



FORESTRY LICENCE TO CUT

A87345



THIS LICENCE, dated for reference May 13, 2010.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,
as represented by the REGIONAL MANAGER,
MINISTRY OF FORESTS AND RANGE
1011-4TH AVENUE
PRINCE GEORGE, BRITISH COLUMBIA
V2L 3H9
Phone: (250) 565-6100 Fax: (250) 565-6671
(the "Regional Manager")

AND:

MACKENZIE FIBRE MANAGEMENT CORPORATION
C/O HEATHER SADLER JENKINS LLP
700 - 500 VICTORIA STREET
PRINCE GEORGE, BRITISH COLUMBIA
V2L 2K1
Phone: (250) 565-8000 Fax: (250) 565-8001
(the "Licensee")

WHEREAS:

- A. The parties have entered into this Forestry Licence to Cut under section 47.3 (1) (a) of the *Forest Act*.
- B. Pursuant to section 47.3 (1) (a) of the *Forest Act*, this Licence is entered into with the Mackenzie Fibre Management Corporation to further the Economic Development Agreement dated for reference February 16, 2010 ("the Agreement") between the McLeod Lake Indian Band and the Government, and it is a condition of this Licence that the McLeod Lake Indian Band comply with the Agreement.
- C. A primary intent of this licence is to provide fiber for the Mackenzie Pulp Mill (previously known as the Worthington Pulp Mill).

“The Table of Contents and headings in this Licence are included for convenience only and do not form a part of this Licence and in no way define, limit, alter or enlarge the scope or meaning of any provision of this Licence.”

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THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

- 1.01 The term of the Licence begins on June 15, 2010 and expires on the earlier of June 14, 2015 or the Regional Manager giving notice to the Licensee that all contractual and legislative obligations associated with the Licence have been completed.
- 1.02 Subject to the Licence, the Licensee:
- (a) may harvest 4,000,000 m³ of Crown timber from target stands within areas of Crown land within the Mackenzie Timber Supply Area which are identified in Schedule "A" and specified in cutting permits and road permits; and
 - (b) for this purpose has the right to enter and use Crown land within the harvest area for the purpose of exercising rights and fulfilling obligations under this Licence.
 - (c) for the purpose of this Licence, target stands means, unless otherwise approved by the District Manager, stands having the following attributes based on gross cruise volume:
 - i) at least 70% of the stand is composed of lodgepole pine; and
 - ii) at least 70% of the lodge pole pine is red or grey attack; or
 - iii) stands that have been deemed to be excluded from the Mackenzie Timber Supply Area Timber Harvest Land Base based on the Chief Forester's timber supply review analysis dated April 2001.
- 1.03 This Licence is not replaceable under the *Forest Act*.
- 1.04 This Licence is a major licence under the *Forest Act*.
- 1.05 The McLeod Lake Indian Band and the Government have entered into an agreement dated for reference February 16, 2010 respecting treaty-related measures, interim measures or economic measures (the "Economic Development Agreement"). This Licence is entered into with the Mackenzie Fibre Management Corporation to implement or further the Economic Development Agreement, between the McLeod Lake Indian Band and the Government. It is a condition of this Licence that the McLeod Lake Indian Band comply with the Economic Development Agreement.
- 1.06 In accordance with the Economic Development Agreement and without limiting the actions that may be taken by the Minister or the Government of British Columbia, the Minister, or person authorized by the Minister, may suspend or cancel this Licence if the Minister, or person authorized by the Minister determines that the McLeod Lake Indian Band is not in compliance with the Economic Development Agreement.

- 1.07 The licensor does not warrant the suitability of the timber authorized for harvest under this licence for any specific use.

2.00 OTHER CONDITIONS AND REQUIREMENTS

- 2.01 The Licensee must not harvest timber if the timber is specified as reserved timber in a cutting permit, or under an applicable operational plan or the forestry legislation.

3.00 TIMBER VOLUME CHARGED TO THE LICENCE

- 3.01 The definition of "volume of timber harvested" in section 75.1 of the *Forest Act* does not apply to this Licence, as specified in section 75.11(1) of the *Forest Act*.
- 3.02 The "volume of timber harvested" means the same as in section 75.1 (1) of the *Forest Act* except that for the purposes of section 75.1 (3) (a) of the Act, the volume of timber harvested attributed to the Licence is adjusted downward for a grade code listed in the Schedule of Interior Timber Grades to the Scaling Regulation, as amended or replaced:
- (a) for grade codes 1 and 2 by 0 %;
 - (b) for grade code 4 by 0 %;
 - (c) for grade code 6 by 0 %; and
 - (d) for grade code Z by 100 %.
- 3.03 The determination of the volume of timber harvested will incorporate the volume of waste determined under part 4.00.
- 3.04 The Interior Timber Merchantability Specifications in the Provincial Logging Residue and Waste Measurement Procedures Manual that was in effect on the date of issuance of the cutting permit or road permit shall govern.

4.00 WASTE ASSESSMENTS FOR MERCHANTABLE CROWN TIMBER

- 4.01 The Licensee must conduct a waste assessment of the volume of merchantable Crown timber, whether standing or felled, that was authorized to be cut and removed under the Licence but, at the Licensee's discretion, was not cut and removed.
- 4.02 A waste assessment conducted under paragraph 4.01 must be in accordance with the Provincial Logging Residue and Waste Measurement Procedures Manual, as amended or replaced from time to time.
- 4.03 A waste assessment made under paragraph 4.01 must be:
- (a) done within 60 days of the Licensee declaring that primary logging on the area has been completed for each cut block, allowing for ground to be sufficiently free of snow to permit an adequate assessment to be carried out; or

- (b) if primary logging on the area is not completed before the expiry of the cutting permit, within 60 days after the expiry of the cutting permit, allowing the ground to be sufficiently free of snow to permit for an adequate assessment to be carried out.
- 4.04 If the Licensee fails to comply with paragraph 4.01 the District Manager may, after the expiry of the term of a cutting permit or Licence, conduct a waste assessment of the volume of merchantable timber could have been cut and removed under the Licence but, at the Licensee's discretion, is not cut and removed.
- 4.05 A waste assessment conducted under paragraph 4.04 must be in accordance with the Provincial Logging Residue and Waste Measurement Procedures Manual, as amended or replaced from time to time.
- 4.06 If the District Manager carries out a waste assessment under paragraph 4.04, the District Manager, in a notice given to the Licensee, may require the Licensee to pay the costs incurred by the District Manager in carrying out the assessment.

5.00 CRUISE AND APPRAISAL INFORMATION

- 5.01 The Licensee must ensure that cruise data submitted under this Licence are:
 - (a) compiled in accordance with the current Cruise Compilation Design Manual; and
 - (b) based on cruises carried out in accordance with the current Provincial Cruising Manual prepared by the Ministry of Forests and Range.
- 5.02 The Licensee must ensure that appraisal data submitted under this Licence are:
 - (a) compiled in accordance with; and
 - (b) include all data required under;

the policies and procedures approved by the Minister from time to time under section 105 of the *Forest Act* for the forest region in which the harvest area is located.

6.00 CUTTING PERMITS

- 6.01 Subject to paragraphs 6.02 and 6.03, the Licensee may submit an application to the District Manager for a cutting permit to authorize the Licensee to harvest timber from one or more proximate areas within the harvest area, which are located within a forest development unit of a forest stewardship plan.
- 6.02 Before submitting an application for a cutting permit, the Licensee must compile:
 - (a) cruise data; and

(b) appraisal data;

in accordance with the requirements of part 5.00 for the areas to be included in the application.

6.03 An application for a cutting permit submitted under paragraph 6.01 must:

(a) be in a form acceptable to the District Manager;

(b) include:

(i) a map to a scale acceptable to the District Manager showing the area(s) referred to in the application; and

(ii) the cruise data and appraisal data referred to in paragraph 6.02; and

(c) a description acceptable to the District Manager of any timber that is reserved from cutting; and

(d) must indicate a term not exceeding 4 years.

6.04 Subject to paragraphs 6.05 through 6.08 inclusive, upon receipt of an application for a cutting permit submitted under paragraph 6.01 the District Manager will issue a cutting permit to the Licensee if the District Manager is satisfied that:

(a) the requirements of paragraphs 6.01, 6.02 and 6.03 have been met;

(b) the cruise data and appraisal data referred in subparagraph 6.03 (b) meet the requirements of part 5.00; and

(c) the areas of land referred to in the application for the cutting permit meet the requirements referred to in part 1.00 and 2.00.

6.05 The District Manager may consult an aboriginal group(s) who may be exercising or claiming to hold an aboriginal interest(s) or proven aboriginal right, including aboriginal title, or a treaty right(s) that may be affected by activities or operations under or associated with a cutting permit.

6.06 The District Manager may impose conditions in a cutting permit to address an aboriginal interest(s), or proven aboriginal right, including aboriginal title, or a treaty right(s).

6.07 The District Manager may refuse to issue a cutting permit if, in the opinion of the District Manager, issuance of the cutting permit would result in an unjustifiable infringement of an aboriginal interest(s) or proven aboriginal right, including aboriginal title, or a treaty right(s).

6.08 If the District Manager:

- (a) determines that a cutting permit may not be issued because the requirements of paragraph 6.04 have not been met;
- (b) is carrying out consultations under paragraph 6.05; or
- (c) refuses to issue a cutting permit under paragraph 6.07;

the District Manager will notify the Licensee within 45 days of the date on which the application for the cutting permit was received.

6.09 A cutting permit must:

- (a) identify the boundaries of the areas of Crown land where, subject to this Licence, the Licensee is authorized to harvest timber;
- (b) specify a term which does not exceed four years;
- (c) specify a timber mark to be used in conjunction with the timber removal carried on under the cutting permit;
- (d) specify whether, for the purpose of determining the amount of stumpage payable in respect of timber available for cutting and removal under the cutting permit, the volume or quantity of timber is to be determined using information provided by:
 - (i) a scale of the timber; or
 - (ii) a cruise of the timber conducted before the timber is cut; and
- (e) include such other provisions, consistent with this Licence, as the District Manager considers necessary or appropriate.

6.10 The District Manager may amend a cutting permit only with the consent of the Licensee.

6.11 The Licensee is required to make application to the District Manager for a cutting permit extension at least 45 days before the expiry of the cutting permit and in a form as required by the District Manager.

6.12 A cutting permit is deemed to be part of this Licence.

7.00 COURT DETERMINED ABORIGINAL RIGHTS AND/OR TITLE

7.01 Notwithstanding any other provision of the Licence, if a court of competent jurisdiction:

- (a) determines that activities or operations under or associated with the Licence will unjustifiably infringe an aboriginal right and/or title, or a treaty right;

- (b) grants an injunction further to a determination referred to in subparagraph 7.01 (a); or
- (c) grants an injunction pending a determination of whether activities or operations under or associated with the Licence will unjustifiably infringe an aboriginal right and/or title, or a treaty right;

the Regional Manager or District Manager, in a notice given to the Licensee, may vary or suspend the Licence, cutting permit, road permit or other permit given to the Licensee in whole or in part, or refuse to issue the Licence, cutting permit, road permit or other permit given to the Licensee, to be consistent with the court determination.

7.02 Subject to the forestry legislation, if:

- (a) the Regional Manager or District Manager has varied the Licence, cutting permit, road permit or other permit given to the Licensee under paragraph 7.01;
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
- (c) it is practical to do so;

the Regional Manager or District Manager, at the request of the Licensee, may vary the Licence, cutting permit, road permit or other permit given to the Licensee to reflect as closely as possible, for the remainder of its term, the terms and conditions of the permit or authorization given prior to the variation under paragraph 7.01.

7.03 Subject to forestry legislation, if:

- (a) the Regional Manager or District Manager has suspended the Licence, cutting permit, road permit or other permit given to the Licensee under paragraph 7.01;
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
- (c) it is practical to do so;

the Regional Manager or District Manager, at the request of the Licensee, may reinstate the Licence, cutting permit, road permit or other permit for the remainder of its term.

7.04 Subject to forestry legislation, if:

- (a) the Regional Manager or District Manager has refused to issue the Licence, cutting permit, road permit or other permit given to the Licensee under paragraph 7.01;
- (b) a court of competent jurisdiction subsequently overturns, sets aside or dissolves the determination or injunction referred to in that paragraph; and
- (c) it is practical to do so;

the Regional Manager or District Manager, at the request of the Licensee, may issue the Licence, cutting permit, road permit or other permit to the Licensee.

8.00 REPORTING

8.01 The Regional Manager or District Manager, or the applicable Regional Manager in a notice given to the Licensee, may require the Licensee to submit a report containing such information as the Regional Manager or District Manager requires regarding:

- (a) the Licensee's performance of its obligations under or in respect of the Licence; and
- (b) the processing or other use or disposition of the timber removed under the Licence;

if the information is not included in any other reports which the Licensee must submit under the forestry legislation.

8.02 Upon receipt of a notice referred to in paragraph 8.01, the Licensee, on or before the date specified in the notice, must submit a report to the Regional Manager or District Manager containing the required information.

8.03 Subject to paragraph 8.04, the Regional Manager or District Manager may include the information contained in a report submitted under paragraph 8.02 in any reports prepared by the Ministry of Forests and Range for public review.

8.04 Subject to the *Freedom of Information and Protection of Privacy Act*, the Regional Manager or District Manager will not disclose information provided in confidence by the Licensee in a report submitted under paragraph 8.02.

9.00 FINANCIAL AND DEPOSITS

9.01 In addition to any money payable in respect of the Licence or a road permit under the forestry legislation, the Licensee must pay to the Government, immediately upon receipt of a notice, statement or invoice issued on behalf of the Government:

- (a) stumpage under part 7 of the *Forest Act* in respect of timber removed under the Licence or a road permit, or a monetary assessment for timber that could have been removed but was not removed as determined under paragraph 3.01 at rates determined, redetermined and varied under section 105 of that Act;
 - (b) any payment required as a result of a waste assessment made in accordance with the forestry legislation, the Provincial Logging Residue and Waste Measurement Procedures Manual as amended or replaced from time to time and the Licence.
- 9.02 During the term of the Licence, the Licensee must maintain with the Government a deposit in the amount prescribed under the *Forest Act* or the regulations made under that Act, in a form acceptable to the Minister, as security for the Licensee's performance of its obligations under or in respect of the Licence or a road permit. The Regional Manager or District Manager may use this deposit in accordance with this part.
- 9.03 If the Regional Manager or District Manager gives the Licensee a notice that an amount has been taken under this part from the deposit, the Licensee, within four weeks of the date on which the notice is given, must pay to the Government, in a form acceptable to the Minister, an amount sufficient to replenish the deposit.
- 9.04 If the Licensee fails:
- (a) to pay money that the Licensee is required to pay to the Government under:
 - (i) the Licence or a road permit; or
 - (ii) the forestry legislation in respect of the Licence or a road permit; or
 - (b) to otherwise perform its obligations under:
 - (i) the Licence or a road permit; or
 - (ii) the forestry legislation in respect of the Licence or a road permit;
- the Regional Manager or District Manager, after at least four weeks notice to the Licensee, may take from the deposit;
- (c) an amount equal to the money which the Licensee failed to pay;
 - (d) an amount sufficient to cover all costs incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations; or

- (e) an amount equal to the Regional Manager or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations;

and for that purpose a security included in the deposit may be realized.

9.05 A notice referred to in paragraph 9.04 must specify:

- (a) the money which the Licensee has failed to pay or the obligation which the Licensee has failed to perform; and
- (b) the amount the Regional Manager or District Manager intends to take from the deposit.

9.06 Subject to paragraphs 9.08, 9.09 and 9.10, if:

- (a) the Regional Manager or District Manager, under paragraph 9.04, takes from the deposit an amount equal to the Regional Manager or District Manager's estimate of the costs which the Regional Manager or District Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations ("the Regional Manager or District Manager exercises the right of withdrawal"); and
- (b) the costs incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations are less than the amount taken from the deposit;

the Government will as soon as feasible return to the Licensee an amount equal to the difference between the amount taken from the deposit and the costs incurred by the Regional Manager or District Manager.

9.07 If:

- (a) the Regional Manager or District Manager exercises the right of withdrawal; and
- (b) the costs incurred by the Regional Manager or District Manager in remedying the Licensee's failure to perform its obligations are greater than the amount taken from the deposit;

the Regional Manager or District Manager may take from the deposit an additional amount equal to the difference between the costs incurred by the Regional Manager or District Manager and the amount originally taken from the deposit, and for that purpose a security included in the deposit may be realized.

9.08 If, the Regional Manager or District Manager exercises the right of withdrawal, the Regional Manager or District Manager is under no obligation to remedy the Licensee's failure.

9.09 If:

- (a) the Regional Manager or District Manager exercises the right of withdrawal;
- (b) the Regional Manager or District Manager does not remedy the Licensee's failure to perform its obligations; and
- (c) the Regional Manager or District Manager gives a notice to the Licensee indicating that the Government will not be remedying the Licensee's failure to perform its obligations;

subject to paragraph 9.10, the Government may retain the amount taken from the deposit under paragraph 9.04.

9.10 If, after receiving a notice referred to in paragraph 9.09, the Licensee:

- (a) remedies the failure to perform its obligations; and
- (b) gives a notice to that effect to the Regional Manager or District Manager within three months of the date on which the notice referred to in paragraph 9.09 is given to the Licensee, or within such longer period as the Regional Manager or District Manager may approve;

the Government will return to the Licensee an amount equal to the difference between the amount taken from the deposit and any costs incurred by the Regional Manager or District Manager in respect of the Licensee's failure to perform its obligations.

9.11 Subject to the *Forest Act* and the regulations made under that Act, the Government will return to the Licensee the deposit, less deductions made under paragraphs 9.04 and 9.07, when:

- (a) this Licence expires, or is surrendered; and
- (b) the Regional Manager is satisfied that the Licensee has fulfilled its obligations under this Licence.

10.00 RELEASE

10.01 The Licensee acknowledges that any information released to the Licensee by the Regional Manager or District Manager or the Government about the nature of the harvest area, or the quality or quantity of timber, is an estimation only and not binding upon the Regional Manager or District Manager, and that the Licensee informed itself about such matters prior to executing the Licence. Execution of the Licence by the Licensee is an absolute release by the Licensee of the Regional Manager or District Manager and the Government from any

claim that the Licensee may have in respect of the nature of the harvest area or the quality or quantity of timber.

11.00 REPRESENTATIONS

11.01 The Licensee represents and warrants to the Regional Manager or District Manager that the Licensee:

- (a) has the ability to undertake and complete its obligations under the Licence within the term; and
- (b) there is no legal or other reason why it cannot enter into the Licence; and
- (c) the Licensee is a legal entity appointed by McLeod Lake Indian Band as its representative.

12.00 LIABILITY AND INDEMNITY

12.01 The Licensee must indemnify the Government against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the Government as a result, directly or indirectly, of any act or omission of:

- (a) the Licensee;
- (b) an employee or agent of the Licensee;
- (c) a contractor of the Licensee who engages in any activity or carries out any operation, including but not restricted to the cutting or removal of timber, under or associated with the Licence or a road permit; or
- (d) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation, including but not restricted to the cutting or removal of timber, under or associated with the Licence or a road permit.

12.02 For greater certainty, the Licensee has no obligation to indemnify the Government under paragraph 12.01 in respect of any act or omission of:

- (a) an employee, agent or contractor of the Government, in the course of carrying out his or her duties as employee, agent or contractor of the Government; or
- (b) a person, other than the Licensee, to whom the Government has granted the right to use or occupy Crown land, in the course of exercising those rights.

- 12.03 Amounts taken under part 9.00 from the deposit and any payments required under part 9.00, are in addition to and not in substitution for any other remedies available to the Government in respect of a default of the Licensee.
- 12.04 The Government is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to the Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under the Licence by road blocks or other means.

13.00 TERMINATION

- 13.01 If the Licence expires or is cancelled or otherwise terminated, title to all:
- (a) improvements, including roads and bridges, constructed under the authority of the Licence;
 - (b) timber, including logs and special forest products, cut under the authority of this Licence and which are still located on Crown land, will vest in the Crown, without right of compensation to the Licensee;
 - (c) unless otherwise agreed to between the District Manager and the Licensee prior to the surrender, cancellation or termination of this Licence, title to all improvements, including roads and bridges, constructed by the Licensee on Crown land under the authority of this Licence will vest in the Crown, without right of compensation to the Licensee; and
 - (d) the Licensee may continue to enter and use Crown Land for a period of one month after the expiry or termination of this Licence for the purpose of removing the Licensee's property.
- 13.02 The Licensee will not take away any improvements or remove any timber referred to in subparagraph 13.01 (b), unless authorized to do so by the Regional Manager or District Manager.
- 13.03 If the Licensee commits an act of bankruptcy, makes a general assignment of its creditors or otherwise acknowledges its insolvency the Licensee is deemed to have failed to perform an obligation under this Licence.
- 13.04 If a road permit expires or is cancelled or otherwise terminated, all improvements, including roads and bridges, constructed by the Licensee under the authority of the road permit will vest in the Government, without right of compensation to the Licensee, unless otherwise specified in the road permit.

- 13.05 The Licensee must not take away any improvements vesting in the Government under paragraph 13.04, unless authorized to do so by the Regional Manager or District Manager.
- 13.06 If the Licence expires or is cancelled or otherwise terminated, the Regional Manager or District Manager may hire such men and equipment as are necessary to perform the Licensee's obligations under the Licence, and may recover the costs of doing so from the Licensee. Such termination will be in addition to and without prejudice to any other rights in the Licence, or remedies at law or in equity that the Regional Manager or District Manager may have for the default of the Licensee or for the recovery of money from the Licensee.
- 13.07 Within seven days after completion of the Licensee's operations pursuant to the Licence, or the termination or expiration of the Licence, the Licensee will take away all of its equipment and supplies from the harvest area, making good any damage caused by such removal. Any equipment or supplies not taken away by the Licensee within seven days may be taken away or consumed by the Regional Manager or District Manager at the Licensee's expense.

14.00 WAIVER

- 14.01 No waiver by the Regional Manager or District Manager of any default non-compliance by the Licensee in the strict and literal performance of or compliance with any provision of the Licence will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of the Licence or to be a waiver of, or in any manner release the Licensee from compliance with any provision, condition or requirement in the future, nor will any delay or omission by the Regional Manager or District Manager in the exercising of any right hereunder in any manner with respect to non-compliance impair the exercise of any such rights in the future.

15.00 NOTICE

- 15.01 A notice given under the Licence must be in writing.
- 15.02 A notice given under the Licence may be:
- (a) delivered by hand;
 - (b) sent by mail; or
 - (c) subject to paragraph 15.05, sent by facsimile transmission;
- to the address or facsimile number, as applicable, specified on the first page of this Licence, or to such other address or facsimile number as is specified in a notice given in accordance with this part.

- 15.03 If a notice is given under the Licence, it is deemed to have been given:
- (a) if it is given in accordance with subparagraph 15.02 (a), on the date it is delivered by hand;
 - (b) if it is given in accordance with subparagraph 15.02 (b), subject to paragraph 15.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada; and
 - (c) if it is given in accordance with subparagraph 15.02 (c), subject to paragraph 15.05, on the date it is sent by facsimile transmission.
- 15.04 If, between the time a notice is mailed in accordance with subparagraph 15.02 (b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.
- 15.05 If a notice is sent by facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.
- 15.06 Either party may, from time to time, advise the other party by notice in writing, of any change of address of the party giving such notice and, from and after the giving of such notice, the address specified will, for purposes of this Licence, be considered to be the address of the party giving such notice.

16.00 MISCELLANEOUS

- 16.01 This Licence will enure to the benefit of, and be binding on, the parties and their respective heirs, executors, successors and permitted assigns.
- 16.02 The laws of British Columbia will govern the interpretation of this Licence and the performance of the Licensees' obligations under this Licence.
- 16.03 Any power conferred or duty imposed on the Regional Manager or District Manager under the Licence may be exercised or fulfilled by any person authorized to do so by the Regional Manager or District Manager.
- 16.04 The Schedules to this Licence are deemed to be part of this Licence.
- 16.05 Nothing in this Licence authorizes the Licensee to in any way restrict the Government's right of access to the areas defined in a cutting permit or a road permit or the right of any other authorized entrant, user or occupier of these areas.
- 16.06 Subject to this Licence and all applicable legislation, including but not restricted to the forestry legislation, the Minister will ensure that the obligations under this Licence of the Ministry employees referred to in this Licence are fulfilled.

16.07 The Licensee must:

- (a) comply with the forestry legislation; and
- (b) ensure that its employees, agents and contractors comply with the forestry legislation when engaging in or carrying out activities or operations under or associated with the Licence.

16.08 If there is a conflict between the *Workers Compensation Act* or a regulation under that Act, and a provision of the Licence, the *Workers Compensation Act*, or the regulation made under that Act, prevails, and the Licensee must immediately notify the Regional Manager or District Manager of the conflict and follow any direction given by the Regional Manager or District Manager with respect to the conflict, provided such direction is consistent with the *Workers Compensation Act* and the regulations under that Act.

16.09 If any provision in the Licence is found to be invalid or unenforceable by a court of law, the remainder of the Licence is separately valid and enforceable to the fullest extent permitted by law.

16.10 Time is of the essence in the Licence.

16.11 Nothing in the Licence is to be construed as authorizing the Licensee to cut or remove timber or engage in or carry out any other forest practices until all applicable or requested cutting permits, road permits, logging plans and operational plans (including site plans) for both the harvest area and any corresponding roads have been prepared by the Licensee and approved by the Regional Manager or District Manager.

16.12 Nothing in the Licence is to be construed as authorizing the Licensee to engage in any activities or carry out any operations otherwise than in compliance with the requirements of the forestry legislation.

17.00 INTERPRETATION & DEFINITIONS

17.01 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 is to 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.

17.02 In this Licence and any cutting permits issued pursuant to the Licence, unless the context otherwise requires:

“aboriginal interest” means a potential aboriginal right and/or aboriginal title that has not been proven through a court process;

“cutting permit” means a cutting permit issued under this Licence;

“cut control specifications” means the specifications for timber, that defines the timber to be charged against the Licence as “volume of timber harvested”, as defined in part 3.00;

“deposit” means the deposit referred to in paragraph 9.02;

“District Manager” means:

- (a) a District Manager appointed under the *Ministry of Forests and Range Act*, for a forest district in which all or part of the timber supply area is situated; and
- (b) any person authorized by the District Manager to exercise a power or fulfill a duty under this Licence;

“*Forest Act*” means the *Forest Act*, R.S.B.C. 1996, c. 157, as amended from time to time, or the successor to this Act if it is repealed;

“*Forest and Range Practices Act*” means the *Forest and Ranges Practices Act*, S.B.C. 2002, c. 69 as amended from time to time, or the successor to this Act, if it is repealed;

“forestry legislation” the statutes and regulations, to which the Licence is subject including:

- (a) the *Forest Act*;
- (b) the *Forest Practices Code of British Columbia Act*; and
- (c) the *Forest and Range Practices Act*;
- (d) the *Wildfire Act*;

“*Forest Practices Code of British Columbia Act*” means the *Forest Practices Code of British Columbia Act*, R.S.B.C. 1996, c. 159, as amended from time to time, or the successor to this Act, if it is repealed;

“forest stewardship plan” means a forest stewardship plan referred to in the *Forest and Range Practices Act*, that is prepared or approved by the Minister in respect of the Licence;

“Government” means the Government of the Province of British Columbia;

“harvest area” means the area or areas allocated for the Licensee’s operations pursuant to the Licence and which for greater detail will be outlined on the map found in Exhibit “A” to the cutting permits issued pursuant to the Licence;

“Minister” means the Minister responsible for administering the *Forest Act*;

“parties” means the Licensee and the Regional Manager and “party” means either one of them;

“person” includes a corporation and a partnership;

“primary logging” includes felling timber and yarding or forwarding the timber to central landings or road sides, but not including the removal of the timber from these landings or road sides;

“remove” means the removal of timber from the Licence area and “removed” and “removing” have the corresponding meanings;

“Regional Manager” means:

- (a) a Regional Manager appointed under the *Ministry of Forests and Range Act*, for the forest region in which all or part of the timber supply area is situated and who is identified on page one of this Licence; and
- (b) any person authorized by the Regional Manager to exercise a power or fulfill a duty under this Licence;

“road permit” means a road permit entered into under the *Forest Act*, which provides access to timber to be harvested, under the Licence and which must be prepared by the Licensee and approved by the Regional Manager or District Manager;

“site plan” means a site plan referred to in the *Forest and Range Practices Act* that is prepared the Licensee in respect of the Licence;

“waste” means merchantable Crown timber that could have been cut and removed under this Licence but that the Licensee does not cut and remove, and as defined in the Provincial Logging Residue and Waste Measurement Procedures Manual, as amended from time to time.

- 17.03 Unless otherwise provided in paragraph 17.02, if a word or phrase used in this Licence is defined in the *Forest Act*, the *Forest and Range Practices Act* or the *Forest Practices Code of British Columbia Act*, the definition in the Act applies to this Licence, and where the word or phrase in the Act is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.

- 17.04 If a provision of the *Forest Act* or the *Forest Practices Code of British Columbia Act* or the *Forest and Range Practices Act* referred to in this Licence is renumbered, the reference in this Licence is to be construed as a reference to the provision as renumbered.
- 17.05 In the Licence, unless the context otherwise requires:
- (a) the singular includes the plural and the plural includes the singular; and
 - (b) the masculine, the feminine and the neuter are interchangeable.
- 17.06 The Licence is the entire contract between the parties as to the matters set out in the Licence, and all previous promises, representations, contracts or agreements between the parties, whether oral or written, whether part of a tendering process or otherwise, are deemed to have been replaced by the Licence. Except as set out in the Licence, any changes to the Licence must be agreed to by the parties in writing and be signed by the Regional Manager, District Manager or designate.

J. Fitzsimmons
Signature

J. FITZSIMMONS
Printed Name

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

Signature _____)
 _____)
 _____)
 Printed Name _____)

SIGNED by the Licensee)
in the presence of:)

Signature)

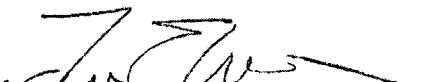
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St. Theodor
Acting as Regional Manager

W. J. (Bill) Warner, R.P.F.
Regional Manager
Northern Interior Forest Region

May 13, 2010
Dated

c/s



Licensee

TANNER ELTON

Printed Name and Title

Director

Dated

SCHEDULE "A"
(See Attached Map)

