



**TREE FARM LICENCE 18
CLEARWATER TREE FARM LICENCE**



THIS LICENCE, dated for reference **January 1, 2011**.

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,
as represented by the MINISTER OF FORESTS AND RANGE
PO BOX 9049 STN PROV GOVT
VICTORIA, BRITISH COLUMBIA
V8W 9E2
Fax: (250) 387-1040
(the "Minister")**

AND:

**CANADIAN FOREST PRODUCTS LTD.
100 – 1700 WEST 75TH AVENUE
VANCOUVER, BRITISH COLUMBIA
V6P 6G2
Phone: (604) 661-5241 Fax: (604) 661-5235
(the "Licensee")**

WHEREAS:

- A. Under Section 36 of the *Forest Act*, the Minister offers a replacement licence to the Licensee.
- B. The Licensee accepts the offer.
- C. The Licensee agrees to manage the licence area according to this Licence and the management plan in effect under this Licence.

THEREFORE:

Under Section 36 of the *Forest Act*, this Licence replaces Tree Farm Licence 18, dated January 1, 2001.

“The Table of Contents and headings in this Licence are included for convenience only and do not form a part of this Licence and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Licence.”

TABLE OF CONTENTS

1.00	GRANT OF RIGHTS AND TERM	3
2.00	TIMBER DISPOSITION	3
3.00	AREA SELECTION PROCESS	4
4.00	OTHER CONDITIONS AND REQUIREMENTS	5
5.00	TIMBER VOLUME CHARGED TO THE LICENCE	6
6.00	WASTE ASSESSMENTS FOR MERCHANTABLE CROWN TIMBER	6
7.00	MANAGEMENT PLAN	7
8.00	CUTTING PERMITS	7
9.00	ACCESS AND ACCOMMODATION	9
10.00	CONTRACTORS	10
11.00	COURT DETERMINED ABORIGINAL RIGHTS AND/OR TITLE	11
12.00	REPORTING	12
13.00	FINANCIAL AND DEPOSITS	12
14.00	CONDITIONS IMPOSED UPON ACCEPTANCE OR APPROVAL	15
15.00	LIABILITY AND INDEMNITY	15
16.00	TERMINATION	16
17.00	WAIVER	17
18.00	NOTICE	17
19.00	MISCELLANEOUS	18
20.00	INTERPRETATION & DEFINITIONS	19
1.00	SCHEDULE A LAND	24
1.00	SCHEDULE B LAND	25

THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 The term of this Licence is 25 years, beginning on **January 1, 2011**.
- 1.02 Subject to this Licence, the Minister grants the Licensee:
 - (a) the exclusive right to harvest all types of Crown timber, other than deciduous types, from Schedule "B" Land;
 - (b) the exclusive right to harvest all timber authorized under a timber licence, from Schedule "A" Land subject to a timber licence;
 - (c) the right to manage Schedule "A" Land subject to a timber licence and Schedule "B" Land according to:
 - (i) this Licence;
 - (ii) the management plan in effect under this Licence; and
 - (iii) operational plans approved in respect of this Licence.
- 1.03 Subject to this Licence, the Licensee may also harvest timber from the licence area that is not of a type specified in Paragraph 1.02.

2.00 TIMBER DISPOSITION

- 2.01 Each year during the term of this Licence:
 - (a) 10,500 m³ of the allowable annual cut, from the types of timber specified under Subparagraph 1.02(a), may be disposed of by the Timber Sales Manager within areas agreed to under Paragraph 3.01 or specified under Paragraph 3.02;
 - (b) 0 m³ of the allowable annual cut may be disposed of pursuant to Section 47.8 of the *Forest Act*.
- 2.02 Each year during the term of this Licence, the District Manager may dispose of a volume of the timber specified under Subparagraph 1.02(a), not exceeding one half of one percent (0.5%) of the portion of the allowable annual cut the Chief Forester determines is attributable to Schedule "B" Land, under free use permits from areas agreed under Paragraph 3.01 or specified under Paragraph 3.02.
- 2.03 In addition to any timber disposed of under Paragraphs 2.01 and 2.02, each year during the term of this Licence, the Regional Manager or District Manager may dispose of timber other than that specified in Subparagraph 1.02(a) under forestry licences to cut issued pursuant to a pulpwood agreement, provided:
 - (a) the timber is;
 - (i) within a pulpwood area designated by the Minister; and
 - (ii) within areas of Schedule "B" Land agreed to under Paragraph 3.01 or specified under Paragraph 3.02; and

- (b) the volume of timber disposed of does not exceed an amount equal to the portion of the allowable annual cut which the Chief Forester determines is attributable to timber of the type referred to in the applicable pulpwood agreement, having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.
- 2.04 In addition to any timber disposed of under this part, the Regional Manager, District Manager or Timber Sales Manager may dispose of any timber that is not specified in Subparagraph 1.02(a) if the timber is within areas agreed to under Paragraph 3.01 or specified under Paragraph 3.02.
- 2.05 Subject to Part 3, the Minister in a notice given to the Licensee may delete an area from Schedule "B" Land to enable the Regional Manager or District Manager to issue a woodlot licence over the area, if the Chief Forester determines that the portion of the allowable annual cut attributable to the area does not exceed the volume of timber referred to in Paragraph 2.01, having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.
- 2.06 Before deleting an area under Paragraph 2.05, the Minister will consult the Licensee and consider any recommendations made by the Licensee.
- 2.07 Where the Minister deletes an area under Paragraph 2.05, the volume of timber referred to in Paragraph 2.01 is deemed to be reduced by an amount equal to the portion of the allowable annual cut that the Chief Forester determines is attributable to the deleted area, having regard to the factors and information considered by the Chief Forester in his or her most recent determination of the allowable annual cut.

3.00 AREA SELECTION PROCESS

- 3.01 Subject to Paragraph 3.02 the District Manager or Timber Sales Manager and the Licensee will agree upon areas for the purposes of Part 2.00, or for an allowable annual cut reduction under Section 69 of the *Forest Act*, having regard to:
 - (a) the type and quality of timber and the type of terrain on the area of Schedule "B" Land under consideration compared to the Schedule "B" Land as a whole;
 - (b) the timber referred to in Paragraph 2.03;
 - (c) the management plan in effect under this Licence and the forest development plan or forest stewardship plan approved in respect of this Licence;
 - (d) any potential interference with the operations of the Licensee under this Licence;
 - (e) rights being exercised on the licence area by persons other than that licence holder including trappers, guide outfitters, range tenure holders, and other licenced resource users; and

- (f) an aboriginal group claiming an aboriginal interest in, or having a proven aboriginal right, including aboriginal title, or a treaty right in the area.
- 3.02 If under Paragraph 3.01 the District Manager or the Timber Sales Manager and the Licensee are unable to agree upon areas for the purposes of Part 2.00 or for an allowable annual cut reduction under Section 69 of the *Forest Act*, the District Manager or the Timber Sales Manager or the Licensee may refer the matter to the Regional Manager, in which case the Regional Manager, subject to Paragraph 3.03, and having regard to:
 - (a) the factors referred to in Paragraph 3.01; and
 - (b) the recommendations of the District Manager or the Timber Sales Manager and the Licensee;will specify areas for these purposes.
- 3.03 The Regional Manager will only specify an area under Paragraph 3.02, when satisfied it will not:
 - (a) compromise the management plan in effect under this Licence or a forest development plan or forest stewardship plan approved in respect of this Licence; or
 - (b) unreasonably interfere with the Licensee's operations under this Licence.

4.00 OTHER CONDITIONS AND REQUIREMENTS

- 4.01 Subject to Paragraph 4.02, the Licensee will not enter, use or occupy Schedule "A" Land subject to a timber licence or Schedule "B" Land except under and in accordance with a cutting permit, road permit associated with this Licence, special use permit or another legal authority authorizing such use or occupation.
- 4.02 Paragraph 4.01 does not apply to temporary occupation for the purpose of:
 - (a) carrying out silviculture;
 - (b) collecting inventory information;
 - (c) carrying out engineering layouts and surveys;
 - (d) carrying out protection and forest health activities; or
 - (e) fulfilling other obligations or conducting other activities incidental to the operations of the Licensee under or associated with this Licence.
- 4.03 The Licensee will not harvest timber from Schedule "A" or "B" Lands, except under a road permit associated with this Licence or a cutting permit issued to the Licensee or as otherwise authorized under the forestry legislation.
- 4.04 The Licensee must not harvest timber if the timber is specified as reserved timber in a cutting permit, or under an applicable operational plan.
- 4.05 If an area of Schedule "A" Land is:
 - (a) subject to a timber licence that expires; or

(b) deleted from a timber licence;
then the area is deemed to be deleted from Schedule "A" Land and added to Schedule "B" Land.

5.00 TIMBER VOLUME CHARGED TO THE LICENCE

- 5.01 The definition of the volume of timber harvested in Part 4, Division 3.1 of the *Forest Act* applies to this Licence.
- 5.02 The determination of the volume of timber harvested will incorporate the volume of waste determined under Part 6.00.
- 5.03 The Interior Timber Merchantability Specifications in the Provincial Logging Residue and Waste Measurement Procedures Manual that was in effect on the date of issuance of the cutting permit or road permit shall govern.

6.00 WASTE ASSESSMENTS FOR MERCHANTABLE CROWN TIMBER

- 6.01 The Licensee must conduct a waste assessment of the volume of merchantable Crown timber, whether standing or felled, that was authorized to be cut and removed under the Licence but, at the Licensee's discretion, was not cut and removed.
- 6.02 A waste assessment conducted under Paragraph 6.01 must be in accordance with the Provincial Logging Residue and Waste Measurement Procedures Manual, as amended or replaced from time to time.
- 6.03 A waste assessment made under Paragraph 6.01 must be:
 - (a) done within 60 days after primary logging on the area has been completed for each cut block, allowing for ground to be sufficiently free of snow to permit an adequate assessment to be carried out; or
 - (b) if primary logging on the area is not completed before the expiry of the cutting permit, within 60 days after the expiry of the cutting permit, allowing the ground to be sufficiently free of snow to permit for an adequate assessment to be carried out.
- 6.04 If the Licensee fails to comply with Paragraph 6.01 the District Manager may, after the expiry of the term of a cutting permit or licence, conduct a waste assessment of the volume of merchantable Crown timber that could have been cut and removed under the Licence but, at the Licensee's discretion, was not cut and removed.
- 6.05 A waste assessment conducted under Paragraph 6.04 must be in accordance with the Provincial Logging Residue and Waste Measurement Procedures Manual, as amended or replaced from time to time.
- 6.06 If the District Manager carries out a waste assessment under Paragraph 6.04, the District Manager, in a notice given to the Licensee, may require the Licensee to pay the costs incurred by the District Manager in carrying out the assessment.

7.00 MANAGEMENT PLAN

Deleted

8.00 CUTTING PERMITS

8.01 Subject to Part 1 and Paragraph 8.02, the Licensee may submit an application to the District Manager for a cutting permit to authorize the Licensee to harvest one or more proximate areas of Schedule "A" or "B" Lands for the portion of the allowable annual cut available to the Licensee that are:

- (a) identified on an approved forest development plan; or
- (b) exempted under the *Forest Practices Code of British Columbia Act* from the requirement of a forest development plan, or exempted under the *Forest and Range Practices Act* from the requirement for a forest stewardship plan; or
- (c) located within a forest development unit of an approved forest stewardship plan.

8.02 For those areas of Schedule "B" Land or in timber licences under Schedule "A" Land to be included in the application under Paragraph 8.01, the Licensee must ensure that cruise and appraisal data submitted is gathered and compiled according to the appraisal manual.

8.03 An application for a cutting permit submitted under Paragraph 8.01 must:

- (a) be in a form established by the District Manager;
- (b) state the proposed term that does not exceed four years;
- (c) include;
 - (i) a map to a scale acceptable to the District Manager showing the areas referred to in the application; and
 - (ii) the cruise data and appraisal data referred to in Paragraph 8.02; anda description acceptable to the District Manager of any timber that is reserved from cutting, removal or cutting and removal.

8.04 The areas of land shown on the map referred to in clause 8.03(c)(i) must be:

- (a) the areas referred to in Subparagraph 8.01(a); or
- (b) areas referred to in Subparagraph 8.01(b); or
- (c) located within a forest development unit referred to in Subparagraph 8.01(c);

allowing for difference in scale between maps used in the forest development plan, forest stewardship plan, or exemption and the map referred to in clause 8.03(c)(i).

8.05 Subject to Paragraphs 8.06 through 8.09 inclusive and 8.04, upon receipt of an application under Paragraph 8.01, the District Manager will issue a cutting permit to the Licensee if:

- (a) there is a management plan in effect under this Licence;
 - (b) the District Manager is satisfied that;
 - (i) the requirements of Paragraphs 8.01, 8.02, 8.03 and 8.04 have been met;
 - (ii) activities and operations under the cutting permit will be consistent with this Licence and the management plan referred to in Subparagraph 8.05(a).
- 8.06 The District Manager may consult aboriginal group(s) who exercise, or claim to hold an aboriginal interest(s) or proven aboriginal right(s), including aboriginal title, or treaty right(s), if in the opinion of the District Manager, issuance of the cutting permit as submitted and/or operations under the cutting permit may result in:
- (a) an impact to an aboriginal interest(s) that requires consideration of accommodation; or
 - (b) an infringement of a proven aboriginal right(s), including aboriginal title, or treaty right(s) that may require justification.
- 8.07 The District Manager may impose conditions in a cutting permit to address an aboriginal interest(s), or proven aboriginal right, including aboriginal title, or a treaty right(s) if in the opinion of the District Manager, issuance of the cutting permit as submitted would result in:
- (a) an impact to an aboriginal interest(s) that would require consideration of accommodation; or
 - (b) an infringement of a proven aboriginal right(s), including aboriginal title, or treaty right(s) that would require justification.
- 8.08 The District Manager may refuse to issue a cutting permit if in the opinion of the District Manager issuance of the cutting permit or an amendment to a cutting permit would result in:
- (a) an impact to an aboriginal interest(s) or treaty right(s) that could not be reasonably accommodated; or
 - (b) an impact to a proven aboriginal right(s), including aboriginal title, or a treaty right(s) that could not be justified.
- 8.09 If the District Manager:
- (a) determines that a cutting permit may not be issued because the requirements of Paragraph 8.05 have not been met;
 - (b) is carrying out consultations under Paragraph 8.06; or
 - (c) refuses to issue a cutting permit under Paragraph 8.08;
- the District Manager will notify the Licensee within 45 days of the date on which the application for the cutting permit was received.
- 8.10 A cutting permit must:
- (a) identify the boundaries of the areas of Schedule "A" or "B" Land which, subject to this Licence, the Licensee is authorized to conduct operations;

- (b) specify the term stated in the application;
 - (c) specify a timber mark to identify all timber removed under the cutting permit;
 - (d) specify, for timber on Schedule "A" Land subject to a timber licence and Schedule "B" Land, whether, for the purpose of determining the amount of stumpage payable in respect of timber removed under the cutting permit, the volume or quantity of timber is to be determined using information provided by:
 - (i) a scale of the timber; or
 - (ii) a cruise of the timber conducted before the timber is cut;
 - (e) specify any timber that is reserved from cutting, removal, or cutting and removal; and
 - (f) include such other provisions, consistent with this Licence, as determined by the District Manager.
- 8.11 The District Manager may amend a cutting permit only with the consent of the Licensee.
- 8.12 The Licensee may only make application to the District Manager for a cutting permit extension at least 45 days before the expiry of the cutting permit and in a form acceptable to the District Manager.
- 8.13 A cutting permit is deemed to be part of this Licence.
- 8.14 All cutting permits in effect that were issued under the tree farm licence that is replaced by this Licence continue under this Licence for the duration of their respective terms.

9.00 ACCESS AND ACCOMMODATION

- 9.01 Nothing in this Licence authorizes the Licensee to in any way restrict the Crown's right of access to Crown lands.
- 9.02 Any Ministry employee may:
 - (a) enter onto Schedule "A" Land; and
 - (b) use roads owned or deemed to be owned by the Licensee;
 for any purpose arising out of the administration of this Licence.
- 9.03 The Licensee will allow any person who has been granted rights to timber referred to in Part 2.00 or under Section 69 of the *Forest Act*, to use any road referred to in Subparagraph 9.02(b) for the purpose of exercising rights or fulfilling obligations within the licence area.
- 9.04 The Licensee will not require any payment from a person referred to in Paragraph 9.03 other than a reasonable payment in respect of the actual maintenance costs of the road.
- 9.05 The Ministry may carry out on Crown lands:
 - (a) silviculture operations the Crown is required to carry out under the forestry legislation; and
 - (b) any other silviculture operations, provided it does not:

- (i) compromise the management plan in effect under this Licence or a forest development plan or forest stewardship plan approved in respect of this Licence; or
 - (ii) unreasonably interfere with the Licensee's operations under this Licence.
- 9.06 Where the Regional Manager, District Manager or Timber Sales Manager carries out silviculture referred to in Paragraph 9.05, the Regional Manager, District Manager or Timber Sales Manager, as the case may be, will ensure the silviculture is consistent with the intent of the management plan in effect under this Licence, except where the Regional Manager or District Manager is required to depart from the intent of the management plan because of the requirements of a higher level plan or the forestry legislation.
- 9.07 Upon reasonable notice from the Regional Manager, District Manager or Timber Sales Manager, the Licensee will provide a Ministry employee with reasonable office and living accommodation on premises owned or operated by the Licensee in or near the licence area, to enable the Ministry employee to fulfill an obligation or exercise a right under this Licence.
- 9.08 The Licensee may charge the Regional Manager, District Manager or Timber Sales Manager, as the case may be, for costs reasonably incurred in providing the accommodation referred to in Paragraph 9.07.

10.00 CONTRACTORS

- 10.01 Each year during the term of this Licence, the Licensee will ensure that not less than:
 - (a) 50 % of the volume of timber harvested by or on behalf of 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 that the Chief Forester determines is attributable to Schedule "B" Land; by
 - (ii) the allowable annual cut;
 is harvested by persons under contract with the Licensee.
- 10.02 Compliance with Paragraph 10.01 will be calculated in accordance with the method prescribed under the *Forest Act* or the regulations made under that Act.
- 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 Regional Manager, in a notice given to the Licensee, may require the Licensee to pay an amount determined in accordance with Paragraph 10.04.
- 10.04 For the purpose of determining the amount payable under Paragraph 10.03, the Regional Manager will multiply:

- (a) the volume required under Paragraph 10.01, minus the volume harvested during the calendar year by persons under contract; by
 - (b) the average stumpage rate charged for sawlogs in statements or invoices issued to the Licensee during the calendar year in respect of timber harvested under this Licence.
- 10.05 The Minister may relieve the Licensee from the requirements of this part to the extent provided for under the *Forest Act* or the regulations made under that Act.
- 10.06 The Licensee may contract to have more than the volume required under Paragraph 10.01 harvested by persons under contract.

11.00 COURT DETERMINED ABORIGINAL RIGHTS AND/OR TITLE

- 11.01 Notwithstanding any other provision of this Licence, if a court of competent jurisdiction:
- (a) determines that activities or operations under or pursuant to this Licence will unjustifiably infringe an aboriginal right and/or title or treaty right;
 - (b) grants an injunction further to a determination referred to in Subparagraph 11.01(a); or
 - (c) grants an injunction pending a determination of whether activities or operations under or pursuant to this Licence will unjustifiably infringe an aboriginal right and/or title or treaty right;
- the Regional Manager or District Manager, in a notice given to the Licensee, may vary or suspend, in whole or in part, or refuse to issue a cutting permit, road permit, special use permit or free use permit issued to the Licensee so as to be consistent with the court determination.
- 11.02 Subject to this Licence and forestry legislation, if:
- (a) under Paragraph 11.01, the Regional Manager or District Manager has varied a cutting permit, road permit, special use permit or free use permit issued to the Licensee;
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
 - (c) it is practical to do so;
- the Regional Manager or District Manager, at the request of the Licensee, will vary the permit to reflect as closely as possible, for the remainder of its term, the terms and conditions of the permit prior to the variation under Paragraph 11.01.
- 11.03 Subject to this Licence and the forestry legislation, if:
- (a) under Paragraph 11.01, the Regional Manager or District Manager has suspended a cutting permit, road permit, special use permit or free use permit issued to the Licensee;

- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
 - (c) it is practical to do so;
- the Regional Manager or District Manager, at the request of the Licensee, will reinstate the permit for the remainder of its term.
- 11.04 Subject to this Licence, if:
- (a) under Paragraph 11.01, the Regional Manager or District Manager has refused to issue a cutting permit, road permit, special use permit or free use permit issued to the Licensee;
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
 - (c) it is practical to do so;
- the Regional Manager or District Manager, at the request of the Licensee, will issue the permit.

12.00 REPORTING

- 12.01 The Regional Manager, in a notice given to the Licensee by April 1, may require the Licensee to submit reports containing such information as the government requires concerning:
- (a) the Licensee's performance of its obligations under or in respect of this Licence; and
 - (b) the approved management plan and allowable annual cut rationale and conditions from the Chief Forester's approval letter;
- in the previous calendar year if the information is not included in any other reports which the Licensee must submit under the forestry legislation.
- 12.02 Upon receipt of a notice referred to in Paragraph 12.01, the Licensee, on or before the date specified in the notice, must submit a report to the Regional Manager containing the required information.
- 12.03 Subject to Paragraph 12.04, the Regional Manager may include the information contained in a report submitted under Paragraph 12.02 in any reports prepared by the Ministry for public review.
- 12.04 Subject to the *Freedom of Information and Protection of Privacy Act*, the Regional Manager will not disclose information provided in confidence by the Licensee in a report submitted under Paragraph 12.02.

13.00 FINANCIAL AND DEPOSITS

- 13.01 In addition to any money payable under the forestry legislation in respect of this Licence, a cutting permit, road permit associated with this Licence, special use permit or a free use permit issued to the Licensee, the Licensee will pay to the Crown, immediately upon receipt of a notice, statement or invoice issued on behalf of the Crown:

- (a) stumpage under Part 7 of the *Forest Act* in respect of timber removed;
 - (i) under a cutting permit from;
 - (A) Schedule "B" Land; or
 - (B) Schedule "A" Land subject to a timber licence; or
 - (ii) under a road permit;
 at rates determined, redetermined and varied under Section 105 of that Act; and
 - (b) any payments required under Part 6.00 or Part 10.00 of this Licence.
- 13.02 During the term of this Licence, the Licensee will maintain with the Crown a deposit in the amount prescribed under the *Forest Act* or the regulations made under that Act, in a form acceptable to the Minister, as security for the Licensee's performance of its obligations under or in respect of this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee.
- 13.03 If the Regional Manager or District Manager gives the Licensee a notice that an amount has been taken under this part from the deposit, the Licensee, within four weeks of the date on which the notice is given, will pay to the Crown, in a form acceptable to the Minister, an amount sufficient to replenish the deposit.
- 13.04 If the Licensee fails:
- (a) to pay money that the Licensee is required to pay to the Crown under;
 - (i) this Licence, a cutting permit, road permit, special use permit, free use permit issued to the Licensee; or
 - (ii) in respect of this Licence, a cutting permit, road permit, special use permit, free use permit issued to the Licensee; or
 - (b) to otherwise perform its obligations under;
 - (i) this Licence, a cutting permit, road permit, special use permit, free use permit issued to the Licensee; or
 - (ii) in respect of this Licence, a cutting permit, road permit, special use permit, free use permit issued to the Licensee;
 the Regional Manager or District Manager, after at least four weeks notice to the Licensee, may instruct the Crown agency holding the deposit to take from the deposit;
 - (c) an amount equal to the money which the Licensee failed to pay;
 - (d) an amount sufficient to cover all costs reasonably incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations; or
 - (e) an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations;
- and for that purpose a security included in the deposit may be realized.

13.05 A notice referred to in Paragraph 13.04 must specify:

- (a) the money which the Licensee has failed to pay or the obligation which the Licensee has failed to perform; and
- (b) the amount the Regional Manager or District Manager intends to take from the deposit.

13.06 Subject to Paragraphs 13.08, 13.09 and 13.10, if:

- (a) the Crown agency holding the deposit, under Paragraph 13.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations; and
- (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations are less than the amount taken from the deposit;

the Crown will as soon as feasible return to the Licensee an amount equal to the difference between the amount taken from the deposit and the costs reasonably incurred by the Regional Manager or District Manager.

13.07 If:

- (a) the Crown agency holding the deposit, under Paragraph 13.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations; and
- (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations are greater than the amount taken from the deposit;

the Crown agency holding the deposit may take from the deposit an additional amount equal to the difference between the costs incurred by the Regional Manager or District Manager and the amount originally taken from the deposit, and for that purpose a security included in the deposit may be realized.

13.08 If the Crown agency holding the deposit, under Paragraph 13.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations, the Regional Manager or District Manager is under no obligation to remedy the Licensee's failure.

13.09 If:

- (a) the Crown agency holding the deposit, under Paragraph 13.04, takes from the deposit an amount equal to the Regional Manager's or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations;

(b) the Regional Manager or District Manager does not remedy the Licensee's failure to perform its obligations; and

(c) the Regional Manager or District Manager gives a notice to the Licensee indicating that the Crown will not be remedying the Licensee's failure to perform its obligations;

subject to Paragraph 13.10, the Crown may retain the amount taken from the deposit under Paragraph 13.04.

13.10 If, after receiving a notice referred to in Paragraph 13.09, the Licensee:

(a) remedies the failure to perform its obligations; and

(b) gives a notice to that effect to the Regional Manager or District Manager within three months of the date on which the notice referred to in Paragraph 13.09 is given to the Licensee, or within such longer period as the Regional Manager may approve;

the Crown will return to the Licensee an amount equal to the difference between the amount taken from the deposit and any costs reasonably incurred by the Regional Manager or District Manager in respect of the Licensee's failure to perform its obligations.

13.11 Subject to the *Forest Act* and the regulations made under that Act, the Crown will return to the Licensee the deposit, less deductions made under Paragraphs 13.04 and 13.07, when:

(a) this Licence expires, or is surrendered; and

(b) the Minister is satisfied that the Licensee has fulfilled its obligations under this Licence.

14.00 CONDITIONS IMPOSED UPON ACCEPTANCE OR APPROVAL

14.01 Where, under this Licence, a Ministry employee has discretion to make his or her acceptance or approval of a document or plan subject to a condition, the Ministry employee will exercise that discretion in a reasonable manner, having regard to the purposes and functions of the Ministry set out in Section 4 of the *Ministry of Forests Act*.

14.02 The Licensee, in a notice given to the appropriate Ministry employee within 15 days of the date on which the notice of acceptance or approval is given to the Licensee, may reject any condition to which the acceptance or approval is subject, in which case the notice of approval or acceptance is deemed to be a notice that the applicable document or plan is not accepted or approved for the reasons set out in the conditions.

15.00 LIABILITY AND INDEMNITY

15.01 Subject to Paragraph 15.04, the Licensee will indemnify the Crown against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Crown as a result, directly or indirectly, of any act or omission of:

(a) the Licensee;

- (b) an employee of the Licensee;
- (c) an agent of the Licensee;
- (d) a contractor of the Licensee who engages in any activity or carries out any operation, including but not restricted to the Licensee's operations, under or associated with this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee; or
- (e) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation, including but not restricted to the Licensee's operations, under or associated with this Licence, a cutting permit, road permit or special use permit, or a free use permit issued to the Licensee.

15.02 For greater certainty, the Licensee has no obligation to indemnify the Crown under Paragraph 15.01 in respect of any act or omission of:

- (a) an employee, agent or contractor of the Crown, in the course of carrying out his or her duties as employee, agent or contractor of the Crown; or
- (b) a person, other than the Licensee, to whom the Crown has granted the right to use or occupy Crown land, including a person who has been granted the right to harvest timber referred to in Part 2, in the course of exercising those rights.

15.03 The Crown is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to this Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under this Licence by road blocks or other means.

15.04 Paragraph 15.01 does not apply to an act or omission which is a direct response to, and complies with, an order made by a Ministry employee or another officer of the Crown.

15.05 Amounts taken under Part 13.00 from the deposit, any payments required under Part 6.00 or Part 10.00, any reductions made under the *Forest Act* and regulations to the portion of the allowable annual cut available to the Licensee, and payments required further to the indemnity referred to in Paragraph 15.01, are in addition to and not in substitution for any other remedies available to the Crown in respect of a default of the Licensee.

16.00 TERMINATION

16.01 If this Licence expires and is not replaced under Section 36 of the *Forest Act*, or is surrendered, cancelled or otherwise terminated:

- (a) all cutting permits will immediately terminate; and
- (b) timber, including logs and special forest products, cut under the authority of this Licence and which are still located on Crown land, vest in the Crown, without right of compensation to the Licensee; and

- (c) unless otherwise agreed to between the District Manager and the Licensee prior to the surrender, cancellation or termination of this Licence, title to all improvements, including roads and bridges, constructed by the Licensee on Crown land under the authority of this Licence vest in the Crown, without right of compensation to the Licensee; and
 - (d) the Licensee may continue to enter and use Crown land for a period of one month after the expiry or termination of this Licence for the purpose of removing the Licensee's property.
- 16.02 The Licensee will not take away any improvements or remove any timber referred to in Subparagraph 16.01(b), unless authorized to do so by the Regional Manager.
- 16.03 If the Licensee commits an act of bankruptcy, makes a general assignment of its creditors or otherwise acknowledges its insolvency the Licensee is deemed to have failed to perform an obligation under this Licence.

17.00 WAIVER

- 17.01 No waiver by the Crown of any default non-compliance by the Licensee in the strict and literal performance of or compliance with any provision of the Licence will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of the Licence or to be a waiver of, or in any manner release the Licensee from compliance with any provision, condition or requirement in the future, nor will any delay or omission by the Crown in the exercising of any right hereunder in any manner with respect to non-compliance impair the exercise of any such rights in the future.

18.00 NOTICE

- 18.01 A notice given under this Licence must be in writing.
- 18.02 A notice given under this Licence may be:
- (a) delivered by hand;
 - (b) sent by mail; or
 - (c) subject to Paragraph 18.05, sent by facsimile transmission; to the address or facsimile number, as applicable, specified on the first page of this Licence, or to such other address or facsimile number as is specified in a notice given in accordance with this part.
- 18.03 If a notice is given under this Licence, it is deemed to have been given:
- (a) if it is given in accordance with Subparagraph 18.02(a), on the date it is delivered by hand;
 - (b) if it is given in accordance with Subparagraph 18.02(b), subject to Paragraph 18.04, on the eighth day after it is properly deposited in a Canada Post Office at any place in Canada; and

- (c) if it is given in accordance with Subparagraph 18.02(c), subject to Paragraph 18.05, on the date it is sent by facsimile transmission.
- 18.04 If, between the time a notice is mailed in accordance with Subparagraph 18.02(b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.
- 18.05 If a notice is sent by facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.
- 18.06 Either party may, from time to time, advise the other party by notice in writing, of any change of address of the party giving such notice and, from and after the giving of such notice, the address specified will, for purposes of this Licence, be considered to be the address of the party giving such notice.

19.00 MISCELLANEOUS

- 19.01 This Licence will inure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 19.02 The laws of British Columbia will govern the interpretation of this Licence and the performance of the Parties' obligations under this Licence.
- 19.03 Any power conferred or duty imposed on a Ministry employee referred to in this Licence may be exercised or fulfilled by another Ministry employee designated or authorized to do so by the Minister, the Chief Forester, the Regional Manager, or the District Manager, as appropriate.
- 19.04 The Schedules to this Licence are deemed to be part of this Licence.
- 19.05 Nothing in this Licence or a cutting permit issued under this Licence is to be construed as authorizing the Licensee to engage in any activities or carry out any operations otherwise than in compliance with the requirements of the forestry legislation.
- 19.06 Subject to this Licence and all applicable legislation, including but not restricted to the forestry legislation, the Minister will ensure that the obligations under this Licence of the Ministry employees referred to in this Licence are fulfilled.
- 19.07 The Licensee must:
- (a) comply with the forestry legislation; and
 - (b) ensure that its employees, agents and contractors comply with the forestry legislation when engaging in or carrying out activities or operations under or associated with the Licence.
- 19.08 Nothing in this Licence entitles the Licensee to have an area of Schedule "A" Land subject to a timber licence or Schedule "B" Land, to be replaced with another area, or to have rights awarded under another agreement under the *Forest Act*, in the event:

- (a) timber is damaged or destroyed by pests, fire, wind or other natural causes;
 - (b) an area of land is deleted from the licence area under the forestry legislation, or under any other Act or regulation; or
 - (c) this Licence expires, is surrendered, is cancelled or otherwise terminated.
- 19.09 At the request of the Regional Manager or District Manager, the Licensee will survey and define on the ground any or all boundaries of the licence area.
- 19.10 Where:
- (a) the boundaries of the licence area are based on boundaries established under existing or expired timber licences;
 - (b) the legal description of the boundaries of the licence area has been derived from original timber licence survey plans or from reference maps prepared from original timber licence survey plans; and
 - (c) the legal description differs from the actual ground location of timber licence corner posts;
- the boundaries of the licence area are the boundaries as originally established by the actual ground location of the timber licence corner posts.
- 19.11 The Licensee will use the services of one or more professional foresters to manage the licence area.

20.00 INTERPRETATION & DEFINITIONS

- 20.01 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 is to 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.
- 20.02 In this Licence, unless the context otherwise requires:
- “aboriginal interest” means a potential aboriginal right or aboriginal title that has not been proven through a court process;
- “alienated Crown land” means Crown land which is not available for inclusion in Schedule “A” Land subject to a timber licence or Schedule “B” Land, and, without restricting the generality of the foregoing, includes Crown land which;
- (a) is, as of the effective date of this Agreement, within the area of:

- (i) a park, ecological reserve or conservancy;
 - (ii) a lease, licence of exclusive occupation, or timber licence held by a person other than the Licensee; or
 - (iii) a highway or road right of way where the highway or road is, or is deemed, declared or determined to be a public highway under the *Highway Act* or a forest service road under the *Forest Act*; or
- (b) becomes vested in the Crown by escheat, reversion, transfer or otherwise during the term of this Agreement, except as provided in the Agreement;

“cutting permit” means a cutting permit, as amended, issued under this Licence, or an amendment to a cutting permit, as the context requires;

“deposit” means the deposit referred to in Paragraph 13.02;

“District Manager” means;

- (a) a District Manager appointed under the *Ministry of Forests Act*, for a forest district in which all or part of the Licence is situated; and
- (b) any person authorized to act as the District Manager to exercise a power or fulfill a duty under this Licence;

“*Forest Act*” means the *Forest Act*, R.S.B.C. 1996, c. 157, as amended from time to time, or the successor to this Act if it is repealed;

“*Forest and Range Practices Act*” means the *Forest and Range Practices Act*, S.B.C. 2002, c. 69 as amended from time to time, or the successor to this Act, if it is repealed;

“forest development plan” means a forest development plan referred to in the *Forest Practices Code of British Columbia Act*;

“forest stewardship plan” means a forest stewardship plan referred to in the *Forest and Range Practices Act*;

“the forestry legislation” includes;

- (a) the *Forest Act*;
- (b) the *Forest Practices Code of British Columbia Act*;
- (c) the *Forest and Range Practices Act*;

and the regulations under those Acts;

“free use permit” means a free use permit issued under the *Forest Act* to;

- (a) the Licensee; or
- (b) to a person other than the Licensee;

to authorize the harvest of timber within the licence area;

“harvest” means to;

- (a) cut;
- (b) remove; or
- (c) cut and remove;

“higher level plan” means a higher level plan that is applicable to all or part of the licence area;

“licence area” means Schedule “A” and “B” Lands;

“management plan” means a plan approved under the Tree Farm Licence for managing, protecting and conserving both the timber resources and the non-timber values and resources of the licence area, and integrating the primary logging and removal of timber and related activities with use of the licence area for purposes other than timber production;

“manual” means a guideline, guidebook, policy, procedure, or manual set or approved by the Ministry;

“merchantable Crown timber” has the same meaning as described in the Provincial Logging Residue and Waste Measurements Procedure Manual, as amended or replaced from time to time;

“Ministry” means the Ministry of Forests and Range;

“*Ministry of Forests Act*” means the *Ministry of Forests and Range Act* R.S.B.C. 1996, c. 300;

“ministry officer” means an employee of the Ministry;

“person” includes a corporation and a partnership;

“pest” means any animal, insect, fungus, bacteria, virus, nematode, or other organism which is detrimental to effective forest management;

“primary logging” includes felling timber and yarding or forwarding the timber to central landings or road-sides, but not including the removal of the timber from these landings or road-sides;

“Regional Manager” means;

(a) a Regional Manager appointed under the *Ministry of Forests and Range Act*, for a forest region in which all or part of the licence area is situated; and

(b) any person authorized to act as the Regional Manager to exercise a power or fulfill a duty under this Licence;

“remove” means the removal of timber from the licence area and

“removed” and “removing” have the corresponding meanings;

“resource agency” means any governmental agency, ministry or department having jurisdiction over a resource which may be affected by any activity or operation, including but not restricted to activities or operations, engaged in or carried out under or associated with this Licence or a road permit;

“road permit” means a road permit entered into under the *Forest Act* which provides access to timber removed, or to be removed, under this Licence;

“Schedule “A” Land” means the private land and timber licences described in Schedule “A” to this Licence;

“Schedule “B” Land” means the Crown land described in Schedule “B” to this Licence;

“Timber Harvesting Land Base” means the portion of the total licence area considered to contribute to, and be available for, long-term timber supply;

“Timber Sales Manager” means;

(a) a Timber Sales Manager appointed under the *Ministry of Forests and Range Act* for a BC timber sales business area in which all or part of the Licence is situated; and

(b) any person authorized by the Timber Sales Manager to exercise a power or fulfil a duty under this Licence;

“timber supply analysis” means an analysis of the short-term and long-term availability of timber in the licence area, including an analysis of the short and long-term effect of management practices on the availability of timber;

“timber supply analysis information package” means information relating to the preparation of a timber supply analysis, including information regarding the assumptions to be incorporated into a timber supply analysis, and the methodology to be used in the timber supply analysis;

“timber supply forester” means the Ministry officer designated by the Chief Forester to review the timber supply analysis information package and the timber supply analysis;

“20-year plan” means an operational timber supply projection for the licence area, prepared in support of a timber supply analysis, that indicates the availability of timber over a period of not less than 20 years;

“waste” has the same meaning as described in the *Provincial Logging Residue and Waste Measurement Procedures Manual*;

“*Wildfire Act*” means the *Wildfire Act*, S.B.C. 2004, c. 31, as amended from time to time, or the successor to this Act if it is repealed;

20.03 Unless otherwise provided in Paragraph 20.02, if a word or phrase used in this Licence is defined in the *Forest Act*, the *Forest and Range Practices Act*, the *Forest Practices Code of British Columbia Act* or the *Wildfire Act*, the definition in the Act applies to this Licence, and where the word or phrase in the Act is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.

20.04 If a provision of the *Forest Act*, the *Forest and Range Practices Act*, the *Forest Practices Code of British Columbia Act* or the *Wildfire Act* referred to in this Licence is renumbered, the reference in this Licence is to be construed as a reference to the provision as renumbered.

20.05 In this Licence, unless the context otherwise requires:

(a) the singular includes the plural and the plural includes the singular; and

(b) the masculine, the feminine and the neuter are interchangeable.

IN WITNESS WHEREOF this Licence has been executed by the Minister and the Licensee on the date dates written below.

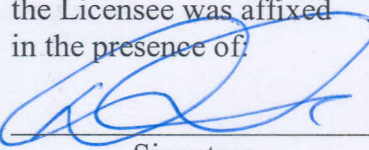
SIGNED by the)
Minister)
on behalf of Her Majesty)
the Queen in Right of)
the Province of)
British Columbia)
in the presence of:)



Signature)

Sean Murry)
Printed Name)

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



Signature)

DAVID M. CALABRIGO)
Printed Name)

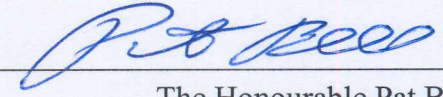
(or)

SIGNED by the Licensee
in the presence of:

Signature)

Printed Name)

_____)



The Honourable Pat Bell
Minister of Forests and Range

July 5/10
Dated



Licensee

Printed Name and Title

Dated

SCHEDULE "A"
TREE FARM LICENCE 18
DESCRIPTION OF CROWN GRANTS & TIMBER LICENCES

1.00 SCHEDULE A LAND

- 1.01** Fee simple private forest lands subject to **Tree Farm Licence 18** and Crown land subject to timber licences contained within the boundaries of the Tree Farm Licence and subject to the Licence.

NIL

The Honourable Pat Bell
Minister of Forests and Range

Dated



Licence

Printed Name and Title

Dated

Signature

Printed Name

THE COMMON SEAL OF

Signature

DAVID M. CHANDLER
Printed Name

(or)

SIGNED by the Licensor
in the presence of

Signature

Printed Name

SCHEDULE "B"
TREE FARM LICENCE 18

DESCRIPTION OF CROWN LAND SUBJECT TO THE LICENCE

1.00 SCHEDULE B LAND

- 1.01 For the purposes of the definition of "Schedule "B" Land" in Paragraph 20.02 of the Licence, "Crown land described in Schedule "B" to this Licence" means all Crown land within the boundaries described in Paragraph 2.01 of this Schedule, except for:
- (a) "alienated Crown land" as defined in Paragraph 20.02;
 - (b) 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;
 - (c) Crown land owned by an agent of the Crown or vested in the federal Crown;
 - (d) all foreshore and land covered by water; and,
 - (e) all surveyed rights of way.

2.00 BOUNDARIES AND MAP

- 2.01 The boundaries referred to in Paragraph 1.01 of this Schedule are stored and maintained in their digital form on the B.C. Government's Geographic Warehouse (LRDW) as TFL 18, within the layer named "WHSE_ADMIN_BOUNDARIES.FADM_TFL".

These boundaries were based on the original "metes and bounds" legal description of the TFL boundary and includes all subsequent boundary changes, including the following made during the term of the previous agreement effective **January 1, 2001**:

NIL

- 2.02 The bold black line on the attached map generally describes the outer boundary of TFL 18. The attached map is for reference only, and may not identify all alienated Crown land and other exceptions identified in Paragraph 1.01 of this Schedule. If a difference exists between the map and the digital files referred to in Paragraph 2.01, the digital files shall govern.

