

1.

PROVINCE OF BRITISH COLUMBIA

Ministry of Forests

IN THE MATTER OF TREE FARM LICENCE NUMBER 45

INSTRUMENT NUMBER 1

Amendment

THIS AGREEMENT is dated the

19

day of

December, 1991

BETWEEN:

THE MINISTER OF FORESTS, 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:

Fletcher Challenge Canada Limited
9th Floor
700 West Georgia Street
Vancouver, British Columbia
V7Y 1J7

(the "Licensee")

WHEREAS:

- A. The Licensor and British Columbia Forest Products Limited entered into Tree Farm Licence Number 45, dated January 1, 1983, pursuant to Section 33.1 of the Forest Act.
- B. Section 33 of the Forest Amendment Act, 1988 reduced the allowable annual cut available under the Licence from Schedule "B" Land by 2 1/2 percent, effective January 1, 1988, and a further 2 1/2 percent, effective January 1, 1989.

- C. This Agreement, as required by Section 33 of the Forest Amendment Act 1988, evidences the reduction which was made in the allowable annual cut available under the Licence from Schedule "B" Land, effective January 1, 1988 and January 1, 1989, respectively.
- D. On January 1, 1988, the Licensor consented to the disposition of Tree Farm Licence Number 45 to the Licensee, and, under section 50 (4) of the Forest Act, the Crown portion of the allowable annual cut available under Tree Farm Licence Number 45 was thereby reduced by 5 percent.
- E. The timber within the boundaries set out in this Agreement is representative of the kind and quality of timber found on the land subject to the Licence.
- F. Under Section 33.1 of the Forest Act, the Licensor may, with the consent of the Licensee, delete part of the licence area from Tree Farm Licence Number 45.
- G. The deletion of the land within the boundaries set out in this Agreement would result in a reduction in the allowable annual cut available under the Licence from Schedule "B" Land equal to the 5 percent reduction implemented pursuant to Section 33 of the Forest Amendment Act 1988 and the 5 percent reduction implemented pursuant to Section 50 of the Forest Act.

THE PARTIES AGREE AS FOLLOWS:

1. The parties hereby confirm that:
 - (a) the allowable annual cut available under the Licence from Schedule "B" Land was reduced under Section 33 of the Forest Amendment Act, 1988 by 2 1/2 percent, effective January 1, 1988, and by a further 2 1/2 percent, effective January 1, 1989; and
 - (b) the allowable annual cut available under the Licence from Schedule "B" Land was reduced under Section 50 of the Forest Act by a further 5 percent, effective January 1, 1988.
2. Pursuant to Section 33.1 of the Forest Act, Tree Farm Licence Number 45, dated January 1, 1983 (the "Licence") is amended by deleting from the Schedule "B" Land, the land (the "Deleted Land") within the boundaries described in the attached Schedule I and as shown outlined in bold black on the attached maps, however, if there is any discrepancy between the description in the attached Schedule I and the outline on the attached maps, the description on the attached Schedule I will be deemed to be correct.

3. All other terms and conditions of the Licence remain in full force, except as specifically provided in this Agreement.
4. Any cutting permits issued to the Licensee with respect to the Deleted Land are hereby cancelled.
5. Any outstanding silviculture obligations of the Licensee with respect to the Deleted Land, whether these obligations arose under the Licence or under the Forest Act, remain in full force and are in no way affected by the deletion of the Deleted Land from the Schedule 'B' Land.
6. The Licensee will permit every person entitled to access to the Deleted Land to use any road owned by the Licensee which provides access to the Deleted Land, and where such use relates to forest harvesting on or other industrial use of the Deleted Land, the Licensee will not require any payment in respect of such use other than a reasonable payment in respect of the actual maintenance costs of the road.
7. Subject to Paragraphs 8 and 11, the Licensor will make no further reduction in the allowable annual cut available under the Licence from Schedule "B" Land by reason only of the deletion of the Deleted Land.
8. Nothing in this Agreement in any way affects any right or duty the Licensor may have under the Licence or the Forest Act to reduce the allowable annual cut available under the Licence from Schedule "B" Land for any reason other than the deletion of the Deleted Land.
9. If the Licensor determines at any time that the deletion of the Deleted Land would, but for Paragraph 7, result in a reduction in the allowable annual cut (the "Actual Reduction") which is less than the 10 percent reduction referred to in Paragraph 1 (the "Intended Reduction"), the Licensor may at its sole discretion, but only after consultation with the Licensee, delete additional land from the Schedule "B" Land to the extent required to make up the difference between the Actual Reduction and the Intended Reduction.
10. Except where the Licensor deletes additional land from the Schedule "B" Land under Paragraph 9, if the Actual Reduction is less than the Intended Deduction, the timber comprised in the reduction in allowable annual cut remaining after the Actual Reduction is deducted from the Intended Reduction is available for disposition by the Licensor to persons other than the Licensee.

11. If the Licensor determines at any time that the Actual Reduction is greater than the Intended Reduction, the Licensor may at its sole discretion, but only after consultation with the Licensee: *fm.*
- (a) add land from the Deleted Land back into the Schedule "B" Land to the extent required to make up the difference between the Actual Reduction and the Intended Reduction; or *fm.*
 - (b) if the Licensor does not add land from the Deleted Land back into the Schedule "B" Land, reduce the allowable annual cut available under the Licence from Schedule "B" Land by the amount by which the Actual Reduction exceeds the Intended Reduction.
12. Where, under Paragraph 11(b), the Licensor reduces the allowable annual cut available under the Licence from Schedule "B" Land, the Licensor will compensate the Licensee in respect of the reduction.
13. In the event that legislation is enacted which deems the reduction in allowable annual cut, effected by means of the deletion of the Deleted Land to be equal to the Intended Reduction, Paragraphs 9 to 12, inclusive will cease to have any force or effect as of the day on which the legislation comes into force, and this Agreement will be deemed to have been amended accordingly by agreement of the parties.

IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above written.

SIGNED on behalf of Her Majesty the Queen in Right of the Province of British Columbia, by the Minister of Forests in the presence of:

[Signature]

 Minister of Forests

The Corporate Seal of _____
 Fletcher Challenge Canada Limited
 was affixed hereto in the presence of:

C/S

SCHEDULE I

Cordero-Knight Tree Farm Licence

Tree Farm Licence Number 45

All Crown lands within Ranges 1 and 2, Coast Land District not otherwise alienated within the areas outlined in bold black on the accompanying maps except Crown land which was subject to an old temporary tenure (within the meaning of the Forest Act assented to March 30, 1972) and held by a person other than the Licensee.

Block 1

Commencing at a point on the easterly boundary of the watershed of Matsiu Creek, said point being 1.575 kilometres north and 735 metres east of the northeast corner of Lot 1210, Range 1, Coast Land District; thence south 45 degrees west 3.050 kilometres, more or less, to the natural boundary of Knight Inlet on the northerly shore thereof; thence in a general westerly direction along the natural boundary of said Knight Inlet on the

northerly shore thereof to a point 565 metres south and 2.650 kilometres west of the northwest corner of aforesaid Lot 1210; thence north 1.440 kilometres, more or less, to the westerly boundary of the watershed of Matsiu Creek; thence in a general northerly, easterly and southerly direction along the westerly, northerly and easterly boundaries of the watershed of said Matsiu Creek to the point of commencement.

Containing 7 229 hectares, more or less.

Block 2

Commencing at a point on the boundary of the watershed of Ahnuhati River, said point being 1.0 kilometres north of the northwest corner of Indian Reserve Number 6 "Ahnuhati", Range 1, Coast Land District; thence west 2.130 kilometres; thence south 1.609 kilometres; thence west 350 metres, more or less, to the southerly boundary of the watershed of Ahnuhati River; thence in a general westerly, northerly, easterly and southerly direction along the southerly, westerly, northerly and easterly boundaries of the watershed of said Ahnuhati River to the point of commencement.

Containing 19 168 hectares, more or less.

Block 3

Commencing at a point of the natural boundary of Knight Inlet on the easterly shore thereof, said point being 655 metres north and 115 metres west of Triangulation Station, Knight Inlet Number 5, coordinates 51 degrees, 02 minutes, 36.1085 seconds latitude and 125 degrees, 32 minutes, 13.4060 seconds longitude, Range 2, Coast Land District; thence east 1.310 kilometres, more or less, to the northerly boundary of the watershed of Rodell Creek; thence in a general easterly direction along the northerly boundary of the watershed of said Rodell Creek to the northerly boundary of the watershed of Wahkash Creek; thence in a general easterly and southerly direction along the northerly and easterly boundaries of the watershed of said Wahkash Creek to the northerly boundary of the watershed of Stafford River; thence in a general westerly direction along the northerly boundary of the watershed of said Stafford River to the westerly boundary of the watershed of an unnamed creek, said unnamed creek flowing northwesterly into aforesaid Knight Inlet at a point 1.080 kilometres north and 975 metres east of Triangulation Station, Knight Inlet Number 16, coordinates 50 degrees, 55 minutes, 42.1877 seconds latitude and 125 degrees, 30 minutes, 30.1460 seconds longitude, Range 1, Coast Land District; thence in a general northerly direction along the westerly boundary of the watershed of said unnamed

creek to a point 990 metres north and 560 metres east of said Triangulation Station, Knight Inlet Number 16; thence north 50 degrees west 175 metres, more or less, to the natural boundary of aforesaid Knight Inlet on the easterly shore thereof; thence in a general northerly direction along the natural boundary of said Knight Inlet on the easterly shore thereof to the point of commencement.

Containing 19 130 hectares, more or less.

Block 4

Commencing at a point on the natural boundary of Knight Inlet on the easterly shore thereof, said point being 1.210 kilometres north and 1.135 kilometres east of Triangulation Station, Knight Inlet Number 42, coordinates 50 degrees, 45 minutes, 25.1199 seconds latitude and 125 degrees, 37 minutes, 40.9854 seconds longitude, Range 1, Coast Land District; thence east 1.840 kilometres, more or less, to the northerly boundary of the watershed of Bolivar Creek; thence in a general easterly, southerly, westerly and northerly direction along the northerly, easterly, southerly and westerly boundaries of the watershed of said Bolivar Creek to a point 965 metres



Province of British Columbia
Ministry of Forests
Forest Service

Map of INSTRUMENT NO. 1 TO T.F.L. 45

MANAGEMENT UNIT		TIMBER SUPPLY AREA		Pulpwood Agreement	Cascades	
Type	T	Number	31 KINGCOME			East
Number		Block	38 KLINAKLINI		West	1
Block		Sub-B				

EXHIBIT A

Date: October 31, 1990
 Ref. Map: 92K 12, 13, 14 92N SW
 Base: 92K-W 92N-W
 Scale: 1:126,720
 Area: 47 185 hectares ±

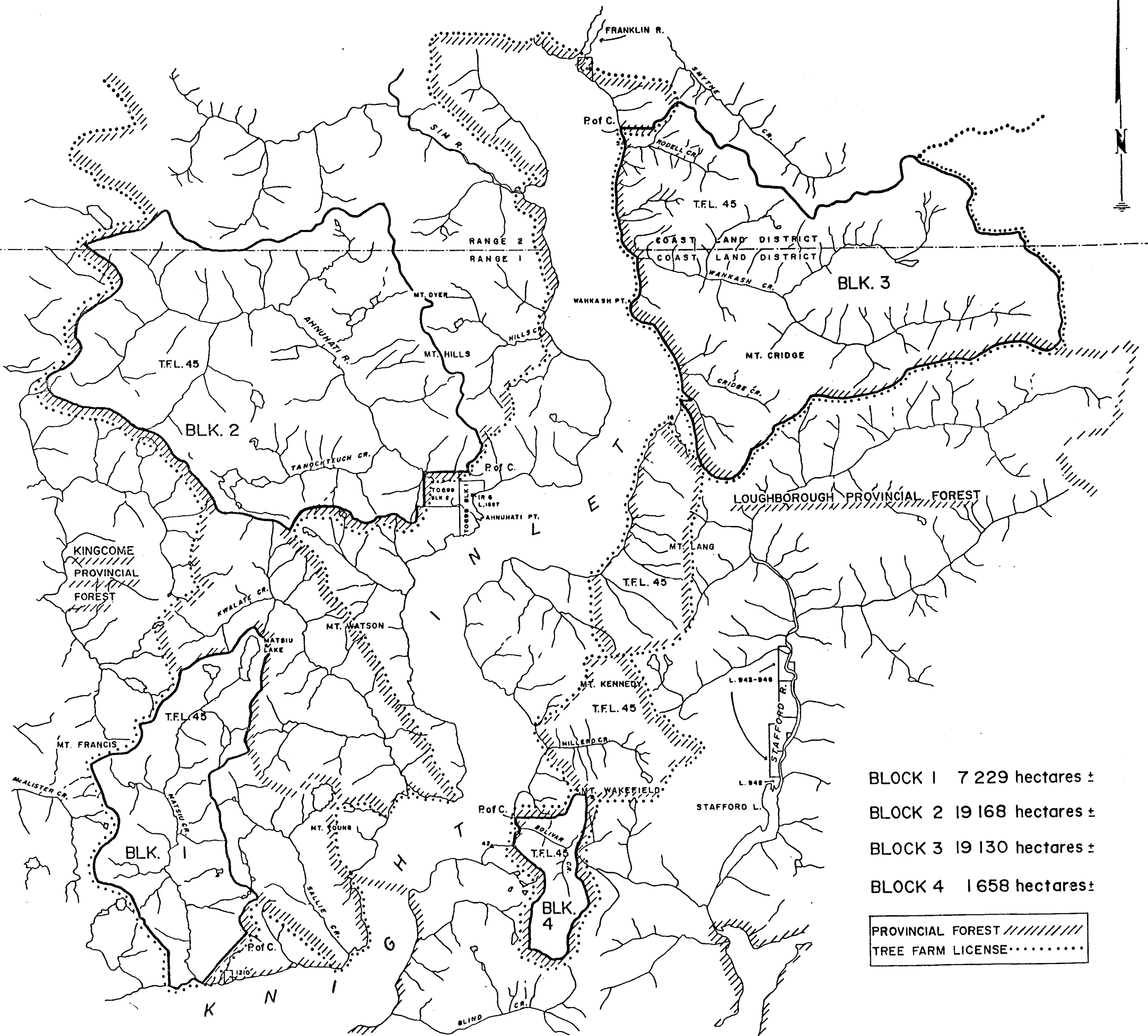
Forest Region: 01 VANCOUVER

Land District: RANGE 1 COAST RANGE 2 COAST

U.T.M. Zone	East	North	Reg	Compt	L
Grid	103145005639000	4880			

District: 19 PORT McNEILL

Outline:



- BLOCK 1 7 229 hectares ±
- BLOCK 2 19 168 hectares ±
- BLOCK 3 19 130 hectares ±
- BLOCK 4 1 658 hectares ±

PROVINCIAL FOREST // // // //
 TREE FARM LICENSE /