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VICTORIA, B.C.

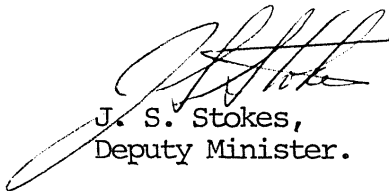
November 12, 1974

File: T.F.L. 1, Sec. 12 B

MEMORANDUM TO THE HONOURABLE THE MINISTER

The attached two copies of Instrument No. 68 to Tree Farm Licence No. 1 provides for the granting of timber sales within the Tree Farm Licence for the removal of timber suitable for the manufacturing of railway ties. The British Columbia Railway has urgent need of a suitable source of tie material.

The Instruments have been signed by officials of the Tree Farm Licence. We recommend your signature accordingly.


J. S. Stokes,
Deputy Minister.



RECEIVED
NOV 13 1974
MINISTER OF LANDS, FORESTS,
and WATER RESOURCES OFFICE

PROVINCE OF BRITISH COLUMBIA
Department of Lands, Forests, and Water Resources
FOREST SERVICE

IN THE MATTER OF TREE FARM LICENCE NUMBER 1
INSTRUMENT NO. 68
AMENDMENT

THIS INDENTURE made in duplicate this *20th* day of *November*
in the year of Our Lord one thousand nine hundred and seventy-four.

BETWEEN:

THE MINISTER OF LANDS, FORESTS, AND WATER RESOURCES,
of the Province of British Columbia, who with his
successors in office, is

hereinafter called "the Licensor",
OF THE ONE PART,

AND:

CANADIAN CELLULOSE COMPANY, LIMITED, a corporation
duly incorporated under the laws of the Province of
British Columbia, and having its registered office
in the City of Vancouver in the said Province,

hereinafter called "the Licensee",
OF THE OTHER PART.

WHEREAS by an Indenture, made in duplicate on May 4, 1948 between
the Licensor of the one part, and Columbia Cellulose Company, Limited, herein
called the Licensee of the other part, the Licensor did grant unto Columbia
Cellulose Company, Limited a Tree Farm Licence which is known and referred to as
the "Port Edward Tree Farm Licence" and is numbered one (1) on the Forest Service
register of Tree Farm Licences and on the official atlas maps of the
Department of Lands, Forests, and Water Resources.

AND WHEREAS Columbia Cellulose Company, Limited assigned all its interest in the said Port Edward Tree Farm Licence by an Indenture dated the 2nd day of July 1962 to Celgar Limited and consent of the Licensor was given thereto on the 26th day of July 1962;

AND WHEREAS Celgar Limited assigned all its interest in the said Port Edward Tree Farm Licence by an Indenture dated January 1st, 1970 to Skeena Kraft Limited and consent of the Licensor was given thereto on the 1st day of January 1970;

AND WHEREAS the said Tree Farm Licence was extended and renewed by an agreement made in duplicate on January 1st 1970 between the Licensor of the one part and Skeena Kraft Limited therein called the Licensee of the other part;

AND WHEREAS Skeena Kraft Limited changed its name to Canadian Cellulose Company, Limited on the 28th day of July 1970;

AND WHEREAS pursuant to Clause 48 of the said Tree Farm Licence the said Indenture may be amended and the parties hereto have mutually agreed to amend the said Indenture as hereinafter set forth;

NOW THEREFORE THIS INDENTURE WITNESSETH THAT in consideration of the premises and the sum of One Dollar (\$1.00) of lawful money of Canada now paid by the Licensee to the Licensor, receipt whereof is hereby acknowledged, the parties hereto agree as follows:

1. THAT the Licence Indenture dated January 1st, 1970 be amended by adding the following as Clause 32A:-

"32A. Notwithstanding the provisions of this Tree Farm Licence and the Management Working Plan, during the period ending December 31, 1981, the Licensor may from time to time in accordance with the Forest Act and regulations grant a tie licence to cut and remove timber which, in his reasonable opinion, is suitable for the manufacture of railway ties from any portion of Schedule "B" lands provided that:

(a) On granting any such tie licence to cut and remove such timber pursuant to this clause, the Tree Farm Licensee shall not be deemed to be in occupancy of the lands described in the said tie licence pursuant to Section 120 of the Forest Act and shall be exempt from the obligation to pay forest protection tax and annual rental in respect of those lands described in any such tie licence.

(b) A tie licence to cut and remove timber shall not be granted if in the opinion of the Licensor it will impede or obstruct the operations of the Tree Farm Licensee.

(c) The granting of a tie licence to cut and remove timber shall not give any right to the use of the Tree Farm Licensee's plants or improvements.

(d) The quantity of timber cut and removed under the provisions of this clause shall be included as part of the total allowable cut from the Tree Farm Licence area as established and approved in the Management Working Plan.

(e) Timber which is cut under such tie licences shall only be used by the tie licensee for the manufacture of railway ties.

(f) Any such tie licence shall not be assignable in whole or in part by the tie licensee except to a railway company.

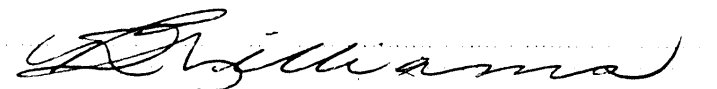
(g) Any such tie licence shall provide that the tie licensee shall comply with all Forest Service regulations in force from time to time and the licensor shall enforce compliance therewith.

(h) The licensor shall require the tie licensee of such a tie licence to deposit with the licensor an amount, calculated on the value of the stumpage, of up to 50 % of the stumpage value or a sufficient amount as the licensor may determine as a security deposit to ensure that the lands described in such a tie licence will be fireproofed to the satisfaction of the Licensor on the termination of such a tie licence."

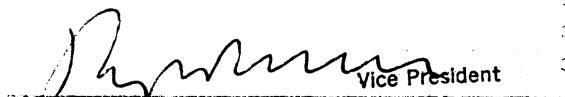
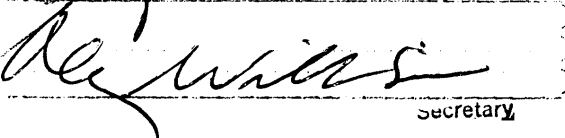
2. THAT subject to the terms of this Indenture the parties hereto confirm in all other respects the said Indenture dated the 4th day of May 1948, and amendments thereto to the date hereof.

IN WITNESS WHEREOF the Licensor has executed these presents and the Licensee has hereunto affixed its common seal by the hands of its proper officers in that behalf.


Witness


Minister of Lands, Forests, and Water Resources

THE COMMON SEAL OF THE LICENSEE)
was hereunto affixed in the)
presence of:)


Vice President)

Secretary)