



BRITISH
COLUMBIA

RECEIPT

783764 K

THE SUM OF

Three thousand dollars

ON ACCOUNT OF

~~XX~~
DOLLARS

\$ 3000.00

Lin Bai # 00163167
security deposit for:
TSL A84072

GST NUMBER

R107864738

The amount receipted above includes GST in the amount of \$

RECEIVED FROM

LIN BAI

YYYY

MM

DD

ISSUING OFFICE

Babine BCTS

ISSUING OFFICER'S SIGNATURE

K McJannet

ON

20110624

FIN 48 Rev. 98/11/18
OPC 7530951054 (50/Bk)

WHITE: CUSTOMER

PINK: MINISTRY FILE

CANARY: RETAIN IN BOOK FOR AUDIT



BRITISH
COLUMBIA

RECEIPT

783765 K

THE SUM OF

Six thousand, two hundred + eighty one - 13/100
ON ACCOUNT OF

DOLLARS

\$ 6281.13

LIN BAI, # 00163167

Security deposit for:
TSL # A84072

GST NUMBER

R107864738

The amount receipted above includes GST in the amount of \$

RECEIVED FROM

LIN BAI

YYYY

MM

DD

ON

20110624

ISSUING OFFICE

BCTS - Babine

ISSUING OFFICER'S SIGNATURE

K McJannet

FIN 48 Rev. 98/11/18
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SECTION A - LICENCE/LICENSEE DETAILS

Tenure / Licence No.:	A84072	Business Area:	Babine	Region:	RNI
Licensee Name:			Yaliwood LTD.		Client No.:
			00163023		
Licensee Address: PO Box 168, 339 Highway 16, Burns Lake V0J 1E0					

SECTION B - TENURE STATUS REPORT

<input checked="" type="checkbox"/> Expired	Expiry Date:	2013-08-26	<input type="checkbox"/> Not Expired
<input type="checkbox"/> Cancelled By TSM	Cancellation Date:		
<input type="checkbox"/> Licence Surrendered	Surrender Date:		

ACTIONS ☒ Cruise Based (CB) or ☐ Scale Based (SB)

Partial Release Steps			
<input type="checkbox"/> FTA Tenure Status to LC	Updated By:	Date:	
<input type="checkbox"/> Final Report submitted to BCTS indicating 100%	Checked By:	Date:	
Final Release Steps			
<input type="checkbox"/> FTA Tenure Status to HC	Updated By:	Date:	
<input checked="" type="checkbox"/> 100% Sale Value Billed	Checked By:	Paul Wandler	Date: 2013-10-22
<input checked="" type="checkbox"/> All Contractual Obligations Met	Checked By:	Paul Wandler	Date: 2013-10-22
<input checked="" type="checkbox"/>			

Comments: Harvesting was not completed on the block and subsequently it has been repackaged for resale. Outstanding obligations will be transferred to the new Licence holder upon sale of the repackaged TSL.

SECTION C - DISPOSITION NOTICE (Select Partial/Final/3rd Party below and complete required information in Section G)

<input type="checkbox"/> Partial OR <input checked="" type="checkbox"/> Final Release OR <input type="checkbox"/> Interim 3rd Party Payment	Payment No:	Payment Date:
Type of Security <input checked="" type="checkbox"/> Cash (B or C) <input type="checkbox"/> SKA (S) <input type="checkbox"/> LOC (L) <input type="checkbox"/> Standing Security (Refer to Sale Info tab; Security Deposit in FTA)		
Original Deposit: \$ _____ (6)	Existing Deposit: \$ 9,281.13 (10)	
Holdback \$ _____ (7)	3rd Party Work \$ _____ (11)	
Forfeit \$ _____ (12)	Release Balance \$ 9,281.13 (9)	

Technician Name: Paul Wandler	Signature: IDIR/pfwandle	Date: 2014-01-15
Supervisor Name:	Signature:	Date:

SECTION D - BCTS APPROVAL

Name: Debbie Janning-Stewart	Signature: IDIR/djanning	Date: 2014-01-31
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SECTION E - SENT TO MINISTRY OF FINANCE, FOREST REVENUE OPERATIONS

Method <input checked="" type="checkbox"/> Electronic	Return E-Mail Address: Kathy.McLennan@gov.bc.ca
Name: Kathy McLennan	Signature: IDIR/kemclenn
	Date: 2014-01-31

SECTION F - MINISTRY OF FINANCE

<input checked="" type="checkbox"/> A/R	<input type="checkbox"/> Payment Diversion List	<input checked="" type="checkbox"/> Previously Deleted Debts	<input type="checkbox"/> WorkSafe BC	<input type="checkbox"/> ERA	<input checked="" type="checkbox"/> Address
<input type="checkbox"/> Held In Regional Trust Account	\$ _____	<input checked="" type="checkbox"/> Applied To A/R	\$ 9,281.13		
<input type="checkbox"/> Forfeiture	\$ _____	<input type="checkbox"/> Refund	\$ _____		
SKA/LOC <input type="checkbox"/> Released <input type="checkbox"/> Retained		Check Requisition No:			
<input type="checkbox"/> Funds Applied to WorkSafe BC Account \$ _____		<input type="checkbox"/> 3rd Party Work \$ _____			
Name: KIM BISHOP		Signature: IDIR/kibishop		Date: 2014-02-05	

Comments: Yaliwood LTD. has a outstanding account that the deposit should be applied too. CBT ADJ 303697 = 9,281.13



SECTION G - MANDATORY DEPOSIT REFUND INFORMATION

OUTSTANDING OBLIGATIONS

- | | | | |
|--|----|---|----------|
| <input type="checkbox"/> Residue & Waste Survey Completion | or | <input checked="" type="checkbox"/> N/A | \$ _____ |
| <input type="checkbox"/> Debris Burning/Hazard Abatement | or | <input checked="" type="checkbox"/> N/A | \$ _____ |
| <input type="checkbox"/> Road Deactivation/Rehabilitation | or | <input checked="" type="checkbox"/> N/A | \$ _____ |
| <input type="checkbox"/> Road Maintenance | or | <input checked="" type="checkbox"/> N/A | \$ _____ |
| <input type="checkbox"/> Other _____ | | | \$ _____ |

TOTAL ESTIMATED COST TO COMPLETE OBLIGATIONS \$ _____ (A)

FOR CRUISE-BASED

Total Stumpage Value	\$ _____	(1) (Available on FS69(B))
Total Stumpage Billed	\$ _____	(3) (From FTA)
Actual Unbilled Stumpage Value	\$ _____	(4) (1) - (3)
Unbilled Stumpage & Outstanding Obligations	\$ _____	(5) (4) + (A)

FINAL or TOTAL RELEASE PROCESS

Existing Deposit (RC to determine from Client Trust Account in ARM)	\$ <u>9,281.13</u>	(10) (If no Partial Release has been done, will be equal to Original Deposit from FTA)
Payment for 3rd Party Work	\$ _____	(11)
Forfeiture	\$ _____	(12)
Total to Release (10) - (11) - (12)	\$ <u>9,281.13</u>	(9)

Comments: *Finance. Yaliwood LTD. has an outstanding account that the deposit should be applied too.

SECTION H - BUSINESS PROCESS INFORMATION (tracking on this form is optional)

CENGEA RESOURCES UPDATES

ACTIVITY	UPDATED BY	DATE
<input type="checkbox"/> All Blocks Set to Logging Complete "Done"	_____	_____
<input type="checkbox"/> Licence Set to Substantial Completion "Done"	_____	_____
<input type="checkbox"/> Balance Harvest Volume	_____	_____
<input type="checkbox"/> Change Circumstances Documented	_____	_____
<input type="checkbox"/> Licence Set to Licence Closed "Done"	_____	_____

BUSINESS PROCESS STEPS

ACTIVITY	DONE BY	DATE
<input type="checkbox"/> RESULTS Updated/Checked	_____	_____
<input type="checkbox"/> Notify C&E	_____	_____
<input type="checkbox"/> RP Closure Recommendation or <input type="checkbox"/> N/A	_____	_____
<input type="checkbox"/> RUP Closure Recommendation or <input type="checkbox"/> N/A	_____	_____
<input type="checkbox"/> Category 2 Milling Requirements Reported	_____	_____
<input type="checkbox"/> Verified or <input type="checkbox"/> N/A	_____	_____
<input type="checkbox"/> Hazard Assessment Form Received	_____	_____

File: 19620-25/A84072

January 30, 2014

REGISTERED MAIL

Yali Wood Ltd.
c/o PO Box 168
339 Highway 16
Burns Lake, BC
V0J 1E0

Dear Licensee:

The purpose of this letter is to advise you of my final determination regarding the disposition of the security deposit associated with the Timber Sales Licence (TSL) A84072.

UNDISPUTED FACTS

1. On June 22, 2011 Lin Bai was the successful applicant for TSL A84072 located within the Babine Business Area.
2. TSL A84072 was entered into on June 27, 2011 with a 14 month term.
3. On October 27, 2011 a disposition of TSL A84072 from Lin Bai to Yali Wood Ltd (signed by Yali Liu) was completed.
4. On August 23, 2012 TSL A84072 was extended for 1 year with an expiration date of August 26, 2013.
5. The TSL A84072 security deposit was \$9,281.13.
6. A prework meeting with Klaus Posselt was held March 14, 2013 and it is estimated, upon first inspection, that harvesting commenced approximately March 20, 2013.
7. TSL expired without an application for extension on August 26, 2013.
8. Approximately 51.6% of the timber was felled.
9. Under section 8.03 of the TSL the amount of stumpage that is payable upon commencement of harvest is \$91,367.96.
10. Under section 8.04 of the TSL the amount of bonus offer that is payable upon commencement of harvest is \$102,188.77
11. A stumpage bill of \$91,367.96 was issued for the felled timber and has been paid.
12. On November 20, 2013 a final stumpage bill for \$99,886.15 was issued and has not been paid.

Timber Sale License Provisions

Upon the commencement of harvest and subsequent expiry, the following TSL requirements came into effect:

Sec 8.03 Upon commencing timber harvesting operations the total amount of stumpage that will be payable will be \$91,367.96.

Sec 8.04 Upon commencing timber harvesting operations, the total amount of bonus offer that will become payable will be \$102,188.77.

Sec 8.07 If, after commencing timber harvesting operations, the Licensee does not complete primary timber harvesting before the expiry of the term of this Licence expires, the Licensee will pay, within 28 days of the Licence expiring, the remaining amount of stumpage and bonus offer that is due under this Licence at that time.

16.00 Title to all

- (a) improvements, including roads and bridges, constructed under the authority of this Licence,
- (b) improvements, including roads and bridges, constructed under the authority of a road permit issued pursuant to this Licensee, unless otherwise specified in the permit, and
- (c) timber, including logs and special forest products, felled or bucked under the authority of this Licence and located on the cutting authority area upon the expiry, cancellation, surrender or other termination of this Licence, will vest in the government, without right of compensation to the Licensee.

Schedule A

4.01 The Licensee will full-tree skid all cut trees to landings or roadside locations situated within either the cutting authority area or the area of a Road Permit issued in accordance with this Licence.

Correspondence and Communication between BCTS and Licensee

There is a significant amount of correspondence between BCTS staff and representatives of Yaorun and Yali Wood Ltd regarding the expiry and consequences for expiry of TSL A84072. A complete record of correspondence can be found within File 19620-25/A84072. A summary of relevant highlights are as follows:

1. On July 31, 2013 the Licensee employee Shane Ying requested (by e-mail) information regarding expiry dates and extension fees for TSLs A86010, A86011, A84072 and A85143.
2. On August 1, 2013 a response was provided by Mike Watson in an e-mail with all requested information.
3. On August 2, 2013 Shane Ying acknowledges the information and confirms that plans are being made to prepare the extension fee.
4. On September 23, 2013 Mike Watson met with Mr Liu and his associates in Brewsters Cafe in Houston, BC to explain the consequences for failing to obtain extensions for 3 TSL's held by Yali Wood prior to the expiry date. At that time, Mr Liu made a request for the TSM to postpone applying the forfeiture provisions of the *BC Timber Sales Regulation* to give Mr Liu time to understand the regulations and to seek a meeting with BCTS executives.
5. In a letter, dated September 22, 2013 from Yaorun Wood Co. Ltd., the letter acknowledges that late payments for extension were due to lack of attentiveness from an employee and lack of attentiveness from Mr Liu.

OPPORTUNITY TO BE HEARD

On November 29, 2013 an opportunity to be heard was held with the following present:

Mr. Liu (owner of Yaorun)
Yali Liu (representing Yali Wood Ltd),
Shang Gao (interpreter)
unnamed associate
Debbie Janning-Stewart, RPF Timber Sales Manager
Mike Watson, RPF, Woodlands Manager

Another meeting was held on January 6, 2014 with the following present:

Mr. Liu (owner of Yaorun)
Shang Gao (interpreter)
Debbie Janning-Stewart, RPF Timber Sales Manager

BC Timber Sales Evidence:

1. Section 21 of the *BC Timber Sales Regulation* was explained as it pertains to expiry with and without harvesting and that the TSL(s) cannot be reassigned back to Yali Wood.
2. It was explained that the only decision left for the Timber Sales Manager to make was the amount of deposit forfeiture required under the *BC Timber Sales Regulation*.
3. Yali Wood was not provided with a notice of non-compliance before or during this meeting.

Licensee Evidence:

1. The Licensee response was primarily directed towards providing leniency and to reinstate the timber back to Yali Wood Ltd.
2. The Licensee contended, as in previous letters and e-mails, that a member of FLNRO denied Klaus Posselt Timber Ltd. approval to haul wood prior to expiry. No names or written evidence was provided at the meeting or subsequently to substantiate this claim.
As a result of this information, Mike Watson contacted Klaus Posselt Logging Ltd. and asked Klaus Posselt directly if he had received such a denial to transport timber. His response was that he received no such instruction or correspondence. His decision to not haul Yali Wood timber was a business decision based on his perceived risk when he became aware that Yali Wood had an outstanding stumpage bill on timber from A84072.
3. The Licensee submitted the following documents in a follow up meeting on January 6, 2014:
Bank statement for the period of July 31 to August 30, 2013 showing they had sufficient funds in their bank account to cover the extension fee.
A copy of an MOU between Tahtsa Timber and Yaorun Wood Ltd regarding business arrangements to harvest and haul timber on A84072.
A copy of Telus phone records for Gui Ying Liu for the period of August 9 to August 22, 2013 showing calls to Burns Lake.

DETERMINATION

Based on a detailed review of all the evidence made available to me by the licensee, through file documentation as well as presented by BCTS staff, I am satisfied that:

1. Information regarding expiry date and extension fee was provided to the licensee before the expiry date. However, as a registrant in BC Timber Sales, it is the responsibility of Yali Wood Ltd to be informed of licence obligations, and of Forestry Legislation and Regulations.
2. Yali Wood Ltd had the money in their bank account to pay for an extension, however they failed to apply and pay for an extension prior to the expiry of the Timber Sale License.
3. Yali Wood Ltd did not skid all felled timber to roadside prior to Timber Sale License expiry. Yaorun had a signed MOU with Tahtsa Timber to harvest and haul timber on A84072, however it is the licensee's responsibility to ensure obligation of the Timber Sale Licence are met.
4. The timber sale has been resold so there are no outstanding obligations which result in financial costs to the crown.
5. Yali Wood Ltd did not pay for all stumpage and bonus offer owed to the Crown within the 28 day requirement, however, it did make payment for the felled timber at a later date.

Accordingly, it is my determination that pursuant to Section 21 (2) of the *BC Timber Sales Regulation*, the security deposit in the amount of \$9,281.13 will be released. However, as Yali Wood Ltd has an outstanding account, in accordance with the *Financial Administration Act* the deposit amount will be applied to the outstanding debt. It is recognized that Yali Wood Ltd., and its associate Yaorun Ltd., have suffered significant financial setbacks while carrying out business in British Columbia, however, it is not within the authority of the Timber Sales Manger to provide financial relief for such matters. You may submit a request through me, should you choose to apply to the Lieutenant Governor in Council for financial relief under Section 19 of the *Financial Administration Act*.

Should you have any questions regarding this matter please contact me at (250) 692-2200.

Yours truly,

Debbie Janning-Stewart
Timber Sales Manager
Babine Business Area



TIMBER SALE LICENCE A84072



BETWEEN:

THE TIMBER SALES MANAGER, on behalf of
HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,
(the "Timber Sales Manager")

AND:

Lin Bai
#104-1850 10th Avenue
Prince George, BC
V2M 1N5
(the "Licensee")

WHEREAS:

- A. On November 19, 2007 the Minister approved a forest stewardship plan identifying the areas designated for harvest under this Licence, except for areas exempted from the requirement for a forest stewardship plan;
- B. The timber to be harvested under this Licence is situated within a defined forest area under Canadian Standards Association CSA Z809 forest certification, registration # 2265.12. The Timber Sales Manager has subscribed to specific objectives in planning the Licence as set out in the Morice CSA Sustainable Forest Management Plan;
- C. Applications for this Licence were invited by advertising in the prescribed manner under SECTION 20 OF THE *FOREST ACT*;
- D. Applications were restricted to BC timber sales enterprises;
- E. The Licensee is registered as a BC timber sales enterprise in the appropriate category;
- F. The Licensee has offered, among other things, to pay stumpage under Part 7 of the *Forest Act* and a bonus offer of \$102,188.77 in respect of timber harvested under this Licence;
- G. The Licensee's application was approved by the Timber Sales Manager under SECTION 20 OF THE *FOREST ACT*; and
- H. The parties have entered into this Licence as required under SECTION 20 OF THE *FOREST ACT*.

THE PARTIES agree as follows:

1.00 GRANT OF RIGHTS AND TERM

1.01 Subject to this Licence, the Licensee

- (a) may during the term of this Licence harvest Crown timber from the areas of land designated for harvest on the map attached as Exhibit "A" to this Licence (the cutting authority area), and

- (b) for the purpose of exercising the rights under this Licence may enter onto these areas.
- 1.02 The Licensee must not fell standing timber, or must not buck or harvest felled or dead and down timber, as the case may be, if
 - (a) the timber is specified as reserved timber elsewhere in this Licence, unless otherwise specified in Schedule "A" to this Licence, or
 - (b) under an operational plan or the Acts, regulations or standards referred to in paragraph 9.01, the Licensee must not fell, buck or harvest the timber, for any reason, including silviculture, biodiversity or other forest management reasons, unless otherwise provided in Schedule "A" to this Licence.
- 1.03 The term of this Licence commences on the date the Timber Sales Manager signs this agreement and ends on the earlier of 14 months after that date or the date that the Timber Sales Manager gives notice to the Licensee that all contractual and legislative obligations associated with this Licence have been completed.
- 1.04 This Licence is not replaceable under the *Forest Act*.

2.00 EXTENSIONS

- 2.01 The term of this Licence may be extended subject to the *Forest Act*.

3.00 SURRENDER

- 3.01 The surrender of this Licence is subject to the *Forest Act*.

4.00 SPECIAL CONDITIONS AND REQUIREMENTS

- 4.01 The Licensee will meet with the Timber Sales Manager at a mutually agreed upon location, date and time
 - (a) before beginning activities on the cutting authority area,
 - or
 - (b) if timber harvesting is delayed for more than 90 calendar days after the date agreed to in subparagraph (a) of this paragraph, at a date and time not less than seven days before commencing harvesting operations,at which times the Timber Sales Manager and the Licensee will review the current operational requirements applicable to the cutting authority area.
- 4.02 The Licensee must implement the Environmental Management System pertaining to this Licence.
- 4.03 The Licensee must not erect or operate a sawmill or timber-processing facility on the cutting authority area.
- 4.04 The Licensee must provide notice to the Timber Sales Manager of each harvest method that the Licensee intends to use on the cutting authority area at least 5 days before commencing operations on the cutting authority area.

- 4.05 If, at any time during the term of this Licence, the Licensee intends to use a harvest method that is different from a method given in the notice under paragraph 4.04, the Licensee will notify the Timber Sales Manager of that decision and method no less than 5 days before the Licensee begins to use that method.
- 4.06 The Licensee must comply with the conditions and requirements set out in the Schedules to this Licence.

5.00 SAFETY

- 5.01 The Licensee must ensure, prior to commencing activities on the cutting authority area, and throughout the term of this Licence,
- (a) that all individuals, corporations or partnerships who provide direction to workers or contractors on or in relation to the cutting authority, and on or in relation to the area described in the Exhibit "A" to the Road Permit issued to the holder of this Licence, are
 - (i) certified in the BC Forest Safety Council SAFE Company program as an independent small employer, or
 - (ii) endorsed by the BC Forest Safety Council SAFE Company program as a new entrant to the industry, or
 - (iii) certified under another safety certification scheme recognized by BC Forest Safety Council or BC Timber Sales, or
 - (iv) work for an employer who satisfies the qualifications in clauses (i), (ii), and (iii) above, and
 - (b) that an individual, corporation or partnership does not provide direction on or in relation to the areas described in this paragraph unless the required certification or endorsement referred to in this paragraph is maintained and in good standing.
- 5.02 (a) The Licensee will keep a list of the names of employers or parties directing works on the area described in paragraph 5.01.
- (b) That list must include:
- (i) the names of each employer or firm as it is registered with WorkSafe BC, and
 - (ii) the certification status of each employer or firm with the BC Forest Safety Council SAFE Company program or other recognized safety certification schemes, and

the Licensee, upon request, will provide a copy of that list to the Timber Sales Manager.

6.00 WASTE ASSESSMENT

- 6.01 The Licensee must pay to the government a waste assessment for waste.
- 6.02 Any waste assessment payable under this Licence shall not exceed \$1.00.

7.00 TIMBER MARK

- 7.01 The timber mark(s) for the timber harvested under this Licence (is/are):
840
72
- 7.02 If directed by the Timber Sales Manager, the Licensee must erect signs at all exits from the cutting authority area, clearly showing the timber mark(s) referred to in paragraph 7.01.
- 7.03 The Licensee must mark all timber in the prescribed manner before transporting timber from the cutting authority area.

8.00 STUMPAGE and BONUS OFFER

- 8.01 Stumpage is payable to the government in respect of Crown timber authorized for harvest under this agreement.
- 8.02 The total amount of stumpage payable has been calculated by using the volume and quality of the timber provided by a cruise of the timber.
- 8.03 Upon commencing timber harvesting operations the total amount of stumpage that will become payable will be \$91,367.96.
- 8.04 Upon commencing timber harvesting operations, the total amount of bonus offer that will become payable will be \$102,188.77.
- 8.05 After commencing timber harvesting operations, the Licensee will make
- (a) monthly stumpage payments to the government with each payment being the product of the proportion of the area in which timber has been cut in that month of the total area of the cutting authority area and the total amount of stumpage payable under this agreement, and
 - (b) monthly bonus offer payments to the government with each payment being the product of the proportion of the area in which timber has been cut in that month of the total area of the cutting authority area and the total amount of bonus offer that is payable under this agreement.
- 8.06 If, after commencing timber harvesting operations, the Licensee declares that it has completed exercising its rights under this Licence before the term of this Licence expires, the Licensee will pay, within 28 days of that declaration, the remaining amount of stumpage and bonus offer that is due under this Licence at that time.
- 8.07 If, after commencing timber harvesting operations, the Licensee does not complete primary timber harvesting before the expiry of the term of this Licence, the Licensee will pay, within 28 days of the Licence expiring, the remaining amount of stumpage and bonus offer that is due under this Licence at that time.
- 8.08 If the Licensee surrenders this Licence in accordance with the Forest Act, the Licensee will pay the bonus offer at that time.

9.00 LEGISLATIVE FRAMEWORK

- 9.01 This Licence is subject to

- (a) the *Forest Act* and the regulations made under that Act, and
 - (b) the *Forest and Range Practices Act* and the regulations and standards made under that Act, and
 - (c) the *Wildfire Act* and the regulations made under that Act.
- 9.02 The Licensee must
- (a) comply with the Acts, regulations and standards referred to in paragraph 9.01, and
 - (b) ensure that its employees, agents and contractors comply with these Acts, regulations and standards when engaging in or carrying out activities or operations under or associated with this Licence.
- 9.03 Nothing in this Licence is to be construed as authorizing the Licensee to harvest timber or engage in or carry out any other forest practices until
- (a) all applicable operational plans have been prepared, submitted, or approved according to the Acts, regulations and standards referred to in paragraph 9.01 in force at the time of work, and
 - (b) in the case of road construction, where required by regulation, a road layout and design and a site plan has been prepared by or submitted to the Timber Sales Manager.

10.00 ABORIGINAL RIGHTS, ABORIGINAL TITLE, TREATY RIGHTS

- 10.01 Notwithstanding any other provision of this Licence, if a court of competent jurisdiction
- (a) determines that activities or operations under or associated with this Licence will unjustifiably infringe an aboriginal right or title, or a treaty right,
 - (b) grants an injunction further to a determination referred to in subparagraph (a), or
 - (c) grants an injunction pending a determination of whether activities or operations under or associated with this Licence will unjustifiably infringe an aboriginal right or title, or a treaty right,
- the Timber Sales Manager, in a notice given to the Licensee, may vary or suspend this Licence, in whole or in part, or refuse to issue a Road Permit or other permit given to the Licensee, to be consistent with the court determination.
- 10.02 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 9.01, if
- (a) the Timber Sales Manager has varied a Timber Sale Licence or Road Permit or other permit given to the Licensee under paragraph 10.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or rescinds the determination or injunction referred to in that paragraph, and
 - (c) it is practical to do so,
- the Timber Sales Manager, at the request of the Licensee, may vary the Timber Sale Licence or permit to reflect as closely as possible, for the remainder of its term, the terms and conditions of the permit or authorization given before the variation under paragraph 10.01.

- 10.03 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 9.01, if
- (a) the Timber Sales Manager has suspended a Timber Sale Licence or Road Permit or other permit given to the Licensee under paragraph 10.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or rescinds the determination or injunction referred to in that paragraph, and
 - (c) it is practical to do so,
- the Timber Sales Manager, at the request of the Licensee, may reinstate the Timber Sale Licence or permit for the remainder of its term.
- 10.04 Subject to this Licence and the Acts, regulations and standards referred to in paragraph 9.01, if
- (a) the Timber Sales Manager has refused to issue a Road Permit or other permit given to the Licensee under paragraph 10.01,
 - (b) a court of competent jurisdiction subsequently overturns, sets aside or rescinds the determination or injunction referred to in paragraph 10.01, and
 - (c) it is practical to do so,
- the Timber Sales Manager, at the request of the Licensee, may issue the permit.

11.00 ROADS

- 11.01 The Licensee may construct, maintain and use roads on the cutting authority area under authority of this Licence.
- 11.02 The Licensee must ensure that a road specified in either Schedule C of this Licence or a Road Permit issued pursuant to this Licence is constructed by or on behalf of the Licensee in accordance with the specifications contained in either Schedule C or the Road Permit, as the case may be.
- 11.03 The Licensee must ensure that all roads constructed or maintained by or on behalf of the Licensee are constructed or maintained in accordance with the Acts, regulations and standards referred to in paragraph 9.01 in force at the time of the work.
- 11.04 Before constructing, maintaining or using the road under this Licence, the Licensee, unless the Timber Sales Manager determines otherwise, must
- (a) obtain all necessary permits or authorizations for crossing alienated lands including power lines, pipelines, railroads, public roads, and agricultural land reserves, and
 - (b) obtain all necessary permits or authorizations from other resource agencies.
- 11.05 The Licensee may, where necessary, construct a junction with a Forest Service Road, and must ensure that any junction with a Forest Service Road is constructed such that
- (a) it provides at least the minimum sight distance to ensure user safety,
 - (b) it has sufficient junction angle and suitable road grade and surface for the expected traffic, and
 - (c) culverts are installed, as required, to maintain drainage patterns.

- 11.06 The Licensee must provide to the Timber Sales Manager a report describing the costs incurred by the Licensee to construct, maintain or deactivate any road authorized or required to be constructed by this Licence or a Road Permit when that report is required by the Timber Sales Manager.
- 11.07 The Licensee must ensure that any access control structure erected to restrict motor vehicle traffic will not be a hazard to the users of the road by
- (a) placing any control structure in a conspicuous location,
 - (b) adequately marking that structure with permanent reflective material, and
 - (c) erecting warning signs at such a distance so as to provide adequate warning of the structure.
- 11.08 If the Licensee wishes to communicate by means of radio, the Licensee must
- (a) post the radio frequency at the start of the road,
 - (b) erect kilometre markers along that road, and
 - (c) ensure that all vehicles working for and on behalf of the Licensee use the posted frequency in an appropriate manner.
- 11.09 The Licensee must maintain all roads that the Licensee uses under the authority of a Road Use Permit to transport timber harvested under the authority of this Licence, in accordance with the Road Use Permit.

12.00 FINANCIAL AND DEPOSITS

- 12.01 In addition to any money payable in respect of this Licence or a Road Permit under the Acts or regulations referred to in paragraph 9.01, the Licensee must pay to the government, immediately upon receipt of a notice, statement or invoice issued on behalf of the government,
- (a) stumpage under Part 7 of the *Forest Act* in respect of timber harvested under this Licence or a Road Permit,
 - (b) a bonus offer in the amount of \$102,188.77, and
 - (c) any payment required under part 6.00 of this Licence
- 12.02 During the term of this Licence, the Licensee must maintain with the government a deposit in the amount prescribed under the *Forest Act* or the regulations made under that Act, in a form acceptable to the Minister, as security for the Licensee's performance of its obligations under or in respect of this Licence or a Road Permit issued pursuant to this Licence.
- 12.03 If the Timber Sales Manager gives the Licensee a notice that an amount has been taken under this part from the deposit, the Licensee, within four (4) weeks of the date on which the notice is given, must pay to the government, in a form acceptable to the Minister, an amount sufficient to replenish the deposit.
- 12.04 If the Licensee fails
- (a) to pay money that the Licensee is required to pay to the government under
 - (i) this Licence, or
 - (ii) the Acts or regulations referred to in paragraph 9.01 in respect of this Licence, or

- (b) to otherwise perform its obligations under
 - (i) this Licence, or
 - (ii) the Acts, regulations or standards referred to in paragraph 9.01 in respect of this Licence,

the Timber Sales Manager, after at least four (4) weeks notice to the Licensee, may take from the deposit

- (c) an amount equal to the money which the Licensee failed to pay,
- (d) an amount sufficient to cover all costs incurred by the Timber Sales Manager in remedying the Licensee's failure to perform its obligations, or
- (e) an amount equal to the Timber Sales Manager's estimate of the costs that the Timber Sales Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations,

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

12.05 A notice referred to in paragraph 12.04 must specify

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

12.06 Subject to paragraphs 12.08, 12.09 and 12.10, if

- (a) the Timber Sales Manager, under paragraph 12.04, takes from the deposit an amount equal to the Timber Sales Manager's estimate of the costs which the Timber Sales Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations, and
- (b) the costs incurred by the Timber Sales Manager in remedying the Licensee's failure to perform its obligations are less than the amount taken from the deposit,

the government will as soon as feasible return to the Licensee an amount equal to the difference between the amount taken from the deposit and the costs incurred by the Timber Sales Manager.

12.07 If

- (a) the Timber Sales Manager, under paragraph 12.04, takes from the deposit an amount equal to the Timber Sales Manager's estimate of the costs which the Timber Sales Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations, and
- (b) the costs incurred by the Timber Sales Manager in remedying the Licensee's failure to perform its obligations are greater than the amount taken from the deposit,

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

- 12.08 If the Timber Sales Manager, under paragraph 12.04, takes from the deposit an amount equal to the Timber Sales Manager's estimate of the costs which the Timber Sales Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations, the Timber Sales Manager is under no obligation to remedy the Licensee's failure.
- 12.09 If
- (a) the Timber Sales Manager, under paragraph 12.04, takes from the deposit an amount equal to the Timber Sales Manager's estimate of the costs which the Timber Sales Manager could reasonably expect to incur in remedying the Licensee's failure to perform its obligations,
 - (b) the Timber Sales Manager does not remedy the Licensee's failure to perform its obligations, and
 - (c) the Timber Sales Manager gives a notice to the Licensee indicating that the government will not be remedying the Licensee's failure to perform its obligations,
- subject to paragraph 12.10, the government may retain the amount taken from the deposit under paragraph 12.04.
- 12.10 If, after receiving a notice referred to in paragraph 12.09, the Licensee
- (a) remedies the failure to perform its obligations, and
 - (b) gives a notice to that effect to the Timber Sales Manager within three (3) months of the date on which the notice referred to in paragraph 12.09 is given to the Licensee, or within such longer period as the Timber Sales Manager may approve,
- the government will return to the Licensee an amount equal to the difference between the amount taken from the deposit and any costs incurred by the Timber Sales Manager in respect of the Licensee's failure to perform its obligations.
- 12.11 Subject to the Forest Act and the regulations made under that Act, the government will return to the Licensee the deposit, less deductions made under paragraphs 12.04 and 12.07, when
- (a) this Licence expires, and
 - (b) the Timber Sales Manager is satisfied that the Licensee has fulfilled its obligations under or in respect of this Licence.

13.00 REPORTING

- 13.01 The Licensee will submit such information as the Timber Sales Manager requires regarding the Licensee's obligations or activities under or in respect of this license as and when required by the Timber Sales Manager.
- 13.02 The Licensee after commencing timber harvesting operations will submit by the 7th day of each month to the Timber Sales Manager a report in a form satisfactory to the Timber Sales Manager that includes:
- a) the Licensee's estimate of the area in which timber has been felled under authority of this license during the immediately preceding month, and

- b) the Licensee's estimate of the total area in which timber has been felled under authority of this license subsequent to the commencement of the term of the license.

14.00 LIABILITY AND INDEMNITY

- 14.01 The Licensee must indemnify the government against and save it harmless from all claims, demands, suits, actions, causes of action, costs, expenses and losses faced, incurred or suffered by the government as a result, directly or indirectly, of any act or omission of
- (a) the Licensee,
 - (b) an employee or agent of the Licensee,
 - (c) a contractor of the Licensee who engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Licence or a Road Permit, or
 - (d) any other person who on behalf of or with the consent of the Licensee engages in any activity or carries out any operation, including but not restricted to harvesting operations, under or associated with this Licence or a Road Permit.
- 14.02 For greater certainty, the Licensee has no obligation to indemnify the government under paragraph 14.01 in respect of any act or omission of
- (a) an employee, agent or contractor of the government, in the course of carrying out his or her duties as employee, agent or contractor of the government, or
 - (b) a person, other than the Licensee, to whom the government has granted the right to use or occupy Crown land, in the course of exercising those rights.
- 14.03 Amounts taken under part 12.00 from the deposit or a special deposit, and any payments required under part 6.00, are in addition to and not in substitution for any other remedies available to the government in respect of a default of the Licensee.

15.00 LIMITATION OF LIABILITY

- 15.01 The government is not liable to the Licensee for injuries, losses, expenses, or costs incurred or suffered by the Licensee as a result, directly or indirectly, of an act or omission of a person who is not a party to this Licence, including but not restricted to an act or omission of a person disrupting, stopping or otherwise interfering with the Licensee's operations under this Licence by road blocks or other means.

16.00 TITLE to IMPROVEMENTS and TIMBER

- 16.01 Title to all
- (a) improvements, including roads and bridges, constructed under the authority of this Licence,
 - (b) improvements, including roads and bridges, constructed under the authority of a road permit issued pursuant to this Licensee, unless otherwise specified in the permit, and

- (c) timber, including logs and special forest products, felled or bucked under the authority of this Licence and located on the cutting authority area upon the expiry, cancellation, surrender or other termination of this Licence, will vest in the government, without right of compensation to the Licensee.
- 16.02 The Licensee must leave all improvements and timber referred to in paragraph 16.01 on the cutting authority area, unless otherwise authorized by the Timber Sales Manager.

17.00 BANKRUPTCY, ASSIGNMENT, AND INSOLVENCY

- 17.01 The Licensee must refrain from committing an act of bankruptcy, making a general assignment for the benefit of its creditors, or otherwise acknowledging its insolvency.

18.00 NOTICE

- 18.01 A notice given under this Licence must be in writing.
- 18.02 A notice given under this Licence may be
 - (a) delivered by hand, or
 - (b) sent by mail.
- 18.03 If a notice is given under this Licence, it is deemed to have been given
 - (a) if it is given in accordance with subparagraph 18.02(a) , on the date it is delivered by hand, or
 - (b) if it is given in accordance with subparagraph 18.02 (b), subject to paragraph 18.04, on the eighth day after its deposit in a Canada Post Office at any place in Canada.
- 18.04 If, between the time a notice is mailed in accordance with subparagraph 18.02 (b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it.
- 18.05 If a notice is sent by facsimile transmission, the party sending the notice must take reasonable steps to ensure that the transmission has been successfully completed.

19.00 MISCELLANEOUS

- 19.01 The Exhibit "A", Exhibit "B", Schedules to this Licence and Road Permits issued pursuant to this Licence are deemed to be part of this Licence.
- 19.02 This Licence will enure to the benefit of, and be binding on, the Parties and their respective heirs, executors, successors and permitted assigns.
- 19.03 Any power conferred or duty imposed on the Timber Sales Manager under this Licence may be exercised or fulfilled by any person authorized to do so by the Timber Sales Manager.
- 19.04 The laws of British Columbia will govern the interpretation of this Licence and the performance of the Parties' obligations under this Licence.

- 19.05 If there is a conflict between the *Workers' Compensation Act* or a regulation under that Act, and a provision of this Licence, the *Workers' Compensation Act*, or the regulation made under that Act, prevails, and the Licensee must immediately notify the Timber Sales Manager of the conflict and follow any direction given by the Timber Sales Manager with respect to the conflict, provided such direction is consistent with the *Workers' Compensation Act* and the regulations under that Act.
- 19.06 Nothing in this Licence authorizes the Licensee to in any way restrict the government's access to the cutting authority area or the right-of-way of any other authorized entrant, user or occupier of that area.

20.00 INTERPRETATION

- 20.01 In this Licence, unless the context otherwise requires,
- (a) "deposit" means the deposit referred to in paragraph 12.02,
 - (b) "District Manager" means
 - (i) a District Manager appointed under the *Ministry of Forests Act*, for a forest district in which all or part of the cutting authority area is situated, and
 - (ii) any person authorized by the District Manager to exercise a power or fulfill a duty in respect of this Licence,
 - (c) "extension" means an increase to the term of this Licence,
 - (d) "*Forest Act*" means the *Forest Act*, R.S.B.C. 1996, c. 157, as amended from time to time, or the successor to this Act, if it is repealed,
 - (e) "*Forest and Range Practices Act*" means the *Forest and Range Practices Act*, R.S.B.C. 2002, as amended from time to time,
 - (f) "forest stewardship plan" means a forest stewardship plan referred to in the *Forest and Range Practices Act*, that is prepared by the Timber Sales Manager and approved by the Minister in respect of this Licence,
 - (g) "harvest" and its derivatives means to cut and remove timber from a cutting authority area,
 - (h) "merchantability specifications" means the merchantability specifications described in the *Provincial Logging Residue and Waste Measurement Procedures Manual*,
 - (i) "merchantable Crown timber" means timber referred to in paragraph 1.02 that meets the merchantability specifications,
 - (j) "Minister" means the minister responsible for administering the *Forest Act* and the *Forest and Range Practices Act*,
 - (k) "month" has the same meaning as in the *Interpretation Act*,
 - (l) "person" includes an individual and a corporation,
 - (m) "primary logging" means felling timber and yarding or forwarding the timber to central landings or road-sides, but does not include removing the timber from these landings or road-sides,
 - (n) "Road Permit" means a Road Permit entered into under the *Forest Act* which provides access to timber harvested, or to be harvested, under this Licence,

- (o) “site plan” means a site plan referred to in the *Forest and Range Practices Act*, that is prepared by the Timber Sales Manager in respect of this Licence,
 - (p) “special deposit” means a special deposit referred to in paragraph 12.11,
 - (q) “Timber Sales Manager” means
 - (i) a Timber Sales Manager appointed under the *Ministry of Forests Act*, for a BC Timber Sales business area in which all or part of the cutting authority area is situated, and
 - (ii) any person authorized by the Timber Sales Manager to exercise a power or fulfill a duty in respect of this Licence,
 - (r) “waste” means timber, except timber reserved from cutting, and which meets or exceeds the timber merchantability specifications described for the Coast and the Interior in the *Provincial Logging Residue and Waste Measurement Procedures Manual*, that could have been cut and removed under this Licence but at the agreement holder’s discretion is not cut and removed,
 - (s) “*Wildfire Act*” means the *Wildfire Act*, S.B.C. 2004, as amended from time to time,
 - (t) “year” has the same meaning as in the *Interpretation Act*.
- 20.02 Unless otherwise provided in paragraph 20.01, if a word or phrase used in this Licence is defined in the *Forest Act*, the *Forest and Range Practices Act*, or the *Wildfire Act*, the definition in the Act applies to this Licence, and where the word or phrase in the Act is replaced by a new word or phrase, this Licence is deemed to have been amended accordingly.
- 20.03 If a provision of the *Forest Act* the *Forest and Range Practices Act* or the *Wildfire Act* referred to in this Licence is renumbered, the reference in this Licence is to be construed as a reference to the provision as renumbered.
- 20.04 In this Licence, unless the context otherwise requires,
- (a) the singular includes the plural and the plural includes the singular, and
 - (b) the masculine, the feminine and the neuter are interchangeable.
- 20.05 This Licence is divided into parts, paragraphs, subparagraphs, clauses and subclauses, illustrated as follows:
- 1.00 part,
 - 1.01 paragraph,
 - (a) subparagraph,
 - (i) clause,
 - (A) subclause;
- and a reference to a subparagraph, clause or subclause is to be construed as a reference to a subparagraph, clause or subclause of the paragraph, subparagraph or clause, as the case may be, in which the reference occurs.

IN WITNESS WHEREOF each of the parties has executed this Licence on the respective date set forth below.

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

AFFIX
COMMON SEAL

.....
Date

.....
Signature of Witness
.....
Print Witness Name

Or

SIGNED by the Licensee in the
presence of:

.....
Signature of Witness
.....
Print Witness Name

.....
Signature of Licensee or Authorized
Signatory
.....
Print Name of Licensee or Authorized
Signatory.

.....
Date

SIGNED by the Timber Sales
Manager on behalf of Her
Majesty the Queen in Right of the
Province of British Columbia in
the presence of:

.....
Signature of Witness
.....
Print Witness Name

.....
Debbie Janning-Stewart, Timber Sales
Manager
Babine BC Timber Sales Business Area

.....
Date

SCHEDULE "A"

SPECIAL CONDITIONS AND REQUIREMENTS

1.00 ADMINISTRATION

1.01 The Licensee must

- (a) notify the Timber Sales Manager of the date that the Licensee intends to begin timber harvesting or road construction at least 14 days before the date that the Licensee intends to begin either of those activities, informing the Timber Sales Manager of the date that the Licensee intends to begin each of those activities respectively and,

if the Licensee intends to stop operations on the cutting authority area for longer than 14 consecutive days, the Licensee will

- (b) notify the Timber Sales Manager within 5 days after commencing that shutdown, and
- (c) notify the Timber Sales Manager at least 2 working days before recommencing operations on the cutting authority area.

2.00 DANGEROUS TREES

2.01 The Licensee may cut a tree that is located outside of the cutting authority area if a person authorized by the Licensee reasonably believes that the tree represents a safety hazard, and

- (a) the Licensee must not buck or remove that tree without first notifying the Timber Sales Manager.

3.00 ENVIRONMENTAL

See Schedule "D"

No clauses are applicable to this Part.

4.00 HARVESTING

4.01 The Licensee must full-tree skid all cut trees to landings or roadside locations situated within either the cutting authority area or the area of a Road Permit issued in accordance with this Licence.

4.02 The Licensee, wherever practicable, must conduct operations in a manner that will not result in debris accumulating within 15-20 metres of standing trees, immature trees and seedlings, or otherwise negatively impact other resource values or private property.

4.03 If the Licensee pushes over, knocks over, or otherwise causes a tree to lean over, the Licensee must cut that tree, and if the Licensee chooses not to remove that tree, must

- (a) buck that tree into lengths, and
- (b) lop and scatter all branches

in such a manner that lengths and branches lie close to the ground and are clear of all reserved trees, immature trees and seedlings and private property.

5.00 FOREST HEALTH

No clauses are applicable to this Part.

6.00 OTHER UTILITIES AND OCCUPIERS OF LAND

6.01 The Licensee must not unreasonably interfere with the exercise of the following rights of use or occupation held by the following person(s):

Glen Stewart, 18220 Colleymount Rd, Burns Lake, BC V0J 1E2

Trapper

Cuylar Perkinson, Sonn's Guiding Service, Box 1483, Houston, BC V0J 1Z0

Guide

Innes Short, 28849 Colleymount Rd, Burns Lake, BC V0J 1E2

Wolfgang Tuchlinski, Box 1028, Burns Lake, BC V0J 1E0

Range

and must notify that person or each of those persons at least 14 days before commencing activities on the cutting authority area.

and must notify that person or each of those persons at least 14 days before commencing activities on the cutting authority area.

6.02 The Licensee, before commencing operations on the cutting authority area, must

(a) identify the location of each water intake and pipeline and,

(b) locate and mark every skidtrail that will cross an intake or pipeline.

6.03 The Licensee

(a) must repair any improvement belonging to a third party that is damaged because of operations conducted under this licence, and

(b) if the Licensee fails to repair an improvement, must pay the full cost a repair completed by another person.

7.00 ROADS

7.01 The Licensee will

(a) enter into a Standard Road Maintenance Agreement (FS1287) with the maintainer of a Forest Service Road and the holder of any road permit for those aforementioned roads that the Licensee will use to transport logs from the cutting authority area,

(b) provide a copy of that signed Agreement to the Timber Sales Manager,

(c) not commence timber harvesting until a copy of that Agreement is provided to the Timber Sales Manager, and

(d) pay the road use fee in the amount and in the manner specified in that agreement to the maintainer or road permit holder, as the case may be.

7.02 Road Deactivation

Where the Licensee is responsible for the deactivation of road sections identified in Table 1, all culverts must be removed, unless otherwise authorized by the Timber Sales Manager or delegate, and transported away or properly disposed of at an approved facility. The slopes associated with either water-bar or cross-drain deactivation sites must not exceed 30 degrees or 1:2 ratio (rise over run) where possible and must be traversable by an all-terrain vehicle.

8.00 SPECIAL CONDITIONS

8.01 The Licensee, to the extent practicable, must ensure that the area occupied by permanent access structures does not exceed:

- (a) for Block #1: 2.3% of the total area or 1.6 hectares

9.00 SILVICULTURE

No clauses are applicable to this Part.

10.00 SKID TRAILS

No clauses are applicable to this Part.

11.00 SLASHING

No clauses are applicable to this Part.

12.00 TIMBER PROCESSING

No clauses are applicable to this Part.

SCHEDULE "B"

RESERVED TIMBER and MERCHANTABILITY SPECIFICATIONS

1.00 MERCHANTABILITY SPECIFICATIONS AND WASTE ASSESSMENT

- 1.01 For the purposes of the waste assessment and subject to Part 6.00 of this Licence, standing timber will be measured in accordance with the specifications and procedures stated in the *Provincial Logging Residue and Waste Measurements Procedures Manual*.
- 1.02 For the purposes of waste assessment and subject to Part 6.00 of this Licence, felled or dead-and-down timber will be measured in accordance with the specifications and procedures stated in the *Provincial Logging Residue and Waste Measurements Procedures Manual*.

2.00 RESERVED TIMBER

- 2.01 The Licensee must ensure that the cutblock boundary is clearly marked following completion of timber harvesting operations, by
- (a) not cutting those trees marked as being on a cutblock boundary (boundary trees), or
 - (b) cutting boundary trees above the mark identifying the cutblock boundary, or
 - (c) leaving at least one (1) stump between one (1) and three (3) metres high at least every fifty (50) metres along the cutblock boundary.

- 2.02 The following timber is specified as reserved timber:

Block 1 in accordance with SP or site plan

- a) Retain 50-150 stems per hectare of advanced regeneration, singularly or in clumps of 10-15 stems/group.
- b) Retain stubbed snags in regeneration pockets at a target density of 3-10 stems/ha.
- c) Retain all mature aspens and other deciduous species for wildlife where possible and if required to fell must remain on site for coarse woody debris.
- d) 5-35 m³ / ha of coarse woody debris is required to remain on site.

NOTE: Retention depends on availability

- 2.03 The Licensee will not cut trees that have been treated with Monosodium methane arsenate (MSMA) and which have been marked
- (a) by Red paint with the letters "MSMA" and
 - (b) with either Yellow ribbon or ribbon labeled "No Harvest Zone".

SCHEDULE "C"**ROAD AND STRUCTURE
ENGINEERING REQUIREMENTS****1.00 GENERAL ROAD CONSTRUCTION, MAINTENANCE, DEACTIVATION,
REHABILITATION, AND LOCATION REQUIREMENTS**

- 1.01 The Licensee is authorized to construct, use, maintain and deactivate roads or to rehabilitate the area occupied by those roads that are
- (a) shown on either the Exhibit "A" of this Licence or the map provided in Appendix II to this Schedule, and,
 - (b) described in column 1 of Table 1 of this Schedule.

Table 1: Road Sections

1	2	3	4	5	6	7
Road Name	Road Section Length (m)	Start Station	Stop Station	Road Location	Applicable Construction Specification	Licensee Responsible Deactivation/ Rehabilitation
Spur A R17232-01	1070	0+230	1+300	A84072 Blk 1 in block	5 Year	1070 Deactivation
Spur A R17232-01	272	1+300	1+572	A84072 Blk 1 in block	Table 3	272 m Deactivation
Spur B	217	0+000	0+217	A84072 Blk 1 in block	Table 3	217 m Deactivation

- 1.02 Where in Table 1 of this Schedule:
- (a) the words "must follow location" in column 5 appear opposite the road name in column 1, the Licensee must construct that road in the location as identified in the field by the Timber Sales Manager,
 - (b) the word "optional" in column 5 appears opposite the road name in column 1, the Licensee may, at its discretion, construct that road,
 - (c) the word "deactivate" in column 7 appears opposite the road name in column 1, the Licensee must deactivate that road, and,
 - (d) the word "rehabilitate" in column 7 appears opposite the road name in column 1, the Licensee must deactivate that road and rehabilitate the area occupied by that road.
- 1.03 The Licensee must maintain all roads constructed or used under this Licence in accordance with the specifications set out in Part 4.00 of this Schedule.

2.00 ROAD CONSTRUCTION SPECIFICATIONS

2.01 Where in Table 1 of this Schedule:

- (a) the word “general” in column 6 appears opposite the road name in column 1, the Licensee must construct that road in accordance with the General Construction Specifications set out in Part 3.00 of this Schedule;
- (b) the word “detailed” in column 6 appears opposite the road name in column 1, the Licensee must construct that road in accordance with the Detailed Construction Specifications set out in Appendix I to this Schedule;
- (c) the word “none” in column 6 appears opposite the road name in column 1, and unless otherwise directed by the Timber Sales Manager, the Licensee may construct that road in accordance with the General Construction Specifications set out in Part 3.00 of this Schedule.

3.00 GENERAL CONSTRUCTION SPECIFICATIONS

3.01 Subject to paragraph 2.01(a), the Licensee must

- (a) construct curves according to the following curvature specifications:

Table 2: Curvature Specifications

Radius of Curve (m)	180	90	60	45	35	25	20	15
Minimum Stabilized Surface Width (metres)	4.3	5.3	5.8	6.0	6.5	7.5	8.0	9.0

- (b) ensure that each road constructed under this Licence conforms to
 - (i) subject to clause (ii), the Government of British Columbia L100 standard design load vehicle configuration, or
 - (ii) any variation from the Government of British Columbia L100 standard design load vehicle configuration authorized by the Timber Sales Manager before the commencement of construction of the road,
 and
- (c) ensure that each road constructed under this Licence conforms to the General Construction Specifications set out below:

In Block Road Types

1. **One Season Winter In Block Road:** Constructed mainly with snow and ice with a minimal amount of soil. Suited for one season winter use only. Soil is not to be mixed with snow in riparian management areas. Log bundles or culverts with clean snow should only be used in gullies and riparian areas that are not considered Fish bearing streams. Stripping limited to removal of large stumps that cannot be covered with snow and ice. Cuts into mineral or organic layer limited to 300mm in depth for short distances on slopes > 15% or 500mm in depth for short distances on steeper slopes up to 35%. Deactivation must be completed prior to spring freshet. All natural drainages restored. Watercourse structures are to be removed with snow fills breached to prevent damming. Grass seed to be placed on all exposed mineral soil.

2. **5 Year In Block Road:** For In Block Roads Only. As these roads are required for use after the harvesting operations are completed, the Licensee is required to place culverts at all cross drain locations and Non Classified Drainages (NCD). All riparian areas are to be crossed by a culvert or an elevated structure depending on stream classification. Grass seed to be placed on all exposed mineral soil using Canada Common Number 1 specifications as defined by the *Canada Seeds Act*.

Table 3: Other General Construction Specifications

Other General Construction Specifications		
	Winter	5 Year Summer
Stumps/roots/logs allowed in road prism outside the road subgrade width (YES/NO)	Y	Y
Stumps/Roots/Logs allowed under the road subgrade width (YES/NO)	Y	N
Maximum stripping width (metres)	10	10
Minimum road subgrade width other than curves (metres)	4	4
Maximum road subgrade width other than curves (metres)	5	5
Maximum distance between turnouts (metres)	350	350
Useable length /width of turnouts	15m X 4m	15m X 4m
Maximum sustained grade		
Adverse (%)	12	10
Favourable (%)	14	12
Maximum short pitch grade		
Adverse; for a maximum of 50 meters (%)	14	12
Favourable: for a maximum of 50 meters with slack grade preceding or following on a straight runout (%)	16	14
Switchback maximum gradient (%)	8	8
Ditch depth (0.3/0.5 metres)	0.3	0.3/0.5
Minimum cross-drain culvert diameter (round pipe) (mm)	400	450
Other shapes (opening size) (mm)	500mm X 1500mm	500mm X 1500mm
Stabilizing required of road surface, with rock ballast or pit-run gravel (YES/NO)	N	N

4.00 ROAD MAINTENANCE SPECIFICATIONS

- 4.01 The Licensee must regularly maintain and repair roads constructed or used under this Licence to ensure safe industrial use of those roads, including the use by third parties, in a timely manner and fashion by doing the following:

Drainage systems:

- (a) ensuring that road surface and slope drainage systems (including ditches, culverts and road crowning, in-sloping and out-sloping) are functional at all times;

Brushing:

- (b) cutting all vegetative growth, including trees and other vegetation on roadway surfaces and roadsides such that
 - (i) sight distances are consistent with the road design speed,
 - (ii) snow removal and placement is accommodated without impeding sight distance, and
 - (iii) usable road widths will permit the safe passage of vehicles at road widenings or turnouts;
- (c) identifying and falling all hazard trees adjacent to all rights-of-way before commencing industrial operations;

Surface grading:

- (d) utilizing a grader to perform surface grading to the road, except for those roads with ballast rock surfaces, to
 - (i) thoroughly loosen surfacing material, by cutting, scarification or other methods to address the depth of potholes, rutting or wash-boarding, without causing contamination of the surfacing with the subgrade material or with unsuitable ditch materials,
 - (ii) provide proper road surface drainage and prevent water pooling on the road by shaping the surface crown or sloping the road surface as indicated by the character of the existing surface, and removing grader berms, and
 - (iii) produce a surface that is smooth, uniform, consistent to grade, all to provide haul speeds commensurate with road alignment;
- (e) grading only when moisture content is suitable, or with the addition of water;
- (f) placing or replacing surface aggregate where necessary to achieve the objectives in subparagraph (d) above;

Turnouts:

- (g) ensuring that turnouts are either inter-visible or of a sufficient number and size to accommodate both the traffic volumes and vehicle sizes commonly using that road;

Sign maintenance:

- (h) cleaning, replacing, and reconditioning signs, posts, and markers, including but not limited to, radio frequency call signs, information signs, kilometer markers, traffic control signs, and bridge delineators;

Winter maintenance:

- (i) ceasing all industrial use on the road or sections of the road that display any of the following conditions:
 - (i) rutting to the point that subgrade material mixes with surfacing material;
 - (ii) damage to the subgrade is occurring;
 - (iii) erosion of surfacing material;
 - (j) requesting the district manager to authorize closure of the road temporarily while the risk of damage to the road is unacceptably high;
 - (k) conducting winter maintenance in a manner such that
 - (i) snow is removed from all or part of the traveled way, including sufficient turnouts, when operations become inefficient, and/or the road would be otherwise unsafe for industrial use,
 - (ii) cut slopes are not undercut,
 - (iii) surfacing material and gravel is not bladed off the road,
 - (iv) snow is removed only from the usable road surface having roadbed support, including turnouts,
 - (v) snow banks are breached or “winged” backed to facilitate drainage at a sufficient number of locations to reduce water flow along road surfaces during periods of melt,
 - (vi) roadbed drainage ditches, drainage dips, and culverts are functional during periods of melt,
 - (vii) sand is applied to the bladed road surface as needed to provide proper traction for industrial vehicles where chains will not be suitable or sufficient, and
 - (viii) roads are closed to wheeled vehicles at times when use would be unsafe or when damage to the road could occur.
- 4.02 The Licensee is exempt from the maintenance requirements of paragraph 4.01(d) (iii) in respect of roads scheduled for deactivation or rehabilitation.
- 4.03 Upon completion of timber harvesting operations, for all roads constructed under this Licence and for which the Licensee is not responsible to deactivate or rehabilitate, the Licensee must
- (a) immediately before relinquishing its rights under this Licence, leave the road in a condition that conforms to the maintenance specifications in paragraph 4.01, or
 - (b) if necessary, return to the cutting authority area after breakup or snowmelt to complete road maintenance obligations in accordance with the maintenance specifications in paragraph 4.01.

5.00 ROAD DEACTIVATION

- 5.01 The Licensee must deactivate, before the expiry of the Licence, the road sections identified in columns 2, 3 and 4 of Table 1 of this Schedule, where the word “deactivate” appears in column 7 on the same line as that road section, in accordance with
- (a) section 82 of the Forest Planning and Practices Regulation,
 - (b) every other provision of the Forest Planning and Practices Regulation that regulates road deactivation, either specifically or by reference to primary forest activities, and
 - (c) any specifications provided in Part 7.00 of this Schedule.

6.00 REHABILITATION OF AREAS OCCUPIED BY ROADS

- 6.01 The Licensee must rehabilitate, before the expiry of the Licence, the area occupied by the road sections identified in columns 2, 3 and 4 of Table 1 of this Schedule, where the word “rehabilitate” appears in column 7 on the same line as that road section, by
- (a) de-compacting compacted soils,
 - (b) returning displaced surface soils, retrievable side-cast and berm materials onto the area occupied by that roads,
and either
 - (c) placing wood debris on the exposed soils, or
 - (d) revegetating the exposed mineral soils.

7.00 SPECIAL CONDITIONS

SCHEDULE “D” ENVIRONMENTAL MANAGEMENT SYSTEM

The information contained in this Schedule is provided for the applicant to use when formulating an application for this Timber Sale Licence, and when conducting operations on the cutting authority area.

1.00 DEFINITIONS

1.01 In this Schedule

- (a) “BCTS EMS” means the BC Timber Sales Environmental Management System contained in the Ministry of Forests’ publication “BC Timber Sales (BCTS) Environmental Management System”, as amended from time to time, that is available on the BC Timber Sales website at: <http://www.for.gov.bc.ca/bcts>
- (b) “EFP” means environmental field procedure,
- (c) “EOP” means environmental operating procedure,
- (d) “ERP” means emergency response plan, and

2.00 OPERATIONAL CLAUSES

- 2.01 The Licensee must ensure that all persons working on the cutting authority area or related permit areas for the benefit of the Licensee, (“the Licensee’s agents”), conform to the requirements of the Environmental Management System.
- 2.02 The Licensee must ensure that all persons working on the cutting authority area or related permit areas for the benefit of the Licensee, (“the Licensee’s agents”), achieve and maintain training in the BCTS EMS.
- 2.03 If the Timber Sales Manager notifies the Licensee that the Licensee's agents must have educational requirements consistent with revised EMS training content by a date specified in the notice, the Licensee must ensure that beginning on that date the Licensee's agents have the educational requirements consistent with the revised EMS training content.

- 2.04 The Licensee must, before beginning operations on the cutting authority area or related permit areas, notify the Timber Sales Manager of the name
- (a) of the person(s) who will be responsible for supervising operations on those sites and who will be present on site at all times (“the supervisor”), and
 - (b) of an alternate(s) should the supervisor not be on site,
- and after beginning operations must notify the Timber Sales Manager of any change to the supervisor referred to in subparagraph (a) of this paragraph, or alternate, within 5 days of making the change.
- 2.05 The Licensee must maintain records of the nature and extent of the BCTS EMS training received by the Licensee and the Licensee’s agents sufficient to allow the Timber Sales Office to determine whether the Licensee is in compliance with paragraphs 2.01 and 2.02. The records will contain, but not be limited to:
- (a) Employee / agent name;
 - (b) EMS Training Level achieved;
 - (c) Date that training was taken.
- 2.06 The Licensee must ensure that those environmental field procedures (EFPs), environmental operating procedures (EOPs) and checklist/report forms applicable to the phases of work are made available on the cutting authority area or related permit areas to be viewed and read by the Licensee’s agents.
- 2.07 The Timber Sales Manager, at any reasonable time, may notify the Licensee that the EFPs, EOPs or checklist/report forms as required by the EMS must be amended within a time specified to conform to the current edition of the BCTS EMS.
- 2.08 If the Timber Sales Manager notifies the Licensee under paragraph 2.07, BCTS must provide the Licensee with the amended EFPs, EOPs and checklist/report forms at substantially the same time as the notification.
- 2.09 If the Licensee receives a notice under paragraph 2.07, the Licensee must ensure that, by the date specified in the notice, the EFPs, EOPs and checklist/report forms are amended.
- 2.10 The Licensee must ensure that the Licensee’s agents conform to the requirements of all applicable EFPs, EOPs and checklists/reports as required by the EMS.
- 2.11 The Licensee must inspect its own operations for conformance with the Licence, related permit(s), operational plans and the BCTS EMS. This does not preclude the requirement of the Licensee to conduct monitoring of its own operations for conformance.
- 2.12 Where operations do not conform to the requirements of the Licence, related permits, operational plans and the EMS, the Licensee must take appropriate corrective and preventive action.
- 2.13 The Licensee will conduct and document pre-work meetings and inspections as directed by BCTS staff at the pre-work meeting prior to the start up of field operations.
- 2.14 The Licensee will maintain records of pre-work meetings and inspection results and provide proof that operations are conforming or that corrective and preventive action has been taken, or is taking place.

- 2.15 On request of the Timber Sales Manager, the Licensee must make available to the Timber Sales Manager the records as required by the EMS and this Schedule.
- 2.16 The Licensee may be audited by an internal auditor and/or an independent third party auditor on conformance with the requirements of the BCTS EMS, and is committed to both
 - (a) providing time and resources for such audits and,
 - (b) improving practices in response to audit results indicating that practices require improvement.

3.00 ENVIRONMENTAL EMERGENCY RESPONSE PLAN

- 3.01 The Licensee, if providing an activity or service with associated risks related to hazardous material spills, fuel, oil and pesticides, forest fires, landslides or other major erosion events, must comply with the BC Timber Sales Emergency Response Plan, as amended from time to time.
- 3.02 Before commencing operations on the cutting authority area or related permit areas, the Licensee must prepare and maintain on the cutting authority area an emergency response plan consistent with the approved BC Timber Sales Emergency Response Plan and submit such plan to the Timber Sales Manager upon request.
- 3.03 The Licensee must make its emergency response plan available on site for viewing by the Licensee's agents.
- 3.04 The Licensee must
 - (a) maintain a spill kit for every operation using herbicides or fuel on the cutting authority area or related permit areas and
 - (b) must ensure that all of the Licensee's agents have been trained in the use of that spill kit.
- 3.05 The Licensee must
 - (a) test emergency preparedness and
 - (b) maintain documentation of tests referred to in subparagraph (a) including
 - (i) the date of the test,
 - (ii) start and end times,
 - (iii) names of people involved,
 - (iv) results, and
 - (v) any actions to be taken as a result of those tests.
- 3.06 The Licensee must operate on the cutting authority area or related permit areas according to its emergency response plan.
- 3.07 The Licensee must report and document any incident in accordance with the BC Timber Sales Emergency Response Plan, identifying
 - (a) the time and date of the incident,
 - (b) location of the incident,
 - (c) description of the incident,
 - (d) impact(s),

- (e) contributing factors,
- (f) action taken and
- (g) agencies to which the incident was reported.

Bowerbank, Barb FLNR:EX

From: Watson, Mike T FLNR:EX
Sent: Thursday, August 1, 2013 2:13 PM
To: 'shane ying'
Cc: Bowerbank, Barb FLNR:EX
Subject: RE: A85143 extension yaorun wood company

Hello Mr. Ying,

I have researched the answers to your questions:

TSL A86011 Issued to Yali Wood Ltd. Expires Aug 22, 2013. There has been 1 previous extension. Extension fee is \$15,666.55

TSL A86010 Issued to Yali Wood Ltd. Expires Aug 22, 2013. There has been 1 previous extension. Extension fee is \$19,299.89

TSL A84072 Issued to Yali Wood Ltd. No previous extensions. 46% of the volume has been harvested. Extension fee = \$9,677.84X 54% = \$5,226.03

I have supplied the information for TSL A85143 below in a previous e-mail.

Please contact me if you have any further questions.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shane ying
Sent: Wednesday, July 31, 2013 3:06 PM
To: Watson, Mike T FLNR:EX
Subject: Re: A85143 extension yaorun wood company

Hello Mike,

Thank you for your information.
Yaorun have not harvest this timber sale.

besides, would you please help us to check the other timber sales that we have. maybe will expiry soon. The timber sales number is A84072, A86010, A86011, A85143. Please let me know the expiry date, so we can prepare money for them in advance. Thanks.

Best regards,

Shane

On Tue, Jul 30, 2013 at 11:55 AM, Watson, Mike T FLNR:EX <Mike.T.Watson@gov.bc.ca> wrote:
Hello Shane,

Timber Sale License Extensions are my responsibility so Barb has handed this request to me.

Timber Sale License (TSL) A85143 expires on August 28, 2013. Please note, we will NOT process an application for extension after that date.

According to our records there has been no harvest on this TSL so the extension fee is \$37,585.29.

If harvest does occur prior to expiry please inform me and I will make the adjustment to the fee calculation on behalf of the Timber Sales Manager.

If you have any other questions please feel free to contact me by phone or e-mail.

Sincerely.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
[250-692-2200](tel:250-692-2200)
Mike.T.Watson@gov.bc.ca

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

From: Bowerbank, Barb FLNR:EX
Sent: Tuesday, July 30, 2013 11:26 AM
To: Watson, Mike T FLNR:EX
Subject: FW: yaorun wood company

I'll hand this off to you now Mike to deal with the licensee.

From: shane ying s.22
Sent: 29 July 2013 17:12
To: Bowerbank, Barb FLNR:EX
Subject: Re: yaorun wood company

Hello Barb,

Thank you for your reply. you mean the timber sale A85143 has almost expiry? NOT THE TSL A86446? yes, i will get a letter from Yizhang Yang. can you tell me the extension fee and the expiry date, so we can prepare the money in advance. Thanks again.

Best regards,

Shane

On Mon, Jul 29, 2013 at 4:31 PM, Bowerbank, Barb FLNR:EX
<Barb.Bowerbank@gov.bc.ca<mailto:Barb.Bowerbank@gov.bc.ca>> wrote:
Yes this sale was transferred to YIZHANG, YANG in April of this year.

We need to get an official request from the "holder" of the licence. Shane, can you verify that you are acting on behalf of YIZHANG, YANG? We would need a letter signed by him to allow you to request, or we need a request from him.

An email is fine.

Barb Bowerbank
Business Manager
Burns Lake Timber Sales Office
Babine Business Area
[250-692-2217](tel:250-692-2217)<tel:250-692-2217>
Barb.Bowerbank@gov.bc.ca<mailto:Barb.Bowerbank@gems8.gov.bc.ca>

From: Gillanders, Shasta FLNR:EX
Sent: Monday, July 29, 2013 4:24 PM

To: Rogers, Katherine FLNR:EX
Cc: Bowerbank, Barb FLNR:EX; Watson, Mike T FLNR:EX

Subject: RE: yaorun wood company

Thanks Kat. I will let you know what we have to do.

Barb, Kat has found a sale that does expire in August. I believe that they have their numbers mixed up. Since Mike is back tomorrow I thought I would send you this as an FYI.

Shasta

Shasta Gillanders, RPF
Woodlands Supervisor
BCTS Babine Business Area
Burns Lake
Phone [\(250\) 692-2233](tel:250-692-2233)<tel:%28250%29%20692-2233>
Fax [\(250\) 692-7461](tel:250-692-7461)<tel:%28250%29%20692-7461>

From: Rogers, Katherine FLNR:EX
Sent: Monday, July 29, 2013 3:28 PM
To: Gillanders, Shasta FLNR:EX

Subject: FW: yaorun wood company

There is a sale that Tim Carroll has that expires on Aug 28, 2013
A85143 in the Morice TSA. 26,554 m3. Funny though in FTA is has YIZHANG, YANG as the Permittee but Timber Sale Report of issued Sales has Tim Carroll listed.

Let me know the next steps.

Kat

From: shane ying [mailto:

s.22

Sent: Monday, July 29, 2013 2:26 PM

To: Rogers, Katherine FLNR:EX
Subject: Re: yaorun wood company

Hello Mr.Rogers,

Thank you for your reply. but Tim who is the holder of A86446, he told us this timber sale will expiry on August 28th.
and the extension fee is \$7500. can you check it again for us.
we appreciate your help.

Best regards,

Shane

On Mon, Jul 29, 2013 at 11:22 AM, Rogers, Katherine FLNR:EX
<Katherine.Rogers@gov.bc.ca<mailto:Katherine.Rogers@gov.bc.ca>> wrote:

Hello Yaorun

A86446 expired last year April 28, 2012 and was processed as a Surrender.
The block was advertised under a new TSL number and was sold in Feb of this year.
If you have any further questions feel free to give me a call.

Thank you

Katherine Rogers, RFT ~ Learning Organization Practitioner Operations Technician Babine BA Smithers Field Team
(250) 847-6336<tel:%28250%29%20847-6336>

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

From: Wandler, Paul F FLNR:EX
Sent: Monday, July 29, 2013 9:15 AM
To: Rogers, Katherine FLNR:EX
Cc: Gillanders, Shasta FLNR:EX
Subject: FW: yaorun wood company

HI

Can you look into this please Katherine and pass finding on to Yaorun and Shasta. Thanks

Paul F. Wandler
Harvesting Operations Technician RFT
British Columbia Timber Sales
Babine Business Area
Houston Field Unit
Mail to:Paul.Wandler@gov.bc.ca<mailto:to:Paul.Wandler@gov.bc.ca>
Work (250)845-5818<tel:%28250%29845-5818>
Fax (250)845-5810<tel:%28250%29845-5810>

From: Wandler, Paul F FLNR:EX
Sent: July 29, 2013 8:59 AM
To: Kosalko, Miro FLNR:EX; shata.gilanders@gov.bc.ca<mailto:shata.gilanders@gov.bc.ca>
Subject: RE: yaorun wood company

I think that TSL is in the Bulkley?

Paul F. Wandler
Harvesting Operations Technician RFT
British Columbia Timber Sales
Babine Business Area
Houston Field Unit
Mail to:Paul.Wandler@gov.bc.ca<mailto:to:Paul.Wandler@gov.bc.ca>
Work [tel:\(250\)845-5818](tel:(250)845-5818)<[tel:\(250\)845-5818](tel:(250)845-5818)>
Fax [tel:\(250\)845-5810](tel:(250)845-5810)<[tel:\(250\)845-5810](tel:(250)845-5810)>

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

From: Kosalko, Miro FLNR:EX
Sent: Monday, July 29, 2013 8:41 AM
To: Wandler, Paul F FLNR:EX; shata.gilanders@gov.bc.ca<mailto:shata.gilanders@gov.bc.ca>
Subject: FW: yaorun wood company

Hi Paul,
can you reply to the email below. You might need to talk to Mike W about the extension.
Thanks. IWNF.
Miro

From: shane ying
Sent: July 23, 2013 3:55 PM
To: Kosalko, Miro FLNR:EX
Cc: Aimee Chiu
Subject: yaorun wood company

s.22

Hello Miro,

This is Shane from Yaorun wood company. I was told by Tim Carroll. the Timber sale A86446 is expiry soon. would you please tell us the expiry time and the extension fee? so we can prepare the money in time.
Thank you for your help.

Best regards,

Shane



Ministry of Forests
Harvest Billing System
Piece Scale Billing Summary Report

Page 41
FNR-2014-00226

Page: 1 of 1
Rundate: 2014-Aug-19
Runtime: 14:39.23
Report Id: HBS3R421
Request No: 4338461

<u>Timber</u> <u>Mark</u>	<u>Return</u> <u>Category</u>	<u>Invoice</u> <u>Number</u>	<u>Billed-To</u>	<u>Copied-To</u>	<u>Summary</u> <u>Document</u>	<u>Scale</u> <u>Site</u>	<u>No of</u> <u>Pieces</u>	<u>Volume</u>	<u>Value</u>	<u>Scale</u> <u>Date</u>	<u>Billing</u> <u>Date</u>
84072	Cruise	Q207076	00163023 00	00133887 00	67832077	2082	3	9,210.480	93,670.58	2013-Mar-31	2013-Apr-04
		Q218095	00163023 00	00133887 00	67878304	2082	3	9,824.512	99,915.28	2013-Aug-26	2013-Nov-06
		Q219196	00163023 00	00133887 00	67878304	2082	-3	-9,824.512	-99,915.28	2013-Aug-26	2013-Nov-20
		Q219416	00163023 00	00133887 00	67885615	2082	3	9,821.647	99,886.14	2013-Aug-26	2013-Nov-20
Total for Timber Mark							6	19,032.127	193,556.72		
Total Invoices in this report: 4							Total	6	19,032.127	193,556.72	

Runtime Parameters

From Date Billed:	Timber Mark: 84072	Mgmt Unit Type:	Scale Site:
To Date Billed:	Licence:	Mgmt Unit Number:	Return Category:
From Date Scaled: 2013-01-27	Region/District Harvested:		Client Association: Both
To Date Scaled: 2014-01-26	Region/District Scaled:		Client Number / Loc:
File Type:			

Bowerbank, Barb FLNR:EX

From: Hans Dong s.22
Sent: Friday, October 4, 2013 10:32 AM
To: Watson, Mike T FLNR:EX
Subject: Re: Yaorun Wood TSLs

Follow Up Flag: Follow up
Flag Status: Flagged

Many thanks, Mike.
I'll get back to you for clarifications if need be.
Best regards.
Hans

From: [Watson, Mike T FLNR:EX](#)
Sent: Friday, October 04, 2013 9:40 AM
To: 'Hans Dong'
Subject: RE: Yaorun Wood TSLs
Dear Hans,

I have previously provided Mr. Bill Dobbs and Mr Qi with approximate values on August 29, 2013.

I have attached the table below showing the approximate costs however, these are only estimates. The Timber Sales Manager will make a determination based on the facts pertaining to each TSL.

In my meeting with Mr. Liu I agreed to allow an opportunity for him to seek additional guidance and to talk with BCTS Executive before the Timber Sales Manager completed the administrative process.

TSL	Issued	Term	Extened	Expiry	Security	Bonus Offer	Stumpage
A86010	Aug 22, 2011	12 mo	Aug 23, 2012	Aug 22, 2013	\$11,714.29	\$262,188	
A86011	Aug 22, 2011	12 mo	Aug 23, 2012	Aug 22, 2013	\$12,557.15	\$162,188	
A84072*	June 27, 2011	12 mo	Aug 22, 2012	Aug 22, 2013	\$9,281.13	\$102,188.77	\$91,367.96

It is anticipated that the TSL Holder will forfeit the security deposit for all 3 TSL's under regulation, and will receive a stumpage bill for all 3 of the bonus offers and the stumpage remaining for all timber on A84072.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: Hans Dong s.22
Sent: Thursday, October 3, 2013 3:19 PM
To: Watson, Mike T FLNR:EX
Subject: Re: Yaorun Wood TSLs

Hi Mike,

WE have requested a meeting with Mr. Jensen, and are waiting for his response. In case we could not revive the three TSLs in question, could you advise what financial consequences are there for Yaorun as a result. Please summarize in bullet form for each TSL.

Best regards.

Hans

From: [Watson, Mike T FLNR:EX](#)
Sent: Tuesday, October 01, 2013 3:28 PM
To: '[Hans Dong](#)'
Subject: RE: Yaorun Wood TSLs

Can you please confirm that you have received my e-mail with the information. My system indicates it has been delivered but as we saw today, the system is not always accurate.

Thank you,

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: Hans Dong [<mailto:s.22>]
Sent: Tuesday, October 1, 2013 3:13 PM
To: Watson, Mike T FLNR:EX
Subject: Re: Yaorun Wood TSLs

Hi Mike,

It's great talking to you again after such a long time. Once you have a chance you can tell me how the other UNB cohorts are doing in BC.

Don't forget to e-mail me the info on the background and correspondence of the three TSLs.

Best regards.

Hans

From: [Hans Dong](#)
Sent: Tuesday, October 01, 2013 2:44 PM
To: Mike.T.Watson@gov.bc.ca
Subject: Re: Yaorun Wood TSLs

From: [Hans Dong](#)

Sent: Tuesday, October 01, 2013 2:24 PM

To: Mike.T.Watson@gov.bc.ca

Subject: Yaorun Wood TSLs

Hi Mike,

I called you a few times to no avail. Haven't talked to you for a long time.

Please call me at s.22 and let's chat up.

(Hans) Hongyun Dong (from UBN)

Watson, Mike T FLNR:EX

From: Watson, Mike T FLNR:EX
Sent: Tuesday, December 3, 2013 2:23 PM
To: 'shang gao'
Cc: Janning-Stewart, Debbie FLNR:EX
Subject: RE: request of appointment by Yaorun Wood Co. Ltd

Dear Shang,

In response to your request regarding the hauling of logs, and the information you presented at our meeting, I contacted Mr Klaus Posselt by phone later that day (November 29th). He mentioned that you had been there to meet with him.

According to Mr Posselt, the decision not to haul logs was a business decision that he made based on risks to him and his business. He explained that he had enquired about what the Province of BC could do if Yali Wood did not pay stumpage on the wood. The response that he received from The Ministry of Forests is that the Government could seize wood that has outstanding overdue accounts. He expressed to me that he was concerned that having this wood mixed in with his other wood could put his own wood and milling operations at risk if the Government did issue a notice of seizure. So in conclusion, we have no evidence to support the assertion that the Government did not allow the transportation of the logs.

So, unless you have additional information for consideration by the Timber Sales Manager, this information will not have a bearing on the invoicing process or her decision regarding deposit management.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Tuesday, December 3, 2013 1:25 PM
To: Watson, Mike T FLNR:EX
Subject: Re: request of appointment by Yaorun Wood Co. Ltd

Hello Mike,

Mr Liu would like meet both of you, so we can wait for few days.
And also, Mr Liu want to know the the final decision about the three TSLs of Yali Wood. Moreover, as we discussed last meeting, what is your decision of the logs that Klaus didn't hauling during March, June, and July.
Thank you.

Sincerely,

Shang

2013/12/3 Watson, Mike T FLNR:EX <Mike.T.Watson@gov.bc.ca>

Hello Shang,

This will not be possible. Debbie is in Vancouver until Friday and I have an appointment tomorrow. The earliest I can meet with Mr. Liu is Thursday afternoon or Friday morning.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Tuesday, December 3, 2013 12:54 PM
To: Janning-Stewart, Debbie FLNR:EX
Cc: Watson, Mike T FLNR:EX
Subject: request of appointment by Yaorun Wood Co. Ltd

Hello Debbie and Mike,

Mr Liu would like to make an appointment with you on tomorrow to discuss some business issues.

Sincerely,

Shang

Watson, Mike T FLNR:EX

From: Watson, Mike T FLNR:EX
Sent: Friday, December 6, 2013 11:06 AM
To: 'shang gao'
Subject: RE: Yaorun Wood Company

Hello Shang,

I have attached a summary for Mr Liu. I have also included the sections of BC Timber Sales Regulation that the Timber Sales Manager is following.

These timber sales licenses (TSLs) issued by the Timber Sales Manager of the Babine Business Area have expired. The Timber Sales Manager is enforcing forfeiture of security deposits as per regulation.

Revenue Branch has issued a bill for remaining value equal to 100% stumpage. And the Timber Sales Manager is preparing an invoice for bonus offers owing.

TSL	Issued	Term	Extened	Expiry	Security	Bonus Offer	Stumpage
A86010	Aug 22, 2011	12 mo	Aug 23, 2012	Aug 22, 2013	\$11,714.29	\$262,188	
A86011	Aug 22, 2011	12 mo	Aug 23, 2012	Aug 22, 2013	\$12,557.15	\$162,188	
A84072*	June 27, 2011	12 mo	Aug 22, 2012	Aug 22, 2013	\$9,281.13	\$102,188.77	\$91,367.96

*Licensee has been billed remaining \$99,886.15 (stumpage + bonus) on November 20, 2013.

Forest Act

BC TIMBER SALES REGULATION

21 (1) The timber sales manager must realize a deposit or standing deposit in respect of a BC timber sales agreement if

(a) the timber sales manager is satisfied that its holder did not comply with

(i) the agreement or a road permit issued in conjunction with the agreement,

(ii) the Act or a regulation made under the Act,

(iii) the *Forest and Range Practices Act* or a regulation or standard made under that Act, or

(iv) the *Wildfire Act* or a regulation made under that Act, and

(b) the agreement

(i) is cancelled,

(ii) expires, or

- (iii) has expired and the holder has not remedied the non-compliance by a date, not exceeding 2 years from the date of expiry, specified by the timber sales manager.
- (2) The amount realized from the deposit or standing deposit under subsection (1) must be disposed of as follows:
 - (a) first, if the timber sales manager considers it to be necessary or desirable, for the purposes of remedying an outstanding obligation
 - (i) in respect of the agreement or a road permit issued in conjunction with the agreement, or
 - (ii) in respect of the agreement or a road permit issued in conjunction with the agreement that is related to
 - (A) the Act or a regulation made under the Act,
 - (B) the *Forest and Range Practices Act* or a regulation or standard made under that Act, or
 - (C) the *Wildfire Act* or a regulation made under that Act;
 - (b) then, as to any amount remaining,
 - (i) 50% of the original deposit or standing deposit, or all of the balance remaining if the balance is less than 50%, to the government, and
 - (ii) the remainder to the holder of the agreement, unless the timber sales manager is satisfied that some or all of the remainder should be retained by the government after consideration of the following:
 - (A) whether the holder owes money to the government that may be set-off under the *Financial Administration Act*;
 - (B) an estimate of the direct and indirect costs to the government resulting from the holder's non-compliance including but not limited to
 - (I) foregone stumpage, and
 - (II) costs that are or will be incurred by the government in the ordinary course of business because of the non-compliance;

Yali Wood will be receiving official letters during each step of the process.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao
Sent: Friday, December 6, 2013 9:56 AM
To: Watson, Mike T FLNR:EX
Subject: Yaorun Wood Company

Morning Mike,

Could you sent me the finial penalty decision letter about Yali Wood's three TSLs?
Mr Liu is going to Vancouver tomorrow, he need this letter to talk with some higher manager in MOF.
Thank you,

Sincerely,

Shang

Bowerbank, Barb FLNR:EX

From: Janning-Stewart, Debbie FLNR:EX
Sent: Friday, March 7, 2014 1:35 PM
To: Watson, Mike T FLNR:EX
Subject: FW: A84072
Attachments: A84072 determination.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

FYI

From: Janning-Stewart, Debbie FLNR:EX
Sent: Friday, March 7, 2014 1:34 PM
To: 'ellielyl'
Subject: A84072

Ms Ellie Liu,

Please find my determination regarding the security deposit for A84072.
An original copy was mailed on January 30, 2014, however it was recently returned to us unclaimed.



Ministry of Forests
Harvest Billing System
Piece Scale Billing Summary Report


Page: 1 of 1
Rundate: 2013-Sep-10
Runtime: 15:00.23
Report Id: HBS3R421
Request No: 4072220

<u>Timber</u> <u>Mark</u>	<u>Return</u> <u>Category</u>	<u>Invoice</u> <u>Number</u>	<u>Billed-To</u>	<u>Copied-To</u>	<u>Summary</u> <u>Document</u>	<u>Scale</u> <u>Site</u>	<u>No of</u> <u>Pieces</u>	<u>Volume</u>	<u>Value</u>	<u>Scale</u> <u>Date</u>	<u>Billing</u> <u>Date</u>
84072	Cruise	Q207076	00163023 00	00133887 00	67832077	2082	3	9,210.480	93,670.58	2013-Mar-31	2013-Apr-04
Total for Timber Mark							3	9,210.480	93,670.58		
Total Invoices in this report: 1							Total	3	9,210.480	93,670.58	

Runtime Parameters

From Date Billed:	2013-01-01	Timber Mark:	84072	Mgmt Unit Type:	Scale Site:
To Date Billed:	2013-09-01	Licence:		Mgmt Unit Number:	Return Category:
From Date Scaled:		Region/District Harvested:			Client Association: Both
To Date Scaled:		Region/District Scaled:			Client Number / Loc:
File Type:					

19620-25 / A84072



Ministry of Small Business and Revenue
 Forest Revenue Branch

Detail Filter: Outstanding Balance <> 0


 User Name: Kozijn, Carrie
 Run Date: 09-Sep-2013
 Run Time: 10:23:25

Transactions List (drill-thru)

Client No	Loc	Client Name	Invoice No	Inv Type	Invoice Subtype	Adjustment Comment	Related Payment	Trans ID	Payment	Transaction Description	Trans Date	Transaction Amount	Outstanding Balance
00163023	00	YALI WOOD LTD.	Q207076	PSI			0	3298235	>>>	84072 DISTRICT MANAGER NADINA	08-Apr-2013	\$93,670.58	\$63,670.58
							0	3318235	>>>	INTEREST CHARGES	28-May-2013	\$431.14	\$431.14
							0	3326557	>>>	INTEREST CHARGES	25-Jun-2013	\$433.13	\$433.13
							0	3337452	>>>	INTEREST CHARGES	23-Jul-2013	\$435.12	\$435.12
							0	3348183	>>>	INTEREST CHARGES	20-Aug-2013	\$437.12	\$437.12
Report Total: 5												\$95,407.09	\$65,407.09

[Tenure](#) [CP/Mark](#) [Cut Block](#) [Assc. Files](#) [Assc. Client](#) [AAC](#) [Sale Info](#) [Tenure Appl.](#) [Notes](#)
[G Rotation](#) [H Rotation](#) [Cpy Rotation](#) [TL Blk](#) [CP/CB Amend.](#) [Rec Project](#) [Sctn.\Brnch.](#) [Road History](#)

FTA990 - Harvest History

Mark: 84072  Oldest Billing Accessed: 2013-4 Fixed/Adjustable Rate:
 Cruised net (m³): 19035.00 Billed (m³): 9210.48 Billed \$: 9367
 Initial Rate (\$): 10.17 Bonus Bid (\$): 5.37 Silviculture Levy (\$):
 Current Rate (\$): 10.17 Development Levy (\$):
 Original Upset Rate (\$): 4.80 Appraisal Status: CNF

3 rows re

Total \$ Billed YTD = (Upset \$ Billed YTD + Bonus \$ Billed)

Calendar Year	Billing Type	Species	m ³ Billed YTD	Total \$ Billed YTD	Upset \$ Billed YTD	Bonus \$ Billed
2013	Cruise Based Invoice	LO	8539.77	86849.46	40990.89	451
2013	Cruise Based Invoice	SP	670.71	6821.12	3219.41	31
2013 Total:			9210.48	93670.58	44210.30	49

[Feedback](#) [Disclaimer](#) [Privacy](#) [Copyright](#)

Ministry of Forests &

Client	Name	MARK	UNIT	TSO	Status	Security	Type	Volume	Stumpage	Bonus	Total	
162653	Yaorun Wood	86361	DKM	TSK	Suspended	\$ 17,385.44	SB	33,525	\$ 6.82	\$ 5.17	\$ 401,964.75	
162653	Yaorun Wood	86009	DND	TBA	Expired	\$ 28,477.71	CB	55,304	\$ 8.49	\$ 288,888.88	\$ 758,419.84	
33656	Tim Carroll	86646	DJA	TSN	HI	\$ 13,588.29	CB	38,001	\$ 4.52	\$ 218,877.00	\$ 390,641.52	
165913	Hong Wei Qi	85649	DKM	TSK	Suspended	\$ 28,713.94	SB	44,699	\$ 6.98	\$ 1.17	\$ 364,296.85	
166454	Zun Yun Zhang	79849	DKM	TSK	Suspended	\$ 28,672.83	SB	35,493	\$ 7.43	\$ 1.17	\$ 305,239.80	
166494	Yu Qiu Jia	89338	DND	TBA		\$ 97,821.21	CB	52,368	\$ 9.99	\$ 6.78	\$ 878,211.36	
166498	Yizhang Yang	85143	DND	TBA		\$ 16,975.85	CB	26,554	\$ 9.02	\$ 19.29	\$ 751,743.74	
167322	Xin Yang	79850	DKM	TSK	Suspended	\$ 75,780.19	SB	58,467	\$ 5.31	\$ 7.86	\$ 770,010.39	
167322	Xin Yang	81101	DSS	TBA	Suspended	\$ 46,292.29	SB	19,124	\$ 10.73	\$ 7.77	\$ 353,794.00	
167322	Xin Yang	90463	DSS	TBA	Suspended	\$ 84,845.47	SB	28,836	\$ 14.21	\$ 12.56	\$ 771,939.72	
163023	Yali Wood	84072	DND	TBA	Expired	\$ 9,281.13	CB	19,035	\$ 4.80	\$ 102,188.77	\$ 193,556.77	
163023	Yali Wood	86010	DND	TBA	Expired	\$ 11,190.49	CB	20,099	\$ 6.16	\$ 262,188.00	\$ 385,997.84	
163023	Yali Wood	86011	DND	TBA	Expired (HS)	\$ 12,557.15	CB	27,569	\$ 5.48	\$ 162,188.00	\$ 313,266.12	
165898	Xiangxiang Ying	85595	DKM	TSK	Suspended	\$ 34,798.17	SB	58,026	\$ 13.06	\$ 2.71	\$ 915,070.02	
165898	Xiangxiang Ying	87060	DKM	TSK	Suspended	\$ 15,371.20	SB	25,928	\$ 8.00	\$ 1.07	\$ 235,166.96	
165898	Xiangxiang Ying	69997	DSS	TBA	Suspended	\$ 24,699.12	SB	37,463	\$ 9.36	\$ 6.41	\$ 590,791.51	
163020	Zhaoqiang Wood	88798	DJA	TSN	Suspended	\$ 54,580.83	CB	147,562	\$ 991,616.64	\$ 118,778.00	\$ 1,110,394.64	
163020	Zhaoqiang Wood	88799	DJA	TSN	Suspended	\$ 21,281.41	CB	51,687	\$ 325,628.10	\$ 15,568.00	\$ 341,196.10	
166457	Dong Mei Zhou	78653	DSS	TBA	HI	\$ 37,003.97	SB	29,640	\$ 9.05	\$ 6.72	\$ 467,422.80	
166457	Dong Mei Zhou	86645	DJA	TSN	HI	\$ 11,871.61	CB	34,970	\$ 137,432.10	\$ 92,188.77	\$ 229,620.87	
164929	Cong Chen	83097	DKM	TSK	HI	\$ 9,667.56	SB	60,990	\$ 1.00	\$ 1.78	\$ 169,552.20	
						\$ 680,855.86		905,340				\$ 10,698,297.80

\$11 714.29

19620-25 A84072 Summary of File Correspondence (by Mike Watson, Woodlands Manager)

July 31, 2013. E-mail from Shane Ying to Mike Watson requesting expiry information for A84072, A86010, A86011 and A85143

August 1, 2013. E-mail from Mike to Shane Ying providing expiry dates, extension history, and extension fee requirements for A86011, A86010, and A84072.

August 2, 2013. E-mail from Shane Ying acknowledging the information sent and confirms plans to prepare the extension fee.

September 23rd. Letter received from Yaorun Wood Co explaining that fee payment was late because of inattentiveness by an employee and inattentiveness by Mr Liu.

Sept 30, 2013 Letter from Yali Wood requesting consideration of the large economic picture in the context of a Chinese business operating in Canada. Concerns again with the BCTS office providing a warning to Klaus that his yard may be seized if attempts to move the wood. Yali Wood has the capacity to complete the sale. Klaus is qualified and successful to do the work. Alleges that the office still sent e-mails to Klaus threatening to stop their work. If hauling can be completed there would be no financial loss to Yali Wood or Klaus. Cultural language barriers make it hard for Yalu Wood Lts to understand provincial laws and BCTS policies. Yali Wiid has expectation of a level of customer service that will bring fairness to the situation.

s.21

s.21 There was a change in customer service when the markets changed. The customer service they depended upon did not occur. That they are facing difficulties with NRL's A76469 and A76470 due to delays with FLNRO. s.21

s.21 They have significant investment in BC and want to continue to invest. Employees face hardships to work in BC. That had a near catastrophic vehicle rollover. Success for Yali Wood is also success for BCTS and partners in China. Request reversing actions to cancel and dispose of the three TSLs and reinstate the sales to Yali Wood Ltd.

Oct 4th, 2013. Mike e-mailed Hans Dong providing information regarding the potential forfeiture estimates and bonus offers owing.

Nov 7th, 2013. Shang Gao e-mailed recognizing that TSL closure procedures have been initiated but Mr Liu wants to try for a possibility to redeem them. The attached letter provided facts regarding financial hardship and expressed a willingness to pay stumpage.

Dec 3rd, 2013. Mike e-mailed Shang Gao. In Mike responded that he investigated the allegation with Klaus Posselt. Mr Posselt's response was that he was not directed not to haul logs. He made a business decision based on the fact that there was overdue stumpage not paid for timber on A84072. And that there was a risk of seizure.

Dec 3, 2013. E-mail from Yali Wood with letter attached (same letter as Sept 30, 2013)

Dec 3rd, 2013. Shang Gao e-mails and asks for confirmation of receipt of letter

Dec 3rd, 2013. Mike e-mails with response acknowledging receipt of the letter and stated that we will continue with invoicing (stumpage) before we discuss request for relief from the invoice.

Dec 5th, 2013. Letter from Yali Wood stated that Mr Posselt was told by FLNRO not to haul timber. And that there would be consequences if he did. Letter alleged that if Mike Watson would have made a phone call between Aug 22 and 28th the expiry may not have occurred. Yali Wood had sufficient funds to pay extension fees.

Dec 6th, 2013. E-mail from Shang Gao requesting information about TSL decisions and how we will dispose of them.

Dec 6th, 2013. E-mail response stating that all 3 TSL's have expired. Security deposits are to be forfeited under regulation and stumpage bill for remaining (total stumpage) for A84072 is being prepared. A copy of Section 21 BC Timber sales Regulation provided for reference.



19620-25/A84072

August 23, 2012

Yali Wood Ltd.
c/o PO Box 168
339 Highway 16
Burns Lake, BC
V0J 1E0

Dear Yali Wood Ltd.:

Your written request for an extension to the term of Timber Sale Licence (TSL) A84072 has been determined to be compliant with the requirements described in Section 58.1 of the Forest Act. Therefore, the term of this agreement will now expire on August 26, 2013.

Regarding your extension fee in the amount of \$9 677.84 if you intend to apply for a waiver of this fee, you must apply to:

Timber Sales Manager,
Babine Business Area,
185 Yellowhead Highway,
Box 999
Burns Lake BC
V0J 1E0

Such a request must be submitted within 30 days of the date on which the application for an extension was made, must be signed by or on behalf of the requesting person, and must specify the reason for the request. If you have any questions about this process please contact Mike Watson at 250-692-2200.

Yours truly,

Debbie Janning-Stewart, RPF
Timber Sales Manager
Babine Business area,

cc: BCTS File/Babine TSO

Ministry of Forests
Mines and Lands



BC Timber Sales
Babine Business Area

Location:
185 Yellowhead Hwy,
Burns Lake, BC

Mailing Address:
Box 999
Burns Lake, BC V0J 1E0

Tel: (250) 692-2200
Fax: (250) 692-7461



Debbie Janning-Stewart
Timber Sales Manager
185 Yellowhead Highway
Box 999
Burns Lake, B.C.
V0J 1E1

Re: Extension of TSL A84072

Date: 2012-08-22
(yyyy-mm-dd)

Name of Applicant: Yali Wood Ltd.
Tenure No: TSL A84072
Address: 339 Highway 16 Road, Burns Lake, B.C. V0J 1E0
Telephone: 1-250-692-1828 (Office)
E-Mail Address: donlijobs@gmail.com

To whom it may concern,

The timber sales license TSL A84072 which Lin Bai successfully bid on June 22nd, 2011 and transferred over to Yali Wood Ltd. will expire on August 26th, 2012.

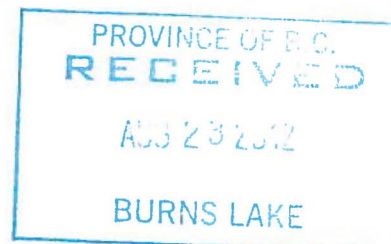
We are seeking an application for the extension of TSL A84072 for another year, and will pay the full amount of the extension fee before August 27th, 2012.

Thank you,

刘亚莉
Applicant's Signature

Liu, Yali
Printed Name

2012-08-22
Date



Payor DON LI Amount 9,677.84
Canada - Canadian Dollars
Cheque Date 20120823 Type CHQ Payment No 0418070 Creator MEALEXAN
Comment TBA-A84072EXTENSION, YALI WOOD LTD. (CLIENT# 163023), ACK CODE=SBF

Payor DON LI Amount 15,666.55
Canada - Canadian Dollars
Cheque Date 20120823 Type CHQ Payment No 0418071 Creator MEALEXAN
Comment TBA-A86011EXTENSION, YALI WOOD LTD (CLIENT# 163023), ACK CODE=SBF

Payor DON LI Amount 19,299.89
Canada - Canadian Dollars
Cheque Date 20120823 Type CHQ Payment No 0418072 Creator MEALEXAN
Comment TBA-A86010EXTENSION, YALI WOOD LTD. (CLIENT#163023), ACK CODE=SBF



BRITISH
COLUMBIA

RECEIPT

783521 K

THE SUM OF

Nine thousand six hundred, seventy ^{DOLLARS}
ON ACCOUNT OF seven ~~8~~

\$ 9,677⁸⁴

Extension of TSL A 84072
Yali Wood Ltd

GST NUMBER

R107864738

The amount receipted above includes GST in the amount of \$

RECEIVED FROM

Don Li
Babine

ON 20120823

ISSUING OFFICE

ISSUING OFFICER'S SIGNATURE

Mary Alexander

FIN 48 Rev. 98/11/18
OPC 7530951054 (50/Bk)

WHITE: CUSTOMER

PINK: MINISTRY FILE

CANARY: RETAIN IN BOOK FOR AUDIT



Royal Bank of Canada
Banque Royale du Canada

354 YELLOWHEAD HIGHWAY 16
BURNS LAKE, B.C.

42617294 6-5

DATE 20120823
Y/A M/M D/

PAY TO THE ORDER OF Ministry of finance
PAYEZ À L'ORDRE DE

\$9,677.84

EXACTLY \$9,677⁸⁴

AUTHORIZED SIGNATURE REQUIRED FOR AMOUNTS OVER \$5,000.00 CANADIAN SIGNATURE AUTORISÉE REQUISE POUR UN MONTANT EXCÉDANT 5,000.00 \$ CANADIENS

CANADIAN DOLLARS CANADIENS

RE/OBJET TSL A84072

PURCHASER NAME

339 HWY 16 Box 168

NOM DE L'ACHETEUR

AUTHORIZED SIGNATURE / SIGNATURE AUTORISÉE

PURCHASER ADDRESS

Burns Lake BC

ADRESSE DE L'ACHETEUR

VOI 1EO

COUNTERSIGNED / CONTRESIGNÉ

T. Bru
MM DB

Bowerbank, Barb FLNR:EX

From: Watson, Mike T FLNR:EX
Sent: Thursday, November 7, 2013 9:49 AM
To: 'Hans Dong'
Subject: financial relief

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Honyoug,

You are correct. I thought relief was under the Forest Act, but it is under [a remission order pursuant to s. 19 of the Financial Administration Act](#).

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

Bowerbank, Barb FLNR:EX

From: Janning-Stewart, Debbie FLNR:EX
Sent: Tuesday, August 19, 2014 11:18 AM
To: Bowerbank, Barb FLNR:EX
Subject: FW: Information Requested- A84072
Attachments: E-mail on expire dates and extension fees.txt; Load Restrictions for hauling.txt

Found the e-mail

Debbie Janning-Stewart
Timber Sales Manager
BC Timber Sales
Babine Business Area

From: Janning-Stewart, Debbie FLNR:EX
Sent: Tuesday, January 14, 2014 3:01 PM
To: 'shang gao'
Subject: Information Requested

Shang,

Attached is the information Mr Lui requested in our meeting on January 6th regarding the e-mail sent on expiry dates and extension fee amounts and the dates for the load restriction on hauling in the spring of 2013.

EMAIL #1:

Subject:E-mail on expire dates and extension fees

E-mails regarding expiry dates and extension fees

From: richard qi s.22
Sent: Wednesday, August 14, 2013 1:48 PM
To: Watson, Mike T FLNR:EX
Subject: Re: FW: A85143 extension yaorun wood company

Thank you very much! Mike

On Thu, Aug 15, 2013 at 4:43 AM, Watson, Mike T FLNR:EX wrote:

Please confirm receipt of this e-mail.

Thank you.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200

Mike.T.Watson@gov.bc.ca

From: shane ying s.22
Sent: Friday, August 2, 2013 9:56 AM
To: Watson, Mike T FLNR:EX
Subject: Re: A85143 extension yaorun wood company

Dear Mike,

Thank you for your information. we will prepare the extension fee as soon as possible. we appreciate.

Have a good weekend.

Shane

On Thu, Aug 1, 2013 at 2:13 PM, Watson, Mike T FLNR:EX wrote:

Hello Mr. Ying,

I have researched the answers to your questions:

TSL A86011 Issued to Yali Wood Ltd. Expires Aug 22, 2013. There has been 1 previous extension.

Extension fee is \$15,666.55

TSL A86010 Issued to Yali Wood Ltd. Expires Aug 22, 2013. There has been 1 previous extension.

Extension fee is \$19,299.89

TSL A84072 Issued to Yali Wood Ltd. No previous extensions. 46% of the volume has been harvested.

Extension fee = \$9,677.84X 54% = \$5,226.03

I have supplied the information for TSL A85143 below in a previous e-mail.

Please contact me if you have any further questions.

Mike

Michael Watson, RPF

Woodlands Manager

Babine Business Area

250-692-2200

Mike.T.Watson@gov.bc.ca

EMAIL #2

Subject:FW: Load Restrictions

Load Restriction information for spring 2013

From: Bosch, Tom FLNR:EX

Sent: Tuesday, January 14, 2014 9:48 AM

To: Janning-Stewart, Debbie FLNR:EX

Subject: FW: Load Restrictions

Here is a listing of the road restrictions that occurred last year. These roads cover the Nadina District.

Thomas Bosch

From: Keehn, Marlene A TRAN:EX

Sent: Tuesday, January 14, 2014 9:45 AM

To: Bosch, Tom FLNR:EX

Cc: Lokken, Richard TRAN:EX

Subject: RE: Load Restrictions

Hi Tom,

The hwys and side roads covered by the Lakes District start at Wakefield Rd (30km west of Houston) and go as far east as Priestly Stn Road/Priestly Hill (30km east of Burns Lk)

On March 13th, main hwys in the area went to 100% loading, restricting overload permits

On March 28th, our side road system was restricted to 70%

On May 17th, Hwy 16 was unrestricted, overload permits allowed again

On June 17th, Hwy 35 and 118 were unrestricted

On June 12th, Side roads went back to 100%, except Colleymount Rd, Palling East & West, and Rose Lk rd

On June 21st, all roads unrestricted.

Over the last 10+ yrs:

Hwy 16, 35 and 118: Early March to end of May is average dates for Main Hwys to be restricted to 100%, where no overload permits are allowed.

Side Roads: Mid March through to Mid June is average dates for side roads to be dropped to 70%, restricting logging traffic on most un-numbered routes



Ministry of Forests
Issued Statement
Query Request

Page 65
FNR-2014-00226
ID: 1408484735110

Creation Date: 2014-Aug-19

Creation Time: 02:45:35

Requestor Parameters: Document Type: PSI, Scale Date From: 2013-Jan-27, Scale Date To: 2014-Jan-26, Timber Mark: 84072, Client Association: Both
Requestor Relationship: MOF

Disclaimer: Data items severed because of FOIPP concerns have been replaced with the value ***** or omitted.

Transmission Details

Type	First Statement	Number of Statements
Piece Scale Invoice	Q207076	4
Total		4



Ministry of Forests
Piece Scale
Invoice

Page 66
FNR-2014-00226
Invoice: Q207076
Page 1 of 1

Summary Document: 67832077

Issue Date: 2013-Apr-04

Region Harvested: Northern Interior Forest Region
Region Scaled: Northern Interior Forest Region
Invoice To: 00163023 00

District Harvested: Nadina Forest District
District Scaled: Nadina Forest District
Copy To: 00133887 00

YALI WOOD LTD.
C/O P.O. BOX 168
339 HIGHWAY 16
BURNS LAKE BC V0J 1E0

DISTRICT MANAGER NADINA (DND)
BOX 999
185 YELLOWHEAD HWY
BURNS LAKE BC V0J 1E0

Scale Date: 2013-Mar-31
Scale Site: 2082 - DND Cruise Based Site
Timber Mark: 84072
Licence: A84072
Cutting Permit:

Summary Type: Submitted
Return Category: Cruise
Kind of Charge: Stumpage
Transaction Type: Original
Statement Cycle:

Total Volume: 9,210.480 m3

Total Due: \$93,670.58

Segregation Details

Species	Product	Grade	Volume (m3)	Rate (\$/m3)	Value (\$)
Lodge-Pine	Logs	CB Dead	2,757.930	10.17	28,048.15
Lodge-Pine	Logs	CB Live	5,781.840	10.17	58,801.31
Spruce	Logs	CB Live	670.710	10.17	6,821.12
Segregations: 3			9,210.480		93,670.58

Notations

30.0 Ha on this invoice; 30.0 Ha Cut to date; Appraised Area: 62.0 Ha



Ministry of Forests
Piece Scale
Invoice

Page 67
FNR-2014-00226
Invoice: Q218095
Page 1 of 1

Summary Document: 67878304

Issue Date: 2013-Nov-06

Region Harvested: Northern Interior Forest Region
Region Scaled: Northern Interior Forest Region
Invoice To: 00163023 00

District Harvested: Nadina Forest District
District Scaled: Nadina Forest District
Copy To: 00133887 00

YALI WOOD LTD.
C/O P.O. BOX 168
339 HIGHWAY 16
BURNS LAKE BC V0J 1E0

DISTRICT MANAGER NADINA (DND)
BOX 999
185 YELLOWHEAD HWY
BURNS LAKE BC V0J 1E0

Scale Date: 2013-Aug-26
Scale Site: 2082 - DND Cruise Based Site
Timber Mark: 84072
Licence: A84072
Cutting Permit:

Summary Type: Submitted
Return Category: Cruise
Kind of Charge: Stumpage
Transaction Type: Original
Statement Cycle: 3

Total Volume: 9,824.512 m3

Total Due: \$99,915.28

Segregation Details

Species	Product	Grade	Volume (m3)	Rate (\$/m3)	Value (\$)
Lodge-Pine	Logs	CB Dead	2,941.792	10.17	29,918.02
Lodge-Pine	Logs	CB Live	6,167.296	10.17	62,721.40
Spruce	Logs	CB Live	715.424	10.17	7,275.86
Segregations: 3			9,824.512		99,915.28

Notations

32.0 Ha on this invoice; 62.0 Ha Cut to date; Appraised Area: 62.0 Ha



Ministry of Forests
Piece Scale
Invoice

Page 68
FNR-2014-00226
Invoice: Q219196
Page 1 of 1

Summary Document: 67878304

Issue Date: 2013-Nov-20

Region Harvested: Northern Interior Forest Region
Region Scaled: Northern Interior Forest Region
Invoice To: 00163023 00

District Harvested: Nadina Forest District
District Scaled: Nadina Forest District
Copy To: 00133887 00

YALI WOOD LTD.
C/O P.O. BOX 168
339 HIGHWAY 16
BURNS LAKE BC V0J 1E0

DISTRICT MANAGER NADINA (DND)
BOX 999
185 YELLOWHEAD HWY
BURNS LAKE BC V0J 1E0

Scale Date: 2013-Aug-26
Scale Site: 2082 - DND Cruise Based Site
Timber Mark: 84072
Licence: A84072
Cutting Permit:

Summary Type: Submitted
Return Category: Cruise
Kind of Charge: Stumpage
Transaction Type: Cancel
Statement Cycle: 3

Total Volume: -9,824.512 m3

Total Due: \$-99,915.28

Segregation Details

Species	Product	Grade	Volume (m3)	Rate (\$/m3)	Value (\$)
Lodge-Pine	Logs	CB Dead	-2,941.792	10.17	-29,918.02
Lodge-Pine	Logs	CB Live	-6,167.296	10.17	-62,721.40
Spruce	Logs	CB Live	-715.424	10.17	-7,275.86
Segregations: 3			-9,824.512		-99,915.28

Notations

32.0 Ha on this invoice; 62.0 Ha Cut to date; Appraised Area: 62.0 Ha



Ministry of Forests
Piece Scale
Invoice

Page 69
FNR-2014-00226

Invoice:

Q219416

Page 1 of 1

Summary Document: 67885615

Issue Date: 2013-Nov-20

Region Harvested: Northern Interior Forest Region
Region Scaled: Northern Interior Forest Region
Invoice To: 00163023 00

District Harvested: Nadina Forest District
District Scaled: Nadina Forest District
Copy To: 00133887 00

YALI WOOD LTD.
C/O P.O. BOX 168
339 HIGHWAY 16
BURNS LAKE BC V0J 1E0

DISTRICT MANAGER NADINA (DND)
BOX 999
185 YELLOWHEAD HWY
BURNS LAKE BC V0J 1E0

Scale Date: 2013-Aug-26
Scale Site: 2082 - DND Cruise Based Site
Timber Mark: 84072
Licence: A84072
Cutting Permit:

Summary Type: Submitted
Return Category: Cruise
Kind of Charge: Stumpage
Transaction Type: Original
Statement Cycle: 3

Total Volume: 9,821.647 m3

Total Due: \$99,886.14

Segregation Details

Species	Product	Grade	Volume (m3)	Rate (\$/m3)	Value (\$)
Lodge-Pine	Logs	CB Dead	2,941.792	10.17	29,918.02
Lodge-Pine	Logs	CB Live	6,164.431	10.17	62,692.26
Spruce	Logs	CB Live	715.424	10.17	7,275.86
Segregations: 3			9,821.647		99,886.14

Notations

To equal the total dollars for this sale.
This invoice replaces invoice Q218095.

Bowerbank, Barb FLNR:EX

From: Watson, Mike T FLNR:EX
Sent: Tuesday, December 3, 2013 1:20 PM
To: 'shang gao'
Cc: Janning-Stewart, Debbie FLNR:EX
Subject: RE: Letter of Yali Wood Ltd

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Shang,

I can confirm that we have received it. I also want to explain that this is early in the process. The final invoices have not been generated for all 3 timber sale licenses and the letter is the appeal for financial relief.

So, at this point in time we acknowledge the letter but we must first continue with the issuance the invoice before we discuss the request for relief for that invoice.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Tuesday, December 3, 2013 1:04 PM
To: Janning-Stewart, Debbie FLNR:EX
Cc: Watson, Mike T FLNR:EX
Subject: Letter of Yali Wood Ltd

Hello Debbie and Mike,

Yali Liu want me to confirm if you received the letter that she was sent to you this morning, please let me know if you got it.
Thank you.

Sincerely,

Shang

Watson, Mike T FLNR:EX

From: Hans Dong s.22
Sent: Friday, October 4, 2013 10:32 AM
To: Watson, Mike T FLNR:EX
Subject: Re: Yaorun Wood TSLs

Many thanks, Mike.

I'll get back to you for clarifications if need be.

Best regards.

Hans

From: Watson, Mike T FLNR:EX
Sent: Friday, October 04, 2013 9:40 AM
To: 'Hans Dong'
Subject: RE: Yaorun Wood TSLs

Dear Hans,

I have previously provided Mr. Bill Dobbs and Mr Qi with approximate values on August 29, 2013.

I have attached the table below showing the approximate costs however, these are only estimates. The Timber Sales Manager will make a determination based on the facts pertaining to each TSL.

In my meeting with Mr. Liu I agreed to allow an opportunity for him to seek additional guidance and to talk with BCTS Executive before the Timber Sales Manager completed the administrative process.

TSL	Issued	Term	Extened	Expiry	Security	Bonus Offer	Stumpage
A86010	Aug 22, 2011	12 mo	Aug 23, 2012	Aug 22, 2013	\$11,714.29	\$262,188	
A86011	Aug 22, 2011	12 mo	Aug 23, 2012	Aug 22, 2013	\$12,557.15	\$162,188	
A84072*	June 27, 2011	12 mo	Aug 22, 2012	Aug 22, 2013	\$9,281.13	\$102,188.77	\$91,367.96

It is anticipated that the TSL Holder will forfeit the security deposit for all 3 TSL's under regulation, and will receive a stumpage bill for all 3 of the bonus offers and the stumpage remaining for all timber on A84072.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: Hans Dong s.22
Sent: Thursday, October 3, 2013 3:19 PM
To: Watson, Mike T FLNR:EX
Subject: Re: Yaorun Wood TSLs

WE have requested a meeting with Mr. Jensen, and are waiting for his response. In case we could not revive the three TSLs in question, could you advise what financial consequences are there for Yaorun as a result. Please summarize in bullet form for each TSL.

Best regards.

Hans

From: Watson, Mike T FLNR:EX
Sent: Tuesday, October 01, 2013 3:28 PM
To: 'Hans Dong'
Subject: RE: Yaorun Wood TSLs

Can you please confirm that you have received my e-mail with the information. My system indicates it has been delivered but as we saw today, the system is not always accurate.

Thank you,

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: Hans Dong [<mailto:> s.22
Sent: Tuesday, October 1, 2013 3:13 PM
To: Watson, Mike T FLNR:EX
Subject: Re: Yaorun Wood TSLs

Hi Mike,

It's great talking to you again after such a long time. Once you have a chance you can tell me how the other UNB cohorts are doing in BC.

Don't forget to e-mail me the info on the background and correspondence of the three TSLs.

Best regards.

Hans

From: Hans Dong
Sent: Tuesday, October 01, 2013 2:44 PM
To: Mike.T.Watson@gov.bc.ca
Subject: Re: Yaorun Wood TSLs

From: Hans Dong
Sent: Tuesday, October 01, 2013 2:24 PM
To: Mike.T.Watson@gov.bc.ca
Subject: Yaorun Wood TSLs

Hi Mike,

I called you a few times to no avail. Haven't talked to you for a long time.

Please call me at s.22 and let's chat up.

(Hans) Hongyun Dong (from UBN)

Watson, Mike T FLNR:EX

From: Hans Dong s.22
Sent: Monday, December 16, 2013 10:06 AM
To: Watson, Mike T FLNR:EX
Subject: Re: Request of cancel forfeiture TSL A84072, A86010, A86011

Hi Mike,

How are you?

I just came back from a long trip to China, and will be working on my jetlag in the next few days.

Mr. Liu has asked me to get a most recent update on what's happening with the three TSLs in question. Could you please provide me with a rundown of actions taken or to be taken by BCTS or other government agencies on the three TSLs.

Look forward to your early reply.

Best regards.

Hans

From: Watson, Mike T FLNR:EX
Sent: Thursday, November 07, 2013 11:37 AM
To: Hedges, Shawn FLNR:EX
Cc: Richir, Gilbert C FLNR:EX ; 'Hans Dong' ; Janning-Stewart, Debbie FLNR:EX
Subject: FW: Request of cancel forfeiture TSL A84072, A86010, A86011

For your information.

I just had a conversation with Hongyun Dong about these 3 TSL's this morning.

As an update:

1. FS45D's have been initiated on 3 of them and deposit forfeiture will occur shortly for A86010 and A86011
2. A84072 (partially harvested) a stumpage bill for 100% we issued yesterday by region. An opportunity to be heard regarding the penalty and deposit will be arranged in the next few weeks.
3. We are preparing a bill for 100% bonus offers for A86010 and A86011.

Mr Dong was given a reference to the Financial Administration Act should they wish to pursue relief.

I will reply with this same information to Mr Gao.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Thursday, November 7, 2013 11:26 AM
To: Watson, Mike T FLNR:EX

Cc: Janning-Stewart, Debbie FLNR:EX

Subject: Request of cancel forfeiture TSL A84072, A86010, A86011

Hello Mike and Debbie,

I understand that those three TSLs is been initiated closure procedures, but Mr Liu still want to try for any possibility to redeem them.

Here is the message that come from Mr Liu, he said:

s.21

s.22

s.21

s.21

Mr Liu is really appreciation if you can help us.
Thank you.

Sincerely,

Shang

Bowerbank, Barb FLNR:EX

From: Watson, Mike T FLNR:EX
Sent: Tuesday, December 3, 2013 2:23 PM
To: 'shang gao'
Cc: Janning-Stewart, Debbie FLNR:EX
Subject: RE: request of appointment by Yaorun Wood Co. Ltd

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Shang,

In response to your request regarding the hauling of logs, and the information you presented at our meeting, I contacted Mr Klaus Posselt by phone later that day (November 29th). He mentioned that you had been there to meet with him.

According to Mr Posselt, the decision not to haul logs was a business decision that he made based on risks to him and his business. He explained that he had enquired about what the Province of BC could do if Yali Wood did not pay stumpage on the wood. The response that he received from The Ministry of Forests is that the Government could seize wood that has outstanding overdue accounts. He expressed to me that he was concerned that having this wood mixed in with his other wood could put his own wood and milling operations at risk if the Government did issue a notice of seizure. So in conclusion, we have no evidence to support the assertion that the Government did not allow the transportation of the logs.

So, unless you have additional information for consideration by the Timber Sales Manager, this information will not have a bearing on the invoicing process or her decision regarding deposit management.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Tuesday, December 3, 2013 1:25 PM
To: Watson, Mike T FLNR:EX
Subject: Re: request of appointment by Yaorun Wood Co. Ltd

Hello Mike,

Mr Liu would like meet both of you, so we can wait for few days.
And also, Mr Liu want to know the the final decision about the three TSLs of Yali Wood. Moreover, as we discussed last meeting, what is your decision of the logs that Klaus didn't hauling during March, June, and July.
Thank you.

Sincerely,

Shang

2013/12/3 Watson, Mike T FLNR:EX <Mike.T.Watson@gov.bc.ca>

Hello Shang,

This will not be possible. Debbie is in Vancouver until Friday and I have an appointment tomorrow. The earliest I can meet with Mr. Liu is Thursday afternoon or Friday morning.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
[250-692-2200](tel:250-692-2200)
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Tuesday, December 3, 2013 12:54 PM
To: Janning-Stewart, Debbie FLNR:EX
Cc: Watson, Mike T FLNR:EX
Subject: request of appointment by Yaorun Wood Co. Ltd

Hello Debbie and Mike,

Mr Liu would like to make an appointment with you on tomorrow to discuss some business issues.

Sincerely,

Shang

Bowerbank, Barb FLNR:EX

From: Hans Dong s.22
Sent: Monday, December 16, 2013 10:06 AM
To: Watson, Mike T FLNR:EX
Subject: Re: Request of cancel forfeiture TSL A84072, A86010, A86011

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Mike,

How are you?

I just came back from a long trip to China, and will be working on my jetlag in the next few days.

Mr. Liu has asked me to get a most recent update on what's happening with the three TSLs in question. Could you please provide me with a rundown of actions taken or to be taken by BCTS or other government agencies on the three TSLs.

Look forward to your early reply.

Best regards.

Hans

From: [Watson, Mike T FLNR:EX](#)

Sent: Thursday, November 07, 2013 11:37 AM

To: [Hedges, Shawn FLNR:EX](#)

Cc: [Richir, Gilbert C FLNR:EX](#) ; ['Hans Dong'](#) ; [Janning-Stewart, Debbie FLNR:EX](#)

Subject: FW: Request of cancel forfeiture TSL A84072, A86010, A86011

For your information.

I just had a conversation with Hongyun Dong about these 3 TSL's this morning.

As an update:

1. FS45D's have been initiated on 3 of them and deposit forfeiture will occur shortly for A86010 and A86011
2. A84072 (partially harvested) a stumpage bill for 100% we issued yesterday by region. An opportunity to be heard regarding the penalty and deposit will be arranged in the next few weeks.
3. We are preparing a bill for 100% bonus offers for A86010 and A86011.

Mr Dong was given a reference to the Financial Administration Act should they wish to pursue relief.

I will reply with this same information to Mr Gao.

Mike

Michael Watson, RPF
Woodlands Manager
Babine Business Area
250-692-2200
Mike.T.Watson@gov.bc.ca

From: shang gao s.22
Sent: Thursday, November 7, 2013 11:26 AM
To: Watson, Mike T FLNR:EX

Cc: Janning-Stewart, Debbie FLNR:EX

Subject: Request of cancel forfeiture TSL A84072, A86010, A86011

Hello Mike and Debbie,

I understand that those three TSLs is been initiated closure procedures, but Mr Liu still want to try for any possibility to redeem them.

Here is the message that come from Mr Liu, he said:

s.21

s.22

s.21

s.21

Mr Liu is really appreciation if you can help us.
Thank you.

Sincerely,

Shang

Bowerbank, Barb FLNR:EX

From: Janning-Stewart, Debbie FLNR:EX
Sent: Monday, March 24, 2014 12:37 PM
To: Watson, Mike T FLNR:EX
Subject: Fwd: 204391 - Expiration of Yali Wood Ltd.'s Timber Sales Licences
Attachments: 204391 Response.pdf; ATT00001.htm

Follow Up Flag: Follow up
Flag Status: Flagged

FYI

Sent from my iPhone

Begin forwarded message:

From: "Minister, FLNR FLNR:EX" <FLNR.Minister@gov.bc.ca>
Date: March 24, 2014 at 11:30:10 AM PDT
Subject: 204391 - Expiration of Yali Wood Ltd.'s Timber Sales Licences

Please see the attached correspondence that you have been copied on.



Ref: 204391

March 24, 2014

Yali Wood Ltd.
1189 Ahbau Street
Prince George, British Columbia
V2M 3S2

Dear Yali Wood Ltd:

Thank you for your letter received January 21, 2014, describing the challenges you have encountered participating in the BC Timber Sales (BCTS) program and requesting relief from your financial obligations to the Crown arising from Timber Sale Licences (TSLs) A84072, A86010 and A86011. I apologize for the delay in responding.

The forest industry in British Columbia operates in a tightly regulated legal framework that ensures the protection of the environmental and social values of the forest resources while offering competitive business opportunities associated with the timber resources. The laws and policies that govern BCTS are designed to foster entrepreneurship, encourage participation in the program, and establish a fair and level playing field for the participants. The legislation that regulates TSLs is designed to eliminate interference in the marketplace and purposely constrains the discretionary decision making powers of officials. These rules must be applied in an equitable and consistent manner in order to maintain the free and open marketplace competition that underpins the confidence of all the participants in the program.

I can appreciate the challenges you face regarding business administration. It must be noted that British Columbia supports a mature forest industry with a large practising community of forest professionals. It is advisable that business enterprises engage the services of appropriate licensed professionals for advice and guidance in forestry matters.

With respect to the financial obligations, the bonus offer amounts for TSLs A86010 and A86011 are obligations payable upon entering into the TSL agreements regardless of the amount of timber that may or may not be harvested. It is the nature of TSLs that timber rights are granted for a specified limited time period. The rights to all standing and felled timber that remained on the area of TSL A84072 at end of the term of the agreement reverted to the Crown regardless whether stumpage or waste charges have been paid. There is no avenue in the legislation that enables a discretionary review of these obligations. Given the information you provided regarding the circumstances of the matter and the established legislation and

Page 1 of 2

policy governing the administration of TSLs your request for relief from these financial obligations cannot be granted.

Regarding the deposit of TSL A84072, it has come to my attention that on January 30, 2014, a determination was made by Debbie Janning-Stewart, Timber Sales Manager, Babine Business Area that the deposit is not forfeit; however, it is subject to be applied to other outstanding debts. Your request for relief from the forfeiture of the deposits of TSLs A86010 and A86011 has been forwarded to Tom Jensen, Assistant Deputy Minister, Timber Operations, Pricing and First Nations Division who is authorized by me to make decisions in these matters.

Thank you again for writing. I appreciate the time you have taken to express your concerns.

Sincerely,

A handwritten signature in black ink that reads "Steve Thomson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steve Thomson
Minister

pc: Tom Jensen, Assistant Deputy Minister, Timber Operations, Pricing and First Nations
Mike Falkiner, Executive Director, BC Timber Sales
Debbie Janning-Stewart, Timber Sales Manager, Babine Business Area

From Expéditeur

7078012

40063363

FLNR-NADINA DIST C#35 250 692 2200
185 YELLOWHEAD HWY

BURNS LAKE BC V0J 1E0

To À

Yali Wood Ltd
Box 168, 339 Highway 16
Burns Lake, BC



Signature Required
Signature requise

Sender warrants no dangerous
goods enclosed and agrees to
terms and conditions on reverse.

L'expéditeur garantit que cet envoi ne
contient pas de matières dangereuses et
accepte les conditions indiquées au verso.

Shipping Label

L'étiquette d'expédition



Expedited Parcel Colis accélérés

2

967

MJ 090 147 611 CA



CANADA POSTES
POST CANADA
2014/02/21

Expedited Parcel Colis accéléré

Return to Sender Renvoi à l'expéditeur

0990 6509 0147 6110 V0J 1E0

2



Reason: Unclaimed
Raison: Non réclamé

Signature Required
Signature requise

X

Yali Wood Ltd.
Box 168
339 Highway 16
Burns Lake, BC
V0J 1E0

unclaimed

Return to Sender
Renvoi à l'expéditeur

This item is being
returned because:

Envoi retourné pour
la raison suivante:

- Unclaimed ☒ Non réclamé
No such Address ☐ Adresse inexistante
Address Incomplete ☐ Adresse incomplète
Moved/Unknown ☐ Déménagé / Inconnu
No such Post Office ☐ Bureau inexistant
Refused ☐ Refusé

Amount Due Montant dû
\$? Initials
RC

Registered Mail



640891 512 932 611

Burns Lake Post Office
388 Government Street
Burns Lake
V0J 1E0



X



Ministry of Forests, Lands and
Natural Resource Operations
Box 999
185 Yellowhead Hwy
Burns Lake, BC V0J 1E0

From Expéditeur

7078012

40063363

FLNR-NADINA DIST C#35 250 692 2200
185 YELLOWHEAD HWY

BURNS LAKE BC V0J 1E0

To À

Yali Wood Ltd

1189 Ahbau Street

Prince George, BC



Signature Required
Signature requise

Sender warrants no dangerous
goods enclosed and agrees to
terms and conditions on reverse.

L'expéditeur garantit que cet envoi ne
contient pas de matières dangereuses et
accepte les conditions indiquées au verso.

Shipping Label

L'étiquette d'expédition



Expedited Parcel Colis accélérés

2

967

MJ 090 147 625 CA



Expedited Parcel Colis accéléré

2

2014/03/01

Return to Sender Renvoi à l'expéditeur

0990 6509 0147 6257

V0J 1E0



Reason: Unclaimed
Raison: Non réclamé

Signature Required
Signature requise

X

Yali Wood Ltd.
1189 Ahbau Street
Prince George, BC

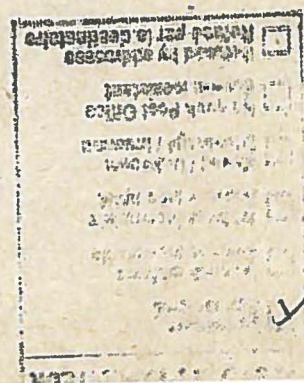


140139 510 959 752

SPRUCELAND R.P.O.
SHOPPERS DRUG MART
693 CENTRAL ST.
PRINCE GEORGE BC
V2M 3C8
(250) 562-2311



Returned as
undeliverable





The Best Place on Earth



BCTS
BC Timber Sales

File: 19620-25/A84072

January 30, 2014

REGISTERED MAIL

Yali Wood Ltd.
c/o PO Box 168
339 Highway 16
Burns Lake, BC
V0J 1E0

Dear Licensee:

The purpose of this letter is to advise you of my final determination regarding the disposition of the security deposit associated with the Timber Sales Licence (TSL) A84072.

UNDISPUTED FACTS

1. On June 22, 2011 Lin Bai was the successful applicant for TSL A84072 located within the Babine Business Area.
2. TSL A84072 was entered into on June 27, 2011 with a 14 month term.
3. On October 27, 2011 a disposition of TSL A84072 from Lin Bai to Yali Wood Ltd (signed by Yali Liu) was completed.
4. On August 23, 2012 TSL A84072 was extended for 1 year with an expiration date of August 26, 2013.
5. The TSL A84072 security deposit was \$9,281.13.
6. A prework meeting with Klaus Posselt was held March 14, 2013 and it is estimated, upon first inspection, that harvesting commenced approximately March 20, 2013.
7. TSL expired without an application for extension on August 26, 2013.
8. Approximately 51.6% of the timber was felled.
9. Under section 8.03 of the TSL the amount of stumpage that is payable upon commencement of harvest is \$91,367.96.
10. Under section 8.04 of the TSL the amount of bonus offer that is payable upon commencement of harvest is \$102,188.77
11. A stumpage bill of \$91,367.96 was issued for the felled timber and has been paid.
12. On November 20, 2013 a final stumpage bill for \$99,886.15 was issued and has not been paid.

Timber Sale License Provisions

Upon the commencement of harvest and subsequent expiry, the following TSL requirements came into effect:

Ministry of Forests,
Lands and Natural
Resource Operations



BC Timber Sales
Babine Business Area

Location:
185 Yellowhead Hwy,
Burns Lake, BC

Mailing Address:
Box 999
Burns Lake, BC V0J 1E0

Tel: (250) 692-2200
Fax: (250) 692-7461

File: 19620-25 / A840

Sec 8.03 Upon commencing timber harvesting operations the total amount of stumpage that will be payable will be \$91,367.96.

Sec 8.04 Upon commencing timber harvesting operations, the total amount of bonus offer that will become payable will be \$102,188.77.

Sec 8.07 If, after commencing timber harvesting operations, the Licensee does not complete primary timber harvesting before the expiry of the term of this Licence expires, the Licensee will pay, within 28 days of the Licence expiring, the remaining amount of stumpage and bonus offer that is due under this Licence at that time.

16.00 Title to all

- (a) improvements, including roads and bridges, constructed under the authority of this Licence,
- (b) improvements, including roads and bridges, constructed under the authority of a road permit issued pursuant to this Licensee, unless otherwise specified in the permit, and
- (c) timber, including logs and special forest products, felled or bucked under the authority of this Licence and located on the cutting authority area upon the expiry, cancellation, surrender or other termination of this Licence, will vest in the government, without right of compensation to the Licensee.

Schedule A

4.01 The Licensee will full-tree skid all cut trees to landings or roadside locations situated within either the cutting authority area or the area of a Road Permit issued in accordance with this Licence.

Correspondence and Communication between BCTS and Licensee

There is a significant amount of correspondence between BCTS staff and representatives of Yaorun and Yali Wood Ltd regarding the expiry and consequences for expiry of TSL A84072. A complete record of correspondence can be found within File 19620-25/A84072. A summary of relevant highlights are as follows:

1. On July 31, 2013 the Licensee employee Shane Ying requested (by e-mail) information regarding expiry dates and extension fees for TSLs A86010, A86011, A84072 and A85143.
2. On August 1, 2013 a response was provided by Mike Watson in an e-mail with all requested information.
3. On August 2, 2013 Shane Ying acknowledges the information and confirms that plans are being made to prepare the extension fee.
4. On September 23, 2013 Mike Watson met with Mr Liu and his associates in Brewsters Cafe in Houston, BC to explain the consequences for failing to obtain extensions for 3 TSL's held by Yali Wood prior to the expiry date. At that time, Mr Liu made a request for the TSM to postpone applying the forfeiture provisions of the *BC Timber Sales Regulation* to give Mr Liu time to understand the regulations and to seek a meeting with BCTS executives.
5. In a letter, dated September 22, 2013 from Yaorun Wood Co. Ltd., the letter acknowledges that late payments for extension were due to lack of attentiveness from an employee and lack of attentiveness from Mr Liu.

File: 19620-25 / A840

OPPORTUNITY TO BE HEARD

On November 29, 2013 an opportunity to be heard was held with the following present:

Mr. Liu (owner of Yaorun)
Yali Liu (representing Yali Wood Ltd),
Shang Gao (interpreter)
unnamed associate
Debbie Janning-Stewart, RPF Timber Sales Manager
Mike Watson, RPF, Woodlands Manager

Another meeting was held on January 6, 2014 with the following present:

Mr. Liu (owner of Yaorun)
Shang Gao (interpreter)
Debbie Janning-Stewart, RPF Timber Sales Manager

BC Timber Sales Evidence:

1. Section 21 of the *BC Timber Sales Regulation* was explained as it pertains to expiry with and without harvesting and that the TSL(s) cannot be reassigned back to Yali Wood.
2. It was explained that the only decision left for the Timber Sales Manager to make was the amount of deposit forfeiture required under the *BC Timber Sales Regulation*.
3. Yali Wood was not provided with a notice of non-compliance before or during this meeting.

Licensee Evidence:

1. The Licensee response was primarily directed towards providing leniency and to reinstate the timber back to Yali Wood Ltd.
2. The Licensee contended, as in previous letters and e-mails, that a member of FLNRO denied Klaus Posselt Timber Ltd. approval to haul wood prior to expiry. No names or written evidence was provided at the meeting or subsequently to substantiate this claim.
As a result of this information, Mike Watson contacted Klaus Posselt Logging Ltd. and asked Klaus Posselt directly if he had received such a denial to transport timber. His response was that he received no such instruction or correspondence. His decision to not haul Yali Wood timber was a business decision based on his perceived risk when he became aware that Yali Wood had an outstanding stumpage bill on timber from A84072.
3. The Licensee submitted the following documents in a follow up meeting on January 6, 2014:
Bank statement for the period of July 31 to August 30, 2013 showing they had sufficient funds in their bank account to cover the extension fee.
A copy of an MOU between Taitsa Timber and Yaorun Wood Ltd regarding business arrangements to harvest and haul timber on A84072.
A copy of Telus phone records for Gui Ying Liu for the period of August 9 to August 22, 2013 showing calls to Burns Lake.

File: 19620-25 / A840

DETERMINATION

Based on a detailed review of all the evidence made available to me by the licensee, through file documentation as well as presented by BCTS staff, I am satisfied that:

1. Information regarding expiry date and extension fee was provided to the licensee before the expiry date. However, as a registrant in BC Timber Sales, it is the responsibility of Yali Wood Ltd to be informed of licence obligations, and of Forestry Legislation and Regulations.
2. Yali Wood Ltd had the money in their bank account to pay for an extension, however they failed to apply and pay for an extension prior to the expiry of the Timber Sale License.
3. Yali Wood Ltd did not skid all felled timber to roadside prior to Timber Sale License expiry. Yaorun had a signed MOU with Tahtsa Timber to harvest and haul timber on A84072, however it is the licensee's responsibility to ensure obligation of the Timber Sale Licence are met.
4. The timber sale has been resold so there are no outstanding obligations which result in financial costs to the crown.
5. Yali Wood Ltd did not pay for all stumpage and bonus offer owed to the Crown within the 28 day requirement, however, it did make payment for the felled timber at a later date.

Accordingly, it is my determination that pursuant to Section 21 (2) of the *BC Timber Sales Regulation*, the security deposit in the amount of \$9,281.13 will be released. However, as Yali Wood Ltd has an outstanding account, in accordance with the *Financial Administration Act* the deposit amount will be applied to the outstanding debt. It is recognized that Yali Wood Ltd., and its associate Yaorun Ltd., have suffered significant financial setbacks while carrying out business in British Columbia, however, it is not within the authority of the Timber Sales Manager to provide financial relief for such matters. You may submit a request through me, should you choose to apply to the Lieutenant Governor in Council for financial relief under Section 19 of the *Financial Administration Act*.

Should you have any questions regarding this matter please contact me at (250) 692-2200.

Yours truly,



Debbie Janning-Stewart
Timber Sales Manager
Babine Business Area

Watson, Mike T FLNR:EX

From: McLennan, Kathy E FLNR:EX
Sent: Monday, September 9, 2013 10:34 AM
To: Watson, Mike T FLNR:EX
Subject: A84072, outstanding amount

This is the info sent to me from Revenue; hopefully this is what you are looking for...

From: Kozijn, Carrie FIN:EX
Sent: Monday, September 9, 2013 10:31 AM
To: McLennan, Kathy E FLNR:EX
Subject: RE: I need help, please!

Hi Kathy,

I've attached a screen shot from ARM and a Cognos Insight report. I hope these help.



A84072.pdf

Application Home

Accounts Receivable Management

Account Summary

Mode View

MSG073 I Record successfully displayed

Client/Acct	00163023 00	Admin Org Unit	D
Client Name	YALI WOOD LTD.		
Locn/City	BURNS LAKE		
Acct Status	Open	Client Status	A
Special Cond	REPAYMENT	MULTI-ACCTS	
Current	437.12 DR	Statement: Last	2
29-56 Days	435.12 DR	Last Payment	2
57-84 Days	433.13 DR	Last Transaction	2
> 84 Days	64,101.72 DR	Client Total Balance	
Acct Balance	65,407.09 DR	Client Trust Balance	
Diary	Phrase		
Comment			
Bring Fwd: Date		Reason	
Attn To			

Thanks,

Carrie Kozijn - Revenue and Collection Analyst

Forest Revenue Operations
Receivables Management Office
Ministry of Finance
ph: 250-387-3769 | fax: 250-356-5604
Email: Carrie.Kozijn@gov.bc.ca

From: McLennan, Kathy E FLNR:EX
Sent: Monday, September 9, 2013 10:16 AM
To: Kozijn, Carrie FIN:EX
Subject: I need help, please!

Hi Carrie,

I'm trying to find some info for my Ops Manager, and I don't know how to get it...

He needs to know how much stumpage is owing on TSL A84072 (Lin Bai).
Can you get that info for me, or tell me where to find it??

Thanks.

Kathy McLennan

Resource Clerk
BCTS – Babine Business Area
(250) 692-2219



BRITISH
COLUMBIA

RECEIPT

783857 K

THE SUM OF

— One Hundred —^{xx} DOLLARS \$100.^{xx}/₁₀₀

ON ACCOUNT OF

Lin Bai.

Transfer Administrative Fee for TSL's

A84072, A86010, A86011 and Rd Permits

R17R32 and R17R05

Payment # 0408494

GST NUMBER

R107864738

The amount receipted above includes GST in the amount of \$

RECEIVED FROM

Lin Bai.

YYYY MM DD

ON 12/01/11 11/06

ISSUING OFFICE

Bahine

ISSUING OFFICER'S SIGNATURE

Rx J38

FIN 48 Rev. 98/11/18
OPC 7530951054 (50/Bk)

WHITE: CUSTOMER

PINK: MINISTRY FILE

CANARY: RETAIN IN BOOK FOR AUDIT

4777 4377 7
2011-10-28

DATE Y/A M/M D/J



NEGOTIABLE AT CURRENT BUYING RATE FOR DEMAND EXCHANGE ON CANADA
NEGOCIABLE AU COURS ACHETEUR EN VIGUEUR SUR EFFETS A VUE PAYABLES AU CANADA
INTERNATIONAL MONEY ORDER / MANDAT INTERNATIONAL

03950 SPRUCELAND SHOPPING CENTRE
PRINCE GEORGE, BC

NAME OF REMITTER / DONNEUR D'ORDRE

TRANSIT NO.
N° D'IDENTIFICATION

BRANCH
CENTRE BANCAIRE

PAY TO THE
ORDER OF
PAYEZ À
L'ORDRE DE

MINISTER OF FINANCE*****

*****100.00

THE SUM OF
LA SOMME DE

*****ONE HUNDRED

CANADIAN DOLLARS CAD
DOLLARS CANADIENS

NOT OVER / NE DOIT PAS EXCÉDER \$5,000

FOR CANADIAN IMPERIAL BANK OF COMMERCE
POUR LA BANQUE CANADIENNE IMPERIALE DE COMMERCE

NOT OVER FIVE THOUSAND DOLLARS / NE DOIT PAS EXCÉDER CINQ MILLE DOLLARS

TO
TIRE:

CANADIAN IMPERIAL BANK OF COMMERCE
TORONTO
CANADA

CHIEF EXECUTIVE OFFICER / CHEF DE LA DIRECTION

Gm'ly

s.22

Cory

File: A 84072

710

S-1054061

THIS INSTRUMENT CONTAINS SECURITY FEATURES
CET INSTRUMENT COMPREND DES ÉLÉMENTS DE SÉCURITÉ

2404532
710 BIL-2008/12



The Best Place on Earth

File: 19620-25/TSL A84072

October 27, 2011

Lin Bai
#104 1850 10th Avenue
Prince George, BC V2M 1N5

Yali Wood Ltd.
c/o P.O. Box 168
339 Highway 16

Dear Lin Bai and Yali Wood Ltd.:

Re: Intended disposition of Timber Sale Licence A84072 (the TSL)

I have received your notice dated September 4, 2011 of the intended disposition of TSL A84072 from Lin Bai to Yali Wood Ltd.

I am satisfied that the requirements of s.54.1 of the *Forest Act* with respect to this intended disposition have been met.

I hereby serve you notice that the disposition of this TSL may proceed, and that the disposition must be completed by November 3, 2011.

I draw your attention to the requirements of section 54(2)(b) of the *Forest Act* with respect to money payable to the government, and to section 54(2)(f) of the Act which requires the disposition of the TSL to be completed by the aforementioned latest date.



...../2



In accordance with the requirement of section 54.2 of the *Forest Act*, after the completion of the disposition of the TSL, both of you must confirm the disposition in writing to the Timber Sales Manager, BC Timber Sales (Business Area) within 7 days after the completion of the disposition.

Yours truly,



Debbie Janning-Stewart, RPF
Timber Sales Manager

Attachment: Notice of intended disposition dated September 4, 2011

Pc: George Halliday, Tenures Specialist, Skeena Region, Suite 500-1011 4th Ave, Prince
George, BC V2L 3H9
Josh Pressey, District Manager, Nadina District, 185 Yellowhead Hwy, Burns Lake,
BC V0J 1E0

File: 19620-25
A84072

June 27, 2011

Lin Bai
#104-1850 10th Avenue
Prince George, British Columbia
V2M 1N5

Dear Lin Bai:

Enclosed is your completed copy of Timber Sale Licence A84072.

Prior to commencing operations on this area you must attend a prework meeting. You can contact Miro Kosalko at (250) 845-5819, or by email at: Miro.Kosalko@gov.bc.ca to arrange for a prework meeting at a time that is suitable for you. Please read the Licence Document and be prepared to comply with all conditions set out therein.



The Licensee is responsible for notifying the Timber Sales Manager when primary harvesting is completed so that the Licence can be inspected and determined that it does not contribute to the three sale limit for bidding purposes.

This letter is an integral part of the Timber Sale Licence Document and should be attached to it.

Yours truly,



Debbie Janning-Stewart, RPF
Timber Sales Manager
Babine Business Area

Enclosure: TSL Document

Bowerbank, Barb FLNR:EX

From: Hedges, Shawn FLNR:EX
Sent: Thursday, October 31, 2013 11:40 AM
To: Watson, Mike T FLNR:EX; Janning-Stewart, Debbie FLNR:EX; Pressey, Josh P FLNR:EX
Subject: FW: Update re: Yaliwood TSLs

Follow Up Flag: Follow up
Flag Status: Flagged

FYI.

From: Hans Dong s.22
Sent: Thursday, October 31, 2013 11:20 AM
To: Hedges, Shawn FLNR:EX
Subject: Re: Update re: Yaliwood TSLs

Hi Shawn,

Thank you for the status update. I will discuss with Mr. Liu and decide next step.

Best regards.

Hongyun

From: [Hedges, Shawn FLNR:EX](#)
Sent: Thursday, October 31, 2013 11:12 AM
To: ['Hans Dong'](#)
Cc: [Falkiner, Mike FLNR:EX](#) ; [Stephen, John G FLNR:EX](#) ; [Pressey, Josh P FLNR:EX](#) ; [Janning-Stewart, Debbie FLNR:EX](#) ; [Watson, Mike T FLNR:EX](#) ; [Archdekin, Graham FLNR:EX](#)
Subject: Update re: Yaliwood TSLs

Hongyun, I got your telmsg yesterday requesting a status report on the 3 recently expired Yaliwood TSLs (A84072, A86010 and A86011). I've since been in touch with Babine BCTS business area staff who advise that:

- Unharvested TSLs A86010 and A86011 – Staff are currently in the process of closing these TSLs. This means the forfeiture of both deposits pursuant to s. 21 (4) of the BCTS Regulation and billing for the outstanding bonus offers.
- Partially harvested TSL A84072 – I understand that the outstanding stumpage and bonus offer applicable to this TSL has been billed in full last week. As well, and as with the TSLs noted above, staff have initiated closure procedures (this could result in the forfeiture of all or part of the deposit).
- Regarding the notion of issuing a salvage FLtC for harvest rights to cut timber remaining on A84072, the circumstances are very different between this TSL and the FLtC direct awarded to Yaorun in Prince George (i.e., FLtC A91720). As such, I speculate that its unlikely that any application for salvage rights from Yaorun, Yaliwood or other affiliate would be successful. That said, BCTS does not issue or administer salvage FLtCs – local district managers do - and if you're interested in pursuing this option you'll have to submit a formal request directly to the district manager in Burns Lake.

Shawn Hedges
Senior Manager, Tenure Operations & Sustainability
BC Timber Sales Headquarters
Office (250) 387-8944, Cellular s.17

From: Hedges, Shawn FLNR:EX
Sent: Monday, October 7, 2013 12:46 PM
To: s.22
Cc: Dixon, Andrea FLNR:EX; Falkiner, Mike FLNR:EX; Jensen, Tom R FLNR:EX
Subject: FW: Explanation Letter regarding missed extension fee payments

Hongyun, we haven't spoken in some time – maybe 10 years or so since you left the Forest Service. Regardless, given my expertise with respect to the legislation and other rules governing BCTS and my familiarity with the Yaorun file Tom and Mike have asked me to contact you. Please call or email me and we can arrange a meeting via phone or in person to discuss further.

From: Hans Dong s.22
Sent: Thursday, October 3, 2013 12:06 PM
To: Jensen, Tom R FLNR:EX
Subject: Fw: Explanation Letter regarding missed extension fee payments

Hi Mr. Jensen,

Further to the attached e-mail letter to Mike Watson and cc'd to yourself regarding extension of the said three TSLs, Mr. Liu of Yaorun Wood would like to have a face to face meeting with you either in Richmond or Victoria by mid next week. We wish to present to you the full case on what transpired, and look forward to a favourable outcome as a result of the meeting.

On behalf of Mr. Liu, I look forward to your early reply.

Best regards.

Hans Dong
Yaorun Wood Representative

From: Ellie Liu s.22
Date: 2013/10/1
Subject: Explanation Letter regarding missed extension fee payments
To: Mike.T.Watson@gov.bc.ca
Cc: Mike.Falkiner@gov.bc.ca, Tom.Jensen@gov.bc.ca, Lisa Wang <s.22>

Dear Mr. Michael Watson,
Good morning. Please see attached Explanation Letter for Late extension payments on TSL's A86010, A86011 & A84072. Thank you very much.
Kind regards,
Ellie.

Bowerbank, Barb FLNR:EX

From: Hedges, Shawn FLNR:EX
Sent: Thursday, October 31, 2013 11:12 AM
To: 'Hans Dong'
Cc: Falkiner, Mike FLNR:EX; Stephen, John G FLNR:EX; Pressey, Josh P FLNR:EX; Janning-Stewart, Debbie FLNR:EX; Watson, Mike T FLNR:EX; Archdekin, Graham FLNR:EX
Subject: Update re: Yaliwood TSLs

Follow Up Flag: Follow up
Flag Status: Flagged

Hongyun, I got your telmsg yesterday requesting a status report on the 3 recently expired Yaliwood TSLs (A84072, A86010 and A86011). I've since been in touch with Babine BCTS business area staff who advise that:

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Senior Manager, Tenure Operations & Sustainability
BC Timber Sales Headquarters
Office (250) 387-8944, s.17

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To: s.22
Cc: Dixon, Andrea FLNR:EX; Falkiner, Mike FLNR:EX; Jensen, Tom R FLNR:EX
Subject: FW: Explanation Letter regarding missed extension fee payments

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To: Jensen, Tom R FLNR:EX
Subject: Fw: Explanation Letter regarding missed extension fee payments

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On behalf of Mr. Liu, I look forward to your early reply.

Best regards.

Hans Dong
Yaorun Wood Representative

From: **Ellie Liu** s.22
Date: 2013/10/1
Subject: Explanation Letter regarding missed extension fee payments
To: Mike.T.Watson@gov.bc.ca
Cc: Mike.Falkiner@gov.bc.ca, Tom.Jensen@gov.bc.ca, Lisa Wang < s.22

Dear Mr. Michael Watson,
Good morning. Please see attached Explanation Letter for Late extension payments on TSL's A86010, A86011 & A84072. Thank you very much.
Kind regards,
Ellie.

Bowerbank, Barb FLNR:EX

From: Janning-Stewart, Debbie FLNR:EX
Sent: Tuesday, August 19, 2014 11:19 AM
To: Bowerbank, Barb FLNR:EX
Subject: FW: Yali Wood

Debbie Janning-Stewart
Timber Sales Manager
BC Timber Sales
Babine Business Area

From: Janning-Stewart, Debbie FLNR:EX
Sent: Tuesday, December 17, 2013 2:21 PM
To: 'shang gao'
Subject: RE: Yali Wood

Shang,
BCTS sells timber through an open and competitive auction process, we cannot directly sell a TSL to a licensee. There is no negotiation I can help you with on this. TSL A91986 will be advertised and auctioned following the same process we use for all TSL's.

From: shang gao s.22
Sent: Monday, December 16, 2013 2:32 PM
To: Janning-Stewart, Debbie FLNR:EX
Subject: Re: Yali Wood

Hello Debbie,

There is a message that Yali Liu, the owner of Yali Wood ask me to translate to you:

"We are not familiar with BCTS' working procedures. You suggest us to talk with your higher level managers. We were finding some officer in Chinese Consulate to talk with Ministry of Forests higher level manager in Vancouver. However it still nothing changed. So, please help us negotiate with your higher level managers, please sell the TSL A91986 to us to help Yali Wood redeem some loss. Thank you!"

Please let me know if you have any news.

Sincerely,

Shang

2013/12/11 Janning-Stewart, Debbie FLNR:EX <Debbie.JanningStewart@gov.bc.ca>

Good morning Shang,

As mentioned in the meeting on November 29th, TSL A86010, A86011, and A84072 expired in August 2013 and at that time Yali Wood Ltd ceased to have rights to the timber. Under the legislation and regulations that govern forestry operations in B.C. I am not able to give back the TSL's or wood in these TSL's to Yali Wood Ltd.

BC Timber Sales will be putting these TSL's up for auction in the future and Yali Wood Ltd would have an opportunity at that time to bid on them.

A84072 is scheduled to be advertised on December 18, 2013 under a new TSL number A91986.

From: shang gao s.22
Sent: Tuesday, December 10, 2013 10:04 AM
To: Janning-Stewart, Debbie FLNR:EX
Subject: Yali Wood

Morning Debbie,

We were wondering that do we have any chances to get back our TSLs? or at least get back the wood that Klaus were falled?

This was a extremely awful year for Yali Wood company, we are suffering right now. We really can't accept any loss.

Please tell me any way that we can fix this issue.

Thank you,

Sincerely,

Shang

Mode View

MSG073 I Record successfully displayed

Client/Acct

00163023

00

Admin Org Unit

DND

...

Nadina Forest District

Client Name

YALI WOOD LTD.

Loctn/City

BURNS LAKE

Acct Status

Open

Client Status

Active

Special Cond

REPAYMENT

MULTI-ACCTS

Current

424,835.75

DR

Statement: Last

20140107

*

Next

20140204

*

29-56 Days

99,886.14

DR

Last Payment

20131030

*

66,010.58

57-84 Days

0.00

Last Transaction

20140107

*

> 84 Days

0.00

Client Total Balance

524,721.89

DR

Acct Balance

524,721.89

DR

Client Trust Balance

-9,281.13

CR

Diary

Phrase

...

Comment

Bring Fwd: Date

*

Reason

Attn To

Enter

Update

View

TxnHist

Exit

Search

Stmt

Chklist

Diary

BF

InitRevw

Cancel

Bowerbank, Barb FLNR:EX

From: Janning-Stewart, Debbie FLNR:EX
Sent: Friday, December 20, 2013 11:30 AM
To: McLennan, Kathy E FLNR:EX
Cc: Watson, Mike T FLNR:EX
Subject: Yali Wood Address

Follow Up Flag: Follow up
Flag Status: Flagged

FYI

From: shang gao s.22
Sent: Thursday, December 19, 2013 4:43 PM
To: Janning-Stewart, Debbie FLNR:EX
Subject: Re: TSL's A86010, A86011

Hello Debbie,

If you don't mind, I can help Yali Wood Ltd to receive those documents.
The address is 1189 Ahbau St, Prince George, BC, V2M 3S2
Sincerely,

Shang

2013/12/19 Janning-Stewart, Debbie FLNR:EX <Debbie.JanningStewart@gov.bc.ca>

Ms Ellie Liu,

Please find letters for TSL A86010 and A86011 attached. Originals copies are being mailed.

As well, we have two addresses on our files for Yali Wood Ltd and ask that you confirm the correct address.

I am working on my determination regarding the deposit forfeiture for A84072. In my determination I will be considering all the relevant facts and correspondence including the information provided at the meeting on November 29, 2013 and the information you sent on December 6, 2013. If there is any further information you would like to provide, please send it in writing by December 23, 2013.