

## TIMBER LICENCE AGREEMENT

THIS AGREEMENT dated for reference the 4th day of September, 2013 is between:

Huu-ay-aht First Nations,  
3483 3<sup>rd</sup> Avenue  
Port Alberni, British Columbia,  
V9Y 4E4

(“Huu-ay-aht”)

and:

HFN Forestry Limited Partnership  
2533 Port Alberni Highway  
Port Alberni, British Columbia,  
V9Y 8P2

(the “Licencee”)

### BACKGROUND

- A. Huu-ay-aht owns the timber rights to the forests on the Treaty Settlement Lands and they have agreed to allow the Licencee to harvest and sell approximately 50,000 m<sup>3</sup> of timber from that area.
- B. The Licencee will harvest the timber, take title to the timber and pay for the timber in accordance with the terms set out in this Agreement.

### AGREEMENT

In consideration of the covenants, terms and conditions contained in this Agreement and for good and valuable consideration, (the receipt and sufficiency of which is acknowledged by the Parties), the Parties agree as follows:

#### 1.00 INTERPRETATION

**1.01 Agreement:** This Agreement is the entire contract between the Parties as to the matters set out in this Agreement, and all previous promises, representations, contracts or agreements between the Parties, whether oral or written, are deemed to have been replaced by this Agreement.

**1.02 Contents:** This Agreement is comprised of the following components, all of which have been reviewed and agreed to by the Parties:

- (a) these general terms and conditions;
- (b) Schedule “A” – the maps the Logging Blocks; and
- (c) Schedule “B” – the Planning Documents.

**1.03 Definitions:** In this Agreement, the following words and phrases will have the following meanings:

“**Agreement**” means this Agreement and schedules and addenda referenced in this Agreement;

“**Forest Service**” means the Ministry of Forests, Lands and Natural Resource Operations for the Province of British Columbia;

“**Forest Statutes**” means the *Forest and Range Practices Act*, the *Forest Act*, the *Wildfire Act* and all applicable legislation and standards;

“**Impossibility of Performance**” has the meaning set out in Part 15.00;

“**Licence Area**” means the total area of the Treaty Settlement Lands covered by this Agreement;

“**Logging Blocks**” means the areas designated as such on the maps attached as Schedule “A” to this Agreement;

“**Logs**” means the wood products made from the stems of trees created after falling, limbing and bucking and, unless the context indicates otherwise, means Logs purchased by the Licencee under this Agreement;

“**Metre**” or “**m3**” means one cubic metre of timber measured in accordance with the British Columbia metric scale;

“**Parties**” means Huu-ay-aht and the Licencee;

“**Party**” means either Huu-ay-aht or the Licencee as appropriate for the context in which it is used;

“**Planning Documents**” means the various documents related to forest planning which set the rules, requirements and restrictions related to the Work;

“**Purchase Price**” means the price to be paid by the Licencee to Huu-ay-aht for Logs harvested and purchased by the Licencee from the Logging Blocks;

“**Security Deposit**” has the meaning as set out in Part 7.0 of this Agreement;

“**Term**” means the duration of this Agreement as described in Part 2.00;

“**Timber**” means trees, whether standing, fallen, living, dead, limbed, bucked or peeled;

“**Timber Mark**” means the unique alpha numeric identified in each cut block permit;

“**Treaty Settlement Lands**” means lands designated under Appendix B-1 of the Maa Nulth final Agreement as such pursuant to ~~the fee simple lands granted to the Huu-ay-aht First Nation.~~

“**Huu-ay-aht’s Representative**” means the Director of Lands and Resources or a person designated in writing by him who will represent Huu-ay-aht during the Work; and

“**Work**” means the activities of the Licencee required to harvest Timber under this Agreement.

**1.04 Headings:** The headings in this Agreement are for convenience of reference only and are not to affect the construction and interpretation of this Agreement. For greater clarification, the headings are set out and referred to as follows:

1.00 Part;

1.01 Paragraph; and

(a) Section.

**1.05 Governing Law:** This Agreement is governed by and construed in accordance with the laws of the Huu ay aht First Nations, the Province of British Columbia and the laws of Canada applicable to this Agreement in the Province of British Columbia.

**1.06 Included Words:** Wherever the singular or masculine is used in this Agreement, the same is deemed to include the plural or the feminine or the body corporate where the context or the Parties so require.

**1.07 Canadian Dollars:** All dollar amounts referred to in this Agreement are in Canadian funds.

**1.08 Severance:** If any provision in this Agreement is found to be invalid or unenforceable by a court of law, the remainder of this Agreement is separately valid and enforceable to the fullest extent permitted by law.

**1.09 Execution:** This Agreement may be executed in counterparts, each of which together form one document. This Agreement is properly executed and delivered if executed by the Parties in counterparts and executed copies exchanged by the Parties by facsimile.

## **2.00 DURATION**

**2.01 Term:** Notwithstanding the actual date of execution or delivery of this Agreement and subject to Part 14.0, the Term of the Agreement commences on **the date of signing** and remains in effect for two years from that date. The Term may be extended solely at the discretion of Huu-ay-aht. This Agreement is not replaceable.

## **3.00 THE WORK**

**3.01 Labour, Equipment and Materials:** The Licencee will pay for and provide all equipment, materials, supplies, labour and accommodation necessary to perform, and will perform, the Work described in Paragraph 3.02.

**3.02 Work:** The Work to be done by the Licencee is the work required to access and harvest the Logs being purchased by the Licencee under this Agreement as follows:

- (a) obtain all permits and licences necessary for the Work unless these are supplied by Huu-ay-aht;
- (b) build, rebuild or maintain all roads or other access structures needed to facilitate the Work under this Agreement in accordance with the Planning Documents specific to the roads in question;
- (c) harvest and pile all Logs in accordance with the Planning Documents specific to the Logging Block upon which the Licencee is operating;
- (d) the Licencee will only harvest Timber if the Licencee is sure that it can do so without damaging Timber which is not to be cut, subject to WorkSafe BC regulations;
- (e) inform Huu-ay-aht's Representative prior to falling any Timber for safety reasons, or obtain the permission of Huu-ay-aht's Representative prior to falling any Timber for any other reasons, when that Timber is either not marked, outside boundaries or otherwise designated for harvest;
- (f) properly identify the Logs on the truck at the landing, including using a load slip with the cutblock number and timber mark;
- (g) move the Logs to the designated log sort;
- (h)) take delivery of the Logs in accordance with Part 4.0 of this Agreement;
- (i) scale Logs and provide copies of scale receipts to Huu-ay-aht;
- (j) pile the remaining logs that the Licencee does not remove at roadside;
- (k) conducting a post harvest inspection and undertaking all site remediation and post harvest activities including:
  - (i) piling slash and rehabbing disturbed soils,
  - (ii) burning or otherwise removing slash accumulations,
  - (iii) maintaining natural drainage by seasonal or permanent road deactivation,
  - (iv) planting as soon as practicable and conducting immature stand management until free to grow,
  - (e) any other activities required by the Planning Documents and Forest Statutes;
- (l) be responsible for site security at all areas of the Work;
- (m) manage and be responsible for any contractors it utilizes to complete the Work.

**3.03 Standards:** The Licencee will ensure that all Work is:

- (a) done diligently, in a workmanlike manner and in accordance with the best modern logging practices used in the region in which the Work is done;
- (b) carried out safely and shall not unreasonably interfere with, or harm other authorized users of the Licence Area or roads or assets throughout the Licence Area; and
- (c) carried out to meet the standards followed by the forest industry used on Provincial Crown land.

**3.04 Compliances:** The Licencee will perform the Work in accordance with:

- (a) all lawful directions, guidelines and other requirements of any government agencies;
- (b) all lawful directions of Huu-ay-aht's Representative consistent with this Agreement;
- (c) the operating specifications for the work set from time-to-time by Huu-ay-aht;
- (d) the *Workers Compensation Act* and all regulations;
- (e) the Forest Statutes or Planning Documents; and
- (f) all other federal, provincial, regional and municipal laws, by-laws, rules and regulations.

**3.05 Investigations and Inspections:** The Licencee will immediately advise Huu-ay-aht's Representative of any inspections by, investigations by, or notices from, any government authority with respect to the Work.

**3.06 Contraventions:** The Licencee will immediately advise Huu-ay-aht's Representative of any potential, possible or actual contraventions of any legislation by anyone on the Licence Area as soon as the Licencee becomes aware of the possible contravention.

**3.07 Prevention:** Huu-ay-aht or Huu-ay-aht's Representative may order the Licencee to stop any activities under this Agreement if they believe, acting reasonably, that the activities may result in potential, possible or actual contraventions of any legislation. Neither Huu-ay-aht nor Huu-ay-aht's Representative will be liable for, or responsible to the Licencee for, any costs or loss incurred by the Licencee during such a stoppage of activities.

**3.08 Complaints:** The Licencee will notify Huu-ay-aht's Representative of any complaints it receives from anyone regardless of the cause or validity of the complaint.

**3.09 Training:** The Licencee must ensure that all its employees and contractors are properly trained, and continue to be trained and up-to-date as individuals and crews in accordance with the legal requirements for safety, fire protection and environmental protection.

**4.00 TITLE, DELIVERY AND RISK**

- 4.01 Title:** Title to all Logs will pass from Huu-ay-aht to the Licencee at the time of the official scale of timber.
- 4.02 Delivery and Risk:** The Licencee will take delivery of the Logs once they are felled from the stump.
- 4.03 Timber to Be Purchased:** The Licencee will purchase all the Timber from the Logging Blocks, for the prices set out in Part 6.0 of this Agreement. Without limiting the generality of the foregoing, the Licencee will extract all merchantable Timber including pulp (except cedar pulp) from the Logging Blocks with the goal of extracting upto 50,000 metres of Timber.
- 4.04 Lost or Damaged Timber:** If any Timber is lost, wasted or destroyed as a result of the negligence or a wilful act of the Licencee or if the Licencee cuts Timber without authority as set out under this Agreement, the Licencee will indemnify the Huu-ay-aht for:
- (a) the fair market value of the Timber harvested or wasted as estimated by Huu-ay-aht's Representative; and
  - (b) all costs incurred by Huu-ay-aht in rectifying or repairing the damage caused by the Licencee's activities.

## **5.00 SCALING, TAXES AND RECORDS**

### **5.01 Scaling and Taxes:**

- (a) The Licencee will have all Logs harvested under this Agreement scaled by a qualified scaler according to law and will arrange for statements of all scaling records of scaled volumes to be sent to Huu-ay-aht, unless otherwise directed by Huu-ay-aht.
- (b) The Licencee will pay all government taxes such as export fees that may be charged with respect to such Logs.

**5.02 Records:** The Licencee will keep records of all Work completed including Logs produced and/or delivered under this Agreement in a manner and form satisfactory to Huu-ay-aht and provide those records to Huu-ay-aht's Representative when requested.

**5.03 Marking:** Prior to removing Logs from the Licence Area and again as necessary throughout the handling of the Logs, the Licencee will ensure the Logs are properly marked with stamp marks, paint and other markers as may be required by the *Forest Act*, or the Forest Service from time to time.

## **6.00 PAYMENT**

**6.01 Payment:** The Licencee will pay Huu-ay-aht **\$need this** per cubic metre for all Timber harvested and scaled under this Agreement. The Licencee will pay Huu-ay-aht bi-weekly based on the scaled Timber from the Licence Area from the previous two weeks.

**6.02 Waste Assessments:** The Licencee will be responsible for the payment of a waste survey conducted to Provincial Standards. The Licencee will pay Huu-ay-aht \$**need this**/m3 for avoidable waste left in the Logging Blocks in excess of 35 m3 per hectare in old growth stands and 15 m3 per hectare in second growth stands.

**6.03 Silviculture Accrual Account:** The Licencee will create and maintain a separate bank account for the purposes of paying for all future silviculture costs associated with getting the Logging Blocks to “free to grow” as defined by the Forest Service. The Licencee will deposit an amount of \$3.00/m3 in this account at the time of the sale of the Logs. This amount will only be used for costs associated with the regeneration of the Logging Blocks. If the funds in the account are spent before the blocks reach free-to-grow status, the Licencee will replenish the account. If there are any funds left in the account when the blocks are declared free-to-grow, the Licencee may treat this money as profit and retain. The licensee shall include, as part of its annual financial report to the Huu ay aht First Nation, a summary of the account balance and transactions or activities related to its silviculture obligations.

## **7.00 FOREST FIRES**

**7.01 Compliance and Prevention:** The Licencee will comply with the Forest Statutes including reporting fires and undertaking initial fire suppression as defined in the Forest Statutes and will take all precautions required under the Forest Statutes, Huu-ay-aht or the Forest Service to prevent fires. The Licencee will not start or permit any open fires on the Licence Area except fires for heat and cooking when fire risk is low or pile burning, and will take every reasonable precaution to prevent the escape of any fire.

**7.02 Fighting Fires:** The Licencee will utilize all of its labour and suitable equipment employed by it on the Licence Area to fight all fires:

- (a) caused by the Licencee or its subcontractors anywhere on the Licence Area;
- (b) on any neighboring property on which Huu-ay-aht hold an interest including the Licence Area, regardless of the cause; and
- (c) anywhere, when reasonably requested by Huu-ay-aht to do so.

**7.03 Liability for Costs:** Where:

- (a) a fire is caused by the Licencee or any person working for the Licencee;
- (b) the Licencee, or a person working for the Licencee, negligently permits the escape of a fire whether or not it is caused by the Licencee; or
- (c) the cause of a fire is unknown and it started within an area which the Licencee or person working for the Licencee has worked in the 24 hours prior to the start of the fire, or within 100 feet of where the Licencee or person has worked in the 24 hours prior to the start of the fire;

the Licencee will be responsible for its own costs in fighting the fire. In all other cases, Huu-ay-aht will pay the Licencee for its services in fighting the fire to a maximum of \$100,000.00 in accordance with the rates paid by the Forest Service for wages and

equipment rental for fire fighting, except to the extent that the Licencee has been reimbursed for those services by the Forest Service or by a third party.

Where a fire is under control of the Forest Service, Huu-ay-aht is under no obligation to pay the Licencee for the equipment or labour.

**7.04 Indemnity for Huu-ay-aht' Costs:** Where the Licencee negligently or wilfully:

- (a) causes a fire; or
- (b) permits the escape of a fire, whether or not caused by the Licencee,

the Licencee will indemnify Huu-ay-aht for any loss, or cost or liability incurred by Huu-ay-aht in respect of the fire.

**7.05 The Licencee's Employees:** Any employee or subcontractor of the Licencee engaged in fighting a fire will, at all times, remain an employee or subcontractor of the Licencee and will not become an employee or contractor of Huu-ay-aht.

**7.06 The Act:** Without limiting the foregoing, the Licencee is solely responsible for ensuring all the Work and all operations undertaken to complete the Work is conducted in accordance with the *Wildfire Act*.

**8.00 INSURANCE**

**8.01 Coverage and Policy:** The Licencee will, during the Term, maintain comprehensive general liability insurance, fire insurance and statutory motor vehicle insurance as described in Paragraph 9.02. The Licencee's insurance will be on terms and with insurers satisfactory to Huu-ay-aht, and will be endorsed to require ten days notice to Huu-ay-aht of alteration, cancellation or expiration. The Licencee will provide Huu-ay-aht with copies of its insurance policies.

**8.02 Coverage:** The Licencee's insurance amounts are as follows:

- (a) General Insurance: for \$5,000,000.00; and
- (b) Forest Fire: for \$1,000,000.00.

**9.00 STATUS OF THE CONTRACTOR AND RELATED OBLIGATIONS**

**9.01 Independent Licencee:** The Licencee and any subcontractor engaged by the Licencee pursuant to this Agreement are independent contractors and not partners, employees or agents of Huu-ay-aht. The Licencee and any subcontractor are employers for the purposes of the *Workers' Compensation Act*, the *Employment Standards Act*, the *Income Tax Act*, the *Employment Insurance Act*, and the *Canada Pension Plan Act* and for the purposes of any other legislation affecting employment.

**9.02 The Licencee's Expenses:** The Licencee will promptly pay, and will ensure that its contractors promptly pay, all charges for labour, materials, equipment and services used or contracted for by the Licencee and its subcontractors in the performance of the Work.

**9.03 Liens:** The Licencee will pay all of its liabilities arising from its operations that might constitute a lien upon the Licence Area, the Timber or other assets of Huu-ay-aht



immediately upon such liabilities becoming due. If a lien is made or threatened to be made against the Licence Area, the Timber or other assets of HUU-AY-AHT as a result of the activities of the Licencee any of the Licencee's subcontractors, the Licencee will take steps and make payments, including the granting of security or payment into court, as are necessary to remove the lien or prevent the lien being made.

**9.04 Workers' Compensation:** The Licencee is, and will ensure that, for the term of this Agreement, it continues to be properly registered as an independent firm under the *Workers Compensation Act*. The Licencee will at all times be the prime contractor for all the Work and areas where the Work is conducted under this Agreement. The Licencee will provide HUU-AY-AHT with any requested documentation that shows that the Licencee is properly registered for the purposes of WCB, that all assessments have been paid and that the Licencee is in good standing. The Licencee's registration number is 612126.

## **10.00 REPRESENTATIONS**

**10.01 The Licencee's Representations:** The Licencee represents and warrants to HUU-AY-AHT that:

- (a) it has the ability to undertake and complete the Work within the Term;
- (b) it has the ability to carry out the harvesting of Timber and the other Work set out in this Agreement in a safe and environmentally sound fashion;
- (c) it has reviewed the Licence Area and the Timber and has fully informed itself of all matters relating to this Agreement including but not limited to the restrictions and requirements in this Agreement and the Planning Documents; and
- (d) there is no legal or other reason why it cannot enter into this Agreement.

## **11.00 RELEASE AND INDEMNITY**

**11.01 Acknowledgement:** The Licencee acknowledges that any information released to the Licencee by HUU-AY-AHT about the nature of the Licence Area, the quality or quantity of Timber or the difficulty of the Work, was an estimation only and not binding upon HUU-AY-AHT, and all such matters have been investigated by the Licencee prior to executing this Agreement. The Licencee acknowledges that the estimates or information supplied by HUU-AY-AHT are not a guarantee of the amount of Work. Execution of this Agreement by the Licencee is an absolute release by the Licencee of HUU-AY-AHT from any claim that the Licencee may have in respect of those matters.

**11.02 Release:** The Licencee releases HUU-AY-AHT and HUU-AY-AHT's Representative (collectively for this Part referred to as "HUU-AY-AHT") from any liability, whether in tort, contract or otherwise, in respect of any loss suffered by the Licencee arising out of the use of any of the Licence Area or other assets of HUU-AY-AHT by the Licencee or any other person, except to the extent that such liability results from the negligence or wilful default of HUU-AY-AHT.

**11.03 Indemnity:** Each Party (the indemnitor) will indemnify the other party (the indemnitee) against all actions, suits, claims, costs and demands, loss, damages and expenses suffered by the indemnitee or which the indemnitee may pay, sustain or incur by reason of or in

any way attributable to the indemnitor, its servants, agents, employees, or subcontractors in carrying out the Work pursuant to this Agreement. This indemnity includes any fines and related costs, under any statute, incurred by the indemnitee that result from the indemnitor's actions.

**11.04 Occupier's Liability:** Without limiting the generality of this Part, the Licencee acknowledges that Huu-ay-aht are not, and will not at any time be, responsible for any injuries or damages suffered by the Licencee or its employees either during the Term of this Agreement, or afterwards and regardless of where the injury or damage occurs, even if it occurs on the Licence Area. The Licencee will be solely responsible for the safety of its employees at all times and will indemnify Huu-ay-aht against any costs resulting from an injury to such employees.

## **12.00 DEFAULT AND INSOLVENCY**

**12.01 Default:** If either Party defaults in any of its obligations in this Agreement, and if that default continues for 30 days after written notice from the non-defaulting Party specifying the default, the non-defaulting Party may terminate this Agreement by further written notice to the defaulting Party, except that where the default is not curable in 30 days but the defaulting Party takes all reasonable steps to cure the default immediately upon receipt of the written notice from the non-defaulting Party, the non-defaulting Party will not terminate the Agreement. Such termination will be in addition to and without prejudice to any other rights in this Agreement, or remedies at law or in equity that Huu-ay-aht may have for the default of the Licencee or for the recovery of money from the Licencee.

**12.02 Insolvency:** Huu-ay-aht may terminate this Agreement immediately by written notice to the Licencee if:

- (a) the Licencee becomes insolvent or makes a general assignment for the benefit of its creditors;
- (b) the Licencee otherwise acknowledges its insolvency;
- (c) the Licencee commits any act of bankruptcy, makes a proposal under the *Bankruptcy and Insolvency Act* of Canada, seeks protection under the *Companies' Creditors Arrangement Act* of Canada or commences liquidation proceedings, whether voluntarily or otherwise; or
- (d) a receiver is appointed for any of the assets of the Licencee.

This Agreement will not be considered an asset in the bankruptcy of the Licencee.

## **13.00 TERMINATION**

**13.01 Effect of Termination:** If this Agreement is terminated:

- (a) all the rights of the Licencee under it will immediately cease except the Licencee's right to be paid for Work done up to the time of termination;
- (b) the Licencee will immediately cease performing the Work;

- (d) Huu-ay-aht will be entitled to possession of all Timber, Logs (regardless of location), any roads or other improvements constructed by the Licencee on the Licence Area; and
- (e) Huu-ay-aht will indemnify the Licencee for any expenses incurred by the Licencee in respect of Logs not yet delivered to the Licencee at the time of termination.

**13.02 Equipment Removal:** Within 7 days after completion of the Work, or the termination or expiration of this Agreement, the Licencee will remove all of its equipment and supplies from the Licence Area, making good any damage caused by such removal. Any equipment or supplies not removed by the Licencee within 7 days, may be removed or consumed by Huu-ay-aht at the Licencee’s expense.

#### **14.00 IMPOSSIBILITY OF PERFORMANCE**

**14.01 Event:** “Impossibility of Performance” means an event beyond the reasonable control of the Licencee which causes the Licencee to be delayed in the performance of the Work including the following, where beyond the reasonable control of the Licencee:

- (a) fire, explosion;
- (b) or flood;
- (c) unusual delay by common carriers;
- (d) theft or malicious damage;
- (e) outbreak of hostilities, riots, civil disturbances or acts of terrorism; and
- (f) suspension of the Work due to government restrictions related to the risk of forest fires;

but shall not include any delay in the performance of the Work caused by:

1. lockout or trade disputes involving employees of the Licencee; or
2. lack of funds;

whether or not the event is beyond the reasonable control of the Licencee.

**14.02 Liability for Delay:** The Licencee shall not be liable for any delay in performing the Work caused by Impossibility of Performance. Any such delay shall not constitute a breach of this Agreement and the time for performance shall be extended by a period equivalent to the delay, but if such delay continues for more than 30 days, Huu-ay-aht may terminate this Agreement.

**14.03 Contribution to Delay:** The Licencee shall not be relieved of any obligation for delay caused by Impossibility of Performance if, by any act or omission, the Licencee has contributed materially to the delay.

**14.04 Costs of Delay:** The Licencee shall not be paid for costs incurred because of delays in performing the Work caused by Impossibility of Performance, but if Huu-ay-aht terminate this Agreement pursuant to Paragraph 14.02, the Huu-ay-aht shall pay to the Licencee a reasonable sum for Work carried out prior to such termination.

**14.05 During Delay:** If the Work is delayed because of Impossibility of Performance, the Licencee shall:

- (a) continue to perform its obligations under this Agreement to the extent reasonably possible;
- (b) maintain adequate surveillance of the Licence Area and area of the Work so as to maintain safety on the Licence Area; and
- (c) protect materials, supplies and equipment already installed or delivered to the Licence Area.

## **15.00 NOTICE**

**15.01 Giving Notice:** All notices, requests, demands and other communications pursuant to this Agreement will be in writing and are deemed to have been duly given if delivered by hand or mailed by registered mail postage prepaid addressed to the Party concerned at the following addresses:

Addresses of Huu-ay-aht:

3483 3<sup>rd</sup> Avenue  
Port Alberni, British Columbia,  
V9Y 4E4

Attention: Director of Lands and  
Resources

Address of the Licencee:

**2533 Port Alberni Highway  
Port Alberni, British Columbia  
V9Y 8P2**

Attention: **Stan Coleman**

or at such other address as may from time to time be notified in writing by any of the foregoing.

**15.02 Receipt of Notice:** Any notice given under this Part is given and received if delivered by hand upon receipt. Any such notice that is mailed is deemed given and received on the fifth day (excluding holidays) after it has been posted at any postal station in Canada; provided that if mailed, should there be at the time of mailing or between the time of mailing and the actual receipt of notice, a mail strike or other such dispute which might affect the delivery of such notice by the mail, then that notice will be effective when actually delivered. For the purpose of this Paragraph, the term “holiday” has the same meaning as set out in the *Interpretation Act* of British Columbia.

## **16.00 ARBITRATION**

**16.01 Reason:** If the Parties cannot resolve a dispute related to any matter under this Agreement within ten days from the date one Party brings its concerns to the attention of the other Party then both Parties agree the matter will be decided by an arbitrator.

- 16.02 Method:** All disputes arising out of, or in connection with, this Agreement will be administered in accordance with the *Commercial Arbitration Act*.
- 16.03 Location:** The arbitration and all related events will take place at a location designated by Huu-ay-aht.
- 16.04 Decision:** All submissions and evidence will be heard by the arbitrator within six weeks of selection of the arbitrator and the arbitrator will make his or her decision within four weeks of the hearing's completion.
- 16.05 Duration:** During the period of dispute the Parties agree that they will continue their relationship as governed by this Agreement until the decision of the arbitrator and any subsequent appeals are complete.
- 16.06 Confidentiality:** The Parties agree that all negotiations and/or matters relating to an arbitration under this Agreement will be kept confidential and will not be disclosed to any other persons except those persons authorized by both Parties.

#### **17.00 ASSIGNMENT**

- 17.01 Restriction on Assignment:** Neither party may assign this Agreement or any part of it without first obtaining the other party's written consent. For the purposes of this Agreement, an assignment includes a change in the management or a transfer of shares in a Party. This Agreement enures to the benefit of and is binding upon the successors and permitted assigns of the Parties.

#### **18.00 WAIVER**

- 18.01 No Waiver:** No waiver by either Party of any default by the other Party in the strict and literal performance of or compliance with any provision of this Agreement will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of this Agreement or to be a waiver of, or in any manner release such other Party from compliance with any provision, condition or requirement in the future, nor shall any delay or omission by either Party to exercise any right hereunder in any manner impair the exercise of any such right thereafter.

#### **19.00 COMPLIANCE**

- 19.01 Compliance:** Each Party will comply at all times and in all respects with the requirements of all federal, provincial, regional and municipal laws, by-laws, rules and regulations applicable to this Agreement in the operations of the Parties hereunder.

#### **20.00 FURTHER ASSURANCES**

- 20.01 Further Assurances:** Each of the Parties will, upon the reasonable request of any other Party hereto, make, do, execute, or cause to be done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances for the better and more perfect and absolute performance of the terms and conditions of this Agreement.

**21.00 TIME**

**21.01 Time of Essence:** Time is of the essence in this Agreement.

TO EVIDENCE THIS AGREEMENT each of the Parties has executed this Agreement on the date appearing below.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Address

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Address

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
\_\_\_\_\_ for Huu-ay-aht

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_ for the Licencee

\_\_\_\_\_  
Date

\_\_\_\_\_

**SCHEDULE A**

**The Logging Blocks**

**[the maps to be attached – showing Logging Blocks]**

**SCHEDULE B**

**The Planning Documents**

**[to be attached]**