



PULPWOOD AGREEMENT NO. 7



THIS AGREEMENT, dated January 24, 1997

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

- A. Under section 36 of the *Forest Act*, this Agreement replaces Pulpwood Agreement No.7 dated January 24, 1987;

- B. The purpose of this Agreement is to ensure the continued operation of the Company's Mill at Prince George, and to provide for utilization of pulp quality timber and wood residue;

THE PARTIES AGREE as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 Subject to
- (a) this Agreement and the Acts, regulations and standards referred to in paragraph 9.01, and
 - (b) the availability of pulp quality timber stands, the Minister grants to the Company the option to obtain from the District Manager under section 18(1)(b) of the *Forest Act*, without advertising or competition from other applicants, timber sale licences authorizing the Company to harvest pulp quality timber stands from Crown land in the Pulpwood Area.
- 1.02 In each calendar year, the total volume authorized for harvest under timber sale licences must not exceed 1 265 000 m³.
- 1.03 The volume referred to in paragraph 1.02 is deemed to be reduced according to any reduction made under paragraph 2.05(a).
- 1.04 Subject to paragraphs 2.05(b) and 11 .03, the term of this Agreement is 25 years, beginning January 24, 1997.
- 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 for a period of longer than 90 consecutive days, except as a consequence of a force majeure event or unless the Minister exempts the Licensee 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 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 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 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 is processed in the Mill.
- 3.02 The Company may trade timber harvested under a timber sale licence for an equal or greater volume of pulp logs or wood residue which is processed in the Mill.
- 3.03 The Company must notify the District Manager of all trades referred to in paragraph 3.02.

4.00 UTILIZATION OF PULP LOGS AND WOOD RESIDUE

- 4.01 For the purposes of this Agreement, the annual raw material requirement of the Mill is deemed to be the equivalent of 1 265 000 m³ of timber.
- 4.02 Subject to paragraph 4.03, 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, 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, are processed in the Mill, or traded for equivalent volumes which are processed in the Mill.
- 4.03 If in a calendar year the total volume of pulp logs referred to in paragraph 4.02(a) and wood residue referred to in paragraph 4.02(b) is more than the raw material requirement of the Mill, the Company need not process the volume in excess of the raw material requirement in the Mill.
- 4.04 If in a calendar year the total volume of pulp logs referred to in paragraph 4.02(a) and wood residue referred to in paragraph 4.02(b) is less than the annual raw material requirement of the Mill, until the annual raw material requirement of the Mill is met, the Company will use every reasonable effort to trade
- (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. 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, for all available pulp logs or wood residue suitable for processing in the Mill.
- 4.05 Subject to paragraph 4.06, if in a calendar year the Company is unable to meet the annual raw material requirement of the Mill with pulp logs and wood residue referred to in paragraphs 4.02 and 4.04, until the raw material requirement of the Mill is met, the Company must purchase all available pulp logs and wood residue suitable for processing in the Mill.
- 4.06 The Company need not purchase pulp logs or wood residue under paragraph 4.05 if the Regional Manager determines that the asking price for the pulp logs or wood residue is unreasonable.
- 4.07 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 4.06.
- 4.08 Subject to paragraph 4.09, the Company must take delivery of pulp logs or wood residue purchased under paragraph 4.05 within 3 months or within such longer period as is agreed to by the District Manager.
- 4.09 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 4.08 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.
- 4.10 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.
- 4.11 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 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 4.10.

4.12 The Company must pay all costs and expenses of an independent expert referred to in paragraph 4.07 or 4.11.

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

5.01 In this Part, the "overcut adjustment" means the amount by which the sum of

- (a) the volume of the timber the Company has actually harvested during the calendar year under timber sale licences entered into under the Agreement,
 - (b) the estimated volume of waste and residue left on Crown land within the Pulpwood Area harvested by the Company or its affiliates during the calendar year immediately preceding the year to which the overcut applies, and
 - (c) the overcut adjustment for the calendar year immediately preceding the year in which the overcut applies,
- exceeds the lesser of
- (d) the amount determined by subtracting the volume of pulp logs and wood residue referred to in paragraphs 4.02, 4.04 and 4.05 that was processed in the mill from the annual raw material requirement of the Mill referred to in paragraph 4.01, and
 - (e) the volume referred to in paragraph 1.02.

5.02 The maximum volume of timber that may be authorized for harvest under a timber sale licence is the amount determined by subtracting the following from the starting volume referred to in paragraph 5.03:

- (a) remaining volumes the Company is authorized to harvest under existing timber sale licences,
- (b) volumes the Company proposes to harvest under any other timber sale licences for which applications have been submitted and approved under Part 6.00,
- (c) the estimated volume of waste and residue left on Crown land within the Pulpwood Area harvested by the Company or its affiliates during the calendar year immediately preceding the year in which an application for the timber sale licence is submitted under Part 6.00, and
- (d) the overcut adjustment for the calendar year immediately preceding the year in which an application for the timber sale licence is submitted under Part 6.00.

- 5.03 For the purposes of paragraph 5.02, the starting volume is the lesser of
- (a) the outstanding raw material requirement of the Mill determined in accordance with paragraph 5.04, and
 - (b) the volume referred to in paragraph 1.02
- 5.04 The outstanding raw material requirement of the Mill is deemed to be the amount determined by subtracting the following amounts from the annual raw material requirement of the Mill referred to in paragraph 4.01:
- (a) the estimated volume of pulp logs and wood residue referred to in paragraphs 4.02, 4.04 and 4.05 currently available for processing in the mill, and
 - (b) the estimated volume of pulp logs and wood residue referred to in paragraphs 4.02, 4.04 and 4.05 that will become available for processing in the mill during the proposed term of the timber sale licence for which an application is submitted under Part 6.00.
- 5.05 The estimated volumes referred to in paragraph 5.02(c) and paragraph 5.04(a) and (b) will be made by the Company
- (a) in accordance with standards proposed by the Company and approved by the District Manager, or
 - (b) if standards are not proposed by the Company or are not approved by the District Manager, in accordance with standards set by the District Manager.

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 pulp quality 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
- (a) compile
 - (i) cruise data, and
 - (ii) appraisal data,in accordance with the requirements of Part 7.00, for the areas to be included in the application, and
 - (b) if directed to do so by the District Manager, consult
 - (i) aboriginal people who may be carrying out aboriginal activities, and
 - (ii) trappers, guide outfitters, range tenure holders and other licensed resource users,to determine how, and to what extent, their interests may be affected by activities or operations engaged in or carried out on the areas of land 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) the Company's calculation of the maximum volume of timber referred to in paragraph 5.02, accompanied by any supporting information the District Manager may require,
 - (ii) any information the District Manager may require to determine whether the Company has complied with Parts 2.00, 3 00 and 4.00,
 - (iii) a map to a scale acceptable to the District Manager showing the areas referred to in the application,
 - (iv) the cruise data and appraisal data referred to in paragraph 6.03(a), and
 - (v) if the District Manager has directed the Company to consult under paragraph 6.03(b), the comments received as a result of the Company's consultations, 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 paragraph 6.04(b)(iii) must be identical to
- (a) cutblocks referred to in paragraph 6.02(a), or
 - (b) areas referred to in paragraph 6.03(b),
- allowing only for any difference in scale between maps used in the forest development plan or exemption and the map referred to in paragraph 6.04(b)(iii).

- 6.06 Subject to paragraphs 6.07 through 6.11 inclusive, and 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 pulp quality timber stands,
 - (iii) the Company's calculation of the maximum volume of timber referred to in paragraph 5.02 is correct, and
 - (iv) the cruise data and appraisal data referred in paragraph 6.04(b)(iv) meet the requirements of Part 7.00,
 - (b) where paragraph 6.04(b)(v) applies, the District Manager is satisfied with the results of the Company's consultation, and
 - (c) where paragraph 6.04(c) applies, the District Manager is satisfied with the sequence of harvesting.
- 6.07 The District Manager may consult
- (a) aboriginal people who may be carrying out aboriginal activities, and
 - (b) trappers, guide outfitters, range tenure holders and other licensed resource users,
- who may be affected directly or indirectly by activities or operations under or associated with a timber sale licence, engaged in or carried out on areas of land referred to in an application for a timber sale licence.
- 6.08 The District Manager may consult other resource agencies for the purpose of determining whether activities and operations under or associated with a timber sale licence, engaged in or carried out on areas of land referred to in an application for a timber sale licence, will adequately manage and conserve the forest resources of these areas.
- 6.09 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 infringement of an aboriginal right.
- 6.10 The District Manager may refuse to enter into a timber sale licence if a silviculture prescription or logging plan has not been approved for an area of land referred to in the application for the timber sale licence.

- 6.11 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 6.08, or
 - (c) refuses to enter into a timber sale licence under paragraph 6.09 or 6.10,

the District Manager will notify the Company within 60 days of the date on which the application for the timber sale licence was submitted.

- 6.12 A timber sale licence will
- (a) meet the content requirements of section 17 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 9.0 1, as the District Manager considers necessary or appropriate, including provisions to
 - (i) protect the interests of
 - (A) aboriginal people who may be carrying out aboriginal activities, 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.

- 6.13 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.

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 Cruising Compilation System, Change Specifications, Detailed Requirements and Design Manual, updated April 1, 1995, as amended from time to time, and
 - (b) based on cruises carried out in accordance with the Cruising Manual prepared by the Ministry of Forests, updated April 1, 1995, as amended from time to time.
- 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 84 of the *Forest Act*.
- 7.03 Before submitting cruise data referred to in paragraph 7.01, or appraisal data referred to in paragraph 7.02, the Company must ensure that the Company has copies of the manuals, policies and procedures referred to in those paragraphs that include all amendments up to the date on which the cruise data or appraisal data are submitted.

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 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.
- 11.03 Subject to paragraph 11.04, 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.
- 11.04 The Minister will not cancel this Agreement under paragraph 11.03 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,

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 INTERPRETATION

14.01 In this Agreement, unless the context otherwise requires:

- (a) "aboriginal activities" means cultural, spiritual, religious, and sustenance activities associated with traditional aboriginal life, including aboriginal rights,
- (b) "aboriginal people" includes registered and non-registered Indians, Inuits and Metis,
- (c) "affiliate" means affiliate within the meaning of section 49 the *Forest Act*,
- (d) "close" or "closure" means cessation of production of the principal forest products normally produced by the Mill,
- (e) "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,
- (g) "*Forest Act*" means the *Forest Act*, R.S.B.C. 1979, c. 140, as amended, or the successor to this act, if it is repealed,
- (h) "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,
- (i) "*Forest Practices Code of British Columbia Act*" means the *Forest Practices Code of British Columbia Act*, S.B.C. 1994, c. 41, as amended from time to time, or the successor to this Act if it is repealed,

- (j) logging plan” means a logging plan referred to in the *Forest Practices Code of British Columbia Act* that is approved by the District Manager in respect of one or more cut blocks covered or to be covered by a timber sale licence,
- (k) “Mill” means the timber processing facility owned and operated by the Company in Prince George, British Columbia, and known as Intercontinental Pulp,
- (l) “Minister” means the minister responsible for administering the *Forest Act*,
- (m) “person” includes a corporation and a partnership,
- (n) “Pulpwood Area” means the area of Pulpwood Area No. 7 as outlined in bold black on the map attached to this Agreement,
- (o) “pulp quality timber stand” 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,
- (p) “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
- (q) “timber sale licence” means a timber sale licence referred to in paragraph 6.06.

14.02 Unless otherwise provided in paragraph 14.01, 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.

14.03 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.

14.04 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.

14.05 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 January 27, 1997
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 K. G. de Lestard)
(Print Name) Andrea K. G. de LESTARD)


The Honourable David Zirnhelt
Minister of Forests

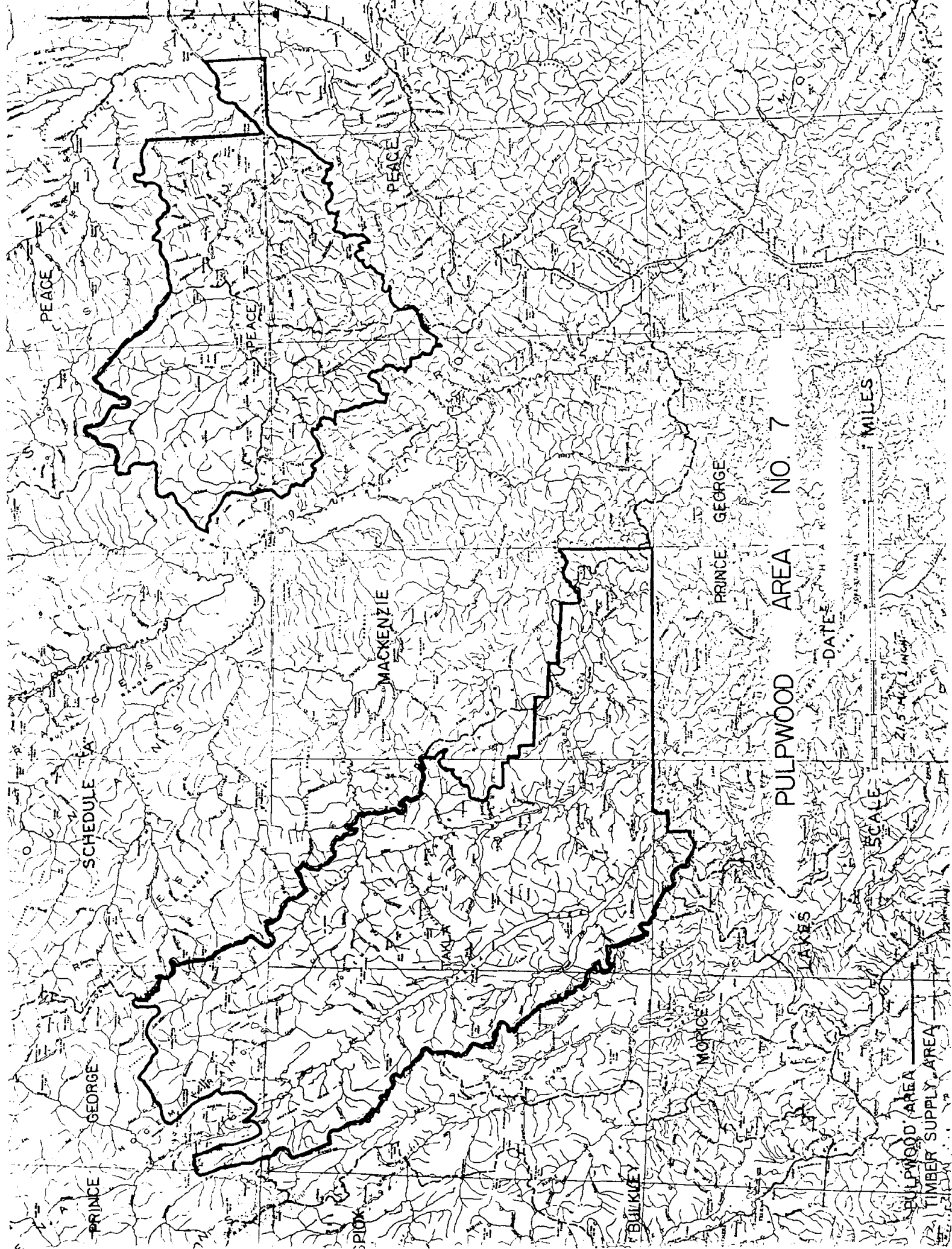
THE COMMON SEAL of)
the Company was affixed)
on January 23, 1997)
in the presence of)

K. G. Higginbotham)
K. G. Higginbotham)
Vice-President & Chief Forester)
(Print Name).)

c/s

R. F. Weinman)
SIGNED on R. F. Weinman 19)
by the Company, Vice-President and Secretary)
presence of)

.....)
(Print Name))
(Company)



PEACE

SCHEDULE 'A'

GEORGE

PRINCE

SPLOX

MACKENZIE

BULKLEY

MORICE

PRINCE GEORGE

JAMES

PULPWOOD AREA NO. 7

DATE

SCALE

MILES

PULPWOOD AREA
TIMBER SUPPLY AREA