

1. **EFFECTIVE DATE:** June 1, 1998 **EXPIRY DATE:** see Paragraph 20 iii)
2. **LICENSOR:** 558654 British Columbia Ltd. (Incorporation Number 558654)
c/o 1900 - 700 West Georgia Street, P.O. Box 10354
Vancouver, B.C.
V7Y 1G5
3. **LICENSEE:** MacMillan Bloedel Limited
925 West Georgia Street
Vancouver, B.C.
V6C 3L2
4. **GRANT:** The Licensor grants to the Licensee, the non-exclusive licence to enter and be upon that part of the "Lands" shown in red on the attached print and described as
Block 36, except (A) Those portions in Plans 8230, 8368, 8765, 9240, 10186, 12203, 12273, 13678, 13904, 14438, 14728, 14857, 15509, and 15920 (B) Part Outlined in Green on Explanatory Plan 3126 (C) Parcel 7 (Reference Plan 5871), and part Subdivided by Plan LMP25234, District Lot 450, New Westminster District, Plan 8098.
The Licensor acknowledges that the Licensee has the full right and privilege to harvest and remove the timber growing on the lands as of May 31, 1998. A harvesting plan is to be reasonably agreed to between the Licensee and the Licensor. The Timber is deemed to be owned by the Licensee
5. **PURPOSE:** This Licence is granted for the purpose of harvesting of merchantable timber, excluding any poplar trees planted by the Licensor and no other purpose, upon the terms agreed to herein.
6. **LICENCE FEES:** \$1.00
7. **TAXES:** On demand from the Licensor, the Licensee shall pay taxes levied on the timber to be harvested by the Licensee on the Lands.
8. **MAINTENANCE AND REPAIR:** The Licensee shall keep the Lands and the Licensor's roads used in connection therewith in a neat and tidy condition and in a state of repair reasonably acceptable to the Licensor. On termination, the Licensee shall leave the Lands and any the Licensor's roads used in a condition reasonably acceptable to the Licensor.
9. **IMPROVEMENTS:** No improvements may be placed on, or physical changes made to, excepting the harvesting of the timber, the Lands without the prior written consent of the Licensor.
10. **TIMBER:** The Licensee shall not cut or damage, or allow the cutting or damaging of the Licensor's poplar trees on the Lands without the prior written consent of the Licensor.
11. **ROAD USE RULES:** If any the Licensor's road is used in connection with this Licence, the Licensee shall:
a) strictly observe all speed limits and traffic regulations, and
b) suspend use of the Licensor's roads whenever such use is likely to cause excessive damage to them.
12. **PROTECTION AGAINST FIRE:** The Licensee shall
a) lawfully dispose of all slashings and debris created by the Licensee on the Lands in a manner satisfactory to the Licensor;
b) keep the Lands free of flammable and/or explosive material;
c) have on the Lands at all times fire fighting tools and equipment as advised are necessary by the Licensor;
d) immediately notify the Licensor and the nearest Ministry of Forests office upon discovery of any fire in the vicinity of the Lands, and
e) strictly observe the Licensor and Ministry of Forests closure instructions with regard to forest fire hazards.
13. **ENVIRONMENTAL RESPONSIBILITY:**
a) The Licensee shall comply with all applicable environmental laws and implement practicable measures to protect environmental quality and human health.
b) The Licensee shall use the Lands in a commercially reasonable manner to prevent the occurrence of any adverse events and minimize potential hazards that may affect the Licensor and its contractors, invitees, licensees, employees, agents and servants, the public and the environment; and in connection with any occurrence the Licensee shall implement effective control measures and notify all concerned parties.
14. **COMPLIANCE WITH LAWS AND REGULATIONS:** The Licensee shall comply with all laws, by-laws, and regulations, Federal, Provincial or otherwise.

15. **ASSUMPTION OF RISK AND LIABILITY LICENSEE:**
 a) the Licensor has made no representations or given any warranties save as set forth herein.
 b) The Licensee assumes all risk of damage to property of, or injury to the Licensee and the Licensee's contractors, invitees, licensees, employees, agents and servants ("said Licensee") in connection with the exercise of the privileges hereunder.
 c) The Licensee shall pay for all damage resulting directly or indirectly from any act or omission of the said Licensee, whether negligent or otherwise, and shall reimburse the Licensor for all expenses incurred for fighting fire resulting directly or indirectly from said Licensee's acts or omissions hereunder, whether negligent or otherwise.
 d) The Licensee shall indemnify and save harmless the Licensor against all claims or liabilities asserted by third persons resulting directly or indirectly from said Licensee's acts or omissions whether negligent or otherwise.

16. **INSURANCE:** The Licensee shall obtain and maintain during the term hereof
 a) Comprehensive general liability insurance including non-owned automobile, covering bodily injury and property damage including loss of use thereof, and loss of use of tangible property which has not been physically injured or destroyed. The policy shall also include coverage for:
 i) unlicensed and specially licensed vehicles,
 ii) contractual liability covering the Licensee's liability under this Licence; and
 b) Motor vehicle liability covering all said Licensee's licensed vehicles (owned and leased) exercising privileges granted under this Licence. The minimum limits of liability for (a) and (b) shall be \$2,000,000 inclusive. Such insurance shall be issued by an insurance company acceptable to the Licensor, and shall include an endorsement requiring thirty (30) days notice to the Licensor prior to cancellation. The Licensee shall furnish evidence of the insurance prescribed in sub-paragraphs (a) and (b) above to the Licensor upon demand.

17. **TERMINATION, SUSPENSION AND RENEWAL:**
 a) If the Licensee defaults, all privileges hereunder terminate thirty (30) days after notice of default is given by the Licensor to the Licensee, if the default is not remedied within such time, or if the Licensee is not taking reasonable steps to do so. The Licensor's termination of this Licence shall not prejudice the Licensor's right to collect damages on account of the Licensee's breach of any term hereof.
 b) Any failure to exercise the Licensor's right to terminate this Licence in case of default does not constitute a waiver of the Licensee's obligations to perform strictly in accordance with the terms of this Licence. Any such right to terminate shall remain in effect and may be exercised as long as the default continues.
 c) If the Licensee requests a renewal of this Licence at least 3 (three) months before the Expiry Date, the Licensor may, but is not obligated to, grant a renewal on terms satisfactory to it.

18. **NON-ASSIGNMENT:** Neither this Licence nor the privileges hereunder may be assigned in whole or in part by operation of law or otherwise, without the previous written consent of the Licensor, which consent may not be unreasonably withheld.

19. **NOTICES:** All notices shall be written and deemed duly given if delivered by hand or mailed by registered mail, postage prepaid, addressed to the party concerned at the address herein set forth or at such other address as may from time to time be communicated by notice. Notices shall be deemed to have been received, if delivered by hand, on the day delivered, and, if mailed, on the third day after posting unless there is between the time of mailing and actual receipt a mail strike, slowdown or other dispute which might affect delivery of the mail, in which case notice shall be only effective when actually delivered.

20. **OTHER TERMS:**
 i) The Licensee may harvest the timber at any time provided both the Licensor and the Licensee have reasonably agreed to a harvesting plan for the lands. If the Licensee has not developed a harvesting plan and the Licensor requires the timber to be removed, the Licensor, acting reasonably, will provide the Licensee a minimum six (6) months written notice to develop a mutually acceptable harvesting plan. The licensee will immediately commence the planning and development of a harvesting plan for review and approval by the Licensor, approval not to be unreasonably withheld.
 ii) The Licensor will cooperate fully with the Licensee to ensure the appropriate Timber Mark is secured from the Ministry of Forests to allow for the harvesting and removal of the timber from the lands.
 iii) Once the timber has been harvested in accordance with the agreed to harvesting plan and removed from the lands by the Licensee, this licence and all the rights inferred will terminate. Any remaining timber not harvested by the Licensee at this time will belong to the Licensor.
 iv) Should the Licensor enter into a sales agreement for the Lands with another third party prior to the Licensee's harvesting of the Lands, the Licensor will ensure that this Licence agreement will become an attachment to the sales agreement and that any new owner will be bound by all the terms and conditions of this Licence.

21. **SIGNED:**
558654 British Columbia Ltd.
 Per _____
 Signature _____
 Type/Print Name **GEOFFREY E. MYNETT**
CORPORATE SECRETARY
 Position _____
May 29, 1998
 Dated _____

MacMillan Bloedel Limited
 Timberlands and Properties Division
 Per _____
 Signature _____
L.G. Hayley
 Type/Print Name
Manager, Property Administration
 Position
May 29, 1998
 Dated _____

