



Province of British Columbia Ministry of Forests

TREE FARM LICENCE

NO. 1

PORT EDWARD TREE FARM LICENCE

THIS LICENCE, is made effective July 10, 1986

BETWEEN:

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

(the "Licensor")

OF THE FIRST PART,

AND:

SKEENA CELLULOSE INC.
2800 - 660 BURRARD STREET
VANCOUVER, BRITISH COLUMBIA
V6C 2X6

(the "Licensee")

OF THE SECOND PART

WHEREAS:

A. The Licensor and the Licensee have entered into Tree Farm Licence No. 1 (hereinafter referred to as "the Westar TFL") dated January 1, 1984, pursuant to Section 33 of the Forest Act of British Columbia; and

B. Westar Timber Ltd. has requested the Licensor subdivide "the Westar TFL" pursuant to Section 33.1 of the Forest Act of British Columbia; and

C. The Licensor has agreed to subdivide "the Westar TFL" subject to the amendments set forth herein.

NOW THEREFORE, this Agreement Witnesses that, in consideration of One Dollar (\$1.00) and other good and valuable consideration paid by the Licensee to the Licensor (the receipt and sufficient of which the Licensor acknowledges) the parties agree as follows:

1.00 GRANT OF RIGHTS, LICENCE AREA AND TERM

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

- (a) the right during the term of this Licence to enter and occupy Crown land in the licence area for the purpose of managing it according to management and working plans,
- (b) the right during the term of this Licence to manage Crown land in the licence area according to management and working plans, and
- (c) subject to paragraph 14.01 and the Forest Act, the exclusive right during the term of this Licence to harvest timber from Crown land in the licence area, according to management and working plans and from areas specified in cutting permits issued from time to time under this Licence.

1.02 The Licence area is

- (a) the private land and Timber Licences described in Schedule "A" to this Licence, and
- (b) the Crown land described in Schedule "B" to the Licence, and as shown outlined in bold black on the map attached to this Licence, but excludes Crown land deleted, from time to time, under the Forest Act.

1.03 As Timber Licences expire, or as areas are deleted from them under section 57 of the Forest Act, the land subject to the Timber Licences or the areas deleted, as the case may be, shall be deemed to be deleted from Schedule "A" and to be added to Schedule "B".

1.04 This Licence may be amended by agreement of the parties, by deleting from the licence area private land described in Schedule "A" to this Licence, where

- (a) the private land is required for a use that is more valuable than timber production, and
- (b) the deletion would not, in the Chief Forester's opinion, unreasonably disturb the management of the licence area for timber production.

1.05 The term of this Licence is 25 years, beginning January 1, 1984.

1.06 On its tenth anniversary this Licence may be replaced according to the Forest Act.

2.00 MANAGEMENT AND WORKING PLANS

2.01 Not later than October 31, 1986 the Licensee will submit for the Chief Forester's approval a revised management and working plan for the 5 year period beginning January 1, 1987.

2.02 The management and working plan approved under the "Westar TFL" shall, until December 31, 1986, be deemed to be a management and working plan approved under paragraph 2.07.

2.03 Not later than June 30, 1991, and June 30 of every fifth year afterward, the Licensee will submit for the Chief Forester's approval a proposed management and working plan for the 5 year period beginning January 1 of the following year.

2.04 The Chief Forester, at the Licensee's request or on his own initiative, in a notice to the Licensee, may require that a management and working plan be amended or replaced where

- (a) timber in the licence area is damaged by fire, wind, insects, disease, or other natural forces, or
 - (b) damage is caused to a timber processing facility of the Licensee, or there is labour conflict, war, civil insurrection, adverse weather conditions, depressed markets or other circumstances beyond the Licensee's control, or
 - (c) serious and unforeseen damage is caused to soils, fisheries or wildlife resources, of the licence area,
- and the Chief Forester considers that the occurrence has rendered the management and working plan inadequate.

2.05 Where a notice is given under paragraph 2.04

- (a) the notice shall specify the occurrence, the extent to which the management and working plan is inadequate and the nature of the change required by the Chief Forester, and
- (b) the Licensee will, within 6 months after the notice, submit for the Chief Forester's approval a proposed management and working plan or a proposed amendment to the management and working plan, as the case may be, to have effect during the unexpired term of the then current management and working plan.

2.06 A proposed management and working plan shall be prepared, signed and sealed by a registered professional forester and shall contain

- (a) information respecting the inventory of the forest resources and, where available to the Licensee, and where required by the Chief Forester, respecting the soils, fisheries and wildlife resources and recreational capabilities, of the licence area,
- (b) a proposal for developing timber harvesting operations and providing access on the licence area,
- (c) a proposal for protecting the forest in the licence area from damage by fire, insects, and disease,
- (d) a proposal for reforestation and providing other silvicultural treatments to the licence area,
- (e) the Licensee's program for fulfilling its obligations under part 10.00, and
- (f) such other information respecting the development, management and use of the licence area as the Chief Forester requires.

2.07 The Chief Forester will approve, from time to time, management and working plans for the licence area, acceptable to him, that specify

- (a) an allowable annual cut that he determines may be sustained from the licence area, having regard to
 - (i) the composition of the forest on the licence area and its expected rate of growth, determined from an inventory of the forest,
 - (ii) the expected time that it will take the forest to become re-established on the licence area following denudation,
 - (iii) silvicultural treatments to be applied to the licence area,
 - (iv) the standard of timber utilization and the allowances for waste and breakage it is expected will be applied with respect to timber harvesting operations conducted on the licence area, and
 - (v) any other information that relates to the capability of the licence area to produce timber,
- (b) measures taken and to be taken by the Licensee, consistent with this Licence and the Forest Act, for developing, protecting, restoring and improving the forest resources in the licence area, and for fulfilling its obligations under part 10.00, and
- (c) the portion of the allowable annual cut that the Chief Forester determines is attributable to Schedule "B" land at the beginning of the term of this Licence,

and any management and working plan may provide for the protection of such unique features of the licence area as are identified from time to time, by studies within the licence area, the results of which are approved by the Chief Forester.

2.08 A management and working plan shall be deemed to be a part of, and shall be consistent with, this Licence.

3.00 CUTTING PERMITS

3.01 Without the Regional Manager's written consent the Licensee will not cut timber on the licence area except under a cutting permit issued under this Licence, or under a road permit.

3.02 On application by the Licensee the Regional Manager or District Manager will, from time to time, issue cutting permits to the Licensee, to enable the Licensee to harvest timber from the licence area, within the limits specified in paragraph 4.02 and according to the management and working plan then in effect.

3.03 A cutting permit shall, subject to the management and working plan then in effect,

- (a) authorize timber to be harvested under this Licence from a specific area of land in the licence area,
- (b) be for a term, not exceeding 3 years, determined by the Regional Manager or District Manager,
- (c) set out stumpage rates applicable to timber harvested under it and procedures for varying the stumpage rates, where stumpage is payable in respect of the timber,
- (d) prescribe utilization standards, other cutting specifications and forest practices to be followed in timber harvesting operations carried on under it,
- (e) prescribe the specifications and standards of roads to be built on the land subject to the cutting permit,
- (f) set out procedures for assessing timber wasted and damaged by the Licensee and damages payable to the Crown for timber wasted and damaged,
- (g) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under it,
- (h) be deemed to be a part of this Licence, and
- (i) include such other provisions, consistent with this Licence and the Forest Act, as the Regional Manager determines.

3.04 The Licensee will define on the ground the boundaries of the areas authorized for harvesting under a cutting permit, unless the Regional Manager or District Manager determines otherwise.

3.05 Timber cut under this Licence shall be marked according to the Forest Act and cutting permits, and shall, subject to the Forest Act, be scaled according to the Forest Act.

4.00 CUT CONTROL

4.01 In this part the "volume of timber harvested" during a period of time means the total of

- (a) the volume of timber cut under this Licence and under road permits, and

- (b) the volume of timber that is estimated to be wasted or damaged under cutting permits issued pursuant to this Licence and under road permits, and
- (c) the volume of timber cut during the period by the Licensee in the licence area, but not authorized for cutting under this Licence,

that is billed to the Licensee in statements issued on behalf of the Crown during the period, and in this paragraph "Licence" includes a Tree Farm Licence replaced by this Licence.

4.02 The Licensee will not permit the volume of timber harvested

- (a) during a calendar year
 - (i) to be more than 150%, or
 - (ii) to be less than 50%,
 of the allowable annual cut approved in the management and working plan in effect during the calendar year, or
- (b) during a 5 year cut control period,
 - (i) to be more than 110%, or
 - (ii) to be less than 90%,
 of the 5 year allowable cut for the 5 year cut control period.

4.03 If the volume of timber harvested during a calendar year exceeds 150% of the allowable annual cut specified in the management and working plan in effect during the calendar year, the Licensee will pay to the Crown, in addition to stumpage, as liquidated damages, an amount of money equal to 2 times

- (a) the volume exceeding 150%, multiplied by
- (b) the average stumpage rate applicable to timber harvested under this Licence, billed to the Licensee in statements issued on behalf of the Crown during the calendar year.

4.04 If the volume of timber harvested during a 5 year cut control period exceeds 110% of the 5 year allowable cut for the 5 year cut control period, the Licensee will pay to the Crown, in addition to stumpage, as liquidated damages, an amount of money equal to 2 times

- (a) the volume exceeding 110%, multiplied by
- (b) the average stumpage rate applicable to timber harvested under this Licence, that is billed to the Licensee in statements issued on behalf of the Crown during the last year of the 5 year cut control period.

4.05 Where a management and working plan permits the Licensee to harvest annually timber that is below the utilization standards used to calculate the allowable annual cut, up to a specified volume in addition to the allowable annual cut (the "specified volume")

- (a) liquidated damages will not be assessed
 - (i) under paragraph 4.03, unless and to the extent that the volume of timber harvested in a calendar year exceeds 150 percent of the total of the allowable annual cut and the specified volume, or

- (ii) under paragraph 4.04, unless and to the extent that the volume of timber harvested in a 5 year cut control period exceeds 110 percent of the total of the 5 year allowable cut and 5 times the specified volume, and
- (b) the allowable annual cut only shall be taken into account for the purposes of paragraph 4.02(a)(ii) and (b)(ii), of section 55 of the Forest Act, and of calculating annual rent payable by the Licensee in respect of this Licence under the Forest Act.

5.00 FINANCIAL AND DEPOSITS

5.01 In addition to other money payable by the Licensee under the Forest Act and under this Licence, but without duplication, the Licensee will pay to the Crown, immediately on receipt of a statement issued on behalf of the Crown,

- (a) annual rent under the Forest Act,
- (b) in respect of timber cut under this Licence from Schedule "B" land, stumpage at rates set out and varied under cutting permits,
- (c) in respect of timber cut under this Licence from Schedule "A" land subject to Timber Licences, either
 - (i) stumpage at rates set out and varied under cutting permits, or
 - (ii) royalty at rates specified in the Forest Act, according to the election made under section 23 of the Forest Act in respect of the Timber Licences,
- (d) scaling fees determined under the regulations, and
- (e) waste and damage assessments made under cutting permits.

5.02 During the term of this Licence the Licensee will maintain with the Crown a deposit in an amount prescribed in the regulations, in cash or in negotiable securities acceptable to the Licensor, as security for the Licensee's performance of its obligations under this Licence and under the Forest Act.

5.03 If the Licensee fails to pay money it is required to pay to the Crown under the Forest Act, this Licence, a road permit or a cutting permit,

- (a) the payment may, after at least 30 days' notice has been given to the Licensee, be taken from the deposit maintained under paragraph 5.02 and for that purpose a security included in the deposit may be sold, and
- (b) the Licensee will forthwith pay to the Crown, in cash or in negotiable securities acceptable to the Licensor, an amount of money sufficient to maintain the deposit in the amount specified under paragraph 5.02.

5.04 Where the Regional Manager considers that timber harvesting or related operations that are proposed to be carried out under a cutting permit or road permit are likely to cause damage to the improvements or chattels of a lawful occupier or lawful user of Crown land, the Licensee may be required in the cutting permit or road permit

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

5.05 Where under a cutting permit or road permit referred to in paragraph 5.04 the Licensee

- (a) fails to prevent the damage from occurring, and
- (b) fails to pay reasonable compensation to the occupier or user,

the occupier or user may, after at least 30 days' notice has been given to the Licensee, be paid reasonable compensation, on the Licensee's behalf, out of a deposit paid under paragraph 5.04 or maintained under paragraph 5.02, or both, and for that purpose a security included in either deposit, or both of them, may be sold.

5.06 The Licensor will refund to the Licensee

- (a) the deposit maintained under paragraph 5.02 (minus deductions made under paragraphs 5.03 and 5.05), when this Licence expires, is cancelled, or terminates and is not replaced under section 29 of the Forest Act, and
- (b) a special deposit paid under paragraph 5.04 (minus deductions made under paragraph 5.05), when the cutting permit or road permit referred to in paragraph 5.04 expires.

5.07 If this Licence is disposed of, within the meaning of the Interpretation Act, otherwise than bona fide by way of security, deposits held under this Licence shall be deemed to be assigned to the person taking the disposition of this Licence and the Crown shall not be bound afterward to account for the deposits to the person making the disposition.

6.00 ROADS

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

- (a) shall, except branch or spur roads on land that is subject to a cutting permit, be included in road permits entered into under the Forest Act between the Regional Manager and the Licensee, and
- (b) shall be consistent with management and working plans in effect from time to time.

6.02 Where any part of the expense of constructing a logging access road to or in the licence area is to be applied as a credit against stumpage payable by the Licensee under section 88 of the Forest Act and the right of way of the road, or part of it, is to be located on private land, the Licensee will, if the Regional Manager in a notice to the Licensee requires,

- (a) at its own expense survey the part of the right of way located on private land and register a plan of the survey in the appropriate Land Title Office, and
- (b) deliver to the Regional Manager, in consideration of \$1.00, a deed of land in registerable form over the part of the right of way to be located on private land, according to and in the form set out in the notice.

6.03 Before April 1 of each year during the term of this Licence the parties will review the road system in or serving the licence area and, after the review,

- (a) the Regional Manager, or a Forest Officer authorized by him, may, in a notice to the Licensee, identify roads that are to be maintained by the Licensee for forest protection and silviculture purposes, until April 1 of the following year, and
- (b) the Licensee will maintain the roads according to the notice.

7.00 FOREST PROTECTION

7.01 Before April 1 of every year during the term of this Licence, the Licensee will submit to the Regional Manager a fire protection pre-organization plan, including a duty roster, acceptable to the Regional Manager.

7.02 The Regional Manager will from time to time approve fire protection pre-organization plans acceptable to him.

7.03 A fire protection pre-organization plan approved by the Regional Manager shall be deemed to be part of the management and working plan then in effect and shall be consistent with this Licence.

7.04 The Licensee's obligations under a fire protection pre-organization plan shall be in addition to and do not replace its obligations under section 121 of the Forest Act.

8.00 FORESTRY

8.01 The Licensee will employ or contract for the services of as many registered professional foresters as the Chief Forester considers are reasonably required to manage the licence area according to this Licence.

8.02 Following the completion of timber harvesting operations under a cutting permit and subject to the management and working plan then in effect, the Licensee will establish on the land subject to the cutting permit a crop of commercially valuable species of timber in a free growing state, as specified in the stocking standards document approved by the Regional Manager or District Manager.

8.03 The Licensee will not post a sign on or near the licence area concerning forestry practised on the licence area, unless the sign acknowledges the Crown's contributions to the forest practices.

9.00 FOREST SERVICE ACCOMMODATION AND ACCESS

9.01 After receiving reasonable notice from the Regional Manager, the Licensee will provide the Regional Manager and Forest Officers with reasonable office and living accommodation on the licence area, or at a headquarters or timber processing facility of the Licensee near the licence area, to enable the Regional Manager and Forest Officers to carry out their responsibilities in the licence area and the Licensee may charge the Licensor the reasonable cost of the provision of such office and living accommodation.

9.02 The Regional Manager and Forest Officers may at reasonable times

- (a) use roads on the licence area owned, or deemed to be owned, by the Licensee, and
 - (b) enter private land in the licence area,
- to carry out their responsibilities in the licence area.

10.00 CONTRACTORS

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

- (a) 50% of the volume of timber harvested by or for the Licensee from the licence area during the year, multiplied by
 - (b) the result obtained by the division of
 - (i) the portion of the allowable annual cut specified in the management and working plan in effect during the calendar year that the Chief Forester determines is attributable to Schedule "B" land, by
 - (ii) the allowable annual cut specified in the management and working plan in effect during the calendar year,
- shall be harvested by persons under contract with the Licensee unless the Licensor, pursuant to the regulations, relieves the Licensee from this requirement in whole or in part.

10.02 Compliance with paragraph 10.01 shall be calculated according to the method prescribed in the regulations.

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

- (a) the volume below the volume required under paragraph 10.01, multiplied by
 - (b) the average stumpage rate applicable to timber harvested from the licence area, that is billed to the Licensee in statements issued on behalf of the Crown during the calendar year,
- unless, and to the extent that, relief is given under paragraph 10.01.

11.00 TIMBER PROCESSING

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

12.00 LIABILITY AND INDEMNITY

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

- (a) an employee of the Licensee,
 - (b) a person who performs work directly or indirectly under contract with the Licensee, and
 - (c) any other person who carries on timber harvesting or related operations on the licence area with the consent of the Licensee, except
 - (i) the holder of a Free Use Permit referred to in paragraph 14.01, or
 - (ii) the holder of a Timber Sale Licence entered into under the Forest Act, or
 - (iii) a servant or agent of the Crown, or
 - (iv) any other person who uses or occupies the licence area under rights granted by the Crown,
- acting within the scope of his duties.

12.02 Paragraph 12.01 does not apply to an act or omission that is a reasonable response to, and complies with, an order made on behalf of the Crown.

12.03 Where the Licensee fails to perform an obligation it is required to perform under this Licence, a management and working plan, a fire protection pre-organization plan approved under paragraph 7.02, a cutting permit, or a road permit

- (a) the Regional Manager or a Forest Officer authorized by him may perform the obligation on the Licensee's behalf, and
- (b) the Licensee will on demand pay the Crown an amount of money equal to the reasonable costs incurred under subparagraph (a) to perform the obligation.

12.04 Liquidated damages paid by the Licensee to the Crown under this Licence

- (a) shall be in addition to, and not in substitution for, and
 - (b) shall not, if accepted on behalf of the Crown, be deemed to be a waiver of,
- any remedy available under the Forest Act to the Crown, the Licensor, the Regional Manager or a Forest Officer, in respect of the default of the Licensee that led to the payment of liquidated damages.

12.05 Notwithstanding this Licence, liquidated damages are not payable under this Licence in respect of the Licensee's default if the Licensee pays a penalty in respect of the default under section 139 of the Forest Act.

12.06 The Crown will indemnify the Licensee against and will save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Licensee as a result, directly or indirectly, of wrongful acts or omissions on the licence area of the Crown, its employees, agents and contractors.

13.00 TERMINATION

13.01 If this Licence expires, or is terminated and is not replaced under section 29 of the Forest Act, or if this Licence is cancelled,

- (a) cutting permits and road permits will terminate when the expiry, termination or cancellation occurs,
- (b) Timber Licences that are in effect at termination or cancellation shall be replaced by new timber licences under the Forest Act,
- (c) title to all improvements, including roads and bridges, then fixed on Schedule "B" land shall vest in the Crown, without compensation to the Licensee provided that the Licensee may remove its improvements which are capable of removal in such manner as not to damage other improvements within thirty (30) days of such expiration, termination or cancellation, and
- (d) property in logs, and in special forest products as defined in the Forest Act, then on Schedule "B" land shall pass to the Crown, without compensation to the Licensee.

13.02 Subject to paragraph 13.03 if the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensor may cancel this Licence in a notice served on the Licensee.

13.03 The Licensor will not cancel this Licence under paragraph 13.02 unless and until

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

14.00 MISCELLANEOUS

14.01 The Regional Manager may, on behalf of the Crown;

(a) grant Free Use Permits to persons other than the Licensee authorizing the harvest of Crown timber from the licence area, but the volume of timber harvested under such Free Use Permits in any year during the term of this Licence shall not exceed 1% of the allowable annual cut approved for that year.

(b) without prejudice to the rights of the Regional Manager or District Manager to enter into Timber Sale Licences with third parties under sections 55(4) and 56.1 of the Forest Act, grant Timber Sale Licences on Schedule B land to persons other than the Licensee, subject to the following conditions:

- (i) the term of any such Timber Sale Licence, including any extensions, shall not exceed 5 years and shall expire not later than three years beyond the term of the management and working plan then in effect,
- (ii) such Timber Sale Licences shall not authorize their holders to harvest stands containing material volumes of timber that fall within sawlog utilization standards, as specified in the management and working plan in effect when the Timber Sale Licences are entered into,
- (iii) no such Timber Sale Licence shall be entered into unless
 - (A) the operations to be authorized under such Timber Sale Licence will not interfere unreasonably with operations of the Licensee under this Agreement,

- (B) where the holder of the Timber Sale Licence is to use roads and other improvements on the licence area, the holder of the Timber Sale Licence first enters into an agreement with the Licensee providing for reasonable payment by the holder of the Timber Sale Licence to the Licensee for the use by the holder of the Timber Sale Licence of roads and other improvements on the licence area and in respect of the maintenance of such roads and other improvements,
- (iv) no such Timber Sale Licence shall be entered into during a calendar year or a 5 year cut control period if the volume of timber harvested from the Timber Sale Licence, when added to the total of
 - (A) the volume of timber harvested by the Licensee in the calendar year of 5 year cut control period, and
 - (B) the volume of timber estimated by the Licensee that will be harvested by the Licensee during the balance of the calendar year or 5 year cut control period,would result in the total sustained yield capacity of the licence area to be exceeded during the calendar year or 5 year cut control period, as the case may be,
- (v) the volumes of timber harvested under such Timber Sale Licences shall not be included for the purposes of Part 4.00 in the "volume of timber harvested", as defined in paragraph 4.01, and
- (vi) the Licensee shall have no liability to the Licensors with respect to the operations carried out on the licence area under the Timber Sale Licences including, but not limited to, fires; post-logging slash disposal and other site treatment; reforestation, road construction and maintenance; or stumpage, annual rents, waste assessments, and other financial obligations.

14.02 The Licensee represents and warrants to the Licensors that it is the beneficial owner of the private land and the Timber Licences described in Schedule "A" unless the parties agree otherwise.

14.03 By April 1 of every year during the term of this Licence the Licensee will deliver to the Regional Manager an annual report in respect of this Licence for the preceding calendar year, reporting on inventory depletion, forestry and silviculture, engineering, inventory, protection, research, recreation and performance of the requirement under part 10.00, and containing such other information as the Regional Manager requires.

14.04 If the Licensors so directs the Licensee will, at its own expense, survey and define on the ground any or all boundaries of the licence area.

14.05 Where in this Licence an obligation is to be performed by the Chief Forester, the Regional Manager or a Forest Officer, the Licensor will cause the obligation to be performed by that person.

14.06 This Licence is subject to the Forest Act.

14.07 Where a notice is required under this Licence, the notice shall be in writing and shall be deemed to have been given if delivered to, or if sent by prepaid registered mail addressed to:

The Licensor:

HONOURABLE MINISTER OF FORESTS,
Parliament Buildings
Victoria, British Columbia
V8V 1X4,

and

The Licensee:

SKEENA CELLULOSE INC.
2800 - 660 BURRARD STREET
VANCOUVER, BRITISH COLUMBIA
V6C 2X6

or to such other address specified by one party to the other in a notice given according to this paragraph and, subject to paragraph 14.08, where service is by registered mail the notice shall be conclusively deemed to be given on the eighth day after its deposit in a Canada Post Office at any place in Canada.

14.08 Where, between the time a notice is mailed under paragraph 14.07 and the time it is actually received by a party, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice shall not be deemed to be given until the party actually receives it.

14.09 This Licence will enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

15.00 INTERPRETATION

15.01 In this Licence, unless the context otherwise requires,

- (a) "allowable annual cut" means the rate of timber harvesting specified as the allowable annual cut in a management and working plan,

- (b) "Chief Forester" means the chief forester appointed under the Ministry of Forests Act,
- (c) "Crown" has the same meaning as in the Interpretation Act,
- (d) "Crown land" has the same meaning as in the Land Act,
- (e) "cutting permit" means a cutting permit issued under paragraph 3.02,
- (f) "5 year allowable cut" means the total of the allowable annual cuts in effect each year during a 5 year cut control period,
- (g) "5 year cut control period", unless otherwise defined by the Licensor means the 5 year period beginning January 1 of the year when the term of this Licence begins, and each successive 5 year period,
- (h) "Forest Officer" means a person who is designated as a forest officer under the Forest Act,
- (i) "Forest Service" means the forest service continued under the Ministry of Forests Act,
- (j) "harvest" includes entry on land for the purpose of cutting and removing timber, cutting the timber and removing the timber from the land,
- (k) "licence area" means
 - (i) the private land and Timber Licences described in Schedule "A" to this Licence, and
 - (ii) the Crown land described in Schedule "B" to this Licence,and as shown outlined in bold black on the map attached to this Licence, but excludes Crown land deleted, from time to time, under the Forest Act,
- (l) "management and working plan" means a management and working plan approved under paragraph 2.07, or deemed to be approved under paragraph 2.02,
- (m) "Minister" means minister within the meaning of the Forest Act,
- (n) "person" includes a corporation and a partnership,
- (o) "person under contract" has the meaning defined in the regulations,
- (p) "private land" means land that is not Crown land,

- (q) "Regional Manager" means the regional manager appointed under the Ministry of Forests Act, for the forest region in which the licence area, or part, is situated,
- (r) "registered professional forester" means a person registered under the Foresters Act,
- (s) "regulations" means regulations made under the Forest Act,
- (t) "road permit" means a road permit entered into between the Regional Manager and the Licensee under the Forest Act to provide access to or in the licence area,
- (u) "Schedule 'A' land" means the private land and Timber Licences described in Schedule "A" to this Licence, but excludes land deemed to be deleted, from time to time, from Schedule "A" under paragraph 1.03 and land deleted, from time to time, from Timber Licences under the Forest Act,
- (v) "Schedule 'B' land" means the land described in Schedule "B" to this Licence and land deemed to be added, from time to time, to Schedule "B" under paragraph 1.03, but excludes land deleted, from time to time, from Schedule "B" under the Forest Act,
- (w) "Timber Licence" means a Timber Licence described in Schedule "A" to this Licence,
- (x) "timber processing facility" has the same meaning as in the Forest Act, and
- (y) "wood residue" has the same meaning as in the Forest Act.

15.02 In this Licence, unless the context otherwise requires,

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

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

1.00 part,

1.01 paragraph,

(a) subparagraph,

(i) clause,

A. subclause;

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

15.04 Where a section of the Forest Act referred to in this Licence is renumbered, the reference in this Licence shall be construed to be the section as renumbered.

IN WITNESS to this Licence, the Licensor has signed it on behalf of the Crown, and the common seal of the Licensee has been affixed to it in the presence of its officers who are authorized to do so.

SIGNED, SEALED AND
DELIVERED by the
HONOURABLE MINISTER OF
FORESTS, on behalf of
the Crown in the
presence of:

Shirley James
Victoria, BC

Minister of Forests

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

Signature: *H. H. H. H. H.*

SCHEDULE "A"

Port Edward Tree Farm Licence

Tree Farm Licence No. 1

Forest lands and merchantable timber in other tenures owned or controlled by the licensee in the Port Edward Tree Farm Licence No. 1.

BLOCK 1

A. CROWN GRANTS

<u>Crown Grants</u>	<u>Land District</u>	<u>Hectares more or less</u>	<u>Certificate of Title</u>
Killutsal I.R. 1, 1A	Range 5 Coast	81.345	K13126
Lot 5976	"	<u>22.663</u>	K13127
TOTAL CROWN GRANTS		<u>104.008</u>	

B. TIMBER LICENCES

<u>Timber Licence</u>	<u>Replaces Special Timber Licences</u>	<u>Land District</u>	<u>Hectares more or less</u>
T0476	T.L. 7461P	Range 5 Coast	106
TOTAL TIMBER LICENCES			<u>106</u>

SUMMARY BLOCK I

	<u>Area in Hectares More or Less</u>
Crown Grants	104.008
Timber Licences	<u>106.000</u>
SUB TOTAL	<u>210.008</u>

BLOCK II

A. <u>CROWN GRANTS</u>	<u>NIL</u>
B. <u>TIMBER LICENCES</u>	<u>NIL</u>

BLOCK III

A. CROWN GRANTS

<u>Crown Grants</u>	<u>Land District</u>	<u>Hectares more or less</u>	<u>Certificate of Title</u>
Block B, Plan 1588 of N.W. 1/4 Lot 1423	Range 5 Coast	22.582	K13116
N.E. 1/4 Lot 1427	"	62.263	K14403
N.E. 1/4 of N.W. 1/4 Lot 1427	"	16.188	K13112
E. 1/2 of S.E. 1/4 Lot 1427	"	29.948	K14403
S.W. 1/4 of N.E. 1/4 Lot 1428	"	23.023	K13112
S.E. 1/4 (Ex. N.E. 1/4) Lot 1428	"	45.925	K13112
N.W. 1/4 Lot 1428	"	63.044	K13112
Fr. N.W. 1/4 Lot 1800	"	58.213	K14402
S.W. 1/4 Lot 1800 (Ex. Block A, Plan 1585)	"	44.213	K13111
Fr. S.W. 1/4 Lot 4006	Cassiar	<u>59.491</u>	K13136
TOTAL CROWN GRANTS		<u><u>424.890</u></u>	

B. TIMBER LICENCES

<u>Timber Licence</u>	<u>Replaces Special Timber Licences</u>	<u>Land District</u>	<u>Hectares more or less</u>
T0509 Block 1	T.L. 11352P	Cassiar	22
" Block 2	T.L. 11353P	"	174
" Block 3	T.L. 11354P	"	70
" Block 4	T.L. 11357P	"	81
" Block 5	T.L. 11358P	"	<u>77</u>
		Total	424
	TOTAL TIMBER LICENCES		<u>424</u>

<u>SUMMARY BLOCK III</u>	<u>Area in Hectares More or Less</u>
Crown Grants	424.890
Timber Licences	<u>424.000</u>
SUB TOTAL	<u>848.890</u>

<u>SUMMARY</u>	<u>Area in Hectares More or Less</u>
TOTAL CROWN GRANTS	528.900
TOTAL TIMBER LICENCES	<u>530.000</u>
GRAND TOTAL	<u>1 058.900</u>

SCHEDULE "B"

PORT EDWARD TREE FARM LICENCE

TREE FARM LICENCE NO. 1

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

Block 1

Area A

"Commencing at the northwest corner of Lot 7179, Indian Reserve No. 86 "Klakelse", Range 5, Coast Land District, being a point on the high-water mark of Skeena River on the left bank thereof; thence southerly, easterly and northerly along the westerly, southerly and easterly boundaries of said Lot 7179 to the high-water mark of said Skeena River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Skeena River on the left bank thereof to the high-water mark of Lakelse River on the right bank thereof; thence in a general southerly direction along the high-water mark of said Lakelse River on the right bank thereof to a point 885 metres north and 35 metres west of the southeast corner of Lot 5976, said point being on the

westerly boundary of Lot 2656 (T.L. 11124P); thence south 435 metres; thence east 35 metres to the easterly boundary of aforesaid Lot 5976; thence southerly along the easterly boundary of said Lot 5976 400 metres to the northerly boundary of Lot 2654 (T.L. 11123P); thence westerly 286 metres to the westerly boundary of said 5976; thence northerly along the westerly boundary of said Lot 5976 to the southerly boundary of Indian Reserve No. 1 "Killutsal"; thence westerly and northerly along the southerly and westerly boundaries of said Indian Reserve No. 1 to the southerly boundary of Indian Reserve No. 1A "Killutsal"; thence westerly along the southerly boundary of said Indian Reserve No. 1A to the southwest corner thereof; thence south 3.200 kilometres to the southwest corner of Lot 2653 (T.L. 11120P); thence east 800 metres; thence north 925 metres; to the southwest corner of Lot 2654 (T.L. 11123P); thence east 1.460 kilometres; thence north 300 metres to the southwest corner of Lot 2655 (T.L. 11134P); thence east 1.600 kilometres; thence north 250 metres to the southwest corner of Lot 5973; thence easterly along the southerly boundary of said Lot 5973 to the high-water mark of Lakelse River on the left bank thereof; thence in a general easterly direction along the high-water mark of said Lakelse River on the left bank thereof to a point 670 metres south and 500 metres west of the southwest corner of Lot 5240; thence south 1.140 kilometres to the southwest corner of Lot 2659 (T.L. 8285P); thence east 1.220 kilometres; thence south 1.207 kilometres to the southwest corner of Lot 2658 (T.L. 8284P); thence south 35

degrees west 690 metres; thence south 1.609 kilometres; thence west 2.430 kilometres, more or less, to the southerly boundary of the watershed of White Creek; thence in a general westerly direction along the southerly boundaries of the watersheds of White, Whitebottom and Dasque Creeks to the westerly boundary of the watershed of said Dasque Creek; thence in a general northerly direction along the westerly boundary of the watershed of said Dasque Creek to a point due south of the southeast corner of Lot 5885; thence north 805 metres, more or less, to the southeast corner of said Lot 5885; thence northerly along the easterly boundary of said Lot 5885 to the northeast corner thereof, being a point on the high-water mark of Skeena River on the left bank thereof; thence in a general easterly direction along the high-water mark of said Skeena River on the left bank thereof to the northwest corner of Lot 7178, Indian Reserve No. 85 "Ksances"; thence southerly, easterly and northerly along the westerly, southerly and easterly boundaries of said Lot 7178 to the high-water mark of said Skeena River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Skeena River on the left bank thereof to the point of commencement.

Save and excepting thereout all that foreshore and land covered by water in the above described area, and,

British Columbia Hydro and Power Authority Transmission right of way."

Area B

"Those islands in the Skeena River formerly covered by the following Timber Licences, now expired; T.L. 7462P, T.L. 9502P (except Lot 3658), T.L. 9503P, T.L. 9504P, T.L. 9505P, T.L. 9506P, T.L. 9507P and T.L. 13146P (part) all within the following described area;

Commencing at a point on the high-water mark of Skeena River on the right bank thereof, said point being 510 metres south and 735 metres west of the southwest corner of Lot 3997, Range 5, Coast Land District; thence due south to the high-water mark of said Skeena River on the left bank thereof; thence in a general southwesterly direction along the high-water mark of said Skeena River on the left bank thereof to a point 1.700 kilometres south and 750 metres west of the southwest corner of Lot 5841; thence due north to the high-water mark of said Skeena River on the right bank thereof; thence in a general northeasterly direction along the high-water mark of said Skeena River on the right bank thereof to the westerly boundary of Lot 539; thence southerly and easterly along the westerly and southerly boundaries of said Lot 539 to the southerly limit of the Canadian National Railway right of way; thence easterly along the southerly limit of the Canadian National Railway right of way to the high-water mark of said Skeena River on the right bank thereof; thence in a general easterly direction along the high-water mark of said Skeena River on the right bank thereof to the point of commencement.

Save and excepting thereout all that foreshore and land covered by water in the above described area; and,
Canadian National Railway right of way
Indian Reserve No. 76 "Tandoiks", Lot 7187
Ecological Reserve 0325624, unsurveyed islands in Skeena River near the mouth of Exchamsik River."

Block 2

"Commencing at triangulation station "Hope", Range 5, Coast Land District, co-ordinates 54 degrees, 10 minutes, 14.5752 seconds north and 127 degrees, 54 minutes, 10.9344 seconds west; thence southwesterly in a straight line to the summit of Cumulus Mountain, being a point on the westerly boundary of the watershed of Clore River; thence in a general northerly direction along the westerly boundary of the watershed of said Clore River to the southerly boundary of the watershed of the mainstream of Zymoetz River; thence in a general westerly direction along the southerly boundary of the watershed of the mainstream of said Zymoetz River to a point 6.030 kilometres east of the northeast corner of Lot 5963; thence north 13.440 kilometres, more or less, to the northerly boundary of the watershed of said Zymoetz River; thence in a general easterly and northerly direction along the northerly and westerly boundaries of the watershed of said Zymoetz River to a point due west of the confluence of the high-water mark of Red Canyon Creek and Zymoetz

River on the right banks thereof; thence east 9.700 kilometres, more or less, to the confluence of the high-water marks of Red Canyon Creek and Zymoetz River on the right banks thereof; thence south 33 degrees east 13.160 kilometres, more or less, to the easterly boundary of the watershed of said Zymoetz River; thence in a general southerly direction along the easterly boundary of the watershed of said Zymoetz River and the westerly boundary of the watershed of Burnie River to the summit of Pillar Peak; thence southeasterly in a straight line to the confluence of the high-water marks of Burnie and Clore Rivers on the right banks thereof; thence westerly in a straight line to the point of commencement.

Save and excepting thereout all that foreshore and land covered by water within the above described area, and,

Kleanza Creek Forest Service Road, Project 942-529."

Block 3

"Commencing at the southeast corner of Lot 1405A, Range 5 Coast Land District, being a point on the high-water mark of Kitsumkalum River on the right bank thereof; thence westerly southerly and westerly along the southerly, easterly and southerly boundaries of said Lot 1405A to the southwest corner thereof; thence westerly along the southerly boundary of Lot 1405 775 metres; thence south 793 metres; thence west 1.609 kilometres; thence south 2.450 kilometres; thence west 4.850 kilometres; thence north 302 metres,

more or less, to the northerly boundary of the watershed of Zymagotitz River; thence in a general westerly direction along the northerly boundaries of the watersheds of the Zymagotitz and Exstew Rivers to the south boundary of the watershed of Ishkheenickh River; thence in a general westerly and northerly direction along the southerly and westerly boundaries of the watershed of said Ishkheenickh River to the westerly boundary of the watershed of an unnamed creek which flows northerly into Nass River through Indian Reserve No. 41 "Lakata"; thence northerly along the westerly boundary of the watershed of said unnamed creek to a point due south of the southeast corner of Lot 3963, Indian Reserve No. 12A "Lachtesk"; thence north 905 metres, more or less, to the southeast corner of said Lot 3963; thence northerly along the easterly boundary of said Lot 3963 to the southwest corner of aforesaid Lot 3964, Indian Reserve No. 41 "Lakata"; thence easterly, northerly and westerly along the southerly, easterly and northerly boundaries of said Lot 3964 to the high-water mark of Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southerly boundary of Indian Reserve No. 9 "Lachkaltsap", Cassiar Land District; thence easterly and northerly along the southerly and easterly boundaries of said Indian Reserve No. 9 to the high-water mark of aforesaid Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to a point 3.520 kilometres

south and 370 metres west of the northeast corner of Indian Reserve No. 30 "Dacklabah"; thence north 250 metres, more or less, to a point on the high-water mark of an unnamed island in Nass River (said point being the most southerly point of T.L. 11354P [Timber Licence T0509 Block 3]); thence in a general northerly and easterly direction along the high-water mark of said unnamed island on the westerly and northerly shores thereof to a point due south of the southeast corner of aforesaid Indian Reserve No. 30 "Daklabah"; thence north 250 metres, more or less, to the southeast corner of said Indian Reserve No. 30; thence northerly along the easterly boundary of said Indian Reserve No. 30 to the northeast corner thereof; thence westerly along the northerly boundary of said Indian Reserve No. 30 to the most westerly southwest corner of Lot 2951; thence northerly along the westerly boundary of said Lot 2951 to the northwest corner thereof; thence north 3.218 kilometres; thence east 2.414 kilometres to the most northerly northwest corner of Lot 2946; thence easterly along the northerly boundary of said Lot 2946 to the high-water mark of aforesaid Nass River on the right bank thereof; thence in a general northerly direction along the high-water mark of said Nass River on the right bank thereof to a point due south of the southwest corner of Lot 1095, Indian Reserve No. 31, "Anyutawl"; thence south 700 metres, more or less, to the high-water mark of said Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to a point 220 metres north and 360 metres

of the northeast corner of Lot 2945; thence north 50 metres, more or less, to a point on the high-water mark of an unnamed island on the southwesterly shore thereof, (said point being the most westerly point of T.L. 11355P - expired, consisting of two islands); thence in a general northerly and easterly direction along the high-water mark of said unnamed island on the westerly and northerly shores thereof to a point 1.340 kilometres north and 1.870 kilometres east of the northeast corner of aforesaid Lot 2945; thence due east 100 metres, more or less, to the high-water mark of aforesaid Nass River on the left bank thereof; thence in general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southwest corner of Indian Reserve No. 29 "Zaulzap"; thence easterly along the southerly boundary said Indian Reserve No. 29 825 metres, more or less, to the high-water mark of Zolzap Creek on the right bank thereof; thence in a general northeasterly direction along the high-water mark of said Zolzap Creek on the right bank thereof to a point 1.825 kilometres south and 1.175 kilometres east of the southeast corner of Lot 1093, Indian Reserve No. 44 "Gwinaha", said point being on the 61 metre (200 foot) contour line; thence in a general northeasterly direction along said 61 metre (200 foot) contour line to a point 3.962 kilometres south of the northeast corner of Lot 5306, Indian Reserve No. 80 "Sanklksgamal", said point being on the high-water mark of an unnamed creek on the right bank thereof; thence in a general northerly direction along the high-water mark of said unnamed creek

on the right bank thereof to a point 3.718 kilometres west of the northwest corner of Lot 4013; thence north 85 degrees east 1.375 kilometres, more or less, to the high-water mark of Vetter Creek on the right bank thereof; thence in a general southeasterly direction along the high-water mark of said Vetter Creek on the right bank thereof to a point 140 metres south and 1.350 kilometres west of the southwest corner of Lot 4013; thence south 58 degrees east 442 metres; thence south 43 degrees east 1.311 kilometres; thence south 86 degrees east 1.585 kilometres; thence south 60 degrees east 579 metres; thence south 63 degrees east 1.200 kilometres; thence south 44 degrees east 1.067 kilometres; thence south 13 degrees east 1.067 kilometres; thence south 35 degrees east 1.900 kilometres; thence south 11 degrees east 1.600 kilometres; thence south 27 degrees east 1.402 kilometres; thence south 24 degrees west 442 metres; thence south 3 degrees east 2.520 kilometres, more or less, to the high-water mark of Lava Lake on the westerly shore thereof; thence north 69 degrees east 914 metres, more or less, to the high-water mark of said Lava Lake on the easterly shore thereof; thence north 74 degrees east 3.749 kilometres; thence north 45 degrees east 3.830 kilometres; thence north 41 degrees west 701 metres; thence south 56 degrees west 1.676 kilometres; thence south 55 degrees west 2.499 kilometres; thence south 72 degrees west 2.240 kilometres; thence north 1 degree west 1.341 kilometres; thence north 8 degrees west 1.676 kilometres; thence north 35 degrees west 792 metres; thence north 19 degrees west 1.341 kilometres; thence north 42 degrees west

640 metres; thence north 51 degrees west 365 metres; thence north 15 degrees west 1.067 kilometres; thence north 25 degrees west 1.960 kilometres, more or less, to the easterly boundary of Lot 4014; thence southerly along the easterly boundary of said Lot 4014 to the high-water mark of Tseax River on the right bank thereof; thence in a general northwesterly direction along the high-water mark of said Tseax River on the right bank thereof to the southerly boundary of Lot 4012; thence easterly along the southerly boundary of said Lot 4012 to the southwest corner of Lot 2626; thence easterly and northerly along the southerly and easterly boundaries of said Lot 2626 to the southeast corner of Lot 2625; thence northerly along the easterly boundary of said Lot 2625 to the southeast corner of Lot 1714; thence northerly and westerly along the easterly and northerly boundaries of said Lot 1714 to the southeast corner of Lot 1711; thence northerly along the easterly boundary of said Lot 1711 to the most southerly southwest corner of Lot 1717; thence easterly along the southerly boundary of said Lot 1717 to the northwest corner of Lot 1728; thence southerly and easterly along the westerly and southerly boundaries of said Lot 1728 to the northwest corner of Block A of Lot 453; thence southerly and easterly along the westerly and southerly boundaries of Block A of said Lot 453 to the westerly boundary of Lot 1224; thence southerly, easterly and northerly along the westerly, southerly and easterly boundaries of said Lot 1224 to the southerly boundary of Lot 1729; thence easterly and northerly along the southerly and easterly boundaries of said Lot 1729 to the

southerly boundary of Lot 1718; thence northerly and westerly along the easterly and northerly boundaries of the southwest quarter of said Lot 1718 to the westerly boundary thereof; thence northerly along the westerly boundary of said Lot 1718 to the southerly boundary of Lot 1722; thence westerly along the southerly boundary of said Lot 1722 to the southeast corner of Lot 1721; thence northerly along the easterly boundary of said Lot 1721 to the southerly boundary of Lot 1724; thence easterly and northerly along the southerly and easterly boundaries of said Lot 1724 to the southerly boundary of Lot 3052; thence easterly, northerly and westerly along the southerly, easterly and northerly boundaries of said Lot 3052 to the southeast corner of Lot 3055; thence northerly along the easterly boundary of said Lot 3055 to the southerly boundary of Lot 3058; thence easterly and northerly along the southerly and easterly boundaries of Lots 3058, 3061, 3063 and 3065 to the northeast corner of said Lot 3065; thence westerly along the northerly boundary of said Lot 3065 to the southeast corner of Lot 3068; thence northerly and westerly along the easterly and northerly boundaries of Lot 3068 to the high-water mark of aforesaid Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southerly boundary of Indian Reserve No. 59 "Anokswok" Lot 5285; thence easterly and northerly along the southerly and easterly boundaries of said Indian Reserve No. 59 to the high-water mark of said Nass River on the left bank thereof;

thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southerly boundary of Indian Reserve No. 68 "Gitsheoaksit" Lot 5282; thence easterly and northerly along the southerly and easterly boundaries of said Indian Reserve No. 68 to the high-water mark of said Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southerly boundary of Indian Reserve No. 54 "Gwinkbawaueast" Lot 5281; thence easterly and northerly along the southerly and easterly boundaries of said Indian Reserve No. 54 to the high-water mark of said Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southerly boundary of Indian Reserve No. 52 "Gwimmauz" Lot 5280; thence easterly and northerly along the southerly and easterly boundaries of said Indian Reserve No. 52 to the high-water mark of said Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the southerly boundary of Indian Reserve No. 53 "Gwingag" Lot 5279; thence easterly and northerly along the southerly and easterly boundaries of said Indian Reserve No. 53 to the high-water mark of said Nass River on the left bank thereof; thence in a general northeasterly direction along the high-water mark of said Nass River on the left bank thereof to the high-water mark of Cranberry River on the right bank thereof; thence in a

general southeasterly direction along the high-water mark of said Cranberry River on the right bank thereof to a point due north of its confluence with the high-water mark of Kiteen River on the right bank thereof; thence due south to the high-water mark of said Kiteen River on the right bank thereof; thence in a general southerly and easterly direction along the high-water mark of said Kiteen River on the right bank thereof to the high-water mark of an unnamed creek on the right bank thereof, said unnamed creek flowing southerly into said Kiteen River at a point 2.280 kilometres east and 280 metres south of the northeast corner of Lot 1795; thence in a general northeasterly direction along the high-water mark of said unnamed creek on the right bank thereof to a point 5.680 kilometres east and 210 metres south of the southeast corner of Lot 1794; thence north 25 degrees east 700 metres, more or less, to the northeasterly boundary of the watershed of aforesaid Kiteen River; thence in a general southeasterly, southerly and westerly direction along the northerly, easterly and southerly boundaries of the watershed of said Kiteen River to the westerly boundary of the watershed of Cedar River; thence in a general southerly direction along the westerly boundary of the watershed of said Cedar River to the northerly boundary of the watershed of Sterling Creek; thence in a general westerly direction along the northerly boundary of the watershed of said Sterling Creek to a point 6.000 kilometres north and 360 metres east of the confluence of the high-water marks of Sterling Creek on the left bank thereof and Jacks Creek on the right bank thereof;

thence south 980 metres; thence west 1.609 kilometres; thence south 2.414 kilometres; thence west 1.207 kilometres; thence south 2.414 kilometres; thence west 1.609 kilometres; thence south 2.615 kilometres; thence east 4.627 kilometres; thence north 4.800 kilometres; thence east 6.437 kilometres; thence south 12.070 kilometres; thence east 2.414 kilometres; thence south 4.023 kilometres;; thence west 6.100 kilometres to the northeast corner of Lot 1040, Range 5 Coast Land District; thence westerly along the northerly boundary of said Lot 1040 to the high-water mark of aforesaid Cedar River on the left bank thereof; thence due west to the high-water mark of Cedar River on the right bank thereof; thence in a general southerly direction along the high-water mark of said Cedar River on the right bank thereof to the high-water mark of Kitsumkalum River on the left bank thereof; thence due south to the high-water mark of said Kitsumkalum River on the right bank thereof; thence in a general southeasterly direction along the high-water mark of said Kitsumkalum River on the right bank thereof to the northerly boundary of Lot 4979; thence westerly, southerly and easterly along the northerly, westerly and southerly boundaries of said Lot 4979 to the high-water mark of Kitsumkalum Lake on the westerly shore thereof; thence in a general southerly direction along the high-water mark of said Kitsumkalum Lake on the westerly shore thereof to the westerly boundary of the fractional east half of Lot 1800; thence southerly along the westerly boundary of the fractional east half of said Lot 1800 to the southwest corner

thereof; thence south 201 metres; thence east 402 metres; thence south 1.055 kilometres; thence east 402 metres to the westerly boundary of Lot 1400; thence southerly along the westerly boundaries of Lots 1400 and 1426 to the southwest corner of said Lot 1426; thence easterly along the southerly boundary of said Lot 1426 to the high-water mark of Treston Lake (Mud Lake) on the westerly shore thereof; thence in a general southerly and easterly direction along the high-water mark of said Treston Lake on the westerly and southerly shores thereof to the high-water mark of aforesaid Kitsumkalum River on the right bank thereof; thence in a general southerly direction along the high-water mark of said Kitsumkalum River on the right bank thereof to the point of commencement.

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

Indian Reserve No. 8 "Andegulay", Cassiar Land District

Indian Reserve No. 8A "Andegulay"

Indian Reserve No. 32 "Ightkeany", Lot 5435

Indian Reserve No. 57 "Kinyug", Lot 5278

Indian Reserve No. 60 "Seaks", Lot 5286

Indian Reserve No. 33 "Ishkseenickh", Lot 6924, Range 5,
Coast Land District

Indian Reserve No. 34 "Ishkseenickh River", Lot 6925

Indian Reserve No. 35 "Ishkseenickh River", Lot 6450

Indian Reserve No. 36 "Ishkseenickh River", Lot 6451

Indian Reserve No. 37 "Ishkseenickh River", Lot 6452

Indian Reserve No. 38 "Lakbelak", Lot 6453

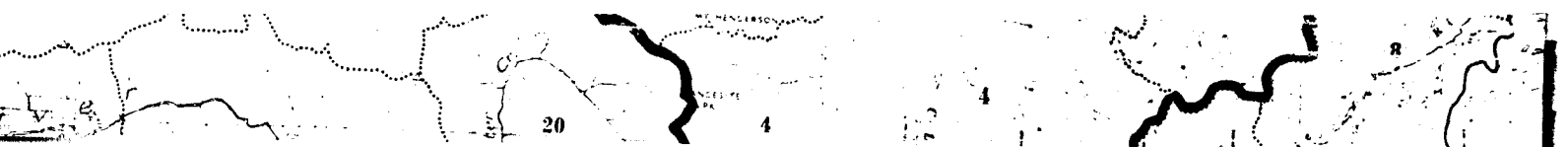
Indian Reserve No. 39 "Lakbelak Creek", Lot 6455

Northeast quarter Lot 3051, Cassiar Land District

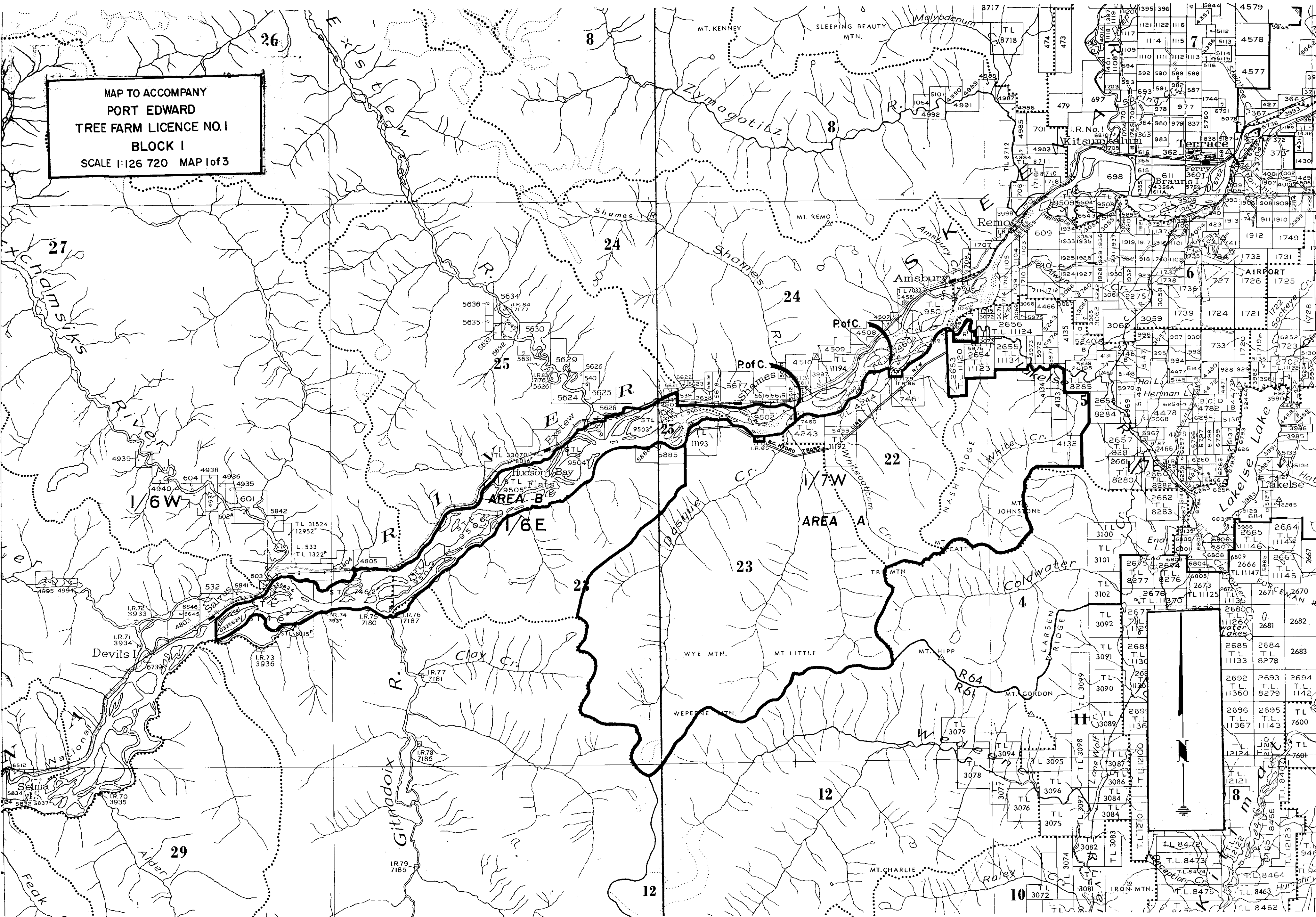
Block A of southeast quarter Lot 1722

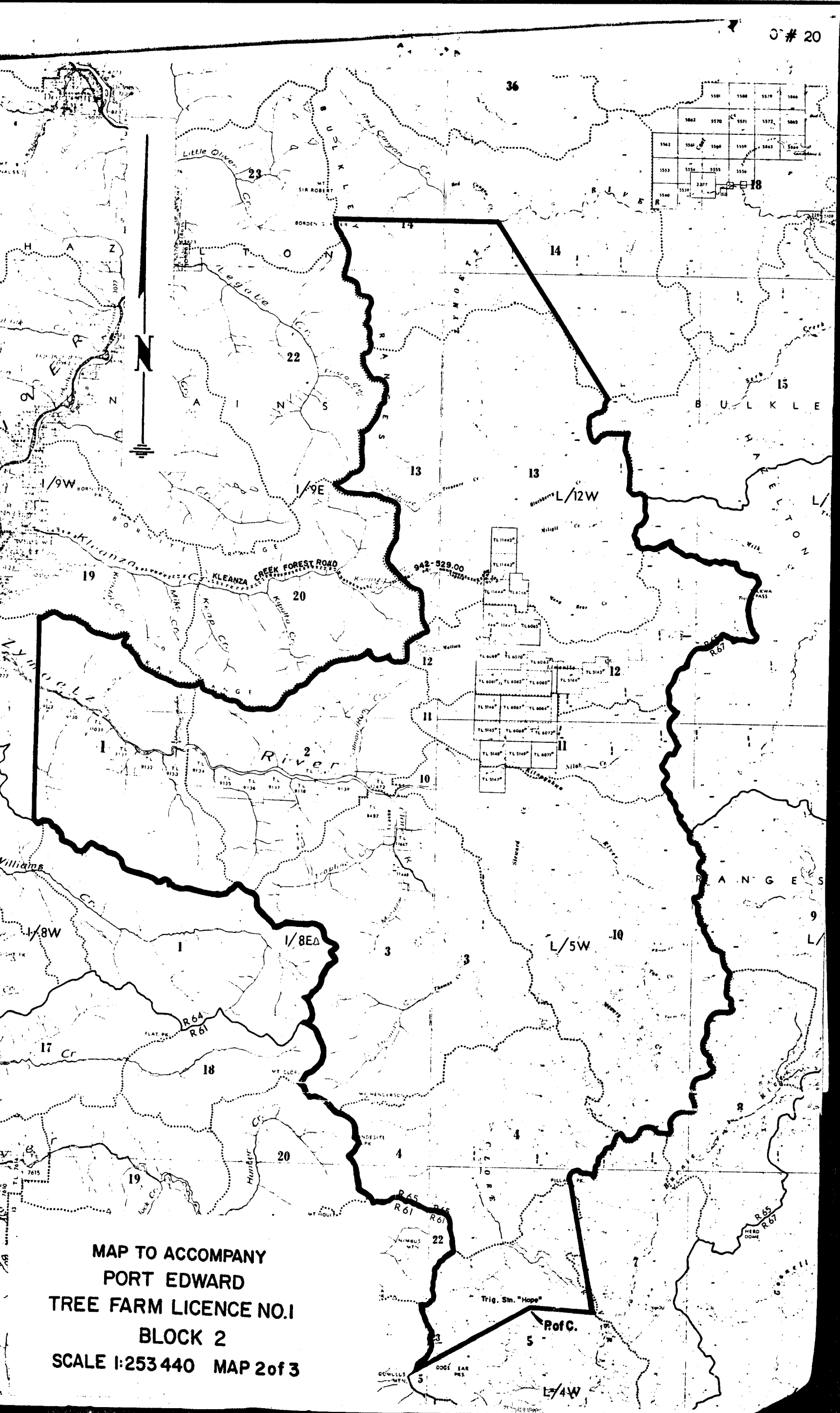
Nass Forest Service Road, Project 942-7876 Branches .01, .03
and .04

West Kalum Forest Service Road, Project 942-7817 Branches .01
and .02."



MAP TO ACCOMPANY
PORT EDWARD
TREE FARM LICENCE NO.1
BLOCK I
SCALE 1:126 720 MAP 1 of 3





MAP TO ACCOMPANY
PORT EDWARD
TREE FARM LICENCE NO.1
BLOCK 2
SCALE 1:253 440 MAP 2 of 3

[illegible]