

() THIS AGREEMENT made as of the 11th day of
December, 1987.

COPY

BETWEEN:

CLEARWATER TIMBER PRODUCTS LTD., a British
Columbia company having its registered office at
2800 - 650 West Georgia Street, Vancouver,
British Columbia,

("Clearwater")

OF THE FIRST PART

AND:

SLOCAN FOREST PRODUCTS LTD., a British Columbia
company having its registered office at
2800 - 650 West Georgia Street, Vancouver,
British Columbia,

("Slocan")

OF THE SECOND PART

WHEREAS:

A. Clearwater has resolved that it be wound-up and dissolved, that the Registrar of Companies be requested to strike it off the register of companies for British Columbia pursuant to section 282 of the Company Act (British Columbia) and as incidental thereto that all the business, undertaking, assets and properties of Clearwater be distributed to its sole member and the debts and liabilities of Clearwater be satisfied or assumed by its sole member;

B. Slocan is the registered and beneficial owner of all of the issued and outstanding shares in the capital of Clearwater and is thereby the sole member of Clearwater.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the several covenants and agreements herein set forth, the parties hereto agree and covenant as follows:

1. Subject to the terms and conditions hereof, Clearwater hereby grants, conveys, transfers, assigns and sets over unto Slocan, its successors and assigns, all the business, undertaking, assets and properties of every nature and kind whatsoever of Clearwater as a going concern, as follows:

(a) as an initial distribution as of 9:30 a.m. on December 11, 1987 (the "Effective Date"),

(i) all lands and premises and interests therein of Clearwater, and

(ii) all shares held by Clearwater in the capital of Thompson River Logging Ltd.,

(b) as a secondary distribution on December 18, 1987 all other business, undertaking, assets and properties of every nature and kind whatsoever of Clearwater including, without limiting the generality of the foregoing,

(i) all rights and interests which Clearwater may from time to time have as licensee in respect of forest and tree farm licences as more particularly set out and described in Schedule "A" hereto,

(ii) all inventories of Clearwater,

- (iii) all equipment, furnishings, furniture, fixtures, leasehold improvements, vehicles, and supplies of Clearwater,
- (iv) the goodwill associated with Clearwater including all lists of customers, accounts receivable, records, customers contracts, price lists, contracts of insurance and other information relating to the day to day carrying on of Clearwater's business together with the exclusive right to Slokan to represent itself as carrying on the business of Clearwater in continuation of and in succession to Clearwater and the full benefit of all forward commitments, contracts, leases and engagements of Clearwater,
- (v) all accounts receivable, bills of exchange and promissory notes, book debts and other debts, owed, due or accruing due to Clearwater and the full benefit of all securities for such accounts or debts and all cash on hand and in banks of Clearwater, (except as provided in subparagraph (vii) below),
- (vi) all prepaid expenses relating to Clearwater's business, and
- (vii) all other assets and property of Clearwater, moveable and immoveable, real and personal, of every nature and kind and wheresoever situate and all rights and interests of Clearwater, save and except the amount of \$130,000.00 to be retained after December 18,

) 1987 by or for the benefit of Clearwater in an account with a Canadian chartered bank maintained in the name of Clearwater, from which account Clearwater will withdraw sufficient funds to enable it to pay to 347892 Holdings Ltd., as a contribution to capital, the amount required for 347892 Holdings Ltd. to redeem preferred shares in the capital of 347892 Holdings Ltd. registered in the name of Bantor Company, and after such payment Clearwater will pay the remaining funds in such account to Slocan.

2. Slocan hereby covenants and agrees with Clearwater that Slocan will accept all the business, undertaking, assets and properties of Clearwater as provided for in paragraph 1 hereof in full payment of any amounts otherwise due or payable to Slocan in connection with the Class "A" Preferred Shares, Class "B" Preferred Shares, or Common Shares in the capital of Clearwater held by Slocan, and Slocan hereby releases Clearwater of any obligation it might otherwise have to Slocan as the holder of such shares upon any distribution of assets of Clearwater on the voluntary dissolution or winding-up of Clearwater, whether or not such obligations arise from the provisions of the Articles of Clearwater or otherwise.

3. Slocan hereby covenants and agrees with Clearwater that as of the close of business on the 18th day of December, 1987, it will assume all debts, accounts payable, liabilities and obligations owing by Clearwater whether ascertained or contingent as at the 18th day of December, 1987, and in due course discharge the same and will save Clearwater harmless from the same.

4. Clearwater covenants and agrees with Slocan:

- (a) that Clearwater will execute such assurances of the said business, undertaking, assets and properties as may be requisite,
- (b) that Clearwater hereby releases to Slocan all claims upon the said business, undertaking, assets and properties of Clearwater, and
- (c) that Clearwater shall cease to carry on business immediately following the close of business on the 18th day of December, 1987.

5. Slocan covenants and agrees with Clearwater that with respect to the said business, undertaking, assets and properties of Clearwater, Slocan will, after the close of business on the 18th day of December, 1987, pay or cause to be paid and indemnify and save harmless Clearwater, its directors and officers from all taxes, rates, assessments, claims, demands and all expenses and outgoings of every kind and description.

6. This Agreement is intended to and shall operate as an actual conveyance, transfer, assignment and setting over of the business, undertaking, assets and properties of Clearwater to Slocan, but Clearwater shall, on request of and at the sole expense of Slocan do, sign and execute all deeds, documents, transfers, assurances, acts, matters and things required by Slocan for the purpose of more perfectly, completely, absolutely, and effectively carrying out the provisions of this Agreement and conveying, transferring, assigning and assuring to Slocan the business, undertaking, assets and properties of Clearwater; and Clearwater hereby

)declares that any of such business, undertaking, assets and properties which may remain in the name of Clearwater after the close of business on the 18th day of December, 1987 shall be held by Clearwater as a bare trustee for Slocan and upon trust to do, sign and execute all deeds, documents, transfers, assurances, matters and things for the purposes referred to above and Clearwater hereby acknowledges that it shall have, from and after the effective time of the transfer herein contained, no beneficial interest in any of such business, undertaking, assets and properties.

7. Clearwater hereby agrees to take all necessary steps to assure its voluntary dissolution under the provisions of section 282 of the Company Act (British Columbia) forthwith.

8. Slocan hereby covenants and agrees to assume all expenses in connection with the dissolution of Clearwater.

9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto caused their common seals to be affixed by their respective officers duly authorized in that behalf.

THE COMMON SEAL OF CLEARWATER)
TIMBER PRODUCTS LTD. was)
hereunto affixed in the)
presence of:)

J. D. Price)
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SCHEDULE "A"

T.F.L. 18
F.L. A 15430
F.L. A 18688

McBride T.S.A.
McBride T.S.A.
Kamloops T.S.A.