

COPY

TREE FARM LICENCE

NO. 45

CORDERO-KNIGHT TREE FARM LICENCE

THIS LICENCE, made as of January 1, 1983

BETWEEN:

THE MINISTER OF FORESTS 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:

BRITISH COLUMBIA FOREST PRODUCTS LIMITED
1050 WEST PENDER STREET
VANCOUVER, BRITISH COLUMBIA
V6E 2X3

(the "Licensee")

OF THE SECOND PART

WITNESSES that, under section 33.1 of the Forest Act, the parties agree as follows:

1.00 GRANT OF RIGHTS, LICENCE AREA AND TERM

- 1.01 Subject to this Licence and in consideration of the Licensee's covenants in it the Licensor grants to the Licensee,
- (a) the right during the term of this Licence to enter and occupy Crown land in the licence area for the purpose of managing it according to management and working plans,
 - (b) the right during the term of this Licence to manage Crown land in the licence area according to management and working plans, and

(c) subject to paragraph 14.01 and the Forest Act, the exclusive right during the term of this Licence to harvest timber from Crown land in the licence area, according to management and working plans and from areas specified in cutting permits issued from time to time under this Licence.

1.02 The Licence area is

- (a) the private land and Timber Licences described in Schedule "A" to this licence, and
- (b) the Crown land described in Schedule "B" to the Licence, and as shown outlined in bold black on the map attached to this Licence, but excludes Crown land deleted, from time to time, under the Forest Act.

1.03 As Timber Licences expire, or as areas are deleted from them under section 57 of the Forest Act, the land subject to the Timber Licences or the areas deleted, as the case may be, shall be deemed to be deleted from Schedule "A" and to be added to Schedule "B".

1.04 This Licence may be amended by agreement of the parties, by deleting from the licence area private land described in Schedule "A" to this Licence, where

- (a) the private land is required for a use that is more valuable than timber production, and
- (b) the deletion would not, in the Chief Forester's opinion, unreasonably disturb the management of the licence area for timber production.

1.05 The term of this Licence is 22 years, beginning January 1, 1983.

1.06 On its tenth anniversary this Licence may be replaced according to the Forest Act.

2.00 MANAGEMENT AND WORKING PLANS

2.01 Not later than June 30, 1983 the Licensee will submit for the Chief Forester's approval a proposed management and working plan for the 5 year period beginning January 1, 1984.

2.02 The management and working plans approved under the Tree Farm Licences that, under the Forest Act, are replaced by this Licence shall, until December 31, 1983 be deemed to be management and working plans approved under paragraph 2.07.

2.03 Not later than June 30 of the fifth year of the management and working plan required under this Licence, and every fifth year afterward, the Licensee will submit for the Chief Forester's approval a proposed management and working plan for the 5 year period beginning January 1 of the following year.

2.04 The Chief Forester, at the Licensee's request or on his own initiative, in a notice to the Licensee, may require that a management and working plan be amended or replaced where

- (a) timber in the licence area is damaged by fire, wind, insects, disease, or other natural forces, or
 - (b) damage is caused to a timber processing facility of the Licensee, or there is labour conflict, war, civil insurrection, adverse weather conditions, depressed markets or other circumstances beyond the Licensee's control, or
 - (c) serious and unforeseen damage is caused to soils, fisheries or wildlife resources, of the licence area,
- and the Chief Forester considers that the occurrence has rendered the management and working plan inadequate.

2.05 Where a notice is given under paragraph 2.04

- (a) the notice shall specify the occurrence, the extent to which the management and working plan is inadequate and the nature of the change required by the Chief Forester, and
- (b) the Licensee will, within 6 months after the notice, submit for the Chief Forester's approval a proposed management and working plan or a proposed amendment to the management and working plan, as the case may be, to have effect during the unexpired term of the then current management and working plan.

2.06 A proposed management and working plan shall be prepared, signed and sealed by a registered professional forester and shall contain

- (a) information respecting the inventory of the forest resources and, where available to the Licensee, and where required by the Chief Forester, respecting the soils, fisheries and wildlife resources and recreational capabilities, of the licence area,
- (b) a proposal for developing timber harvesting operations and providing access on the licence area,
- (c) a proposal for protecting the forest in the licence area from damage by fire, insects, and disease,
- (d) a proposal for reforesting and providing other silvicultural treatments to the licence area,
- (e) the Licensee's program for fulfilling its obligations under part 10.00, and

- (f) such other information respecting the development, management and use of the licence area as the Chief Forester requires.

2.07 The Chief Forester will approve, from time to time, management and working plans for the licence area, acceptable to him, that specify

- (a) an allowable annual cut that he determines may be sustained from the licence area, having regard to
 - (i) the composition of the forest on the licence area and its expected rate of growth, determined from an inventory of the forest,
 - (ii) the expected time that it will take the forest to become re-established on the licence area following denudation,
 - (iii) silvicultural treatments to be applied to the licence area,
 - (iv) the standard of timber utilization and the allowances for waste and breakage it is expected will be applied with respect to timber harvesting operations conducted on the licence area, and
 - (v) any other information that relates to the capability of the licence area to produce timber,
- (b) measures taken and to be taken by the Licensee, consistent with this Licence and the Forest Act, for developing, protecting, restoring and improving the forest resources in the licence area, and for fulfilling its obligations under part 10.00, and
- (c) the portion of the allowable annual cut that the Chief Forester determines is attributable to Schedule "B" land at the beginning of the term of this Licence,

and any management and working plan may provide for the protection of such unique features of the licence area as are identified from time to time, by studies within the licence area, the results of which are approved by the Chief Forester.

2.08 A management and working plan shall be deemed to be a part of, and shall be consistent with, this Licence.

3.00 CUTTING PERMITS

3.01 Without the written consent of the Regional Manager or the District Manager the Licensee will not cut timber on the licence area except under a cutting permit issued under this Licence, or under a road permit.

3.02 On application by the Licensee the Regional Manager or the District Manager will, from time to time, issue cutting permits to the Licensee, to enable the Licensee to harvest timber from the licence area, within the limits specified in paragraph 4.02 and according to the management and working plan then in effect.

3.03 A cutting permit shall be deemed to be a part of this Licence, and subject to the management and working plan then in effect, shall

- (a) authorize timber to be harvested under this Licence from a specific area of land in the licence area,
- (b) be for a term, not exceeding 3 years,
- (c) provide for the payment of stumpage rates applicable to timber harvested under it and procedures for varying the stumpage rates, where stumpage is payable in respect of the timber,
- (d) prescribe utilization standards, other cutting specifications and forest practices to be followed in timber harvesting operations carried on under it,
- (e) prescribe the specifications and standards of roads to be built on the land subject to the cutting permit,
- (f) set out procedures for assessing timber wasted and damaged by the Licensee and damages payable to the Crown for timber wasted and damaged,
- (g) specify a timber mark to be used in conjunction with the timber harvesting operations carried on under it, and
- (h) include such other provisions, consistent with this Licence and the Forest Act, as the Regional Manager or the District Manager determines.

3.04 The Licensee will define on the ground the boundaries of the areas authorized for harvesting under a cutting permit, unless the Regional Manager or the District Manager determines otherwise.

3.05 Timber cut under this Licence shall be marked according to the Forest Act and cutting permits, and shall, subject to the Forest Act, be scaled according to the Forest Act.

4.00 CUT CONTROL

4.01 In this part the "volume of timber harvested" during a period of time means the total of

- (a) the volume of timber cut under this Licence and under road permits, and

- (b) the volume of timber that is estimated to be wasted or damaged under cutting permits issued pursuant to this Licence and under road permits, and
- (c) the volume of timber cut during the period by the Licensee in the licence area, but not authorized for cutting under this Licence,

that is billed to the Licensee in statements issued on behalf of the Crown during the period, and in this paragraph "Licence" includes a Tree Farm Licence replaced by this Licence.

4.02 The Licensee will not permit the volume of timber harvested

- (a) during a calendar year
 - (i) to be more than 150%, or
 - (ii) to be less than 50%,
of the allowable annual cut approved in the management and working plan in effect during the calendar year, or
- (b) during a 5 year cut control period,
 - (i) to be more than 110%, or
 - (ii) to be less than 90%,
of the 5 year allowable cut for the 5 year cut control period.

4.03 If the volume of timber harvested during a calendar year exceeds 150% of the allowable annual cut specified in the management and working plan in effect during the calendar year, the Licensee will pay to the Crown, in addition to stumpage, as liquidated damages, an amount of money equal to 2 times

- (a) the volume exceeding 150%, multiplied by
- (b) the average stumpage rate applicable to timber harvested under this Licence, billed to the Licensee in statements issued on behalf of the Crown during the calendar year.

4.04 If the volume of timber harvested during a 5 year cut control period exceeds 110% of the 5 year allowable cut for the 5 year cut control period, the Licensee will pay to the Crown, in addition to stumpage, as liquidated damages, an amount of money equal to 2 times

- (a) the volume exceeding 110%, multiplied by
- (b) the average stumpage rate applicable to timber harvested under this Licence, that is billed to the Licensee in statements issued on behalf of the Crown during the last year of the 5 year cut control period.

5.00 FINANCIAL AND DEPOSITS

5.01 In addition to other money payable by the Licensee under the Forest Act and under this Licence, but without duplication, the Licensee will pay to the Crown, immediately on receipt of a statement issued on behalf of the Crown,

- (a) annual rent under the Forest Act,
- (b) in respect of timber cut under this Licence from Schedule "B" land, stumpage at rates determined by a forest officer and varied under cutting permits,
- (c) in respect of timber cut under this Licence from Schedule "A" land subject to Timber Licences, either
 - (i) stumpage at rates determined by a forest officer and varied under cutting permits, or
 - (ii) royalty at rates specified in the Forest Act, according to the election made under section 23 of the Forest Act in respect of the Timber Licences,
- (d) scaling fees determined under the regulations, and
- (e) waste and damage assessments made under cutting permits.

5.02 During the term of this Licence the Licensee will maintain with the Crown a deposit in an amount prescribed in the regulations, in cash or in negotiable securities acceptable to the Licensor, as security for the Licensee's performance of its obligations under this Licence and under the Forest Act.

5.03 If the Licensee fails to pay money it is required to pay to the Crown under the Forest Act, this Licence, a road permit or a cutting permit,

- (a) the payment may, after at least 30 days' notice has been given to the Licensee, be taken from the deposit maintained under paragraph 5.02 and for that purpose a security included in the deposit may be sold, and
- (b) the Licensee will forthwith pay to the Crown, in cash or in negotiable securities acceptable to the Licensor, an amount of money sufficient to maintain the deposit in the amount specified under paragraph 5.02.

5.04 Where the Regional Manager or the District Manager considers that timber harvesting or related operations that are proposed to be carried out under a cutting permit or road permit are likely to cause damage to the improvements or chattels of a lawful occupier or lawful user of Crown land, the Licensee may be required in the cutting permit or road permit

- (a) to prevent the damage from occurring,

- (b) to pay reasonable compensation to the occupier or user in respect of damage that occurs, and
- (c) to pay to the Crown a special deposit, in cash or in negotiable securities acceptable to the Licensor, in an amount determined by the Regional Manager to be adequate security for the Licensee's performance of requirements under subparagraphs (a) and (b).

5.05 Where under a cutting permit or road permit referred to in paragraph 5.04 the Licensee

- (a) fails to prevent the damage from occurring, and
- (b) fails to pay reasonable compensation to the occupier or user,

the occupier or user may, after at least 30 days' notice has been given to the Licensee, be paid reasonable compensation, on the Licensee's behalf, out of a deposit paid under paragraph 5.04 or maintained under paragraph 5.02, or both, and for that purpose a security included in either deposit, or both of them, may be sold.

5.06 The Licensor will refund to the Licensee

- (a) the deposit maintained under paragraph 5.02 (minus deductions made under paragraphs 5.03 and 5.05), when this Licence terminates, expires and is not replaced under section 29 of the Forest Act, or if this Licence is cancelled, and
- (b) a special deposit paid under paragraph 5.04 (minus deductions made under paragraph 5.05), when the cutting permit or road permit referred to in paragraph 5.04 expires.

5.07 If this Licence is disposed of, within the meaning of the Interpretation Act, otherwise than bona fide by way of security, deposits held under this Licence shall be deemed to be assigned to the person taking the disposition of this Licence and the Crown shall not be bound afterward to account for the deposits to the person making the disposition.

6.00 ROADS

6.01 The locations, specifications and standards of all roads to be built on Crown land by the Licensee to provide access to or in the licence area,

- (a) shall, except branch or spur roads on land that is subject to a cutting permit, be included in road permits entered into under the Forest Act between the Regional Manager or the District Manager and the Licensee, and
- (b) shall be consistent with management and working plans in effect from time to time.

6.02 Where any part of the expense of constructing a logging access road to or in the licence area is to be applied as a credit against stumpage payable by the Licensee under section 88 of the Forest Act and the right of way of the road, or part of it, is to be located on private land, the Licensee will, if the Regional Manager in a notice to the Licensee requires,

- (a) at its own expense survey the part of the right of way located on private land and register a plan of the survey in the appropriate Land Title Office, and
- (b) deliver to the Regional Manager, in consideration of \$1.00, a deed of land in registerable form over the part of the right of way to be located on private land, according to and in the form set out in the notice.

6.03 Before April 1 of each year during the term of this Licence the parties will review the road system in or serving the licence area and, after the review,

- (a) the Regional Manager or the District Manager may, in a notice to the Licensee, identify roads that are to be maintained by the Licensee for forest protection and silviculture purposes, until April 1 of the following year, and
- (b) the Licensee will maintain the roads according to the notice.

7.00 FOREST PROTECTION

7.01 Before April 1 of every year during the term of this Licence, the Licensee will submit to the Regional Manager a fire protection pre-organization plan, including a duty roster, acceptable to the Regional Manager or the District Manager.

7.02 The Regional Manager or the District Manager will from time to time approve fire protection pre-organization plans acceptable to him.

7.03 A fire protection pre-organization plan approved by the Regional Manager or the District Manager shall be deemed to be part of the management and working plan then in effect and shall be consistent with this Licence.

7.04 The Licensee's obligations under a fire protection pre-organization plan shall be in addition to and do not replace its obligations under section 121 of the Forest Act.

8.00 FORESTRY

8.01 The Licensee will employ or contract for the services of, or both, as many registered professional foresters as the Chief Forester considers are reasonably required to manage the licence area according to this Licence.

8.02 The Licensee will not post a sign on or near the licence area concerning forestry practised or the development of recreation sites on the licence area, unless the sign acknowledges the Crown's contributions.

9.00 FOREST SERVICE ACCOMMODATION AND ACCESS

9.01 After receiving reasonable notice from the Regional Manager or the District Manager, the Licensee will provide the Regional Manager and Forest Officers with reasonable office and living accommodation on the licence area, or at a headquarters or timber processing facility of the Licensee near the licence area, to enable the Regional Manager and Forest Officers to carry out their responsibilities in the licence area and the Licensee may charge the Licensor the reasonable cost of the provision of such office and living accommodation.

9.02 The Regional Manager and Forest Officers may at reasonable times

- (a) use roads on the licence area owned, or deemed to be owned, by the Licensee, and
 - (b) enter private land in the licence area,
- to carry out their responsibilities in the licence area.

10.00 CONTRACTORS

10.01 Each calendar year during the term of this Licence a volume of timber equal to at least

- (a) 50% of the volume of timber harvested by or for the Licensee from the licence area during the year, multiplied by
- (b) the result obtained by the division of
 - (i) the portion of the allowable annual cut specified in the management and working plan in effect during the calendar year that the Chief Forester determines is attributable to Schedule "B" land, by

(ii) the allowable annual cut specified in the management and working plan in effect during the calendar year, shall be harvested by persons under contract with the Licensee unless the Licensor, pursuant to the regulations, relieves the Licensee from this requirement in whole or in part.

10.02 Compliance with paragraph 10.01 shall be calculated according to the method prescribed in the regulations.

10.03 If in a calendar year the volume of timber harvested by persons under contract with the Licensee is less than the volume required under paragraph 10.01, the Licensee will on demand pay to the Crown, as liquidated damages, an amount of money equal to

- (a) the volume below the volume required under paragraph 10.01, multiplied by
- (b) the average stumpage rate applicable to timber harvested from the licence area, that is billed to the Licensee in statements issued on behalf of the Crown during the calendar year,

unless, and to the extent that, relief is given under paragraph 10.01.

11.00 TIMBER PROCESSING

11.01 The Licensee will give the Licensor at least three months prior notice in writing of closure or major reduction in capacity of a timber processing facility owned or operated by the Licensee or any of its affiliates within the meaning of the Company Act.

12.00 LIABILITY AND INDEMNITY

12.01 The Licensee will indemnify the Crown against and will save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Crown as a result, directly or indirectly, of wrongful acts and omissions on the licence area of the Licensee, and

- (a) an employee of the Licensee,
- (b) a person who performs work directly or indirectly under contract with the Licensee, and
- (c) any other person who carries on timber harvesting or related operations on the licence area with the consent of the Licensee, except
 - (i) the holder of a Free Use Permit referred to in paragraph 14.01, or
 - (ii) the holder of a Timber Sale Licence entered into under the Forest Act, or

(iii) a servant or agent of the Crown, or
(iv) any other person who uses or occupies the licence area under rights granted by the Crown,
acting within the scope of his duties.

12.02 Paragraph 12.01 does not apply to an act or omission that is a reasonable response to, and complies with, an order made on behalf of the Crown.

12.03 Where the Licensee fails to perform an obligation it is required to perform under this Licence, a management and working plan, a fire protection pre-organization plan approved under paragraph 7.02, a cutting permit, or a road permit

- (a) the Regional Manager or the District Manager may perform the obligation on the Licensee's behalf, and
- (b) the Licensee will on demand pay the Crown an amount of money equal to the reasonable costs incurred under subparagraph (a) to perform the obligation.

12.04 Liquidated damages paid by the Licensee to the Crown under this Licence

- (a) shall be in addition to, and not in substitution for, and
- (b) shall not, if accepted on behalf of the Crown, be deemed to be a waiver of,

any remedy available under the Forest Act to the Crown, the Licensor, the Regional Manager or the District Manager, in respect of the default of the Licensee that led to the payment of liquidated damages.

12.05 The Crown will indemnify the Licensee against and will save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Licensee as a result, directly or indirectly, of wrongful acts or omissions on the licence area of the Crown, its employees, agents and contractors.

13.00 TERMINATION

13.01 If this Licence is terminated, expires and is not replaced under section 29 of the Forest Act, or if this Licence is cancelled,

- (a) cutting permits and road permits will terminate when the expiry, termination or cancellation occurs,

- (b) Timber Licences that are in effect at termination or cancellation shall be replaced by new Timber Licences under the Forest Act,
- (c) title to all improvements, including roads and bridges, then fixed on Schedule "B" land shall vest in the Crown, without compensation to the Licensee provided that the Licensee may remove its improvements which are capable of removal in such manner as not to damage other improvements within thirty (30) days of such expiration, termination or cancellation.
- (d) property in logs, and in special forest products as defined in the Forest Act, then on Schedule "B" land shall pass to the Crown, without compensation to the Licensee.

13.02 Subject to paragraph 13.03 if the Licensee commits an act of bankruptcy, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, the Licensor may cancel this Licence in a notice served on the Licensee.

13.03 The Licensor will not cancel this Licence under paragraph 13.02 unless and until

- (a) he gives notice to
 - (i) the holder of a debenture, mortgage or other debt security that charges this Licence, then registered against the Licensee under the Company Act, and
 - (ii) the trustee for the holder of a bond or debenture issued under a deed of trust that charges this Licence, then registered against the Licensee under the Company Act, and
- (b) a person referred to in clauses (a)(i) or (a)(ii) has had a reasonable opportunity to exercise his rights and to pursue his remedies under the deed of trust, debenture, mortgage or other debt security, including the taking of possession of the Licensee's properties and assets.

14.00 MISCELLANEOUS

14.01 The Regional Manager or the 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.

14.02 The Licensee represents and warrants to the Licensor that it is the beneficial owner of the private land and the Timber Licences described in Schedule "A" unless the parties agree otherwise.

14.03 By April 1 of every year during the term of this Licence the Licensee will deliver to the Regional Manager an annual report in respect of this Licence for the preceding calendar year, reporting on inventory depletion, forestry and silviculture, engineering, inventory, protection, research, recreation and performance of the requirement under part 10.00, and containing such other information as the Regional Manager requires.

14.04 If the Licensor so directs the Licensee will, at its own expense, survey and define on the ground any or all boundaries of the licence area.

14.05 Where in this Licence an obligation is to be performed by the Chief Forester, the Regional Manager, the District Manager or a Forest Officer, the Licensor will cause the obligation to be performed by that person.

14.06 This Licence is subject to the Forest Act.

14.07 Where a notice is required under this Licence, the notice shall be in writing and shall be deemed to have been given if delivered to, or if sent by prepaid registered mail addressed to:

The Licensor:

HONOURABLE MINISTER OF FORESTS,
Parliament Buildings
Victoria, British Columbia
V8V 1X4,

and

The Licensee:

BRITISH COLUMBIA FOREST PRODUCTS LIMITED
1050 WEST PENDER STREET
VANCOUVER, BRITISH COLUMBIA
V6E 2X3

Attention:

Vice President, Timberlands and Forestry

or to such other address specified by one party to the other in a notice given according to this paragraph and, subject to paragraph 14.08, where service is by registered mail the notice shall be conclusively deemed to be given on the eighth day after its deposit in a Canada Post Office at any place in Canada.

14.08 Where, between the time a notice is mailed under paragraph 14.07 and the time it is actually received by a party, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice shall not be deemed to be given until the party actually receives it.

14.09 This Licence will enure to the benefit of, and be binding on, the parties and their respective successors and permitted assigns.

15.00 INTERPRETATION

15.01 In this Licence, unless the context otherwise requires,

- (a) "allowable annual cut" means the rate of timber harvesting specified as the allowable annual cut in a management and working plan,
- (b) "Chief Forester" means the chief forester appointed under the Ministry of Forests Act,
- (c) "Crown" has the same meaning as in the Interpretation Act,
- (d) "Crown land" has the same meaning as in the Forest Act,
- (e) "cutting permit" means a cutting permit issued under paragraph 3.02,
- (f) "District Manager" means a district manager of a forest district in which the licence area, or part, is situated.
- (g) "5 year allowable cut" means the total of the allowable annual cuts in effect each year during a 5 year cut control period,
- (h) "5 year cut control period" means the 5 year period beginning January 1 of the year when the term of this Licence begins, and each successive 5 year period,

- (i) "Forest Officer" means a person who is designated as a forest officer under the Forest Act,
- (j) "Forest Service" means the forest service continued under the Ministry of Forests Act,
- (k) "harvest" includes entry on land for the purpose of cutting and removing timber, cutting the timber and removing the timber from the land,
- (l) "licence area" means
 - (i) the private land and Timber Licences described in Schedule "A" to this Licence, and
 - (ii) the Crown land described in Schedule "B" to this Licence,and as shown outlined in bold black on the map attached to this Licence, but excludes Crown land deleted, from time to time, under the Forest Act,
- (m) "management and working plan" means a management and working plan approved under paragraph 2.07, or deemed to be approved under paragraph 2.02,
- (n) "Minister" means minister within the meaning of the Forest Act,
- (o) "person" includes a corporation and a partnership,
- (p) "person under contract" has the meaning defined in the regulations,
- (q) "private land" means land that is not Crown land,
- (r) "Regional Manager" means the regional manager appointed under the Ministry of Forests Act, for the forest region in which the licence area, or part, is situated,
- (s) "registered professional forester" means a person registered under the Foresters Act,
- (t) "regulations" means regulations made under the Forest Act,

- (u) "road permit" means a road permit entered into between the Regional Manager or the District Manager and the Licensee under the Forest Act to provide access to or in the licence area,
- (v) "Schedule 'A' land" means the private land and Timber Licences described in Schedule "A" to this Licence, but excludes land deemed to be deleted, from time to time, from Schedule "A" under paragraph 1.03 and land deleted, from time to time, from Timber Licences under the Forest Act,
- (w) "Schedule 'B' land" means the land described in Schedule "B" to this Licence and land deemed to be added, from time to time, to Schedule "B" under paragraph 1.03, but excludes land deleted, from time to time, from Schedule "B" under the Forest Act,
- (x) "Timber Licence" means a Timber Licence described in Schedule "A" to this Licence,
- (y) "timber processing facility" has the same meaning as in the Forest Act, and
- (z) "wood residue" has the same meaning as in the Forest Act.

- 15.02 In this Licence, unless the context otherwise requires,
- (a) the singular includes the plural and the plural includes the singular,
 - (b) the masculine, the feminine and the neuter are interchangeable, and
 - (c) a reference to a series of numbers or letters, by the first and last numbers or letters of the series, includes the number or letter referred to first and the number or letter referred to last.

15.03 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:

- 1.00 part,
 - 1.01 paragraph,
 - (a) subparagraph,
 - (i) clause,
 - A. subclause;

and a reference to a subparagraph, clause or subclause shall be construed as a reference to a subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.

15.04 Where a section of the Forest Act referred to in this Licence is renumbered, the reference in this Licence shall be construed to be the section as renumbered.

IN WITNESS to this Licence, it has been signed on behalf of the Crown, and the common seal of the Licensee has been affixed to it in the presence of its officers who are authorized to do so.

SIGNED, SEALED AND)
DELIVERED by the)
HONOURABLE MINISTER OF)
FORESTS, on behalf of)
the Crown in the)
presence of:)
Marguerite MacIntyre)
.....)
.....)

J.M. Watkinson
.....)
Minister of Forests

THE COMMON SEAL of the)
Licensee was affixed in)
the presence of:)
.....)
.....)

[Handwritten initials]
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SCHEDULE "A"

Cordero-Knight Tree Farm Licence

Tree Farm Licence No. 45

Forest lands and merchantable timber in other tenures owned
or controlled by the Licensee in the Cordero-Knight Tree Farm
Licence No. 45.

BLOCK 1

<u>A. Crown Grants</u>	<u>Land District</u>	<u>Hectares more or less</u>	<u>Certificate of Title No.</u>
Lot 157	Range 1 Coast	66.371	362320-I
Lot 283	"	63.340	396283-I
Lot 379 (Ex. that part lying to the south of a boundary parallel to and perpendicularly distant 900 ft. from the south boundary	"	46.136	34247-W
That part of Lot 379 lying to the south of a boundary parallel to and perpendicularly distant 900 ft. from the south boundary	"	13.355	27852-W
Lot 384 (Ex. Lot 1, Plan 19017)	"	<u>26.629</u>	381739-I
TOTAL CROWN GRANTS		<u><u>215.831</u></u>	

B. Timber Licences

<u>Timber Licence</u>	<u>Replaces Special Timber Licence</u>	<u>Land District</u>	<u>Hectares more or less</u>
T0016	T.L. 2828 ^P	Range 1 Coast	80

<u>Timber Licence</u>	<u>Replaces Special Timber Licence</u>	<u>Land District</u>	<u>Hectares more or less</u>
T0027 Block 1	T.L. 3723 ^P	Range 1 Coast	47
" Block 2	T.L. 4327 ^P	"	<u>96</u>
TOTAL			143
T0044 Block 1	T.L. 1087 ^P	Range 1 Coast	206
" Block 2	T.L. 1088 ^P	"	259
" Block 3	T.L. 1964 ^P	"	259
" Block 4	T.L. 4322 ^P	"	159
" Block 5	T.L. 4323 ^P	"	177
" Block 6	T.L. 4325 ^P	"	111
" Block 7	T.L. 4326 ^P	"	225
" Block 8	T.L. 4331 ^P	"	167
" Block 9	T.L. 4332 ^P	"	<u>154</u>
TOTAL			<u>1 717</u>
TOTAL TIMBER LICENCES			<u><u>1 860</u></u>

<u>SUMMARY BLOCK 1</u>	<u>Area in Hectares More or Less</u>
Crown Grants	215.831
Timber Licences	<u>1 860.000</u>
SUB TOTAL	<u><u>2 075.831</u></u>

BLOCK 2

A. <u>Crown Grants</u>	<u>NIL</u>
B. <u>Timber Licences</u>	<u>NIL</u>

BLOCK 3

A. Crown Grants NIL
B. Timber Licences NIL

BLOCK 4

A. Crown Grants

<u>Crown Grants</u>	<u>Land District</u>	<u>Hectares more or less</u>	<u>Certificate of Title No.</u>
S. 20 chains of Lot 21	Range 2 Coast	5.666	K 55723
Lot 25	"	59.896	K 55722
Lot 26	"	55.849	K 55724
Lot 36	"	83.368	K 55724
Lot 37	"	81.794	K 55721
Lot 38	"	64.752	K 55721
Lot 39	"	64.752	K 55721
Lot 40	"	32.376	K 55721
Lot 41	"	<u>55.849</u>	K 55721
TOTAL CROWN GRANTS		<u>504.302</u>	

B. Timber Licences NIL

<u>SUMMARY BLOCK 4</u>	<u>Area in Hectares More or Less</u>
Crown Grants	504.302
Timber Licences	<u> </u>
SUB TOTAL	<u>504.302</u>

BLOCK 5

A. <u>Crown Grants</u>	<u>NIL</u>
B. <u>Timber Licences</u>	<u>NIL</u>

BLOCK 6

A. <u>Crown Grants</u>	<u>NIL</u>
B. <u>Timber Licences</u>	<u>NIL</u>

BLOCK 7

A. <u>Crown Grants</u>	<u>NIL</u>
B. <u>Timber Licences</u>	<u>NIL</u>

	<u>Area in Hectares</u> <u>More or Less</u>
<u>GRAND SUMMARY</u>	
TOTAL CROWN GRANTS	720.133
TOTAL TIMBER LICENCES	<u>1 860.000</u>
GRAND TOTAL	<u><u>2 580.133</u></u>

SCHEDULE "B"

Cordero-Knight Tree Farm Licence

Tree Farm Licence No. 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 the most easterly corner of Lot 225, Range 1 Coast Land District, being a point on the high-water mark of Phillips Arm on the westerly shore thereof; thence northwesterly along the northeasterly boundaries of Lots 225, 226, 228 and 227 to the most northerly corner of said Lot 227; thence southwesterly along the northwesterly boundary of said Lot 227 to the northeasterly boundary of Lot 229; thence northwesterly along the northeasterly boundaries of Lots 229 and 230 to the most northerly corner of said Lot 230; thence southwesterly along the northwesterly boundary of said Lot 230 to the southeasterly boundary of Lot 231; thence northeasterly, northwesterly and southwesterly along the southeasterly, northeasterly and northwesterly boundaries of said Lot 231 to the most westerly corner thereof; thence north 402 metres; thence west 805 metres; thence north 302 metres; thence west 1.690 kilometres; thence north 1.388 kilometres; thence north 63

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degrees east 1.790 kilometres; thence north 670 metres; thence west 815 metres; thence north 805 metres; thence west 805 metres; thence north 1.609 kilometres; thence west 619 metres; thence south 650 metres; thence west 596 metres; thence south 825 metres; thence east 822 metres; thence south 805 metres; thence east 402 metres; thence south 1.609 kilometres; thence west 1.609 kilometres; thence north 805 metres; thence west 3.219 kilometres; thence north 805 metres; thence east 1.207 kilometres; thence north 90 metres; thence west 2.439 kilometres to the southeast corner of Lot 157; thence westerly along the southerly boundary of said Lot 157 to the high-water mark of Loughborough Inlet on the easterly shore thereof; thence in a general northerly direction along the high-water mark of said Loughborough Inlet on the easterly shore thereof to the southwest corner of Lot 940; thence easterly and northerly along the southerly and easterly boundaries of said Lot 940 to the northeast corner thereof; thence easterly along the southerly boundary of Lot 158 to the southeast corner thereof; thence northerly along the easterly boundary of said Lot 158 310 metres; thence east 55 metres; thence south 319 metres; thence east 464 metres; thence south 153 metres; thence east 201 metres; thence south 805 metres; thence east 1.609 kilometres; thence north 805 metres; thence west 201 metres; thence north 543 metres; thence east 866 metres; thence north 820 metres; thence west 882 metres; thence north 236 metres; thence west 509 metres; thence north 1.373 kilometres; thence east 3.219 kilometres; thence north 1.006 kilometres; thence east 2.012 kilometres; thence south 805 metres; thence east 1.408 kilometres; thence south 181

metres; thence east 1.609 kilometres; thence south 563 metres, more or less, to the high-water mark of Phillips River on the right bank thereof; thence in a general southerly direction along high-water mark of said Phillips River on the right bank thereof and the high-water mark of aforesaid Phillips Arm on the westerly shore thereof to the northeast corner of Lot 710; thence westerly, southerly and easterly along the northerly, westerly and southerly boundaries of said Lot 710 to the high-water mark of said Phillips Arm on the westerly shore thereof; thence in a general southerly direction along the high-water mark of said Phillips Arm on the westerly shore thereof to the most northerly corner of Lot A of Lot 384, as shown on Plan 19017, deposited in Victoria Land Title Office; thence southwesterly, southeasterly and northeasterly along the northerly, westerly and southerly boundaries of said Lot A of Lot 384 to the high-water mark of said Phillips Arm on the westerly shore thereof; thence in a general southerly direction along the high-water mark of said Phillips Arm on the westerly shore thereof to the most easterly corner of aforesaid Lot 225, being the point of commencement.

Save and excepting therout all that foreshore and land covered by water within the above described area; and:

Lot 253, Range 1 Coast Lands District
and the following described area:

Commencing at a point 28 metres south and 4.426 kilometres

east of the northeast corner of Lot 1873; thence north 1.006 kilometres; thence east 805 metres; thence south 1.006 kilometres; thence west 805 metres to the point of commencement."

BLOCK 2

"Commencing at the northwest corner of Lot 92, Range 1 Coast Land District, being a point on the high-water mark of Phillips Arm on the easterly shore thereof; thence easterly along the northerly boundary of said Lot 92 to the northeast corner thereof; thence southerly along the easterly boundary of said Lot 92 62 metres; thence east 1.137 kilometres; thence south 402 metres; thence east 1.207 kilometres; thence north 45 degrees east 1.162 kilometres; thence east 1.670 kilometres; thence north 2.112 kilometres; thence east 805 metres; thence north 805 metres; thence east 805 metres; thence south 805 metres; thence east 805 metres; thence south 4.033 kilometres to the northeast corner of Lot 275; thence westerly and southerly along the northerly and westerly boundaries of said Lot 275 to the southwest corner thereof, being a point on the high-water mark of Frederick Arm on the northerly shore thereof; thence in a general northwesterly and southwesterly direction along the high-water mark of said Frederick Arm on the northerly and westerly shores thereof to the high-water mark of Cordero Channel on the northerly shore thereof; thence in a general westerly and northwesterly direction along the high-water mark of said Cordero Channel on the northerly shore thereof to the southeast corner of Lot 1743; thence northerly and westerly along the easterly and

northerly boundaries of said Lot 1743 to the high-water mark of aforesaid Phillips Arm on the easterly shore thereof; thence in a general northerly direction along the high-water mark of said Phillips Arm on the easterly shore thereof to the northwest corner of Lot 92, being the point of commencement."

Save and excepting thereout all that foreshore and land covered by water within the above described area; and, the following described area,

"Commencing at the northwest corner of Lot 274, Range 1 Coast Land District; thence southerly along the westerly boundary of said Lot 274 510 metres; thence west 1.438 kilometres; thence north 49 metres; thence west 171 metres; thence north 1.560 kilometres; thence east 805 metres; thence south 302 metres; thence east 805 metres; thence due south to the point of commencement."

BLOCK 3

"Commencing at the southeast corner of Lot 1871, Range 1 Coast Land District, being a point on the high-water mark of Johnstone Strait on the northerly shore thereof; thence northerly along the easterly boundary of said Lot 1871 to the northeast corner thereof; thence east 805 metres; thence north 1.181 kilometres; thence east 129 metres; thence north 805 metres; thence east 1.826 kilometres; thence north 604 metres; thence west 249 metres; thence north 1.252 kilometres; thence west 101 metres; thence north 1.976 kilometres, more or less, to the high-water mark of Cordero Channel

on the southerly shore thereof; thence in a general easterly and southeasterly direction along the high-water mark of said Cordero Channel on the southerly shore thereof to the northeast corner of Lot 1062; thence westerly, southerly and easterly along the northerly, westerly and southerly boundaries of said Lot 1062 to the high-water mark of Mayne Passage on the westerly shore thereof; thence in a general southerly direction along the high-water mark of said Mayne Passage on the westerly shore thereof to the northeast corner of Lot 455; thence westerly, southerly and easterly along the northerly, westerly and southerly boundaries of said Lot 455 to the high-water mark of said Mayne Passage on the westerly shore thereof; thence in a general southerly and westerly direction along the high-water marks of said Mayne Passage and aforesaid Johnstone Strait to the southeast corner of Lot 1871, being the point of commencement."

Save and excepting thereout all that foreshore and land covered by water within the above described area.

BLOCK 4

"Commencing at a point on the high-water mark of Knight Inlet on the westerly shore thereof, said point being 7.130 kilometres north and 3.950 kilometres east of the northwest corner of Indian Reserve Number 6 "Ahnuhati", Range 1, Coast Land District; thence south 20 degrees west 1.006 kilometres; thence west 150 metres, more or less, to the easterly boundary of the watershed of Hills Creek; thence in a general southerly and westerly direction along the

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easterly and southerly boundaries of the watershed of said Hills Creek to the easterly boundary of the watershed of Ahnuhati River; thence in a general southerly direction along the easterly boundary of the watershed of said Ahnuhati River to a point 980 metres north and 225 metres west of the northwest corner of aforesaid Indian Reserve Number 6; thence west 2.010 kilometres; thence south 1.609 kilometres; thence west 350 metres, more or less, to the southerly boundary of the watershed of aforesaid Ahnuhati River; thence in a general westerly direction along the southerly boundary of the watershed of said Ahnuhati River to the easterly boundary of the watershed of Kwalate Creek; thence in a general southerly direction along the easterly boundary of the watershed of said Kwalate Creek to a point 1.605 kilometres north and 1.290 kilometres west of Triangulation Station, Knight Inlet Number 43, being a point on the high-water mark of aforesaid Knight Inlet on the westerly shore thereof; thence south 39 degrees east 2.060 kilometres, more or less, to said Triangulation Station, ^{Page 2 of 3} Knight Inlet Number 43; thence in a general westerly and southerly direction along the high-water mark of aforesaid Knight Inlet on the westerly shore thereof to a point 430 metres south and 2.955 kilometres west of said Triangulation Station, Knight Inlet Number 43; thence north 45 degrees west 1.030 kilometres, more or less, to the southerly boundary of the watershed of aforesaid Kwalate Creek; thence in a general westerly direction along the southerly boundary of the watershed of said Kwalate Creek to the easterly boundary of the watershed of Sallie Creek; thence in a general southerly direction

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along the easterly boundary of the watershed of said Sallie Creek to a point 320 metres south and 2.190 kilometres west of Triangulation Station, Knight Inlet Number 46; thence south 45 degrees east 1.050 kilometres, more or less, to the high-water mark of said Knight Inlet on the westerly shore thereof; thence in a general southerly direction along the high-water mark of said Knight Inlet on the westerly shore thereof to Triangulation Station, Knight Inlet Number 54; thence north 45 degrees west 2.360 kilometres, more or less, to the westerly boundary of the watershed of aforesaid Sallie Creek; thence in a general northerly direction along the westerly boundary of the watershed of said Sallie Creek to the easterly boundary of the watershed of Matsiu Creek; thence in a general southerly direction along the easterly boundary of the watershed of said Matsiu Creek to a point 1.640 kilometres north and 740 metres east of the northeast corner of Lot 1210; thence south 45 degrees west 3.050 kilometres, more or less, to the high-water mark of aforesaid Knight Inlet on the northerly shore thereof; thence in a general westerly direction along the high-water mark 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 said Lot 1210; thence north 1.440 kilometres, more or less, to the westerly boundary of the watershed of aforesaid Matsiu Creek; thence in a general northerly direction along the westerly boundaries of the watersheds of Matsiu Creek, Kwalate Creek, Ahnuhati River, Sim Creek and Klinaklini River to a point 5.775 kilometres north and 6.920 kilometres east of the confluence of the high-water mark of Kingcome

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River on the left bank thereof and the high-water mark of Trudel Creek on the left bank thereof; thence east 55.950 kilometres, more or less, to the easterly boundary of the watershed of said Klinaklini River; thence in a general southerly direction along the easterly boundaries of the watersheds of Klinaklini River, Franklin River and 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 Knight Inlet at a point 1.080 kilometres north and 975 metres east of Triangulation Station, Knight Inlet Number 16; 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 high-water mark of aforesaid Knight Inlet on the easterly shore thereof; thence in a general northerly direction along the high-water mark of said Knight Inlet on the easterly shore thereof to a point 655 metres north and 115 metres west of Triangulation Station, Knight Inlet Number 5; 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 southerly boundary of the watershed of aforesaid Franklin River; thence in a general westerly direction along the southerly boundary of the watershed of said Franklin River

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to a point due east of Triangulation Station, Knight Inlet Number 3; thence due west to said Triangulation Station, Knight Inlet Number 3; thence in a general northerly direction along the high-water mark of said Knight Inlet on the easterly shore thereof to Triangulation Station, Knight Inlet Number 0; thence north 82 degrees 00 minutes 35 seconds west 3.586 kilometres to Triangulation Station, Knight Inlet Number 1; thence west 1.760 kilometres, more or less, to the easterly boundary of the watershed of aforesaid Sim Creek; thence in a general southerly direction along the easterly boundary of the watershed of said Sim Creek to a point 140 metres north and 1.030 kilometres west of Triangulation Station, Knight Inlet Number 6; thence south 80 degrees 45 minutes 35 seconds east 1.040 kilometres, more or less, to said Triangulation Station, Knight Inlet Number 6; thence in a general southerly direction along the high-water mark of said Knight Inlet on the westerly shore thereof to the point of commencement.

Save and excepting all that foreshore and land covered by water within the above described area; and,

Indian Reserve Number 1 "Tsawwati", Range 2, Coast Land District

Lot 251 Timber Licence T0405

Lot 293 Timber Licence T0405".

BLOCK 5

"Commencing at a point on the high-water mark of Knight Inlet on the easterly shore thereof, said point being 490 metres south and 480 metres west of Triangulation Station, Knight Inlet Number 16; thence south 45 degrees east 2.580 kilometres, more or less, to the westerly boundary of the watershed of Stafford River; thence in a general southerly direction along the westerly 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 Knight Inlet at a point 120 metres south and 185 metres west of Triangulation Station, Knight Inlet Number 22; thence in a general northerly direction along the westerly boundary of the watershed of the said unnamed creek to a point 2.445 kilometres south and 360 metres west of said Triangulation Station, Knight Inlet Number 22; thence north 2.220 kilometres, more or less, to the high-water mark of aforesaid Knight Inlet on the easterly shore thereof; thence in a general northerly direction along the high-water mark of said Knight Inlet on the easterly shore thereof to the point of commencement."

Save and excepting all that foreshore and land covered by water within the above described area.

BLOCK 6

"Commencing at a point on the high-water mark of Knight Inlet on the easterly shore thereof, said point being 1.140 kilometres north and 425 metres west of Triangulation Station, Knight Inlet
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Number 38; thence east 270 metres, more or less, to the northerly boundary of the watershed of Millerd Creek; thence in a general easterly, southerly and westerly direction along the northerly, easterly and southerly boundaries of the watershed of said Millerd Creek to a point 85 metres north and 310 metres east of the aforesaid Triangulation Station, Knight Inlet Number 38; thence westerly in a straight line to said Triangulation Station, Knight Inlet Number 38; thence in a general northerly direction along the high-water mark of said Knight Inlet on the easterly shore thereof to the point of commencement."

Save and excepting thereout all that foreshore and land covered by water within the above described area.

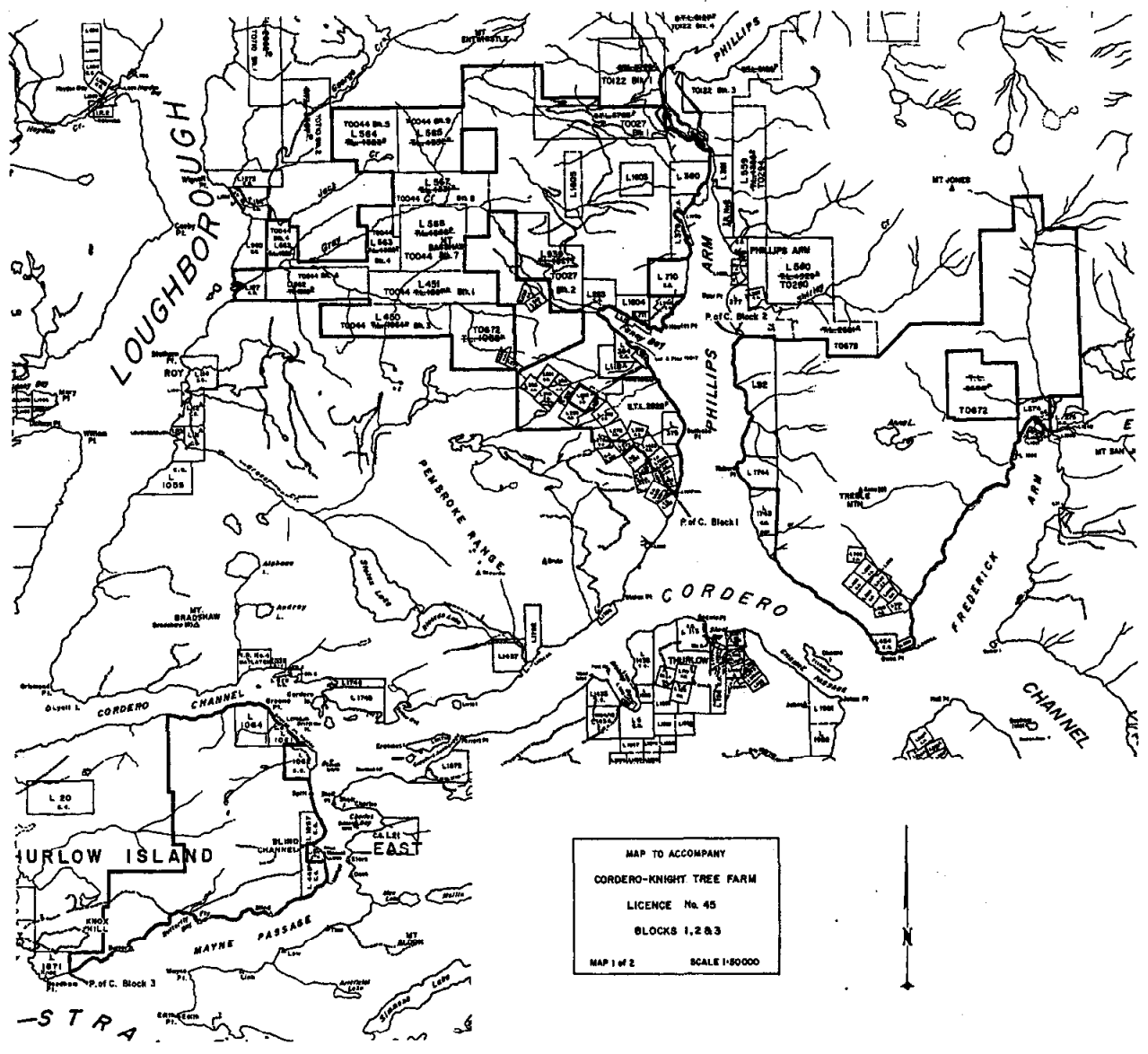
BLOCK 7

"Commencing at a point on the high-water mark 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; 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 south and 1.825 kilometres east of aforesaid Triangulation Station, Knight Inlet Number 42; thence north 45 degrees west 1.240 kilometres, more or less, to the high-water mark of aforesaid Knight Inlet on the easterly shore thereof; thence in a general northerly direction

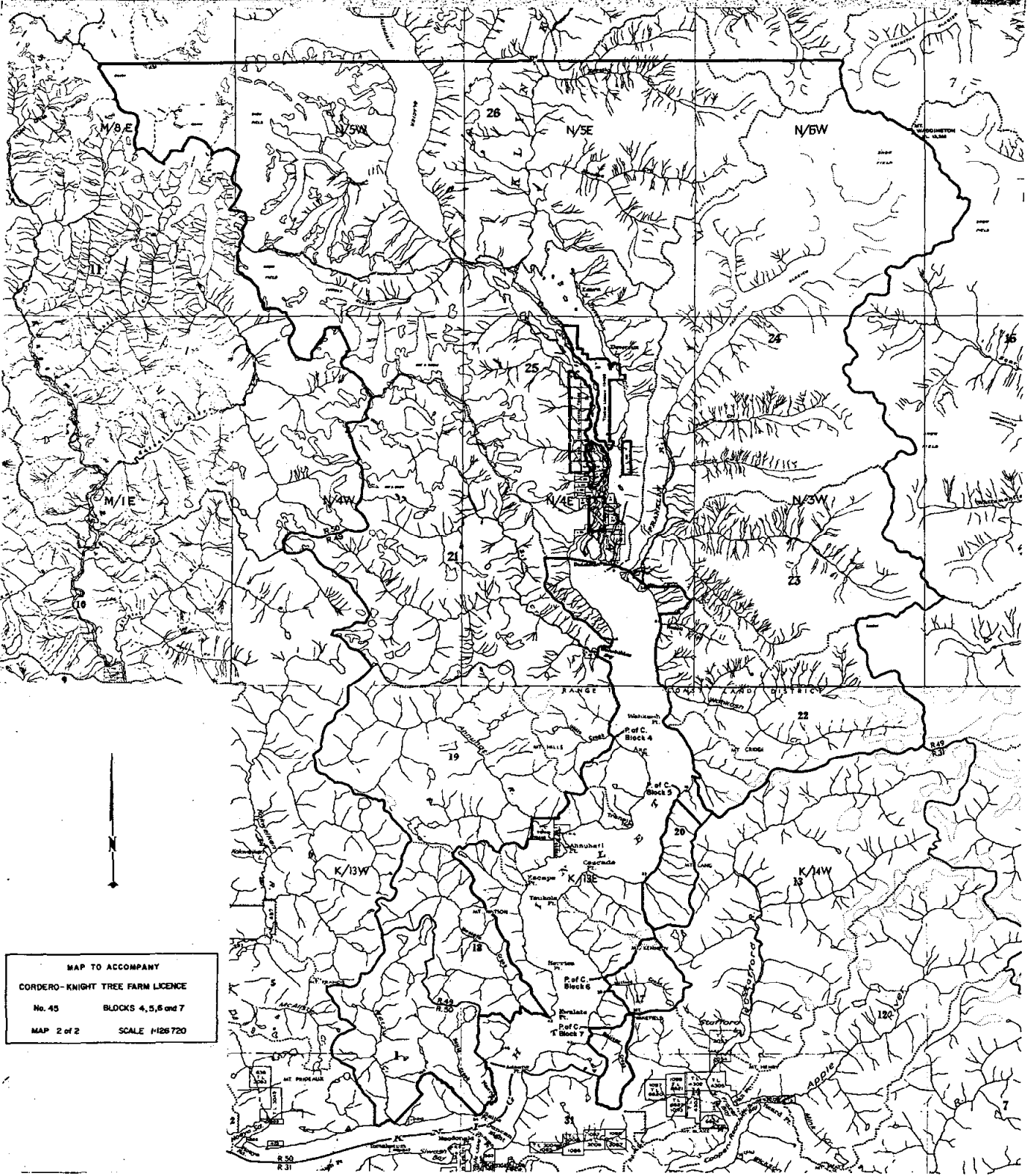
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along the high-water mark of said Knight Inlet on the easterly shore thereof to the point of commencement."

Save and excepting thereout all that foreshore and land covered by water within the above described area.



MAP TO ACCOMPANY
 CORDERO-KNIGHT TREE FARM
 LICENCE No. 45
 BLOCKS 1,2 & 3
 MAP 1 of 2 SCALE 1:50000



MAP TO ACCOMPANY
 CORDERO-KNIGHT TREE FARM LICENCE
 No. 45 BLOCKS 4, 5, 6 and 7
 MAP 2 of 2 SCALE 1:126 720