

**PROVINCE OF BRITISH COLUMBIA**

**Ministry of Forests**

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**IN THE MATTER OF TREE FARM LICENCE NUMBER 46**

**INSTRUMENT NUMBER 18**

**Amendment**

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THIS AGREEMENT is made effective the Twenty-third (23) day of June 1997.

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")

OF THE FIRST PART

AND:

**TIMBERWEST FOREST LIMITED**  
Suite 2300, 1055 West Georgia Street  
P.O. Box 11101  
Vancouver, British Columbia  
V6E 3P3

(the "Licensee")

OF THE SECOND PART

- A. The Licensor and the Licensee have entered into Tree Farm Licence 46 (the "TFL") dated July 1, 1997, pursuant to Section 35 of the Forest Act of British Columbia; and
- B. The parties have mutually agreed to amend the said Agreement, pursuant to Section 39(1)(e) of the *Forest Act*.

Therefore, the parties agree as follows:

1. The Tree Farm Licence agreement is amended by adding the following paragraphs to **Part 18.00 TIMBER PROCESSING** of the Agreement:

18.05 In addition to the requirement referred to in paragraph 18.01,

- a) pulplogs harvested from the licence (or their equivalent volume) which are either processed at the Crofton or Elk Falls pulpmills or are processed at a chip conversion facility and the resulting chips provided to the Elk Falls or Crofton pulpmills, would be credited towards the timber processing requirements under the licence; and
- b) volumes of timber from the licence (or their equivalent volumes) which are not utilized in timber processing facilities owned or operated by the licensee or an affiliate of the licensee but which are sold to timber processing facilities in British Columbia in exchange for an equivalent or a greater volume of chips provided to the Elk Falls or Crofton pulpmills pursuant to fibre supply agreements, would be credited towards timber processing requirements and the licence.

18.06 The licensee will

- (a) provide to the satisfaction of and when requested by the Minister, evidence of a fibre supply agreement(s), which contemplate utilization of that timber or an equivalent volume attributed to this licence, that is not processed through the timber processing facilities in Youbou, Duncan Bay or other timber processing facilities owned or operated by the Licensee or an affiliate of the Licensee.
- (b) Further, the licensee must apprise the Minister of any proposed significant amendment to the fibre supply agreements to allow the Minister to ensure that the proposed amendment satisfies the social and economic objectives of the Crown.
- (c) In addition, a report will be submitted to the satisfaction of and when requested by the Regional Manager, stating the volume of timber or an equivalent volume attributed to this licence, that is processed, or not processed, through the timber processing facilities in Youbou, Duncan Bay and other timber processing facilities owned or operated by the Licensee or an affiliate of the Licensee.

18.07 For the purposes of proving evidence of a fibre supply agreement(s) to the satisfaction of the Minister, and reporting that excess volume or equivalent volume not utilized referred to in paragraph 18.06, the annual consumption capacity of the sawmills will be based on a two shift level. As a result, the annual consumption of the Duncan Bay timber processing facility will be 565 250 m<sup>3</sup> and the Youbou timber processing facility will be 357 200 m<sup>3</sup>.

18.08 The Licensor reserves the right to review any proposal for the replacement of the Youbou timber processing facility to ensure that the social objectives of the Crown are served.

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 on behalf of )  
 Her Majesty the Queen in Right of the )  
 Province of British Columbia in the )  
 presence of: )  
Deborah Strawnson )  
 \_\_\_\_\_ )  
 \_\_\_\_\_ )

David Zuehlke  
 Minister of Forests

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

(OR)

SIGNED, SEALED AND DELIVERED )  
 by the Licensee in the presence of: )  
Anne Rowe )  
 \_\_\_\_\_ )  
 \_\_\_\_\_ )

Anne Rowe  
 Authorized Signatory  
Controller Secretary  
 Title