



**Province of
British Columbia**
Ministry of
Forests

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COPY

TREE FARM LICENCE NO. 53

NAVER TREE FARM LICENCE

THIS LICENCE is made effective as of September 1, 1989,

BETWEEN:

THE MINISTER OF FORESTS, on behalf of
HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA,

(the "Licensor")

AND:

DUNKLEY LUMBER LTD.
P.O. BOX 173
PRINCE GEORGE, BRITISH COLUMBIA
V2L 4S1

(the "Licensee")

Whereas:

- A. The Licensee applied pursuant to section 27.2 of the FOREST ACT to surrender Forest Licence No. A18161 to the Licensor for replacement by a tree farm licence, and
- B. The application of the Licensee has been approved on the condition that the Licensee enter into this Licence with the Licensor; ,

The parties agree as follows:

1.00 GRANT OF RIGHTS, LICENCE AREA AND TERM

- 1.01 Subject to this Licence and in consideration of the Licensee's covenants in it, the Licensor grants to the Licensee,

- (a) the right during the term of this Licence to enter and occupy Crown land in the Licence Area for the purpose of managing its timber resources and timber growth capability according to this Licence and the FOREST ACT,
 - (b) the right during the term of this Licence to manage Crown timber in and the timber growth capability of the Licence Area according to this Licence and the FOREST ACT, and
 - (c) subject to paragraphs 1.04 and 14.01, and the FOREST ACT, the exclusive right during the term of this Licence to harvest timber, according to the Management and Working Plan and Pre-harvest Silviculture Prescriptions, from,
 - (i) the Schedule "B" Land, and
 - (ii) areas specified in Cutting Permits.
- 1.02 The Licence Area is,
- (a) the Schedule "A" Land, and
 - (b) the Schedule "B" Land.
- 1.03 The term of this Licence is 25 years.
- 1.04 For purposes of the Small Business Forest Enterprise Program, the Licensor retains the right to harvest from Schedule "B" Land 28 620 m³ of the Allowable Annual Cut in,
- (a) the year beginning January 1, 1989, and
 - (b) each subsequent year during the term of the Licence.
- 1.05 The Licensee and the District Manager shall agree upon the areas to be harvested pursuant to paragraph 1.04 and make reasonable efforts to ensure that the Average Net Value of the timber harvested within such areas is equal to the Average Net Value of the timber harvested by the Licensee within the Schedule "B" Land.
- 1.06 If the Licensee and the District Manager do not agree on the areas to be harvested pursuant to paragraph 1.04, the District Manager will determine the areas to be harvested.

- 1.07 If the Timber Licences expire, or areas are deleted from them under the FOREST ACT, the land subject to the Timber Licences or the areas deleted from them shall be deemed to be deleted from Schedule "A" Land and added to Schedule "B" Land.
- 1.08 This Licence is replaceable under the FOREST ACT.
- 1.09 The Licensor may, in a notice served on the Licensee, delete area from Schedule "B" Land if a woodlot licence has been issued over such area.
- 1.10 If an area is deleted from Schedule "B" Land under paragraph 1.09, the volume specified in paragraph 1.04 will be reduced by a volume equal to the allowable annual cut of the woodlot licence which has been issued over such area.

2.00 MANAGEMENT AND WORKING PLANS

- 2.01 The 5 Year Development Plan approved under the forest licence that is replaced by this Licence shall be deemed to be a 5 Year Development Plan submitted under subparagraph 2.03(e).
- 2.02 On or before June 30, 1993, and June 30 of every fifth year thereafter, the Licensee will submit for the Chief Forester's approval a proposed Management and Working Plan for the 5 year period beginning January 1 of the following year.
- 2.03 A Management and Working Plan, in addition to being prepared in accordance with section 28(1)(d) of the FOREST ACT, shall,
- (a) if required by the Chief Forester, contain information on the soil resources of the Licence Area,
 - (b) include a proposal for developing timber harvesting operations on the Licence Area for the term of this Licence,
 - (c) include a proposal for any intended development by the Licensee of range and recreation resources on the Licence Area for the term of this Licence,
 - (d) specify measures to be taken by the Licensee to ensure that the management of the timber resource is coordinated and integrated with the management of the range, fisheries, wildlife, water, outdoor recreation and other natural resource values of the Licence Area,

- (e) provide for the annual submission of an updated 5 Year Development Plan to the District Manager which,
 - (i) is consistent with the commitments made in the Management and Working Plan,
 - (ii) is prepared by a professional forester,
 - (iii) includes, unless otherwise directed by the District Manager, a Forest Health Plan for the Licence Area,
 - (iv) has been referred by the Licensee to all Resource Agencies specified by the Licensor for their input,
 - (v) has been advertised at least twice within a period of two consecutive weeks by the Licensee in at least one newspaper circulating in the vicinity of the proposed operations of the Licensee during the period of the 5 Year Development Plan,
 - (vi) has been made available for public viewing for at least 5 days at places and times convenient to the public,
 - (vii) includes a summary of the input from the public and all Resource Agencies specified by the Licensor and the actions to be taken by the Licensee with respect to that input, and
 - (viii) provides other information required by the District Manager.

2.04 The Chief Forester will approve Management and Working Plans acceptable to him that,

- (a) are prepared in accordance with section 28(1)(d) of the FOREST ACT,
- (b) specify an Allowable Annual Cut having regard to the factors set out in section 28(1)(g) of the FOREST ACT,
- (c) specify the portion of the Allowable Annual Cut that the Chief Forester determines is attributable to Schedule "B" Land,
- (d) specify the portion of the Allowable Annual Cut that the Chief Forester determines the Licensee has the right to harvest, and

- (e) specify measures taken and to be taken by the Licensee consistent with this Licence, the FOREST ACT and the Regulations with respect to,
 - (i) the matters set out in section 28(g)(ii) of the FOREST ACT,
 - (ii) the integrated management of the natural resource values of the Licence Area, and
 - (iii) fulfilling its obligations under Part 10.00.
- 2.05 If the Chief Forester considers that special circumstances require the Management and Working Plan to be amended or replaced, the Chief Forester may in a notice to the Licensee require the Licensee to amend or replace the Management and Working Plan.
- 2.06 A notice given under paragraph 2.05 shall specify,
 - (a) the occurrence which has rendered the Management and Working Plan inadequate,
 - (b) the extent to which the Management and Working Plan is inadequate,
 - (c) the nature of the change to the Management and Working Plan required by the Chief Forester, and
 - (d) that, unless otherwise determined by the Chief Forester, the Licensee shall within 6 months after the date of the notice submit for the Chief Forester's approval a proposed Management and Working Plan or amendment to the Management and Working Plan.
- 2.07 The District Manager will approve 5 Year Development Plans that are consistent with the Management and Working Plan and acceptable to him.
- 2.08 Not less than one year preceding the date on which the Management and Working Plan must be submitted under paragraph 2.02, the Licensee shall contact the Regional Manager and all Resource Agencies affected by timber harvesting on the Licence Area to identify resource management issues.

- 2.09 If during the first ten years of the term of this Licence the Chief Forester reduces the allowable annual cut for the Prince George Timber Supply Area as a result of losses of timber caused by mountain pine beetle infestation, the allowable annual cut for the balance of the term of this Licence or any replacement of this Licence will be reduced by a volume equal to $167\,380\text{ m}^3$ minus the product of
- (a) $167\,380\text{ m}^3$, and
 - (b) the allowable annual cut of the Prince George Timber Supply Area in the year of the reduction divided by $8\,605\,000\text{ m}^3$.
- 2.10 If the allowable annual cut of this Licence is reduced pursuant to paragraph 2.09, the Licensor shall have the right, for purposes of the Small Business Forest Enterprise Program, to harvest from Schedule "B" Land the volume of the reduction.

3.00 CUTTING PERMITS

- 3.01 Except with the written consent of the Regional Manager or District Manager, the Licensee will cut timber on the Licence Area only under a road permit entered into to access timber harvested under this Licence or a Cutting Permit.
- 3.02 Upon receipt of an application from the Licensee that meets the requirements of the Regional Manager or District Manager, the Regional Manager or District Manager will issue Cutting Permits to the Licensee.
- 3.03 Subject to the Management and Working Plan, 5 Year Development Plan and Pre-harvest Silviculture Prescriptions, a Cutting Permit shall,
- (a) authorize timber to be harvested from a specific area of land in the Licence Area,
 - (b) be for a term not exceeding 3 years as determined by the District Manager,
 - (c) require payment to the Crown of stumpage for Crown timber harvested under it,
 - (d) prescribe standards of timber utilization, other harvesting specifications and forestry practices consistent with the Pre-harvest Silviculture Prescriptions to be followed in timber harvesting operations carried on under it,

- (e) prescribe the specifications, standards and locations of roads to be built on the land subject to it,
- (f) set out procedures for assessing timber wasted and damaged by the Licensee and damages payable to the Crown for timber wasted,
- (g) specify one or more timber marks to be used in timber harvesting operations carried on under it,
- (h) require the establishment of cutting boundaries on the land specified in it unless otherwise agreed to by the District Manager,
- (i) require timber harvested under it to be scaled in accordance with the FOREST ACT and Regulations, and
- (j) include other provisions, consistent with this Licence and the FOREST ACT, required by the Regional Manager or District Manager.

3.04 All cutting permits in effect under the forest licence that is replaced by this Licence shall continue in effect and shall be deemed to be part of this Licence.

4.00 CUT CONTROL

4.01 For the purpose of determining compliance by the Licensee with the provisions of sections 55 to 55.3, inclusive, of the FOREST ACT, the volume of timber harvested under the following agreements shall not be included,

- (a) free use permits entered into pursuant to paragraph 14.01,
- (b) any timber sale licence entered into by the Licensor, Regional Manager or District Manager pursuant to paragraph 1.04 or the FOREST ACT.

4.02 The first five year cut control period under this Licence will commence January 1, 1989, or as otherwise designated by the Regional Manager.

- 4.03 For purposes of sections 55 to 55.3 inclusive, of the FOREST ACT, all timber harvested under the forest licence that is replaced by this Licence after the commencement of the first 5 year cut control period under this Licence shall be deemed to be included in the volume of timber harvested during the first calendar year of the first 5 year cut control period.
- 4.04 For purposes of sections 55 to 55.3 inclusive, of the FOREST ACT, 78 334 m³ of timber shall, in addition to the volume determined under paragraph 4.03 , be deemed to be timber harvested during the first 5 year cut control period under this Licence in such amount each year of the first 5 year cut control period as the Regional Manager or the District Manager directs.

5.00 FINANCIAL AND DEPOSITS

- 5.01 In addition to other money payable by the Licensee under the FOREST ACT and under this Licence, the Licensee will pay to the Crown, immediately on receipt of a statement issued on behalf of the Crown,
- (a) in respect of timber harvested under this licence from Schedule "B" Land, stumpage at rates determined, redetermined and varied under the FOREST ACT and Regulations,
 - (b) in respect of timber harvested under this Licence from Schedule "A" Land subject to the Timber Licences, royalty at rates specified in the Regulations,
 - (c) in respect of the portion of the Allowable Annual Cut that the Licensee has the right to harvest, annual rent at rates specified in the Regulations, and
 - (d) waste assessments levied under a Cutting Permit.
- 5.02 During the term of this Licence the Licensee will maintain with the Crown a Deposit in the form and amount prescribed in the Regulations.
- 5.03 If the Licensee fails to pay money that it is required to pay to the Crown or otherwise fails to perform its obligations under the FOREST ACT, this Licence, a road permit entered into to access timber harvested under this Licence or a Cutting Permit, in respect of operations carried on under this Licence, the Licensors may,

- (a) after at least 30 days' notice to the Licensee, take from the Deposit such amounts as may reasonably be required to remedy the failure and for that purpose a security included in the Deposit may be sold, or
- (b) if the Licensee has had at least 30 days' notice and a reasonable opportunity to remedy the failure and the Licensor considers that it is not practical to remedy the failure, make an assessment in respect of the failure equal to the costs that would have been incurred by the Licensor had he remedied the failure and that assessment may be paid from the Deposit and for that purpose a security included in the Deposit may be sold.

5.04 If the Deposit is reduced pursuant to paragraph 5.03, the Licensee shall forthwith pay the Crown, in cash or in securities acceptable to the Licensor, an amount of money sufficient to maintain the Deposit in the amount specified under paragraph 5.02.

5.05 If the Licensor considers that timber harvesting or related operations that are proposed to be carried out under a Cutting Permit or road permit entered into to access timber harvested under this Licence are likely to cause damage to the improvements or chattels of a lawful occupier or lawful user of Crown land, the Licensee may be required in the Cutting Permit or road permit to,

- (a) prevent the damage from occurring,
- (b) pay reasonable compensation to the occupier or user in respect of damage that occurs, and
- (c) pay to the Crown a Special Deposit, in cash or in securities acceptable to the Licensor, in an amount determined by the Regional Manager to be adequate security for the performance of the Licensee's obligations under subparagraphs (a) and (b).

5.06 If the Licensee, under a Cutting Permit or road permit referred to in paragraph 5.05, fails to,

- (a) prevent the damage from occurring, and
- (b) pay reasonable compensation, as determined by the Regional Manager or District Manager, to the occupier or user,

the Licensor may, after at least 30 days' notice to the Licensee, pay reasonable compensation to the occupier or user from the Deposit, Special Deposit or both and for this purpose a security included in the Deposit, Special Deposit or both may be sold.

5.07 The Licensor will refund to the Licensee,

(a) the Deposit (minus deductions made under paragraphs 5.03 and 5.06) when this Licence terminates, expires and is not replaced under section 29 of the FOREST ACT, or is assigned, and

(b) a Special Deposit (minus deductions made under paragraph 5.06) when the Cutting Permit or road permit referred to in paragraph 5.05 expires.

5.08 If this Licence is cancelled, terminates or expires and is not replaced under section 29 of the FOREST ACT, the Licensor may retain a reasonable portion of the Deposit and the Special Deposit until such time as all obligations of the Licensee under this Licence and the FOREST ACT are fulfilled.

6.00 ROADS

6.01 The locations, specifications and standards of all roads to be built on Crown land by the Licensee to provide access to or in the Licence Area shall be

(a) except branch and spur roads on land that is subject to a Cutting Permit, included in road permits entered into between the Regional Manager or District Manager and the Licensee to access timber harvested under this Licence, and

(b) consistent with the Management and Working Plan and 5 Year Development Plan.

6.02 If a road is to be constructed to provide access to timber to be harvested under this Licence and the construction requires acquisition of a right-of-way over private land, the Licensor or the District Manager shall determine whether the Licensor or the Licensee shall acquire the right-of-way.

6.03 A road constructed by the Licensee on a right of way acquired by the Crown under paragraph 6.02 shall be deemed to be owned by the Crown and the Licensee shall have no claim to compensation in respect of the construction of road or establishment of improvements thereon by or for the Licensee.

6.04 On or before April 1 of the first year of this Licence and April 1 of every year thereafter, the Licensee will submit to the District Manger for approval a Road Maintenance Plan.

7.00 FOREST PROTECTION

7.01 On or before April 1 of the first year of this Licence and April 1 of every year thereafter, the Licensee will submit to the District Manager for approval a Fire Management Plan.

7.02 The Licensee's obligations under a Fire Management Plan are in addition to and do not diminish its obligations under section 121 of the FOREST ACT.

8.00 FORESTRY AND SILVICULTURE

8.01 The Licensee will not post a sign concerning forestry practised or the development and maintenance of recreation sites or trails under this Licence, unless the sign acknowledges the Crown's contributions to such practise or development and maintenance.

8.02 Increases in the Allowable Annual Cut that are attributable to incremental silviculture undertaken by the Licensee at its expense will accrue to the Licensee.

8.03 If under this Licence or the FOREST ACT the Licensee is required to develop or maintain a recreation site or trail on Schedule "B" Land, the Licensee may enter the Schedule "B" Land and develop or maintain the recreation site or trail.

8.04 This Licence does not diminish basic silviculture obligations incurred by persons other than the Licensee prior to the commencement of the term of this Licence on Crown land in the Licence Area.

9.00 FOREST SERVICE ACCOMMODATION AND ACCESS

- 9.01 After receiving reasonable notice from the Regional Manager or District Manager, the Licensee will provide the Regional Manager, District Manager and forest officers with reasonable office and living accommodation on the Licence Area, or at a headquarters or timber processing facility of the Licensee near the Licence Area, to enable the Regional Manager, District Manager and forest officers to carry out their responsibilities under this Licence and the Licensee may charge the Crown the reasonable cost of providing such office and living accommodation.
- 9.02 The Regional Manager, District Manager and forest officers may at reasonable times use roads on the Licence Area and enter Schedule "A" Land to carry out their responsibilities under this Licence.

10.00 CONTRACTORS

- 10.01 Each calendar year during the term of this Licence a volume of timber equal to at least,

- (a) 50% of the volume of timber harvested by or for the Licensee from the Licence Area during the year, multiplied by,
- (b) the result obtained by the division of,
 - (i) the portion of the Allowable Annual Cut specified in subparagraph 2.04(c) as being attributable to Schedule "B" Land, minus the volume specified in subparagraph 1.04, by
 - (ii) the portion of the allowable annual cut specified in subparagraph 2.04(d) as being the portion of Allowable Annual Cut that the Licensee has the right to harvest,

shall be harvested by persons under contract with the Licensee, unless the Licensor, pursuant to the Regulations, relieves the Licensee from this requirement in whole or in part.

- 10.02 If in a calendar year the volume of timber harvested by persons under contract with the Licensee is less than the volume required under paragraph 10.01, the Licensee will on demand pay to the Crown an amount of money equal to,

(a) the volume below the volume required under paragraph 10.01 multiplied by,

(b) the Average Stumpage Rate,

unless, and to the extent that, relief is given to the Licensee under the Regulations.

11.00 TIMBER PROCESSING

11.01 The Licensee will give the Licensors at least three months' prior notice in writing of the closure or of any reduction in the capacity of a timber processing facility owned or operated by the Licensee or any of its affiliates within the meaning of the COMPANY ACT.

11.02 All timber harvested under this Licence, or an equivalent volume, shall be processed through a timber processing facility owned by the Licensee, or by any of its affiliates within the meaning of the COMPANY ACT, and such facility shall be equipped to carry out debarking and chipping unless, and to the extent that, the Licensors exempts the Licensee from the requirements of this paragraph.

11.03 The Regional Manager, in a notice to the Licensee, may require that the Licensee shall not, during a period of time stipulated by the Regional Manager, sell, agree to sell, or deliver any wood residues produced by the Licensee from timber harvested under this Licence to any person unless the Licensee first offers to sell the wood residues,

(a) to a person designated by the Regional Manager, or

(b) to persons who own or operate timber processing facilities using wood residues within an area designated by the Regional Manager

on terms substantially the same as those offered or agreed to be paid to the Licensee by any other user within an area designated by the Regional Manager.

11.04 At the request of the Regional Manager the Licensee will promptly report,

(a) the volumes of wood residues produced by the Licensee for any period, and

- (b) the volume of wood residues offered, sold or delivered, or agreed to be sold or delivered, by the Licensee for any period, and the names of the offerees, purchasers and persons taking delivery.

12.00 LIABILITY AND INDEMNITY

12.01 The Licensee will indemnify the Crown against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Crown as a result, directly or indirectly, of wrongful acts and omissions on the Licence Area of,

- (a) the Licensee,
- (b) an employee of the Licensee,
- (c) a person who performs work directly or indirectly under contract with the Licensee, and
- (d) any other person who carries on timber harvesting or related operations on the Licence Area with the consent of the Licensee, except
 - (i) the holder of a free use permit referred to in paragraph 14.01,
 - (ii) the holder of a timber sale licence entered into under the FOREST ACT or paragraph 1.04,
 - (iii) a servant or agent of the Crown, or
 - (iv) any other person who uses or occupies the Licence Area under rights granted by the Crown.

12.02 Money paid by the Licensee to the Crown under paragraphs 5.03, 10.02 and 12.01 and reductions in the Allowable Annual Cut deemed to be made under this Licence or the FOREST ACT,

- (a) shall be in addition to, and not in substitution for, and
- (b) shall not, if accepted on behalf of the Crown, be deemed to be a waiver of,

any remedy available to the Crown, the Licensor, the Regional Manager or the District Manager in respect of the default or failure of the Licensee that led to the payment of the money or the reduction in the Allowable Annual Cut.

- 12.03 The Crown will indemnify the Licensee against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Licensee as a result, directly or indirectly, of wrongful acts and omissions of the Crown, an employee of the Crown, or an agent of the Crown on the Licence Area.

13.00 TERMINATION

- 13.01 If this Licence is cancelled, terminates, expires, and is not replaced under section 29 of the FOREST ACT,
- (a) Cutting Permits and road permits entered into to access timber harvested under this Licence will, subject to section 62 of the FOREST ACT, terminate when the cancellation, termination or expiry occurs,
 - (b) within 30 days of the cancellation, termination or expiration, the Licensee may remove from the Licence Area those improvements that the District Manager determines are,
 - (i) not required for long term use by the Crown, and
 - (ii) capable of being removed without damage to other remaining improvements, and
 - (c) property in timber and special forest products then on Schedule "B" Land shall pass to the Crown without compensation to the Licensee.
- 13.02 Subject to paragraph 13.03, where the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensor may cancel this Licence in a notice served on the Licensee.
- 13.03 The Licensor will not cancel this Licence under paragraph 13.02 unless and until,

- (a) he gives notice to,
 - (i) the holder of a debenture, mortgage or other debt security that charges this Licence then registered against the Licensee under the COMPANY ACT, and
 - (ii) the trustee for the holder of a bond or debenture issued under a deed of trust that charges this Licence then registered against the Licensee under the COMPANY ACT, and
- (b) a person referred to in clauses (a)(i) or (a)(ii) has had a reasonable opportunity to exercise his rights and to pursue his remedies under the deed of trust, debenture, mortgage or other debt security, including the taking of possession of the Licensee's properties and assets.

14.00 MISCELLANEOUS

- 14.01 Each year during the term of this Licence, the District Manager may grant free use permits to persons other than the Licensee authorizing the harvest of a volume of timber from Schedule "B" Land not exceeding 1% of the portion of the Allowable Annual Cut attributable to Schedule "B" Land.
- 14.02 The Licensee will use the services of one or more registered professional foresters as reasonably required to manage the Licence Area according to this Licence.
- 14.03 Nothing in this Licence shall entitle the Licensee to have the Licence Area or part of it replaced with another area or with another agreement under the FOREST ACT in the event the Licence Area or part of it is damaged or destroyed by Pests, fires, winds or other natural causes.
- 14.04 In addition to other reports required by the Licensor, each year during the term of this Licence, the Licensee will deliver to the Regional Manager an annual report in respect of this Licence, in a form and on a schedule specified by the Licensor that includes, but is not limited to, a report on all audits or reviews conducted by the Licensor and all reviews specified by other Resource Agencies.

- 14.05 The Licensee will on request provide to the Chief forester or his designate, forest inventory information gathered by the Licensee in order to meet its obligations under paragraph 2.03 in such detail and format specified by the Chief Forester or his designate.
- 14.06 If the Licensors so directs, the Licensee will, at its own expense, survey and define on the ground any or all boundaries of the Licence Area.
- 14.07 This Licence is subject to the FOREST ACT.
- 14.08 Where a notice is required under this Licence, the notice shall be in writing and shall be deemed to have been given if delivered to, or if sent by prepaid registered mail addressed to:

The Licensors:

MINISTER OF FORESTS
PARLIAMENT BUILDINGS
VICTORIA, BRITISH COLUMBIA
V8V 1X4,

and

The Licensee:

DUNKLEY LUMBER LTD.
P.O. BOX 173
PRINCE GEORGE, BRITISH COLUMBIA
V2L 4S1

or to such other address specified by one party to the other in a notice given according to this paragraph and, subject to paragraph 14.09, where service is by registered mail the notice shall be conclusively deemed to be given on the eighth day after its deposit in a Canada Post Office at any place in Canada.

- 14.09 Where, between the time a notice is mailed under paragraph 14.08 and the time it is actually received by a party, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice shall not be deemed to be given until the party actually receives it.
- 14.10 This Licence will enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

- 14.11 If any of the following documents create covenants, obligations or agreements on behalf of the Licensee, those covenants, obligations and agreements shall form part of this Licence as if set out at length in it,
- (a) a Management and Working Plan,
 - (b) a 5 Year Development Plan,
 - (c) a Pre-harvest Silviculture Prescription,
 - (d) a Cutting Permit,
 - (e) a road permit entered into to access timber harvested under this Licence,
 - (f) a Fire Management Plan,
 - (g) a Forest Health Plan, and
 - (h) a Road Maintenance Plan.
- 14.12 If any of the documents listed in paragraph 14.11 conflict with or are inconsistent with this Licence, this Licence shall govern to the extent of the conflict or inconsistency.
- 14.13 The Licensee shall observe, abide by and comply with all laws, bylaws, orders, directions, ordinances and regulations of any and all competent governmental authorities in any way affecting the Licence Area or the use and occupation of it by the Licensee.
- 14.14 The Licensee shall hold public meetings to review the results of the annual report submitted under paragraph 14.04 at such times and locations specified by the Regional Manager.
- 14.15 The Regional Manager or the District Manager may issue a timber sale licence over part of the Licence Area to a person other than the Licensee at any time the Licensor considers it necessary and expedient to enter into the timber sale licence to satisfy the contractual obligations of the Licensor under an existing pulpwood agreement or any other pulpwood agreement which may be issued over all or part of the Licence Area.

- 14.16 To the extent not prohibited by the FOREST ACT, the Licensor may unilaterally amend this Licence to comply with recommendations of the Forest Resources Commission established by the Licensor on June 29, 1989, pursuant to section 2(3)(b) of the MINISTRY OF FORESTS ACT.
- 14.17 No compensation is payable by the Crown and no proceedings shall be commenced or maintained to claim compensation from the Crown or to obtain a declaration that compensation is payable by the Crown in respect to an exercise by the Licensor of his rights under paragraph 14.16.

15.00 INTERPRETATION

- 15.01 If a word or phrase used in this Licence is defined in the FOREST ACT or Regulations, the definition in the FOREST ACT or Regulations applies to this Licence.
- 15.02 In this Licence, unless the context otherwise requires,
- (a) "Allowable Annual Cut" means the rate of timber harvesting specified in the Management and Working Plan as being the allowable annual cut for the Licence Area,
 - (b) "Average Net Value" means the value index for timber in a specified area as determined in accordance with section 84 of the FOREST ACT,
 - (c) "Average Stumpage Rate" means the rate determined by dividing the total stumpage billed for timber harvested from Schedule "B" Land by the Licensee during the calendar year, by the total volume of timber harvested from Schedule "B" Land by the Licensee during the calendar year,
 - (d) "Cutting Permit" means a cutting permit issued under paragraph 3.02,
 - (e) "Deposit" means the deposit required to be maintained by the Licensee under paragraph 5.02,
 - (f) "District Manager" means a district manager appointed under the MINISTRY OF FORESTS ACT, for a forest district in which the Licence Area, or part of it, is situated,

- (g) "5 Year Development Plan" means the plan required to be approved under paragraph 2.07,
- (h) "Fire Management Plan" means a plan which specifies the Licensee's strategies and tactics to address the following:
 - (i) forest fuel management,
 - (ii) forest fire prevention,
 - (iii) fire preparedness, including fire protection pre-organization and a duty roster, and
 - (iv) fire suppression activities in order to prevent, control and minimize the risk and losses due to wildfire on the Licence Area,
- (i) "Forest Health Plan" means a plan consistent with the Management and Working Plan which specifies the Licensee's activities to maintain or increase forest productivity of the Licence Area,
- (j) "harvest" includes entry on the Licence Area for the purpose of cutting and removing timber,
- (k) "Licence Area" means the area described in paragraph 1.02,
- (l) "Licensor" includes a person authorized by the Licensor where the context of this Licence, the FOREST ACT and the Regulations so permit;
- (m) "Management and Working Plan" means a management and working plan approved under paragraph 2.04,
- (n) "Pest" means any organism or damaging agent designated by the Licensor to be detrimental to effective resource management of the Licence Area, including insects, fungi, bacteria, viruses, nematodes, plants and vertebrates,
- (o) "person" includes a corporation and a partnership,

- (p) "Pre-harvest Silviculture Prescriptions" means pre-harvest silviculture prescriptions prepared and approved in accordance with Part 10.1 of the FOREST ACT,
- (q) "Regional Manager" means the regional manager appointed under the MINISTRY OF FORESTS ACT, for the forest region in which the Licence Area, or part of it, is situated,
- (r) "Regulations" means regulations made under the FOREST ACT,
- (s) "Resource Agency" means any governmental agency, ministry or department having jurisdiction over a resource which may, in the Licensor's sole discretion, be affected by the harvesting of timber under this Licence,
- (t) "Road Maintenance Plan" means a plan which,
 - (i) identifies roads, including portions of forest service roads, that are to be maintained by the Licensee until April 1 of the following year for silviculture, timber harvesting, fire protection and Pest control purposes, and
 - (ii) includes standards to which the roads will be maintained.
- (u) "Schedule "A" Land" means the private tenures described in Schedule "A" less the land deemed to be deleted, from time to time, from Schedule "A" Land under paragraph 1.07,
- (v) "Schedule "B" Land" means the Crown land described in Schedule "B" and land deemed to be added, from time to time, to Schedule "B" Land under paragraph 1.07,
- (w) "Small Business Forest Enterprise Program" means the program established under B.C. Regulation 265/88,
- (x) "Special Deposit" means the deposit required to be maintained by the Licensee under sub-paragraph 5.05(c),
- (y) "Timber Licences" means the timber licences described in Schedule "A".

15.03 In this Licence, unless the context otherwise requires,

- (a) the singular includes the plural and the plural includes the singular,
- (b) the masculine, the feminine and the neuter are interchangeable, and
- (c) a reference to a series of numbers or letters, by the first and last numbers or letters of the series, includes the number or letter referred to first and the number or letter referred to last.

15.04 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:

1.00 part,

1.01 paragraph,

(a) subparagraph,

(i) clause,

A. subclause;

and a reference to a subparagraph, clause or subclause shall be construed as a reference to the subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.

15.05 Where a section of the the FOREST ACT referred to in this Licence is renumbered, the reference in this Licence shall be construed to be the section as renumbered.

SIGNED, SEALED AND DELIVERED)
by the Minister of Forests)
on behalf of Her Majesty)
The Queen in Right of the)
Province of British Columbia)
in the presence of:)

Chen

..........
Minister of Forests

THE COMMON SEAL of the)
Licensee was affixed in the)
presence of:)

presence of: _____)
)
 Authorized Signatory)
 HENRY NOVALE)
 PRESIDENT)
 Title)

C/S

SIGNED, SEALED AND DELIVERED)
by the Licensee in the)
presence of:)

[illegible]

Authorized Signatory

Title

SCHEDULE "A"

NAVER TREE FARM LICENCE

TREE FARM LICENCE NO. 53

Forest lands and merchantable timber in other tenures owned or controlled by the Licensee in the Naver Tree Farm Licence No. 53.

NIL

SCHEDULE "B"

NAVER TREE FARM LICENCE

TREE FARM LICENCE NO. 53

All Crown lands not otherwise alienated within the area outlined in bold black on the accompanying map except Crown land reverted subsequent to 1971 which was subject to an old temporary tenure (within the meaning of the Forest Act assented to March 30, 1972) and held by a person other than the Licensee.

Commencing at the northwest corner of Lot 4570, Cariboo Land District; thence easterly along the northerly boundary of said Lot 4570 to the northeast corner thereof; thence northerly along the easterly boundary of Lot 4571 380 metres, more or less, to the northerly boundary of the watershed of Hixon Creek; thence in a general easterly direction along the northerly boundary of the watershed of said Hixon Creek to the northwesterly boundary of the watershed of Little Hixon Creek; thence in a general northeasterly direction along the northwesterly boundary of the watershed of said Little Hixon Creek to a point 1.520 kilometres north and 3.900 kilometres east of the northeast corner of aforesaid Lot 4570; thence south 45 degrees east 620 metres, more or less, to the northerly limit of Naver Creek Forest Service Road, Branch .09; thence in a general easterly direction along the northerly

unnamed creek to the easterly boundary of the watershed of said Naver Creek; thence in a general southerly direction along the easterly boundary of the watershed of said Naver Creek to a point 1.050 kilometres south and 2.870 kilometres west of the northwest corner of Lot 6941; thence east 300 metres; thence north 240 metres, more or less, to the natural boundary of an unnamed creek on the right bank thereof, said unnamed creek flowing northeasterly into Jerry Creek at a point 950 metres north and 560 metres east of the northwest corner of said Lot 6941; thence in a general northeasterly direction along the natural boundary of said unnamed creek on the right bank thereof to the natural boundary of Jerry Creek on the right bank thereof; thence in a general southeasterly direction along the natural boundary of said Jerry Creek on the right bank thereof to the natural boundary of an unnamed creek on the right bank thereof, said unnamed creek draining westerly from Aba Lake; thence in a general easterly direction along the natural boundary of said unnamed creek on the right bank thereof to a point 260 metres north and 805 metres east of the southwest corner of Lot 6944; thence north 62 degrees east 4.590 kilometres; thence east 4.620 kilometres, more or less, to the natural boundary of Willow River on the left bank thereof; thence in a general southerly direction along the natural boundary of said Willow River on

the left bank thereof to a point due west of the confluence of said Willow River on the right bank thereof and Stephanie Creek on the left bank thereof; thence due east to the natural boundary of said Stephanie Creek on the left bank thereof; thence in a general southeasterly direction along the natural boundary of said Stephanie Creek on the left bank thereof to the natural boundary of Stony Lake on the southwesterly shore thereof; thence in a general southeasterly direction along the natural boundary of said Stony Lake on the southwesterly shore thereof to a point 1.360 kilometres north and 2.660 kilometres west of the most southerly corner of Lot 12230; thence west 3.860 kilometres; thence north 402 metres; thence west 3.219 kilometres; thence north 805 metres; thence west 2.012 kilometres; thence south 1.609 kilometres; thence west 1.609 kilometres; thence south 3.219 kilometres; thence west 503 metres; thence south 2.615 kilometres; thence east 201 metres; thence south 1.308 kilometres; thence east 60 metres; thence south 3.681 kilometres; thence east 340 metres; thence south 402 metres; thence east 540 metres; thence south 402 metres; thence east 360 metres; thence south 740 metres, more or less, to the northerly limit of Naver Creek Forest Service Road, Branch .03; thence in a general westerly direction along the northerly limit of said Naver Creek Forest Service Road, Branch .03 to a point 7.420 kilometres north and 2.980 kilometres east of the northwest corner of Lot 11295; thence south 1.170 kilometres; thence west 201 metres, more or less, to the natural boundary of Ahbau Lake on the easterly shore thereof;

thence in a general southerly, westerly and northerly direction along the natural boundary of said Ahbau Lake on the easterly, southerly and westerly shores thereof to the northerly boundary of aforesaid Lot 11295; thence westerly and southerly along the northerly and westerly boundaries of Lots 11295, 11696 and 11695 to the southwest corner of said Lot 11695; thence easterly along the southerly boundary of said Lot 11695 to the natural boundary of Ahbau Creek on the left bank thereof; thence in a general southwesterly and northwesterly direction along the natural boundary of said Ahbau Creek on the left bank thereof to a point 600 metres south and 1.440 kilometres east of the southeast corner of Lot 7599; thence due east to the natural boundary of said Ahbau Creek on the right bank thereof; thence in a general northwesterly direction along the natural boundary of said Ahbau Creek on the right bank thereof to the easterly limit of British Columbia Railway right of way, Lot 11267; thence in a general northwesterly direction along the easterly limit of said Lot 11267 to the natural boundary of an unnamed creek on the right bank thereof, said unnamed creek flowing southwesterly into said Ahbau Creek at a point 1.350 kilometres south and 340 metres east of southeast corner of Lot 8912; thence in a general easterly direction along the natural boundary of said unnamed creek on the right bank thereof to a point 1.645 kilometres east and 900 metres south of the southeast corner of aforesaid Lot 8912; thence north 17 degrees east 1.070 kilometres more or less to the natural boundary of

an unnamed creek on the left bank thereof, said unnamed creek flowing southwesterly into aforesaid Ahbau Creek at a point 350 metres south and 635 metres west of the southeast corner of aforesaid Lot 8912; thence in a general northwesterly direction along the natural boundary of said unnamed creek on the left bank thereof to a point 540 metres north and 1.660 kilometres east of the southeast corner of aforesaid Lot 8912; thence north 15 degrees west 630 metres more or less to the southerly limit of an unnamed road; thence in a general northwesterly direction along the southerly limit of said unnamed road to a point due east of the northeast corner of aforesaid Lot 8912; thence west 1.050 kilometres more or less to the northeast corner of said Lot 8912; thence westerly along the northerly boundary of said Lot 8912 to the easterly limit of aforesaid Lot 11267; thence in a general northwesterly direction along the easterly limit of said Lot 11267 to the easterly boundary of Lot 8565; thence northerly along the easterly boundaries of Lots 8565 and 8564 to the northeast corner of said Lot 8564; thence westerly along the northerly boundary of said Lot 8564 to the easterly boundary of Lot 4665; thence northerly along the easterly boundaries of Lots 4665 and 8561 to the northeast corner of said Lot 8561; thence westerly along the northerly boundary of said Lot 8561 to the easterly boundary of Lot 8560; thence northerly along the easterly boundary of said Lot 8560 to the southeasterly boundary of Lot 7597; thence northeasterly, southeasterly, northeasterly, northwesterly and

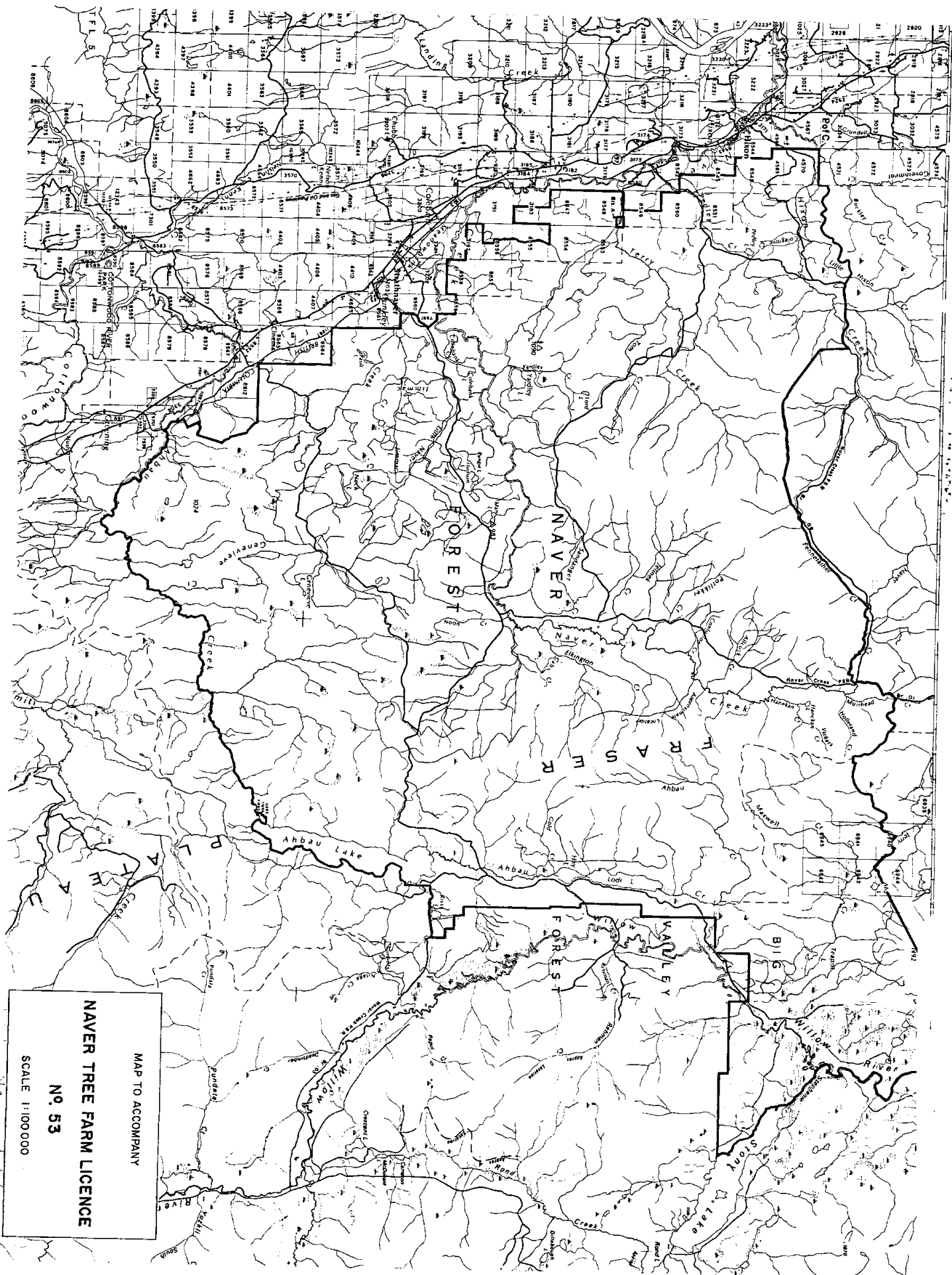
westerly along the southeasterly, southwesterly, southeasterly, northeasterly and northerly boundaries of said Lot 7597 to the easterly boundary of Lot 8559; thence northerly along the easterly boundary of said Lot 8559 to the northeast corner of the south half thereof; thence westerly and southerly along the northerly and westerly boundaries of the south half of said Lot 8559 to the southeast corner of Lot 8558; thence westerly and northerly along the southerly and westerly boundaries of said Lot 8558 to the southeast corner of the north half of Lot 3192; thence westerly, northerly and easterly along the southerly, westerly and northerly boundaries of the north half of said Lot 3192 to the easterly boundary of the west half of Lot 8556; thence northerly along the easterly boundary of the west half of said Lot 8556 to the southerly boundary of the north half thereof; thence westerly along the southerly boundary of the north half of said Lot 8556 to the natural boundary of an unnamed creek on the right bank thereof, said unnamed creek flowing into Naver Creek at a point 960 metres north and 400 metres west of the southwest corner of aforesaid Lot 3192; thence in a general northerly direction along the natural boundary of said unnamed creek on the right bank thereof to the southerly boundary of Lot 8554; thence westerly along the southerly boundary of said Lot 8554 to the southwest corner thereof; thence southerly, westerly and northerly along the easterly, southerly and westerly boundaries of the east half of Lot 3183 to the northwest corner thereof; thence westerly along

the southerly boundary of Lot 8547 to the southwest corner thereof; thence northerly along the westerly boundaries of Lots 8547 and 8548 to the northwest corner of said Lot 8548; thence easterly, northerly and westerly along the southerly, easterly and northerly boundaries of the west half of Lot 8549 to the northwest corner thereof; thence northerly and westerly along the easterly and northerly boundaries of the southeast quarter of Lot 8542 to the northwest corner thereof; thence northerly along the easterly boundaries of the west halves of Lots 8542 and 8545 to the northerly boundary of said Lot 8545; thence westerly and northerly along the southerly and westerly boundaries of Lot 8546 to the northwest corner thereof; thence westerly along the southerly boundary of Lot 4569 to the southwest corner thereof; thence northerly along the westerly boundaries of Lots 4569 and 4570 to the northwest corner of said Lot 4570, being the point of commencement.

Save and excepting thereout all that foreshore and land covered by water within the above described area; and, all surveyed rights of way; and,

Lot 11267 Cariboo Land District - British Columbia Railway
right of way

Block A of Lot 8548.



MAP TO ACCOMPANY
NAVER TREE FARM LICENCE

No. 53

SCALE 1:100,000