

**BRITISH  
COLUMBIA**  
The Best Place on Earth

January 4, 2007

File: 1405508

Peter Law  
Ministry of Environment  
Environmental Stewardship Division  
2080 Labieux Rd  
Nanaimo BC V8T 6J9

Dear Peter Law:

Re: Replacement of Licence of Occupation, Cowichan Bay,  
Western Forest Products

As per Doug Berry's e-mail to you dated November 30, 2006, Licence of Occupation # 806131 for log storage and booming purposes over that portion of the bed of Cowichan Bay outlined in red on the enclosed sketch expired January 1, 2007. The Integrated Land Management Bureau proposes to issue a Licence of Occupation for the same purpose for a further five year term.

As the area is located within Cowichan Bay, as per OIC #1652 dated September 12, 1986, the replacement requires the approval of the Minister of Environment. Please advise if the Minister of Environment has any objection to the issuance of a further Licence of Occupation. We would appreciate receiving your response within 30 days of the date of this letter.

If you have any questions please contact Doug Berry, Senior Land Officer at 250-751-7252.

Yours truly,

Keith Anderson  
Section Head  
Integrated Land Management Bureau

Enclosure

pc: Doug Berry, Senior Land Officer

**Integrated Land  
Management Bureau**

Ministry of  
Agriculture and Lands

Mailing/Location Address:  
Suite 142  
2080 Labieux Road  
Nanaimo BC V9T 6J9

Telephone: 250-751-7220  
Facsimile: 250-751-7224  
Web Address:  
<http://www.al.gov.bc.ca>

\* need to reconcile the location of the boom's with request that the lease floor be moved to deeper water  
→ there has been no report received monitoring on the original 5 yr term lease  
→ the only option that the ILMC will consider is a lease renewal of 1 year - subject to movement

- Present leases <sup>Bernie Fault.</sup> need to shift to  
(3 leases on lot 100 beach) the deeper water  
- but they are in  
[Conversation w/Bernie Fault - May 25/02] a north to south  
^  
Correct position

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- 2 ocean water lots  
do not exist in terms of operationally

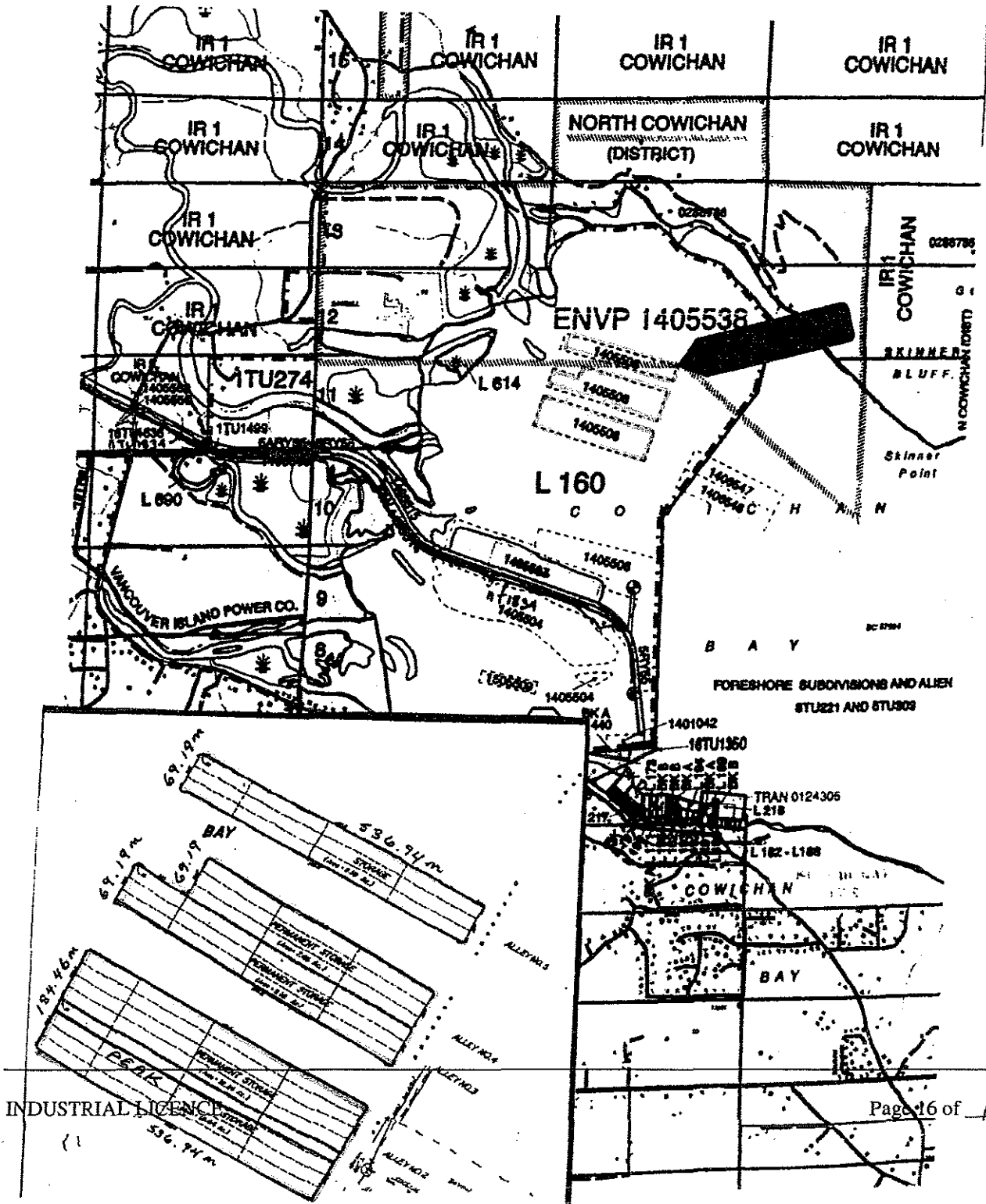
- they are not used - never have  
been used - this was Eve's pet.

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- transient boom pile - 16 pile  
(slipping dolphin) dolphin  
the site where booms are sorted.

## LEGAL DESCRIPTION SCHEDULE

That part of District Lot 160, Cowichan District, shown outlined on sketch below, containing 20.36 hectares more or less.





THIS AGREEMENT is dated for reference 27<sup>th</sup> day of July, 2004.

**BETWEEN:**

**DOMAN INDUSTRIES LIMITED**  
300-435 Trunk Rd  
Duncan, BC V9L 2P9

OF THE FIRST PART

(herein the "Assignor")

**AND:**

**WESTERN FOREST PRODUCTS INC.**  
300-435 Trunk Rd.  
Duncan, BC V9L 2P9

OF THE SECOND PART

(herein the "Assignee")

**AND:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

OF THE THIRD PART

(herein the "Province")

**WITNESS THAT WHEREAS:**

The Assignor and the Province entered into certain leases, licences and right of ways to certain Lands all more particularly described in Schedule "A" attached hereto (the "**Documents**").

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that for good and valuable



Licence No.:

**109033**

File No.: 1405508

Disposition No.: 806131

THIS AGREEMENT is dated for reference January 1, 2002 and is made under the *Land Act*.

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

(the "Province")

**AND:**

DOMAN INDUSTRIES LIMITED (INC. NO. 202,282)  
300- 435 Trunk Road  
Duncan, BC V9L 2P9

(the "Licensee")

The parties agree as follows:

**ARTICLE 1 - INTERPRETATION**

1.1 In this Agreement,

"**Agreement**" means this licence of occupation;

"**Commencement Date**" means January 1, 2002;

"**disposition**" has the meaning given to it in the *Land Act* and includes a licence of occupation;

"**Fees**" means the fees set out in Article 3;

"**Improvements**" includes anything made, constructed, erected, built, altered, repaired or added to, in, on or under the Land, and attached to it or intended to become a part of it, and also includes any clearing, excavating, digging, drilling, tunnelling, filling, grading or ditching of, in, on or under the Land;

**"Land"** means:

That part of District Lot 160, Cowichan District, containing 20.36 hectares more or less, except for those parts of the land that, on the Commencement Date, consist of highways (as defined in the *Highway Act*);

**"Realty Taxes"** means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any competent governmental authority which relate to the Land, the Improvements or both of them and which you are liable to pay;

**"Security"** means the security referred to in section 6.1 or 6.2, as replaced or supplemented in accordance with section 6.5;

**"Term"** means the period of time set out in section 2.2;

**"we", "us" or "our"** refers to the Province alone and never refers to the combination of the Province and the Licensee: that combination is referred to as **"the parties"**; and

**"you" or "your"** refers to the Licensee.

- 1.2 In this Agreement, "person" includes a corporation, firm or association and wherever the singular or masculine form is used in this Agreement it will be construed as the plural or feminine or neuter form, as the case may be, and vice versa where the context or parties require.
- 1.3 The captions and headings contained in this Agreement are for convenience only and do not define or in any way limit the scope or intent of this Agreement.
- 1.4 This Agreement will be interpreted according to the laws of the Province of British Columbia.
- 1.5 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Agreement, that reference will include a reference to every amendment to it, every regulation made under it and any subsequent enactment of like effect and, unless otherwise indicated, all enactments referred to in this Agreement are enactments of the Province of British Columbia.
- 1.6 If any section of this Agreement, or any part of a section, is found to be illegal or unenforceable, that section or part of a section, as the case may be, will be considered separate and severable and the remainder of this Agreement will not be affected and this Agreement will be enforceable to the fullest extent permitted by law.
- 1.7 Each schedule to this Agreement is an integral part of this Agreement as if set out at length in

the body of this Agreement.

- 1.8 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent agreement in writing between the parties.
- 1.9 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 1.10 All provisions of this Agreement in our favour and all of our rights and remedies, either at law or in equity, will survive the termination of this Agreement.
- 1.11 Time is of the essence of this Agreement.
- 1.12 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then you or we, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that you or we have sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.

## ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions set out in this Agreement, we grant you a licence of occupation of the Land for log booming and storage purposes, and you acknowledge this licence of occupation does not grant you exclusive use and occupancy of the Land.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 5th anniversary of that date, or such earlier date provided for in this Agreement.

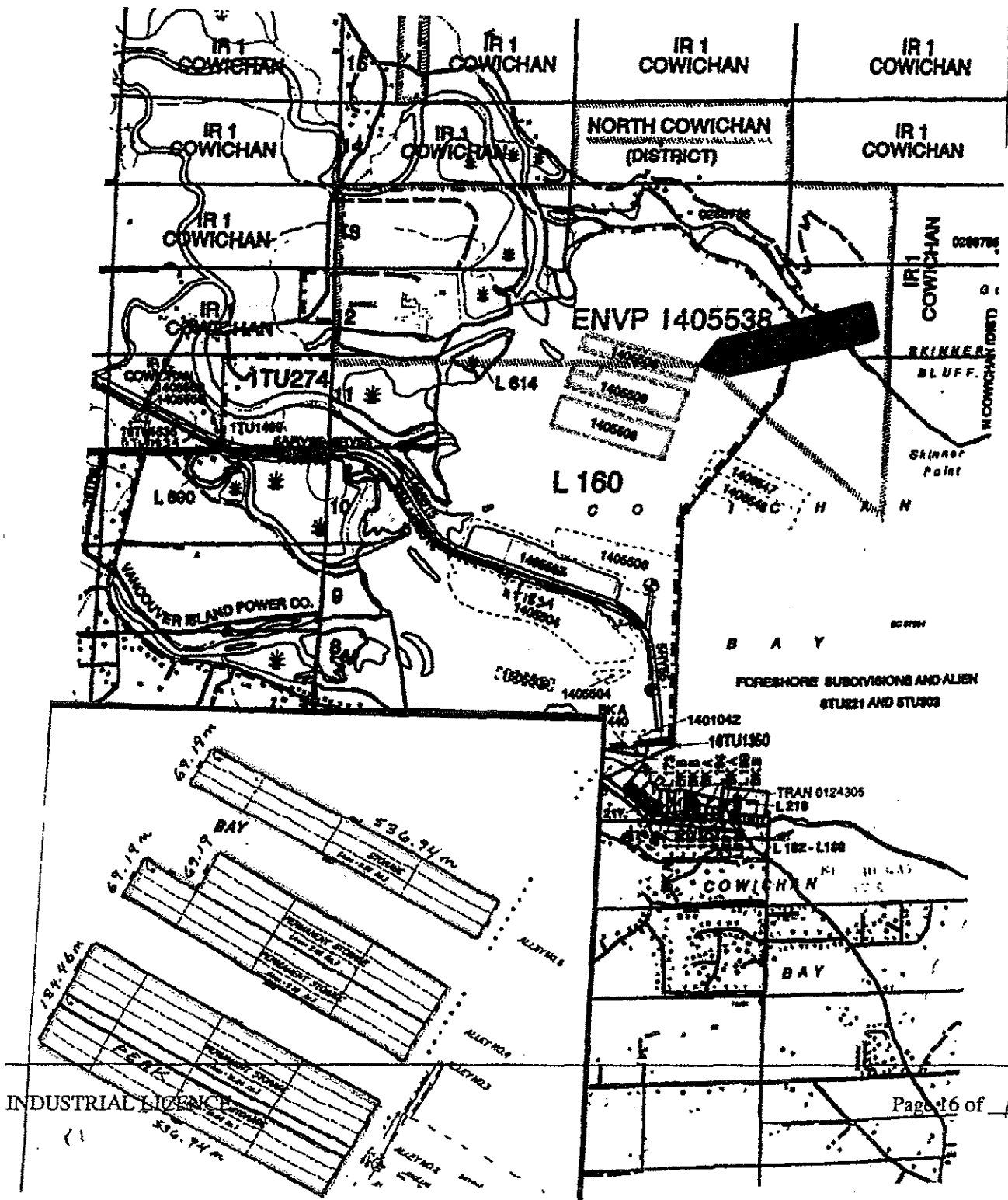
## ARTICLE 3 - FEES

- 3.1 You will pay to us:
  - (a) for the first year of the Term, Fees of \$6,413.40, payable in advance on the Commencement Date; and
  - (b) for each year during the remainder of the Term, the Fees either determined by us under section 3.2 or established under section 3.3, payable in advance on each anniversary of

109033

## LEGAL DESCRIPTION SCHEDULE

That part of District Lot 160, Cowichan District, shown outlined on sketch below, containing 20.36 hectares more or less.



**(DISTRICT)**

0209786



FOI

1401042

-18TV13

173  
BK B  
BK B  
BK A  
194  
BK A  
189  
BK B

IR 2

7



**BRITISH  
COLUMBIA**  
The Best Place on Earth

*\* need to reconfirm  
the location of these leases  
w/ boom trip.  
- approval granted.  
- assessment of debris  
& grounding*

January 4, 2007

File: 1406547

Peter Law  
Ministry of Environment  
Environmental Stewardship Division  
2080 Labieux Rd  
Nanaimo BC V8T 6J9

Dear Peter Law:

Re: Replacement of Licence of Occupation, Cowichan Bay,  
Western Forest Products

As per Doug Berry's e-mail to you dated November 30, 2006, Licence of Occupation # 809981 for log storage and booming purposes over that portion of the bed of Cowichan Bay outlined in red on the enclosed sketch will expire February 1, 2007. The Integrated Land Management Bureau proposes to issue a Licence of Occupation for the same purpose for a further five year term.

As the area is located within Cowichan Bay, as per OIC #1652 dated September 12, 1986, the replacement requires the approval of the Minister of Environment. Please advise if the Minister of Environment has any objection to the issuance of a further Licence of Occupation. We would appreciate receiving your response within 30 days of the date of this letter.

If you have any questions please contact Doug Berry, Senior Land Officer at 250-751-7252.

Yours truly,

Keith Anderson  
Section Head  
Integrated Land Management Bureau

Enclosure

pc: Doug Berry, Senior Land Officer

**Integrated Land  
Management Bureau**

Ministry of  
Agriculture and Lands

Mailing/Location Address:  
Suite 142  
2080 Labieux Road  
Nanaimo BC V9T 6J9

Telephone: 250-751-7220  
Facsimile: 250-751-7224  
Web Address:  
<http://www.al.gov.bc.ca>



140 -  
File 5508 - Westerns renewal  
for 3 sites - renewal for  
5 years

6547 - Western } should be  
6548 - Hayes } moved  
over to meet  
w/ the shipping  
pile ~~moving~~  
dolphin }  
want  
to  
relocate  
to deeper  
water

---

## ①. Lease at Western

- movement towards ocean of the tenure
- 6 mon renewal OK.
- no grounding is a recommendation
- there is a concern that our CFEMP recommendations are not making it into tenure documents
- we should request the company do an assessment of the log lease area and with recommendation with reducing impact on the site - including recommendation for relocating the tenure.
- we want the tenure moving on a good basis

Fasken Martineau DuMoulin LLP \*  
Barristers and Solicitors  
Patent and Trade-mark Agents

www.fasken.com

Suite 2100  
1075 Georgia Street West  
Vancouver, British Columbia, Canada V6E 3G2

604 631 3131 Telephone  
604 631 3232 Facsimile

**FASKEN  
MARTINEAU** 

**Carmine Boskovich**  
Direct 604 631 4831  
Facsimile 604 632 4831  
cboskovich@van.fasken.com

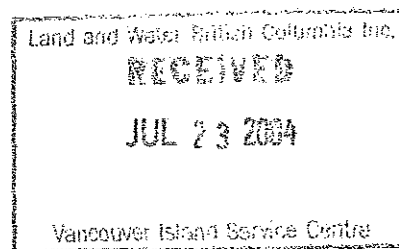
**File # 1406547**

July 22, 2004

File No.: DOM00079

**BY COURIER**

Land and Water British Columbia Inc.  
501 - 345 Wallace Street  
Nanaimo, B.C.  
V9R 5B6



**Attention: Mr. Jas Johal**

Dear Jas:

**Re: Assignment of Crown Leases and Licences of Occupation held by Doman Industries Limited and its various subsidiaries (the "Doman Entities") to Western Forest Products Inc. and Western Pulp Limited**

Further to our recent discussions, please find enclosed certain documents pertaining to the assignment of leases, licences of occupation, and water licences granted by Her Majesty the Queen in right of the Province of British Columbia (the "Province") to various Doman Entities.

The documents we enclose are as follows:

1. Four partially executed copies of assignment and assumption agreements between:
  - (a) Doman Industries Limited, as Assignor, Western Forest Products Inc., as Assignee, and;
  - (b) Doman Forest Products Limited, as Assignor, Western Forest Products Inc., as Assignee, and the Province;
  - (c) Western Forest Products Limited, as Assignor, Western Forest Products Inc., as Assignee, and the Province; and
  - (d) Western Pulp Inc., as general partner and on behalf of Western Pulp Limited Partnership, as Assignor, and Western Pulp Limited, as Assignee, and the Province(the "Assignment Agreements").

DM\_VAN/DOM0005-DOM00079/6215735.1

\*Fasken Martineau DuMoulin LLP is a limited liability partnership under the laws of Ontario and includes law corporations.

Vancouver    Calgary    Yellowknife    Toronto    Montréal    Québec City    New York    London    Johannesburg

2. Cheque payable to Land and Water British Columbia Inc. ("LWBC") in the amount of \$ 14,000 for fees relating to the assignment of 91 various leases and licences of occupation and the replacement of 4 original leases.
3. Two original copies of statutory declarations executed by Herb Gill, for Western Pulp Limited Partnership and Philip Hosier, for Doman Forest Products Limited pertaining to the loss of four original crown leases, file nos. 1400767, 0044927, 0138766, 0311786.
4. Proof of payment of property taxes for crown leases and licences of occupation. We advise that the City of Burnaby has confirmed by phone that they have received payment of taxes due for 2004, and we will enclose a copy of their account with our Notice to Proceed. We also advise that taxes for the Village of Port Alice are not due until July 31, 2004, and therefore have not yet been paid.
5. Letter from Fasken Martineau Dumoulin LLP regarding the assignment of leases and licences of occupation by change of control of Doman-Western Lumber Limited, requiring countersignature by LWBC Inc.
6. Letter from Fasken Martineau Dumoulin LLP regarding the transfer of water licences and related permits, requiring countersignature by LWBC Inc.

We advise on the following related matters:

- (a) Mr. Jim Stephen, Properties Administrator for Doman will be sending to you original copies of all of the leases and licences of occupation by courier.
- (b) New security in the form of a letter of credit has been arranged with Linda Simons (Victoria) for Western Forest Products Inc. and Western Pulp Limited (the respective Assignees). We expect to send you proof of security with our Notice to Proceed.
- (c) We expect that Montreal Trust Company of Canada, as Collateral Agent for the mortgagee of eight crown leases will be executing a consent to assignment of the leases. We expect to send you this consent to you along with our Notice to Proceed.

We request that you review the enclosed materials and let us know as soon as possible if there is anything further that you require to proceed.

We expect that on July 26<sup>th</sup>, 2004 or July 27<sup>th</sup>, 2004 we will be instructed to proceed with the transactions contemplated by the Plan of Compromise and Arrangement and

Reorganization (the "**Plan**") made under the *Companies' Creditors Arrangements Act*, including the assignments of the leases and licences.

At that point we will fax to your attention a formal "Notice to Proceed". When you receive the Notice to Proceed, we respectfully request that you take the following steps:

1. arrange to have the four Assignment Agreements **signed** and **dated** (as indicated on the Notice to Proceed);
2. arrange to have the letter pertaining to the change of control of Doman-Western Lumber Limited **countersigned** and **dated** (as indicated on the Notice to Proceed);
3. arrange to have the letter pertaining to the transfer of the water licences and related permits **countersigned** and **dated** (as indicated on the Notice to Proceed) ;
4. return to our office by fax (604-632-4831), with one original of each agreement to follow by courier at your earliest convenience:
  - (a) the Notice to Proceed, with acknowledgement of receipt indicated thereon;
  - (b) the executed Assignment Agreements, the countersigned Doman-Western letter, and the countersigned water licence letter.

Please call Carmine Boskovich at 604-631-4831 for courier pick-up. As your office then will proceed to attach endorsements to each of the original agreements, we request that you return all originals with endorsements to Mr. Jim Stephen in due course.

We acknowledge that this process is somewhat out of the ordinary course, so we thank you in advance for your cooperation. The timing of the above process is crucial to Plan Implementation so please do not hesitate to contact the writer at 604-631-4831 if you have any questions.

We sincerely appreciate your assistance on this matter.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**



Carmine Boskovich



Ministry of Sustainable  
Resource Management

**LICENCE OF OCCUPATION**

Licence No.:

109253

File No.: 1406547

Disposition No.: 809981

THIS AGREEMENT is dated for reference February 1, 2002 and is made under the *Land Act*.

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

(the "Province")

**AND:**

DOMAN INDUSTRIES LIMITED  
3rd Floor 435 Trunk Rd  
Duncan, BC V9L 2P9

(the "Licensee")

The parties agree as follows:

**ARTICLE 1 - INTERPRETATION**

1.1 In this Agreement,

"**Agreement**" means this licence of occupation;

"**Commencement Date**" means February 1, 2002;

"**disposition**" has the meaning given to it in the *Land Act* and includes a licence of occupation;

"**Fees**" means the fees set out in Article 3;

"**Improvements**" includes anything made, constructed, erected, built, altered, repaired or added to, in, on or under the Land, and attached to it or intended to become a part of it, and also includes any clearing, excavating, digging, drilling, tunnelling, filling, grading or ditching of, in, on or under the Land;

**"Land"** means that part or those parts of the following described land shown outlined by bold line on the schedule attached to this Agreement entitled "Legal Description Schedule":

That part of District Lot 160; together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District, containing 4.2154 hectares more or less,

except for those parts of the land that, on the Commencement Date, consist of highways (as defined in the *Highway Act*);

**"Realty Taxes"** means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any competent governmental authority which relate to the Land, the Improvements or both of them and which you are liable to pay;

**"Security"** means the security referred to in section 6.1 or 6.2, as replaced or supplemented in accordance with section 6.5;

**"Term"** means the period of time set out in section 2.2;

**"we", "us" or "our"** refers to the Province alone and never refers to the combination of the Province and the Licensee: that combination is referred to as **"the parties"**; and

**"you" or "your"** refers to the Licensee.

- 1.2 In this Agreement, "person" includes a corporation, firm or association and wherever the singular or masculine form is used in this Agreement it will be construed as the plural or feminine or neuter form, as the case may be, and vice versa where the context or parties require.
- 1.3 The captions and headings contained in this Agreement are for convenience only and do not define or in any way limit the scope or intent of this Agreement.
- 1.4 This Agreement will be interpreted according to the laws of the Province of British Columbia.
- 1.5 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Agreement, that reference will include a reference to every amendment to it, every regulation made under it and any subsequent enactment of like effect and, unless otherwise indicated, all enactments referred to in this Agreement are enactments of the Province of British Columbia.
- 1.6 If any section of this Agreement, or any part of a section, is found to be illegal or unenforceable, that section or part of a section, as the case may be, will be considered separate and severable and the remainder of this Agreement will not be affected and this Agreement will

be enforceable to the fullest extent permitted by law.

- 1.7 Each schedule to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 1.8 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent agreement in writing between the parties.
- 1.9 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 1.10 All provisions of this Agreement in our favour and all of our rights and remedies, either at law or in equity, will survive the termination of this Agreement.
- 1.11 Time is of the essence of this Agreement.
- 1.12 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then you or we, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that you or we have sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.

## ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions set out in this Agreement, we grant you a licence of occupation of the Land for log storage purposes, and you acknowledge this licence of occupation does not grant you exclusive use and occupancy of the Land.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on the 5th anniversary of that date, or such earlier date provided for in this Agreement.

## ARTICLE 3 - FEES

- 3.1 You will pay to us:
  - (a) for the first year of the Term, Fees of \$1,327.85, payable in advance on the Commencement Date; and

- (b) for each year during the remainder of the Term, the Fees either determined by us under section 3.2 or established under section 3.3, payable in advance on each anniversary of the Commencement Date.
- 3.2 We will, not later than 15 days before each anniversary of the Commencement Date during the Term, give written notice to you specifying in our sole discretion the Fees payable by you under subsection 3.1(b) for the subsequent year of the Term and we will establish such Fees in accordance with our policies applicable to your use of the Land under this Agreement.
- 3.3 If we do not give notice to you under section 3.2, the Fees payable by you under section 3.1(b) for the year for which notice was not given will be the same as the Fees payable by you for the preceding year of the Term.

#### ARTICLE 4 - COVENANTS

4.1 You must

- (a) pay, when due,
- (i) the Fees to us at the address set out in Article 10,
  - (ii) the Realty Taxes, and
  - (iii) all charges for electricity, gas, water and other utilities supplied to the Land for use by you or on your behalf or with your permission;
- (b) deliver to us, immediately upon demand, receipts or other evidence of the payment of Realty Taxes and all other money required to be paid by you under this Agreement;
- (c) observe, abide by and comply with
- (i) all applicable laws, bylaws, orders, directions, ordinances and regulations of any competent governmental authority in any way affecting your use and occupation of the Land and the Improvements, and
  - (ii) the provisions of this Agreement;
- (d) in respect of the use of the Land by you or by anyone you permit to use the Land, keep the Land and the Improvements in a safe, clean and sanitary condition satisfactory to us, and at our written request, make the Land and the Improvements safe, clean and sanitary;

- (e) not commit any wilful or voluntary waste, spoil or destruction on the Land or do anything on the Land that may be or become a nuisance or annoyance to an owner or occupier of land in the vicinity of the Land;
- (f) use and occupy the Land only in accordance with and for the purposes set out in section 2.1;
- (g) not construct, place, anchor, secure or affix any Improvement in, on, to or into the Land except as necessary for the purposes set out in section 2.1 and, despite those purposes, you will not construct, place, anchor, secure or affix anything on or to the Land that may interfere with the riparian right of access of any person over the Land without first obtaining from that person a statutory right of way, in registrable form and in our favour, by which that person allows us to curtail his or her riparian right of access over the Land;
- (h) pay all accounts and expenses as they become due for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, except for money that you are required to hold back under the *Builders Lien Act*;
- (i) if any claim of lien over the Land is made under the *Builders Lien Act* for work performed on or materials supplied to the Land at your request, on your behalf or with your permission, immediately take all steps necessary to have the lien discharged, unless the claim of lien is being contested in good faith by you and you have taken the steps necessary to ensure that the claim of lien will not subject the Land or any interest of yours under this Agreement to sale or forfeiture;
- (j) not cut or remove timber on or from the Land without
  - (i) our prior written consent, and
  - (ii) being granted the right under the *Forest Act* to harvest Crown timber on the Land;
- (k) dispose of raw sewage and refuse only in accordance with the requirements and regulations of appropriate federal and provincial agencies;
- (l) store bulk hazardous petroleum products and other toxic substances in accordance with the provisions of the *Waste Management Act*;
- (m) not use construction materials containing toxic substances, except in marine waters where the use of a preservative-treated wood may be necessary;
- (n) not without prior written consent from us

- (i) deposit on the Land, or any part of it, any earth, fill or other material for the purpose of filling in or raising the level of the Land;
- (o) at our request and at your expense, have a British Columbia Land Surveyor complete, in accordance with the instructions of the Surveyor General of British Columbia, a *Land Act* survey plan of the Land within 12 months after survey instructions are issued by the Surveyor General of British Columbia;
- (p) agree to develop the Land, in a diligent and workmanlike manner, in accordance with the Management Plan held on file at our office;
- (q) undertake clean-up and removal of debris materials including submerged logs from the tenure area on an annual basis;
- (r) construct and place stifflegs on the Land in such a manner to prevent the log booms from becoming grounded on the foreshore;
- (s) store all log bundles in water of sufficient depth to prevent grounding;
- (t) contain all logs placed on the license area in such a manner as to prevent any logs from blocking the river channels;
- (u) must not store any logs on the land for more than 24 hours;
- (v) permit us, or our authorized representatives, to enter on the Land at any time to inspect the Land and the Improvements;
- (w) indemnify and save us and our servants, employees and agents harmless against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of
  - (i) your breach, violation or nonperformance of a provision of this Agreement, and
  - (ii) any personal injury, bodily injury (including death) or property damage occurring or happening on or off the Land by virtue of your entry upon, use or occupation of the Land,and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand; and
- (x) on the termination of this Agreement,
  - (i) peaceably quit and deliver to us possession of the Land and, subject to

paragraphs (ii), (iii) and (iv), the Improvements in a safe, clean and sanitary condition,

- (ii) within 60 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you and you are not in default of this Agreement,
- (iii) not remove any Improvement from the Land if you are in default of this Agreement, unless we direct or permit you to do so under paragraph (iv),
- (iv) remove from the Land any Improvement that we, in writing, direct or permit you to remove, other than any Improvement permitted to be placed on or made to the Land under another disposition, and
- (v) restore the surface of the Land as nearly as may reasonably be possible to the same condition as it was on the Commencement Date, to our satisfaction, but if you are not directed or permitted to remove an Improvement under paragraph (iv), this paragraph will not apply to that part of the surface of the Land on which that Improvement is located,

and all of your right, interest and estate in the Land will be absolutely forfeited to us, and to the extent necessary, this covenant will survive the termination of this Agreement.

4.2 You will not permit any person to do anything you are restricted from doing under this Article.

## ARTICLE 5 - LIMITATIONS

5.1 You agree with us that

- (a) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads;
- (b) this Agreement is subject to
  - (i) all subsisting grants to or rights of any person made or acquired under the *Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Wildlife Act* or *Water Act*, or any extension or renewal of the same, whether or not you have actual notice of them, and
  - (ii) the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;

- (c) we may make other dispositions of or over the Land;
- (d) you will make no claim for compensation, in damages or otherwise, in respect of a disposition made under subsection (c), where such disposition does not materially affect the exercise of your rights under this Agreement;
- (e) subject to subsection (d), all of your costs and expenses, direct or indirect, that arise out of any lawful interference with your rights under this Agreement as a result of the exercise or operation of the interests, rights, privileges and titles reserved to us in subsections (b) and (c) will be borne solely by you;
- (f) you will not commence or maintain proceedings under section 65 of the *Land Act* in respect of any lawful interference with your rights under this Agreement that arises as a result of the exercise or operation of the interests, rights, privileges and titles described in subsections (b) and (c);
- (g) you will not dredge or displace beach materials on the Land without our prior written consent;
- (h) you will not interrupt or divert the movement of water or of beach materials by water along the shoreline without our prior written consent;
- (i) you will not use mechanized equipment other than a pile-driver during the construction, operation or maintenance of Improvements on the Land;
- (j) this license is issued and accepted subject to the existing rights of the riparian owners;
- (k) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (l) any interest you may have in the Improvements ceases to exist and becomes our property upon the termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(x)(ii), (iii) or (iv) in which case any interest you may have in that Improvement ceases to exist and becomes our property if the Improvement is not removed from the Land within the time period set out in paragraph 4.1(x)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(x)(iii); and
- (m) if, after the termination of this Agreement, we permit you to remain in possession of the Land and we accept money from you in respect of such possession, a tenancy from year to year will not be created by implication of law and you will be deemed to be a monthly occupier only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary.

**ARTICLE 6 - SECURITY AND INSURANCE**

- 6.1 On the Commencement Date, you will deliver to us security in the amount of \$50,000.00 which will
- (a) guarantee the performance of your obligations under this Agreement;
  - (b) be in the form required by us; and
  - (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.
- 6.2 Despite section 6.1, your obligations under that section are suspended for so long as you maintain in good standing other security acceptable to us to guarantee the performance of your obligations under this Agreement and all other dispositions held by you.
- 6.3 We may use the Security for the payment of any costs and expenses incurred by us to perform any of your obligations under this Agreement that are not performed by you or to pay any overdue Fees and, if such event occurs, you will, within 30 days of that event, deliver further Security to us in an amount equal to the amount drawn down by us.
- 6.4 After we certify, in writing, that you have fully performed your obligations under this Agreement, we will return to you the Security maintained under section 6.1, less all amounts drawn down by us under section 6.3.
- 6.5 You acknowledge that we may, from time to time, notify you to
- (a) change the form or amount of the Security; and
  - (b) provide and maintain another form of Security in replacement of or in addition to the Security posted by you under this Agreement;
- and you will, within 60 days of receiving such notice, deliver to us written confirmation that the change has been made or the replacement or additional form of Security has been provided by you.
- 6.6 You must
- (a) without limiting your obligations or liabilities under this Agreement, at your expense, effect and keep in force during the Term Comprehensive/Commercial General Liability insurance protecting us as an additional insured in an amount of not less than \$1,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury and property damage, and claims for liability assumed under contract, arising from all accidents or occurrences on the Land or the Improvements;

- (b) on the Commencement Date and immediately upon demand, deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance required to be maintained by you under this Agreement;
- (c) ensure that all insurance required to be maintained by you under this Agreement is
  - (i) placed with insurers licensed in British Columbia,
  - (ii) primary and does not require the sharing of any loss by any insurer that insures us, and
  - (iii) endorsed to provide us with 30 days' advance written notice of cancellation or material change; and
- (d) deliver to us, immediately upon demand, certified copies of all policies of insurance required to be maintained by you under this Agreement.

6.7 You acknowledge that we may, from time to time, notify you to

- (a) change the amount of insurance set out in subsection 6.6(a); and
- (b) provide and maintain another type or types of insurance in replacement of or in addition to the insurance previously required to be maintained by you under this Agreement;

and you will, within 60 days of receiving such notice, cause the amounts and types to be changed and deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance then required to be maintained by you under this Agreement.

## ARTICLE 7 - ASSIGNMENT

- 7.1 You must not sublicense, assign, mortgage or transfer this Agreement, or permit any person to use or occupy the Land, without our prior written consent, which consent we may withhold in our sole discretion.
- 7.2 For the purpose of section 7.1, if you are a corporation, a change in control (as that term is defined in subsection 1(4) of the *Company Act*) will be deemed to be a transfer of this Agreement.
- 7.3 Section 7.2 does not apply to a corporation if the shares of the corporation which carry votes for the election of the directors of the corporation trade on a stock exchange located in Canada.
- 7.4 Prior to considering a request for our consent under section 7.1, we may require you to meet

certain conditions, including without limitation, that you submit to us a "site profile", "preliminary site investigation" or "detailed site investigation" (as those terms are defined in the *Waste Management Act*) for the Land or other similar type of investigation of the Land.

## ARTICLE 8 - TERMINATION

### 8.1 You agree with us that

- (a) if you
  - (i) default in the payment of any money payable by you under this Agreement, or
  - (ii) fail to observe, abide by and comply with the provisions of this Agreement (other than the payment of any money payable by you under this Agreement),and your default or failure continues for 60 days after we give written notice of the default or failure to you,
- (b) if, in our opinion, you fail to make diligent use of the Land for the purposes set out in this Agreement, and your failure continues for 60 days after we give written notice of the failure to you;
- (c) if you
  - (i) become insolvent or make an assignment for the general benefit of your creditors,
  - (ii) commit an act which entitles a person to take action under the *Bankruptcy and Insolvency Act* (Canada) or a bankruptcy petition is filed or presented against you or you consent to the filing of the petition or a decree is entered by a court of competent jurisdiction adjudging you bankrupt under any law relating to bankruptcy or insolvency, or
  - (iii) voluntarily enter into an arrangement with your creditors;
- (d) if you are a corporation,
  - (i) a receiver or receiver-manager is appointed to administer or carry on your business, or
  - (ii) an order is made, a resolution passed or a petition filed for your liquidation or winding up;

- (e) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent;
- (f) if this Agreement is taken in execution or attachment by any person; or
- (g) if we require the Land for our own use or, in our opinion, it is in the public interest to cancel this Agreement and we have given you 90 days' written notice of such requirement or opinion;

this Agreement will, at our option and with or without entry, terminate and your right to use and occupy the Land will cease.

- 8.2 If the condition complained of (other than the payment of any money payable by you under this Agreement) reasonably requires more time to cure than 60 days, you will be deemed to have complied with the remedying of it if you commence remedying or curing the condition within 60 days and diligently complete the same.

- 8.3 You agree with us that

- (a) you will make no claim for compensation, in damages or otherwise, upon the lawful termination of this Agreement under section 8.1; and
- (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

#### ARTICLE 9 - DISPUTE RESOLUTION

- 9.1 If any dispute arises under this Agreement, the parties will attempt to resolve the dispute within 60 days of the dispute arising (or within such other time period agreed to by the parties) and, subject to applicable laws, provide candid and timely disclosure to each other of all relevant facts, information and documents to facilitate those efforts.
- 9.2 Subject to section 9.5, if a dispute under this Agreement cannot be resolved under section 9.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 9.3 The cost of the arbitration referred to in section 9.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 9.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Nanaimo, British Columbia, and if we or our authorized representative have no office in Nanaimo, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Nanaimo, British Columbia.

- 9.5 A dispute under this Agreement in respect of a matter within our sole discretion cannot, unless we agree, be referred to arbitration as set out in section 9.2.

#### ARTICLE 10 - NOTICE

- 10.1 Any notice required to be given by either party to the other will be deemed to be given if mailed by prepaid registered mail in Canada or delivered to the address of the other as follows:

to us

British Columbia Assets and Land Corporation  
Suite 501 345 Wallace Street  
Nanaimo, BC V9R 5B6;

to you

Doman Industries Limited  
3rd Floor 435 Trunk Rd  
Duncan, BC V9L 2P9;

or at such other address as a party may, from time to time, direct in writing, and any such notice will be deemed to have been received if delivered, on the day of delivery, and if mailed, 7 days after the time of mailing, except in the case of mail interruption in which case actual receipt is required.

- 10.2 In order to expedite the delivery of any notice required to be given by either party to the other, a concurrent facsimile copy of any notice will, where possible, be provided to the other party but nothing in this section, and specifically the lack of delivery of a facsimile copy of any notice, will affect the deemed delivery provided in section 10.1.
- 10.3 The delivery of all money payable to us under this Agreement will be effected by hand, courier or prepaid regular mail to the address specified above, or by any other payment procedure agreed to by the parties, such deliveries to be effective on actual receipt.

#### ARTICLE 11 - MISCELLANEOUS

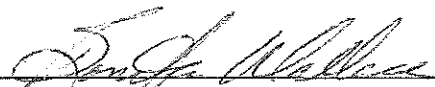
- 11.1 No provision of this Agreement will be considered to have been waived unless the waiver is in writing, and a waiver of a breach of a provision of this Agreement will not be construed as or constitute a waiver of any further or other breach of the same or any other provision of this Agreement, and a consent or approval to any act requiring consent or approval will not waive

or render unnecessary the requirement to obtain consent or approval to any subsequent same or similar act.

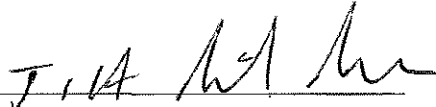
- 11.2 No remedy conferred upon or reserved to us under this Agreement is exclusive of any other remedy in this Agreement or provided by law, but that remedy will be in addition to all other remedies in this Agreement or then existing at law, in equity or by statute.
- 11.3 The grant of a sublicense, assignment or transfer of this Agreement does not release you from your obligation to observe and perform all the provisions of this Agreement on your part to be observed and performed unless we specifically release you from such obligation in our consent to the sublicense, assignment or transfer of this Agreement.
- 11.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 11.5 If, due to a strike, lockout, labour dispute, act of God, inability to obtain labour or materials, law, ordinance, rule, regulation or order of a competent governmental authority, enemy or hostile action, civil commotion, fire or other casualty or any condition or cause beyond your reasonable control, other than normal weather conditions, you are delayed in performing any of your obligations under this Agreement, the time for the performance of that obligation will be extended by a period of time equal to the period of time of the delay so long as
- (a) you give notice to us within 30 days of the commencement of the delay setting forth the nature of the delay and an estimated time frame for the performance of your obligation; and
  - (b) you diligently attempt to remove the delay.
- 11.6 You agree with us that
- (a) we are under no obligation, express or implied, to provide financial assistance or to contribute toward the cost of servicing, creating or developing the Land or the Improvements and you are solely responsible for all costs and expenses associated with your use of the Land and the Improvements for the purposes set out in this Agreement; and
  - (b) nothing in this Agreement constitutes you as our agent, joint venturer or partner or gives you any authority or power to bind us in any way.
- 11.7 This Agreement does not override or affect any powers, privileges or immunities to which you are entitled under any enactment of the Province of British Columbia.

The parties have executed this Agreement as of the date of reference of this Agreement.

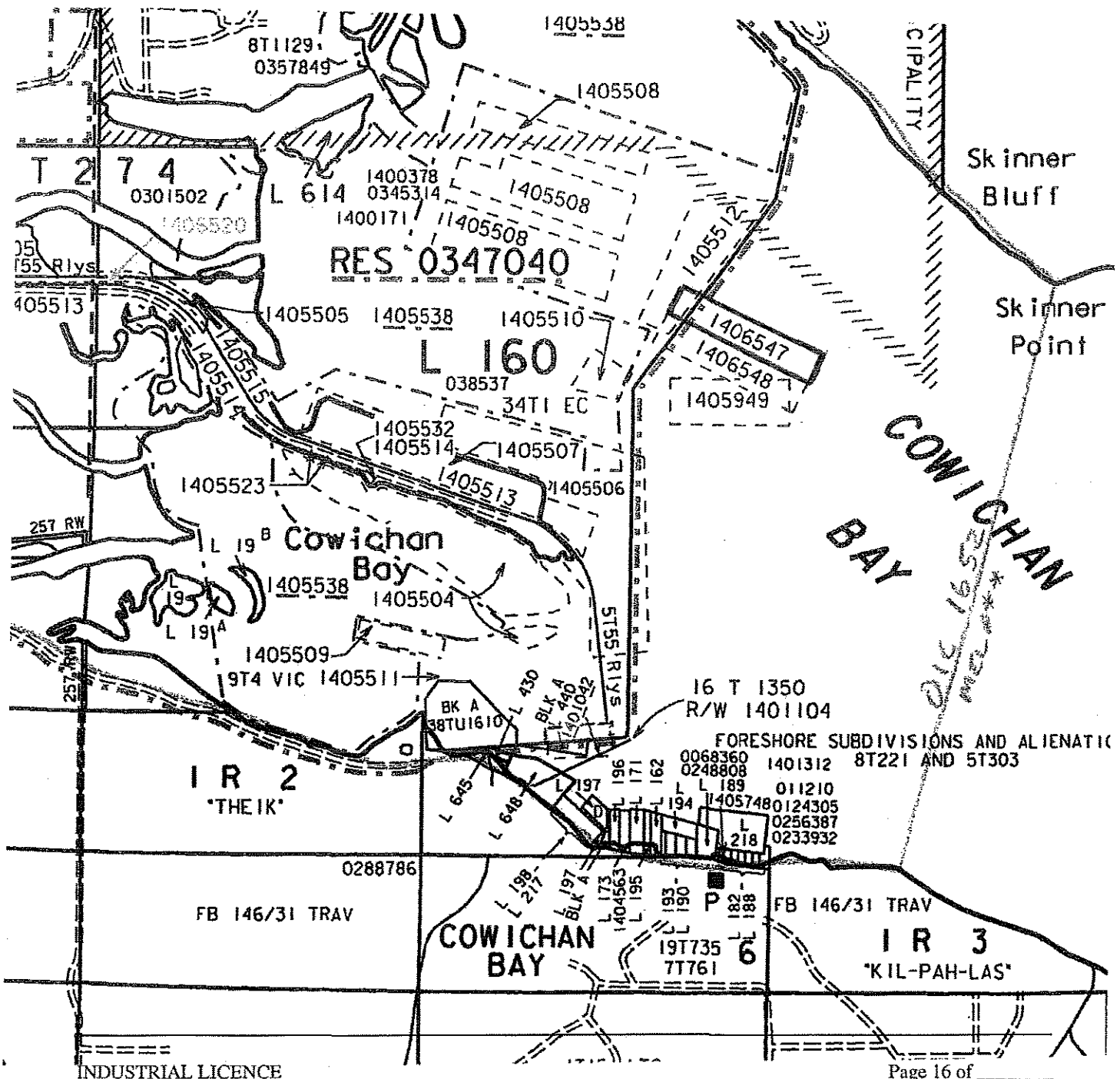
SIGNED on behalf of **HER MAJESTY  
THE QUEEN IN RIGHT OF THE  
PROVINCE OF BRITISH COLUMBIA** by  
British Columbia Assets and Land Corporation,  
authorized representative of the  
minister responsible for the *Land Act*

  
\_\_\_\_\_  
Authorized Signatory,  
British Columbia Assets and Land Corporation

SIGNED on behalf of **DOMAN INDUSTRIES LIMITED**  
by a duly authorized signatory

  
\_\_\_\_\_  
Authorized Signatory

That part of District Lot 160; together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District, shown outlined on sketch below, containing 4.2154 hectares more or less.





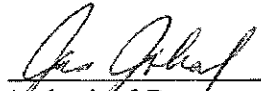
Ministry of  
Sustainable Resource  
Management

## ENDORSEMENTS

Licence No.: 109253  
Endorsement No.: 1

File No.: 1406547  
Date: July 29, 2004

Assigned unto Western Forest Products Inc., Incorporation No. A0062768, by an agreement dated July 27, 2004.

  
Authorized Representative




Ministry of  
Agriculture and Lands

## ENDORSEMENTS

Licence No.: 109253  
Endorsement No.: 2

File No.: 1406547  
Date: June 26, 2006

Licence recorded in the name of Western Forest Products Inc., Inc. No. A0067820,  
pursuant to an indenture dated May 1, 2006.

  
Authorized Representative

August 5, 2004

FILE COPY

Files: See Schedules attached

Jim Stephen, R.P.F.  
Property Administrator  
Western Forest Products Inc.  
520 East Kent Avenue S.  
Vancouver BC V5X 4V6

Dear Mr. Stephen:

Enclosed are your copies of various licences and leases endorsed with the assignments dated July 27, 2004:

From: Doman Industries Limited (See Schedule "A" #1)  
Doman Forest Products Limited (See Schedule "A" #2)  
Western Forest Products Limited (See Schedule "A" #3)

To: Western Forest Products Inc. (Inc. No. A0062768)  
300-435 Trunk Rd.  
Duncan BC V9L 2P9

A copy of the Assignment/Assumption agreements have been inserted into the Lease/Licence documents.

We have also forwarded License No. 514704, to our Prince George office so that they can prepare a separate Assignment/Assumption agreement for the signatures of both Licensees being Little Valley Forest Products (1993) Ltd, and Western Forest Products Limited.

Please do not hesitate to call me at (250) 741-5677, if you have any questions.

Yours truly,

Barb Creber  
A/Portfolio Administrator

BC/ml  
Attachedfiles.doc

Enclosure

cc: BC Assessment Authority, Courtenay  
BC Assessment Authority, Nanaimo  
Attention: Carmine Boskovich, Frasken Martineau DuMoulin LLP  
2100-1075 West Georgia Street, Vancouver BC V6E 3G2  
Ralph Blaus, Senior Portfolio Administrator, LWBC, Prince George  
Maxine Davie, A/Senior Portfolio Administrator, LWBC, Surrey

SCHEDULE "A" # 1  
Agreements between the Assignor and the Province

	<u>Legal Description [Location/Operation]</u>	<u>File #</u>	<u>Document #</u>	<u>Reference Date</u>
1.	Unsurveyed foreshore or land covered by water being part of the bed of Esperanza Inlet, Nootka District [Brodict Creek - Log dump & booming grounds]	# 1405281	Licence # 107548	October 22, 2000
2.	Unsurveyed foreshore or land covered by water being part of the bed of Esperanza Inlet, Nootka District [Brodict Creek - Wharf & floats for boats & aircraft moorage]	# 1405282	Licence # 109044	November 1, 2001
3.	That part of District Lot 160, Cowichan District [Cowichan Bay Sawmill - Log booming and storage purposes]	# 1405508	Licence # 109033	January 1, 2002
4.	That part of Sections 11 and 12, Range 1, Cowichan District [Cowichan Bay Sawmill - powerline, waterline, pumphouse, well and access]	# 1405520	Licence # 109037	January 1, 2002
5.	That part of District Lot 160, together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District [Sawmill - log storage]	# 1406547	Licence # 109253	February 1, 2002
6.	Those two sites consisting of unsurveyed foreshore or land covered by water being part of the bed of Hardy Inlet, Range 2, Coast District [MacNair - Log handling, storage & moorage]	# 5404951	Licence # 515245	May 1, 2001
7.	All that parcel or tract of land in the vicinity of the mouth of Doris Creek, Range 2, Coast District [Logging camp, repair shop & fuel tank storage area]	# 5405961	Licence # 514698	March 6, 1996



Ministry of Sustainable  
Resource Management

**ASSIGNMENT/ASSUMPTION**

THIS AGREEMENT is dated for reference 27<sup>th</sup> day of July, 2004.

**BETWEEN:**

**DOMAN INDUSTRIES LIMITED**  
300-435 Trunk Rd  
Duncan, BC V9L 2P9

OF THE FIRST PART

(herein the "Assignor")

**AND:**

**WESTERN FOREST PRODUCTS INC.**  
300-435 Trunk Rd.  
Duncan, BC V9L 2P9

OF THE SECOND PART

(herein the "Assignee")

**AND:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

OF THE THIRD PART

(herein the "Province")

**WITNESS THAT WHEREAS:**

The Assignor and the Province entered into certain leases, licences and right of ways to certain Lands all more particularly described in Schedule "A" attached hereto (the "**Documents**").

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that for good and valuable

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consideration paid by the Assignee to the Assignor and by the Assignee and the Assignor to the Province, the receipt and sufficiency of which is hereby acknowledged by both the Assignor and the Province, the parties agree as follows:

#### **ARTICLE I - ASSIGNMENT**

- 1.1 The Assignor assigns all of his right, title, interest and estate in and to the Documents to the Assignee.

#### **ARTICLE II - ASSUMPTION**

- 2.1 The Assignee covenants with the Province to assume and be bound by all the terms, conditions, covenants, obligations and agreements contained in the Documents.

#### **ARTICLE III - CONSENT**

- 3.1 The Province consents to the execution and delivery of this agreement and the Assignment.
- 3.2 The Province releases and discharges the Assignor from all the terms, conditions, covenants, obligations and agreements contained in the Documents.

#### **ARTICLE IV - WARRANTIES AND REPRESENTATIONS**

- 4.1 The Assignee warrants and represents to the Province, with the intent that the Province will rely thereon, that the Assignee:
- (a) is a corporation duly formed under laws of Canada, has filed all necessary documents under such laws, has complied with all requirements of the *Canada Business Corporation Act*, and is extra-provincially registered in the Province of British Columbia;
  - (b) has the power, capacity and authority to enter into this agreement and to carry out its obligations contemplated herein, all of which have been duly and validly authorized by all necessary proceedings; and
  - (c) is in good standing with respect to the filing of annual returns with the Corporations Directorate, Industry Canada and annual reports with the Office of the Registrar of Companies of British Columbia.

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4.2 The Assignee acknowledges to the Province and to the Assignor that:

- (a) the Assignee has inspected the lands, and the improvements (if any) situate thereon, which are the subject of the Documents and is fully aware of the condition of such lands, and the improvements (if any) situate thereon, and accepts same in its current state;
- (b) the Assignee has reviewed and inspected all municipal and regional by-laws, regulations and policies concerning the use and development of the lands which are the subject of the Documents; and
- (c) there are no representations, warranties, collateral agreements or conditions affecting this agreement or the lands, and the improvements (if any) situate thereon, which are the subject of the Documents except as expressed herein and that this agreement constitutes the entire agreement.

#### **ARTICLE V - NOTICE**

- 5.1 The address of the Assignee for the service of notices or documents under the Documents shall be the address specified for the Assignee on the first page of this agreement.

#### **ARTICLE VI - MISCELLANEOUS**

- 6.1 This agreement shall ensure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 6.2 The parties to this agreement confirm that the terms of the Documents remain and continue in full force and effect.
- 6.3 This agreement may not be assigned by the Assignee except in accordance with the provisions of the Documents.
- 6.4 This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 6.5 In this agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and corporation as the case may be.
- 6.6 The captions and headings contained in this agreement are for convenience only and are not to be construed as defining or in anyway limiting the scope or intent of the provisions hereof.

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- 6.7 Where there is a reference to an enactment of the Province of British Columbia in this agreement, that reference shall include a reference to any subsequent enactment of the Province of British Columbia of like effect, and, unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.
- 6.8 If any section of this agreement or any part of a section is found to be illegal or unenforceable, that part or section as the case may be, shall be considered separate and severable and the remaining parts shall be enforceable to the fullest extent permitted by law.
- 6.9 All schedules attached to this agreement form an integral part of this agreement.

IN WITNESS WHEREOF the Assignor and Assignee have executed this agreement, and the Province has consented thereto, the day and year first above written.

SIGNED on behalf of **HER MAJESTY  
THE QUEEN IN RIGHT OF THE  
PROVINCE OF BRITISH COLUMBIA** by  
Land and Water British Columbia Inc.,  
authorized representative of the  
minister responsible for the *Land Act*



Authorized Signatory of  
Land and Water British Columbia Inc.

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SIGNED BY  
**DOMAN INDUSTRIES LIMITED**  
by a duly authorized signatory

P. G. Hosiel

Assignor

SIGNED on behalf of **WESTERN FOREST PRODUCTS INC.**  
by a duly authorized signatory

P. G. Hosiel

Assignee

**SCHEDULE "A"**  
**Agreements between the Assignor and the Province**

	<u>Legal Description [Location/Operation]</u>	<u>File #</u>	<u>Document #</u>	<u>Reference Date</u>
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**BRITISH  
COLUMBIA**

The Best Place on Earth

January 4, 2007

File: 1406547

FILE COPY

Peter Law  
Ministry of Environment  
Environmental Stewardship Division  
2080 Labieux Rd  
Nanaimo BC V8T 6J9

Dear Peter Law:

Re: Replacement of Licence of Occupation, Cowichan Bay,  
Western Forest Products

As per Doug Berry's e-mail to you dated November 30, 2006, Licence of Occupation # 809981 for log storage and booming purposes over that portion of the bed of Cowichan Bay outlined in red on the enclosed sketch will expire February 1, 2007. The Integrated Land Management Bureau proposes to issue a Licence of Occupation for the same purpose for a further five year term.

As the area is located within Cowichan Bay, as per OIC #1652 dated September 12, 1986, the replacement requires the approval of the Minister of Environment. Please advise if the Minister of Environment has any objection to the issuance of a further Licence of Occupation. We would appreciate receiving your response within 30 days of the date of this letter.

If you have any questions please contact Doug Berry, Senior Land Officer at 250-751-7252.

Yours truly,

Keith Anderson  
Section Head  
Integrated Land Management Bureau

Enclosure  
ANDERSON/dsm  
pc: Doug Berry, Senior Land Officer

**Integrated Land  
Management Bureau**

Ministry of  
Agriculture and Lands

Mailing/Location Address:  
Suite 142  
2080 Labieux Road  
Nanaimo BC V9T 6J9

Telephone: 250-751-7220  
Facsimile: 250-751-7224  
Web Address:  
<http://www.al.gov.bc.ca>

August 5, 2004

FILE COPY

Files: See Schedules attached

Jim Stephen, R.P.F.  
Property Administrator  
Western Forest Products Inc.  
520 East Kent Avenue S.  
Vancouver BC V5X 4V6

Dear Mr. Stephen:

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From: Doman Industries Limited (See Schedule "A" #1)  
Doman Forest Products Limited (See Schedule "A" #2)  
Western Forest Products Limited (See Schedule "A" #3)

To: Western Forest Products Inc. (Inc. No. A0062768)  
300-435 Trunk Rd.  
Duncan BC V9L 2P9

A copy of the Assignment/Assumption agreements have been inserted into the Lease/Licence documents.

We have also forwarded License No. 514704, to our Prince George office so that they can prepare a separate Assignment/Assumption agreement for the signatures of both Licensees being Little Valley Forest Products (1993) Ltd, and Western Forest Products Limited.

Please do not hesitate to call me at (250) 741-5677, if you have any questions.

Yours truly,

Barb Creber  
A/Portfolio Administrator

BC/ml  
Attachedfiles.doc

Enclosure

cc: BC Assessment Authority, Courtenay  
BC Assessment Authority, Nanaimo  
Attention: Carmine Boskovich, Frasken Martineau DuMoulin LLP  
2100-1075 West Georgia Street, Vancouver BC V6E 3G2  
Ralph Blaus, Senior Portfolio Administrator, LWBC, Prince George  
Maxine Davie, A/Senior Portfolio Administrator, LWBC, Surrey

# /  
**SCHEDULE "A"**  
**Agreements between the Assignor and the Province**

	<u>Legal Description [Location/Operation]</u>	<u>File #</u>	<u>Document #</u>	<u>Reference Date</u>
1.	Unsurveyed foreshore or land covered by water being part of the bed of Esperanza Inlet, Nootka District [Brodick Creek - Log dump & booming grounds]	# 1405281	Licence # 107548	October 22, 2000
2.	Unsurveyed foreshore or land covered by water being part of the bed of Esperanza Inlet, Nootka District [Brodick Creek - Wharf & floats for boats & aircraft moorage]	# 1405282	Licence # 109044	November 1, 2001
3.	That part of District Lot 160, Cowichan District [Cowichan Bay Sawmill - Log booming and storage purposes]	# 1405508	Licence # 109033	January 1, 2002
4.	That part of Sections 11 and 12, Range 1, Cowichan District [Cowichan Bay Sawmill - powerline, waterline, pumphouse, well and access]	# 1405520	Licence # 109037	January 1, 2002
5.	That part of District Lot 160, together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District [Sawmill - log storage]	# 1406547	Licence # 109253	February 1, 2002
6.	Those two sites consisting of unsurveyed foreshore or land covered by water being part of the bed of Hardy Inlet, Range 2, Coast District [MacNair - Log handling, storage & moorage]	# 5404951	Licence # 515245	May 1, 2001
7.	All that parcel or tract of land in the vicinity of the mouth of Doris Creek, Range 2, Coast District [Logging camp, repair shop & fuel tank storage area]	# 5405961	Licence # 514698	March 6, 1996



Ministry of Sustainable  
Resource Management

**ASSIGNMENT/ASSUMPTION**

THIS AGREEMENT is dated for reference 27<sup>th</sup> day of July, 2004.

**BETWEEN:**

**DOMAN INDUSTRIES LIMITED**  
300-435 Trunk Rd  
Duncan, BC V9L 2P9

OF THE FIRST PART

(herein the "Assignor")

**AND:**

**WESTERN FOREST PRODUCTS INC.**  
300-435 Trunk Rd.  
Duncan, BC V9L 2P9

OF THE SECOND PART

(herein the "Assignee")

**AND:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

OF THE THIRD PART

(herein the "Province")

**WITNESS THAT WHEREAS:**

The Assignor and the Province entered into certain leases, licences and right of ways to certain Lands all more particularly described in Schedule "A" attached hereto (the "**Documents**").

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that for good and valuable

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consideration paid by the Assignee to the Assignor and by the Assignee and the Assignor to the Province, the receipt and sufficiency of which is hereby acknowledged by both the Assignor and the Province, the parties agree as follows:

#### **ARTICLE I - ASSIGNMENT**

- 1.1 The Assignor assigns all of his right, title, interest and estate in and to the Documents to the Assignee.

#### **ARTICLE II - ASSUMPTION**

- 2.1 The Assignee covenants with the Province to assume and be bound by all the terms, conditions, covenants, obligations and agreements contained in the Documents.

#### **ARTICLE III - CONSENT**

- 3.1 The Province consents to the execution and delivery of this agreement and the Assignment.
- 3.2 The Province releases and discharges the Assignor from all the terms, conditions, covenants, obligations and agreements contained in the Documents.

#### **ARTICLE IV - WARRANTIES AND REPRESENTATIONS**

- 4.1 The Assignee warrants and represents to the Province, with the intent that the Province will rely thereon, that the Assignee:
- (a) is a corporation duly formed under laws of Canada, has filed all necessary documents under such laws, has complied with all requirements of the *Canada Business Corporation Act*, and is extra-provincially registered in the Province of British Columbia;
  - (b) has the power, capacity and authority to enter into this agreement and to carry out its obligations contemplated herein, all of which have been duly and validly authorized by all necessary proceedings; and
  - (c) is in good standing with respect to the filing of annual returns with the Corporations Directorate, Industry Canada and annual reports with the Office of the Registrar of Companies of British Columbia.

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4.2 The Assignee acknowledges to the Province and to the Assignor that:

- (a) the Assignee has inspected the lands, and the improvements (if any) situate thereon, which are the subject of the Documents and is fully aware of the condition of such lands, and the improvements (if any) situate thereon, and accepts same in its current state;
- (b) the Assignee has reviewed and inspected all municipal and regional by-laws, regulations and policies concerning the use and development of the lands which are the subject of the Documents; and
- (c) there are no representations, warranties, collateral agreements or conditions affecting this agreement or the lands, and the improvements (if any) situate thereon, which are the subject of the Documents except as expressed herein and that this agreement constitutes the entire agreement.

#### **ARTICLE V - NOTICE**

- 5.1 The address of the Assignee for the service of notices or documents under the Documents shall be the address specified for the Assignee on the first page of this agreement.

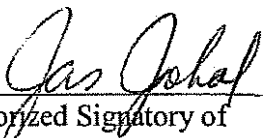
#### **ARTICLE VI - MISCELLANEOUS**

- 6.1 This agreement shall ensure to the benefit of the parties hereto and their respective successors and permitted assigns.
- 6.2 The parties to this agreement confirm that the terms of the Documents remain and continue in full force and effect.
- 6.3 This agreement may not be assigned by the Assignee except in accordance with the provisions of the Documents.
- 6.4 This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
- 6.5 In this agreement, unless the context otherwise requires, the singular includes the plural and the masculine includes the feminine gender and corporation as the case may be.
- 6.6 The captions and headings contained in this agreement are for convenience only and are not to be construed as defining or in anyway limiting the scope or intent of the provisions hereof.

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- 6.7 Where there is a reference to an enactment of the Province of British Columbia in this agreement, that reference shall include a reference to any subsequent enactment of the Province of British Columbia of like effect, and, unless the context otherwise requires, all statutes referred to herein are enactments of the Province of British Columbia.
- 6.8 If any section of this agreement or any part of a section is found to be illegal or unenforceable, that part or section as the case may be, shall be considered separate and severable and the remaining parts shall be enforceable to the fullest extent permitted by law.
- 6.9 All schedules attached to this agreement form an integral part of this agreement.

IN WITNESS WHEREOF the Assignor and Assignee have executed this agreement, and the Province has consented thereto, the day and year first above written.

SIGNED on behalf of **HER MAJESTY  
THE QUEEN IN RIGHT OF THE  
PROVINCE OF BRITISH COLUMBIA** by  
Land and Water British Columbia Inc.,  
authorized representative of the  
minister responsible for the *Land Act*

  
\_\_\_\_\_  
Authorized Signatory of  
Land and Water British Columbia Inc.

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SIGNED BY  
**DOMAN INDUSTRIES LIMITED**  
by a duly authorized signatory

P. G. Hosiel  
Assignor

SIGNED on behalf of **WESTERN FOREST PRODUCTS INC.**  
by a duly authorized signatory

P. G. Hosiel  
Assignee

**SCHEDULE "A"**  
**Agreements between the Assignor and the Province**

	<u>Legal Description [Location/Operation]</u>	<u>File #</u>	<u>Document #</u>	<u>Reference Date</u>
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January 4, 2007

File: 1406547

FILE COPY

Peter Law  
Ministry of Environment  
Environmental Stewardship Division  
2080 Labieux Rd  
Nanaimo BC V8T 6J9

Dear Peter Law:

Re: Replacement of Licence of Occupation, Cowichan Bay,  
Western Forest Products

As per Doug Berry's e-mail to you dated November 30, 2006, Licence of Occupation # 809981 for log storage and booming purposes over that portion of the bed of Cowichan Bay outlined in red on the enclosed sketch will expire February 1, 2007. The Integrated Land Management Bureau proposes to issue a Licence of Occupation for the same purpose for a further five year term.

As the area is located within Cowichan Bay, as per OIC #1652 dated September 12, 1986, the replacement requires the approval of the Minister of Environment. Please advise if the Minister of Environment has any objection to the issuance of a further Licence of Occupation. We would appreciate receiving your response within 30 days of the date of this letter.

If you have any questions please contact Doug Berry, Senior Land Officer at 250-751-7252.

Yours truly,

Keith Anderson  
Section Head  
Integrated Land Management Bureau

Enclosure  
ANDERSON/dsm  
pc: Doug Berry, Senior Land Officer

**Integrated Land  
Management Bureau**

Ministry of  
Agriculture and Lands

Mailing/Location Address:  
Suite 142  
2080 Labieux Road  
Nanaimo BC V9T 6J9

Telephone: 250-751-7220  
Facsimile: 250-751-7224  
Web Address:  
<http://www.al.gov.bc.ca>

**Berry, Doug ILMB:EX**

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**From:** Jim Stephen [JStephen@westernforest.com]  
**Sent:** May 10, 2007 1:54 PM  
**To:** Berry, Doug ILMB:EX  
**Cc:** Roger Perry  
**Subject:** FW: Log Lease Renewals For WFP in Cowichan Bay

P - L # 1405508 - Cowichan Bay Sawmill - Log booming and storage

purposes

P - L # 1406547 - Cowichan Bay Sawmill - log storage

Doug,

I recall us discussing this log storage area last November. It is my understanding that this tenure was set up with the idea that the booms would be periodically relocated to deeper water. At that time we provided you with a orthophoto showing the position of the log booms and the tenure boundaries. The booms are actually in deeper water than the tenure boundaries are.

What stage are we at in this process? We would like to expand the tenure area by 30% at the same time, if possible.

Has anyone drafted a map to show a satisfactory location for the booms?

Thanks,  
Jim

-----Original Message-----

**From:** Roger Perry  
**Sent:** May 10, 2007 10:34 AM  
**To:** Jim Stephen  
**Subject:** FW: Log Lease Renewals For WFP in Cowichan Bay

Did we discuss moving to deeper water? Or was it that our tie ups were in the wrong spot?

Roger Perry  
Manager,  
Western Forest Products Inc.,  
Cowichan Bay Sawmill  
phone (250) 737-2253  
fax (250) 748-5911

-----Original Message-----

**From:** Law, Peter ENV:EX [mailto:Peter.Law@gov.bc.ca]  
**Sent:** Thursday, May 10, 2007 6:41 AM  
**To:** Ross Murray  
**Cc:** Bruce Wright; Roger Perry  
**Subject:** RE: Log Lease Renewals For WFP in Cowichan Bay

Gentlemen

16/05/2007

Back in January the Cowichan Estuary Management Committee received a referral on the "extension" of the 3 WFP log leases within the Lot 160 line in Cowichan Bay. Members of the Committee have discussed this renewal, for an additional 5 years, on condition of moving the leases to deeper water.

I just want to clarify a point of discussion we had with Rodger and Bruce last summer, when we met at the mill to discuss log access and leases. I thought we had some general agreement that it was the intent of the company to move those leases into deeper water. Was I dreaming in technicolor? Will there be an effort to move these 3 leases in the coming 3 years?

Pete Law

ps. I would like to see a report on the recent dredging project please.

## **Berry, Doug ILMB:EX**

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**From:** Law, Peter ENV:EX  
**Sent:** July 20, 2007 2:53 PM  
**To:** Berry, Doug ILMB:EX  
**Subject:** RE: Cowichan estuary files- responses to referrals

1406547

Doug

I am sorry for the delay in providing comments from the Cowichan Estuary Environmental Management Committee (CEEMC) about these referrals. I will forward formal letters next week. For the interim, here is what we decided at the meeting on April 25, 2007.

### 1405508 - Western Forest Products

- we have communicated with the local contractor who has operated the booming grounds for this mill since the early 1980's. He tells us that the three log lease tenures are not properly located on the "Legal Description Schedule". Mr. Fault tells us that the booms are actually located in deeper water than appears on the tenure map. This issue of correctly identifying the tenure boundaries should be cleared up, as the movement of this tenure into a "deeper water location" has been a long term objective of the Committee's.

Recommendation: The CEEMC agree with a conditional approval of a short term renewal (5 years or less) providing that a legal survey of the site is done ASAP, to clearly understand what area the company currently operates within. A study is recommended which would involve a legal survey, coupled with a benthic survey of biological impacts of historic booming operations in the area. The primary objective of the Committee is to see operations moved into deeper waters to protect biologically sensitive shallow intertidal areas.

### 1406547 - Western Forest Products

- in our discussions with the boom operations contractor, we have been told that this lease has not been used since it was created. There is no infrastructure to secure log booms. These leases were created back in the early 1990's to provide for a deep water booming operation, however it logistically has not been used. The ILMB may want to enquire with the company about the use of the site for booming operations.

Recommendation: ILMB reconcile with the company whether this tenure "fits" with future operational needs, as it has not been used for a long time. We suggest that this assessment be part of a larger review by the company of the lease requirements and biological impact assessment of their tenure in the Bay. Approval granted for a further 5 year lease pending discussions between ILMB and Western about tenure utilization/ rationalization.

### 1406548 - Hayes Forest Services

-Similar to file 1406547, this site has not been subject to any log boom activity since the lease was started. ILMB may want to enquire about the future uses for this lease. Booming in deeper water is an objective that the CEEMC supports, however, we realize that the siting of the lease must make sense. Approval granted for a further 5 year lease pending discussions between ILMB and Hayes about tenure utilization/rationalization.

### 1405509 - Hayes Forest Services.

- members of the CEEMC met with Al Waugh and Todd McVey of Hayes Forest Services on April 26th. We brought to their attention that this lease was a sensitive site, and the CEEMC were very concerned with this lease renewal. We were told that this is not the lease they thought the company was renewing. They indicated that lease 1401042 was the site the company thought they were requesting a lease renewal. I told Todd and Al that there seemed to be some confusion with what they were applying for. I faxed them the maps, and thought they would be in contact with ILMB to straighten this issue out.

Recommendation: the CEEMC is in agreement that this lease should not be renewed, as it is in a highly sensitive biological mudflat.

Cheers

Peter Law

Ecosystem Biologist\*

Ministry of Environment

Vancouver Island Region

2080 Labieux Road

Nanaimo B.C. V9T 6J9

\*Habitat Officer under the Water Act - Section 9

Peter.Law@gov.bc.ca

Phone: (250) 751-3229

Fax: (250) 751-3103

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**From:** Berry, Doug ILMB:EX  
**Sent:** Thursday, July 19, 2007 12:59 PM  
**To:** Law, Peter ENV:EX  
**Subject:** Cowichan estuary files- responses to referrals

Peter we need these asap

1405508

1406547

1406548

1405509

plus a number of new ones or amendments.

Your assistance is required

Doug Berry  
Senior Land Officer  
Regional Client Services Division  
**Integrated Land Management Bureau**  
Ministry of Agriculture and Lands  
Suite 142 2080 Labieux Road  
Nanaimo, BC, V9T 6J9  
(ph 250-751-7250) (fax 250-751-7224) .

WFP  
1406547

**Baan, Sandra M ILMB:EX**

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**From:** Baan, Sandra M ILMB:EX  
**Sent:** Tuesday, August 14, 2007 11:08 AM  
**To:** Law, Peter ENV:EX  
**Subject:** Cowichan Bay Tenures

Peter,

We are in the process of replacing Licence of Occupation for 4 tenures in Cowichan Bay. The MAL file #'s are 1405508, 1406547, 1406548 and 1405509.

~~As we~~ have not heard from Ministry of Environment on these files we will be proceeding with the issuance of the licences shortly.

Sandra

---

Sandra Baan

Land and Resource Technician  
Crown Land Adjudication  
Integrated Land Management Bureau  
Ministry of Agriculture and Lands

# LAND AND WATER BRITISH COLUMBIA INC.

## FIELD SERVICES MISCELLANEOUS REPORT

Vancouver Island Region  
Land and Water Management Division  
Suite 501, 345 Wallace Street  
Nanaimo, British Columbia  
V9R 5B6  
Telephone: (250) 741-5650  
Fax: (250) 741-5686

PURPOSE of  
Report

<input type="checkbox"/> Amendment	<input type="checkbox"/> Expiry	<input type="checkbox"/> Trespass	<input checked="" type="checkbox"/> PT	FILE NO.: 1406547
<input type="checkbox"/> Assignment	<input type="checkbox"/> Reserve	<input checked="" type="checkbox"/> Other	<input type="checkbox"/> NPT	
<input type="checkbox"/> Clean-up	<input type="checkbox"/> Review	<i>Replacement</i>		

Report Date Aug 15, 2007	Field Exam Made <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Date Made	<input type="checkbox"/> Status Completed <input type="checkbox"/> Not Completed <input checked="" type="checkbox"/> Not Required	Examiner	Work Area Nanaimo
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APPLICANT  
Name

Western Forest Products Inc.

Inc. No.:

PURPOSE  
& Tenure

Industrial Log Handling - REPLACEMENT

LEGAL  
Description

That part of District Lot 160, and all that foreshore or land covered by water being part of the bed of Cowichan Bay, Cowichan District

Area 4.2154 ha

Ref. Map 92B 072

LOCATION

Cowichan Bay

RENTAL  
Formula

(Specify Rental Rate, Land Value Type, Minimum, etc.)

Policy Ref. #: Log Handling

Area X Zone Value = Land Value

4.2154 X 4200 = \$17,704.68

\$17,704.68 X 7.5%(from Policy) = \$1,327.85 Annual Rent

SPECIFIC  
Rental

☒ Annual Amount: \$1,327.85

Tenure Land Value:

☐ Prepaid for \_\_\_\_\_ years

☐ Determined by Owner (A)

☐ Discount Rate & Period: \_\_\_\_\_

☐ Fee Appraised (A)

☐ Other

☐ B.C.A.A. (B)

☒ Zonal (Z)

NEXT Review

Date: expiry in 10  
years 5

Circle Reason: Rental ☒ Insurance ☐ Mgt. Plan ☐ Royalty Rate ☐ Security ☐ Expiry ☐  
Diligent Use ☐ Other: ☐

REQUIREMENTS

Security Amount Existing \$50,000.  
Recommended \_\_\_\_\_

S.T.C. Required ☐  
On File ☐

Upland Owner Consent  
☐ Required ☐ On File

### DISCUSSION/RECOMMENDATION:

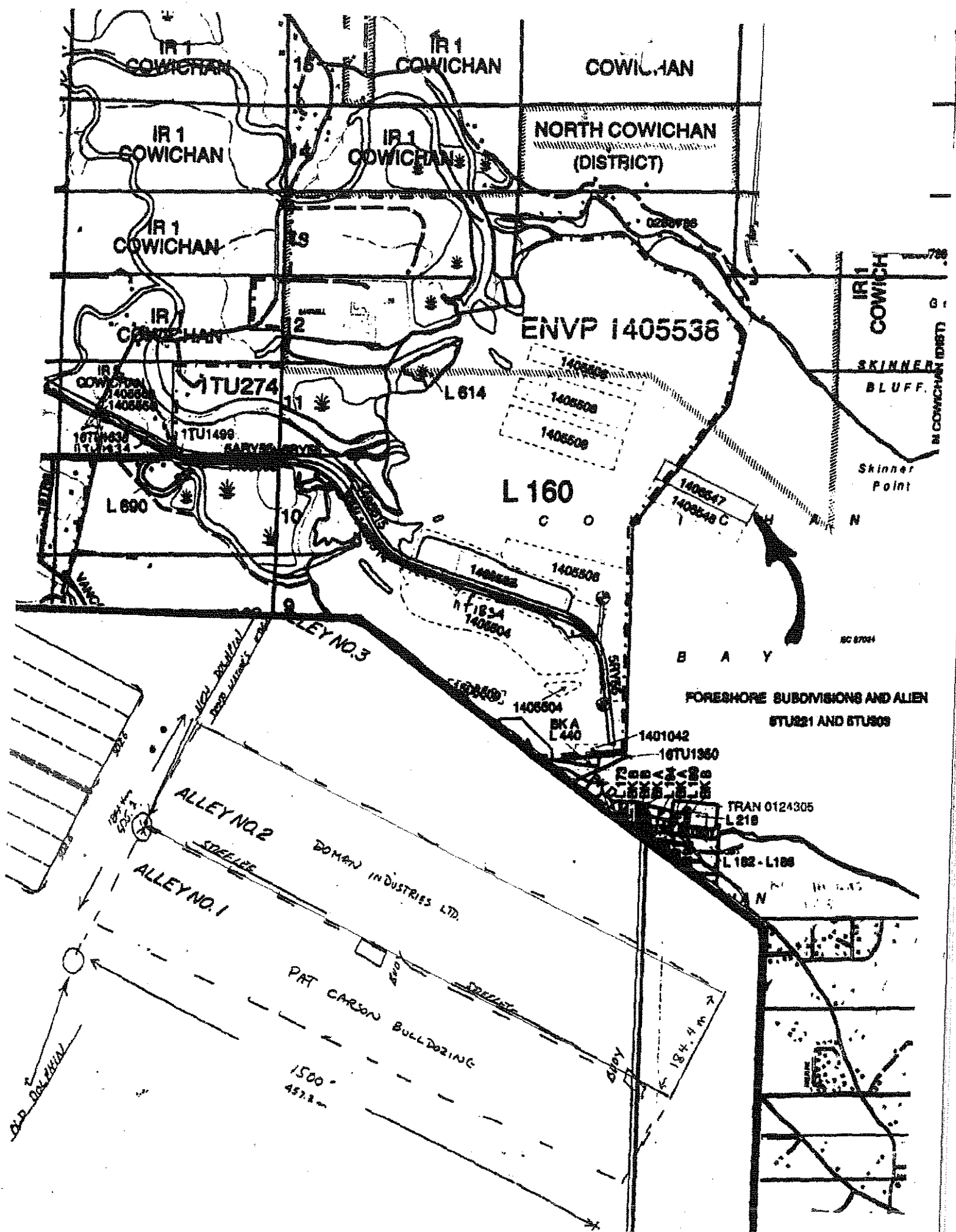
Recommend Replacement of Licence of Occupation for 10 years.

Rent: \$1,327.85 Annually

Security: \$ 50,000. Blanket on file

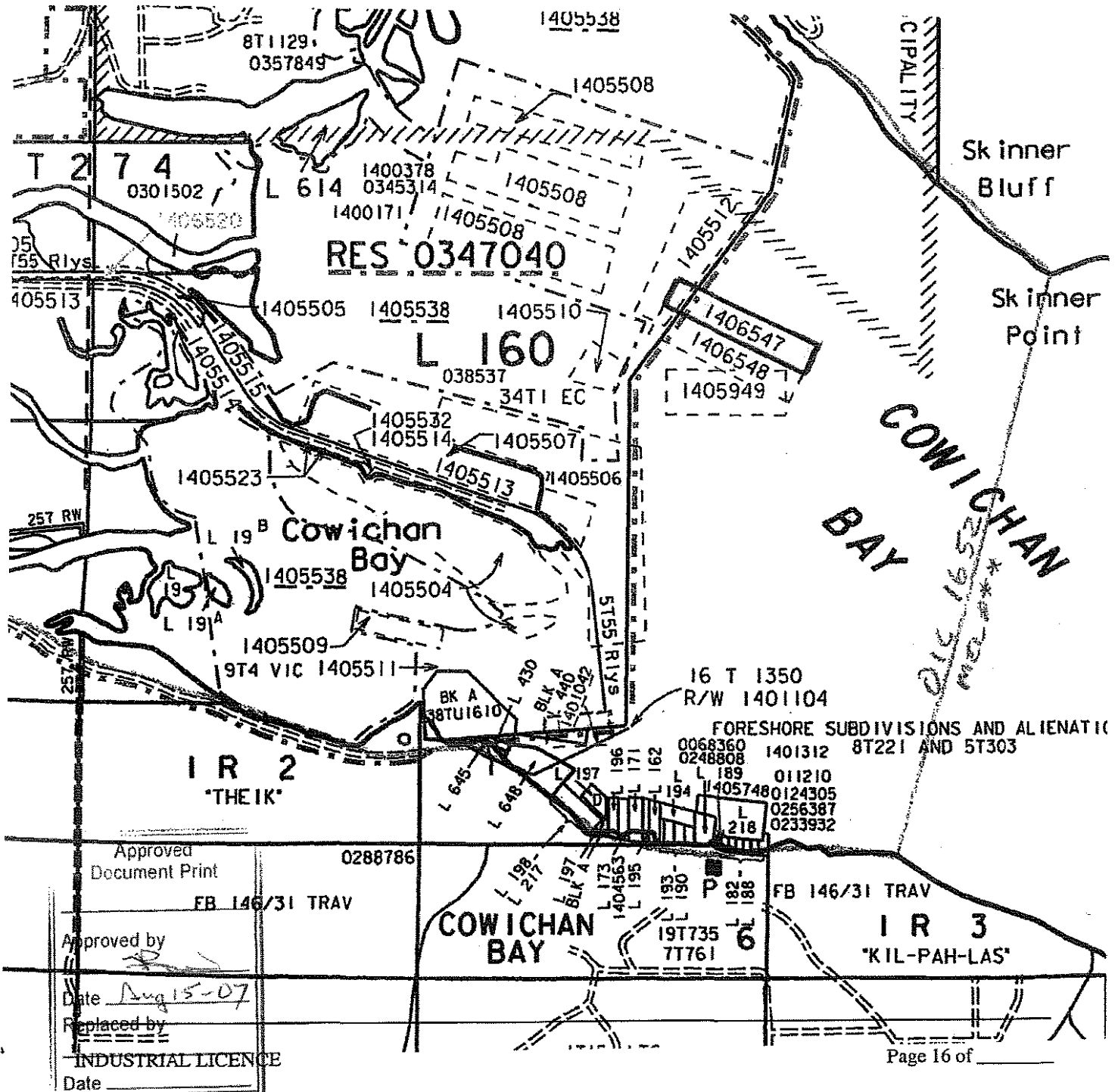
Liability Insurance: \$1,000,000.00

*JB Aug 15-2007*



## LEGAL DESCRIPTION SCHEDULE

That part of District Lot 160; together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District, shown outlined on sketch below, containing 4.2154 hectares more or less.



# ADJUDICATION

File No.: 1406547

Company/Society No.: A0010374 ☐ Tenant in Common ☐ Joint Tenants

Subject to Survey: ☐ Yes ☐ No

☒ Offer ☐ Mod Offer ☐ To Obtain Survey ☐ Delayed

Document Type: ☒ License ☐ Lease ☐ Permit ☐ Stat R/W ☐ \_\_\_\_\_  
Purpose: \_\_\_\_\_

☐ Documents Received

Term: 5 Years

Commencement Date: 2007-02-01

Security \$ 50,000 ☒ on file Blanket \$ 50,000 ☐ Received

Rental \$ 1327.85 ☒ 1<sup>st</sup> Year ☐ Term

Royalty Rate \$ \_\_\_\_\_ per cubic metre Nominal Rent Land Value \$ \_\_\_\_\_

☒ Insurance \$1,000,000.00 ☐ \$2,000,000.00 private moorage ☐ Received

## Special Covenants/Limitations

☐ Survey may be required 90 days

☒ Log Handling

☐ Aquaculture

☐ Survey required within 1 year

☐ Management Plan on file

☐ Other \_\_\_\_\_

## Conditions Precedent – Fees

☐ Received

☐ Confirmed Application Fee received: \_\_\_\_\_

☒ Rent \$ 1327.85

☐ Occupational Rental \$ \_\_\_\_\_ (from \_\_\_\_\_ to \_\_\_\_\_) Per Diem \$ \_\_\_\_\_

☐ Green sheet for Occupational Rent ☐ Approved ☐ To Accounts

☒ Replacement Fee (excluding Aquaculture – 50% of Application Fee \$ 500.00  
\$200.00, \$250.00, \$500.00, \$1,650.00

## Aquaculture Processing and Approving

☐ Aquaculture Application Fee Paid \$4,925.00

☐ MAFF Fee – (SHELLFISH ONLY) ☐ New \$75.00 ☐ Replacement \$50.00

☐ Aquaculture Fees (SHELLFISH ONLY) \$600.00 ☐ Replacement ☐ Expansion

☐ Aquaculture Fees (FINFISH ONLY) \$2,462.50.00 ☐ Replacement ☐ Expansion

☐ Aquaculture Extension \$1,000.00

☐ Credit \$ \_\_\_\_\_ ☐ Amendment Fee \$ \_\_\_\_\_ ☐ Other \$ \_\_\_\_\_

Reminders – upland owner consent, MoTH, blanket sec. clause, etc ☐ Received

## CC's

☒ Regional District CVRD

☐ Islands Trust \_\_\_\_\_

☐ Wendy Day, MAL, Courtenay

☐ Michael Goodhelpsen, MAL, Courtenay

☒ BC Assessment COI

☐ Rick Deegan, ILMB, Victoria

☐ Shelley Meadows, DFO, Vancouver

☒ Other Peter Law, MOE BC

TATT due by:

Adjudicated by PA: Robson

Approved by SPA: N

Replacement due date:

Date: AUG 15 2007

Date: Aug. 16 07



Ministry of Agriculture and Lands  
Suite 142 - 2080 Labieux Road  
Nanaimo, BC V9T 6J9

Telephone No: 250 751-7248  
Facsimile No: 250 751-7224

GST Registration No: R107864738

Your contact is: Barbara Biss

Our file: 1406547

### **TENURE OFFER**

Date AUG 16 2007

WESTERN FOREST PRODUCTS INC.  
300-435 Trunk Rd  
Duncan, BC V9L 2P9

Attention: Jim Stephen

Dear Jim Stephen:

#### **Re: Your Application for a Tenure over Crown Land**

Your application for a licence for log storage purposes over:

that part of District Lot 160; together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District, containing 4.2154 hectares more or less

(the "Land") has been accepted by us subject to fulfillment of certain requirements. Accordingly, we are offering to you a licence on the terms and conditions set out in this letter.

This is to replace Licence No. 109253 which expired February 1, 2007.

Please be aware that you are required under this licence to observe, abide by and comply with all applicable laws, bylaws, orders, directions, ordinances and regulations of any competent governmental authority which in any way affects your use and occupation of the Crown land and any improvements made to that land. If you have any concerns or questions regarding any such laws, bylaws, orders, directions, ordinances and regulations you are encouraged to seek legal advice.

#### **Deadline for Your Acceptance of this Offer**

This offer may be accepted by you within 45 days of the date of this offer (unless this deadline is extended in writing by us). To accept this offer, you must complete and

- 2 -

return to us the enclosed acceptance page by that time. If you do not wish to accept this offer, please check the applicable box on the acceptance page and sign and return the page to us so that we may record your rejection of our offer.

### 1. Conditions of Offer

Enclosed are two copies of your licence. If you accept this offer by returning the acceptance page to us within the time set out above, you must then execute and return these documents to us within 45 days from the dater of this letter together with all of the following:

#### Monies Payable

You must deliver to us the following amounts:

Licence Fee	*\$ 1,327.85
Replacement Fee	*\$ 500.00
GST Total	\$ <u>109.67</u>
<b>Total Fees Payable</b>	<b>\$ <u>1,937.52</u></b>

\* denotes GST payable

Your cheque or money order must be payable to the Minister of Finance and be delivered to Suite 142 - 2080 Labieux Road Nanaimo, BC V9T 6J9. Please quote our file number when sending us your payment.

#### Insurance

We confirm receipt from you of evidence of blanket insurance. Upon request, you must submit to our office proof of continuation of your blanket insurance.

The enclosed tenure documents must **all** be signed in the spaces provided on the signature page by persons authorized to sign on behalf of the corporation. **Return all copies to us.**

If you sign the licence documents and return them to us within 45 days from the dater of this letter (unless this deadline is extended in writing by us), together with each of the items listed in this section, the licence documents will be signed on behalf of the Province. We will then return an executed copy of the licence to you. If the licence documents and each of the items listed in this section are not returned to us within 45 days from the dater of this letter, we will be under no further obligation to issue the licence to you and this offer will terminate.

## **2. Acknowledgments of the Applicant**

By accepting this offer, you agree that:

- (a) This offer cannot be transferred to another person.
- (b) This offer and the licence do not guarantee that
  - (i) the Land is suitable for your proposed use,
  - (ii) the Land can be built on,
  - (iii) there is access to the Land, or
  - (iv) the Land is not susceptible to flooding or erosion.
- (c) This offer will survive the signing and issuance of the licence but if any contradiction exists between the terms of this offer and the licence, the terms of the licence will prevail.
- (d) This offer does not give you any right to use or occupy the Land for any purpose.
- (e) Under the *Land Act*, this offer is not binding upon the Province until the licence is signed by the Province.
- (f) Time is of the essence in this offer.

## **3. Your Representations**

By accepting this offer, you confirm that:

- (a) You (or your authorized representative) have inspected the Land and are fully aware of its condition.
- (b) You have knowledge of all municipal and regional bylaws regulating the use and development of the Land.
- (c) You acknowledge that you have no right to use or occupy the Land unless and until the licence is issued to you under this offer.
- (d) Your company is incorporated or registered in British Columbia under A0070374 and has the legal capacity to acquire land.

## **Freedom of Information**

Personal information is collected under the *Land Act* for the purpose of administering Crown land. Information on your application, and if issued, your tenure, will become part of the Crown Land Registry, from which information is routinely made available to the public under freedom of information legislation.

Yours truly,

A handwritten signature, possibly reading "D", is written above the typed name.

Authorized representative

**Acceptance of Offer of licence**

File No. 1406547

Ministry of Agriculture and Lands  
Suite 142 - 2080 Labieux Road  
Nanaimo, BC V9T 6J9

Dear Barbara Biss:

**Re: Application for licence**

- ☐ I/We accept the offer of licence made to me/us by way of a letter dated AUG 16 2007 from the Ministry of Agriculture and Lands and I/we agree to perform and abide by my/our covenants, acknowledgements and representations set out in that offer.
- ☐ I/We do not accept the offer of licence made to me/us by way of a letter dated AUG 16 2007 from the Ministry of Agriculture and Lands.

DATED the \_\_\_\_ of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Applicant's signature/Applicant's  
representative's signature

\_\_\_\_\_  
Applicant's signature/Applicant's  
representative's signature

\_\_\_\_\_  
Print name of person signing

\_\_\_\_\_  
Print name of person signing

## **Biss, Barbara ILMB:EX**

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**From:** Biss, Barbara ILMB:EX  
**Sent:** Monday, August 31, 2009 10:25 AM  
**To:** 'Lilia O'Keefe'  
**Cc:** Samarin, Carolyne CSD:EX  
**Subject:** RE: 1406547 Licence replacements  
**Attachments:** 1406547.pdf

Lilia

WFP has already paid for 06/07 and they paid the amount that was asked for in the 2007 Tenure offer, so no monies need to be sent when you return the documents to this office. (See attached cheque stub) All that is owing now is 08/09 and 09/10. After you return the documents I will have an invoices for these two years done up by Finance and emailed to you. The amount for each year will be \$1327.45 + GST.

*Barbara Biss*

Barbara Biss  
Portfolio Administrator  
West Coast Service Centre  
Integrated Land Management Bureau  
142 - 2080 Labieux Rd  
Nanaimo BC V9T 6J9  
Phone: (250) 751-7248 Fax: (250) 751-7224  
E-Mail: [Barbara.Biss@gov.bc.ca](mailto:Barbara.Biss@gov.bc.ca)



Please consider the environment before printing.

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**From:** Lilia O'Keefe [mailto:[LOKeefe@westernforest.com](mailto:LOKeefe@westernforest.com)]  
**Sent:** Monday, August 31, 2009 9:03 AM  
**To:** Biss, Barbara ILMB:EX  
**Cc:** Jim Stephen  
**Subject:** RE: 1406547 Licence replacements

### **P - L # 1406547 - Cowichan Bay Sawmill - log storage**

Good Morning Barbara,

We will be accepting your "Tenure Offer" dated August 16, 2007 to bring this file up to date. Would you please provide us with the correct amount for the cheque to be issued to Minister of Finance? Our records indicate that the last Annual Rent Invoice we received was in 2005.

Thank you.

Regards,

*Lilia O'Keefe*

*Properties Assistant*

Western Forest Products Inc.  
Suite 510 - 700 West Georgia Street  
P.O. Box # 10032  
Vancouver, B.C. V7Y 1A1  
Phone: (604) 648-4552  
Fax: (604) 682-2444  
Email: [LOKeefe@westernforest.com](mailto:LOKeefe@westernforest.com)

**From:** Baan, Sandra M ILMB:EX [mailto:Sandra.Baan@gov.bc.ca]  
**Sent:** August 26, 2009 9:12 AM  
**To:** Lilia OKeefe  
**Cc:** Biss, Barbara ILMB:EX; Berry, Doug ILMB:EX; Law, Peter ENV:EX; Jim Stephen  
**Subject:** 1406547 Licence replacements

Hello Lilia,  
Re: Cowichan Bay

With respect to your email Aug 20<sup>th</sup>, 2009 and the replacement of this tenure (1406547).  
The ILMB has not received the signed offer documents from WFP which were sent in Aug 2007 to WFP. This offer for replacement did not include expansion.  
The intent is to replace as tenure was at that time (see email below). This is a sensitive estuary and MOE Pete Law will need to be contacted prior to any expansion considerations. Further discussions may be required with WFP, MOE and ILMB.

Thanks,  
Sandra

---

Sandra Baan

Land Officer, Crown Lands and Resources  
Operations Division, Coast  
Integrated Land Management Bureau  
Ministry of Agriculture and Lands  
Phone: 250 751-7301

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**From:** Baan, Sandra M ILMB:EX  
**Sent:** Thursday, August 16, 2007 3:00 PM  
**To:** 'Jim Stephen'  
**Subject:** RE: Licence replacements

Jim,  
I have replaced as they are now and then work on details needed for expanding. Yes, it is in a sensitive estuary and further steps and considerations will need to be looked at in order to address those concerns.

I did see the email you have attached and also did not see a reply from Doug. Doug is on vacation for a few weeks and once he is back I will discuss this with him and then get back to you. Ministry of Environment's input will be a part of the estuary consideration.

I look forward to talking with you soon,  
Sandra

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**From:** Jim Stephen [mailto:JStephen@westernforest.com]  
**Sent:** Thursday, August 16, 2007 2:45 PM  
**To:** Baan, Sandra M ILMB:EX  
**Subject:** RE: Licence replacements

Sandra,

Yes, we wish to renew these tenure. We would also like to increase the tenure area. We realize that the estuary is a sensitive area and were seeking Doug Berry's guidance because he is quite familiar with the history and knows the issues well. I don't recall receiving a response from Doug to our email request (attached). It was about the same time that the Koksilah River log jam issue was being addressed, so he was probably distracted.

Would you be able to figure out a game plan for us?

Thanks,  
Jim

Jim Stephen  
Properties Administrator  
Western Forest Products Inc.  
Suite 510 - 700 West Georgia Street  
P.O. Box #10032  
Vancouver, BC V7Y 1A1  
Phone: (604) 665-6220  
Fax: (604) 682-2444

-----Original Message-----

**From:** Baan, Sandra M ILMB:EX [mailto:Sandra.Baan@gov.bc.ca]  
**Sent:** August 13, 2007 8:50 AM  
**To:** Jim Stephen  
**Subject:** Licence replacements

Hi Jim,

I am not sure if you are the contact for this or not, so perhaps you can forward to the appropriate person. I am reviewing Lic of Occupation replacements for two files belonging to WFP. They are both in the Cowichan Bay area and the following MAL file # 1405508 expired Jan 01, 07 and # 1406547 expired Feb 01, 07.

Does WFP wish to replace these Licences?

Thank you,

Sandra

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Sandra Baan

Land and Resource Technician  
Crown Land Adjudication  
Integrated Land Management Bureau  
Ministry of Agriculture and Lands



FILED COPY

September 9, 2009

File: 1406547

Western Forest Products Inc.  
300-435 Trunk Rd  
Duncan BC V9L 2P9

Attention: Jim Stephen

Dear Sir:

Enclosed is an originally executed copy of Licence No. 113327, covering that part of District Lot 160; together with unsurveyed foreshore or land covered by water being part of the bed of Cowichan Bay, both of Cowichan District, shown outlined on sketch below, containing 4.2154 hectares more or less.

This Licence is issued in the name of Western Forest Products Inc. for a term of 5 year commencing the 1st day of February, 2007, for log storage purposes.

We acknowledge receipt of rental in the amount of \$1,327.85, representing the fee for the 1<sup>st</sup> year.

Should you have any further questions, please contact me at (250) 751-7248.

Yours truly,

Barbara Biss  
Portfolio Administrator

Enclosures

pc: BC Assessment Authority, Nanaimo  
Cowichan Valley Regional District

<b>Integrated Land Management Bureau</b>	Crown Lands and Resources	Mailing Address:  Suite 142 2080 Labieux Road Nanaimo, BC V9T 6J9	Telephone: 250-751-7220 Facsimile: 250-751-7224 Web Address: <a href="http://www.al.gov.bc.ca">http://www.al.gov.bc.ca</a>
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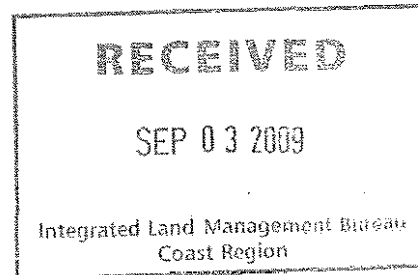


**P - L # 1406547 - Cowichan Bay Sawmill - log storage**

August 31, 2009

Integrated Land Management Bureau  
Ministry of Agriculture and Lands  
Suite 142  
2080 Labieux Road  
Nanaimo, BC V9T 6J9

Attention: Barbara Biss  
Portfolio Administrator



Dear Ms. Biss;

**Re: Tenure Offer - File 1406547 – Licence of Occupation**

In accordance with the instructions on your Tenure Offer dated August 16, 2007 we are providing you with the following documents:

- Completed Acceptance of Offer - Licence
- Two copies of the tenure, executed by the company
- Cheque No. 00060591 for the amount of \$1,937.52 was mailed directly by our Accounting Department to your office and was received on October 24, 2007.
- Certificate of Insurance

Please return an executed copy to my attention.

Yours truly,

WESTERN FOREST PRODUCTS INC.

J. M. (Jim) Stephen, R.P.F.  
Properties Administrator  
Enclosures

Cc Roger Perry

Suite 510 – 700 West Georgia Street  
TD Tower, P.O. Box 10032, Pacific Centre  
Vancouver, BC V7Y 1A1  
Telephone: (604) 665-6220 - Fax: (604) 665-8831  
jstephen@westernforest.com

**Acceptance of Offer of licence**

File No. 1406547

Ministry of Agriculture and Lands  
Suite 142 - 2080 Labieux Road  
Nanaimo, BC V9T 6J9

Dear Barbara Biss:

**Re: Application for licence**

- ☒ I/We accept the offer of licence made to me/us by way of a letter dated AUG 16 2007 from the Ministry of Agriculture and Lands and I/we agree to perform and abide by my/our covenants, acknowledgements and representations set out in that offer.
- ☐ I/We do not accept the offer of licence made to me/us by way of a letter dated AUG 16 2007 from the Ministry of Agriculture and Lands.

DATED the 31<sup>st</sup> of AUGUST, 2009.

  
Applicant's signature/Applicant's  
representative's signature

\_\_\_\_\_  
Applicant's signature/Applicant's  
representative's signature

JIM STEPHEN  
Print name of person signing

\_\_\_\_\_  
Print name of person signing