

IN THE MATTER OF TREE FARM LICENCE NUMBER 36  
INSTRUMENT 5  
ASSIGNMENT

**BETWEEN :**

OF THE ONE PART,

OF THE OTHER PART.

WHEREAS by an Indenture made in duplicate on the second day of June, 1961, between the Minister of Lands and Forests of the Province of British Columbia, of the one part, and Empire Mills Limited, of the other part, the said Minister did, pursuant to the Provisions of the Forest Act, and in consideration of the payments, agreement and stipulations to be made and observed by and on the part of Empire Mills Limited, grant unto Empire Mills Limited that certain Tree Farm Licence which was numbered thirty-eight on the Forest Service Register of Tree Farm Licences and on official atlas maps of the Department of Lands and Forests, and known as the "Squamish Tree Farm Licence" or "Tree Farm Licence No. 38";

AND WHEREAS the said Tree Farm Licence No. 38 has been assigned and transferred as of the twenty-eighth day of December, 1971 by Empire Mills Limited to Weldwood of Canada Limited, and the Minister has consented in writing on the                      day of                      , 1974, to the said assignment and transfer pursuant to the provisions of Clause 49 of the said Tree Farm Licence No. 38;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of one dollar (\$1.00) of lawful money of Canada now paid by the Licensee to the Minister the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

(1) That the said Tree Farm Licence No. 38 dated the second day of June, 1961, as heretofore amended be and the same is hereby further amended by:

- (i) deleting therefrom all paragraphs numbered from 1 to 57, both inclusive, including the recitals and clause preceding said paragraph 1, Schedules "A" and "B" thereto and the plans attached thereto, all as amended to the date hereof, but excepting the testimonium and attestation clauses, and
- (ii) substituting therefore Exhibit "A" attached hereto including paragraphs numbered 1 to 58, both numbers inclusive, Schedules "A" and "B" thereto and the plan designated Schedule "C", attached to said Exhibit "A" and the testimonium and attestation clause.

- (2) That hereafter the said document marked as Exhibit "A" shall for all purposes, save as provided for in the next succeeding clause, from the date hereof be read and construed as Tree Farm Licence No. 38, and known as the Squamish Tree Farm Licence.
- (3) That subject to the terms of this Agreement, the parties hereto confirm the Agreement of the second day of June, 1961 in all other respects.

This Agreement shall enure to the benefit of and shall be binding upon, not only the parties hereto, but also the successors in office of the Minister, and the successors and assigns of the Licensee respectively.

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

SIGNED SEALED AND DELIVERED  
in the presence of:

---

Minister of Lands, Forests, and  
Water Resources

---

Witness

THE COMMON SEAL OF WELDWOOD OF CANADA LIMITED  
was hereunto affixed in the presence of:

---

---

EXHIBIT "A"

THIS AGREEMENT made in duplicate this  
day of \_\_\_\_\_, in the year of Our Lord One Thousand  
Nine Hundred and Seventy-four,

BETWEEN:

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

hereinafter called "the Minister",

OF THE ONE PART,

AND:

WELDWOOD OF CANADA LIMITED, 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 36 of the Forest  
Act, being Chapter 153 of the Revised Statutes of British  
Columbia, 1960, and subsequent amendments, it is provided that  
the Minister may enter into an agreement to be described as a  
"tree-farm licence" with the owner of other tenures to combine  
such other tenures and Crown forest lands into a single unit by  
mutual consent and contract for the purpose of growing con-  
tinuously crops of forest products to be harvested in approxi-  
mately equal annual or periodic cuts adjusted to the sustained-  
yield capacity of the lands in the area covered by the Licence,  
or the Minister may enter into an agreement to be known as a  
"tree-farm licence" with any person for the management of  
Crown lands specified in the agreement for the like purpose.

AND WHEREAS the conditions precedent to the issuance  
of this Licence, as set forth in said Section 36, have been  
complied with to the satisfaction of the Minister;

NOW THIS AGREEMENT WITNESSETH THAT pursuant to  
Section 36 of the Forest Act and in consideration of the pay-  
ments, agreements and stipulations to be made and observed by

and on the part of the Licensee as hereinafter mentioned, the Minister 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 successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the lands described in this Agreement;

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

1. This Tree Farm Licence may be referred to as the "Squamish Tree Farm Licence" or "Tree Farm Licence No. 38" and is numbered Thirty-eighth (38) on the Forest Service Register of Tree Farm Licences and on the official atlas maps of the Department of Lands, Forests, and Water Resources.
2. This Tree Farm Licence is given for the maintenance of the manufacturing plant or plants owned or operated by the Licensee. Said plant or plants shall be capable of using an amount equivalent to the allowable cut of forest products from the Licence area, and such plant or plants shall be maintained in operation in sufficient continuity to use an amount equivalent to the allowable annual cut from the Licence. Notwithstanding the provisions of this clause, the Minister may, for good and sufficient reasons, at his discretion, in writing, afford such relief from the provisions of this clause as he may see fit.
3. The Licensee shall manage the Tree Farm Licence area in accordance with the provisions of the said Section 36 of the Forest Act and of regulations under the said Act and in accordance with the Management Working Plan applicable thereto, for the purpose of growing continuously successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the Tree Farm Licence area.

4. The term of this Tree Farm Licence shall be twenty-one (21) years commencing from the second day of June, 1961, subject to the provisions of this Agreement and compliance with the Management Working Plan. This Tree Farm Licence shall be renewable but subject to re-negotiation of the terms and conditions of the contract according to the provisions of the Forest Act and the regulations in force at the time of the application for renewal.

5. The Tree Farm Licence area includes all Crown lands not otherwise alienated at this date, as set forth in Schedule "B" hereto, together with all the lands owned or controlled by the Licensee, as set forth in Schedule "A" hereto, all of which are within the area outlined in bold black line on Schedule "C" attached hereto, subject, however, to any increase or decrease in area as provided by this Agreement or by Subsection (14) of Section 36 of the Forest Act; and in addition it includes any and all lands that may be subsequently acquired by the Licensee and incorporated into the said Schedule "A" pursuant to Clause 8 hereof, provided also that any other tenure included in Schedule "A", the title or interest to which reverts to the Crown or which the Licensee elects to revert to the Crown shall be included in Schedule "B" immediately following their reversion.

6. Crown lands now incorporated in this licence, as detailed in Schedule "B" hereto, subject as hereinafter provided, are designed, in conjunction with the Licensee's lands, as set forth in Schedule "A", subject as hereinafter provided, to maintain a gross annual harvest of nine million, three hundred thousand (9,300,000) cubic feet of wood. Provided, however, if after due study and investigations made from time to time by British Columbia Registered Foresters of the Forest Service or

of the Licensee, and providing the Licensor is satisfied as to their findings; that the area proves to be more than is required to produce the said harvest, the Licensor may, at his discretion, reduce the area of Crown lands accordingly; but if, in the opinion of the Licensor, the excess of harvest arises out of an increased yield per acre resulting from the Licensee's management of the lands, then the Licensee shall be entitled to have the capacity of the Licence revised upward to an appropriate figure, and to that extent the licence area shall not be reduced; provided also in the event the area is reduced, the said Schedule "B" shall be deemed to be amended to delete the lands subject to reduction.

7. 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.

8. The acquisition by the Licensee of forest lands within the Tree Farm Licence area subsequent to the issuance of this Tree Farm Licence shall, pursuant to Subsection (9) of said Section 36, be reported to the Minister, and such forest lands if they are located in the watershed and drainage basins as defined in Clause 9 hereunder shall be included forthwith in the Tree Farm Licence area and be incorporated in Schedule "A" hereof.

9. For the purposes of Subsection (8) of Section 36 of the Forest Act, the watershed and drainage basins relating to this Tree Farm Licence are defined as the areas within the boundaries of the Tree Farm Licence area.

10. The Minister may from time to time withdraw from the Crown lands included in the Tree Farm Licence area, such lands as are required for forest experimental purposes, parks, or for aesthetic purposes; but the lands so withdrawn if productive forest land shall not exceed one percent (1%) of the total productive area of forest lands in the Tree Farm Licence area without the consent of the Licensee, and no land shall be

withdrawn from areas being developed under the current cutting plan of the Tree Farm Licence without the consent of the Licensee. Any such withdrawals shall be deducted from Schedule "B" of the Tree Farm Licence.

11. If at any time, or from time to time, part of the Crown lands within the Tree Farm Licence area is found to be required for a higher economic use than growing and harvesting forest crops, or for any use deemed to be essential to the public interest, said lands may be withdrawn from Schedule "B" of the Tree Farm Licence area by the Minister, provided that if by such withdrawal the productive capacity of the Licence area is diminished by more than one-half of one percent of its total productive capacity, other lands, if available, will be added to the Licence area in substitution therefor. Any such withdrawals shall be deducted from Schedule "B", and any such additions shall be added to Schedule "B". For the purposes of this clause, the development of mines and mineral claims may be deemed to be essential to the public interest.

12. It is expressly understood that the Minister may at his discretion and at any time, either permanently or for a specified time, withdraw from this Tree Farm Licence and from the Tree Farm Licence area any Crown lands needed for rights-of-way under Part VI of the Forest Act, or for railway, highway, power transmission, or other right-of-way purposes, and such lands will be deducted from Schedule "B" of the Tree Farm Licence.

13. Notwithstanding the provisions of Clauses 11 and 12, if in the opinion of the Minister it is not necessary to withdraw any part of the Crown lands within the Tree Farm Licence area for the purposes mentioned in said clauses the Forest Service may, subject as hereinafter provided, in lieu of



effecting any such withdrawal, grant the use of such lands for the said purposes. Before making any such grant of use, the Forest Service shall notify the Licensee of the particulars of the proposed use in respect of which such grant is intended to be made, at the same time advising that the Licensee has a period of thirty (30) days from the date of such notice to file an objection in writing thereto. If the Licensee shall so object to the Forest Service's proposed grant of use, the Forest Service and the Licensee shall endeavour to agree upon mutually agreeable terms for the grant of such use by the Forest Service and, should the Forest Service and Licensee fail to so agree within thirty (30) days from the date of the filing of the said objection, the Minister may make the proposed grant of use upon such terms and conditions as he deems advisable and shall furnish the Licensee with a copy of such grant, or, if so requested in writing by the Licensee, shall withdraw from the Tree Farm Licence area the lands proposed for such use.

14. In the event of the withdrawal of any lands from the Tree Farm Licence area pursuant to Clauses 10, 11, 12, and 16 hereof or pursuant to the provisions of the Forest Act, the Licensee may remove and the Minister may require the Licensee to remove from such lands, within one hundred and twenty (120) 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 roads, buildings, structures, fixtures, and things erected or built upon or affixed to the said lands and used in connection with the business of the Licensee in the management or operation of the Tree Farm Licence.

If the amount of compensation payable to the Licensee is not agreed upon, then such amount shall be appraised and awarded by a single arbitrator in case the Minister and Licensee agree upon one; otherwise by three arbitrators, one to be appointed by the Minister and one by the Licensee and the third to be appointed by writing under the hands of the two appointed, such arbitration to be in accordance with the provisions of the Arbitration Act of the Province of British Columbia. In the event that both parties are unable to agree on a third arbitrator, the Chief Justice of the Supreme Court of British Columbia shall be requested to make an appointment.

15. If at any time, or from time to time, part of the lands included in Schedule "A" is found to be required for a higher economic use than raising forest crops, said lands may be withdrawn from the Tree Farm Licence area by the Minister at the request of the Licensee and after such withdrawal such lands will be deducted from Schedule "A" and shall be used or disposed of by the Licensee for the purpose for which they were withdrawn.

16. Where the Tree Farm Licence insofar as Crown lands in Schedule "B" are concerned, includes within the described boundaries a belt or area of non-productive land surrounding or adjacent to the productive forest land of the Licence, any or all of such non-productive land may be withdrawn from the Tree Farm Licence at the pleasure of the Minister, unless the Licensee has a bona-fide use related to the management of the Tree Farm Licence for such non-productive land.

17. Other tenures included in this Tree Farm Licence shall not be sold, transferred or otherwise disposed of except as hereinbefore provided or except as provided in Section 36 of the Forest Act.

18. This Tree Farm Licence, insofar as Crown lands in Schedule "B" are concerned, shall not be considered to limit the use of the lands at the discretion of the Minister for other purposes such as mining, trapping, hunting, fishing, hydro-electric development, or any use that does not materially prejudice the rights granted to the Licensee to employ the use of the lands for the growing and harvesting of forest products under the terms of this Tree Farm Licence.

19. It is understood and agreed between the parties hereto that any rights under this Agreement in respect of Crown lands in Schedule "B" hereof do not include any riparian or foreshore rights, and all such riparian and foreshore rights vested in the Crown in respect of the said Crown lands shall remain in the same status as if this Agreement had not been entered into, and the Licensee shall have no rights or claims whatsoever in respect thereto by virtue of this Agreement.

20. The Minister may direct the Licensee to have surveyed and defined on the ground, and at the Licensee's expense, any or all the boundaries of the Tree Farm Licence area which he may deem necessary to have so surveyed and defined. In the event of failure of the Licensee to complete any such survey within time limits set by the Minister, the Minister may cause the survey to be made and the costs shall be charged to and be payable forthwith by the Licensee.

21. As a first essential to the object of sustained-yield management of this Tree Farm Licence, it is agreed that all denuded forest land within the Tree Farm Licence area shall be kept by the Licensee in growing stock as provided in

Clause 22 hereof, and adequately stocked in accordance with standards to be defined from time to time by the Chief Forester for lands of comparable site quality in British Columbia.

22. Any lands in the Tree Farm Licence area denuded before January 1, 1974, which are found to be stocked below the minimum standards defined by the Chief Forester as provided in Clause 21 above, shall be classified as to forest-site quality and those determined by the Forest Service to be of a site quality index equal to or better than 80, unless in the opinion of the Minister they are occupied by an advanced growth of brush to such an extent, or otherwise in such condition or location as to make planting operations economically impractical, shall be reforested by the Licensee by artificial means with a merchantable timber species suitable and adapted to the locality at a rate per year of not less than one thousand acres, or ten percent of the total acreage of such lands, whichever is the less, all to the satisfaction of the Minister.

Any lands in the Tree Farm Licence area denuded on or after January 1st, 1974 shall if necessary be artificially regenerated by the Licensee with timber tree species as follows:

(a) those lands of a forest site quality index better than 110 must be regenerated before the end of the third (3rd) year; and

(b) those lands of a forest site quality index between 80 and 110 must be regenerated before the end of the fifth (5th) year,

all to the satisfaction of the Minister.

23. On failure of the Licensee to comply with the provisions of Clause 22, the Minister, by the Forest Service, may enter on the lands in respect of which the Licensee is in default, and reforest 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 37 hereof.

24. The operations covered by the Tree Farm Licence shall be managed in accordance with the currently approved Management Working Plan, each of which, in turn, as approved for each successive period, is hereby incorporated into and made part of this Tree Farm Licence.

25. Management Working Plans for the Tree Farm Licence will be approved for such period as the Chief Forester may decide and will be subject to revision as set forth in the said Plans.

26. Revised Management Working Plans shall conform to the current outlines and guidelines for the submission of Working Plans approved by the Chief Forester and shall be submitted for the approval of the Chief Forester prior to six months before the expiry of currently approved Plans.

27. The object of each succeeding Plan shall be to implement balanced-use management of the Tree Farm Licence area, stressing the objective of achieving sustained-yield in equal annual or periodic cuts, and the Plan may embody any method of attaining that objective that over a reasonable period of years is likely to prove economically feasible, that is approved by the Chief Forester, and that is consistent with the spirit and intent of the Act and regulations.

28. Should it appear at any time to either party hereto necessary or expedient in case of emergency to increase or decrease the rate of cutting contemplated by the Tree Farm Licence cutting budget then in effect, or to alter the cutting plan then being observed, then, subject to the approval of the Chief Forester, emergency revision of the Management Working Plan will be undertaken upon the request of either the Licensee or the Chief Forester.

"Emergency" shall include an economic depression severe enough in the opinion of the Minister to justify revision of the Management Working Plan.

29. In the process of harvesting the crop from the Tree Farm Licence area, regardless of the tenure of the land from which it is harvested, the Licensee shall provide the opportunity for contractors, other than the Licensee's own employees or shareholders who own more than one percent (1%) interest to harvest up to the equivalent of fifty percent (50%) of the allowable cut from Crown lands in Schedule "B" hereof, not held under other tenure but where the Minister is satisfied that such contract operation is not feasible, either by reason of lack of operators or for other good and sufficient reason, the Minister may relieve the Licensee in whole or in part from this responsibility.

30. In the event of the development on the Tree Farm Licence area of injurious insects in numbers which in the opinion of the Minister will seriously reduce the current or future allowable annual harvest of wood, and which in the opinion of the Minister can be controlled, then the Licensee and the Minister shall take such control measures as may be mutually agreed upon, or the Licensee shall take such control measures as the Minister shall direct, provided that the cost of such control measures to the Licensee at its own expense in any one calendar year shall not exceed one-half ( $\frac{1}{2}$ ) the cost of such control measures incurred during that calendar year, or the total stumpage of that year's allowable cut, whichever may prove to be the lesser. For the purposes of this Clause, the stumpage shall be the stumpage at rates as appraised by the Forest Service.

31. In the event that mutual agreement cannot be reached between the parties hereto as to the allowable annual cut of the Tree Farm Licence or as to the sequence or methods of cutting to be employed at the time an emergency, or any other revision of the cutting plan or cutting budget is undertaken, the Minister shall determine the allowable annual cut, the Plans and the methods of cutting.

32. The Licensee, in its logging operations on the Tree Farm Licence area, shall at all times maintain at least as high a standard of utilization as, in the Chief Forester's opinion, is being maintained by well-conducted logging operations in the Vancouver Forest District.

33. Cutting on the Tree Farm Licence area shall be done only in accordance with the Management Working Plan, and only after notice of intent has been given to the Forest Service and a Cutting Permit has been issued. Such Cutting Permit shall be issued on the direction of the Chief Forester if the proposed cutting is in keeping with the provisions of this Agreement and the Management Working Plan. If cutting is on Crown lands not held under other tenures, the Cutting Permit will fix the stumpage rates in accordance with Subsection (20), Section 36 of the Forest Act. Any cutting not covered by a Cutting Permit will be deemed to be in trespass and the Licensee may be assessed damages by the Minister in amounts not in excess of the value of the logs or other products so cut, which may be charged against the deposit.

34. Timber marks shall be secured by the Licensee and marking of all timber carried out as required by Part IX of the Forest Act.

35. All timber harvested on the Tree Farm Licence area shall be scaled in cubic feet in accordance with the provisions of Part VIII of the Forest Act and regulations made pursuant thereto.

36. Timber and wood cut from lands included in this Tree Farm Licence, regardless of the tenure of the lands, shall be subject in all respects to the provisions of Part X of the Forest Act, insofar as they relate to lands granted after the 12th day of March, 1906.

37. The Licensee herewith deposits, pursuant to Sub-section (6) of Section 36 of the Forest Act, the sum of Twenty-seven Thousand Nine Hundred Dollars (\$27,900.00), receipt of which is acknowledged. The said deposit shall be held by the Minister for the purpose of ensuring compliance on the part of the Licensee with the provisions of the Forest Act, the regulations made thereunder and the terms and conditions of this Tree Farm Licence, of the Management Working Plan and any permit issued pursuant thereto.

38. The Licensee agrees to pay stumpage on all merchantable wood cut, wasted or removed by the Licensee, its agents or servants on or from the lands described in Schedule "B" of this Tree Farm Licence, as provided in the Forest Act and any Cutting Permit issued pursuant to this Agreement.

39. Starting on the first day of January, 1974, the wood harvested from the Tree Farm Licence area in any one year shall not be less than fifty percent (50%) and not more than one hundred and fifty percent (150%) of the approved annual cut, and shall not vary more than ten percent (10%) from the total approved cut over a period of five (5) consecutive years.

40. Damages, recoverable in full or in part from the deposit made by the Licensee under Clause 37 hereof, may be assessed by the Minister for failure to observe the provisions of Clause 39 of this Tree Farm Licence as follows:

(a) The full stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut falls below fifty percent (50%) of the approved annual cut.

(b) Double the stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut is in excess of one hundred and fifty percent (150%) of the approved annual cut, whether cut from Crown lands or from other tenures, and any stumpage paid on such excess will be credited against such assessment.

(c) Should the total cut for five (5) consecutive years



vary more than ten percent (10%) in excess of the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet of double the stumpage rates, as established for the fifth year of the period, will be assessed by the Minister for the quantity of timber in excess of the ten percent (10%) allowance, whether such timber was cut from Crown land or from other tenures. Should the total quantity of timber cut for five (5) consecutive years vary more than ten percent (10%) under the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet equal to the stumpage rates as established for the fifth year of the period will be assessed by the Minister on the quantity of timber less than the ten percent (10%) allowance whether from Crown land or from other tenures.

(d) Should the total cut for ten (10) consecutive years, including the five-year period referred to in (c) above, vary less than ten percent (10%) from the total of the ten (10) years' cut as approved in the Working Plan, the sum assessed under Paragraph (c) above, if any, will be refunded or credited.

(e) For the purposes of this clause stumpage shall be appraised on the same basis and in the same manner as provided in Clause 33 hereof.

(f) Any damages provided for in any Cutting Permit may be deducted from the deposit and thereupon the Licensee shall forthwith pay to the Minister sufficient moneys to make the said deposit equal to the amount of deposit required under Clause. 37.

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

41. For the purpose of carrying out the provisions of Clauses 39 and 40 hereof, the Licensee may elect to start a new five-year period from any year in which the quantity of

timber cut for the preceding five-year period is within ten percent (10%) of the accumulated approved annual cuts.

42. The aggregate acreage of the Crown lands not held under other tenures in the Tree Farm Licence area for the purposes of rental under Subsection (19) of Section 36 of the Forest Act, as of this date, shall be the acreage as set forth in the current approved Working Plan.

43. For the purposes of Section 126 of the "Forest Act", Chapter 153 of the Statutes of British Columbia for 1960 and subsequent amendments, 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 126.

44. All camps or other living quarters established incident to the management of the Tree Farm Licence area shall be of a standard at least as high as those that, in the Minister's opinion, are being maintained by comparable well-conducted forest operations in the Vancouver Forest District.

45. All roads, on lands within the boundaries of this Tree Farm Licence, including the lands listed in Schedule "A" shall be held available for public use in accordance with the terms of the Forest Act relating thereto.

46. The Licensee shall provide, to the satisfaction of the Chief Forester, office and living accommodation for a Forest Service inspection staff on the Tree Farm Licence area or at any headquarters, plant or operation maintained by the Licensee, if instructed by the Chief Forester in writing so to do.

47. The Licensee shall employ one Forester, registered under the terms of Chapter 4 R.S.B.C., 1970, and amendments thereto, and as many additional Registered Foresters as may be deemed necessary by the Minister. The Working Plan and all revisions and amendments thereto shall be signed and

sealed by the Registered Forester and by one other officer authorized to sign contracts for the Licensee.

48. If the Licensee shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent, take the benefit of any Act that may be in force for bankrupt or insolvent debtors, the Minister may cancel this Agreement and any or all moneys on deposit may be declared by the Minister to be payable to the Crown for damages. Provided, however, that this clause shall not become effective until the Minister has given written notice to any and all Trustees for the holders of bonds, debentures or other securities of the Licensee of which he has notice of his intention to cancel this Agreement and has given such Trustee or Trustees reasonable time to exercise for the holders of bonds, debentures or other securities of the Licensee, or such holders themselves, reasonable time to exercise any rights or remedies contained in any Deed of Trust and Mortgage or other Agreement under which such bonds, debentures or other securities are issued or secured, including without restricting the generality of the foregoing, the taking of possession by any such Trustee of the Licensee's properties and assets and the operation or disposition thereof for the benefit of the holders of the Licensee's bonds, debentures or other securities.

49. This Agreement may be amended by the Parties hereto by a memorandum in writing signed by the Parties hereto.

50. Without the written consent of the Minister first having been obtained, this Tree Farm Licence shall not be sold or transferred by the Licensee within ten (10) years from the                      day of                      , 1974, and the control of the Tree Farm Licence shall not be transferred in any manner whatsoever to any person or persons, firm or firms, corporation or corporations. Provided that nothing hereinbefore contained in this Clause 50 or in Clause 17 shall apply to any sale, assignment or transfer made to:

(a) a trustee for the holders of bonds, debentures and other securities of the Licensee or a mortgagee of the Licensee; and

(b) a person, firm or corporation upon the sale or other disposition by or on behalf of such trustee or mortgagee aforesaid or other person realizing upon or enforcing any security for the benefit of the holders of such bonds, debentures or other securities of the Licensee or any mortgagee of the Licensee; and the Minister insofar as is necessary to give effect to (a) and (b) above hereby consents pursuant to Section 36 (22) of the Forest Act to any such sale, assignment or transfer.

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

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

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

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

(i) All moneys held as security deposit of whatsoever nature or kind or any part thereof may be declared by the Minister payable to the Crown for damages or otherwise and the Minister shall not be obliged to account in respect thereof.

(ii) All tenures which have reverted to the Crown pursuant to this Contract shall not revert in the Licensee.

(iii) All improvements made on Crown lands included in Schedule "B" shall become and be the property of the Crown and the Licensee shall have no claim or in any way be entitled to compensation therefor: Provided the Licensee may remove its own improvements which are capable of removal in such a manner as not to damage other improvements: provided also such removal shall not in any way affect the lien of the Crown on such fixtures as provided in the Forest Act.

(iv) All Cutting Permits issued pursuant to this Agreement shall terminate on the termination of this Agreement.

(v) The Licensee shall forthwith pay all moneys owing on outstanding accounts for stumpage, royalty, taxes and annual rental.

(vi) All rights granted pursuant to any statute or regulation or under this Agreement as ancillary thereto and all appurtenances shall be cancelled effective on the termination of this Tree Farm Licence.

53. In the event that this Tree Farm Licence is cancelled or terminated, existing other tenures owned or controlled by the Licensee included within the Tree Farm Licence area shall in no way be encumbered by any commitments, agreements, understanding or in any other manner arising out of the execution of this Tree Farm Licence.

54. This Licence is issued on the understanding that the Licensee will maintain in operation at the Village of Squamish in the Province of British Columbia a sawmill having sufficient capacity to fully utilize an amount equivalent to the allowable annual cut of forest products from the Licence.

Provided further that on the consent of the Minister the Licensee may construct other utilization plants to a like wood consuming capacity to the mill mentioned in the paragraph above at the said Village of Squamish to utilize the allowable annual cut of forest products of this Agreement and

provided also that such sawmill and/or utilization plants shall be kept in continuous operation. On failure of the Licensee to sustain mill operations this Agreement shall be subject to cancellation.

55. The Licensee shall use such techniques as are available and practical in the operation of the plants referred to in Clause 2 hereof to safeguard the public generally from any deleterious effects which may result from the log conversion processes.

56. This Agreement is subject to the provisions of the Forest Act and such amendments thereto in force from time to time during the currency of this Agreement and the regulations made from time to time pursuant thereto.

57. In this Agreement:

"Act" and "Forest Act" mean the Forest Act, R.S.B.C. 1960, Chapter 153, and amendments thereto in force from time to time during the currency of this Agreement, and the regulations made pursuant thereto.

"Approved", if not otherwise defined in the context, means approved by the Minister.

"Denuded" or "denuded lands" means any forest lands in the Tree Farm Licence area from or on which substantially all mature or immature timber has been cut, logged, or destroyed, and on which trees of young growth in sufficient numbers to product a valuable crop according to the standards defined by the Chief Forester have not yet been established.

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

"Higher economic use" means that use which in the opinion of the Minister will contribute most to the good and welfare of the Province, including non-monetary uses.

"Management Working Plan" means the Management and Working Plan submitted by the Licensee with the application for this Tree Farm Licence and approved prior to the execution of these presents and subsequent revised Management Working Plans submitted or to be submitted by the applicant in accordance with the terms of this Licence as herein appearing.

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

"Other tenures" means any title, licence, lease or berth whereby the Licensee has the right to cut timber on land in Schedule "A" hereto, or on land that subsequently may be acquired by the Licensee and added to the Licence pursuant to Clause 8 hereof.

58. This Licence shall enure to the benefit of and shall be binding upon, not only the parties hereto but also the successors in office of the Minister and the successors and assigns of the Licensee, respectively.

IN WITNESS WHEREOF the 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:

Minister of Lands, Forests, and  
Water Resources

\_\_\_\_\_  
Witness

THE CORPORATE SEAL OF WELDWOOD OF CANADA LIMITED was hereunto  
affixed in the presence of:

\_\_\_\_\_

\_\_\_\_\_

SCHEDULE "A"

This is Schedule "A" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture date the                      day of                      in the year of Our Lord One Thousand Nine Hundred and Seventy-four.

SQUAMISH TREE FARM LICENCE

TREE FARM LICENCE NO. 38

Forest lands in other tenures owned or controlled by the Licensee in the Squamish Tree Farm Licence.

Crown Grants	Total Area - Acres
Lot 984	158
985	166
986	155
3031	137



SCHEDULE "B"

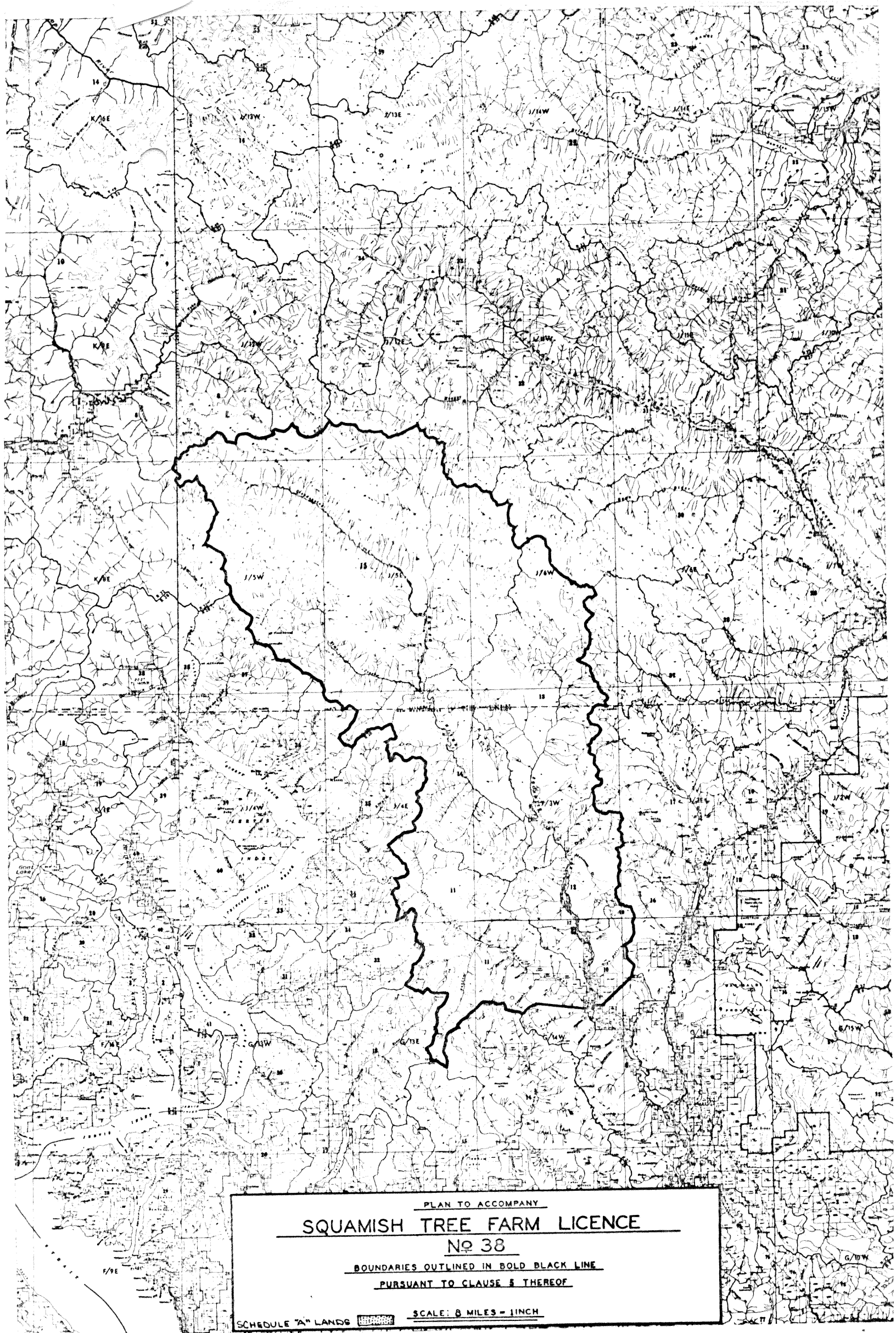
This is Schedule "B" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture dated the                      day of                      in the year of Our Lord One Thousand Nine Hundred and Seventy-four.

SQUAMISH TREE FARM LICENCE

TREE FARM LICENCE NO. 38

Crown lands not otherwise alienated within the following described boundaries in New Westminster Land District:

"Commencing at the northwest corner of Lot 1515, Group 1, New Westminster Land District, being a point on the natural boundary of Squamish River on the left bank thereof; thence due west to the natural boundary of said Squamish River on the right bank thereof; thence in a general southerly direction along the said natural boundary of Squamish River on the right bank thereof to the southeast corner of Lot 984; thence westerly along the southerly boundary of said Lot 984 to the southwest corner thereof; thence North 84 degrees West 295 chains more or less to the easterly boundary of the watershed of Pokosha Creek; thence in a general southerly direction along the said easterly boundary of the watershed of Pokosha Creek to the southerly boundary of the watershed of Squamish River; thence in a general westerly, northerly, easterly and southerly direction along the southerly, westerly, northerly and easterly boundaries of the said watershed of Squamish River to the westerly boundary of the watershed of Soo River; thence in a general southerly direction along the westerly boundaries of the watersheds of Soo River and Cheakamus River to the summit of Cloudburst Mountain; thence southwesterly in a straight line to the northeast corner of aforesaid Lot 1515; thence westerly along the northerly boundary of said Lot 1515 to the northwest corner thereof, being the point of commencement."



This is Schedule "C" attached to Exhibit "A"  
as referred to in Sub-Clause (ii) of Clause (1) of the  
Indenture dated the                      day of                      , 1974.

*To whom it may concern:*

IN THE MATTER OF TREE FARM LICENCE NUMBER 32

the Minister of Lands, Forests, and Water Resources for the Province of British Columbia HEREBY CONSENTS, in so far as it is within his authority so to do, to the Assignment dated 23th day of December, 1971 and hereunto annexed, marked "B".

BETWEEN: EMPIRE MILLS LIMITED, a company incorporated under the laws of the Province of British Columbia, having its head office at 1055 West Hastings Street, in the City of Vancouver, in the Province of British Columbia, hereinafter called the Assignor(s),

OF THE ONE PART,

AND WELDWOOD OF CANADA LIMITED, a company incorporated under the laws of the Province of British Columbia, having its head office at the same place, in the Province of British Columbia, hereinafter called the Assignee(s),

OF THE OTHER PART.

SUBJECT, HOWEVER, to the express condition that, notwithstanding anything contained in this Consent, or in the said Assignment, or any documents referred to therein, no person on behalf of the Department of Lands, Forests, and Water Resources shall be deemed to have waived compliance with or observance of, on the part of the Assignor(s), his/their/its predecessors, successors, and assigns, any of the covenants, provisoes, conditions, or reservations contained in the said matter above referred to, nor to have waived, impaired, or restricted in any way whatsoever any of the rights or remedies of the Crown or of the said Minister of Lands, Forests, and Water Resources in respect of the said matter above referred to, or of the property or rights thereby demised or privileges granted, nor to have approved of the form or of any of the terms, provisions, or conditions of the said Assignment, or of any document, IT BEING EXPRESSLY DECLARED that the sole object, purport, and effect of this document is merely as a permission in writing to validate the making of an assignment, and no action shall be taken or thing done under, by virtue of, or in connection with the said Assignment, or any documents referred to therein, that may prejudice, impair, or affect in any way whatsoever any of the rights of the said Minister of Lands, Forests, and Water Resources.

DATED at Victoria, British Columbia this                      day of                      , 19 74 .

~~Deputy Minister of Forests~~

Minister of Lands, Forests and  
Water Resources

3  
DATED: DECEMBER 28 1971

EMPIRE MILLS LIMITED

AND

WELDWOOD OF CANADA LIMITED

---

ASSIGNMENT OF TREE FARM  
LICENCE NO. 38

---

THIS AGREEMENT made this 28<sup>th</sup> day of December, in the year of our Lord One thousand nine hundred and seventy-one.

BETWEEN:

EMPIRE MILLS LIMITED, a company incorporated under the laws of the Province of British Columbia, having its head office at 1055 West Hastings Street, in the City of Vancouver, in the Province of British Columbia,

(hereinafter called "the Assignor")

OF THE FIRST PART

AND:

WELLDWOOD OF CANADA LIMITED, a company incorporated under the laws of the Province of British Columbia, having its head office at the same place,

(hereinafter called "the Assignee")

OF THE SECOND PART.

WHEREAS the Assignor is affiliated to the Assignee and for purposes of corporate simplification has agreed to transfer to the Assignee Tree Farm Licence No. 38, referred to as the Squamish Tree Farm Licence, which said Licence is dated the 2nd day of June, 1961, and is entered in the Forest Service register of Tree Farm Licences as No. 38 and on the official Atlas maps of the Department of Lands, Forests and Water Resources of the Province of British Columbia as Tree Farm Licence No. 38, subject to the terms and conditions set forth in the said Tree Farm Licence and the amendments made thereto by Supplementary Agreement dated the 28th day of March, 1962, and referred to as Amendment No. 1 in the said Forest Service register, by Supplementary Agreement dated the 20th day of April, 1965, and referred to as Amendment No. 2 in the said Forest Service register,

by Supplementary Agreement dated the 28th day of February, 1967, and referred to as Amendment No. 3 in the said Forest Service register, and by Supplementary Agreement dated the 8th day of March, 1971, and referred to as Amendment No. 4 in the said Forest Service register;

AND WHEREAS it is desirable that the said Licence be transferred hereunder subject to the approval of the Minister of Lands, Forests and Water Resources of the Province of British Columbia;

WITNESSETH that in consideration of the premises and the sum of One Dollar (\$1.00) now paid by the Assignee to the Assignor (the receipt whereof by the Assignor being hereby acknowledged), the Assignor DOTH ASSIGN, SET OVER AND TRANSFER to the Assignee all the said hereinbefore in part recited agreement of the 2nd day of June, 1961, and all the said Tree Farm Licence known as the Squamish Tree Farm Licence No. 38, and all the benefits and advantages to accrue thereunder, including the right to the return of any deposits made thereunder, or any moneys of any kind whatsoever payable thereunder to the Licensee, SUBJECT ALWAYS to all the terms and conditions therein contained;

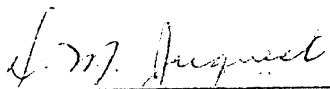
AND THE ASSIGNEE DOTH COVENANT WITH THE ASSIGNOR that it will observe and perform all the conditions, promises and agreements of the Assignor contained in the said agreement and Tree Farm Licence, AND WILL INDEMNIFY AND SAVE HARMLESS the Assignor from any claim or demand thereunder;

THIS AGREEMENT shall enure to the benefit of and be

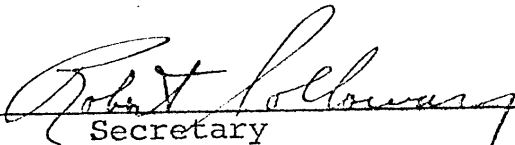
binding upon the Parties hereto, their successors and assigns.

IN WITNESS WHEREOF the Parties hereto have hereunto caused their corporate seals to be affixed in the presence of the proper officers in that behalf on the day and in the year first above written.

The Corporate Seal of EMPIRE MILLS )  
LIMITED was hereunto affixed in the )  
presence of: )

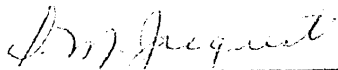


Vice President



Secretary

The Corporate Seal of WELDWOOD OF )  
CANADA LIMITED was hereunto affixed )  
in the presence of: )



Vice President



Assistant Secretary



## Acknowledgment of Officer of a Corporation

I ~~HEREBY~~ CERTIFY that, on the 28th  
at the City of Vancouver  
ROBERT SOLLOWAY

day of December, 19 71  
in the Province of British Columbia,  
(whose identity has been proved by the evidence of  
who is) personally known to me,

oath of—  
appeared before me and acknowledged to me that he is the  
EMPIRE MILLS LIMITED  
who subscribed his name to the annexed instrument as  
EMPIRE MILLS LIMITED  
EMPIRE MILLS LIMITED

Secretary of  
and that he is the person  
Secretary of the said  
and affixed the seal of the

to the said Instrument, that he was first duly authorized to subscribe his name as aforesaid, and affix the said seal to  
the said Instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of  
British Columbia.

IN TESTIMONY whereof I have hereunto set my Hand and Seal of Office,  
at the City of Vancouver in the Province of  
British Columbia, this 28th day of December  
one thousand nine hundred and seventy-one

J.A. CRAWFORD  
A Notary Public in and for the Province of British Columbia.  
A Commissioner for taking affidavits within British Columbia.

NOTE—WHERE THE PERSON MAKING THE ACKNOWLEDGMENT IS PERSONALLY KNOWN TO THE OFFICER TAKING THE SAME, STRIKE OUT THE WORDS IN BRACKETS.

## Acknowledgment of Officer of a Corporation

I HEREBY CERTIFY that, on the 28th  
at the City of Vancouver  
ROBERT SOLLOWAY

day of December, 19 71  
in the Province of British Columbia,  
(whose identity has been proved by the evidence of  
who is) personally known to me,

oath of—  
appeared before me and acknowledged to me that he is the  
WELWOOD OF CANADA LIMITED  
who subscribed his name to the annexed instrument as  
WELWOOD OF CANADA LIMITED  
WELWOOD OF CANADA LIMITED

Assistant Secretary of  
and that he is the person  
Assistant Secretary of the said  
and affixed the seal of the

to the said Instrument, that he was first duly authorized to subscribe his name as aforesaid, and affix the said seal to  
the said Instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of  
British Columbia.

IN TESTIMONY whereof I have hereunto set my Hand and Seal of Office,  
at the City of Vancouver in the Province of  
British Columbia, this 28th day of December  
one thousand nine hundred and seventy-one

J.A. CRAWFORD  
A Notary Public in and for the Province of British Columbia.  
A Commissioner for taking affidavits within British Columbia.

NOTE—WHERE THE PERSON MAKING THE ACKNOWLEDGMENT IS PERSONALLY KNOWN TO THE OFFICER TAKING THE SAME, STRIKE OUT THE WORDS IN BRACKETS.



*To whom it may concern:*

IN THE MATTER OF TREE FARM LICENCE NUMBER 38

the Minister of Lands, Forests, and Water Resources for the Province of British Columbia HEREBY CONSENTS, in so far as it is within his authority so to do, to the Assignment dated 28th day of December, 1971 and hereunto annexed, marked "B".

BETWEEN: EMPIRE MILLS LIMITED, a company incorporated under the laws of the Province of British Columbia, having its head office at 1055 West Hastings Street, in the City of Vancouver, in the Province of British Columbia, hereinafter called the Assignor(s),

OF THE ONE PART,

AND WELLDWOOD OF CANADA LIMITED, a company incorporated under the laws of the Province of British Columbia, having its head office at the same place,

in the Province of British Columbia, hereinafter called the Assignee(s),

OF THE OTHER PART.

SUBJECT, HOWEVER, to the express condition that, notwithstanding anything contained in this Consent, or in the said Assignment, or any documents referred to therein, no person on behalf of the Department of Lands, Forests, and Water Resources shall be deemed to have waived compliance with or observance of, on the part of the Assignor(s), his/their/its predecessors, successors, and assigns, any of the covenants, provisoes, conditions, or reservations contained in the said matter above referred to, nor to have waived, impaired, or restricted in any way whatsoever any of the rights or remedies of the Crown or of the said Minister of Lands, Forests, and Water Resources in respect of the said matter above referred to, or of the property or rights thereby demised or privileges granted, nor to have approved of the form or of any of the terms, provisions, or conditions of the said Assignment, or of any document, IT BEING EXPRESSLY DECLARED that the sole object, purport, and effect of this document is merely as a permission in writing to validate the making of an assignment, and no action shall be taken or thing done under, by virtue of, or in connection with the said Assignment, or any documents referred to therein, that may prejudice, impair, or affect in any way whatsoever any of the rights of the said Minister of Lands, Forests, and Water Resources.

DATED at Victoria, British Columbia this

day of

, 19 76 .

~~XXXXXXXXXXXXXXXXXXXX~~  
Minister of Lands, Forests, and  
Water Resources

IN THE MATTER OF TREE FARM LICENCE NUMBER 38

INSTRUMENT 5

ASSIGNMENT

BETWEEN:

hereinafter called "the Minister",

OF THE ONE PART,

AND

WELWOOD OF CANADA LIMITED 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 an Indenture made in duplicate on the second day of June, 1961, between the Minister of Lands and Forests of the Province of British Columbia, of the one part, and Empire Mills Limited, of the other part, the said Minister did, pursuant to the Provisions of the Forest Act, and in consideration of the payments, agreement and stipulations to be made and observed by and on the part of Empire Mills Limited, grant unto Empire Mills Limited that certain Tree Farm Licence which was numbered thirty-eight on the Forest Service Register of Tree Farm Licences and on official atlas maps of the Department of Lands and Forests, and known as the "Squamish Tree Farm Licence" or "Tree Farm Licence No. 38";

AND WHEREAS the said Tree Farm Licence No. 38 has been assigned and transferred as of the twenty-eighth day of December, 1971 by Empire Mills Limited to Weldwood of Canada Limited, and the Minister has consented in writing on the                      day of                      , 1976, to the said assignment and transfer pursuant to the provisions of Clause 48 of the said Tree Farm Licence No. 38;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of one dollar (\$1.00) of lawful money of Canada now paid by the Licensee to the Minister the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

(1) That the said Tree Farm Licence No. 38 dated the second day of June, 1961, as heretofore amended be and the same is hereby further amended by:

- (i) deleting therefrom all paragraphs numbered from 1 to 57, both inclusive, including the recitals and clause preceding said paragraph 1, Schedules "A" and "B" thereto and the plans attached thereto, all as amended to the date hereof, but excepting the testimonium and attestation clauses, and
- (ii) substituting therefore Exhibit "A" attached hereto including paragraphs numbered 1 to 58, both numbers inclusive, Schedules "A" and "B" thereto and the plan designated Schedule "C", attached to said Exhibit "A" and the testimonium and attestation clause.

- (2) That hereafter the said document marked as Exhibit "A" shall for all purposes, save as provided for in the next succeeding clause, from the date hereof be read and construed as Tree Farm Licence No. 38, and known as the Squamish Tree Farm Licence.
- (3) That subject to the terms of this Agreement, the parties hereto confirm the Agreement of the second day of June, 1961 in all other respects.

This Agreement shall enure to the benefit of and shall be binding upon, not only the parties hereto, but also the successors in office of the Minister, and the successors and assigns of the Licensee respectively.

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

SIGNED SEALED AND DELIVERED  
in the presence of:

\_\_\_\_\_  
Minister of Lands, Forests, and  
Water Resources

\_\_\_\_\_  
Witness

THE COMMON SEAL OF WELWOOD OF CANADA LIMITED  
was hereunto affixed in the presence of:

\_\_\_\_\_

\_\_\_\_\_

EXHIBIT "A"

THIS AGREEMENT made in duplicate this                      day  
of                      , in the year of Our Lord One Thousand Nine  
Hundred and Seventy-six,

BETWEEN:

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

hereinafter called "the Minister",

OF THE ONE PART,

AND:

WELDWOOD OF CANADA LIMITED, 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 36 of the  
Forest Act, being Chapter 153 of the Revised Statutes of  
British Columbia, 1960, and subsequent amendments, it is  
provided that the Minister may enter into an agreement to be  
described as a "tree-farm licence" with the owner of other  
tenures to combine such other tenures and Crown forest lands  
into a single unit by mutual consent and contract for the  
purpose of growing continuously 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 the Minister may enter into  
an agreement to be known as a "tree-farm licence" with any  
person for the management of Crown lands specified in the  
agreement for the like purpose.

AND WHEREAS the conditions precedent to the issuance  
of this Licence, as set forth in said Section 36, have been  
complied with to the satisfaction of the Minister;

NOW THIS AGREEMENT WITNESSETH THAT pursuant to  
Section 36 of the Forest Act and in consideration of the  
payments, agreements and stipulations to be made and observed by

and on the part of the Licensee as hereinafter mentioned, the Minister 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 successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the lands described in this Agreement;

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

1. This Tree Farm Licence may be referred to as the "Squamish Tree Farm Licence" or "Tree Farm Licence No. 38" and is numbered Thirty-eighth (38) on the Forest Service Register of Tree Farm Licences and on the official atlas maps of the Department of Lands, Forests, and Water Resources.
2. This Tree Farm Licence is given for the maintenance of the manufacturing plant or plants owned or operated by the Licensee. Said plant or plants shall be capable of using an amount equivalent to the allowable cut of forest products from the Licence area, and such plant or plants shall be maintained in operation in sufficient continuity to use an amount equivalent to the allowable annual cut from the Licence. Notwithstanding the provisions of this clause, the Minister may, for good and sufficient reasons, at his discretion, in writing, afford such relief from the provisions of this clause as he may see fit.
3. The Licensee shall manage the Tree Farm Licence area in accordance with the provisions of the said Section 36 of the Forest Act and of regulations under the said Act and in accordance with the Management Working Plan applicable thereto, for the purpose of growing continuously successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the Tree Farm Licence area.

4. The term of this Tree Farm Licence shall be twenty-one (21) years commencing from the second day of June, 1961, subject to the provisions of this Agreement and compliance with the Management Working Plan. This Tree Farm Licence shall be renewable but subject to re-negotiation of the terms and conditions of the contract according to the provisions of the Forest Act and the regulations in force at the time of the application for renewal.

5. The Tree Farm Licence area includes all Crown lands not otherwise alienated at this date, as set forth in Schedule "B" hereto, together with all the lands owned or controlled by the Licensee, as set forth in Schedule "A" hereto, all of which are within the area outlined in bold black line on Schedule "C" attached hereto, subject, however, to any increase or decrease in area as provided by this Agreement or by Subsection (14) of Section 36 of the Forest Act; and in addition it includes any and all lands that may be subsequently acquired by the Licensee and incorporated into the said Schedule "A" pursuant to Clause 8 hereof, provided also that any other tenure included in Schedule "A", the title or interest to which reverts to the Crown or which the Licensee elects to revert to the Crown shall be included in Schedule "B" immediately following their reversion.

6. Crown lands now incorporated in this licence, as detailed in Schedule "B" hereto subject as hereinafter provided, are designed, in conjunction with the Licensee's lands, as set forth in Schedule "A", subject as hereinafter provided, to maintain a gross annual harvest of one hundred and seven thousand cunits (107,000 C.c.f.) of wood. Provided, however, if on reports made from time to time by British Columbia Registered Foresters of the Forest Service or of the Licensee, the area proves to be more than is required to produce the said harvest, the Minister may, at his discretion,

by a notice in writing to the licensee, reduce the area of Crown lands within the Licence accordingly. In the event the Licence area is reduced, the said Schedule "B" shall be deemed to be amended to delete the lands so removed. Notwithstanding the foregoing, if, in the opinion of the Minister, the excess of harvest arises out of an increased yield per acre resulting from the Licensee's management of the lands, or from other acceptable practices, then the Licensee shall be entitled to have the capacity of the Licence revised upward to include the excess of harvest.

7. 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.

8. The acquisition by the Licensee of forest lands within the Tree Farm Licence area subsequent to the issuance of this Tree Farm Licence shall, pursuant to Subsection (9) of said Section 36, be reported to the Minister, and such forest lands if they are located in the watershed or drainage basins as defined in Clause 9 hereunder shall be included forthwith in the Tree Farm Licence area and be incorporated in Schedule "A" hereof.

9. For the purposes of Subsection (8) of Section 36 of the Forest Act, the watershed and drainage basins relating to this Tree Farm Licence are defined as the areas within the boundaries of the Tree Farm Licence area.

10. The Minister may from time to time withdraw from the Crown lands included in the Tree Farm Licence area, such lands as are required for forest experimental purposes, parks, or for aesthetic purposes; but the lands so withdrawn if productive forest land shall not exceed one percent (1%) of the total productive area of forest lands in the Tree Farm Licence area without the consent of the Licensee, and no land shall be withdrawn from areas being developed under



the current cutting plan of the Tree Farm Licence without the consent of the Licensee. Any such withdrawals shall be deducted from Schedule "B" of the Tree Farm Licence.

11. If at any time, or from time to time, part of the Crown lands within the Tree Farm Licence area is found to be required for a higher economic use than growing and harvesting forest crops, or for any use deemed to be essential to the public interest, said lands may be withdrawn from Schedule "B" of the Tree Farm Licence area by the Minister, provided that if by such withdrawal the productive capacity of the Licence area is diminished by more than one-half of one percent of its total productive capacity, other lands, if available, will be added to the Licence area in substitution therefor. Any such withdrawals shall be deducted from Schedule "B", and any such additions shall be added to Schedule "B". For the purposes of this clause, the development of mines and mineral claims may be deemed to be essential to the public interest.

12. It is expressly understood that the Minister may at his discretion and at any time, either permanently or for a specified time, withdraw from this Tree Farm Licence and from the Tree Farm Licence area any Crown lands needed for rights-of-way under Part VI of the Forest Act, or for railway, highway, power transmission, or other right-of-way purposes, and such lands will be deducted from Schedule "B" of the Tree Farm Licence.

13. Notwithstanding the provisions of Clauses 11 and 12, if in the opinion of the Minister it is not necessary to withdraw any part of the Crown lands within the Tree Farm Licence area for the purposes mentioned in said clauses the Forest Service may, subject as hereinafter provided, in lieu of effecting any such withdrawal, grant the use of such lands for the said purposes. Before making any such grant

of use, the Forest Service shall notify the Licensee of the particulars of the proposed use in respect of which such grant is intended to be made, at the same time advising that the Licensee has a period of thirty (30) days from the date of such notice to file an objection in writing thereto. If the Licensee shall so object to the Forest Service's proposed grant of use, the Forest Service and the Licensee shall endeavour to agree upon mutually agreeable terms for the grant of such use by the Forest Service and, should the Forest Service and Licensee fail to so agree within thirty (30) days from the date of the filing of the said objection, the Minister may make the proposed grant of use upon such terms and conditions as he deems advisable and shall furnish the Licensee with a copy of such grant, or, if so requested in writing by the Licensee, shall withdraw from the Tree Farm Licence area the lands proposed for such use.

14. In the event of the withdrawal of any lands from the Tree Farm Licence area pursuant to Clauses 10, 11, 12, and 16 hereof or pursuant to the provisions of the Forest Act, the Licensee may remove and the Minister may require the Licensee to remove from such lands, within one hundred and twenty (120) 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 roads, buildings, structures, fixtures, and things erected or built upon or affixed to the said lands and used in connection with the business of the Licensee in the management or operation of the Tree Farm Licence.

If the amount of compensation payable to the Licensee is not agreed upon, then such amount shall be appraised and awarded by a single arbitrator in case the Minister and Licensee agree upon one; otherwise by three arbitrators, one to be appointed by the Minister and one by the Licensee and the third to be appointed by writing under the hands of the two appointed, such arbitration to be in accordance with the provisions of the Arbitration Act of the Province of British Columbia. In the event that both parties are unable to agree on a third arbitrator, the Chief Justice of the Supreme Court of British Columbia shall be requested to make an appointment.

15. If at any time, or from time to time, part of the lands included in Schedule "A" is found to be required for a higher economic use than raising forest crops, said lands may be withdrawn from the Tree Farm Licence area by the Minister at the request of the Licensee and after such withdrawal such lands will be deducted from Schedule "A" and shall be used or disposed of by the Licensee for the purpose for which they were withdrawn.

16. Where the Tree Farm Licence insofar as Crown lands in Schedule "B" are concerned, includes within the described boundaries a belt or area of non-productive land surrounding or adjacent to the productive forest land of the Licence, any or all of such non-productive land may be withdrawn from the Tree Farm Licence at the pleasure of the Minister, unless the Licensee has a bona-fide use related to the management of the Tree Farm Licence for such non-productive land.

17. Other tenures included in this Tree Farm Licence shall not be sold, transferred or otherwise disposed of except as hereinbefore provided or except as provided in Section 36 of the Forest Act.

18. This Tree Farm Licence, insofar as Crown lands in Schedule "B" are concerned, shall not be considered to limit the use of the lands at the discretion of the Minister for other purposes such as mining, trapping, hunting, fishing, hydro-electric development, or any use that does not materially prejudice the rights granted to the Licensee to employ the use of the lands for the growing and harvesting of forest products under the terms of this Tree Farm Licence.

19. It is understood and agreed between the parties hereto that any rights under this Agreement in respect of Crown lands in Schedule "B" hereof do not include any riparian or foreshore rights, and all such riparian and foreshore rights vested in the Crown in respect of the said Crown lands shall remain in the same status as if this Agreement had not been entered into, and the Licensee shall have no rights or claims whatsoever in respect thereto by virtue of this Agreement.

20. The Minister may direct the Licensee to have surveyed and defined on the ground, and at the Licensee's expense, any or all the boundaries of the Tree Farm Licence area which he may deem necessary to have so surveyed and defined. In the event of failure of the Licensee to complete any such survey within time limits set by the Minister, the Minister may cause the survey to be made and the costs shall be charged to and be payable forthwith by the Licensee.

21. As a first essential to the object of sustained-yield management of this Tree Farm Licence, it is agreed that all denuded forest land within the Tree Farm Licence area shall be kept by the Licensee in growing stock as provided in Clause 22 hereof, and adequately stocked in

accordance with standards to be defined from time to time by the Chief Forester for lands of comparable site quality in British Columbia.

22. Any lands in the Tree Farm Licence area denuded before , 1976, which are found to be stocked below the minimum standards defined by the Chief Forester as provided in Clause 21 above, shall be classified as to forest site quality and those determined by the Forest Service to be of a site quality index equal to or better than 80, unless in the opinion of the Minister they are occupied by an advanced growth of brush to such an extent, or otherwise in such condition or location as to make planting operations economically impractical, shall be reforested by the Licensee by artificial means with a merchantable timber species suitable and adapted to the locality at a rate per year of not less than one thousand acres, or ten percent of the total acreage of such lands, whichever is the less, all to the satisfaction of the Minister.

Any lands in the Tree Farm Licence area denuded on or after , 1976, shall if necessary be artificially regenerated by the Licensee with timber tree species as follows:

- (a) those lands of a forest site quality index better than 110 must be regenerated before the end of the third (3rd) year; and
  - (b) those lands of a forest site quality index between 80 and 110 must be regenerated before the end of the fifth (5th) year,
- all to the satisfaction of the Minister.

23. On failure of the Licensee to comply with the provisions of Clause 22, the Minister, by the Forest Service, may enter on the lands in respect of which the Licensee is in default, and reforest 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 37 hereof.

24. The operations covered by the Tree Farm Licence shall be managed in accordance with the currently approved Management Working Plan, each of which, in turn, as approved for each successive period, is hereby incorporated into and made part of this Tree Farm Licence.

25. Management Working Plans for the Tree Farm Licence will be approved for such period as the Chief Forester may decide and will be subject to revision as set forth in the said Plans.

26. Revised Management Working Plans shall conform to the current outlines and guidelines for the submission of Working Plans approved by the Chief Forester and shall be submitted for the approval of the Chief Forester prior to six months before the expiry of currently approved Plans.

27. The object of each succeeding Plan shall be to implement balanced-use management of the Tree Farm Licence area, stressing the objective of achieving sustained-yield in equal annual or periodic cuts, and the Plan may embody any method of attaining that objective that over a reasonable period of years is likely to prove economically feasible, that is approved by the Chief Forester, and that is consistent with the spirit and intent of the Act and regulations.

28. Should it appear at any time to either party hereto necessary or expedient in case of emergency to increase or decrease the rate of cutting contemplated by the Tree Farm Licence cutting budget then in effect, or to alter the cutting plan then being observed, then, subject to the approval of the Chief Forester, emergency revision of the Management Working Plan will be undertaken upon the request of either the Licensee or the Chief Forester.

"Emergency" shall include an economic depression severe enough in the opinion of the Minister to justify revision of the Management Working Plan.

29. In the process of harvesting the crop from the Tree Farm Licence area, regardless of the tenure of the land from which it is harvested, the Licensee shall provide the opportunity for contractors, other than the Licensee's own employees or shareholders who own more than one percent (1%) interest to harvest up to the equivalent of fifty percent (50%) of the allowable cut from Crown lands in Schedule "B" hereof, not held under other tenure but where the Minister is satisfied that such contract operation is not feasible, either by reason of lack of operators or for other good and sufficient reason, the Minister may relieve the Licensee in whole or in part from this responsibility.

30. In the event of the development on the Tree Farm Licence area of injurious insects in numbers which in the opinion of the Minister will seriously reduce the current or future allowable annual harvest of wood, and which in the opinion of the Minister can be controlled, then the Licensee and the Minister shall take such control measures as may be mutually agreed upon, or the Licensee shall take such control measures as the Minister shall direct, provided that the cost of such control measures to the Licensee at its own expense in any one calendar year shall not exceed one-half ( $1/2$ ) the cost of such control measures incurred during that calendar year, or the total stumpage of that year's allowable cut, whichever may prove to be the lesser. For the purposes of this Clause, the stumpage shall be the stumpage at rates as appraised by the Forest Service.

31. In the event that mutual agreement cannot be reached between the parties hereto as to the allowable annual cut of the Tree Farm Licence or as to the sequence or methods of cutting to be employed at the time an emergency, or any other revision of the cutting plan or cutting budget is undertaken, the Minister shall determine the allowable annual cut, the Plans and the methods of cutting.

32. The Licensee, in its logging operations on the Tree Farm Licence area, shall at all times maintain at least as high a standard of utilization as, in the Chief Forester's opinion, is being maintained by well-conducted logging operations in the Vancouver Forest District.
33. Cutting on the Tree Farm Licence area shall be done only in accordance with the Management Working Plan, and only after notice of intent has been given to the Forest Service and a Cutting Permit has been issued. Such Cutting Permit shall be issued on the direction of the Chief Forester if the proposed cutting is in keeping with the provisions of this Agreement and the Management Working Plan. If cutting is on Crown lands not held under other tenures, the Cutting Permit will fix the stumpage rates in accordance with Subsection (20), Section 36 of the Forest Act. Any cutting not covered by a Cutting Permit will be deemed to be in trespass and the Licensee may be assessed damages by the Minister in amounts not in excess of the value of the logs or other products so cut, which may be charged against the deposit.
34. Timber marks shall be secured by the Licensee and marking of all timber carried out as required by Part IX of the Forest Act.
35. All timber harvested on the Tree Farm Licence area shall be scaled in cubic feet in accordance with the provisions of Part VIII of the Forest Act and regulations made pursuant thereto.
36. Timber and wood cut from lands included in this Tree Farm Licence, regardless of the tenure of the lands, shall be subject in all respects to the provisions of Part X of the Forest Act, insofar as they relate to lands granted after the 12th day of March, 1906.



37           The Licensee herewith deposits, pursuant to Subsection (6) of Section 36 of the Forest Act, the sum of Twenty-seven Thousand Nine Hundred Dollars (\$27,900.00), receipt of which is acknowledged. The said deposit shall be held by the Minister for the purpose of ensuring compliance on the part of the Licensee with the provisions of the Forest Act, the regulations made thereunder and the terms and conditions of this Tree Farm Licence, of the Management Working Plan and any permit issued pursuant thereto.

38           The Licensee agrees to pay stumpage on all merchantable wood cut, wasted or removed by the Licensee, its agents or servants on or from the lands described in Schedule "B" of this Tree Farm Licence, as provided in the Forest Act and any Cutting Permit issued pursuant to this Agreement.

39            Starting on the first day of \_\_\_\_\_, 1976,  
the wood harvested from the Tree Farm Licence area in any  
one year shall not be less than fifty percent (50%) and not  
more than one hundred and fifty percent(150%) of the approved  
annual cut, and shall not vary more than ten percent (10%)  
from the total approved cut over a period of five (5) consecutive  
years.

40. Damages, recoverable in full or in part from the deposit made by the Licensee under Clause 37 hereof, may be assessed by the Minister for failure to observe the provisions of Clause 39 of this Tree Farm Licence as follows:

(a) The full stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut falls below fifty percent (50%) of the approved annual cut.

(b) Double the stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut is in excess of one hundred and fifty percent (150%) of the approved annual cut, whether cut from Crown lands or from other tenures, and any stumpage paid on such excess will be credited against such assessment.

(c) Should the total cut for five (5) consecutive years vary more than ten percent (10%) in excess of the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet of double the stumpage rates, as established for the fifth year of the period, will be assessed by the Minister for the quantity of timber in excess of the ten percent (10%) allowance, whether such timber was cut from Crown land or from other tenures. Should the total quantity of timber cut for five (5) consecutive years vary more than ten percent (10%) under the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet equal to the stumpage rates as established for the fifth year of the period will be assessed by the Minister on the quantity of timber less than the ten percent (10%) allowance whether from Crown land or from other tenures.

(d) Should the total cut for ten (10) consecutive years, including the five-year period referred to in (c) above, vary less than ten percent (10%) from the total of the ten (10) years' cut as approved in the Working Plan, the sum assessed under Paragraph (c) above, if any, will be refunded or credited.

(e) For the purposes of this clause stumpage shall be appraised on the same basis and in the same manner as provided in Clause 33 hereof.

(f) Any damages provided for in any Cutting Permit may be deducted from the deposit and thereupon the Licensee shall forthwith pay to the Minister sufficient moneys to make the said deposit equal to the amount of deposit required under Clause 37.

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

41. For the purpose of carrying out the provisions of Clauses 39 and 40 hereof, the Licensee may elect to start a new five-year period from any year in which the quantity of timber cut for the preceding five-year period is within ten percent (10%) of the accumulated approved annual cuts.
42. The aggregate acreage of the Crown lands not held under other tenures in the Tree Farm Licence area for the purposes of rental under Subsection (19) of Section 36 of the Forest Act, as of this date, shall be the acreage as set forth in the current approved Working Plan.
43. For the purposes of Section 126 of the "Forest Act", Chapter 153 of the Statutes of British Columbia for 1960 and subsequent amendments, 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 126.
44. All camps or other living quarters established incident to the management of the Tree Farm Licence area shall be of a standard at least as high as those that, in the Minister's opinion, are being maintained by comparable well-conducted forest operations in the Vancouver Forest District.
45. All roads, on lands within the boundaries of this Tree Farm Licence, including the lands listed in Schedule "A" shall be held available for public use in accordance with the terms of the Forest Act relating thereto.
46. The Licensee shall provide, to the satisfaction of the Chief Forester, office and living accommodation for a Forest Service inspection staff on the Tree Farm Licence area or at any headquarters, plant or operation maintained by the Licensee, if instructed by the Chief Forester in writing so to do.
47. The Licensee shall employ one Forester, registered under the terms of Chapter 4 R.S.B.C., 1970, and amendments thereto, and as many additional Registered Foresters as may

be deemed necessary by the Minister. The Working Plan and all revisions and amendments thereto shall be signed and sealed by the Registered Forester and by one other officer authorized to sign contracts for the Licensee.

48. If the Licensee shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent, take the benefit of any Act that may be in force for bankrupt or insolvent debtors, the Minister may cancel this Agreement and any or all moneys on deposit may be declared by the Minister to be payable to the Crown for damages. Provided, however, that this clause shall not become effective until the Minister has given written notice to any and all Trustees for the holders of bonds, debentures or other securities of the Licensee of which he has notice of his intention to cancel this Agreement and has given such Trustee or Trustees reasonable time to exercise for the holders of bonds, debentures or other securities of the Licensee, or such holders themselves, reasonable time to exercise any rights or remedies contained in any Deed of Trust and Mortgage or other Agreement under which such bonds, debentures or other securities are issued or secured, including without restricting the generality of the foregoing, the taking of possession by any such Trustee of the Licensee's properties and assets and the operation or disposition thereof for the benefit of the holders of the Licensee's bonds, debentures or other securities.

49. This Agreement may be amended by the Parties hereto by a memorandum in writing signed by the Parties hereto.

50. Without the written consent of the Minister first having been obtained, this Tree Farm Licence shall not be sold or transferred by the Licensee within ten (10) years from the                      day of                      , 1976, and the control of the Tree Farm Licence shall not be transferred in any manner whatsoever to any persons, firm or firms, corporation

or corporations. Provided that nothing hereinbefore contained in this Clause 50 or in Clause 17 shall apply to any sale, assignment or transfer made to:

(a) a trustee for the holders of bonds, debentures and other securities of the Licensee or a mortgagee of the Licensee; and

(b) a person, firm or corporation upon the sale or other disposition by or on behalf of such trustee or mortgagee aforesaid or other person realizing upon or enforcing any security for the benefit of the holders of such bonds, debentures or other securities of the Licensee or any mortgagee of the Licensee; and the Minister insofar as is necessary to give effect to (a) and (b) above hereby consents pursuant to Section 36(22) of the Forest Act to any such sale, assignment or transfer.

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

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

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

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

(i) All moneys held as security deposit of whatsoever nature or kind or any part thereof may be declared by the Minister payable to the Crown for damages or otherwise and the Minister shall not be obliged to account in respect thereof.

(ii) All tenures which have reverted to the Crown pursuant to this Contract shall not revert in the Licensee.

(iii) All improvements made on Crown lands included in Schedule "B" shall become and be the property of the Crown and the Licensee shall have no claim or in any way be entitled to compensation therefor: Provided the Licensee may remove its own improvements which are capable of removal in such a manner as not to damage other improvements; provided also such removal shall not in any way affect the lien of the Crown on such fixtures as provided in the Forest Act.

(iv) All Cutting Permits issued pursuant to this Agreement shall terminate on the termination of this Agreement.

(v) The Licensee shall forthwith pay all moneys owing on outstanding accounts for stumpage, royalty, taxes and annual rental.

(vi) All rights granted pursuant to any statute or regulation or under this Agreement as ancillary thereto and all appurtenances shall be cancelled effective on the termination of this Tree Farm Licence.

53. In the event that this Tree Farm Licence is cancelled or terminated, existing other tenures owned or controlled by the Licensee included within the Tree Farm Licence area shall in no way be encumbered by any commitments, agreements, understanding or in any other manner arising out of the execution of this Tree Farm Licence.

54. This Licence is issued on the understanding that the Licensee will maintain an operation at the Village of Squamish in the Province of British Columbia a sawmill having sufficient capacity to fully utilize an amount equivalent

to the allowable annual cut of forest products from the Licence.

Provided further that on the consent of the Minister the Licensee may construct other utilization plants to a like wood consuming capacity to the mill, mentioned in the paragraph above at the said Village of Squamish to utilize the allowable annual cut of forest products of this Agreement and provided also that such sawmill and/or utilization plants shall be kept in continuous operation. On failure of the Licensee to sustain mill operations this Agreement shall be subject to cancellation.

55. The Licensee shall use such techniques as are available and practical in the operation of the plants referred to in Clause 2 hereof to safeguard the public generally from any deleterious effects which may result from the log conversion processes.

56. This Agreement is subject to the provisions of the Forest Act and such amendments thereto in force from time to time during the currency of this Agreement and the regulations made from time to time pursuant thereto.

57. In this Agreement:

"Act" and "Forest Act" mean the Forest Act, R.S.B.C. 1960, Chapter 153, and amendments thereto in force from time to time during the currency of this Agreement, and the regulations made pursuant thereto.

"Approved", if not otherwise defined in the context, means approved by the Minister.

"Denuded" or "denuded lands" means any forest lands in the Tree Farm Licence area from or on which substantially all mature or immature timber has been cut, logged, or destroyed, and on which trees of young growth in sufficient numbers to product a valuable crop according to the standards defined by the Chief Forester have not yet been established.

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

"Higher economic use" means that use which in the opinion of the Minister will contribute most to the good and welfare of the Province, including non-monetary uses.

"Management Working Plan" means the Management and Working Plan submitted by the Licensee with the application for this Tree Farm Licence and approved prior to the execution of these presents and subsequent revised Management Working Plans submitted or to be submitted by the applicant in accordance with the terms of this Licence as herein appearing.

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

"Other tenures" means any title, licence, lease or berth whereby the Licensee has the right to cut timber on land in Schedule "A" hereto, or on land that subsequently may be acquired by the Licensee and added to the Licence pursuant to Clause 8 hereof.

58. This License shall enure to the benefit of and shall be binding upon, not only the parties hereto but also the successors in office of the Minister and the successors and assigns of the Licensee, respectively.



IN WITNESS WHEREOF the 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:

---

Minister of Lands, Forests and  
Water Resources

---

Witness

THE CORPORATE SEAL OF WELWOOD OF CANADA LIMITED was hereunto affixed in the presence of:

---

---

SCHEDULE "A"

This is Schedule "A" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture dated the                      day of                      in the year of Our Lord One Thousand Nine Hundred and Seventy-six.

SQUAMISH TREE FARM LICENCE

TREE FARM LICENCE NO. 38

Forest lands in other tenures owned or controlled by the Licensee in the Squamish Tree Farm Licence.

Crown Grants	Total Area - Acres
Lot 984	158
985	166
986	155
3031	137

SCHEDULE "B"

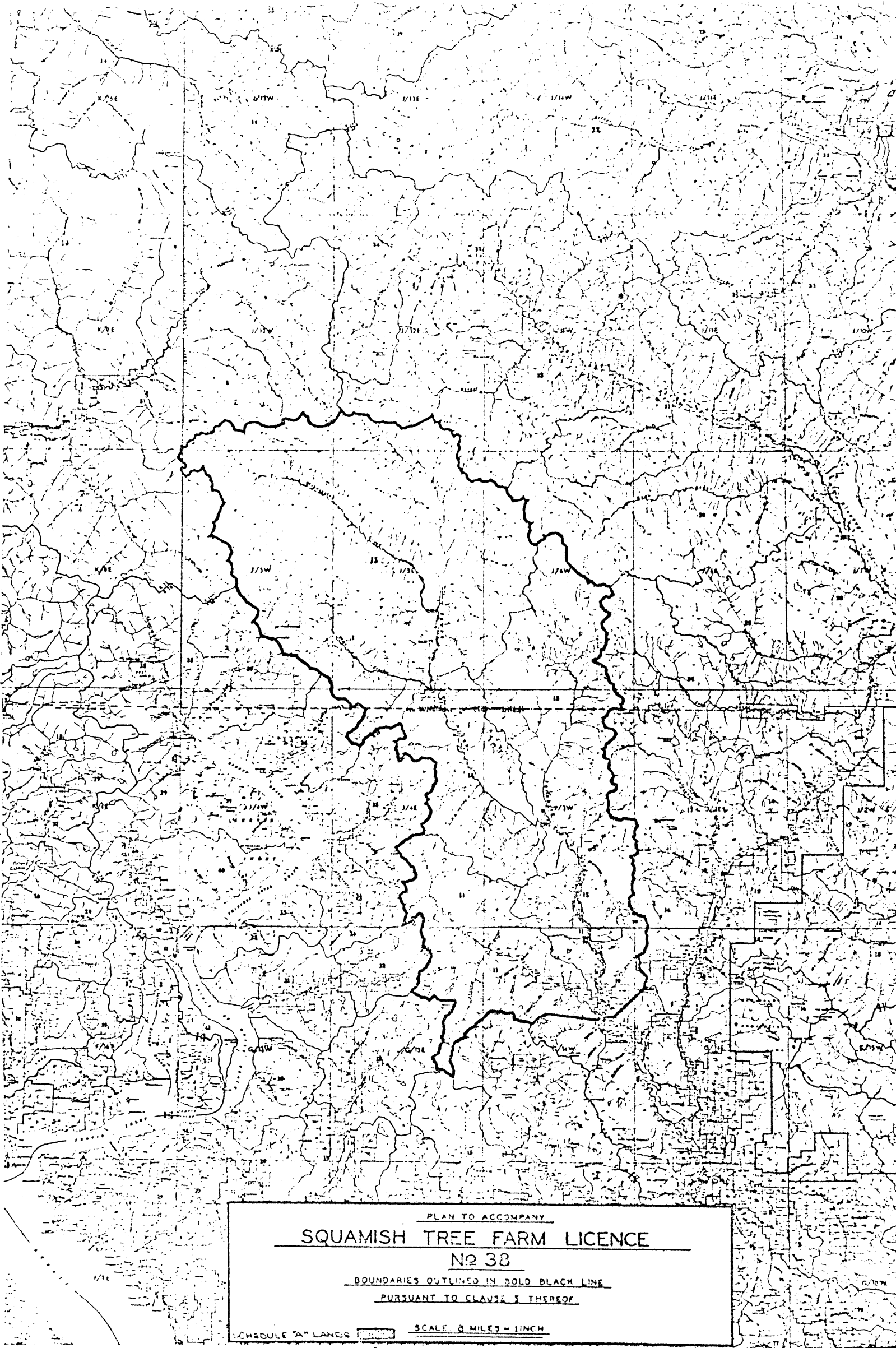
This is Schedule "B" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture dated the                      day of                      in the year of Our Lord One Thousand Nine Hundred and Seventy-six.

SQUAMISH TREE FARM LICENCE

TREE FARM LICENCE NO. 38

Crown lands not otherwise alienated within the following described boundaries in New Westminster Land District:

"Commencing at the northwest corner of Lot 1515, Group 1, New Westminster Land District, being a point on the natural boundary of Squamish River on the left bank thereof; thence due west to the natural boundary of said Squamish River on the right bank thereof; thence in a general southerly direction along the said natural boundary of Squamish River on the right bank thereof to the southeast corner of Lot 984; thence westerly along the southerly boundary of said Lot 984 to the southwest corner thereof; thence North 84 degrees West 295 chains more or less to the easterly boundary of the watershed of Pokosha Creek; thence in a general southerly direction along the said easterly boundary of the watershed of Pokosha Creek to the southerly boundary of the watershed of Squamish River; thence in a general westerly, northerly, easterly and southerly direction along the southerly, westerly, northerly and easterly boundaries of the said watershed of Squamish River to the westerly boundary of the watershed of Soo River; thence in a general southerly direction along the westerly boundaries of the watersheds of Soo River and Cheakamus River to the summit of Cloudburst Mountain; thence southwesterly in a straight line to the northeast corner of aforesaid Lot 1515; thence westerly along the northerly boundary of said Lot 1515 to the northwest corner thereof, being the point of commencement."



PLAN TO ACCOMPANY  
**SQUAMISH TREE FARM LICENCE**  
**No 38**

BOUNDARIES OUTLINED IN BOLD BLACK LINE  
PURSUANT TO CLAUSE 5 THEREOF

SCHEDULE "A" LANDS  SCALE 8 MILES = 1 INCH

This is Schedule "C" attached to Exhibit "A"  
as referred to in Sub-Clause (ii) of Clause (1) of the  
Indenture dated the day of , 1974.