

COPY

SICAMOUS TREE FARM LICENCE

TREE FARM LICENCE NO. 33

AMENDMENT NO. 7

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

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IN THE MATTER OF TREE FARM LICENCE NUMBER 33  
AMENDMENT NUMBER 7

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THIS INDENTURE made in duplicate this first day of November,  
in the year of Our Lord One Thousand Nine Hundred and Seventy

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 Minister",

OF THE ONE PART,

AND

FEDERATED CO-OPERATIVES LIMITED, a Co-operative duly  
incorporated under the laws of the Province of  
British Columbia, and having its registered office  
in the Village of Canoe, in the said Province,

hereinafter called "the Licensee",

OF THE OTHER PART.

WHEREAS by an Indenture made in duplicate on the twentieth  
day of July, 1959, between the Minister of Lands and Forests of the  
Province of British Columbia, of the one part, and Shuswap Timbers Ltd.,  
of the other part, the said Minister did, pursuant to Subsection (2) of  
Section 33 of the Forest Act, being Chapter 128, R.S.B.C. 1948, and in  
consideration of the payments, agreement and stipulations to be made  
and observed by and on the part of Shuswap Timbers Ltd., grant unto  
Shuswap Timbers Ltd. that certain Tree Farm Licence which was numbered  
Thirty-three on the Forest Service Register of Tree Farm Licences and  
on official atlas maps of the Department of Lands and Forests, and  
known as the "Sicamous Tree Farm Licence" or "Tree Farm Licence No. 33";

AND WHEREAS the said Tree Farm Licence No. 33 has been assigned and transferred as of the thirtieth day of September, 1970 by Shuswap Timbers Ltd. to Federated Co-operatives Limited, and the Minister has consented in writing on the thirty-first day of July, 1970, to the said assignment and transfer pursuant to the provisions of Clause 48 of the said Tree Farm Licence No. 33;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of one dollar (\$1.00) of lawful money of Canada now paid by the Licensee to the Minister the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

- (1) That the said Tree Farm Licence No. 33, dated the twentieth day of July, 1959, as heretofore amended be and the same is hereby further amended by:
  - (i) deleting therefrom all paragraphs numbered from 1 to 54, both inclusive, including the recitals and clause preceding said paragraph 1, Schedules "A" and "B" thereto and the plans attached thereto, all as amended to the date hereof, but excepting the testimonium and attestation clauses, and
  - (ii) substituting therefor Exhibit "A" attached hereto including paragraphs numbered 1 to 56, both numbers inclusive, Schedules "A" and "B" thereto and the plan designated Schedule "C", attached to said Exhibit "A" and the testimonium and attestation clause.
- (2) That hereafter the said document marked as Exhibit "A"

shall for all purposes, save as provided for in the next succeeding clause, from the date hereof be read and construed as Tree Farm Licence No. 33, and known as the Sicamous Tree Farm Licence.

- (3) That subject to the terms of this Agreement, the parties hereto confirm the Agreement of the twentieth day of July, 1959, in all other respects.

This Agreement shall enure to the benefit of and shall be binding upon, not only the parties hereto, but also the successors in office of the Minister, and the successors and assigns of the Licensee respectively.

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

SIGNED SEALED AND DELIVERED in the presence of:

*Ray McLeiston*  
Minister of Lands, Forests, and Water Resources

*E. Lewis Challen*  
Witness

THE COMMON SEAL OF FEDERATED CO-OPERATIVES LIMITED was hereunto affixed in the presence of:

*S. J. ...*  
*J. H. Boyce* PRESIDENT  
*J. M. ...* MANAGER, G.R. PRODUCTS  
*C. P. Baumgartner* FINANCE DIRECTOR

EXHIBIT "A"

This is Exhibit "A" referred to in sub-clause (ii) of Clause (i) of the Indenture dated the first day of November, in the Year of Our Lord One Thousand Nine Hundred and Seventy.

THIS AGREEMENT made in duplicate this first day of November,  
in the year of Our Lord One Thousand Nine Hundred and Seventy,

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 Minister",

OF THE ONE PART,

AND

FEDERATED CO-OPERATIVES LIMITED, a Co-operative duly  
incorporated under the laws of the Province of  
British Columbia, and having its registered office  
in the Village of Canoe, in the said Province,

hereinafter called "the Licensee",

OF THE OTHER PART.

WHEREAS by Subsection (2) of Section 36 of the Forest Act,  
being Chapter 153 of the Revised Statutes of British Columbia, 1960,  
and subsequent amendments, it is provided that the Minister may enter  
into an agreement to be described as a "tree-farm licence" with the  
owner of other tenures to combine such other tenures and Crown forest  
lands into a single unit by mutual consent and contract for the purpose  
of growing continuously crops of forest products to be harvested in  
approximately equal annual or periodic cuts adjusted to the sustained-  
yield capacity of the lands in the area covered by the licence, or the  
Minister may enter into an agreement to be known as a "tree-farm licence"  
with any person for the management of Crown lands specified in the  
agreement for the like purpose.

AND WHEREAS the conditions precedent to the issuance of this  
Licence, as set forth in said Section 36, have been complied with to the  
satisfaction of the Minister;

NOW THIS AGREEMENT WITNESSETH THAT pursuant to Section 36 of  
the Forest Act and in consideration of the payments, agreements and

stipulations to be made and observed by and on the part of the Licensee as hereinafter mentioned, the Minister doth hereby grant unto the Licensee the management of the Crown lands specified in Schedule "B" to this agreement, which lands are reserved to the sole use of the Licensee for the purpose of growing continuously successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the lands described in this Agreement;

And in consideration of the premises, IT IS HEREBY AGREED AS FOLLOWS:

1. This Tree Farm Licence may be referred to as the "Sicamous Tree Farm Licence" or "Tree Farm Licence No. 33" and is numbered Thirty-three (33) on the Forest Service Register of Tree Farm Licences and on the official atlas maps of the Department of Lands, Forests, and Water Resources.

2. This Tree Farm Licence is given for the maintenance of the manufacturing plant or plants owned or operated by the Licensee. Said plant or plants shall be capable of using an amount equivalent to the allowable cut of forest products from the Licence area, and such plant or plants shall be maintained in operation in sufficient continuity to use an amount equivalent to the allowable annual cut from the Licence. Notwithstanding the provisions of this clause, the Minister may, for good and sufficient reasons, at his discretion, in writing, afford such relief from the provisions of this clause as he may see fit.

3. The Licensee shall manage the Tree Farm Licence area in accordance with the provisions of the said Section 36 of the Forest Act and of regulations under the said Act for the regulation of tree-farm licences and in accordance with the Management Working Plan applicable thereto, for the purpose of growing continuously successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the Tree Farm Licence area.

4. The term of this Tree Farm Licence shall be twenty-one (21) years commencing from the first day of November, 1970, subject to the provisions of this Agreement and compliance with the Management Working Plan. This Tree Farm Licence shall be renewable but subject to renegotiation of the terms and conditions of the contract according to the provisions of the Forest Act and the regulations in force at the time of the application for renewal.

5. The Tree Farm Licence area includes all Crown lands not otherwise alienated at this date, as set forth in Schedule "B" hereto, together with all the lands owned or controlled by the Licensee, as set forth in Schedule "A" hereto, all of which are within the area outlined in bold black line on Schedule "C" attached hereto, subject, however, to any increase or decrease in area as provided by this Agreement or by Subsection (14) of Section 36 of the Forest Act; and in addition it includes any and all lands that may be subsequently acquired by the Licensee and incorporated into the said Schedule "A" pursuant to Clause 7 hereof, provided also that any other tenure included in Schedule "A", the title or interest to which reverts to the Crown or which the Licensee elects to revert to the Crown shall be included in Schedule "B" immediately following their reversion.

6. The Licensee hereby declares that it owns or controls the cutting rights on each parcel of the lands listed and described in Schedule "A" hereto.

7. The acquisition by the Licensee of forest lands within the Tree Farm Licence area subsequent to the issuance of this Tree Farm Licence shall, pursuant to Subsection (9) of said Section 36, be reported to the Minister, and such forest lands if they are located in the watershed and drainage basins as defined in Clause 8 hereunder shall be included forthwith in the Tree Farm Licence area and be incorporated in Schedule "A" hereof.

8. For the purposes of Subsection (8) of Section 36 of the Forest Act, the watershed and drainage basins relating to this Tree Farm Licence are defined as the areas within the boundaries of the Tree Farm Licence area.



9. The Minister may from time to time withdraw from the Crown lands included in the Tree Farm Licence area, such lands as are required for forest experimental purposes, parks, or for aesthetic purposes; but the lands so withdrawn if productive forest land shall not exceed one per cent (1%) of the total productive area of forest lands in the Tree Farm Licence area without the consent of the Licensee, and no land shall be withdrawn from areas being developed under the current cutting plan of the Tree Farm Licence without the consent of the Licensee. Any such withdrawals shall be deducted from Schedule "B" of the Tree Farm Licence.

10. If at any time, or from time to time, part of the Crown lands within the Tree Farm Licence area is found to be required for a higher economic use than growing and harvesting forest crops, or for any use deemed to be essential to the public interest, said lands may be withdrawn from Schedule "B" of the Tree Farm Licence area by the Minister, provided that if by such withdrawal the productive capacity of the Licence area is diminished by more than one-half of one per cent of its total productive capacity, other lands, if available, will be added to the Licence area in substitution therefor. Any such withdrawals shall be deducted from Schedule "B", and any such additions shall be added to Schedule "B". For the purposes of this clause, the development of mines and mineral claims may be deemed to be essential to the public interest.

11. It is expressly understood that the Minister may at his discretion and at any time, either permanently or for a specified time, withdraw from this Tree Farm Licence and from the Tree Farm Licence area any Crown lands needed for rights-of-way under Part VI of the Forest Act, or for railway, highway, power transmission, or other right-of-way purposes, and such lands will be deducted from Schedule "B" of the Tree Farm Licence.

12. Notwithstanding the provisions of Clauses 10 and 11, if in the opinion of the Minister it is not necessary to withdraw any part of the Crown lands within the Tree Farm Licence area for the

purposes mentioned in said clauses the Minister may, subject as hereinafter provided, in lieu of effecting any such withdrawal, grant the use of such lands for the said purposes. Before making any such grant of use, the Minister shall notify the Licensee of the particulars of the proposed use in respect of which such grant is intended to be made, at the same time advising that the Licensee has a period of thirty (30) days from the date of such notice to file an objection in writing thereto. If the Licensee shall so object to the Minister's proposed grant of use, the Minister and the Licensee shall endeavour to agree upon mutually agreeable terms for the grant of such use by the Minister and, should the Minister and Licensee fail to so agree within thirty (30) days from the date of the filing of the said objection, the Minister may make the proposed grant of use upon such terms and conditions as he deems advisable and shall furnish the Licensee with a copy of such grant, or, if so requested in writing by the Licensee, shall withdraw from the Tree Farm Licence area the lands proposed for such use.

13. In the event of the withdrawal of any lands from the Tree Farm Licence area pursuant to Clauses 9, 10, 11 and 15 hereof or pursuant to the provisions of the Forest Act, the Licensee may remove and the Minister may require the Licensee to remove from such lands, within one hundred and twenty (120) days thereafter, all timber then cut thereon and all buildings, machinery, equipment, and other property placed by it thereon and which is capable of removal.

Compensation shall be paid to the Licensee in respect of improvements capable of removal from the lands so withdrawn to the extent only of the cost of removal and damage incidental thereto; and compensation shall be paid to the Licensee in respect of improvements not capable of removal on the basis of cost less depreciation. Without limiting the generality of the foregoing, the term "improvements" means all roads, buildings, structures, fixtures and things erected or built upon or affixed to the said lands and

used in connection with the business of the Licensee in the management or operation of the Tree Farm Licence. Improvements shall also mean areas artificially reforested by planting and other silvicultural acts, compensation for which shall be the cost incurred in the act of reforesting.

If the amount of compensation payable to the Licensee is not agreed upon, then such amount shall be appraised and awarded by a single arbitrator in case the Minister and Licensee agree upon one; otherwise by three arbitrators, one to be appointed by the Minister and one by the Licensee and the third to be appointed by writing under the hands of the two appointed, such arbitration to be in accordance with the provisions of the Arbitration Act of the Province of British Columbia. In the event that both parties are unable to agree on a third arbitrator, the Chief Justice of the Supreme Court of British Columbia shall be requested to make an appointment.

14. If at any time, or from time to time, part of the lands included in Schedule "A" is found to be required for a higher economic use than raising forest crops, said lands may be withdrawn from the Tree Farm Licence area by the Minister at the request of the Licensee and after such withdrawal such lands will be deducted from Schedule "A" and shall be used or disposed of by the Licensee for the purpose for which they were withdrawn.

15. Where the Tree Farm Licence insofar as Crown lands in Schedule "B" are concerned, includes within the described boundaries a belt or area of non-productive land surrounding or adjacent to the productive forest land of the Licence, any or all of such non-productive land may be withdrawn from the Tree Farm Licence at the pleasure of the Minister unless the Licensee has a bona-fide use for such non-productive land related to the management of the Tree Farm Licence.

16. Other tenures included in this Tree Farm Licence shall not be sold, transferred or otherwise disposed of except as hereinbefore provided or except as provided in Section 36 of the Forest Act.

17. This Tree Farm Licence, insofar as Crown lands in Schedule "B" are concerned, shall not be considered to limit the use of the lands at the discretion of the Minister for other purposes such as mining, trapping, hunting, fishing, hydro-electric development, or any use that does not materially prejudice the rights granted to the Licensee to employ the use of the lands for the growing and harvesting of forest products under the terms of this Tree Farm Licence.

18. It is understood and agreed between the parties hereto that any rights under this Agreement in respect of Crown lands in Schedule "B" hereof do not include any riparian or foreshore rights, and all such riparian and foreshore rights vested in the Crown in respect of the said Crown lands shall remain in the same status as if this Agreement had not been entered into, and the Licensee shall have no rights or claims whatsoever in respect thereto by virtue of this Agreement.

19. The Minister may direct the Licensee to have surveyed and defined on the ground, and at the Licensee's expense, any or all the boundaries of the Tree Farm Licence area which he may deem necessary to have so surveyed and defined. In the event of failure of the Licensee to complete any such survey within time limits set by the Minister, the Minister may cause the survey to be made and the costs shall be charged to and be payable forthwith by the Licensee.

20. As a first essential to the primary object of sustained-yield management of this Tree Farm Licence, it is agreed that all denuded forest land within the Tree Farm Licence area shall be kept by the Licensee in growing stock as provided in Clause 21 hereof, and adequately stocked in accordance with standards to be defined from time to time by the Chief Forester for lands of comparable site quality in British Columbia.

21. Any lands in the Tree Farm Licence area denuded before November 1st, 1970, which are found to be stocked below the minimum standards defined by the Chief Forester as provided in Clause 20 above, shall be classified as to forest-site quality and those

determined by the Forest Service to be of a site quality index equal to or better than 80, unless in the opinion of the Minister they are occupied by an advanced growth of brush to such an extent, or otherwise in such condition or location as to make planting operations economically impractical, shall be reforested by the Licensee by artificial means with a merchantable timber species suitable and adapted to the locality at a rate per year of not less than one thousand acres, or ten per cent of the total acreage of such lands, whichever is the less, all to the satisfaction of the Minister.

Any lands in the Tree Farm Licence area denuded on or after November 1st, 1970 shall be artificially regenerated by the Licensee with timber tree species as follows:

- (a) those of a forest site quality index better than 110 and not found to be restocked satisfactorily five (5) years after such denudation will be so regenerated before the end of the seventh (7th) year; and
- (b) those of a forest site quality index between 80 and 110 and not found to be restocked satisfactorily eight (8) years after such denudation will be so regenerated before the end of the tenth (10th) year;

all to the satisfaction of the Minister.

22. On failure of the Licensee to comply with the provisions of Clause 21, the Minister, by the Forest Service, may enter on the lands in respect of which the Licensee is in default, and reforest them, and the cost thereof shall be recoverable by the Crown from the Licensee and may be taken in whole or in part from the deposit referred to in Clause 36 hereof.

23. The operations covered by the Tree Farm Licence shall be managed in accordance with the currently approved Management Working Plan, each of which, in turn, as approved for each successive period, is hereby incorporated into and made part of this Tree Farm Licence.

24. Management Working Plans for the Tree Farm Licence will be approved for such period as the Chief Forester may decide and will be subject to revision as set forth in the said Plans.

25. Revised Management Working Plans for the Tree Farm Licence shall be submitted for the approval of the Chief Forester not later than six months prior to the expiry of currently approved plans.

26. The object of each succeeding plan shall be to implement the primary object of the Tree Farm Licence; i.e., sustained-yield in equal annual or periodic cuts, and the Plan may embody any method of attaining that objective that over a reasonable period of years is likely to prove economically feasible, that is approved by the Chief Forester, and that is consistent with the spirit and intent of the Act and regulations.

27. Should it appear at any time to either party hereto necessary or expedient in case of emergency to increase or decrease the rate of cutting contemplated by the Tree Farm Licence cutting budget then in effect, or to alter the cutting plan then being observed, then, subject to the approval of the Chief Forester, emergency revision of the Management Working Plan will be undertaken upon the request of either the Licensee or the Chief Forester.

"Emergency" shall include an economic depression severe enough in the opinion of the Minister to justify revision of the Management Working Plan.

28. In the process of harvesting the crop from the Tree Farm Licence area, regardless of the tenure of the land from which it is harvested, the Licensee shall provide the opportunity for contractors, other than the Licensee's own employees or shareholders who own more than one per cent (1%) interest to harvest up to the equivalent of fifty per cent (50%) of the allowable cut from Crown lands in Schedule "B" hereof, not held under other tenure but where the Minister is satisfied that such contract operation is not feasible, either by reason of lack of operators or for other good and sufficient reason, the Minister may relieve the Licensee in whole or in part from this responsibility.

29. In the event of the development on the Tree Farm Licence area of injurious insects in numbers which in the opinion of the Minister will seriously reduce the current or future allowable annual harvest of wood, and which in the opinion of the Minister can be controlled, then the Licensee and the Minister shall take such control measures as may be mutually agreed upon, or the Licensee shall take such control measures as the Minister shall direct, provided that the cost of such control measures to the Licensee at its own expense in any one calendar year shall not exceed one-half ( $\frac{1}{2}$ ) the cost of such control measures incurred during that calendar year, or the total stumpage of that year's allowable cut, whichever may prove to be the lesser. For the purposes of this Clause, the stumpage shall be the stumpage at rates as appraised by the Forest Service.

30. In the event that mutual agreement cannot be reached between the parties hereto as to the allowable annual cut of the Tree Farm Licence or as to the sequence or methods of cutting to be employed at the time an emergency, or any other

revision of the cutting plan or cutting budget is undertaken, the Minister shall determine the allowable annual cut and the plan and methods of cutting.

31. The Licensee, in its logging operations on the Tree Farm Licence area, shall at all times maintain at least as high a standard of utilization as, in the Chief Forester's opinion, is being maintained by well-conducted logging operations in the Kamloops Forest District.

32. Cutting on the Tree Farm Licence area shall be done only in accordance with the Management Working Plan, and only after notice of intent has been given to the Forest Service and a Cutting Permit has been issued. Such Cutting Permit shall be issued on the direction of the Chief Forester if the proposed cutting is in keeping with the provisions of this Agreement and the Management Working Plan. If cutting is on Crown lands not held under other tenures, the Cutting Permit will fix the stumpage rates in accordance with Subsection (20), Section 36 of the Forest Act. Any cutting not covered by a Cutting Permit will be deemed to be in trespass and the Licensee may be assessed damages by the Minister in amounts not in excess of the value of the logs or other products so cut, which may be charged against the deposit.

33. Timber marks shall be secured by the Licensee and marking of all timber carried out as required by Part IX of the Forest Act.

34. All timber harvested on the Tree Farm Licence area shall be scaled in cubic feet in accordance with the provisions of Part VIII of the Forest Act and regulations made pursuant thereto.

35. Timber and wood cut from lands included in this Tree Farm Licence, regardless of the tenure of the lands, shall be subject in all respects to the provisions of Part X of the Forest Act, insofar as they relate to lands granted after the 12th day of March, 1906.



36. The Licensee herewith deposits, pursuant to Subsection (6) of Section 36 of the Forest Act, the sum of Two Thousand Eight Hundred Dollars (\$2,800.00), receipt of which is acknowledged. The said deposit shall be held by the Minister for the purpose of ensuring compliance on the part of the Licensee with the provisions of the Forest Act, the regulations made thereunder and the terms and conditions of this Tree Farm Licence, of the Management Working Plan and any permit issued pursuant thereto.

37. The Licensee agrees to pay stumpage on all merchantable wood cut, wasted or removed by the Licensee, its agents or servants on or from the lands described in Schedule "B" of this Tree Farm Licence, as provided in the Forest Act and any Cutting Permit issued pursuant to this Agreement.

38. Starting on the first day of January, 1970, the wood harvested from the Tree Farm Licence area in any one year shall not be less than fifty per cent (50%) and not more than one hundred and fifty per cent (150%) of the approved annual cut, and shall not vary more than ten per cent (10%) from the total approved cut over a period of five (5) consecutive years.

39. Damages, recoverable in full or in part from the deposit made by the Licensee under Clause 36 hereof, may be assessed by the Minister for failure to observe the provisions of Clause 38 of this Tree Farm Licence as follows:

(a) The full stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut falls below fifty per cent (50%) of the approved annual cut.

(b) Double the stumpage as appraised by the Forest Service on the quantity of timber by which the year's cut is in excess of one hundred and fifty per cent (150%) of the approved annual cut, whether cut from Crown lands or from other tenures, and any stumpage paid on such excess will be credited against such assessment.

(c) Should the total cut for five (5) consecutive years vary more than ten per cent (10%) in excess of the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet of double the stumpage rates, as established for the fifth year of the period, will be assessed by the Minister for the quantity of timber in excess of the ten per cent (10%) allowance, whether such timber was cut from Crown land or from other tenures. Should the total quantity of timber cut for five (5) consecutive years vary more than ten per cent (10%) under the total of the five (5) years' approved cut, a sum calculated at rates per one hundred (100) cubic feet equal to the stumpage rates as established for the fifth year of the period will be assessed by the Minister on the quantity of timber less than the ten per cent (10%) allowance whether from Crown land or from other tenures.

(d) Should the total cut for ten (10) consecutive years, including the five-year period referred to in (c) above, vary less than ten per cent (10%) from the total of the ten-year cutting budget as approved in the Working Plan, the sum assessed under Paragraph (c) above, if any, will be refunded or credited.

(e) For the purposes of this clause stumpage shall be appraised on the same basis and in the same manner as provided in Clause 32 hereof.

(f) Any damages provided for in any Cutting Permit may be deducted from the deposit and thereupon the Licensee shall forthwith pay to the Minister sufficient moneys to make the said deposit equal to the amount of deposit required under Clause 36.

(g) In the event that the Tree Farm Licence is cancelled by reason of any default or breach of the Tree Farm Licence by the Licensee, then all moneys on deposit with the Minister under the terms of this Agreement shall be payable to the Crown for damages.

40. For the purpose of carrying out the provisions of Clauses 38 and 39 hereof, the Licensee may elect to start a new five-year period from any year in which the quantity of timber cut for the preceding five-year period is within ten per cent (10%) of the accumulated approved annual cuts.

41. The aggregate acreage of the Crown lands not held under other tenures in the Tree Farm Licence area for the purposes of rental under Subsection (19) of Section 36 of the Forest Act, as of this date, shall be the acreage as set forth in the current approved Working Plan.

42. The allowable annual cut of the Tree Farm Licence shall be as may be determined in the current approved Working Plan, and forest protection tax shall be payable as provided by Section 126, Subsection (2) of the Forest Act.

43. All camps or other living quarters established incident to the management of the Tree Farm Licence area shall be of a standard at least as high as those that, in the Minister's opinion, are being maintained by comparable well-conducted forest operations in the Kamloops Forest District.

44. All roads, on lands within the boundaries of this Tree Farm Licence, including the lands listed in Schedule "A" shall be held available for public use in accordance with the terms of the Forest Act relating thereto.

45. The Licensee shall provide, to the satisfaction of the Chief Forester, office and living accommodation for a Forest Service inspection staff on the Tree Farm Licence area or at any headquarters, plant or operation maintained by the Licensee, if instructed by the Chief Forester in writing so to do.

46. The Licensee shall employ one Forester, registered under the terms of Chapter 37, R.S.B.C., 1960, and amendments thereto, and as many additional Registered Foresters as may be deemed necessary by the Chief Forester. The Working Plan and all revisions and amendments thereto shall be signed and sealed by

the Registered Forester and by one other officer authorized to sign contracts for the Licensee.

47. If the Licensee shall make any assignment for the benefit of creditors, or becoming bankrupt or insolvent, take the benefit of any Act that may be in force for bankrupt or insolvent debtors, the Minister may cancel this Agreement and any or all moneys on deposit may be declared by the Minister to be payable to the Crown for damages. Provided, however, that this clause shall not become effective until the Minister has given written notice to any and all Trustees for the holders of bonds, debentures or other securities of the Licensee of which he has notice of his intention to cancel this Agreement and has given such Trustee or Trustees reasonable time to exercise for the holders of bonds, debentures or other securities of the Licensee, or such holders themselves, reasonable time to exercise any rights or remedies contained in any Deed of Trust and Mortgage or other Agreement under which such bonds, debentures or other securities are issued or secured, including without restricting the generality of the foregoing, the taking of possession by any such Trustee of the Licensee's properties and assets and the operation or disposition thereof for the benefit of the holders of the Licensee's bonds, debentures or other securities.

48. This Agreement may be amended by the parties hereto by a memorandum in writing signed by the parties hereto.

49. Without the written consent of the Minister first having been obtained, this Tree Farm Licence shall not be sold or transferred by the Licensee within ten (10) years from the first day of November, 1970 and the control of the Tree Farm Licence shall not be transferred in any manner whatsoever to any person or persons, firm or firms, corporation or corporations.

Provided that nothing hereinbefore contained in this Clause 49 or in Clause 16 shall apply to any sale, assignment or transfer made to

- (a) a trustee for the holders of bonds, debentures and other securities of the Licensee or a mortgagee of the Licensee; and
- (b) a person, firm or corporation upon the sale or other disposition by or on behalf of such trustee or mortgagee aforesaid or other person realizing upon or enforcing any security for the benefit of the holders of such bonds, debentures or other securities of the Licensee or any mortgagee of the Licensee; and

the Minister insofar as is necessary to give effect to (a) and (b) above hereby consents pursuant to Section 36 (22) of the Forest Act to any such sale, assignment or transfer.

50. Any notice required to be given to the Licensee by the Minister or Chief Forester under this Agreement, may be given by written notice sent by registered mail or delivered to the registered office of the Licensee in British Columbia, and shall be deemed to be so given on the day it would have been received by the Licensee in the ordinary course of post, or on the day it was so delivered.

51. (a) This Tree Farm Licence may be terminated at any time by mutual consent of the parties hereto.

(b) The Licensee may terminate this Tree Farm Licence on two years' notice in writing given to the Minister subject as hereinafter provided.

(c) In the event that the Licensee serves notice of termination of this Tree Farm Licence as provided in Subclause (b) above or if the Minister terminates this Tree Farm Licence such termination shall be subject to the following conditions:

- (i) All moneys held as security deposit of whatsoever nature or kind or any part thereof may be declared by the Minister payable to the Crown for damages or otherwise and the Minister shall not be obliged to account in respect thereof.
- (ii) All tenures which have reverted to the Crown pursuant to this Contract shall not revert in the Licensee.
- (iii) All improvements made on Crown lands included in Schedule "B" shall become and be the property of the Crown and the Licensee shall have no claim or in any way be entitled to compensation therefor: Provided the Licensee may remove its own improvements which are capable of removal in such a manner as not to damage other improvements; provided also such removal shall not in any way affect the lien of the Crown on such fixtures as provided in the Forest Act.
- (iv) All Cutting Permits issued pursuant to this Agreement shall terminate on the termination of the Agreement.

(v) The Licensee shall forthwith pay all moneys owing on outstanding accounts for stumpage, royalty, taxes and annual rental.

(vi) All rights granted pursuant to any statute or regulation or under this Agreement as ancillary thereto and all appurtenances shall be cancelled effective on the termination of this Tree Farm Licence.

52. In the event that this Tree Farm Licence is cancelled or terminated, existing other tenures owned or controlled by the Licensee included within the Tree Farm Licence area shall in no way be encumbered by any commitments, agreements, understanding or in any other manner arising out of the execution of this Tree Farm Licence.

53. The Licensee shall use such techniques as are available and practical in the operation of the plants referred to in Clause 2 hereof to safeguard the public generally from any deleterious effects which may result from the processing of pulp.

54. This Agreement is subject to the provisions of the Forest Act and any amendments thereto made from time to time and the regulations made from time to time pursuant thereto.

55. In this Agreement:

Forest Act and Act mean the Forest Act, R.S.B.C. 1960, Chapter 153, and amendments thereto in force from time to time during the currency of this Agreement, and the regulations made pursuant thereto.

"Approved" if not otherwise defined in the context, means approved by the Minister.

"Denuded" or "denuded lands" means any forest lands in the Tree Farm Licence area from or on which substantially all mature or immature timber has been cut, logged, or destroyed, and on which trees of young growth in sufficient numbers to produce a valuable crop according to the standards defined by the Chief Forester have not yet been established.

"Forest Service" means the Forest Service of the Department of Lands, Forests, and Water Resources of British Columbia and officers thereof.

"Higher economic use" means that use which in the opinion of the Minister will contribute most to the good and welfare of the Province, including non-monetary uses.

"Other tenures" means any title, licence, lease or berth whereby the Licensee has the right to cut timber on land in Schedule "A" hereto, or on land that subsequently may be acquired by the Licensee and added to the Licence pursuant to Clause 7 hereof.

"Minister" means the Minister of Lands, Forests, and Water Resources and his successors in office.


"Management Working Plan" means the Management and Working Plan submitted by the Licensee with the application for this Tree Farm Licence and approved prior to the execution of these presents and subsequent revised management working plans submitted or to be submitted by the applicant in accordance with the terms of this Licence as herein appearing.

56. This Licence shall enure to the benefit of and shall be binding upon, not only the parties hereto but also the successors in office of the Minister and the



successors and assigns of the Licensee, respectively.

SIGNED SEALED AND DELIVERED  
in the presence of:

  
Minister of Lands, Forests,  
and Water Resources.

  
Witness

THE COMMON SEAL OF FEDERATED CO-OPERATIVES LIMITED was hereunto  
affixed in the presence of:





MANAGER, FOREST PRODUCTION

 FINANCE DIRECTOR

SCHEDULE "A"

This is Schedule "A" attached to Exhibit "A" as referred to in Sub-clause (ii) of Clause (1) of the Indenture dated the first day of November in the year of Our Lord One Thousand Nine Hundred and Seventy.

SICAMOUS TREE FARM LICENCE

TREE FARM LICENCE NO. 33

Forest lands in other tenures owned or controlled by the Licensee in the Sicamous Tree Farm Licence.

NIL.

SCHEDULE "B"

SICAMOUS TREE FARM LICENCE

TREE FARM LICENCE NO. 33

Crown lands not otherwise alienated within the following described area:

Commencing at the most southerly southwest corner of the fractional north half of Section 10, Township 22, Range 8, West of the 6th Meridian, Kamloops Division of Yale District, being a point on the highwater mark of Shuswap Lake on the easterly shore thereof; thence easterly along the southerly boundary of the said north half of Section 10 to the southeast corner thereof; thence due north 80 chains; thence due east 20 chains; thence due north 10 chains; thence due east 15 chains; thence due north 30 chains; thence due east 65 chains; thence due north 40 chains; thence due east 20 chains; thence due north 40 chains; thence due east 40 chains; thence due north 80 chains; thence North 45 degrees East a distance of 113 chains; thence due north 20 chains; thence due east 40 chains; thence due north 150 chains; thence due east 230 chains; thence due north 70 chains; thence due west 55 chains; thence due north 160 chains; thence due east 80 chains; thence due north 80 chains more or less to the highwater mark of Queest Creek on the left bank thereof; thence in a general westerly direction along the said highwater mark of Queest Creek on the left bank thereof to the northerly boundary of Section 5, Township 24, Range 7, West of the 6th Meridian; thence westerly along the northerly boundaries of Sections 5 and 6 to the highwater mark of Anstey Arm of Shuswap Lake on the easterly shores thereof; thence in a general southerly direction along the said highwater mark of Anstey Arm and Shuswap Lake on the easterly shores thereof to the aforesaid most southerly southwest corner of the fractional north half of Section 10, Township 22, Range 8, West of the 6th Meridian, being the point of commencement; save and except the fractional north half of Legal Subdivision 5, Section 27, Township 22, Range 8, West of the 6th Meridian, Blocks A, B and C of Section 22, Township 22, Range 8, West of the 6th Meridian, Lot 5998 and Blocks A and B of Lot 5999, Lots 6049-6057 and the below described areas:

Area "A"

Commencing at a point on the said highwater mark 10 chains northerly from the north boundary of Section 22; thence southerly along highwater mark 50 chains more or less to the south boundary of the northwest quarter of Section 22; thence easterly at right angles to said highwater mark for 150 feet; thence northerly at a distance of 150 feet from the said highwater mark to a point due east of point of commencement; thence west to point of commencement; containing 12 acres more or less.

Area "B"

Commencing at the southwest corner of Lot 4843; thence southwesterly along the said highwater mark 45 chains more or less to the southeasterly corner of foreshore Lot 5953; thence southeasterly at right angles to highwater mark for 150 feet; thence northeasterly at a distance of 150 feet from the said highwater mark 45 chains more or less to the south boundary of Lot 4843; thence west to point of commencement; containing 10 acres more or less.

Area "C"

Commencing at the northeast corner of Lot 4843; thence northeasterly along said highwater mark for 28 chains; thence southeasterly at right angles to highwater mark for 150 feet; thence southwesterly at a distance of 150 feet from the said highwater mark 28 chains more or less to the east boundary of Lot 4843; thence north to point of commencement; containing 6 acres more or less.

