Mountain Pine Beetle Agreement

(the "Agreement")

Between:

Shuswap Indian Band

As represented by Chief Sam Paul and Council

and

Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Forests and Range (the "Government of British Columbia")

(collectively the "Parties")

Whereas:

- The Shuswap Indian Band signed an Interim Agreement on Forest and Range
 Opportunities Agreement (FRO) with the Government of British Columbia on July
 25, 2006. This Agreement is a short-term additional forestry economic opportunity
 and does not supersede or alter the FRO.
- Volumes in the Cranbrook Timber Supply Area (TSA) are being made available to deal with stands at risk from mountain pine beetle in the TSA.
- The Government of British Columbia wishes to support economic opportunities for the Shuswap Indian Band.

Purpose

- 1. The purposes of this Agreement are to:
 - a. increase the participation of the Shuswap Indian Band in the forest sector; and,
 - b. provide an economic opportunity by inviting the Shuswap Indian Band to apply for a non-replaceable forest licence to assist the province in the management of mountain pine beetle in the Cranbrook TSA, in a manner linked to the FRO and as set out in this Agreement.

Therefore the Parties agree as follows.

2. After execution of this Agreement by the Parties, the Minister of Forests and Range (the "Minister") will invite the Shuswap Indian Band to apply for a non-replaceable forest licence (the Licence) under section 47.3 of the *Forest Act* to harvest a total of up to 23,166 cubic meters of susceptible and/or infested timber over a five year term

- within the the Cranbrook TSA. Specific operating areas and stands will be designated within the Licence.
- 3. If the intended holder of the licence(s) is a legal entity other than the Shuswap Indian Band, this Agreement must include supporting documentation as specified in Appendix B stating that the intended holder has been validly appointed by the Shuswap Indian Band as its representative.
- 4. The invitation will be subject to a condition that prior to making an application for the Licence, the Shuswap Indian Band will contact the Ministry of Forests and Range and the Parties will work co-operatively to identify priority operating areas within the traditional territory of the Shuswap Indian Band.
- 5. The Licence(s) entered into as a result of the invitation to apply under this Agreement will:
 - a. be for a term of no longer than five years as determined by the Minister;
 - b. contain other terms and conditions required by law, including the condition that the Shuswap Indian Band must comply with this Agreement and with the FRO;
 - c. include a term that Shuswap Indian Band may not dispose of the Licence except in accordance with the *Forest Act*; and
 - d. include other terms and conditions as may be required by the Regional Manager.

Consultation

- 6. During the term of this Agreement, and subject to the terms and intent of this Agreement being met and adhered to by the Government of British Columbia, the Shuswap Indian Band agrees that the Government of British Columbia will have provided an accommodation, with respect to the economic component of potential infringements of the Shuswap Indian Band aboriginal title and/or rights resulting from operational plans and administrative decisions pertaining to increases in harvest levels to address stands at risk from mountain pine beetle in the Cranbrook TSA.
- 7. For forest health issues and targeted mountain pine beetle harvesting in the Cranbrook TSA, the Shuswap Indian Band do not object to local licence holders assisting with additional strategic harvesting and Shuswap Indian Band will support expedited consultation in this regard.

Dispute Resolution

8. If a dispute arises between the Government of British Columbia and the Shuswap Indian Band regarding the interpretation of a provision of this Agreement, the Parties will follow the dispute resolution process set out in the Shuswap Indian Band's FRO.

Amendments

- 9. Any alteration or amendment to the terms and conditions of the Agreement must be in writing and duly executed by the Parties.
- 10. Either Party may request the participation of the other Party to review the effectiveness of this Agreement annually and consider amendments to this Agreement.

Term

- 11. This Agreement will take effect on the date on which the last Party has executed it.
- 12. This Agreement will terminate on the occurrence of the earliest of any of the following events:
 - a. five years from the date this Agreement is executed; or
 - b. the mutual agreement of the Parties, or
 - c. upon 90 days written notice by either of the Parties.
- 13. If the FRO is terminated, the consultation processes that were set out in section 4.0 of the FRO are incorporated by reference into this Agreement and will continue to be followed by the Parties for the term and for the purposes of this Agreement, subject to section 7 of this Agreement.
- 14. The Government of British Columbia will not terminate this Agreement on the grounds that the Shuswap Indian Band has challenged an Administrative or Operational Decision by way of legal proceedings.

Notice

15. All of the provisions set out in the Notice section of the FRO apply to this Agreement.

Miscellaneous

Minister of Forests and Range

16. All of the provisions set out in the Miscellaneous section of the FRO apply to this Agreement.

Signed on behalf of:

Shuswap Indian Band:

Date July 2007

Chief Paul Sam

Signed on behalf of:
Government of British Columbia

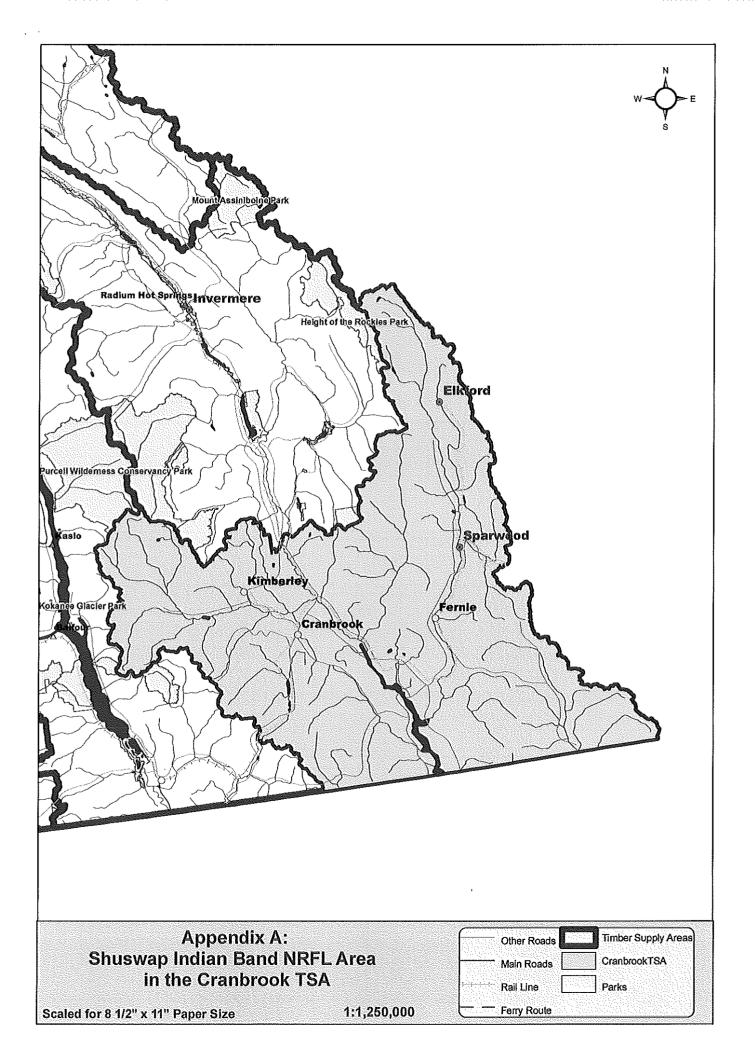
Date: Joseph Sand

Witness

Witness

Witness

APPENDIX A: MAP OF SHUSWAP INDIAN BAND TRADITIONAL AREA IN THE CRANBROOK TIMBER SUPPLY AREA



APPENDIX B: (optional)

Description and Documentation pertaining to the Intended Holder of the licence

Please complete part A or B, whichever is appropriate, and attach appropriate documentation:
A) Applicant for the license:
OR
B) Full legal name, or corporate description of the legal entity, authorized to represent the applicant of the licence. Kindsket Development Opporation.
(i) Copy attached of legal instrument (band council resolution) authorizing that legal entity to be their representative;

(ii) Copy attached of the ownership structure of the legal entity (the intended holder of the licence).