

Mountain Pine Beetle Agreement
(the "Agreement")

Between:

Xats'ull First Nation

As represented by
Chief and Council
Xats'ull First Nation

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 Xats'ull First Nation signed a Forest and Range Agreement/Opportunity Agreement (FRA/FRO) with the Government of British Columbia on December 8, 2006. This Agreement is a short-term additional forestry economic opportunity and does not supersede or alter the FRA/FRO.
- Mountain pine beetle allowable annual cut increases in the Quesnel Timber Supply Area have lead to increased harvesting activity and potential impacts on Xats'ull First Nation aboriginal rights and/or title.
- The Government of British Columbia wishes to support economic opportunities for the Xats'ull First Nation.

Purpose

1. The purposes of this Agreement are to:
 - a. increase the participation of the Xatsull First Nation in the forest sector; and,
 - b. provide an economic opportunity by inviting the Xats'ull First Nation to apply for a non-replaceable forest licence to assist the province in the management of mountain pine beetle in the Quesnel Timber Supply Area, in a manner linked to the FRA/FRO 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 Xats'ull First Nation to apply for a non-replaceable forest licence (the "Quesnel uplift licence opportunity") under section 47.3 of the

Forest Act to harvest a total of up to 300,000 cubic meters of beetle infested timber over a 5-year term within the Quesnel Timber Supply Area.

3. If the intended holder of the licence(s) is a legal entity other than the Xats'ull First Nation, this Agreement must include supporting documentation as specified in Appendix B stating that the intended holder has been validly appointed by the Xats'ull First Nation as its representative.
4. The invitation will be subject to a condition that prior to making an application for the Licence, the Xats'ull First Nation will contact the Ministry of Forests and Range and the Parties will work co-operatively to identify an operating area within the traditional territory of the Xats'ull First Nation as set out in Appendix A.
5. The Licence(s) 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 Xats'ull First Nation must comply with this Agreement and with the FRA/FRO;
 - c. include a term that Xats'ull First Nation 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. The Parties agree to participate in consultation regarding forestry operational plans and administrative decisions pertaining to increases and/or potential increases in harvest levels to address the mountain pine beetle epidemic in the Quesnel TSA, as set out in section 4 of the Xats'ull First Nation FRA/FRO.
8. During the term of this Agreement, and subject to the terms and intent of this Agreement being met and adhered to by the Government of British Columbia, the Xats'ull First Nation agrees that the Government of British Columbia will have provided an accommodation, with respect to the economic component of potential infringements of the Xats'ull First Nation aboriginal title and/or rights resulting from operational plans and administrative decisions pertaining to increases in harvest levels to address the mountain pine beetle epidemic in the Quesnel TSA, as an interim measure.

Dispute Resolution

9. If a dispute arises between the Government of British Columbia and the Xats'ull First Nation regarding the interpretation of a provision of this Agreement, the Parties will follow the dispute resolution process set out in the Xats'ull First Nation FRA/FRO.

Amendments

10. Any alteration or amendment to the terms and conditions of the Agreement must be in writing and duly executed by the Parties.
11. 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

12. This Agreement will take effect on the date on which the last Party has executed it.
13. 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.
14. If the FRA/FRO is terminated, the consultation processes that were set out in section 4 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.
15. The Government of British Columbia will not terminate this Agreement on the grounds that the Xats'ull First Nation has challenged an Administrative or Operational Decision by way of legal proceedings.

Notice

16. All of the provisions set out in the Notice section of the FRA/FRO apply to this Agreement.

Miscellaneous

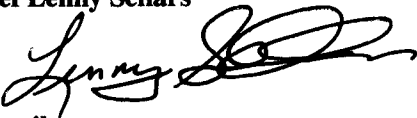
17. All of the provisions set out in the Miscellaneous section of the FRA/FRO apply to this Agreement.

Signed on behalf of:

Xats'ull First Nation:

Date: June 27, 2007.

Chief Lenny Sellars



Witness



Councilor



Witness



Councilor



Witness

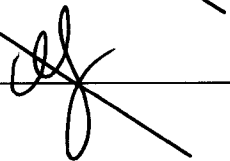


~~Signed on behalf of:
Government of British Columbia~~

~~Date: June 27, 2007.~~

~~_____
Honourable Rich Coleman
Minister of Forests and Range~~

~~Witness~~



MOUNTAIN PINE BEETLE AGREEMENT
Quesnel TSA
Xats'ull First Nation

Signed on behalf of:
Government of British Columbia

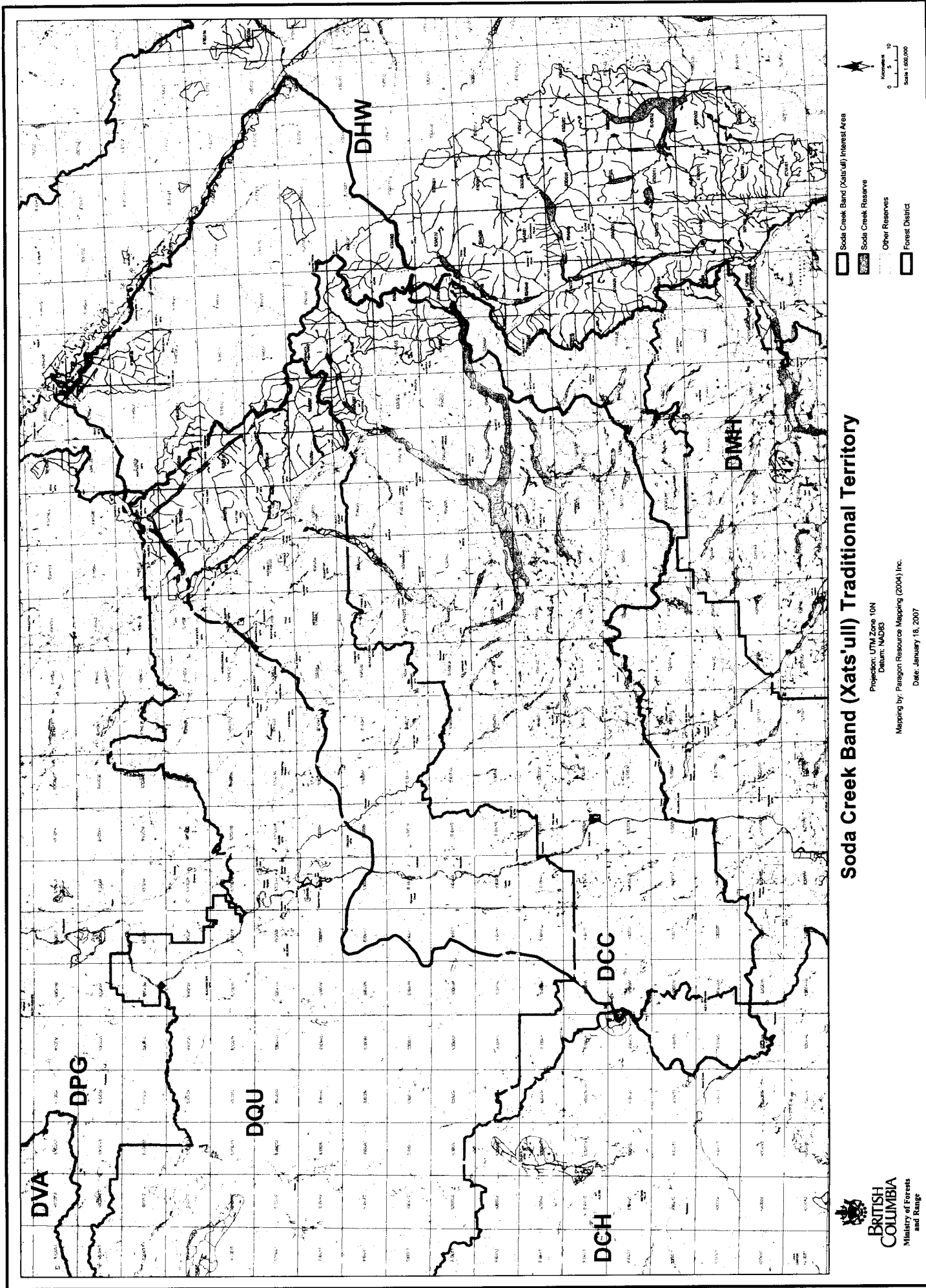
Date: SEP 13 2007



Honourable Rich Coleman
Minister of Forests and Range



Witness



Soda Creek Band (Xats'ui) Traditional Territory



Projection: UTM Zone 10N
Datum: NAD83
Mapping by: Paragon Resource Mapping (2004) Inc.
Date: January 18, 2007

- Soda Creek Band (Xats'ui) Interest Area
- Soda Creek Reserve
- Other Reserves
- Forest District

APPENDIX B: (optional)

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: (i.e. X First Nation)

OR

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

Xats'ull Enterprises Ltd.

- Copy attached of legal instrument (band council resolution) appointing that legal entity to be their representative;

- Copy attached of the ownership structure of the legal entity (the intended holder of the licence).

Chronological No.

File Reference

BAND COUNCIL RESOLUTION

NOTE: The words "From our Band funds", "Capital" or "Revenue", whichever is the case, must appear in all resolutions requesting expenditures from Band Fund

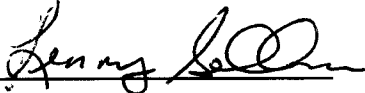
THE COUNCIL OF THE Soda Creek Indian Band	Current Capital Balance	\$ _____
AGENCY DISTRICT North Pacific Zone	Committed	\$ _____
PROVINCE British Columbia	Current Revenue Balance	\$ _____
PLACE Williams Lake	Committed	\$ _____
DATE: <u>6</u> <u>July</u> <u>2007</u> Day Month Year		

DO HEREBY RESOLVE:

We, the Chief and Council of the Soda Creek Indian Band appoint Xats'ull Enterprises Ltd. as the holder of the non-replaceable forest license being offered under the Mountain Pine Beetle Agreement signed on ~~December 6, 2006~~ **JUNE 27, 2007.**

This Band Council Resolution was passed at a duly convened meeting of the Soda Creek Band Council on July 6, 2007.

A quorum for this Band consists of 3 Council Members

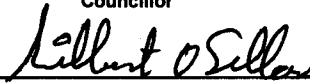

Chief


Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor