

PROVINCE OF BRITISH COLUMBIA

Ministry of Forests

PULPWOOD AGREEMENT NO. 10

Amended

THIS AGREEMENT, dated October 4, 2002.

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:

LOUISIANA-PACIFIC CANADA LTD.
MILE 3, ALASKA HIGHWAY
P.O. BOX 2338
DAWSON CREEK, BRITISH COLUMBIA
V1G 4P2

(the "Company")

WHEREAS

- A. The parties have entered into Pulpwood Agreement No. 10 dated September 15, 1996. Pulpwood Agreement No. 10 was amended on March 1, 2000 and June 23, 2000;

- B. The purpose of this Agreement is to ensure the continued operation of the Company's Mill at Dawson Creek, and to provide for utilization of deciduous leading timber stands and wood residue;
- C. Louisiana-Pacific Canada Ltd. applied to the Minister of Forests to subdivide Forest Licence A60064 into two forest licences and transfer Pulpwood Agreement 13 to Tembec Industries Inc.
- D. The Minister of Forests approved the subdivision of Forest Licence A60064 and the consent to transfer Pulpwood Agreement 13 on October 4, 2002.
- E. The parties have agreed to amend Pulpwood Agreement No. 10.

THE PARTIES AGREE TO as follows:

1.00 GRANT OF RIGHTS

- 1.01 Subject to
 - (a) this Agreement and the Acts, regulations and standards referred to in paragraph 9.01, and
 - (b) the availability of deciduous leading timber stands, the Minister grants to the Company the option to obtain from the District Manager under section 23(1)(a) of the *Forest Act*, without advertising or competition from other applicants, timber sale licences authorizing the Company to harvest deciduous leading timber stands from Crown land in the Pulpwood Area.
- 1.02 Subject to subparagraph 2.05 (a), in each calendar year, the total volume harvested under timber sale licences must not exceed the lesser of
 - (a) 452 000 m³ less the Allowable Annual Cut from Forest Licence A60064; and
 - (b) the availability of deciduous leading timber stands.
- 1.03 The volume referred to in paragraph 1.02 is deemed to be reduced according to any reduction made under this Agreement.
- 1.04 Subject to subparagraph 2.05(b), the term of this Agreement is 25 years, beginning September 15, 1996.
- 1.05 No extensions will be granted to the term of this Agreement.
- 1.06 This Agreement is not replaceable under the *Forest Act*.

2.00 CONTINUED OPERATION OF THE MILL

- 2.01 In this Part, a force majeure event means any of the following which is beyond the control of the Company and could not reasonably have been foreseen by the Company:
- (a) acts of God, acts of the public enemy, riots, fires, storms, floods, or explosions,
 - (b) labour disputes,
 - (c) inability to obtain any approvals required from any regulatory authority,
 - (d) the invoking of a force majeure clause by a customer for the Mill's product, except where the clause is invoked because of lack of markets or uneconomic market conditions, and
 - (e) any similar event other than lack of markets or uneconomic market conditions.
- 2.02 The Company must ensure that the Mill is not closed or its production reduced below an input of 1771 m³/day of timber for a period of longer than 90 consecutive days, except as a consequence of a force majeure event or unless the Minister exempts the Company in whole or in part from the requirement of this paragraph.
- 2.03 The Company must give the Minister at least 90 days notice prior to any closure of the Mill or any reduction in its production below an input of 1771 m³/day of timber if the Company knows or should reasonably know that the closure or reduction might extend beyond 90 consecutive days.
- 2.04 If the Mill is closed or its production is reduced below an input of 1771 m³/day of timber and the closure or reduction continues or, in the opinion of the Minister, will continue for a period longer than 90 days, the Company must on request of the Minister provide information regarding
- (a) the volume of timber and wood residue processed through the Mill during the 24-month period immediately preceding the closure or reduction in production level, and
 - (b) in the case of a reduction, the amount by which production has been reduced.
- 2.05 If the Mill is closed or its production reduced below an input of 1771 m³/day of timber for a period longer than 90 consecutive days, except as a consequence of a force majeure event, the Minister at any time within 12 months after the closure or reduction may
- (a) reduce the volume of timber specified under paragraph 1.02 by not more than the difference between
 - (i) the average annual volume of timber and wood residue 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) terminate this Agreement upon 30 days notice.

3.00 UTILIZATION OF TIMBER HARVESTED UNDER A TIMBER SALE LICENCE

- 3.01 Subject to paragraph 3.02, the Company must ensure all timber harvested under a timber sale licence or Forest Licence A60064 is processed in the Mill.
- 3.02 The Company may trade timber harvested under a timber sale licence or Forest Licence A60064 for an equal or greater volume of pulp logs or wood residue which is processed in the Mill.
- 3.03 The District Manager, in a notice given to the Company, may require the Company to notify the District Manager of all trades referred to in paragraph 3.02.
- 3.04 Notwithstanding paragraph 3.02, the Company may trade freely between this Pulpwood Agreement and Pulpwood Agreement 13 as long as the Mill is operating.

4.00 UTILIZATION OF PULP LOGS AND WOOD RESIDUE

- 4.01 For the purposes of this Agreement, the input capacity of the Mill is deemed to be the equivalent of 620 000 m³/year of timber.
- 4.02 The Company must ensure all
 - (a) pulp logs suitable for processing in the Mill that are harvested by the Company and its affiliates from the Pulpwood Area otherwise than under a timber sale licence or Forest Licence A60064, and
 - (b) wood residue suitable for processing in the Mill that is produced from timber harvested by the Company and its affiliates from the Pulpwood Area otherwise than under a timber sale licence or Forest Licence A60064are processed in the Mill.
- 4.03 The Company must ensure

- (a) pulp logs unsuitable for processing in the Mill that are harvested by the Company and its affiliates from the Pulpwood Area otherwise than under a timber sale licence or Forest Licence A60064, and
- (b) wood residue unsuitable for processing in the Mill that is produced from timber harvested by the Company and its affiliates from the Pulpwood Area otherwise than under a timber sale licence or Forest Licence A60064

are traded for all available pulp logs or wood residue suitable for processing in the Mill.

- 4.04 Subject to paragraph 4.05, the Company must purchase all available pulp logs and wood residue from other Crown tenures and private land in the Pulpwood Area suitable for processing in the Mill to a maximum, in a calendar year, of the input capacity of the mill referred to in paragraph 4.01 less
- (a) the Allowable Annual Cut of Forest Licence A60064; and
 - (b) the volume referred to in paragraph 1.02.
- 4.05 The Company need not purchase pulp logs or wood residue under paragraph 4.04 if the Regional Manager determines that the asking price for the pulp logs or wood residue is unreasonable.
- 4.06 The Regional Manager may refer the question of whether the asking price for pulp logs or wood residue is unreasonable to an independent expert acceptable to the Company, and, if the Regional Manager does so, the determination of the independent expert is deemed to be the determination of the Regional Manager for the purpose of paragraph 4.05.
- 4.07 Subject to paragraph 4.08, the Company must take delivery of pulp logs or wood residue purchased under paragraph 4.04 within 3 months or within such longer period as is agreed to by the District Manager.
- 4.08 The District Manager, in a notice given to the Company, may specify a period that is shorter than the 3 months referred to in paragraph 4.07 if the timber from which the pulp logs or wood residue will be produced, must be harvested and utilized expeditiously to prevent the loss or destruction of the timber.
- 4.09 For the purposes of this Agreement all pulp logs and wood residue are deemed to be suitable for processing in the Mill unless the District Manager determines that a species or type of pulp log or wood residue is unsuitable for processing in the Mill having regard to the design and technological capability of the Mill to manufacture a marketable end product from the pulp logs or wood residue.

- 4.10 The District Manager may refer the question of whether a species or type of pulp log or wood residue is unsuitable for processing in the Mill to an independent expert acceptable to the Company and, if the District Manager does so, the determination of the independent expert is deemed to be the determination of the District Manager for the purpose of paragraph 4.09.
- 4.11 The Company must pay all costs and expenses of an independent expert referred to in paragraph 4.06 or 4.10.

5.00 VOLUME THAT MAY BE AUTHORIZED FOR HARVEST UNDER A TIMBER SALE LICENCE

5.01 In this Part,

- (a) "volume of timber harvested during a calendar year" means, the total of such of the following as are charged to the Company in the calendar year in statements or invoices issued on behalf of the government,
- (i) the volume of timber cut and removed under timber sale licences and road permits, issued under this Agreement;
 - (ii) the volume of timber estimated to be wasted or damaged under timber sale licences and road permits, pursuant to this Agreement otherwise than from Forest Licence A60064; and
 - (iii) the volume of timber cut by the Company anywhere in the Pulpwood Area otherwise than under and in compliance with the *Forest Act* or an Agreement entered into under the *Forest Act*.
- (b) "overcut adjustment" means the part of the volume of timber harvested under this Agreement during the preceding calendar year in excess of the volume referred to in paragraph 1.02 that was in effect under the Agreement in that calendar year.

5.02 The Company must ensure that the volume of timber harvested during a calendar year is not more than 100% of the volume referred to in paragraph 1.02 less the overcut adjustment.

5.03 If the volume of timber harvested during a calendar year is more than the maximum referred to in paragraph 5.02 the Regional Manager or District Manager, in a notice given to the Licensee, may vary or suspend, in whole or in part, or refuse to issue a timber sale licence or road permit to the extent necessary to offset the difference between the volume of timber harvested during the calendar year and the maximum referred to in paragraph 5.02.

5.04 The powers conferred on the Regional Manager or District Manager under this Part may be exercised separately, concurrently or cumulatively.

6.00 APPLICATION FOR A TIMBER SALE LICENCE

- 6.01 The Company may only apply for a timber sale licence if the District Manager is satisfied the Company has met all of its obligations under Parts 2.00, 3.00, and 4.00.
- 6.02 Subject to paragraphs 6.01, and 6.03 through 6.05 inclusive, the Company may submit an application to the District Manager for a timber sale licence to authorize harvesting of a volume of timber not exceeding the maximum volume referred to in paragraph 5.02 from deciduous leading timber stands on one or more areas of Crown land within the Pulpwood Area, that are either
- (a) identified on a forest development plan as cutblocks for which the Company may, during the term of the forest development plan, apply for a timber sale licence, or
 - (b) exempted under the *Forest Practices Code of British Columbia Act* from the requirement for a forest development plan.
- 6.03 Before submitting an application for a timber sale licence, the Company must compile
- (a) cruise data, and
 - (b) appraisal data,
- in accordance with the requirements of Part 7.00, for the areas to be included in the application.
- 6.04 An application for a timber sale licence must
- (a) be in a form acceptable to the District Manager,
 - (b) include
 - (i) any information the District Manager may require to determine whether the Company has complied with Parts 2.00, 3.00 and 4.00,
 - (ii) a map to a scale acceptable to the District Manager showing the areas referred to in the application, and
 - (iii) the cruise data and appraisal data referred to in paragraph 6.03, and
 - (c) if required by the District Manager, identify the sequence in which the areas of land referred to in the application would be harvested if a timber sale licence is entered into.
- 6.05 The areas of land shown on the map referred to in clause 6.04(b)(ii) must be consistent with

- (a) cutblocks referred to in subparagraph 6.02(a), areas referred to in subparagraph 6.02(b); or
 - (b) allowing only for any difference in scale between maps used in the forest development plan or exemption and the map referred to in clause 6.04(b)(ii).
- 6.06 Subject to paragraphs 6.07 through 6.11 inclusive, upon receipt of an application for a timber sale licence submitted under paragraph 6.02, the District Manager will enter into a timber sale licence with the Company if
- (a) the District Manager is satisfied that
 - (i) the requirements of paragraphs 6.01 and 6.03 through 6.05 inclusive have been met,
 - (ii) the areas of land referred to in the application for the timber sale licence contain only deciduous leading timber stands, and
 - (iii) the cruise data and appraisal data referred in clause 6.04(b)(iii) meet the requirements of Part 7.00, and
 - (b) where subparagraph 6.04(c) applies, the District Manager is satisfied with the sequence of harvesting.
- 6.07 The District Manager may consult an aboriginal group who may be exercising or claiming to hold aboriginal interest or treaty rights, and who may be affected directly or indirectly by activities or operations under or associated with a timber sale licence.
- 6.08 The District Manager may refuse to enter into a timber sale licence if, in the opinion of the District Manager, issuance of the timber sale licence would result in an unjustifiable infringement of an aboriginal interest or treaty right.
- 6.09 The District Manager may refuse to enter into a timber sale licence if a silviculture prescription required under the *Forest Practices Code of British Columbia* has not been approved for an area of land referred to in the application for the timber sale licence.
- 6.10 If the District Manager
- (a) determines that a timber sale licence may not be entered into because the requirements of paragraph 6.06 have not been met,
 - (b) is carrying out consultations under paragraph 6.07, or
 - (c) refuses to enter into a timber sale licence under paragraph 6.08 or 6.09,
- the District Manager will notify the Company within 45 days of the date on which the application for the timber sale licence was submitted.
- 6.11 A timber sale licence will
- (a) meet the content requirements of section 22 of the *Forest Act*,

- (b) be for a term not exceeding one year, unless the District Manager determines that a longer term is appropriate,
- (c) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under the timber sale licence,
- (d) specify whether, for the purpose of determining the amount of stumpage payable in respect of timber harvested under the timber sale licence, the volume and quantity of timber is to be determined using information provided by
 - (i) a scale of the timber, or
 - (ii) a cruise of the timber conducted before the timber is cut,
- (e) include felling, bucking and utilization specifications and specify the species and grades of timber which are obligatory utilization and the species and grades, if any, which are optional utilization,
- (f) provide for assessments of residue and waste left on land authorized for harvest under the timber sale licence, and payments in respect of waste, and
- (g) include such other provisions, consistent with the Acts, regulations and standards referred to in paragraph 9.01, as the District Manager considers necessary or appropriate, including provisions to
 - (i) address issues associated with
 - (A) potentially existing aboriginal interests or treaty rights, and
 - (B) trappers, guide outfitters, range tenure holders and other licensed resource users, and
 - (ii) ensure activities and operations under or associated with the timber sale licence will adequately manage and conserve the forest resources of the areas referred to in the timber sale licence.

6.12 All timber sale licences in effect under the Agreement that are replaced by this Agreement continue in effect under this Agreement for the duration of their respective terms.

7.00 CRUISE AND APPRAISAL INFORMATION

7.01 The Company must ensure that cruise data submitted under this Agreement are

- (a) compiled in accordance with the Cruise Compilation Manual, and
- (b) based on cruises carried out in accordance with the Cruising Manual prepared by the Ministry of Forests, , available on the Cruising Manual web site
(<http://www.for.gov.bc/revenue/manuals/cruising/>)

7.02 The Company must ensure that appraisal data submitted under this Agreement are

- (a) compiled in accordance with, and
- (b) include all data required under, the policies and procedures approved by the Minister from time to time under section 105 of the *Forest Act*.

8.00 PULP QUALITY TIMBER STANDS

- 8.01 The Regional Manager or District Manager, in notices given to the Company from time to time, will advise the Company of the species and grades of timber that are currently below the standard of utilization for sawmills.

9.00 LEGISLATIVE FRAMEWORK

- 9.01 This Agreement is subject to
- (a) the *Forest Act* and the regulations made under that Act, and
 - (b) the *Forest Practices Code of British Columbia Act* and the regulations and standards made under that Act.
- 9.02 The Company must
- (a) comply with the Acts, regulations and standards referred to in paragraph 9.01, and
 - (b) ensure that its employees, agents and contractors comply with these Acts, regulations and standards when engaging in or carrying out activities or operations under or associated with this Agreement or a timber sale licence.

10.00 REPORTING

- 10.01 The District Manager, in a notice given to the Company, may require the Company to submit a report containing such information as the District Manager requires regarding the Company's performance of its obligations under this Agreement or a timber sale licence if the information is not included in any other reports which the Company must submit under this Agreement or the Acts or regulations referred to in paragraph 9.01.
- 10.02 Upon receipt of a notice referred to in paragraph 10.01, the Company, on or before the date specified in the notice, will submit a report to the District Manager containing the required information.
- 10.03 Subject to paragraph 10.04, the District Manager may include the information contained in a report submitted under paragraph 10.02 in any reports prepared by the Ministry of Forests for public review.

10.04 Subject to the *Freedom of Information and Protection of Privacy Act*, the District Manager will not disclose information provided in confidence by the Company in a report submitted under paragraph 10.02.

11.00 TERMINATION AND SURRENDER

11.01 If this Agreement expires, or is surrendered, cancelled or otherwise terminated,

- (a) all timber sale licences entered into pursuant to this Agreement will terminate, and
- (b) title to all
 - (i) improvements, including roads and bridges, constructed by the Company under the authority of a timber sale licence, and
 - (ii) timber, including logs and special forest products, harvested under the authority of a timber sale licence and still located on Crown land,will vest in the Crown, without right of compensation to the Company.

11.02 The Company must not remove any improvements, logs or special forest products referred to in subparagraph 11.01(b), unless authorized to do so by the District Manager.

12.00 NOTICE

12.01 A notice given under this Agreement must be in writing.

12.02 A notice given under this Agreement may be

- (a) delivered by hand,
- (b) sent by mail, or
- (c) subject to paragraph 12.05, sent by facsimile transmission, to the address or facsimile number, as applicable, specified on the first page of this Agreement, or to such other address or facsimile number as is specified in a notice given in accordance with this Part.

12.03 If a notice is given under this Agreement, it is deemed to have been given

- (a) if it is given in accordance with subparagraph 12.02(a), on the date it is delivered by hand,
- (b) if it is given in accordance with subparagraph 12.02(b), subject to paragraph 12.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada, and

(c) if it is given in accordance with subparagraph 12.02(c), subject to paragraph 12.05, on the date it is sent by facsimile transmission.

12.04 If, between the time a notice is mailed in accordance with subparagraph 12.02(b) and the time it is actually received, 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.

12.05 If a notice is sent by facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.

13.00 MISCELLANEOUS

13.01 This Agreement will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.

13.02 Any power conferred or duty imposed on the Regional Manager or District Manager under this Agreement may be exercised or fulfilled by a person authorized to do so by the Regional Manager or District Manager, as the case may be.

13.03 The laws of British Columbia will govern the interpretation of this Agreement and the performance of the parties' obligations under this Agreement.

14.00 ABORIGINAL RIGHTS, ABORIGINAL TITLE, TREATY RIGHTS

14.01 Notwithstanding any other provision of this Agreement, if a court of competent jurisdiction

(a) determines that activities or operations under or associated with this Agreement will unjustifiably infringe an aboriginal right and/or title, or a treaty right,

(b) grants an injunction further to a determination referred to in subparagraph (a), or

(c) grants an injunction pending a determination of whether activities or operations under or associated with this Agreement will unjustifiably infringe an aboriginal right and/or title, or a treaty right,

the District Manager, in a notice given to the Company, may vary or suspend this Agreement, in whole or in part, or refuse to issue a timber sale licence, road permit or other permit given to the Company, to be consistent with the court determination.

- 14.02 Subject to this Agreement and the Acts, regulations and standards referred to in paragraph 9.01, if
- (a) the District Manager has varied a timber sale licence or road permit or other permit given to the Company under paragraph 9.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
 - (c) it is practical to do so,
- the District Manager, at the request of the Company, may vary the timber sale licence or permit to reflect as closely as possible, for the remainder of its term, the terms and conditions of the permit or authorization given prior to the variation under paragraph 14.01.
- 14.03 Subject to this Agreement and the Acts, regulations and standards referred to in paragraph 9.01, if
- (a) the District Manager has suspended a timber sale licence or road permit or other permit given to the Company under paragraph 14.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
 - (c) it is practical to do so,
- the District Manager, at the request of the Company, may reinstate the timber sale licence or permit for the remainder of its term.
- 14.04 Subject to this Agreement and the Acts, regulations and standards referred to in paragraph 9.01, if
- (a) the District Manager has refused to issue a timber sale licence or road permit or other permit given to the Company under paragraph 14.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph, and
 - (c) it is practical to do so
 - (d) the District Manager, at the request of the Company, may issue the timber sale licence or permit.

15.00 INTERPRETATION

- 15.01 In this Agreement, unless the context otherwise requires:
- (a) "aboriginal interest" refers to potentially existing aboriginal rights and/or title,
 - (b) "aboriginal people" includes registered and non-registered Indians, Inuits and Metis,
 - (c) "affiliate" means affiliate within the meaning of section 53 the *Forest Act*,

- (d) "availability of deciduous leading timber stands" means the portion of the allowable annual cut of the Dawson Creek Timber Supply Area that is apportioned to pulpwood agreement timber sale licences by the Minister under section 10 of the *Forest Act* that is not committed to any person as a timber sale licence under section 23(1)(a) of the *Forest Act*,
- (e) "close" or "closure" means cessation of production of the principal forest products normally produced by the Mill,
- (f) "deciduous leading timber stands: means a stand of timber that is primarily of a quality that is below the standard of utilization for sawmills as determined by the Regional Manager or District Manager in a notice given to the Company under Part 8.00 and which meets the profile identified in the allowable annual cut determination as contributing to the deciduous leading component of the allowable annual cut as determined by the chief forester from time to time in accordance with the provisions of the *Forest Act*,
- (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 the *Forest Act*, R.S.B.C. 1996, c. 157, as amended, or the successor to this act, if it is repealed,
- (i) "forest development plan" means a forest development plan referred to in the *Forest Practices Code of British Columbia Act* that is approved by the District Manager in respect of this Agreement,
- (j) "*Forest Practices Code of British Columbia Act*" means the *Forest Practices Code of British Columbia Act*, S.B.C. 1996, c. 159, as amended from time to time, or the successor to this Act if it is repealed,
- (k) "Mill" means the oriented strand board facility owned and operated by the Company in Dawson Creek, British Columbia,
- (l) "Minister" means the minister responsible for administering the *Forest Act*,
- (m) "person" includes a corporation and a partnership,
- (n) "pulp logs" means logs which are primarily of a quality that is below the standard of utilization for sawmills as determined by the Regional Manager or District Manager in a notice given to the company under part 8.
- (o) "Pulpwood Area" means the area of Pulpwood Area No. 10 as outlined in bold black on the map attached to this Agreement,
- (p) "regional manager" means a Regional Manager appointed under the *Ministry of Forests Act* for a forest region in which all or part of the Pulpwood Area is situated,

- (q) "silviculture prescription" means a silviculture prescription referred to in the *Forest Practices Code of British Columbia Act* that is approved by the District Manager in respect of one or more areas covered or to be covered by a timber sale licence, and
- (r) "timber sale licence" means a timber sale licence referred to in paragraph 6.06.

15.02 Unless otherwise provided in paragraph 15.01, if a word or phrase used in this Agreement is defined in the *Forest Act* or the *Forest Practices Code of British Columbia Act*, the definition in the *Forest Act* or the *Forest Practices Code of British Columbia Act* applies to this Agreement, and where the word or phrase in the *Forest Act* or the *Forest Practices Code of British Columbia Act* is replaced by a new word or phrase, this Agreement is deemed to have been amended accordingly.

15.03 Where a provision of the *Forest Act* or the *Forest Practices Code of British Columbia Act* referred to in this Agreement is renumbered, the reference in this Agreement must be construed as a reference to the provision as renumbered.

15.04 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.

15.05 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 December 2, 2002
by the Minister of Forests)
on behalf of Her Majesty)
the Queen in Right of)
the Province of)
British Columbia in the)
presence of:)
Andrea G. de Lestard)
(Print Name) Andrea G. de LESTARD)

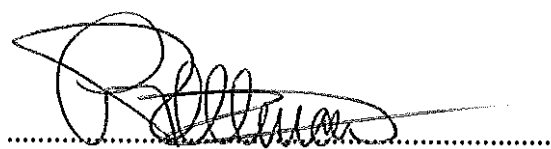

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The Honourable Michael de Jong
Minister of Forests

THE COMMON SEAL of)
the Company was affixed)
on20.....)
in the presence of)
.....)
(Print Name).....)

c/s

(or)

SIGNED on November 25, 2002
by the Company, in the)
presence of:)
R. A. Holland)
(Print Name) ROBERT A. HOLLAND)


.....
(Company)