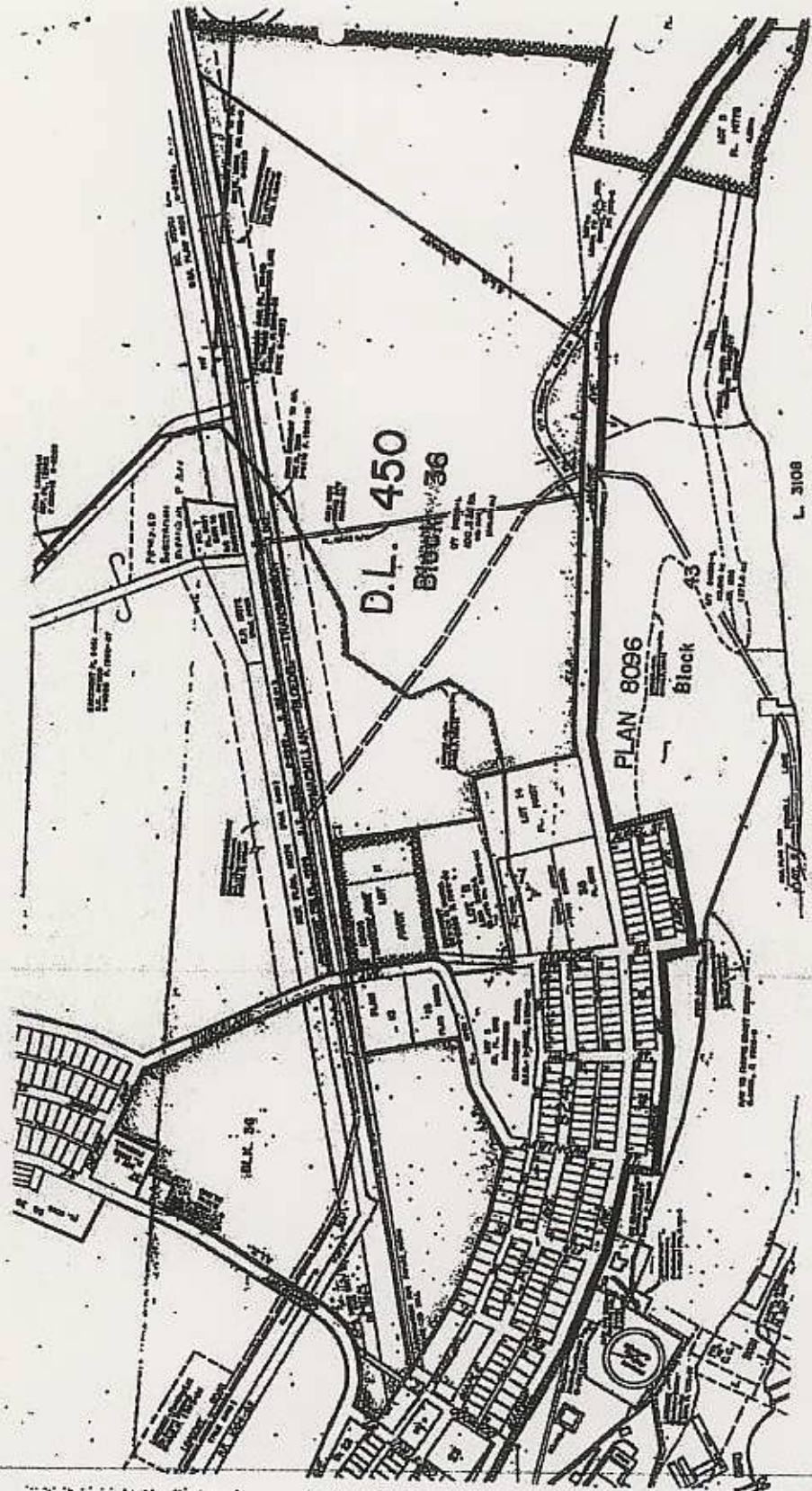


1. **EFFECTIVE DATE:** June 1, 1998 **EXPIRY DATE:** see Paragraph 20 iii)
2. **LICENSOR:** 558654 British Columbia Ltd. (Incorporation Number 558654)
c/o 1900 - 700 West Georgia Street, P.O. Box 10354
Vancouver, B.C.
V7Y 1G5
3. **LICENSEE:** MacMillan Bloedel Limited
925 West Georgia Street
Vancouver, 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, 10196, 12203, 12273, 13678, 13904, 14438, 14728, 14857, 15509, and 15920 (B) Part Outlined in Green on Explanatory Plan 3126 (C) Parcel 7 (Reference Plan 5671), and part Subdivided by Plan LMP25234, District Lot 450, New Westminster District, Plan 8096.
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 _____
 Dated **May 29, 1998**

MacMillan Bloedel Limited
 Timberlands and Properties Division
 Per _____
 Signature _____
 Type/Print Name **GEOFFREY E. MYNETT**
Manager, Property Administration
CORPORATE SECRETARY
 Position _____
 Dated **May 29, 1998**





Pacifica Papers

Property Summary

Interest Granted

Powell River

June 2, 1999

File No: 2804-10

Record No.: G-4258

Prov/State: BC

Common Name: TIMBER RESERVATION ON BLOCK 38

Geographic Loc: POWELL RIVER

Map No:

Document Reg No.:

Tenure: LICENCE/PERMIT

PID No:

Legal Description: BLOCK 38 (SEE TITLE FOR FULL LEGAL)

Land Use: TIMBER RIGHTS

Total Size

Abbreviated Legal: BLK 38

Operating Division: POWELL RIVER

Grantor: PACIFICA PAPERS INC.

Grantee: MACMILLAN BLOEDEL LIMITED

Grantee File No.:

Term: INDEFINITE

Original Doc Date: May-29-1998

Payment Amount: \$1.00

Effective Date: Jun-01-1998

Payment Frequency: TERM

Expiry Date: INDEFINITE

Payment Due Date: 01/06/98

Review Date: Jun-01-2008

Land District/County:

Regional District
/County:

Municipal Area:

Roll Number:

Tax Paid By:

Assessment Area:

School District:

Tax Class:

Timber Mark:

Related Properties: F-1824

Comments: LICENCE TERMINATES UPON HARVESTING OF TIMBER IN ACCORDANCE
WITH HARVESTING AGREEMENT BETWEEN PACIFICA AND MB

SCHEDULE "A"

Norske Canada
Property Summary
Interest Granted
Powell River

Tuesday, October 18, 2005

File No: 2604-10 **Record No.:** G-4258 **Prov/State:** BC

Common Name: TIMBER RESERVATION ON BLOCK 36

Geographic Loc: POWELL RIVER

Map No:

Document Reg No.:

Tenure: LICENCE/PERMIT

PID No:

Legal Description: BLOCK 36 (SEE TITLE FOR FULL LEGAL)

Property Use: TIMBER RIGHTS

TotalSize

Abbreviated Legal: BLK 36

Operating Division: POWELL RIVER

Grantor: NORSKE SKOG CANADA LIMITED

Grantee: WEYERHAEUSER COMPANY LIMITED

Grantee File No.:

Term: INDEFINITE

Original Doc Date: May-29-1998

Payment Amount: \$1.00

Effective Date: Jun-01-1998

Payment Frequency: TERM

Expiry Date: INDEFINITE

Payment Due Date: 01/06/98

Review Date: Jun-01-2008

Land District/County:

Regional District /County:

Municipal Area:

Roll Number:

Tax Paid By:

Assessment Area:

School District:

Tax Class:

Timber Mark:

Related Properties: F-1824

Comments: LICENCE TERMINATES UPON HARVESTING OF TIMBER IN ACCORDANCE WITH HARVESTING AGREEMENT BETWEEN PACIFICA AND MB

ASSIGNMENT OF TIMBER LICENCE AGREEMENT

CATALYST PAPER CORPORATION and PACIFICA POPLARS LTD. (the "Assignors") hereby assign to PRSC LAND DEVELOPMENTS LTD., as General Partner of the PRSC Limited Partnership, (the "Assignee") all of their respective right, title, interest and estate as Licensors in and to the Timber Licences listed on the Schedule attached hereto PROVIDED THAT in the case of the Licences numbered 3, 4 and 5 on the attached Schedule, the Assignors shall retain all their respective right, title, interest and estate in and to those Licences insofar as they cover those portions of the lands not included in the legal descriptions set out in the attached Schedule.

Wherever a single Timber Licence covers lands owned by the Assignors (or either of them) and lands owned by the Assignee, the parties shall co-operate to carry out the obligations and exercise the rights of each as Licensor PROVIDED THAT each will maintain control for any matter or thing in the Licences pertaining to the lands covered by their respective licences.

The Assignee acknowledges receipt of copies of the Licences described on the attached Schedule and agrees to be bound by all the terms and conditions of such Licences with respect to the lands described on the attached Schedule.

This Assignment binds the parties hereto, their successors and assigns.

DATED for reference this 2nd day of August, 2006.

CATALYST PAPER CORPORATION

PACIFICA POPLARS LTD.

Per: Rahmi Singh
Authorized Signatory

Per: Rahmi Singh
Authorized Signatory

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

PRSC LAND DEVELOPMENTS LTD.,
as General Partner of the PRSC LIMITED
PARTNERSHIP

Per: Walter Paul
Walter Paul

Per: Stewart Brett Alsgard
Stewart Brett Alsgard

Per: Lyn Brown
Lyn Brown

SCHEDULE
TIMBER LICENCES

EXISTING PARCELS:

1. **PID 023-209-119, Lot B, District Lot 450, Group 1, New Westminster District, Plan LMP25234 (3.175 hectares/7.84 acres). Reference: Lot between Timberlane & Hemlock (behind Brooks)**
Weyerhaeuser (Cascadia) Timber Reservation File 3605-02 Record #G-4256
Licencee: Island Timberlands Limited Partnership
2. **PID 010-267-409, Block 56, Except part in Plan 12767, District Lot 450, Plan 8096, (approximately 115 acres). Reference: Wildwood, both sides of sewage lagoon, Italian Hall**
Weyerhaeuser (Cascadia) Timber Rights (unregistered) File 3606-03 Record No. G-4261
Licencee: Island Timberlands Limited Partnership

NEWLY SUBDIVIDED LANDS:

3. **Lot A, District Lot 450, Group 1, New Westminster District, Plan BCP 23890**
Contains approximately 96.6 hectares (238.70+ acres). Reference: Gibson's Beach and south of Sliammon First Nations
Weyerhaeuser/Cascadia Timber Reservation File 2703-03 Record G-4259
Licencee: Island Timberlands Limited Partnership
 4. **Lot A, District Lot 450, Group 1, New Westminster District, Plan BCP 23887**
Contains 76.1 hectares (188.0) acres. Reference: South of Timberlane Ave and borders Marine Ave on the west and the BCH power line right of way on the east
Timber Reservation/Cascadia File 3604-02 Record G4257 & G4258
Licencee: Island Timberlands Limited Partnership
 5. **Lot C, District Lot 450, Group 1, New Westminster District, Plan BCP 23887**
Contains 12.8 hectares (31.6 acres). Reference: Bordered by the BCH power line right of way on the west, Cranberry St on the north, Timberlane Ave on the south and Dieppe Ave on the east
Timber Reservation/Cascadia File 3604-02 Record G4257 & G4258
Licencee: Island Timberlands Limited Partnership
 6. **Lot 1, District Lot 450, Group 1, New Westminster District, Plan BCP 23888**
Contains 13.8 hectares (34.1 acres). Reference: Millennium Park east of Marine Ave (Lot 1 is slated to become part of Millennium Park)
Timber Reservation File No. 2101-18 Record G4260
Licencee: Island Timberlands Limited Partnership
 7. **Lot 2, District Lot 450, Group 1, New Westminster District, Plan BCP 23888**
Contains 39.3 hectares (97.1 acres). Reference: Marine Business Park south of mill remainder lands, and east of Marine Ave
Timber Reservation File No. 2101-18 Record G4260
Licencee: Island Timberlands Limited Partnership
-

AGREEMENT

THIS AGREEMENT dated for reference May 4, 2015 is between:

THE CITY OF POWELL RIVER, a municipal corporation under the *Local Government* and having offices at 6910 Duncan Street, Powell River, British Columbia, V8A 1V4

("City")

AND

ISLAND TIMBERLANDS GP LTD. (INC. NO. 0714328) as general partner on behalf of **ISLAND TIMBERLANDS LIMITED PARTNERSHIP** having offices at 4th Floor, 65 Front Street, Nanaimo, British Columbia, V9R 5H9

("ITLP")

BACKGROUND

A. ITLP is the owner of certain timber (the "**Timber**") and is the licensee, as successor in interest to MacMillan Bloedel Limited, of the lands upon which the Timber is located (the "**Lands**") pursuant to five separate licenses all dated June 1, 1998 (collectively, the "**Licenses**") which Licenses were granted over such Lands to facilitate the harvesting of the Timber.

B. Some of the parcels comprising the Lands are owned by the City and the balance of the parcels comprising the Lands are owned by PRSC Land Developments Ltd and Catalyst Paper Corporation.

C. Two of the Licenses, copies of which are attached as Schedule A, (the "**Subject Licenses**") grant rights over, among other lands, those of the Lands legally described as follows:

PID: 026-686-546, LOT 1 DISTRICT LOT 450 GROUP 1 NEW WESTMINSTER DISTRICT PLAN BCP23888; and

PID: 028-024-702, LOT D DISTRICT LOT 450 GROUP 1 NEW WESTMINSTER DISTRICT PLAN BCP42255

(the "**Millennium Park Lands**")

which Millennium Park Lands the City wishes to formally establish as park.

D. The City and ITLP have agreed that ITLP will release its rights to the Timber upon, and the Lands comprising, the Millennium Park Lands in consideration of the Release Payment (as defined below) by the City all in accordance with the terms and conditions of this Agreement.

AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties agree as follows:

1. ITLP agrees that effective as of the Release Date and provided that the Release Payment (as defined below) has been received by ITLP in full, ITLP releases and discharges any and all interest it has in and to the Timber located upon the Millennium Park Lands and in and to the Millennium Park Lands.
2. As consideration for the release described in paragraph 1 above, the City agrees to: pay to ITLP a payment (the "**Release Payment**") in the amount of \$1,125,000 plus GST, payable within 2 business days following execution of this Agreement by both parties (or the next business day if such is not a business day) (the "**Release Date**").
3. The parties will execute and deliver all other appropriate supplemental agreements and other documents, and take any other action necessary, to give full effect to this Agreement and to make this Agreement legally effective, binding, and enforceable as between them and as against third parties, including but not limited to, amending the Subject Licenses to ensure that the Millennium Park Lands are permanently excluded from the application of the Subject Licenses.
4. This Agreement will be binding upon and enure to the benefit of the parties and their respective successors and assigns.
5. Except for the provisions of this Agreement, nothing in this Agreement imposes any legal duty of any kind on the City to any one, or obliges the City to enforce this Agreement, to perform any act or to incur any expense in respect of this Agreement.
6. No alleged waiver of any breach of this Agreement is effective unless it is an express waiver in writing of the breach in respect of which it is asserted against the party alleged to have given the waiver. No such waiver of any breach of this Agreement operates as a waiver of any other breach of this Agreement.
7. All of the obligations and covenants contained in this Agreement are severable, so that if any one or more of the obligations or covenants are held by or declared by a court of competent jurisdiction to be void or unenforceable, the balance of the obligations and covenants will remain and be binding.
8. If any section, subsection, sentence, clause or phrase in this Agreement is for any reason held to be invalid by the decision of a Court of competent jurisdiction, the parties hereto shall agree upon an amendment to be made to the section, subsection, sentence, clause or phrase previously found to be invalid and shall do or cause to be done all acts reasonably necessary in order to amend this Agreement so as to reflect its original spirit and intent.

9. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia which shall be deemed to be the proper law thereof.
10. Nothing contained or implied in this Agreement shall fetter in any way the discretion of the City or the Council of the City. Further, nothing contained or implied in this Agreement shall derogate from the obligation of ITLP under any other agreement with the City or, if the City so elects, prejudice or affect the City's rights, powers, duties or obligation in the exercise of its functions pursuant to the *Community Charter* or the *Local Government Act*, as amended or replaced from time to time, or act to fetter or otherwise affect the City's discretion, and the rights, powers, duties and obligations of the City under all public and private statutes, by-laws, orders and regulations, which may be, if the City so elects, as fully and effectively exercised in relation to the Lands as if this Agreement had not been executed and delivered by ITLP and the City.
11. ITLP covenants and agrees that in addition to any remedies which are available under this Agreement or at law, the City shall be entitled to all equitable remedies, including specific performance, injunction and declaratory relief, or any combination thereof, to enforce its rights under this Agreement. ITLP acknowledges that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a default by ITLP under this Agreement.
12. The City covenants and agrees that in addition to any remedies which are available under this Agreement or at law, ITLP shall be entitled to all equitable remedies, including specific performance, injunction and declaratory relief, or any combination thereof, to enforce its rights under this Agreement. The City acknowledges that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a default by the City under this Agreement.
13. Time is of the essence of this Agreement.
14. Wherever the singular or masculine is used herein the same shall be construed as meaning the plural, feminine or the body corporate or politic where the contents or the parties so require. If ITLP is comprised of more than one person or entity, then each such person and entity is jointly and severally bound by the representations, warranties, agreements, and covenants of ITLP herein and any notice given or deemed to have been given at any time to any such person or entity shall be deemed to have been given at the same time to each other such person and entity.
15. This Agreement may only be amended in writing by agreement of all parties hereto and any such amendment may, upon execution, be deposited in the Land Title Office for registration as an amendment to this Agreement.

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Agreement as of the date noted below.

ISLAND TIMBERLANDS LIMITED PARTNERSHIP, by its General Partner **ISLAND TIMBERLANDS GP LTD.**, by its authorized signatories, has executed this Agreement this 4th day of MAY, 2015



Authorized Signatory

THE CITY OF POWELL RIVER, by its authorized signatories, has executed this Agreement this 4th day of MAY, 2015



Authorized Signatory



Authorized Signatory