

**UNOFFICIAL OFFICE CONSOLIDATION**

GOVERNMENT OF THE PROVINCE OF ALBERTA

FORESTS ACT

FOREST MANAGEMENT AGREEMENT

O.C. 550/2005 dated at Edmonton

November 30, 2005

To reflect the May 1, 2010 assignment of Alberta Plywood Ltd. to West Fraser Mills Ltd.; any mention of Alberta Plywood Ltd. should be substituted with West Fraser Mills Ltd.

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**MEMORANDUM OF AGREEMENT**

**BETWEEN:**

**HER MAJESTY THE QUEEN** in the right of the Province of Alberta, as represented by the Minister of Sustainable Resource Development, (hereinafter referred to as "the Minister"),

OF THE FIRST PART

and

**TOLKO INDUSTRIES LTD.**, a body corporate, registered under the laws of Alberta, with a business office in the vicinity of Slave Lake, Alberta, (hereinafter referred to as "Tolko"),

OF THE SECOND PART

and

**VANDERWELL CONTRACTORS (1971) LTD.**, a body corporate, registered under the laws of Alberta, with a business office in the vicinity of Slave Lake, Alberta, (hereinafter referred to as "Vanderwell"),

OF THE THIRD PART

and

**WEST FRASER MILLS LTD.**, a body corporate, registered under the laws of Alberta, with a business office in the vicinity of Slave Lake, Alberta (hereinafter referred to as "APL"),

OF THE FOURTH PART

**WHEREAS** the Companies own and operate, in the vicinity of Slave Lake, Alberta, manufacturing facilities to process coniferous and deciduous logs; and

**WHEREAS** the Minister, recognizing the Companies' needs for a forest management agreement to warrant the continued operation and expansion of their facilities, desires to provide for a perpetual sustained yield of timber for such operations; and

**WHEREAS** it has been mutually agreed by the parties hereto that it is desirable to enter into this forest management agreement to replace the forest management agreement authorized under O.C. 614/90; and

**WHEREAS** the Minister desires to provide for sustainable development of all resources and to provide for the fullest possible economic utilization of timber from the forest management area and employment in local communities by maximizing the value of the timber resource base while maintaining a forest environment of high quality;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the premises, terms, conditions, covenants, stipulations, agreements and provisions herein contained, the Minister and the Companies hereby agree as follows:

### **DEFINITIONS**

1 (1) In this Agreement

- (a) "Agreement" means this forest management agreement including all appendices or schedules attached hereto, and any written amendments made hereto from time to time by the agreement of all parties;
- (b) "APL" means Alberta Plywood Ltd.;
- (c) "annual allowable cut" is the amount of timber that may be harvested in any one forest management operating year as stipulated in the pertinent forest management plan approved by the Minister;
- (d) "commencement date" has that meaning provided for in paragraph 2(1);
- (e) "Companies" means, collectively, Tolko Industries Ltd., Vanderwell Contractors (1971) Ltd., and Alberta Plywood Ltd. and "Company" means any one of them;
- (f) "Crown" means Her Majesty the Queen in right of Alberta;
- (g) "cubic metre" shall have the same meaning as that prescribed by the Timber Management Regulation;
- (h) "cut control period" means a period of five consecutive forest management operating years or as otherwise mutually agreed by the Minister and the Companies;
- (i) "Department" means the Department of Sustainable Resource Development;
- (j) "designate" has that meaning provided for in paragraph 41;
- (k) "Disposition and Fees Regulation" means Alberta Regulation 54/2000;
- (l) "dollar" means Canadian currency of the value of one Canadian dollar, or the Canadian equivalent value of any other currency;
- (m) "forest management area" refers to the tract of forest land as specifically defined in paragraph 3;
- (n) "forest management operating year" shall mean the operating year established pursuant to paragraph 18(1);
- (o) "forest planning standards" shall mean those forest planning standards published by the Minister as amended from time to time;

- (p) "periodic allowable cut" is the total of the annual allowable cuts approved for a five-year cut control period or as otherwise mutually agreed to by the Minister and the Companies;
  - (q) "Scaling Regulation" means Alberta Regulation 195/2002;
  - (r) "Timber Management Regulation" means Alberta Regulation 60/73;
  - (s) "Timber Regulation" means Alberta Regulation 404/92;
  - (t) "Tolko" means Tolko Industries Ltd.; and
  - (u) "Vanderwell" means Vanderwell Contractors (1971) Ltd.
- 1 (2) Any reference in this Agreement to an Act or regulation of Alberta shall mean, for the purposes of this Agreement, those Alberta Acts and the regulations thereunder as each may from time to time be amended respectively or such Acts or regulations as may from time to time be substituted therefor, and terms defined by the *Forests Act*, or the *Public Lands Act*, or the regulations made thereunder shall, for the purposes of this Agreement, have the meaning given to them by those Acts and regulations as each may be amended or substituted from time to time.
- 2 (1) This Agreement shall commence on the first day of January, 2006 (herein referred to as the "commencement date") and shall expire on the last day of April, 2026 unless renewed under the provisions of subparagraph (3).
- (2) It is the intention of the parties hereto to continue the respective rights of the Companies under paragraph 7 to establish, grow, harvest, and remove timber on the forest management area for additional terms of twenty years if, pursuant to subparagraph (3), agreement thereon can be reached by the Minister and the Companies and such agreement is approved by the Lieutenant Governor in Council.
- (3) Subject to the approval of the Lieutenant Governor in Council and provided that a Company or Companies are not in default as to any of the terms, conditions, stipulations, covenants, agreements or provisions of this Agreement, the Company or Companies then not in default shall be entitled to a renewal of this Agreement whereby their rights under paragraph 7 to establish, grow, harvest, and remove timber are continued, on condition that:
- (a) the Companies, or a Company who is not then in default of the terms, conditions, stipulations, covenants, agreements or provisions of this Agreement, gives notice to the Minister during the eighth or ninth years following the commencement date of its desire to renew this Agreement; and
  - (b) mutually acceptable terms, conditions, stipulations, covenants, agreements and provisions (including further renewal provisions or other requirements) can be negotiated at the time of renewal.
- (4) Within sixty (60) days of the Companies or a Company giving a notice under subparagraph (3)(a), the Companies or a Company, as the case may be, and the Minister shall carry out good faith negotiations in an attempt to agree on a renewal of the Agreement with a term of twenty years and have it approved by the Lieutenant Governor in Council prior to the tenth anniversary of the commencement date.
- (5) The Companies and the Minister may agree to commence negotiations at times other than that provided for in subparagraph (3).

## **FOREST MANAGEMENT AREA**

- 3 The Minister and the Companies hereby enter into this Agreement in respect of the forest management area comprising, subject to paragraphs 4, 5, and 6, public lands within the boundaries shown outlined on a map registered with the Department, a copy of which is annexed hereto as Appendix "A".
- 4 Out of the area shown within the boundaries outlined as shown in Appendix "A" the following are excepted:
  - (a) lands which are the subject of a disposition issued pursuant to the *Public Lands Act*, other than a Forest Grazing Licence, prior to the commencement date or lands in respect of which a disposition under the *Public Lands Act*, other than a Forest Grazing Licence, has been approved but which issuance is pending prior to the commencement date;
  - (b) lands which have been reserved under section 18(c) of the *Public Lands Act* prior to the commencement date or in respect of which a reservation has been approved but which has not been granted prior to the commencement date;
  - (c) the beds and shores of all permanent and naturally occurring bodies of water and all naturally occurring rivers, streams, watercourses and lakes; and
  - (d) lands contained within any Provincial Park, Forest Recreation Area, Provincial Recreation Area, Natural Area or Ecological Reserve prior to the commencement date.
- 5 Whenever any of the land excepted under paragraph 4 or subsequently withdrawn from the forest management area becomes available for disposition and where such land is intended to be returned to timber production by the Minister, the Minister shall notify the Companies when such land becomes available and where the Companies request that such land be returned to timber production by the Minister, the Minister shall return these lands back to the forest management area.

## **WITHDRAWALS**

- 6 (1) The Minister may, at any time and from time to time in the Minister's discretion, after consultation with the Companies with respect to the effect any such withdrawal may have on the forest management area, either permanently or for a specified term, withdraw from the forest management area:
  - (a) any land which cannot be logged without causing substantial harm to the water table or to lakes, rivers, streams or other bodies of water, to the margins of water courses or to roads;
  - (b) any lands required for rights-of-way, or water resource development;
  - (c) any lands required for any other purposes deemed by the Minister to be required for the human or physical resource development of the Province;
  - (d) any lands required for commercial or industrial purposes; and
  - (e) any lands that are not capable of producing timber unless those lands are required to support forest management planning objectives in the approved forest management plan.
- (2) A withdrawal shall take effect:
  - (a) on the date that a notice of withdrawal is given by the Minister to the designate, or
  - (b) where the notice given to the designate states that the withdrawal shall take effect at a future date, on the date stated in the notice.

- (3) In the event from time to time, after consultation with the Companies, of any withdrawal or withdrawals of land from the forest management area by the Minister under subparagraph (1):
  - (a) for disposition to users other than the Crown, the Companies shall be entitled to reasonable compensation from the users of the area withdrawn for any loss of profit or other damage or loss suffered by the Companies, including by way of example, but without limitation, damage to timber, improvements, regeneration, forest growth, or to their operations on the forest management area resulting from such withdrawals;
  - (b) for use by the Crown wherein the cumulative net aggregate area withdrawn does not exceed 1.42% of the original net forest management area, the Minister shall determine the compensation and arrange for reimbursement to the Companies, or any of them, for the actual loss or damage resulting from such withdrawal to any improvements created by the Companies' efforts, or any of them, but not for any loss of profit, inconvenience nor increased costs reasonably incurred by the Companies in harvesting an equivalent volume of timber elsewhere;
  - (c) for use by the Crown wherein the cumulative net aggregate area withdrawn does exceed 1.42% of the original net forest management area, the Minister shall determine the compensation in respect of such excess and arrange for reimbursement to the Companies for any increased costs reasonably incurred by the Companies in replacing the lost volume of timber and for any loss or damage suffered by the Companies, including damage to timber, improvements, regeneration, forest growth, or to their operations on the forest management area; and
  - (d) in the event that any or all of subparagraphs (a), (b) or (c) should apply, only a Company which has actually suffered loss or damage shall be entitled to the prescribed compensation as set forth in this subparagraph.
- (4) The Minister may, from time to time, designate certain uses for which the withdrawal of lands under subparagraph (1) shall be exempt from subparagraph (3)(a) and where the Minister has so designated, the compensation with respect to such withdrawals and uses shall be as set out in subparagraphs (3)(b) and (c).
- (5) Compensation under subparagraphs (3)(b) and (c) may be monetary or by the addition of available public land to the forest management area or a combination of both.
- (6) If the administration and control of any of the lands comprising the forest management area is transferred to the Crown in right of Canada, the Companies shall be entitled to compensation under subparagraph (3) as if the lands were withdrawn for use by the Crown.
- (7) For the purposes of applying subparagraphs (3)(b) and (c),
  - (a) the original net forest management area means the area of the forest management area established as of the commencement date and agreed upon by the Companies and the Minister;
  - (b) the cumulative net aggregate area withdrawn shall be calculated taking into consideration all exceptions and additions to the original net forest management area under subparagraphs (4) and (5) and paragraphs 4 and 5 and all withdrawals under subparagraph (1) for use by the Crown.
- (8) Monetary compensation received by the Companies under subparagraph (3)(a) and paragraph 8(1)(b) shall only be used to replace loss of property, to repair damage to improvements, to replace lost timber resource, to compensate for lost annual allowable cut, and to reforest public land returned to the forest management area.
- (9) The Companies shall maintain complete and accurate records of the receipt and use of all compensation funds received under subparagraph (3)(a) and paragraph 8(1)(b).

- (10) The Minister may from time to time at the Minister's discretion request verifiable documentation of the use of compensation funds received under subparagraph (3)(a) and paragraph 8(1)(b) and the Companies shall comply with any such request.

### **RIGHTS OVER THE LAND**

- 7 (1) Subject to all the terms and conditions of this Agreement, the Minister grants:
- (a) to Tolko, the right, during the term of this Agreement, to enter upon the forest management area to:
    - (i) establish, grow, harvest and remove all deciduous timber thereon on a perpetual sustained yield basis as provided for in the approved forest management plan; and
    - (ii) harvest and remove coniferous timber on behalf of Vanderwell and/or APL where such coniferous timber has been approved for harvest under an annual operating plan;
  - (b) to Vanderwell and APL, the right during the term of this Agreement, to enter upon the forest management area to:
    - (i) establish, grow, harvest and remove all coniferous timber thereon on a perpetual sustained yield basis as provided for in the approved forest management plan; and
    - (ii) harvest and remove deciduous timber on behalf of Tolko where such deciduous timber has been approved for harvest under an annual operating plan;
  - (c) to the Companies, the right during the term of this Agreement to enter upon the forest management area for the following purposes:
    - (i) to carry out silviculture and other programs that are approved by the Minister in accordance with this Agreement; and
    - (ii) to construct, operate and maintain roads, bridges, camps, timber processing operations, wood concentration yards and other installations necessary and incidental to the Companies' harvesting and silvicultural operations on the forest management area.
- (2) For the purpose of interpreting the *Surface Rights Act*, the Companies are each an occupant of the public lands comprising the forest management area.
- (3) The Minister shall cause land dispositions required within the forest management area for work such as roads, bridges, camps, timber processing operations, wood concentration yards, and other necessary works incidental to the Companies' respective harvesting and silvicultural operations to be issued to the Companies without any dues, fees or rental charges being assessed, levied, or paid under the *Public Lands Act* or any regulation thereunder, except for timber dues and additional charges on timber, but such dispositions shall otherwise be subject to any pertinent regulations.
- (4) Notwithstanding subparagraph (3), the Companies may each obtain sand and gravel needed for their operations under this Agreement from any vacant public land on the forest management area pursuant to the Disposition and Fees Regulation, subject to the payment by the Companies or a Company, as applicable, of all required fees and royalties. In no case, however, shall the Companies be required to pay fees or royalties for *in situ* right-of-way material located and used where it is found within the right-of-way.
- (5) It is recognized by the Minister that the use of the forest management area to establish, grow, harvest and remove timber is to be the primary but not exclusive use thereof in keeping with the principles of sustainable forest management.

- 8 (1) The Minister reserves all rights on the forest management area not specifically given hereby to the Companies in this Agreement, including by way of example, but without limiting the generality of the foregoing:
- (a) the right of others to travel, hunt, fish and otherwise use the said lands for recreational purposes, subject to any necessary restrictions approved by the Minister for the purpose of prevention of accidents, fire control, protection of wildlife, and seasonal protection of roads;
  - (b) the right to authorize any person to conduct any work in connection with or incidental to geological or geophysical exploration pursuant to the *Mines and Minerals Act*, or the Exploration Regulation; provided that the Companies or a Company, as applicable, shall be entitled to reasonable compensation, from the person or company which holds the authorization to conduct the exploration, for any loss or damage suffered by any of the Companies and resulting from such exploration including by way of example but without limitation, for any damage to timber, forest growth, regeneration, improvements or to any of its operations on the forest management area; and provided further that the Companies shall not be entitled to compensation for damage to timber or forest growth caused by any such geological or geophysical exploration where the right to such timber has been granted to a third party under a timber disposition;
  - (c) the right to maintain and enhance forest resources, including fish and wildlife resources, provided the Companies' right to establish, grow, harvest, and remove timber is not significantly impaired; and
  - (d) the right to authorize trapping and, after consultation with the Companies, to authorize domestic stock grazing provided that the domestic stock grazing will not damage regeneration of managed species to the point where growth performance and overall stocking are reduced below the reforestation standards set out in or agreed pursuant to the Timber Management Regulation or such other standards approved by the Minister and provided the Companies' right to establish, grow, harvest, and remove timber is not significantly impaired.
- (2) The Minister also reserves the following rights to timber on the forest management area:
- (a) the right, after consulting with the Companies, to issue timber dispositions to provide timber for local use in construction and maintenance of public works by any local authority, municipality, county, the Crown in right of Alberta or Canada, and for local residents for their own use and sale provided, however, that the total annual volume of timber cut under authority of such timber dispositions does not exceed:
    - (i) 6,000 cubic metres of deciduous timber; and
    - (ii) 7,800 cubic metres of coniferous timber.Any volume not used in a forest management operating year will accrue to the Companies, as described in the approved forest management plan.
  - (b) the right, after consulting with the Companies, to manage and reforest tree species on those lands which are subject to the allocations and timber dispositions referred to in subparagraph (2)(a) which may be required to maintain the annual allowable cut as set out in the approved forest management plan.
- (3) The Minister and the Companies agree to provide, each to the other, in confidence, such available information as the Minister and the Companies may reasonably request concerning the operations on the forest management area that are authorized under timber dispositions. The Minister shall consult with the Companies on an ongoing basis as may be required to minimize any conflict on the forest management area between the operations authorized under the timber dispositions issued pursuant to subparagraph (2) and the respective operations of the Companies.

## **FOREST MANAGEMENT**

### **A. GENERAL PROVISIONS**

- 9 On the forest management area, the Companies shall, in accordance with the approved forest management plan, follow sound forest management practices designed to provide a perpetual sustained yield of timber from the productive forest land, while not reducing the productivity of the land.
- 10 (1) The Companies shall submit a forest management plan in accordance with the forest planning standards for the Minister's approval on or before May 1, 2008 and a new forest management plan on or before May 1, 2018.
- (2) Each forest management plan developed under subparagraph (1), when approved, will replace the previously approved forest management plan.
- (3) Before the Companies submit a forest management plan referred to in subparagraph (1) to the Minister for review and approval, the Companies shall make the necessary arrangements required for and shall conduct presentations and reviews of their proposed forest management plans with the public and timber disposition holders in accordance with the forest planning standards as well as with potentially affected First Nations, including but not limited to First Nations having Reserve land located within or in close proximity to, the forest management area and such other potentially affected First Nations as may be identified by the Minister to the Companies in writing from time to time.
- (4) After such presentations and reviews referred to in subparagraph (3), the Companies shall incorporate in the forest management plan their response to the public, First Nations, and timber disposition holders respecting the proposed forest management plan.
- (5) The forest management plans referred to in subparagraph (1) shall:
- (a) provide for the maintenance of the annual allowable cut for both the coniferous and deciduous species, subject to withdrawals of land or the occurrence of natural disasters,
  - (b) account for both the coniferous and deciduous components of the growing stock in the forest management area, and shall ensure that these components are being replaced through strategies described in the approved forest management plans and annual operating plans; and
  - (c) address forest risks associated with wildfire, insect and disease threats.
- (6) The Minister may require the Companies, after consulting with the Companies, to alter any of the methods described in their forest management plans before approving such plans provided, however, that the changes required by the Minister are consistent with the forest planning standards.
- (7) The Minister agrees that so long as a plan required under this paragraph has been submitted by the Companies within the time periods herein specified and provided such plan complies with the requirements of this Agreement, unless the Minister has sent a notice under paragraph 12, the Companies are hereby authorized to continue to carry on their respective operations pursuant to the existing approved plan, pending approval being granted by the Minister to the newly submitted plan.
- (8) Should the Companies fail to submit a forest management plan on the dates identified in subparagraph (1) or the submitted plan is not satisfactory to the Minister, without in any way limiting the Minister's other rights or remedies hereunder, the Minister may set new dates by reasonable notice in writing for revised forest management plan submissions.



- (9) The Companies shall co-operate with the development and implementation of integrated land management initiatives to the satisfaction of the Minister.
- 11 (1) The Companies shall not digress from the approved plans without the Minister's consent in writing, with the understanding that the Minister shall provide a full explanation whenever consent is withheld.
- (2) Notwithstanding subparagraph (1), the Companies may continue their respective operations under approved plans submitted pursuant to the forest management agreement authorized by O.C. 575/86 until such time as those plans are either replaced by plans approved under this Agreement or the Minister deems the existing plans obsolete or inadequate pursuant to paragraph 12.
- 12 (1) When, in the opinion of the Minister, any approved plan becomes obsolete or inadequate, the Minister may, by reasonable notice in writing, require the Companies to submit a revised plan for approval within a specified time, or within any extended time the Minister may subsequently allow.
- (2) In the event the Minister's dates for forest management plan submission under paragraph 10(1) or any revised dates under paragraph 10(8) are not met, or in the event that the Minister requires the Companies to submit a revised forest management plan under subparagraph (1), the Minister may impose remedies until such time as a new revised plan is approved. The remedies may include but are not limited to:
- (a) imposition of an annual allowable cut;
  - (b) modification of the approved harvest sequence;
  - (c) adjustment of the yield curves used in the approved forest management plan; and/or
  - (d) the requirement to develop cooperative landscape objectives.
- (3) If the Minister adjusts the dates for forest management plan submission under paragraph 10(8), the Companies may continue to carry out operations in accordance with the approved forest management plan as modified by any remedies imposed by the Minister under subparagraph (2).
- 13 (1) The Companies shall recommend a harvest schedule in the forest management plans for the Minister's approval, including areas available for harvesting by other timber disposition holders on the forest management area.
- (2) The Minister shall consult with the Companies concerning proposed areas and methods of harvesting by holders of timber dispositions on the forest management area before designating the areas in which their operation may be carried on.
- (3) The Companies shall, through sustainable forest management planning, make reasonable efforts to integrate and coordinate the management of the forest resources with all timber disposition holders operating on the forest management area.
- (4) The Minister shall require third party timber disposition holders operating within the forest management area to conduct all harvesting operations in accordance with the Companies' approved plans and to refrain from hindering or obstructing the lawful operations of the Companies.
- 14 (1) The Companies shall conduct such forest inventories of the forest management area as are necessary to prepare the plans required by this Agreement.
- (2) The Companies shall maintain a reasonably complete and accurate forest inventory in accordance with the forest planning standards.
- (3) Unless otherwise agreed to by the parties, the Companies shall maintain or participate in a deciduous and coniferous growth and yield program consistent with prevailing standards and policies and acceptable to the Minister on lands within the forest management area.

- 15 All information and data related to the forest management area that has been collected or generated by the Companies or the Minister relating to forest management planning including forest inventory, other resource uses, growth and yield data, reforestation results, and operational and detailed planning maps shall be made available to the Minister, or the Companies, whichever is the case, free of charge, upon request and on a timely and confidential basis.
- 16 (1) The Companies shall conduct their timber harvesting and reforestation operations in accordance with the approved ground rules jointly developed by the Companies and the Minister until such time as they are replaced by the new set of ground rules developed in accordance with subparagraphs (2) or (3).
- (2) Concurrently with the development of the forest management plans developed under paragraph 10(1), or at such time as may be agreed to by all parties, the Minister and the Companies shall jointly develop a new set of ground rules consistent with the forest management plans.
- (3) If a set of ground rules, or a revision to a set of ground rules, cannot be established by mutual agreement, the Minister may establish or revise a set of ground rules that are consistent with the approved forest management plans and the "Timber Harvest Planning and Operating Ground Rules" published by the Minister as amended from time to time.
- (4) At the initiative of any party to this Agreement, the Minister and the Companies shall jointly review the ground rules. These ground rules may be altered by mutual agreement of the Minister and the Companies.
- 17 (1) The term of this Agreement shall be divided into four cut control periods each with a duration of five years or as otherwise agreed by the Minister and the Companies.
- (2) If Tolko over cuts the deciduous periodic allowable cut, the Minister shall reduce the deciduous periodic allowable cut during the subsequent cut control period by an amount equivalent to the entire over cut volume, except to the extent that the over cut results from the salvage of dead, damaged, endangered, diseased, or decadent timber.
- (3) If Vanderwell over cuts their portion of the coniferous periodic allowable cut as outlined in the approved forest management plan, the Minister shall reduce Vanderwell's coniferous periodic allowable cut during the subsequent cut control period by an amount equivalent to the entire over cut volume, except to the extent that the over cut results from the salvage of dead, damaged, endangered, diseased, or decadent timber.
- (4) If APL over cuts their portion of the coniferous periodic allowable cut as outlined in the approved forest management plan, the Minister shall reduce APL's coniferous periodic allowable cut during the subsequent cut control period by an amount equivalent to the entire over cut volume, except to the extent that the over cut results from the salvage of dead, damaged, endangered, diseased, or decadent timber.
- (5) Where production is lower than the periodic allowable cut, the Company responsible for any reduced production may submit a program satisfactory to the Minister making up the undercut volume in the subsequent cut control period, or such other period as may be approved by the Minister as an amendment to the approved forest management plan.
- 18 (1) The Companies shall forthwith following the commencement date establish a forest management operating year that shall commence and end on dates approved by the Minister.
- (2) The Companies shall submit to the Minister annual operating plans in accordance with the ground rules referred to in paragraph 16.
- (3) Each annual operating plan shall be prepared in accordance with the approved forest management plan and include operating projections showing the proposed harvesting operation intended by the Companies. Such operating projections shall be in accordance

with the forest planning standards and shall cover the period of time specified in the ground rules referred to in paragraph 16.

- (4) The Minister may approve such plans as are submitted, or may require the Companies, after discussing any proposed changes with the Companies, to alter any harvesting operations described in the plans, provided that the Minister shall not thereby alter the ground rules and acts promptly so as to avoid delay in the Companies' operations.
  - (5) When the annual operating plan does not provide for the salvage of dead, damaged, diseased, or decadent timber, the Minister may give notice to the Companies that the Minister requires provision for its salvage in such plan. The Companies shall have thirty days from the date on which such notice is given to the Companies by the Minister within which to amend the plan, or to justify the exclusion of such timber from their plan. If the Companies fail or elect not to do either within such period, the Companies shall not be deemed to be in default and the Minister may dispose of such timber to any person by a timber disposition not exceeding two years in duration without compensating the Companies and the volume of timber so disposed will be charged by the Minister as production under this Agreement.
- 19 The Companies shall utilize all the merchantable timber cut in road construction and other incidental operations of the Companies unless otherwise permitted in writing by the Minister.
- 20 (1) The Companies shall not hinder or obstruct the lawful timber operations of other timber disposition holders.
- (2) It is recognized that during their operations, other timber disposition holders may cause some incidental damage to timber on the forest management area. No claim shall be made by the Companies against any timber disposition holder, or the Minister, for reasonably unavoidable incidental damage to timber.
  - (3) The Minister shall ensure that all timber dispositions issued on the forest management area after the commencement date shall include a provision preventing a claim against the Companies for reasonably unavoidable incidental damage to timber.
  - (4) For greater certainty, all existing quota certificates or timber dispositions on the forest management area held by APL and Vanderwell shall terminate and be at an end effective as of midnight on the day immediately prior to the commencement date.

## **B. REFORESTATION**

- 21 (1) Tolko shall reforest at its own expense:
- (a) all lands cut over by or for Tolko under this Agreement and under the Forest Management Agreement authorized by O.C. 614/90 to the required reforestation standard and shall describe its reforestation program in its forest management plans and annual operating plans; and
  - (b) those lands cut over by Weldwood of Canada Limited and Weyerhaeuser Company Limited under the forest management agreement authorized by O.C. 575/86 prior to the commencement date that comprise part of the forest management area, and that have not been recognized by the Minister as being satisfactorily regenerated and shall reforest those lands to the required reforestation standard and shall describe its reforestation program in its forest management plans and annual operating plans.
- (2) Vanderwell shall reforest at its own expense:
- (a) all lands cut over by or for Vanderwell under this Agreement to the required reforestation standard and shall describe the reforestation program in its forest management plans and annual operating plans; and

- (b) those lands cut over by or for Vanderwell prior to the commencement date that comprise part of the forest management area, the reforestation of which was the responsibility of Vanderwell and that has not been recognized by the Minister as being satisfactorily regenerated and shall reforest those lands to the required reforestation standard and shall describe the reforestation program in its forest management plans and annual operating plans.
- (3) APL shall reforest at its own expense:
  - (a) all lands cut over by or for APL under this Agreement to the required reforestation standard and shall describe the reforestation program in its forest management plans and annual operating plans; and
  - (b) those lands cut over by or for APL prior to the commencement date that comprise part of the forest management area, the reforestation of which was the responsibility of APL and that has not been recognized by the Minister as being satisfactorily regenerated and shall reforest those lands to the required reforestation standard and shall describe the reforestation program in its forest management plans and annual operating plans.
- (4) In this Agreement the required reforestation standard means the reforestation standards set out in or agreed pursuant to the Timber Management Regulation.
- 22 (1) As part of their operations under this Agreement, the Companies shall, at their sole expense, furnish all of the seedling trees and propagules required for their reforestation needs.
- (2) Seed, seedling trees, and propagules used for reforestation programs under this Agreement shall be produced in accordance with the rules established by the Minister governing the source and type of tree seed and species used to reforest public land.
- 23 (1) The Companies and the Minister may devise programs designed to carry out silviculture operations on lands in the forest management area capable of supporting tree growth on which the timber was cut over by individuals other than the Companies or destroyed at any time by natural agencies, such as fire or disease, and which has failed to meet the required reforestation standard.
- (2) A Company shall be solely responsible for reforesting to the required reforestation standard all productive forested lands burned by fire within the forest management area, when the fire has been caused by or arises out of any operations or activities conducted on the forest management area by that Company, its employees, agents or contractors.
- (3) A Company shall not be required to reforest lands cut over or burned after the commencement date unless such cutting or burning was caused by or arises out of any of the operations or activities conducted on the forest management area by that Company, its employees, agents or contractors.
- (4) For the purposes of this paragraph, it is agreed by all of the parties to this Agreement that none of Tolko, Vanderwell, or APL is, or shall be deemed to be, the agent of the other.
- 24 (1) The Companies may devise and implement more enhanced forest management programs than those required under this Agreement. The Companies and the Minister may enter into an agreement which will define the programs and conditions that, in the Minister's opinion, will establish a sustainable increase in the annual allowable cut approved by the Minister in the Companies' forest management plans submitted under paragraph 10.
- (2) Where the Companies, or any of them, implement an enhanced forest management program under the terms of such an agreement, and where the Minister and the Companies agree on the amount of additional annual allowable cut that will result from the Companies' enhanced forest management efforts over and above those required under this Agreement and the *Forests Act*, then such additional annual allowable cut shall be offered free of timber dues provided:

- (a) the Minister has been duly authorized to do so by a regulation passed under section 4 of the *Forests Act*, and
- (b) the Companies, or a Company, as the case may be, have fully utilized the un-enhanced periodic allowable cut.

### **C. FOREST PROTECTION**

- 25 (1) The Minister agrees to provide and maintain an organization of people and equipment necessary for the protection of the forest from and suppression of forest fires on the forest management area and, except as herein otherwise provided, to pay the cost of fighting any forest fire that originates on the forest management area on the understanding that the Minister will not be liable for damages to the Companies resulting from a failure to prevent, control or suppress any fire.
- (2) Notwithstanding subparagraph (1), each Company shall pay the cost of suppressing any forest fire that originates on the forest management area if the fire is caused by or arises out of any of the operations or activities conducted on the forest management area by that Company or any of its employees, agents or contractors; provided, however, that in no event shall the liability of the Company exceed the liability provided for in a separate Fire Control Agreement which has been negotiated and entered into by the Minister and the Companies. If the cause of any fire is disputed by the Companies, the dispute shall be resolved by means of civil suit in the Courts of Alberta.
- (3) Where there is no Fire Control Agreement in effect, each Company agrees to have on hand in good working order such fire fighting equipment as specified in the Forest and Prairie Protection Regulations and shall train such employees in fire suppression as reasonably specified by the Minister.
- (4) Notwithstanding anything contained in this Agreement, the Companies shall not be liable for loss of or damage to Crown timber by fire that is caused by or arises out of any of the operations or activities conducted on the forest management area by the Companies or by any of their respective employees, agents or contractors.
- (5) In the event of an occurrence of insect damage of epidemic nature to forest growth or a disease epidemic affecting forest growth on the forest management area the parties hereto will cooperate in suppressing the epidemic.
- (6) The Companies shall submit annually a single forest protection plan for the Minister's approval.

### **RECORDS AND SCALING**

- 26 (1) All scaling and measuring of timber weights and volumes by or on behalf of the Companies shall be conducted in accordance with the Timber Regulation, the Scaling Regulation and the published instructions of the Department.
- (2) Consistent with subparagraph (1), the Companies shall each maintain, in the form and in the manner approved by the Minister, complete and accurate records of their respective operations conducted on the forest management area.
- (3) The Minister, or any person authorized by the Minister, may inspect the records maintained by the Companies pursuant to subparagraph (2).
- 27 (1) Unless otherwise prescribed in the Timber Management Regulation, within thirty days of the termination of every calendar quarter, each of the Companies shall submit to the Minister in writing, on a form prescribed by the Minister, a return reporting:
- (a) the volume of timber cut by and for the Company;

- (b) the volume of timber cut or destroyed by others for which the Company is entitled to compensation under this Agreement;
  - (c) at the request of the Minister, the volumes of primary timber products manufactured and sold by and for the Company from its operations in Alberta;
  - (d) at the request of the Minister and on a confidential basis, the volumes of timber and primary timber products purchased for use in its facilities, the names of all persons from whom timber and primary timber products were purchased, and the land from which the timber was cut; and
  - (e) at the request of the Minister and on a confidential basis, the geographic destination of timber and primary timber products sold by the Company from its operations in Alberta.
- (2) The Companies shall each remit to the Minister with each of their returns the amount of all dues payable for the volume of timber shown on such returns.

### **CHARGES AND DUES**

- 28 (1) Once a year during the term of this Agreement, the Companies shall pay to the Minister on or before a date specified by the Minister, a holding and forest protection charge.
- (2) The holding and forest protection charge in subparagraph (1) will be assessed as follows:
- (a) for each of the calendar years 2006 through 2008, the charge will be \$103,000.00;
  - (b) for each of the calendar years 2009 through 2011, the charge will be \$225,000.00; and
  - (c) starting in January of 2012, the annual charge will be \$300,000.00.
- (3) Holding and forest protection charges assessed in 2013 and in subsequent calendar years shall be adjusted annually on the anniversary of the commencement date using the Annual Implicit Price Index for government current expenditure in goods and service, as published by Statistics Canada, in the following formula:

$$\text{Charge for Year of Payment} = \text{Charge for Previous Year} \times \frac{\text{Index for Year Prior to Year of Payment}}{\text{Index for Second Year Prior to Year of Payment}}$$

Example:

$$\text{2013 Holding and Protection Charge} = \$300,000.00 \times \frac{\text{2012 Index}}{\text{2011 Index}}$$

In the event that the Annual Implicit Price Index is no longer published or in the event of a change in the method used to calculate the Index, the Minister and the Companies shall mutually and reasonably agree on a comparable published index to be used in the above formula.

- (4) When the net forest management area is larger or smaller than the original net forest management area by more than 2%, the annual holding and forest protection charges otherwise payable by the Companies under this Agreement shall be adjusted proportionately by the full percentage increase or decrease, as the case may be.
- 29 (1) For all timber on the forest management area cut by or for the Companies or for which the Companies are entitled to compensation, the Companies shall pay to the Minister timber dues at the rates established under the Timber Management Regulation.
- (2) The Companies shall co-operate with the reconciliation of timber production and dues associated with the timber production on an annual basis or as mutually agreed upon in accordance with the methods prescribed by and to the satisfaction of the Minister.

- 30 (1) The Companies shall maintain one or more programs to enhance their ability to establish, grow, harvest, and remove timber and the level of understanding of forest resources and forest products within the forest management area. The minimum annual expenditure by the Companies in respect of such program(s) will equal or exceed, on average, during each five (5) year term of this Agreement, \$0.25 per cubic metre per year based on all timber cut by or for the Companies from the forest management area. The annual funding shall be comprised of direct funding of Canadian research or academic institutes, cooperatives, consultants, in-Company innovations in manufacturing and harvesting technology, silviculture, tree improvement and costs associated with hiring of scientific personnel in the Companies.
- (2) The Companies shall annually, or as otherwise requested by the Minister, provide a report that details the activities of the program(s) referred to in subparagraph (1).

### **FACILITY OPERATION**

- 31 (1) If, at any time, Tolko's existing oriented strand board facility in the vicinity of Slave Lake, Alberta (hereinafter the "OSB facility") ceases to be in production and operation for a period of twelve consecutive months, Tolko shall have no right to and shall not harvest deciduous timber on the forest management area. In such an event, the Minister shall have the right to issue short-term deciduous timber dispositions to third parties on the forest management area for up to 100% of the approved deciduous annual allowable cut until such time as Tolko advises the Minister in writing of its intentions to resume production and operation of the OSB facility. The volume of timber harvested under timber dispositions issued to third parties under this paragraph will be charged as production under this Agreement.
- (2) If at any time the OSB facility ceases to be in production and operation for a cumulative, but not necessarily consecutive, period of 36 months during the term of this Agreement, the Minister shall have the right to cancel this Agreement as against Tolko.
- (3) During 2006 Tolko shall commence construction of a new engineered wood products facility in the vicinity of Slave Lake, Alberta (hereinafter "Tolko's new facility") with a rated annual capacity of at least 600,000,000 square feet on a 3/8 inch basis.
- (4) Tolko shall complete construction of Tolko's new facility on or before December 31, 2008.
- (5) Tolko's new facility will be designed with the capability to produce predominantly value-added engineered wood products.
- (6) Notwithstanding subparagraphs (1) and (2), if Tolko has completed construction of Tolko's new facility on or before December 31, 2008, then Tolko shall retain all of its rights to harvest deciduous timber on the forest management area and the Minister shall not thereafter cancel this Agreement under subparagraph (2) or grant deciduous timber dispositions to third parties under subparagraph (1).
- (7) Tolko will notify the Minister, in writing, of any intended major reduction in production levels of its OSB facility or Tolko's new facility if constructed, and such notification will be submitted to the Minister at least six (6) weeks prior to the intended reduction taking effect.
- (8) If there is a closure of the OSB facility as contemplated in subparagraph (1), Vanderwell and APL shall carry on harvesting operations in such a manner so as to minimize deciduous timber production unless Tolko has completed construction of Tolko's new facility. Any deciduous timber production that is necessarily produced by virtue of Vanderwell's and/or APL's ongoing harvesting operations will be charged by the Minister as deciduous production against the forest management area.

- (9) At the Minister's request, on a confidential basis, Tolko will report on value-added initiatives in relation to commercialization of products, new product development, strategic partnerships, and forest management and fibre utilization.

### **GENERAL PROVISIONS**

- 32 (1) If any Company at any time makes default under any of the covenants, terms, conditions, provisions, agreements or stipulations in this Agreement, the Minister may give notice to the Company in default setting out the default complained of and requiring that Company to remedy the default within six months of the giving of notice.
- (2) The Minister may from time to time extend the period during which a Company is required to remedy any default complained of in a notice given pursuant to subparagraph (1).
- 33 The Minister shall have the right to have the Companies perform all of their respective covenants, terms, conditions, stipulations, provisions, agreements, and obligations as contained in this Agreement or to sue the defaulting Company for damages for any breach or breaches thereof and the Minister shall also have the right to cancel this Agreement as it pertains to the defaulting Company as set forth in paragraph 35 provided the remedies available to the Minister for default by Tolko under paragraph 31 shall be limited to those set out in paragraph 31.
- 34 When any default or delay by a Company in the performance or observance of any of the terms, conditions, provisions, agreements, covenants or stipulations of this Agreement is occasioned in whole or in part through:
- (a) industrial disputes,
  - (b) governmental review or judicial proceedings respecting the possible environmental impact of the forest products manufacturing facilities or woodlands operations; or
  - (c) interruption which is not the result of any wilful or negligent act or omission by the Company, such as power failure, fire, sabotage, tempest, war or acts of God
- and not avoidable by reasonable effort or foresight, that Company shall not be deemed in default under this Agreement and the time for performance or observance of such term, condition, provision, agreement, covenant, or stipulation shall be extended by such reasonable period of time as the Minister may specify in writing to that Company.
- 35 (1) Except as otherwise provided for in paragraph 31, the Minister may, by giving the defaulting Company ninety days notice in writing, cancel this Agreement as it relates to the defaulting Company when:
- (a) any goods or chattels of the defaulting Company, which are located in the vicinity of Slave Lake, Alberta, and which constitute a material part of that Company's assets located thereat, are lawfully seized or taken in execution by a creditor of that Company, and that Company has failed to take any legal action to contest the same within ninety days after such seizure or taking, or
  - (b) the defaulting Company makes any general assignment for the benefit of its creditors or an assignment in bankruptcy or takes the benefit of any Act in force for bankrupt or insolvent debtors, or
  - (c) the defaulting Company fails from time to time to observe or perform any of the covenants, stipulations, terms, conditions, provisions or agreements required to be observed or performed by the Company under this Agreement, and having been given notice of such failure under paragraph 32 of this Agreement, fails to remedy such failure within the time allowed by the said paragraph for so doing, or any extension thereof given by the Minister.
- (2) Subparagraphs (1)(a) and (b) do not apply if a trustee for the holders or receiver managers or the holders themselves of bonds, debentures, or other securities of the



defaulting Company exercises any rights or remedies contained in any deed of trust or mortgage or other agreement under which such bonds, debentures, or other securities are issued or secured, including but without restricting the generality of the foregoing, the taking of possession by the trustee, receiver managers or the holders themselves of the Company's properties and assets and the operation or disposition thereof for the benefit of the holders of the Company's bonds, debentures or other securities.

- 36 The Minister does not guarantee any quality or quantity of timber on the forest management area.
- 37 No implied contract of any kind by or on behalf of the Minister shall arise or be construed from anything contained in this Agreement and the only rights, powers and privileges granted to the Companies are those contained in this Agreement.
- 38 The Minister and the Companies agree that the lines on the map shown in Appendix "A" hereunto annexed are intended, where those lines outline areas that are not surveyed, to be the survey lines of the townships, sections, or half sections, as the case may be, that would exist if such areas were surveyed under the system of township surveys prescribed by the *Surveys Act*.
- 39 The Companies shall comply with and observe all of the provisions and requirements of all Acts of the Province of Alberta and the regulations thereunder in force from time to time that apply to the Companies or to this Agreement either specially or generally by express wording or by implication.
- 40 The Companies shall each, during the term of this Agreement, maintain an office in the Province of Alberta and maintain a registration under the *Business Corporations Act* and its regulations.
- 41 (1) On or before the commencement date, the Companies shall notify the Minister in writing as to the identity of the designate (the "designate") appointed by the Companies who will represent the Companies with respect to matters involving:
  - (a) disposition holders other than the Crown;
  - (b) provision of consent to the activities of disposition holders on the forest management area;
  - (c) withdrawal of lands; and
  - (d) collection of compensation from disposition holders.
- (2) The Companies shall from time to time, as soon as practicable, notify the Minister in writing of any other matter which has been agreed upon by them as warranting the appointment of a designate who will represent the Companies with respect to such matter and the identity of the designate appointed in respect to such matter.
- (3) The Companies may, from time to time, on not less than 30 days written notice to the Minister, appoint a new designate to replace a designate previously appointed pursuant to this paragraph.
- 42 (1) Except for a dispute as to the cause of any fire referred to in paragraph 25(2), where any dispute arises between the parties to this Agreement concerning the application or interpretation of this Agreement, the dispute may be referred to arbitration pursuant to the *Arbitration Act* but only upon the mutual agreement of the parties involved.
- (2) Where the parties to a dispute do not agree to refer a dispute concerning this Agreement to arbitration as provided in subparagraph (1), the dispute shall be resolved by means of civil action before the Courts of the Province of Alberta.
- 43 (1) No Company shall assign their interest in this Agreement or any of the rights granted to such Company by this Agreement without the consent of the Minister in writing and such consent may, in the Minister's sole discretion, be withheld. Where the Minister refuses to

consent to an assignment, the Minister shall advise the Company in writing of the reasons for so refusing.

(2) Subparagraph (1) does not apply to:

- (a) the employment of one or more contractors in the normal conduct of a Company's operations;
- (b) an assignment or transfer of this Agreement by way of mortgage or charge or the grant of a security interest in this Agreement to lenders to or trustees for lenders to any of the Companies; or
- (c) an assignment or transfer to a person, firm or corporation upon the sale or other disposition by or on behalf of lenders to or trustees for lenders referred to in subparagraph (2)(b) in the course of realization or enforcement of security against the manufacturing facilities, provided that such assignment, transfer, or other disposition shall not be made without the consent of the Minister in writing. Where the Minister refuses to consent to an assignment, the Minister shall advise the lenders or trustees for lenders, as the case may be, in writing of the reasons for so refusing.

44 Any waiver by the Minister of the strict performance by the Companies of their covenants or of any term, condition, stipulation, agreement or provision under this Agreement is not binding upon the Minister unless such waiver is expressed in writing under the authority of the Minister and any such waiver or any extension of time granted by the Minister hereunder shall not abrogate such or any covenant, term, condition, stipulation, agreement or provision herein or constitute a waiver or extension of time as to any subsequent breach of the same or any other covenant, term, condition, stipulation, agreement or provision herein.

45 Each Company covenants and agrees to observe, perform and keep all covenants, terms, conditions, stipulations, agreements and provisions herein on its part to be observed, performed and kept and time shall be and remain of the essence thereof and notwithstanding any binding waiver given by the Minister as referred to in paragraph 44 or any extensions of time given by the Minister under this Agreement that thereby may affect the time for performing any particular act, covenant, term, condition, stipulation, agreement, or provision of this Agreement herein, time shall remain of the essence pertaining to all subsequent performance by the Company of any and all acts, covenants, terms, conditions, stipulations, agreements and provisions herein contained and to this entire Agreement.

46 (1) Each Company assumes liability for and shall pay all claims of the Minister for all damages to any real or personal property (other than timber) of the Crown that was caused by or arises out of any of the operations or activities conducted on the forest management area by that Company, or any of its employees, agents, or contractors, whether or not the damage so caused is due to the negligence of that Company, its employees, agents or contractors, as the case may be, provided that such liability under this subparagraph shall not include economic loss or incidental and consequential loss and damage.

(2) Subparagraph (1) shall not restrict, in any manner, the ability of the Minister to pursue the Company under the common law (as opposed to pursuant to this Agreement) for economic loss or incidental and consequential loss and damage, which liability may be resolved by means of arbitration pursuant to the *Arbitration Act* with the mutual agreement of both parties, or failing such agreement, by civil action before the Courts of the Province of Alberta.

47 (1) Each Company agrees to hold the Minister harmless against any and all third party claims, demands or actions for which the Company is legally responsible, including those arising out of negligence, wilful harm, or crimes by the Company or its employees or agents.

- (2) Subparagraph (1) does not apply to any claim alleging interference with an aboriginal right or title by any Company, its employees, agents, or contractors provided the claim does not relate to a breach by such Company, its employees, agents or contractors of this Agreement or the approved forest management plan or annual operating plans during the period of alleged interference.
- 48 (1) The Companies shall submit, in confidence, to the Minister, when required, any information, data or documents the Minister may reasonably request in respect of matters relating to this Agreement for the purpose of verifying the Companies' continued compliance with the terms of this Agreement.
- (2) Where any information, data or documents are provided to the Minister in confidence under this Agreement, that confidentiality is subject to any restriction on disclosure or obligation to disclose imposed on the Minister by law including, without limitation, the *Freedom of Information and Protection of Privacy Act* (Alberta).
- 49 Any notice required to be given under this Agreement shall be deemed to be well and sufficiently given if delivered to the addresses set out below or if mailed at any post office in Canada by prepaid registered mail addressed as follows:
- (1) to Tolko (with a copy to Vanderwell and APL):
- Tolko Industries Ltd.  
Box 630  
Slave Lake, Alberta  
T0G 2A0
- to Vanderwell (with a copy to Tolko and APL):
- P.O. Box 415  
Slave Lake, Alberta  
T0G 2A0
- to APL (with a copy to Tolko and Vanderwell):
- Box 517  
Mitsue Industrial Park  
Slave Lake, Alberta  
T0G 2A0
- (2) to the Minister:
- Minister of Sustainable Resource Development  
Legislature Building  
Edmonton, Alberta  
T5K 2B6
- or to such other address that any party may from time to time inform the other parties in writing, and any such notice shall be deemed to have been received on the fourth business day after the mailing thereof, or if delivered, when delivered; provided that if mailed should there be between the time of mailing and the actual receipt of the notice a mail strike, slow down or other labour dispute which might affect the delivery of such notice then such notice shall only be effective if and when actually delivered.
- 50 This Agreement is made subject to its approval by the Lieutenant Governor in Council.
- 51 (1) In the event that this Agreement is cancelled for any reason, the Minister shall:
- (a) grant to APL for the sum of \$1.00 each, coniferous timber quotas for the percentage of coniferous timber equivalent to the volume of coniferous timber held under this

Agreement prior to the cancellation of this Agreement, provided APL is not in default of this Agreement or the cause of the cancellation of this Agreement; and

- (b) grant to Vanderwell for the sum of \$1.00 each, coniferous timber quotas for the percentage of coniferous timber equivalent to the volume of coniferous timber held under this Agreement prior to the cancellation of this Agreement, provided Vanderwell is not in default of this Agreement or the cause of the cancellation of this Agreement.
  - (2) The obligation of the Minister to grant coniferous timber quota(s) under subparagraph (1) shall survive the cancellation of this Agreement.
  - (3) If this Agreement is cancelled against one of the Companies, this Agreement shall not be cancelled against any other Company unless for cause and then only in the manner herein provided.
- 52 This Agreement inures to the benefit of and is binding upon the Crown and Her assigns, and each of the Companies and their respective successors and assigns if approved by the Minister in accordance with the provisions of this Agreement.
- 53 (1) Notwithstanding anything to the contrary in this Agreement, whether express or implied, each of Tolko, Vanderwell, and APL shall be severally responsible for the performance of their respective obligations under this Agreement and no obligations of any Company under this Agreement shall be construed as, or deemed to be, joint, or joint and several obligations.
- (2) The parties acknowledge that no partnership is created by this Agreement and that nothing contained in this Agreement shall or shall be deemed to constitute the Companies, or any of them, as partners or agents of the other, nor to create any other relationship whereby the Companies, or any of them, could be held liable for any act or omission of any other Company, nor shall any Company have any authority to act for any other Company or to incur any obligation on behalf of any other save as specifically provided by this Agreement.
- 54 This Agreement shall be construed as having been made in the Province of Alberta and the laws of the Province of Alberta shall be applied in the event of any action or arbitration mutually agreed to, respecting any dispute arising from this Agreement, its formulation, interpretation, and each and every other aspect pertaining to or resulting from its entire contents.

**IN WITNESS WHEREOF** the party of the first part executes this Agreement under the hand of the Minister subscribed hereunder and each of the parties of the second, third, and fourth parts executes this Agreement by subscribing hereunder the signatures of its duly authorized corporate officers this 7 day of Dec, 2005.

**Her Majesty the Queen  
in Right of Alberta**



Witness



Minister of Sustainable Resource  
Development

P. C. J.

Witness

\_\_\_\_\_

Witness

[Signature]

Witness

[Signature]

Witness

[Signature]

Witness

\_\_\_\_\_

Witness

**Tolko Industries Ltd.**

Per: Richard Huff

Title: VICE PRESIDENT

Per: \_\_\_\_\_

Title: \_\_\_\_\_

**Vanderwell Contractors (1971) Ltd.**

Per: Robert Vanderwell

Title: President

Per: Kan Vanderwell

Title: General Manager

**Alberta Plywood Ltd.**

Per: Wm. J. Summer

Title: Chief Forester

Per: \_\_\_\_\_

Title: \_\_\_\_\_

APPENDIX A

TOLKO INDUSTRIES LTD., VANDERWELL CONTRACTORS (1971) LTD., and ALBERTA PLYWOOD LTD.

FOREST MANAGEMENT AREA

(MAP)

