco, Vice President & Chief Forester
Interfor Corporation
3500 – 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1H7

Dear Peter Baird and Ric Slaco:

I am writing in response to your June 3, 2019 Notice of Intended Disposition of an Agreement (NOID) requesting the transfer of Tree Farm Licence (TFL 18), Replaceable Forest Licence (RFL) A18688, and associated road permits from Canadian Forest Products Ltd. (Canfor) to Interfor Corporation (Interfor).

I have reviewed the details of the proposed dispositions and I am satisfied that the requirements set out in Section 54 of the *Forest Act* have been met. In accordance with Section 54 (2)(a) of the *Forest Act*, I hereby provide approval for the disposition.

I have also reviewed your submission dated November 7, 2019, to the Ministry of Forests, Lands, and Natural Resource Operations and Rural Development titled, "Bill 22 Proposal to Transfer Forest Licence A18688 and Tree Farm Licence 18 from Canadian Forest Products Ltd. to Interfor Corporation", as well as information provided by the public, First Nations and numerous stakeholders.

It is, therefore, my expectation that Interfor:

1. Will, up to 12 months after the date of the closing of the tenure transfer(s), make 40,000 m³ of the annual allowable cut (AAC) of RFL A18688 available for purchase by the Simpcw First Nation under the commercial terms specified in Canfor's letter of February 10, 2020, as agreed to by Interfor.
2. Will follow through with the Simpcw First Nation regarding the Stewardship Program outlined in your submission, to increase Simpcw First Nation's involvement in land management over their traditional territory, implement Simpcw First Nation conservation

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principles with a focus on riparian and access management, and support capacity building for Simpcw First Nation contractor development to provide a range of forestry services.

- Will continue to build relationships on areas of mutual interest with First Nations whose territories overlap TFL 18 and operations in the Kamloops Timber Supply Area under RFL A18688. As per the table provided on Page 17 of your submission, this includes, but is not limited to:

First Nation	Areas of Cooperation
Simpcw	Tenure Volume, Joint Decision Making, Forestry Business
Canim Lake	Have deferred to Simpcw First Nation
Adams Lake	\$20,000 for Upper Adams River Salmon Program, Business-to-Business (B2B) Opportunities
Little Shuswap Lake	B2B Opportunities
Neskonlith	Duplicate Cultural Heritage Assessments on a limited basis
Bonaparte	B2B Opportunities, Improving NRFL Performance (Salvage)

- Will continue discussions with local secondary and value-added manufacturers in the North and South Thompson, with the goal of entering into log purchasing and fibre supply agreements based on commercially acceptable terms. As per the table provided on Page 12 of your submission, these businesses include, but are not limited to:

Customer	Log Profile	Location
Gilbert Smith Forest Products	Cedar	Barriere
Woodco	Oversize Spruce and Douglas-fir	Barriere
Skeetchestn Indian Band	Oversize Douglas-fir	Savona
John Sedgewick	Small Diameter Cedar and Tops	Clearwater
Brett Colborne	Oversize Spruce	Clearwater
Stella Jones	Cedar Poles	Salmon Arm

- Will continue discussions with the District of Clearwater to ensure a fibre supply for the District Heating System.
- Will submit to the Thompson Rivers Natural Resource District, within 30 days of the date of the closing of the tenure transfers, a comprehensive strategy that addresses all blocks under the tenures acquired through this disposition that have incomplete harvesting, prioritizing attention to those that have felled timber currently onsite.
- Will continue, as per the commitments made on Page 14 of your submission, to work with the collective contractor group in the North Thompson to distribute the available harvesting, road, and bridge construction work amongst Interfor contractors and those who had previously worked with Canfor, and to expand your existing hub of contractors and workers into the Clearwater/North Thompson area.

Peter Baird, Director, Canadian Forest Products Ltd.
Ric Slaco, Interfor Corporation

8. Will continue, as per the commitments made on Page 14 of your submission, to work with displaced woodlands employees (Vavenby) on further opportunities for employment.
9. Will move forward on exploring continued investment in their Adams Lake sawmill as identified in Interfor's August 8, 2019 Quarterly Report; "Upon closing the transaction, Interfor will pursue a follow-on, high return investment opportunity by adding a new dry kiln to support additional value-added processing at the Adams Lake mill."

I have reviewed Canfor's proposal of November 7, 2019 and the letter of February 27, 2020 regarding additional commitments

It is, therefore, my expectation that Canfor:

1. Will provide a \$150,000 funding commitment over a 5 year period to the United Way, commencing in 2020.
2. Will establish a \$200,000 Legacy fund for the District of Clearwater to use at the District's discretion.
3. Will provide \$500,000 in funding to the Wells Grey Community Forest to allow for the purchase of tenure from the Simpcw.

In accordance with Section 54 (2)(f)(i) of the *Forest Act*, the disposition must be completed no later than 90 calendar days from the date of this notice. If the disposition in question is not completed as of this date, this notice will become null and void. Extensions to this deadline will be given consideration upon my receiving a written request.

As per Section 54.2 of the *Forest Act*, you are required to confirm the completion of the disposition within seven calendar days of completion. Please provide this confirmation in writing to:

Doug Kelly, Director, Forest Tenures Branch
Ministry of Forests, Lands, Natural Resource Operations and Rural Development
P.O. Box 9510, Stn Prov Govt, 4th Floor, 2975 Jutland Road
Victoria, British Columbia, V8W 9C2
Email: Doug.Kelly@gov.bc.ca

Please note that the Ministry of Forests, Lands, Natural Resource Operations and Rural Development will not recognize the disposition unless all money due in respect to the agreement has been paid or dealt with in accordance with Section 54 (2)(b) of the *Forest Act*.

If you have any questions, please contact Steve Baumber, Senior Timber Tenures Forester, Forest Tenures Branch at (778) 974-4047.

Peter Baird, Director, Canadian Forest Products Ltd.
Ric Slaco, Interfor Corporation

Sincerely,



Doug Donaldson
Minister

pc: John Allan, Deputy Minister of Ministry of Forests, Lands, Natural Resource
Operations and Rural Development
Chris Stagg, Assistant Deputy Minister
Rural Opportunities, Tenures and Engineering Division
Paul Rasmussen, Assistant Deputy Minister, South Area
Doug Kelly, Director, Forest Tenures
Steve Baumber, Senior Timber Tenures Forester, Forest Tenures Branch
Wendy Cumming, Revenue and Tenures Administrator with Regional Operations
Division, South Area
David Allard, Lawson Lundell LLP @ dallard@lawsonlundell.com

CANADIAN FOREST PRODUCTS LTD.

INTERFOR CORPORATION

March 9, 2020

Mr. Doug Kelly
Director, Forest Tenures Branch
Ministry of Forests, Lands, Natural Resource Operations and Rural Development
P.O. Box 9510 Stn Prov Govt, 4th Floor, 2975 Jutland Road,
Victoria, B.C. V8W 9C2

Dear Director:

Re: Disposition of Tree Farm Licence No. 18 and Forest Licence No. A18688 and Associated Road Permits

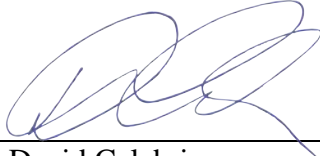
Further to the approval letter from Minister Donaldson dated February 27, 2020 issued in response to our Notice of Intended Disposition dated June 3, 2019, and as required by section 54.2 of the *Forest Act* (British Columbia), we hereby confirm completion today of the disposition of Forest Licence No. A18688 and Tree Farm Licence 18 and associated road permits from Canadian Forest Products Ltd. to Interfor Corporation.

Yours truly,

Canadian Forest Products Ltd.

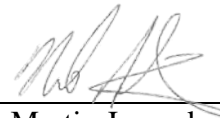
Interfor Corporation

By:



David Calabrigo
Senior Vice President, Corporate
Development, Legal Affairs and
Corporate Secretary

By:



Martin Juravsky
Senior Vice President & Chief
Financial Officer