

**Interim Measures Agreement
(the "Agreement")**

Between:

Kwadacha First Nation

As represented by
Chief and Council

and

Her Majesty the Queen in Right of the Province of British Columbia
as represented by the Minister of Forests and Range
(the "Government of British Columbia")

(collectively the "Parties")

Whereas:

- The Kwadacha Band signed a Forest and Range Agreement (FRA) with the Government of British Columbia on June 28, 2005. This Agreement is a short-term additional forestry economic opportunity and does not supersede or alter the FRA.
- The Government of British Columbia wishes to support economic opportunities for the Kwadacha Band.

Purpose

1. The purposes of this Agreement are to:
 - a. increase the participation of the Kwadacha Band in the forest sector; and,
 - b. provide an economic opportunity by inviting the Kwadacha Band to apply for a non-replaceable forest licence to assist the province in the management of undercut volume in the Mackenzie Timber Supply Area, in a manner linked to the FRA and as set out in this Agreement.

Therefore the Parties agree as follows.

2. After execution of this Agreement by the Parties, the Minister of Forests and Range (the "Minister") will invite the Kwadacha Band to apply for a non-replaceable forest licence (the Licence) under section 47.3 of the *Forest Act* to harvest a total of up to 360,000 cubic meters of beetle infested timber over a five year term within the Mackenzie Timber Supply Area as identified in black bold in Appendix A.
3. If the intended holder of the licence(s) is a legal entity other than the Kwadacha Band, this Agreement must include supporting documentation as specified in Appendix B stating that the intended holder has been validly appointed by the Kwadacha Band as its representative.

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4. The invitation will be subject to a condition that prior to making an application for the Licence, the Kwadacha Band will contact the Ministry of Forests and Range and the Parties will work co-operatively to identify an operating area within the Mackenzie Timber Supply Area.
5. The Licence entered into as a result of the invitation to apply under this Agreement will:
 - a. be for a term of no longer than five years as determined by the Minister;
 - b. contain other terms and conditions required by law, including the condition that the Kwadacha Band must comply with this Agreement and with the FRA;
 - c. include a term that Kwadacha Band may not dispose of the Licence except in accordance with the *Forest Act*; and
 - d. include other terms and conditions as may be required by the Regional Manager.
6. An invitation to apply for a non-replaceable forest licence entered into as a result of the invitation to apply under this Agreement may be consolidated with other non-replaceable forest licenses in accordance with section 19(3)(a) of the *Forest Act*.

Consultation

7. All of the provisions set out in the Section 4 and 5 of the FRA apply to this Agreement.

Dispute Resolution

8. If a dispute arises between the Government of British Columbia and the Kwadacha Band regarding the interpretation of a provision of this Agreement, the Parties will follow the dispute resolution process set out in Section 7 of the FRA.

Amendments

9. Any alteration or amendment to the terms and conditions of the Agreement must be in writing and duly executed by the Parties.
10. Either Party may request the participation of the other Party to review the effectiveness of this Agreement annually and consider amendments to this Agreement.

Term

11. This Agreement will take effect on the date on which the last Party has executed it.
12. This Agreement will terminate on the occurrence of the earliest of any of the following events:
 - a. Five years from the date this Agreement is executed; or

- b. the mutual agreement of the Parties, or
 - c. upon 90 days written notice by either of the Parties.
13. If the FRA is terminated, the consultation processes that were set out in section 4 and 5 of that agreement are incorporated by reference into this Agreement and will continue to be followed by the Parties for the term and for the purposes of this Agreement.
14. The Government of British Columbia will not terminate this Agreement on the grounds that the Kwadacha Band has challenged an Administrative or Operational Decision by way of legal proceedings.

Notice

15. All of the provisions set out in the Notice section of the FRA apply to this Agreement.

Miscellaneous

16. All of the provisions set out in the Miscellaneous section of the FRA apply to this Agreement.

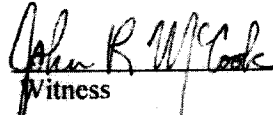
Signed on behalf of:

Kwadacha Band:

Date: March 24, 2007




Chief Donny Van Somer



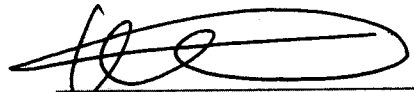
Witness

Signed on behalf of:
Government of British Columbia

Date: JUN 21 2007



Honourable Rich Coleman
Minister of Forests and Range



Witness

APPENDIX B:

Description and Documentation pertaining to the Intended Holder of the licence

Please complete part A or B, whichever is appropriate, and attach appropriate documentation:

A) Applicant for the license: N/A

OR

B) Full legal name, or corporate description of the legal entity, authorized to represent the applicant of the licence

Kwadacha Natural Resources Limited

- (i) Copy attached of legal instrument (letter) authorizing that legal entity to be their representative;
- (ii) Copy attached of the ownership structure of the legal entity (the intended holder of the licence).