

PROVINCE OF BRITISH COLUMBIA
Ministry of Forests and Lands

IN THE MATTER OF TREE FARM LICENCE NUMBER 23

INSTRUMENT NUMBER 129

Amendment

THIS AGREEMENT is made effective January 1, 1987

BETWEEN:

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

(the "Licensor")

OF THE FIRST PART

AND:

WESTAR TIMBER LTD., a British Columbia
company of 1176 West Georgia Street,
Vancouver, British Columbia
V6E 4B7

(the "Licensee")

OF THE SECOND PART

WHEREAS:

- A. The Licensor and Licensee have entered into Tree Farm Licence No. 23 (the "TFL"), dated January 1, 1980, pursuant to section 33 of the Forest Act of British Columbia; and
- B. The parties wish to amend the TFL according to this Agreement;

THIS AGREEMENT WITNESSES that, in consideration of One Dollar (\$1.00) and other good and valuable consideration paid by the Licensor to the Licensee (the receipt and sufficiency of which the Licensee acknowledges), the parties agree as follows:

1. The licence areas as noted on the attached sketch maps are herewith deleted.
2. The TFL is amended by deleting paragraph 14.01 and substituting the following:

"14.01 The Regional Manager or District Manager may, on behalf of the Crown, grant free use permits to persons other than the Licensee authorizing the harvest of Crown timber from the licence area, but the volume of timber harvested under such free use permits in any year during the term of this Licence shall not exceed 1% of the allowable annual cut approved for that year."

3. The TFL is amended by inserting the following provisions after paragraph 14.09:

"14.10 Notwithstanding the provisions of paragraph 1.01 the Regional Manager or District Manager may on behalf of the Crown issue timber sale licences to persons other than the Licensee authorizing the harvest of Crown timber from the portion of the licence area within the Arrow Forest District as per the attached sketch map. The volume of timber harvested under such timber sale licences shall not exceed 20 000 cubic metres annually. The timber made available for harvesting will have average net values that will not be less than the average for the licence area."

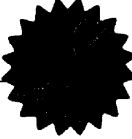
"14.11 Any timber sale licence entered into by the Regional Manager or District Manager pursuant to paragraph 14.10 shall be subject to the following:

- (a) the term of any such timber sale licence, including any extensions, shall not exceed 5 years and shall expire not later than three years beyond the term of the management and working plan then in effect,
- (b) the operations to be authorized under such timber sale licence will not interfere unreasonably with operations of the Licensee under this Agreement,
- (c) where the holder of the timber sale licence is to use roads or other improvements on the Tree Farm Licence area, the holder of the timber sale licence shall first enter into an agreement providing for reasonable payment to the Licensee for the use and maintenance of roads and other improvements on the Tree Farm Licence area,
- (d) the volumes of timber harvested under such timber sale licences shall be included for the purposes of Part 4.00 in the "volume of timber harvested", as defined in paragraph 4.01,
- (e) the volume of timber harvested under such timber sale licences shall not be included for the purposes of Part 10 in the "volume of timber harvested", and
- (f) the Licensee shall have no liability to the Licensor with respect to the operations carried out on the licence area under the timber sale licences including, but not limited to, fires; post-logging slash disposal and other site treatment; reforestation, road construction and maintenance; or stumpage, annual rents, waste assessments, and other financial obligations.

4. The parties confirm the TFL in all other respects.
5. This Agreement shall enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on
February 24, 1987 as follows:

SIGNED, SEALED AND DELIVERED)
 by the HONOURABLE MINISTER OF)
 FORESTS AND LANDS)
 on behalf of the Crown)
 in the presence of:)
Vi Mariscak)
J. Kempe)

Jack J. Kempe)
 HON. JACK J. KEMPE) 

THE COMMON SEAL of WESTAR)
 TIMBER LTD. was hereunto)
 affixed in the presence of:)
W. J. ...)
R. L. ...)