

PROVINCE OF BRITISH COLUMBIA

Ministry of Forests and Range

IN THE MATTER OF TREE FARM LICENCE 38

INSTRUMENT NUMBER 15

Amendment

THIS AGREEMENT is made effective the 11th day of December, 2006.

BETWEEN:

THE MINISTER OF FORESTS AND RANGE, on behalf of
HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA
Parliament Buildings
Victoria, British Columbia V8V 1X4

(the "Licensor")

AND:

Northwest Squamish Forestry Limited Partnership
c/o Ratcliff & Co.
Suite 500 – 221 W Esplanade
North Vancouver, British Columbia
V7M 3J3

(the "Licensee")

WHEREAS:

- A. Pursuant to the provisions of the *Forest Revitalization Act*, the Licensor issued two orders reducing the portion of the Allowable Annual Cut (AAC) available to the Licensee for TFL 38. Specifically, the first order was dated January 1, 2005 and reduced the AAC available to the Licensee by 29,106m³ and the second order was dated January 1, 2006 and reduced the AAC available to the Licensee by 98,823m³, and
- B. The Licensee and the Licensor have mutually agreed to amend Tree Farm Licence 38 based on negotiations regarding the disposition of this AAC.

THEREFORE:

Paragraphs 1.09, 1.11, 1.12, 1.13, 1.18, 13.02, 13.03, 13.07, 13.08 and 21.02 of TFL 38 are replaced in their entirety by the following effective January 1, 2005:

- 1.09 Each year during the term of this Licence:
- (a) the Timber Sales Manager may dispose of 13,118m³ of the allowable annual cut under non-replaceable timber sale licences or forestry licences to cut awarded under section 47.6(3) of the *Forest Act*, from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land;
 - (b) the Timber Sales manager may dispose of 29,106m³ of the allowable annual cut volumes from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land;
 - (c) the Regional Manager or District Manager may dispose of 0m³ of the allowable annual cut volumes from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land, in accordance with the section 47.3 of the *Forest Act* under a forest licence or forestry licence to cut, section 47.6(2) of the *Forest Act*, or Division 2 of Part 3 of the *Forest Act*; and
 - (d) the Regional Manager or District Manager may dispose of a volume of timber not exceeding one half of one percent (0.5%) of the portion of the allowable annual cut the Chief Forester determines is attributable to Schedule B Land, under free use permits from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land as agreed under paragraph 1.12 or specified under paragraph 1.13.
- 1.11 In addition to any timber disposed of under paragraphs 1.09 and 1.10, the Regional Manager, District Manager or Timber Sales Manager may dispose of any timber in the Licence Area that is not
- (a) of a type specified in paragraph 1.03;
 - (b) from a type of terrain specified in paragraph 1.04;
- provided the timber is within areas of Schedule B Land agreed to under paragraph 1.12 or specified under paragraph 1.13.
- 1.12 Subject to paragraph 1.13, the Timber Sales Manager or the District Manager, as applicable, and the Licensee will agree upon areas of Schedule B for the purposes of paragraphs 1.09(a), 1.09(c), 1.09(d), 1.10, 1.11 and 1.18, having regard to
- (a) the type and quality of timber on the area of Schedule B Land under consideration compared to the Schedule B Land as a whole,
 - (b) the type of terrain on the area of Schedule B Land under consideration compared to the Schedule B Land as a whole,
 - (c) in the case of paragraph 1.18, the nature of the licensee's failure to comply with the management plan,

- (d) the management plan in effect under the Licence and the forest development plan or forest stewardship plan approved in respect of this Licence,
- (e) any potential interference with the operations of the licensee under this Licence, and
- (f) use of the Licence Area for purposes other than timber production, including use of the Licence Area by
 - i. trappers, guide outfitters, range tenure holders, and other licensed resource users, and
 - ii. aboriginal people claiming an aboriginal interest in or to the area.

1.13 If under paragraph 1.12 the Timber Sales Manager or the District Manager, as applicable, and the Licensee are unable to agree upon areas of Schedule B Land for the purposes of paragraphs 1.09(a), 1.09(c), 1.00(d), 1.10 and 1.18, the District Manager or the Licensee may refer the matter to Regional Manager, in which case the Regional Manager, subject to paragraph 1.16, and having regard to

- (a) the factors referred to in paragraph 1.12, and
- (b) the recommendations of the District Manager and the Licensee,

will specify areas for these purposes.

1.18 If

- (a) a management plan referred to in paragraph 2.01 or approved under paragraph 2.28 provides that part of the allowable annual cut is to be harvested from a specified part of the Licence Area or from a specified type of timber or terrain, and the Licensee fails to comply with that provision, and
- (b) as a consequence, the Chief Forester, under Section 69 of the *Forest Act*, reduces the portion of the allowable annual cut available to the Licensee,

then, in addition to any timber disposed of under paragraphs 1.09, 1.10, and 1.11, the Regional Manager, Timber Sales Manager or district Manager may dispose of a volume of timber, from areas of Schedule B Land agreed to under paragraph 1.12, or specified under paragraph 1.13, up to an amount equal to the amount by which the Chief Forester reduces the allowable annual cut under Section 69 of the *Forest Act* multiplied by the number of years the reduction remains in effect.

13.02 The Regional Manager, District Manager or Timber Sales Manager may carry out on Schedule B Land

- (a) silviculture the Crown is required to carry out, under the Acts or regulations referred to in paragraph 9.01, and
- (b) any other silviculture, provided it does not
 - (i) compromise the management plan in effect under this Licence or a forest development plan approved in respect of this licence, or
 - (ii) unreasonably interfere with the Licensee's operations under this Licence.

- 13.03 Where the Regional Manager, District Manager or Timber Sales Manager carries out silviculture referred to in paragraph 13.02, the Regional Manager, District Manager or Timber Sales Manager, as the case may be, will ensure the silviculture is consistent with the intent of the management plan in effect under this Licence, except where the Regional Manager, District Manager or Timber Sales Manager is required to depart from the management plan because of the requirements of a higher level plan or the Acts, regulations or standards referred to in paragraph 9.01.
- 13.07 Upon reasonable notice from the Regional Manager, District Manager or Timber Sales Manager, the Licensee will provide a Ministry employee with reasonable office and living accommodation on premises owned or operated by the Licensee in or near the Licence Area, to enable the Ministry employee to fulfill obligations or exercise a right under this Licence.
- 13.08 The Licensee may charge the Regional Manager, District Manager or Timber Sales Manager, as the case may be, for costs reasonably incurred in providing the accommodation referred to in paragraph 13.07.
- 21.02 In this Licence, unless context otherwise requires,
- (ii.1) “Timber Sales Manager” means
- (i) a Timber Sales Manager appointed under the *Ministry of Forests and Range Act* for a BC timber sales business area in which all or part of the Licence is situated, and
 - (ii) any person authorized by the Timber Sales Manager to exercise a power or fulfill a duty under this Licence.


Paragraph 1.09 of TFL 38 is replaced in its entirety by the following effective January 1, 2006:

- 1.09 Each year during the term of this Licence:
- (a) the Timber Sales Manager may dispose of 13,118m³ of the allowable annual cut under non-replaceable timber sale licences or forestry licences to cut awarded under section 47.6(3) of the *Forest Act*, from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land;
 - (b) the Timber Sales Manager may dispose of 29,106m³ of the allowable annual cut under non-replaceable timber sale licences from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land;
 - (c) the Regional Manager or District Manager may dispose of 98,823m³ of the allowable annual cut volumes from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land, in accordance with the section 47.3 of the *Forest Act* under a forest licence or forestry licence to cut, section 47.6(2) of the *Forest Act*, or Division 2 of Part 3 of the *Forest Act*; and

- (d) the Regional Manager or District Manager may dispose of a volume of timber not exceeding one half of one percent (0.5%) of the portion of the allowable annual cut the Chief Forester determines is attributable to Schedule B Land, under free use permits from timber of a type specified in paragraph 1.03 from a type of terrain specified in paragraph 1.04, provided the timber is within areas of Schedule B Land as agreed under paragraph 1.12 or specified under paragraph 1.13.

This agreement has been executed by the Licensor and Licensee on the day and year first written above.

SIGNED, SEALED AND DELIVERED)
 by the MINISTER OF FORESTS)
 AND RANGE on behalf)
 of Her Majesty the Queen in Right of the)
 Province of British Columbia in the)
 presence of:)
 _____)
 _____)
 _____)



 MINISTER OF FORESTS AND RANGE

THE COMMON SEAL (C/S) of the)
 Licensee was affixed in the presence of:)
 _____)
 Authorized Signatory)
 _____)
 Authorized Signatory)
 _____)

C/S

(OR)

SIGNED, SEALED AND DELIVERED)
 by the Licensee in the presence of:)
 _____)
 _____)
 _____)



 Authorized Signatory

 Title