

PROVINCE OF BRITISH COLUMBIA

PULPWOOD AGREEMENT NO. 1

THIS AGREEMENT, dated November 22, 1993

BETWEEN:

THE MINISTER OF FORESTS
OF BRITISH COLUMBIA, on behalf of
HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,

(the "Minister")

AND:

CANADIAN FOREST PRODUCTS LTD.
2800 - 1055 DUNSMUIR STREET
P.O. BOX 49420
BENTALL POSTAL STATION
VANCOUVER, BRITISH COLUMBIA
V7X 1B5

(the "Company")

WHEREAS, under Section 36 of the *Forest Act*, this Pulpwood Agreement replaces Pulpwood Agreement No. 1 dated January 16, 1985, the parties agree as follows:

1.00 GRANT OF HARVESTING OPTION. PULPWOOD AREA. TERM AND TIMBER PROCESSING

- 1.01 Subject to this Agreement and to the availability of pulp quality timber stands, and in consideration of the Company's covenants in it, the Minister grants to the Company the option to obtain from the Regional Manager or District Manager, without advertising or competition from other applicants, timber sale licences authorizing the Company to harvest from Crown land in the Pulpwood Area not more than 1 287 000 m³ of timber, each year during the term of this Agreement,
- (a) from certain forest types from within the Pulpwood Area which in the opinion of the Regional Manager are then considered to be predominantly below the standard of utilization then in effect for sawmilling purposes, and
 - (b) according to management plans, development plans, pre-harvest silviculture prescriptions and road permits.
- 1.02 The term of this Agreement is 2.5 years, beginning November 22, 1993.
- 1.03 The Pulpwood Area means that area of Pulpwood Area No. 1 as outlined in bold black on the map attached to this Agreement.
- 1.04 The harvesting option in paragraph 1 .01 is exercisable subject to Part 3.00.
- 1.05 The Company will maintain operation of the Mill at Prince George, British Columbia.
- 1.06 The Company's maximum annual raw material requirement for the Mill for purposes of this Agreement, is 1 287 000 m³.
- 1.07 This Agreement will not be replaced within the meaning of Section 36 of the *Forest Act* and the term of this Agreement will not be extended.

2.00 PURCHASE OF WOOD RESIDUES AND PULP QUALITY TIMBER

- 2.01 The Company will purchase and use in the Mill from sources within and outside the Pulpwood Area wood residues offered to the Company
- (a) in volumes equal to the raw material requirements, from time to time, of the Mill minus the volumes of wood residues suitable for use in the Mill and produced, from time to time, by the Company and its affiliates, and
 - (b) for wood chips at prices, inclusive of all costs of delivery to the Mill, not exceeding, from time to time, the greater of

- (i) the prices determined for the wood residues by order of the Lieutenant Governor in Council under Section 148 of the *Forest Act*, if any are so determined, and
 - (ii) the maximum price determined according to paragraph 2.02.

- 2.02 The maximum price referred to in paragraphs 2.01 (b)(ii) and 3.03 of wood chips at any particular time shall be either:
 - (a) the weighted average cost directly incurred by the Company during the previous three calendar month period to harvest timber under this Agreement, to deliver it to the Mill and to produce suitable raw material from such timber for the Mill, where the Company has during such period harvested timber under this Agreement; or
 - (b) the weighted average cost that would reasonably have been incurred by the Company during the previous three calendar month period to harvest timber from areas designated as priority operating areas in the development plan then in effect, to deliver it to the Mill and to produce wood residues from such timber, where the Company has not harvested timber under this Agreement during such period.

- 2.03 Subject to paragraph 2.04, the Company will purchase pulp quality timber offered to the Company
 - (a) in volumes equal to the raw material requirements, from time to time, of the Mill minus
 - (i) the volumes of wood residues produced, from time to time, by the Company and its affiliates, and
 - (ii) the volume of wood residues purchased and produced under paragraph 2.01; and
 - (b) at prices, inclusive of any direct costs of delivery to the Mill, such that the weighted average price paid by the Company for any purchase and all other purchases made during the preceding 90 days does not exceed
 - (i) the weighted average cost directly incurred by the Company during the previous three calendar months to harvest timber from the Pulpwood Area and to deliver it to the Mill, from the place where the Company has harvested timber under this Agreement; or
 - (ii) the weighted average cost that would reasonably have been incurred by the Company during the previous three calendar month period to harvest timber from areas designated as priority operating areas in the development plan then in effect and to deliver it to the Mill, where the Company has during such period not harvested timber under this Agreement.

- 2.04 The Company will not be required to make any purchase as follows:
- (a) at prices which exceed the highest cost directly incurred by the Company during the previous three calendar months to harvest from the Pulpwood Area and to deliver it to the Mill; or in the event that the Company has during such period not harvested timber under this Agreement, at prices which exceed the highest cost that would reasonably have been incurred by the Company during the previous three calendar month period to harvest timber from areas designated as priority operating areas in the development plan and to deliver it to the Mill, and
 - (b) if the Company, is able to satisfy its raw material requirements for the Mill under paragraph 2.01.

3.00 EXERCISE OF HARVESTING OPTION

- 3.01 Subject to paragraph 8.04, the Company may not exercise its option to obtain timber sale licences under paragraph 1 .01 unless the Company
- (a) is performing its obligations under paragraphs 2.01 and 2.03, and
 - (b) has made every reasonable effort to obtain from other sources the total raw material requirements of the Mill, including but not limited to utilizing pulp quality timber and wood residues that are produced in the Pulpwood Area by the Company and its affiliates.
- 3.02 The onus of proving that the conditions in paragraphs 3.0 1 are met is on the Company.
- 3.03 The maximum volume of timber in respect of which the Company may exercise its option to obtain timber sale licences under paragraph 1 .01 during any year shall be the smaller of
- (a) the raw material requirement of the Mill, minus the total volume of wood residue and pulp quality timber:
 - (i) produced or harvested by the Company and its affiliates and the maximum price determined according to paragraphs 2.02 and 2.03,
 - (ii) obtained from other sources for use in the Mill consistent with paragraphs 2.01, 2.03, and 3.01, and
 - (iii) offered to the Company during that year for use in the Mill at prices not exceeding the prices determined in accordance with subparagraphs 2.01 (b), 2.01 (c) and 2.03 (b), as the case may be, but which the Company elected not to acquire; and
 - (b) the maximum volume of timber as stated in paragraph 1 .01 .

- 3.04 Subject to this Part and paragraph 8.02, the Company may, from time to time, exercise the harvesting option under paragraph 1.01 by giving written notice to the District Manager, applying for one or more timber sale licence(s) and specifying
- (a) the volume of timber the Company considers that it is eligible for under paragraph 3.03,
 - (b) the Company's inventory at or for the Mill of wood residues and pulp quality timber, and
 - (c) reasonable evidence of the Company's compliance with paragraphs 2.01 and, 2.03, and subparagraph 3.01(b) and clause 3.03 (a)(iii).

4.00 MANAGEMENT PLANS

- 4.01 A management plan or management plan approved under the agreement replaced by this Agreement and still in effect on the date immediately preceding the date on which that agreement expires is deemed to be the management plan in effect under this Agreement
- (a) for the 12-month period beginning on the date specified in paragraph 1.02, or
 - (b) until 19.., whichever is later.
- 4.02 If there is no management plan in effect under the agreement replaced by this Agreement, then
- (a) the Company, may submit for the Regional Manager's approval a proposed management plan for the planning area, or
 - (b) the Regional Manager may require the Company to submit a proposed management plan, for a period of
 - (d) five years, or
 - (e) more than five years, if the Company so chooses, beginning on the date specified in the notice.
- 4.03 Where required by the Regional Manager under paragraph 4.02(b), the Company will submit a proposed management plan within six months for the Regional Manager's approval.
- 4.04 The Regional Manager, in a notice given to the Company, may require that a management plan be amended if
- (a) timber in the Pulpwood Area is damaged by fire, flood, wind, insects, disease, or other causes,
 - (b) the Regional Manager determines that operations conducted in accordance with the management plan are causing or could cause serious damage to the natural environment, including soils, fisheries, wildlife, water, range, and recreation resources,

- (c) a land and resource management plan is approved, amended or replaced,
- (d) a local resource use plan is approved, amended or replaced, or
- (e) the Chief Forester determines a new allowable annual cut for a timber supply area which cover in whole or part by the Pulpwood Area,

and the Regional Manager considers that the management plan is thereby rendered inadequate.

- 4.05 A notice referred to in paragraph 4.04 must specify
- (a) why the Regional Manager considers the management plan has been rendered inadequate,
 - (b) the extent to which the management plan is inadequate, and
 - (c) the changes required by the Regional Manager.
- 4.06 Where the Regional Manager gives a notice referred to in paragraph 4.04 to the Company, the Company will, within three months after the date on which the notice is given, submit for the Regional Manager's approval a proposed amendment to the management plan, which incorporates the changes referred to in subparagraph 4.05(c), to have effect during the unexpired term of the management plan.
- 4.07 If the Company fails to comply with the requirements of paragraph 4.06, the management plan then in effect will expire three months after the date on which the notice referred to in paragraph 4.04 is given to the Company, in which case the Company will submit for the Regional Manager's approval a proposed management plan to replace the management plan which expires under this paragraph.
- 4.08 A proposed management plan submitted by the Company under paragraph 4.02, 4.03, or 4.07 must be signed and sealed by a professional forester and signed by the Company or the Company's authorized signatory, and must
- (a) be prepared according to the guidelines set or approved by the Ministry of Forests, which are in effect four months prior to the date on which the proposed management plan is required to be submitted,
 - (b) be consistent with this Agreement, and any land and resource management plan and local resource use plan in effect at the time the proposed management plan is submitted,
 - (c) incorporate the commitments which
 - (i) were made by the Company
 - (A) in the application on which the award of the agreement replaced by this Agreement or any predecessor to that agreement was based,

- (B) in accepting the offer of the agreement replaced by this Agreement or any predecessor to that agreement, or
 - (C) as a result of a request for the Minister's consent for the purposes of Section 50 of the *Forest Act*, and
 - (ii) remain in effect at the time the proposed management plan is submitted,
- unless the Minister exempts the Company in whole or in part from the requirements of this subparagraph,
- (d) based on the best information readily available to the Company, describe the timber and non-timber resources within the planning area,
 - (e) specify measures to be taken, specifications to be followed, and standards to be met by the Company in the planning area to provide for
 - (i) integrated resource management,
 - (ii) forest fire prevention and suppression, prescribed fire, and fuel management,
 - (iii) disease and pest management,
 - (iv) road planning, reconnaissance, survey, design and construction, road maintenance and road deactivation,
 - (v) harvesting methods and utilization standards appropriate to the types of timber and terrain within the planning area,
 - (vi) basic silviculture and, if applicable, incremental silviculture, and
 - (vii) any other forest management assumptions or constraints inherent in a land and resource management plan or local resource use plan in effect at the time the proposed management plan is submitted,

which meet or, if the Company chooses, exceed the applicable measures, standards or specifications which have been set or approved by the Ministry of Forests or are contained in a land and resource management plan or local resource use plan in effect at the time the proposed management plan is submitted.
 - (f) specify measures to be taken by the Company to
 - (i) gather information regarding, and where the Regional Manager requires, consult with
 - (A) other licensees, and
 - (B) trappers, guide outfitters, range tenure holders, and other licensed resource users,

who may be operating in the planning area, and
 - (ii) co-ordinate the Company's operations with
 - (A) the Small Business Forest Enterprise Program,
 - (B) other licensees, and

- (C) trappers, guide outfitters, range tenure holders, and other licensed resource users operating in the planning area,
- (g) specify measures to be taken by the Company to consult with aboriginal people regarding sustenance activities they may be carrying out in the planning area,
- (h) have been referred to resource agencies in accordance with Part 6,
- (i) have been made available for public viewing in accordance with Part 6,
- (j) include a summary of
 - (i) all input received under Part 6 from resource agencies and the public not later than two weeks prior to submission of the proposed management plan to the Regional Manager, and
 - (ii) any modifications made to the proposed management plan, prior to its submission to the Regional Manager, in response to this input, and
- (k) describe the Mill including
 - (i) the type and capacity of mill,
 - (ii) the type and volume of raw material suitable for use in the Mill,
 - (iii) products produced, and
 - (iv) anticipated sources of raw material produced from the Company or affiliates operation and purchase from other sources.

4.09 Subject to paragraph 4.10, the Regional Manager will approve a proposed management plan submitted under paragraph 4.02, 4.03, or 4.07, subject to such conditions as the Regional Manager considers necessary or appropriate, if

- (a) the Regional Manager is satisfied that the proposed management plan meets the requirements of paragraph 4.08,
- (b) the proposed management plan specifies measures referred to in subparagraphs 4.08(f) and (g) which are satisfactory to the Regional Manager, and
- (c) the modifications, if any, made to address the input referred to in subparagraph 4.08(j) are satisfactory to the Regional Manager.

4.10 Before approving a proposed management plan under paragraph 4.09, the Regional Manager may consult

- (a) resource agencies,
- (b) aboriginal people who may be carrying out sustenance activities in the planning area,

- (c) trappers, guide outfitters, range tenure holders, and other licensed resource users who may be operating in the planning area,
 - (d) other licensees who may be operating in the planning area,
 - (e) any local government which may be interested in, or affected by, operations under this Agreement, and
 - (f) any member of the public who provided input regarding the proposed management plan,
- and may consider any input received as a result of consultation under this paragraph in approving a proposed management plan.

- 4.11 Where the Regional Manager does not approve a proposed management plan,
- (a) the Regional Manager will specify in a notice given to the Company why the Regional Manager has not approved the management plan, and
 - (b) the Company will submit a new or revised proposed management plan, as required by the Regional Manager.
- 4.12 A management plan is deemed to be part of this Agreement
- 4.13 Subject to paragraphs 4.01, 4.07, 4.14, and 4.15, a management plan expires five years after the date on which it takes effect.
- 4.14 If the Regional Manager does not give the notice referred to in subparagraph 4.11 (a) to the Company within three months of the date on which the proposed management plan was submitted, the term of the management plan then in effect is deemed to be extended to a date six months after the date on which the notice referred to in subparagraph 4.11 (a) is given to the Company.
- 4.15 At the request of the Company, the Regional Manager may extend the term of a management plan.

5.00 DEVELOPMENT PLANS

- 5.01 A five-year development plan approved under the agreement replaced by this Agreement and still in effect on the date immediately preceding the date on which that agreement expires is deemed to be the development plan in effect under this Agreement until
- (a) one year after the date on which the five-year development plan took effect under the agreement replaced by this Agreement, or
 - (b) 19...,
whichever is later.

- 5.02 If there is no development plan in effect under the agreement replaced by this Agreement, then
- (a) the Company, may submit for the District Manager's approval a proposed development plan for the planning area, or
 - (b) the District Manager may require the Company to submit a development plan for the planning area,
for a period of
 - (c) five years, or
 - (d) more than five years, if the Company so chooses,
beginning on the date specified in the notice.
- 5.03 Where required by the District Manager under subparagraph 5.02(b), the Company will submit within six months for the District Manager's approval a proposed development plan for the planning area, ~~for a for a~~
~~period of~~
- ~~(a) five years, or~~
 - ~~(b) more than five years, if the Company so chooses~~
- 5.04 If the Regional Manager gives a notice referred to in paragraph 4.04 to the Company, the Regional Manager may at the same time give a notice to the Company requiring the Company to amend the development plan to ensure consistency with the changes referred to in subparagraph 4.05(c).
- 5.05 Where the Regional Manager gives a notice referred to in paragraph 5.04 to the Company, the Company will, within three months after the date on which the notice is given, submit for the District Manager's approval a proposed amendment to the development plan to have effect during the unexpired term of the development plan.
- 5.06 If the Company fails to comply with the requirements of paragraph 5.05, the development plan then in effect will expire three months after the date on which the notice referred to in paragraph 5.04 is given to the Company, in which case the Company will submit for the District Manager's approval a proposed development plan to replace the development plan which expires under this paragraph.
- 5.07 A proposed development plan submitted under paragraph 5.02, 5.03 or 5.06 must be signed and sealed by a professional forester and signed by the Company or the Company's authorized signatory, and must
- (a) be prepared according to the guidelines set or approved by the Ministry of Forests, which are in effect four months prior to the date on which the proposed development plan is required to be submitted,
 - (b) be consistent with this Agreement and the management plan in effect at the time the proposed development plan is submitted,

- (c) set out a proposed harvesting sequence of cut blocks, categorizing these cut blocks as follows:
 - (i) cut blocks covered by existing timber sale licences ,
 - (ii) cut blocks covered by outstanding timber sale licence applications submitted to the District Manager, and
 - (iii) cut blocks for which the Company intends to submit timber sale licence applications during the term of the proposed development plan, if timber harvesting is required,
- (d) include the following information regarding the cut blocks referred to in subparagraph (c):
 - (i) season of operation, logging system and reforestation method, and
 - (ii) the status of adjacent logged areas,
- (e) include one or more detailed maps of the following information:
 - (i) based on the best information readily available to the Company,
 - (A) the forest cover,
 - (B) recreation areas, community watersheds, fish spawning, fish rearing and fish migration areas, critical wildlife habitats, and any other areas subject to integrated resource management constraints, and
 - (C) private properties, foreshore leases, and public utilities within the planning area,
 - (ii) based on information gathered by the Company for the area covered by the proposed development plan,
 - (A) operability and contour lines,
 - (B) sensitive soils, unstable slopes, and areas subject to visual quality constraints,
 - (C) boundaries of
 - (I) cut blocks referred to in subparagraph (c), and
 - (II) existing timber sale licences,
 - (D) existing roads including, where applicable, linkage to the public road system, timber processing facilities and log dumps,
 - (E) proposed roads, including bridges and major culverts,
 - (F) roads under construction,
 - (G) roads which have been deactivated to a temporary or semi-permanent level,
 - (H) tire breaks and fuel management problem areas, and
 - (I) log handling and storage areas, including existing or proposed log dump sites,
 - (iii) based on consultation carried out in accordance with the measures specified in the management plan, the location of

- areas where aboriginal people have indicated they may be carrying out sustenance activities,
 - (iv) based on information gathered, or consultation carried out, in accordance with the measures specified in the management plan, the location of areas where
 - (A) other licensees, and
 - (B) trappers, guide outfitters, range tenure holders, and other licensed resource usersmay be operating in the planning area, and
 - (v) any other information required under the guidelines referred to in subparagraph (a),
 - (f) include a Road Maintenance Plan complying with the requirements of paragraph 10.04 and a Road Deactivation Plan complying with the requirements of paragraph 10.05,
 - (g) have been referred to resource agencies in accordance with Part 6,
 - (h) have been made available for public viewing in accordance with Part 6, and
 - (i) include a summary of
 - (i) all input received under Part 6 from resource agencies and the public not later than two weeks prior the date the development plan is or is required to be submitted to the District Manager, and
 - (ii) any modifications made to the proposed development plan, prior to its submission to the District Manager, in response to this input.
- 5.08 Subject to paragraphs 5.09 and 5.10, the District Manager will approve a proposed development plan submitted under paragraph 5.02, 5.03 or 5.06, subject to such conditions as the District Manager considers necessary or appropriate, if
 - (a) the District Manager is satisfied that the proposed development plan meets the requirements of paragraph 5.07,
 - (b) the proposed harvesting sequence is satisfactory to the District Manager,
 - (c) the District Manager is prepared to accept timber sale licence applications for the cut blocks referred to in clause 5.07(c)(iii), and
 - (d) the modifications, if any, made to address the input referred to in subparagraph 5.07(i) are satisfactory to the District Manager.
- 5.09 The District Manager will not approve a proposed development plan unless there is a management plan in effect.
- 5.10 Before approving a proposed development plan under paragraph 5.08, the District Manager may consult
 - (a) resource agencies,

- (b) aboriginal people who may be carrying out sustenance activities in the planning area,
 - (c) trappers, guide outfitters, range tenure holders, and other licensed resource users who may be operating in the planning area,
 - (d) other licensees who may be operating in the planning area,
 - (e) any local government which may be interested in, or affected by, operations under this Agreement, and
 - (f) any member of the public who provided input regarding the proposed development plan, and
- may consider any input received as a result of consultation under this paragraph in approving a proposed development plan.

- 5.11 Where the District Manager does not approve a proposed development plan,
- (a) the District Manager will specify in a notice given to the Company why the District Manager has not approved the development plan, and
 - (b) the Company will submit a new or revised proposed development plan, as required by the District Manager.
- 5.12 A development plan is be deemed to be part of this Agreement.
- 5.13 Subject to paragraphs 5.01, 5.06, 5.14 and 5.15, a development plan expires one year after the date on which it takes effect.
- 5.14 If the District Manager does not give the notice referred to in subparagraph 5.11 (a) to the Company within 45 days of the date on which the proposed development plan was submitted, then the term of the development plan then in effect is deemed to be extended to a date three months after the date on which the notice referred to in subparagraph 5.11 (a) is given to the Company.
- 5.15 At the request of the Company, the District Manager may extend the term of the development plan for a period not greater than one year.
- 5.16 Before extending the term of a development plan under paragraph 5.15, the District Manager may require the Company to amend the development plan to the extent required to ensure compliance with the management plan in effect at the time the Company requests an extension to the term of the development plan.

6.00 INPUT FROM RESOURCE AGENCIES AND THE PUBLIC

- 6.01 Before submitting a proposed management plan under paragraph 4.02, 4.03, or 4.07, or a proposed development plan under paragraph 5.02, 5.03 or 5.06, the Company will
- (a) at least three months before the proposed management plan or proposed development plan is submitted to the Regional Manager or District Manager, refer the proposed management plan or proposed development plan to those resource agencies specified in a notice referred to in paragraph 6.04 ,
 - (b) make the proposed management plan or proposed development plan available for public viewing
 - (i) subject to paragraph 6.03, for at least five days with the last day being at least 30 days before the proposed management plan or proposed development plan is submitted to the Regional Manager or District Manager,
 - (ii) at locations within communities and at times which
 - (A) are convenient to the public, and
 - (B) have been approved by the Regional Manager or District Manager, as the case may be, and
 - (c) in accordance with paragraph 6.02, advertise where and when the proposed management plan or proposed development plan will be available for public viewing.
- 6.02 Subject to paragraph 6.03, the Company will advertise for the purposes of subparagraph 6.01(c) at least twice within a period of two consecutive weeks in at least one newspaper circulating in the Pulpwood Area, with the last advertisement appearing at least two weeks prior to the first date on which the proposed management plan or proposed development plan will be available for public viewing.
- 6.03 The Regional Manager or the District Manager, in a notice given to the Company not less than four weeks prior to the first date on which the Company must advertise under paragraph 6.02, may specify
- (a) a number of days greater or less than the five days referred to in subparagraph 6.01 (b), and
 - (b) a period greater or less than the two weeks referred to in paragraph 6.02.
- 6.04 The Regional Manager or District Manager may from time to time, in a notice given to the Company, specify resource agencies for the purposes of paragraph 6.0 1.

7.00 ANNUAL REPORT

- 7.01 The District Manager, in a notice given to the Company on or before April 1, may require the Company to submit an annual report containing such information as the District Manager requires regarding
- (a) the Company's performance, over the previous calendar year, in relation to its obligations under this Agreement or a timber sale licence issued under the provision of this Agreement, and
 - (b) the processing or other use or disposition of the timber harvested under a timber sale licence issued under the provision of this Agreement,
- where the information is not or will not be included in any other reports which the Company must submit under this Agreement or the *Forest Act*.
- 7.02 Upon receipt of a notice referred to in paragraph 7.01, the Company, on or before the date specified in the notice, will submit an annual report to the District Manager containing the required information.
- 7.03 Subject to paragraph 7.04, the District Manager may include the information contained in an annual report submitted under paragraph 7.02 in any reports prepared by the Ministry of Forests for public review.
- 7.04 Subject to the *Freedom of Information and Privacy Act*, the District Manager will not disclose information provided in confidence by the Company in an annual report submitted under paragraph 7.02.
- 7.05 The Company may make a copy of an annual report submitted under paragraph 7.02 available for public review, and may display a copy at any public viewing under Part 6.

8.00 TIMBER SALE LICENCES

- 8.01 All timber sale licences in effect under the agreement that is replaced by this Agreement continue in effect under this Agreement for the duration of their respective terms.
- 8.02 Subject to paragraph 8.04, the Company may submit timber sale licence applications for cut blocks referred to in clause 5.07(c)(iii) which are categorized as such in the development plan.
- 8.03 Subject to paragraphs 8.05 and 8.06 upon receipt of a timber sale licence application referred to in paragraph 8.02, the District Manager will issue, within 90 days, a timber sale licence to the Company if the District Manager is satisfied that the timber sale licence application meets the requirements of paragraph 8.04.

- 8.04 A timber sale licence application referred to in paragraph 8.02 must be signed and sealed by a professional forester and signed by the Company or the Company's authorized signatory and must
- (a) contain such information as is required by the District Manager,
 - (b) subject to paragraph 8.08, be accompanied by a proposed logging plan, and
 - (c) be consistent with the management plan and development plan, and the pre-harvest silviculture prescription approved for the area on which the timber to be harvested is located.
- 8.05 The District Manager will not issue a timber sale licence under paragraph 8.03 unless:
- (a) subject to paragraph 8.08, the District Manager has approved the logging plan accompanying the timber sale licence application,
 - (b) the District Manager has approved a pre-harvest silviculture prescription for the area on which timber to be harvested is located,
 - (c) there is a management plan and development plan in effect, and
 - (d) the Company is complying with the requirement of paragraph 3 .01 .
- 8.06 The District Manager may consult
- (a) resource agencies,
 - (b) aboriginal people who may be carrying out sustenance activities in the planning area,
 - (c) trappers, guide outfitters, range tenure holders, and other licensed resource users who may be operating in the planning area, and
 - (d) other licensees who may be operating in the planning area, prior to issuing a timber sale licence.
- 8.07 Where the District Manager
- (a) is not satisfied that a timber sale licence application meets the requirement of paragraph 8.04,
 - (b) is prohibited under paragraph 8.05 from issuing a timber sale licence, or
 - (c) is carrying out consultations under paragraph 8.06,
- the District Manager will notify the Company within 60 days of the date on which the timber sale licence application was submitted.
- 8.08 The District Manager may exempt the Company from the requirement under paragraph 8.04(b), in which case the District Manager is exempted from the prohibition under subparagraph 8.05(a); however, where a timber sale licence is issued prior to the approval of the logging plan, the Company will not commence operations under the timber sale licence until a logging plan has been approved.

- 8.09 If the District Manager requests the Company to remove windthrown, dead, damaged or diseased timber within the Pulpwood Area, and the Company agrees to do so, the District Manager may
- (a) amend an existing timber sale licence, or
 - (b) issue a timber sale licence,
- to authorize the Company to harvest the timber.
- 8.10 A timber sale licence must
- (a) subject to this Agreement and the *Forest Act*, and in accordance with the provisions of the timber sale licence, authorize Crown timber to be harvested from proximate cut blocks located within an area of Crown land in the Pulpwood Area,
 - (b) be consistent with this Agreement, the *Forest Act*, the pre-harvest silviculture prescription approved for the area on which the timber is to be harvested, and, subject to paragraphs 8.09 and 8.14, the management plan and development plan in effect on the date the timber sale licence is issued,
 - (c) subject to paragraph 8.13, be for a term not exceeding one year,
 - (d) prescribe the locations of roads to be built or deactivated on the area covered by the timber sale licence, and the specifications and standards to be followed in building or deactivating these roads,
 - (e) prescribe utilization standards and forestry practices to be followed in timber harvesting operations carried on under the timber sale licence,
 - (f) provide for the payment of stumpage on timber harvested under the timber sale licence,
 - (g) set out procedures for assessing the volumes of timber wasted or damaged by the Company, and provide for a charge based on applicable stumpage rates to be paid by the Company,
 - (h) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under the timber sale licence,
 - (i) specify whether the timber sale licence is scale based or cruise based, and
 - (j) subject to subparagraph (b), include such other provisions as the District Manager considers necessary or appropriate.
- 8.11 Subject to paragraphs 8.12, 8.13 and 8.14, the District Manager may amend a timber sale licence only with the consent of the Company.
- 8.12 A timber sale licence that does not comply with the requirements of paragraph 8.10 is not void; however,
- (a) on the request of the Company, or
 - (b) on four weeks notice to the Company,
- the District Manager may amend the timber sale licence to the extent required to ensure compliance with the requirements of paragraph 8.10.

- 8.13 The District Manager may, in a notice given to the Company, extend the term of a timber sale licence.
- 8.14 Where under paragraph 8.13 the District Manager extends the term of a timber sale licence, the District Manager may, in a notice given to the Company, amend the timber sale licence to the extent required to ensure compliance with the management plan and development plan in effect on the date the term of the timber sale licence is extended.
- 8.15 Unless exempted in writing by the District Manager or a person authorized by the District Manager, the Company will define on the ground the boundaries of the areas authorized for harvesting under a timber sale licence.
- 8.16 Timber cut under this Agreement or a road permit must be
- (a) marked according to the *Forest Act*, and
 - (b) unless the timber is cut under a cruise based timber sale licence, scaled according to the *Forest Act* and any procedures set or approved by the Ministry of Forests.
- 8.17 A timber sale licence is deemed to be part of this Agreement.
- 8.18 An approved logging plan referred to in paragraph 8.05 or 8.08 is deemed to be part of this Agreement and the applicable timber sale licence.
- 8.19 The Company will not harvest any timber under a timber sale licence, unless a pre-harvest silviculture prescription has been approved for the area on which the timber is located.
- 8.20 A timber sale licence or approved logging plan that is inconsistent with the pre-harvest silviculture prescription approved for the area covered by the timber sale licence is not void, but to the extent of the inconsistency the pre-harvest silviculture prescription will prevail.

9.00 FINANCIAL AND DEPOSITS

- 9.01 Where any money is payable by the Company under *the Forest Act* in respect of a timber sale licences under this Agreement or a road permit, the money payable under the *Forest Act* is also deemed to be money payable under this Agreement.
- 9.02 In addition to any money payable by the Company under paragraph 9.01, the Company will pay to the Crown, immediately upon receipt of a notice issued on behalf of the Crown

- (a) stumpage at rates determined, redetermined and varied under the *Forest Act* in respect of timber harvested under a timber sale licence or a road permit, and
- (b) any charges in respect of an assessment referred to in subparagraph 8.10(g).

9.03 During the term of this Agreement, the Company will maintain on deposit with the Crown an amount prescribed under the *Forest Act*, in cash or in negotiable securities acceptable to the Regional Manager, as security for the Company's performance of its obligations under a timber sale licence issued under this Agreement or a road permit, and where the Regional Manager gives the Company a notice that an amount has been taken under this Part from the deposit the Company, within four weeks of the date on which the notice is given, will pay to the Crown, in cash or negotiable securities acceptable to the Regional Manager, an amount sufficient to replenish the deposit.

9.04 If the Company fails

- (a) to pay money that the Company is required to pay to the Crown under a timber sale licence issued under this Agreement or a road permit, or under the *Forest Act* in respect of this Agreement or a road permit, or
- (b) to otherwise perform its obligations under a timber sale licence issued under this Agreement or a road permit, or under the *Forest Act* in respect of this Agreement or a road permit,

then the Regional Manager or District Manager may, after at least four weeks notice to the Company, take from the deposit

- (c) an amount equal to the money which the Company failed to pay,
 - (d) an amount sufficient to cover all costs reasonably incurred by the Regional Manager or District Manager in remedying the Company'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 Company's failure to perform its obligations,
- and for that purpose a security included in the deposit may be sold.

9.05 A notice referred to in paragraph 9.04 must specify

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

9.06 Subject to paragraphs 9.08, 9.09 and 9.10, where

- (a) the Regional Manager or District Manager, under paragraph 9.04, 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 Company's failure to perform its obligations, and
- (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Company's failure to perform its obligations are less than the amount taken from the deposit, the Regional Manager or District Manager, as the case may be, will as soon as practicable return to the Company an amount equal to the difference between the amount taken from the deposit and the costs incurred by the Regional Manager or District Manager.

9.07 Where

- (a) the Regional Manager or District Manager, under paragraph 9.04, 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 Company's failure to perform its obligations, and
- (b) the costs reasonably incurred by the Regional Manager or District Manager in remedying the Company's failure to perform its obligations are greater than the amount taken from the deposit, the Regional Manager or District Manager 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 sold.

9.08 Where the Regional Manager or District Manager, under paragraph 9.04, takes from the deposit an amount equal to the Regional Manager or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Company's failure to perform its obligations, the Regional Manager or District Manager, as the case may be, is under no obligation to remedy the Company's failure.

9.09 Where

- (a) the Regional Manager or District Manager, under paragraph 9.04, 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 Company's failure to perform its obligations,

- (b) the Regional Manager or District Manager does not remedy the Company's failure to perform its obligations, and
 - (c) the Regional Manager or District Manager, as the case may be, gives a notice to the Company indicating that the Crown will not be remedying the Company's failure to perform its obligations, then, subject to paragraph 9.10, the Regional Manager or the District Manager, as the case may be, may retain the amount taken from the deposit under paragraph 9.04.
- 9.10 If, after receiving a notice referred to in paragraph 9.09, the Company
- (a) remedies the failure to perform its obligations, and
 - (b) gives a notice to that effect to the Regional Manager or District Manager, as the case may be, within three months of the date on which the notice referred to in paragraph 9.09 is given to the Company, or within such longer period as the Regional Manager may approve,
- then the Regional Manager or District Manager, as the case may be, will return to the Company 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 Company's failure to perform its obligations.
- 9.11 If the Regional Manager or the District Manager considers that
- (a) any operation that is to be carried out under a timber sale licence issued under this Agreement or a road permit is likely to cause damage to persons or property, and
 - (b) the deposit is insufficient to indemnify the Crown for any liability which the Crown might incur as a consequence of the operation,
- then the Regional Manager or District Manager may require the Company to maintain with the Crown a special deposit, in cash or in negotiable securities acceptable to the Regional Manager, in the amount determined by the Regional Manager or the District Manager.
- 9.12 If the Company fails to
- (a) remedy any damage resulting from an operation referred to in paragraph 9.11, or
 - (b) compensate any person who suffers a loss as a result of an operation referred to in paragraph 9.11,
- the Regional Manager or the District Manager may, after at least four weeks notice to the Company, take an amount from the special deposit sufficient to indemnify the Crown for any liability which is or may be incurred by the Crown as a consequence of a failure referred to in subparagraph (a) or (b).
- 9.13 A notice referred to in paragraph 9.12 must specify

- (a) the nature of the Company's failure, and
- (b) the amount of money the Regional Manager or District Manager intends to take from the special deposit.

9.14 Subject to the *Forest Act*, the Regional Manager will refund to the Company

- (a) the deposit, less deductions made under paragraphs 9.04 and 9.37, when
 - (i) a timber sale licence issued under this Agreement terminates or expires and is not extended under paragraph 8.13, and
 - (ii) the Regional Manager is satisfied that the Company has fulfilled its obligations under this Agreement, and
- (b) a special deposit, less deductions made under paragraph 9.12, when the Regional Manager or District Manager, acting reasonably, is satisfied that the Crown is no longer at risk of being held liable as a consequence of an operation referred to in paragraph 9.11.

10.00 ROADS

- 10.01 Subject to the provisions of a timber sale licence or road permit, the Licensee will ensure that the specifications, standards and locations of all roads the Licensee builds on Crown land under a timber sale licence or road permit are consistent with the management plan and development plan in effect at the time the road is built.
- 10.02 Upon the expiry of a road permit, all improvements, including roads and bridges, constructed by the Company under the authority of the road permit will vest in the Crown, without right of compensation to the Company, unless otherwise specified in the road permit.
- 10.03 The Company will not remove any improvements referred to in paragraph 10.02, unless authorized or is directed to do so by the District Manager.
- 10.04 The Road Maintenance Plan included in the Development Plan must
 - (a) identify those roads shown on the maps referred to in subparagraph 5.07(e) which the Company will maintain for harvesting, silviculture and forest protection purposes, and
 - (b) specify the maintenance operations which the Company will carry out to
 - (i) protect the structural integrity of the roads referred to in subparagraph (a) and the cleared area of the road right-of-way adjoining these roads,
 - (ii) keep drainage systems, including culverts and ditches, functional,

- (iii) minimize surface erosion, and
- (iv) ensure these roads are safe for forest harvesting or other industrial purposes.

- 10.05 The Road Deactivation Plan included in the Development Plan must
- (a) identify those roads shown on the maps referred to in subparagraph 5.07(e) which the Company will deactivate each year over the next three years, specifying in each case whether the deactivation will be temporary, semi-permanent or permanent,
 - (b) specify the operations required to
 - (i) stabilize the roads referred to in subparagraph (a) and the cleared area of the road right-of-way adjoining these roads, and
 - (ii) restore or maintain the natural drainage at each road location,
 - (c) identify those roads shown on the maps referred to in subparagraph 5.07(e) which have been deactivated by the Company to a temporary or semi-permanent level in the past year, and any other roads that have been permanently deactivated by the Company in the past year, and
 - (d) specify the type of vehicle which can access the roads referred to in subparagraph (a) or (c).

11.00 FIRE PROTECTION

- 11.01 As required by the District Manager, the Company will submit for the District Manager's approval a fire protection pre-organization plan consistent with this Agreement, and will include a duty roster in the fire protection pre-organization plan.
- 11.02 An approved fire protection pre-organization plan is deemed to be part of this Agreement.
- 11.03 The Company's obligations under an approved fire protection pre-organization plan are in addition to and do not replace its commitments in the management plan or development plan or its obligations under Section 1 ^ 1 of the *Forest Act*.

12.00 FORESTRY

- 12.01 The Company will, at its own expense and in accordance with the *Forest Act* and pre-harvest silviculture prescriptions approved by the District Manager, carry out basic silviculture on the land from which

timber is harvested under a timber sale licence issued under this Agreement, and the Company may enter onto Crown land for this purpose.

- 12.02 If the Company posts a sign concerning silviculture or the development and maintenance of recreation sites or trails, the sign must acknowledge any contribution made by the Crown in respect of the silviculture or the development or maintenance of recreation sites or trails.
- 12.03 If required by the District Manager, the Company will annually review pest management strategies with the District Manager, and the Company will submit a pest treatment plan for the District Manager's approval.
- 12.04 The Company's obligations under an approved pest treatment plan are in addition to and do not replace its commitments in the management plan or development plan respecting pest management.

13.00 TIMBER PROCESSING

- 13.01 Where the Company intends to close the Mill or reduce its production for a period of longer than 90 consecutive days the Company will give the Minister at least three months notice prior to the closure or reduction.
- 13.02 Where the Company closes the Mill or reduces its production for a period longer than 90 consecutive days, the Company will on request of the Minister provide information regarding the volume of timber and wood residues processed through the Mill during the 24-month period immediately preceding the closure or reduction in production level.
- 13.03 If the Company closes the Mill or reduces its production, for a period longer than 90 consecutive days, then the Minister, at any time within 12 months after the closure or reduction, may
- (a) reduce the volume of timber specified under paragraph 1.01 by not more than the difference between
 - (i) the average annual volume of timber and wood residues processed through the mill in the 24-month period immediately before the closure or reduction, and
 - (ii) the average annual volume of timber and wood residues that would have been processed through the Mill during the 24-month period immediately before the closure or reduction if the closure or reduction had been in effect throughout that period, or
 - (b) regardless of the suspension and cancellation provisions of the *Forest Act*, treat the reduction or closure as a breach of contract entitling the Minister to terminate this Agreement upon 30 day notice.

- 13.04 Subject to paragraph 13.05, the Company will not use any timber harvested under a timber sale licence entered into under this Agreement otherwise than in the Mill, but the Company may trade timber harvested under the timber sale licence for an equal or greater volume of pulp quality timber, or wood residues, to be used in the Mill.
- 13.05 The Company will notify the District Manager of all trades of timber referred to in paragraph 13.04, and will, at the request of the District Manager, submit reports to the District Manager containing such information concerning the trades as required by the District Manager.
- 13.06 As used herein, the suitability of raw materials for use in the Mill shall be determined in light of the technological ability of the Mill to manufacture a marketable end product from such raw material, consistent with Ministry of Forests' timber utilization standards. Factors to be considered shall include, but shall not be limited to, species, grade, chip and/or log specifications as well as the design of the Mill.

14.00 LIABILITY AND INDEMNITY

- 14.01 The Company 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 Company,
 - (b) an employee of the Company,
 - (c) a contractor of the Company who engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Agreement or a road permit, or
 - (d) any other person who on behalf of or with the consent of the Company engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Agreement or a road permit.
- 14.02 For greater certainty, the Company has no obligation to indemnify the Crown under paragraph 14.01 in respect of any act or omission of
- (a) an employee or agent of the Crown, in the course of carrying out his or her duties as employee or agent of the Crown, or
 - (b) a person, other than the Company, to whom the Crown has granted the right to use or occupy Crown land, in the course of exercising those rights.

- 14.03 Money taken under Part 9 from a deposit or special deposit, money paid by the Company under paragraph 14.01, and reductions in the allowable annual cut made under Part 13 are in addition to and not in substitution for any other remedies available to the Crown in respect of a default of the Company.

15.00 TERMINATION AND SURRENDER

- 15.01 When this Agreement terminates, expires, or if this Agreement is cancelled,
- (a) timber sale licences will terminate when the expiration, termination or cancellation occurs, and
 - (b) title to all
 - (i) improvements, including roads and bridges, constructed by the Company under the authority of this Agreement, and
 - (ii) logs and special forest products which were harvested under the authority of this Agreement and are still located on Crown land,will vest in the Crown, without right of compensation to the Company.
- 15.02 The Company will not remove any improvements, logs or special forest products referred to in subparagraph 15.01(b), unless authorized to do so by the Regional Manager.
- 15.03 Subject to paragraph 15.04, if the Company commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Minister may cancel this Agreement in a notice given to the Company.
- 15.04 The Minister will not cancel this Agreement under paragraph 15.03 unless and until the Minister gives a written notice to every holder of a registered security interest that charges this Agreement, allowing a period of not less than 60 days prior to cancellation during which the holder of the registered security interest may exercise the rights and pursue the remedies available in respect of the registered security interest.

16.00 NOTICE

- 16.01 A notice given under this Agreement must be in writing.
- 16.02 Where a notice is to be given under this Agreement, it may be
- (a) delivered by hand, or
 - (b) sent by prepaid registered mail addressed to the address

- (i) specified on the first page of this Agreement, or
 - (ii) to such other address as is specified in a notice given in accordance with this Part.
- 16.03 Where a notice is given under this Agreement, it is deemed to have been given
- (a) if it is given in accordance with subparagraph 16.02(a), on the date it is delivered,
 - (b) if it is given in accordance with subparagraph 16.02(b), subject to paragraph 16.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada.
- 16.04 Where, between the time a notice is mailed in accordance with subparagraph 16.02(b) and the time it is actually received by a party, 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.

17.00 MISCELLANEOUS

- 17.01 Unless otherwise provided in this Agreement, this Agreement is subject to the *Forest Act*, and is governed by the laws of British Columbia.
- 17.02 This Agreement will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 17.03 Where under this Licence the Licensor or the District Manager has a discretion to impose a condition or require information, the Licensor or District Manager will exercise this discretion in a reasonable manner, having regard to the purposes and functions of the Ministry of Forests set out in Section 4 of the *Ministry of Forests Act*.

18.00 INTERPRETATION

- 18.01 In this Agreement, unless the context otherwise requires:
- (a) “aboriginal people” includes registered and non-registered Indians, Inuits and Metis,
 - (b) “affiliate” means affiliate within the meaning of the *Company Act*,
 - (c) “close” or “closure” means cessation of production of the principal forest products normally produced by the Mill,
 - (d) “timber sale licence” means a timber sale licence referred to in paragraph 8.01, or issued under paragraph 8.03 or 8.09,
 - (e) “deposit” means the deposit which the Company is required to maintain under paragraph 9.03,

- (f) “development plan” means a development plan referred to in paragraph 5.01, or approved under paragraph 5.08,
- (g) “District Manager” means a district manager appointed under the *Ministry of Forests Act*, for a forest district in which all or part of the Pulpwood Area is situated,
- (h) “*Forest Act*” means:
 - (i) the *Forest Act, R.S.B.C. 1979, c. 140*, as amended, or the successor to this Act, if it is repealed, and
 - (ii) the regulations enacted under this Act or its successor.
- (i) “harvest” includes entry on land for the purpose of cutting and removing timber, cutting the timber and removing the timber from the land,
- (j) “land and resource management plan” means a plan, approved by an appropriate official of the Government of British Columbia, which provides direction for land use, and establishes resource management objectives and strategies, for all or part of the Pulpwood Area,
- (k) “licensees” means holders of agreements entered into under the *Forest Act*,
- (l) “local resource use plan” means any plan approved by the District Manager which provides guidelines for resource use and development in all or part of the planning area,
- (m) “logging plan” means one or more detailed maps setting out how the Company proposes to conduct harvesting and related operations on one or more cut block.; covered or to be covered by a timber sale licence,
- (n) “management plan” means a management plan referred to in paragraph 4.01, or approved under paragraph 4.09,
- (o) “mill” means the timber processing facility in Prince George which has been processing under Pulpwood Agreement No. 1,
- (p) “Minister” means the minister responsible for administering the *Forest Act*,
- (q) “person” includes a corporation and a partnership,
- (r) “Pulpwood Area” means the pulpwood area described in paragraph 1.03,
- (s) “pulp quality timber” means standing timber of a quality that, from time to time is below the standard of utilization by sawmills but is suitable for use in the Mill, and all lumber reject and firmwood reject logs generated by the Company or purchased by it,
- (t) “planning area” means that part of the Pulpwood Area for which the Company is recognized as a major user of the timber resource,
- (u) “raw material” means wood residue and pulp quality timber,

- (v) “resource agency” means any governmental agency, ministry or department having jurisdiction over a resource which, in the Minister’s or District Manager’s opinion, may be affected by any activity or operation, including but not restricted to harvesting activities or operations, engaged in or carried out under or associated with this Agreement or a road permit,
- (w) “Road Deactivation Plan” means a road deactivation plan referred to in paragraph 10.05,
- (x) “Road Maintenance Plan” means a road maintenance plan referred to in paragraph 10.04,
- (y) “road permit” means a road permit entered into under the *Forest Act* which provides access to timber harvested under this Agreement,
- (z) “special deposit” means a special deposit which the Company is required to maintain under paragraph 9.11,
- (aa) “sustenance activities” means activities associated with traditional aboriginal life, such as hunting, gathering and collecting activities, and includes cultural, spiritual and religious activities,
- (ab) “timber processing facility” includes sawmills, veneer plants and plywood plants, and other wood fibre-using mills,
- (ac) “weighted average cost” means the unit cost calculated by dividing the total cost of harvesting raw material by the total volume of raw material harvested,
- (ad) “weighted average price” means the unit price calculated by dividing the total purchase price of raw material by the total volume of raw material purchased, and
- (ae) “wood residue” means wood chips, slabs, edgings, sawdust, and shavings suitable for use in the Mill.

18.02 Unless otherwise provided in paragraph 18.01, if a word or phrase used in this Agreement is defined in the *Forest Act*, the definition in the *Forest Act* applies to this Agreement, and where the word or phrase in the *Forest Act* is replaced by a new word or phrase, this Agreement is deemed to have been amended accordingly.

18.03 Where a provision of the *Forest Act* referred to in this Agreement is renumbered, the reference in this Agreement must be construed as a reference to the provision as renumbered.

18.04 In this Agreement, 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.

18.05 This Agreement is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:

1.00 part,

1 .01 paragraph,

(a) subparagraph,

(i) clause,

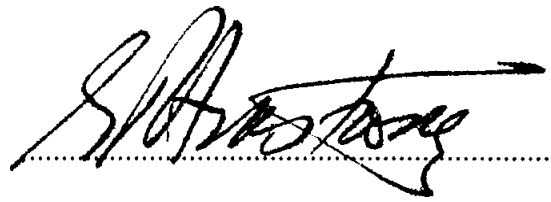
(A) subclause;

and a reference to a subparagraph, clause or subclause must 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.

IN WITNESS WHEREOF this Agreement has been executed by the Minister and the Company.

SIGNED on 22 Nov 93)
by the Minister of Forests)
on behalf of Her Majesty)
the Queen in Right of)
the Province of)
British Columbia in the)
presence of:)

Miriam A. Gillies)
.....)
.....)



THE COMMON SEAL of)
the Company was affixed)
on 17 November 1993)
in the presence of:)

[Signature])
.....)
Senior Vice-President, Finance)
[Signature])
.....)
Vice-President and Chief Forester)

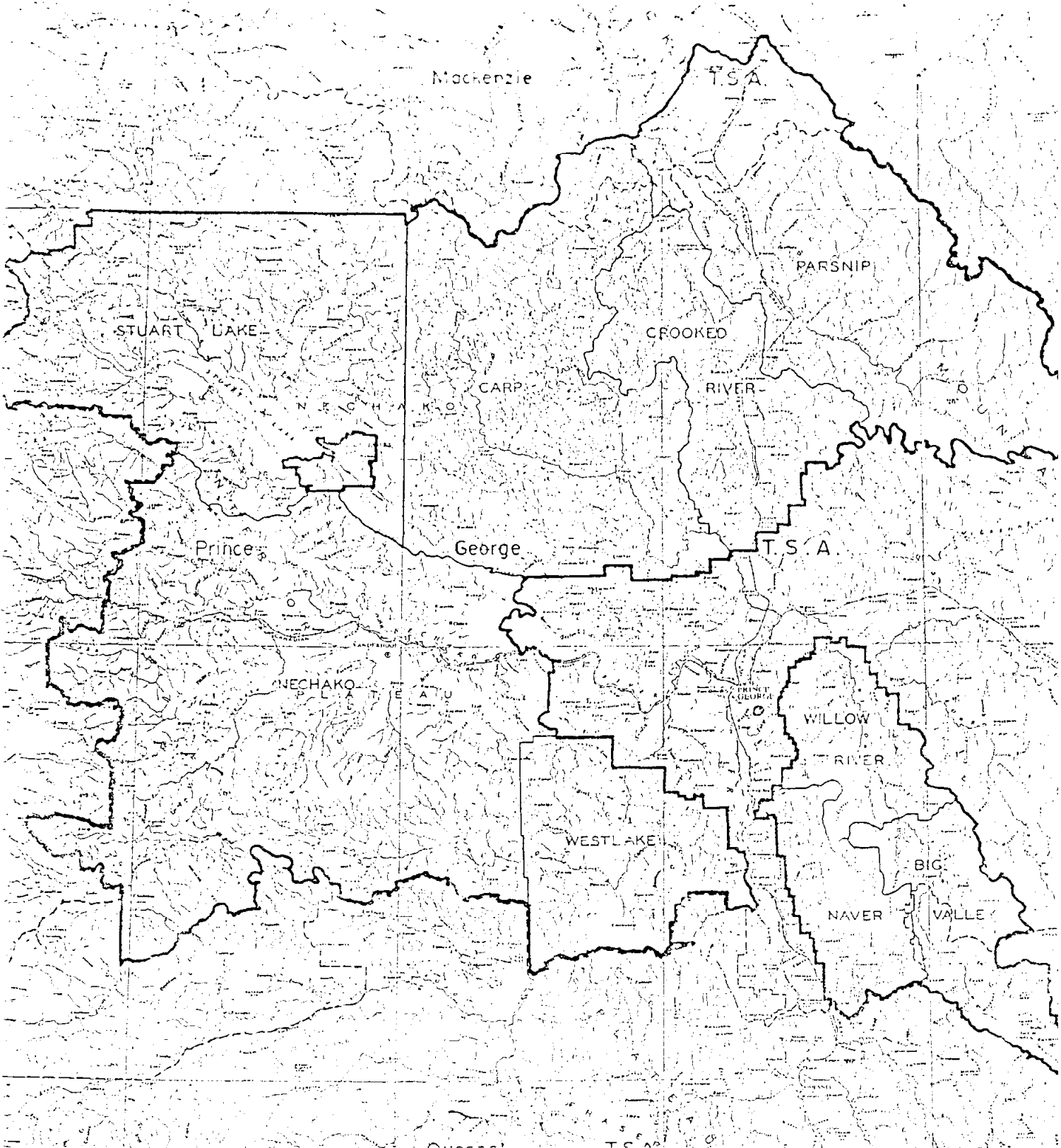
c/s

(or)

SIGNED on 19...)
by the Company, in the)
presence of:)

.....)
.....)
.....)

(Company)



Puipwood Agreement No.1

1:1 362 240

