

**Economic Development Agreement**

(the "Agreement")

**Between:**

**Red Bluff Indian Band**

(as represented by Chief Geronimo Squinas and Council)

(hereinafter "Red Bluff")

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**

- Red Bluff is part of the Carrier Nation.
- Red Bluff has Aboriginal Interests (aboriginal rights and/or title) within the area of the Red Bluff's asserted traditional territory.
- The Government of British Columbia wishes to support economic development opportunities for Red Bluff in keeping with the principles of the Transformative Change Accord.

**Purpose**

1. The purposes of this Economic Development Agreement are to:
  - a. increase the participation of Red Bluff in the salvage of (Grade Code 4 – Lumber reject) mountain pine beetle killed timber and to facilitate the construction of a proposed pellet facility;
  - b. provide an economic development opportunity for Red Bluff to apply for a non-replaceable forest licence to assist the Province in the utilization of mountain pine beetle killed stands of timber;
  - c. assist with the development of relations between Red Bluff and the Province through discussion and negotiation versus litigation;
  - d. provide for a stable working environment for all forest resource development in areas of Carrier Nation territory traditionally used by Red Bluff; and,
  - e. provide a facility for other licensees to dispose of timber that is not suitable for the manufacture of sawlogs by utilizing the provisions of the cut control regulation.

**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 Red Bluff 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 one (1.125) million and one hundred and twenty five thousand cubic meters of dead mountain pine beetle attacked timber over a 15 year term within the Quesnel Timber Supply Area. The licence area will exclude BC Timber Sales operating areas and Controlled Recreation Areas unless otherwise authorized by the District Manager.
3. If the intended holder of the Licence is a legal entity other than Red Bluff, this Agreement must include supporting documentation as specified in Appendix A stating that the intended holder has been validly appointed by Red Bluff as their representative.
4. The Licence holder will ensure that a pellet plant will be constructed at its own cost, within two (2) years of the direct award of the Licence, that can consume a minimum of 150 000 cubic metres annually of round logs or equivalent.
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 15 years, with an allowable annual cut (AAC) of 75 000 cubic metres, as determined by the Minister;
  - b. restrict harvesting to stands comprised primarily of timber that has been dead for several years resulting in a very low percentage of sawlog (grade 1 and 2) quality timber and that the sawmilling industry is unable to utilize. The exact definition for eligible stands will be defined in the forest licence invitation;
  - c. Restrict the AAC under the Licence to allow harvesting of up to 37 500 cubic metres until the Band or its Company, namely Lhtako Energy Corp., provides the Minister or his staff with evidence that the equipment for the Pellet Plant has been ordered, that they have taken legal possession of the Mill site and Building and that the engineering and mill design has been complete for the pellet facility. After such evidence has been provided, the total AAC of the Licence will increase to a maximum of 75 000 cubic metres;
  - d. contain other terms and conditions required by law, including the condition that Red Bluff must comply with this Agreement;
  - e. not be guaranteed to be economically viable and does not carry any business endorsement;
  - f. include a term that Red Bluff may not dispose of the Licence except in accordance with the Forest Act; and
  - g. include other terms and conditions as may be required by the Regional Manager.

## **Enhancing Relationships**

6. The spirit and intent of this Economic Development Agreement is to foster discussion and communication between the two Parties, who commit to continually work in good faith to improve communication and to have a positive working relationship.
7. Where Red Bluff hold signed Forest and Range Opportunity Agreements (FROs) and have not yet formed Joint Consultation Committees, they are encouraged by the Government of British Columbia to complete that task in a timely manner.
8. Where Bands have not signed FROs, they are encouraged by the Government of British Columbia to enter into negotiations in order to achieve such agreements.

## **Stability for Land and Resources**

9. As part of a positive working relationship, Red Bluff and the Government of British Columbia will each communicate, negotiate and work together in good faith to improve the working relationship in respect of authorized provincial activities.

## **Dispute resolution**

10. If a dispute arises between the Government of British Columbia and Red Bluff regarding the interpretation of a provision of this Agreement, the Parties or their duly appointed representatives will meet as soon as is practicable to attempt to resolve the dispute.
11. If the Parties are unable to resolve differences at the appropriate level, the interpretation issue will be raised to more senior levels of the Government of British Columbia and Red Bluff.
12. The Parties may choose other appropriate approaches to assist in reaching resolution of the interpretation issue.

## **Amendments**

13. Any alteration or amendment to the terms and conditions of this Agreement must be in writing and duly executed by the Parties.

14. Either Party may request in writing the participation of the other Party to review the effectiveness of this Agreement annually and consider amendments to this Agreement.

## **Term**

15. Upon the written request of any Party, the Parties may agree in writing to amend this Agreement to include an additional Band or Bands as a Party to the Agreement.
16. This Agreement will terminate on the occurrence of the earliest of any of the following events:
  - a. 15 years from the date this Agreement is executed; or,
  - b. the mutual agreement of the Parties; or,
  - c. the date on which the Government of British Columbia cancels the economic development opportunity under this Agreement pursuant to Sections 17 and 18.

## **Cancellation and Suspension of the Economic Development Opportunity by the Minister**

17. Without limiting the actions that may be taken by the Minister or by the Government of British Columbia, the Minister of Forests and Range or a person authorized by the Minister, may suspend or cancel the licence entered into as a result of this Agreement, if the Minister determines that Red Bluff are not in compliance with this Agreement.
18. Prior to taking any action referred to in section 17, the Government of British Columbia will provide notice to Red Bluff of any alleged contravention of this Agreement that may lead to Red Bluff not being in compliance with this Agreement and will provide 90 days from the date on which the notice was given by the Government of British Columbia for Red Bluff to remedy the default.

## **Notice**

19. Any notice or other communication that is required to be given or that a Party wishes to give to the other Party with respect to this Agreement will be in writing and will be effective if delivered, sent by registered mail, or transmitted by facsimile to the address of the other as in this section of the Agreement.
20. Any notice or other communications will be deemed to have been given on the date it is actually received, if received before 4:00 p.m. If received after 4:00 p.m., it will be deemed to have been received on the next business day. The address of either Party may be changed by notice in the manner set out in this section of the Agreement.

***Government of British Columbia***

Deputy Minister  
Ministry of Forests and Range  
P.O. Box 9525 STN PROV GOVT  
Victoria, B.C. V8W 9C3  
Telephone: (250) 387-3656  
Facsimile: (250) 953-3687

***The Band***

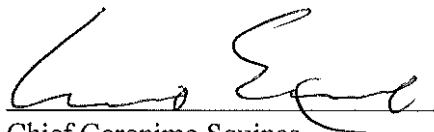
Chief Geronimo Squinas and Council  
1515 Arbutus Drive  
(Box 4693)  
Quesnel, B.C. V2J 3J9  
Telephone: (250) 747-2900  
Facsimile: (250) 747-1341

**Miscellaneous**

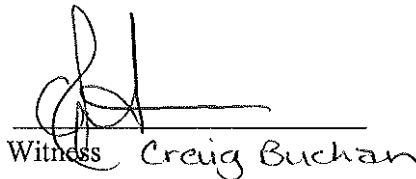
21. This Agreement shall be interpreted in a manner consistent with provincial, federal and constitutional law.
22. This Agreement is not a treaty or a lands claims agreement within the meaning of sections 25 and 35 of the Constitution Act, 1982 and does not define or amend aboriginal rights, or limit any priorities afforded to aboriginal rights, including aboriginal title.
23. This Agreement does not address or prejudice conflicting interests or competing claims between First Nations.
24. This Agreement will not limit the positions that a Party may take in future negotiations or court actions.
25. The Government of British Columbia acknowledges and enters into this Agreement on the basis that Red Bluff has Aboriginal Interests within the Red Bluff traditional territory and further that the specific nature, scope or geographic extent of those Aboriginal Interests and the ultimate holders of those Interests have not yet been determined. Broader processes engaged in to bring about reconciliation will result in a common understanding of the nature, scope and geographic extent of Aboriginal Interests of Red Bluff or larger Carrier Nation community.
26. This Agreement and any decisions and or licenses issued during the term of this Agreement do not change or affect the positions either Party has, or may have, regarding jurisdiction and authorities.

27. Any reference to a statute in this Agreement includes all regulations made under that statute and any amendments or replacement of that statute and its regulations.
28. There will be no presumption that any ambiguity in any of the terms of this Agreement should be interpreted in favour of either Party.
29. The applicable laws of British Columbia and Canada will govern this Agreement.
30. This Agreement may be entered into by each Party signing a separate copy of this Agreement, including a photocopy or faxed copy, and delivering it to the other Party by fax. Each facsimile will be deemed to be an original for all purposes and all counterparts taken together will be deemed to constitute one document.
31. This Agreement does not exclude Red Bluff from accessing forestry economic opportunities and benefits, which may be available, other than those expressly set out in this Agreement.
32. This Agreement does not address or affect any claims by Red Bluff regarding infringements of their Aboriginal Interests arising from past, present or future operational or administrative decisions, or the obligations of the Government of British Columbia to consult and, where appropriate, accommodate the concerns of Red Bluff with respect to the same, or any future settlement related to their Aboriginal Interests.

Signed on behalf of:



Chief Geronimo Squinas  
Red Bluff Indian Band



Witness Craig Buchan

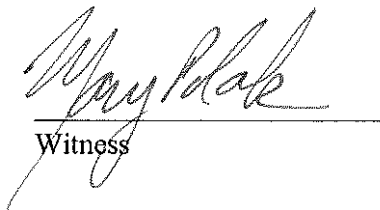
Date: October 15, 2009

Signed on behalf of:

Government of British Columbia



Honourable Pat Bell  
Minister of Forests and Range



Witness

Date: Oct 29/09

APPENDIX A:

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: Lhtako Energy Corp.

OR

B) Full legal name, or corporate description of the legal entity, authorized

to represent the applicant of the licence \_

- i) Copy attached of legal instrument (band council resolution) 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).