

GOVERNMENT OF THE PROVINCE OF ALBERTA

FORESTS ACT FOREST MANAGEMENT AGREEMENT

MEMORANDUM OF AGREEMENT FMA0200040

BETWEEN:

HER MAJESTY THE QUEEN in right of Alberta, as represented by the Minister of Agriculture, Forestry and Rural Economic 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 High Level, Alberta, (hereinafter referred to as "Tolko"),

OF THE SECOND PART

and

NORBORD INC., a wholly owned subsidiary of West Fraser Timber Company Ltd., a body corporate, registered under the laws of Alberta, with a business office in the vicinity of High Level, Alberta, (hereinafter referred to as "Norbord"),

OF THE THIRD PART

and

LA CRETE SAWMILLS LTD., a body corporate, registered under the laws of Alberta, with a business office in the vicinity of La Crete, Alberta, (hereinafter referred to as "La Crete Sawmills"),

OF THE FOURTH PART

WHEREAS Tolko owns and operates a sawmill complex (the "Tolko Sawmill") located in High Level, Alberta with an annual production capacity of 423,000,000 board feet of lumber; and

WHEREAS Norbord owns and operates a major oriented strand board production facility (the "Norbord Plant") located near High Level, Alberta for the manufacture of oriented strand board with a rated annual capacity of 860,000,000 square feet of oriented strand board measured on a 3/8 inch basis; and

WHEREAS La Crete Sawmills owns and operates a sawmill (the “La Crete Sawmill”) with an annual production capacity of 125,000,000 board feet of lumber and a pellet manufacturing facility with an annual production capacity of 150,000 metric tonnes of wood pellets both located near La Crete, Alberta; and

WHEREAS the Minister, recognizing the Companies’ needs for a forest management agreement to warrant the continued operation of their facilities, desires to provide for a yield of timber consistent with sustainable forest management principles and practices; and

WHEREAS it has been mutually agreed by the parties hereto that it is desirable to enter into this forest management agreement to renew the forest management agreement authorized under O.C. 16/2011; and

WHEREAS the Minister desires to provide for the fullest possible economic utilization of forest stands, and employment in local communities; and to ensure a perpetual supply of benefits and products 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 attached hereto, and any written amendments made hereto from time to time by agreement of all the parties;
- (b) “annual allowable cut” means the total volume of timber that may be harvested in one year or the total amount of forested land on which the timber may be harvested in one year;
- (c) “commencement date” has that meaning provided for in subparagraph 2(1);
- (d) “Companies” means, collectively, Tolko Industries Ltd., Norbord Inc., and La Crete Sawmills Ltd. and “Company” means any one, or more, of them;
- (e) “Crown” means Her Majesty the Queen in right of Alberta;
- (f) “cubic metre” shall have the same meaning as that prescribed by the Timber Management Regulation;
- (g) “cut control period” means a period of five (5) consecutive forest management operating years or as otherwise mutually agreed to in writing by the Minister and the Companies;
- (h) “deciduous timber” means all deciduous species of trees growing on the forest management area excluding birch;
- (i) “Department” means the Department of Agriculture, Forestry and Rural Economic Development;
- (j) “designate” has that meaning provided for in paragraph 42;
- (k) “dollar” means Canadian currency of the value of one (1) Canadian dollar, or the Canadian equivalent value in any other currency;

- (l) "forest management area" refers to the tract of forest land as specifically defined in paragraph 3;
 - (m) "forest management operating year" shall mean the operating year established pursuant to subparagraph 18(1);
 - (n) "forest management plans" shall mean those plans prepared in accordance with the forest planning standards;
 - (o) "forest planning standards" shall mean those forest planning standards published by the Minister as amended from time to time;
 - (p) "initial net forest management area" means the net area of the forest management area established as of the commencement date and agreed upon, in writing, by the Companies and the Minister;
 - (q) "periodic allowable cut" is the total of the annual allowable cuts approved for a five-year (5) cut control period or such other period as otherwise mutually agreed to by the Minister and the Companies;
 - (r) "Public Lands Administration Regulation" means Alberta Regulation 187/2011;
 - (s) "timber" means all trees living or dead, of any size or species and whether standing, fallen, cut or extracted;
 - (t) "Timber Management Regulation" means Alberta Regulation 60/1973;
 - (u) "Tolko" means Tolko Industries Ltd.;
 - (v) "Norbord" means Norbord Inc.; and
 - (w) "La Crete Sawmills" means La Crete Sawmills Ltd.
- (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* c. F-22 RSA 2000, or the *Public Lands Act* c. P-40 RSA 2000, 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 May, 2022 (herein after referred to as the "commencement date"), and shall expire on the last day of April, 2042, unless renewed under the provisions of subparagraph 2(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 (20) years.
- (3) Subject to section 16 of the *Forests Act* 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 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 gives notice to the Minister during or after the eighth year 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 2(3)(a), the Companies or a Company, as the case may be, and the Minister shall commence and complete good faith negotiations in an attempt to agree on renewal of the Agreement with a term of twenty years.
- (5) The Companies, or a Company, and the Minister may agree to commence negotiations at times other than that provided for in subparagraph 2(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 under the legislative authority of the *Provincial Parks Act* and the Wilderness Areas, Ecological Reserves, Natural Areas and *Heritage Rangelands Act* prior to the commencement date.
- 5 (1) Whenever any of the land excepted under paragraph 4 or subsequently withdrawn pursuant to paragraph 6 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 the Minister shall return these lands back to the forest management area in a productive or potentially productive state.
- (2) If the Companies have not received a notification pursuant to subparagraph 5(1) and the Companies become aware that land that had been excepted under paragraph 4 or subsequently withdrawn pursuant to paragraph 6 may be available for disposition, the Companies may request the Minister to return such land to timber production. Upon receipt of such a request, the Minister may, in the Minister's discretion, return such land to timber production. In the event the lands are returned to timber production, the Minister will thereafter return the lands back to the forest management area in a productive or potentially productive state.

WITHDRAWALS

- 6 (1) The Minister may, at any 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 harvested without causing substantial harm to the water table, or to lakes, rivers, streams or other bodies of water, or to the margins of watercourses;
 - (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 on 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 6(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 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 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 two (2) percent of the initial 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; and
 - (c) for use by the Crown wherein the cumulative net aggregate area withdrawn over the term of this Agreement does exceed two (2) percent of the initial 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 a withdrawal of lands under subparagraph 6(1) as exempt from subparagraph 6(3)(a) and where the Minister has so designated, the compensation with respect to such withdrawal shall be paid by the user requesting the withdrawal as prescribed in the appropriate Alberta timber damage assessment table. Such designated withdrawals shall contribute to the cumulative net aggregate area withdrawn in subparagraphs 6(3)(b) and 6(3)(c).
- (5) Compensation under subparagraphs 6(3)(b) and 6(3)(c) may be monetary or by the addition of available productive or potentially productive 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 6(3) as if the lands were withdrawn for use by the Crown.
- (7) For the purposes of applying subparagraphs 6(3)(b) and 6(3)(c) the cumulative net aggregate area withdrawn shall be calculated taking into consideration all exceptions and additions to the initial net forest management area under subparagraph 6(5) and paragraphs 4 and 5 and all withdrawals under subparagraph 6(1) for use by the Crown.
- (8) Monetary compensation received by the Companies under subparagraphs 6(3)(a) and 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, for activities contributing towards maintaining or increasing annual allowable cut beyond obligations under existing forest management standards and to reforest public lands 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 subparagraphs 6(3)(a) and 8(1)(b) for the term of this Agreement.
- (10) The Minister may from time to time at the Minister's discretion request verifiable documentation of the use of compensation funds received under subparagraphs 6(3)(a) and 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 and La Crete Sawmills, 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 (the allocation to Tolko shall be 87% of the coniferous timber volume and the allocation to La Crete Sawmills shall be 13% of the coniferous timber volume); and
 - (ii) harvest and remove deciduous timber on behalf of Norbord where such deciduous timber has been approved for harvest under an annual operating plan;
 - (b) to Norbord, 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 as provided for in the approved forest management plan; and

- (ii) harvest and remove coniferous timber on behalf of Tolko and La Crete sawmills where such coniferous 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' right to establish, grow, harvest and remove timber from the forest management area.
- (2) For the purpose of interpreting the *Surface Rights Act* c. S-24 RSA 2000, the Companies are each an occupant of the public lands comprising the forest management area.
- (3) Each Company shall be required to pay all fees prescribed pursuant to the *Public Lands Act* with respect to any dispositions issued to, renewed or amended for the company on or after the commencement date. However, the Company shall not be required to pay such fees with respect to any disposition held by it before the commencement date until such time as that disposition is renewed or amended.
- (4) 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 Public Lands Administration 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, trap 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* c. M-17 RSA 2000, or the Exploration Regulation (Alberta Regulation 284/2006); provided that the Companies or a Company, as applicable, shall be entitled to reasonable compensation, from the person or company that holds 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 provided for in or agreed pursuant to the Timber Management Regulation 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, provided it follows the approved forest management plan spatial harvest sequence, to issue short-term timber dispositions from within the forest management area to provide timber for local use in construction and maintenance of public works by any local authority, municipality, county, the Crown in the right of Alberta or Canada, and for local residents for their own use and sale provided, however, that the total volume of timber cut under the authority of such dispositions in any timber operating year does not exceed one (1) percent of the Companies approved annual allowable cut;
 - (b) the right, after consulting with the Companies, provided it follows the approved forest management plan spatial harvest sequence, to issue short-term timber dispositions from within the forest management area for Commercial Timber Permit issuance provided that in each five-year cut control period the total combined volume for these dispositions does not exceed 20,000 cubic metres of coniferous timber or 32,890 cubic metres of deciduous timber;
 - (c) the right, after consulting with the Companies, to issue deciduous timber allocations and deciduous timber dispositions to third parties listed in Appendix B for the harvest and removal of deciduous timber but shall not increase the annual allowable cut of those deciduous timber allocations beyond normal volume increases under the provisions which exist in the deciduous timber allocations and provided for by legislation and shall not issue any new or additional deciduous timber allocations except as provided for in subparagraph (d);
 - (d) the right, after consulting with the Companies, to issue deciduous timber allocations and deciduous timber dispositions for that volume or percentage of the deciduous annual allowable cut which was the subject of a deciduous timber allocation listed in Appendix B but which ceases to be the subject of a deciduous timber allocation, whether listed in Appendix B or not;
 - (e) 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 subparagraphs (a), (b) and (c) which may be required to maintain the annual allowable cut as set out in the approved detailed forest management plan;
 - (f) the right, after consultation with the Companies, to issue timber dispositions for birch timber; and
 - (g) should the volume of timber available under subparagraph 8(2)(b) remain unused that volume will accrue to the Companies on a periodic basis.

- (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 8(2) and the respective operations of the Companies.

FOREST MANAGEMENT

A. GENERAL PROVISIONS

- 9 (1) 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 yield of timber consistent with sustainable forest management principles and practices while not reducing the productivity of the land.
- (2) The Companies shall ensure that they satisfy all consultation obligations with First Nations or Metis that may be delegated to them by the Minister in accordance with the applicable current Consultation Policies and Guidelines.
- 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 January 31, 2025 and a new forest management plan on or before January 31, 2035.
- (2) Each forest management plan developed under subparagraph 10(1), when approved, will replace the previously approved forest management plan.
- (3) Before the Companies submit a forest management plan referred to in subparagraph 10(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.
- (4) After such presentations, reviews and consultation referred to in subparagraphs 9(2) and 10(3), the Companies shall incorporate in the forest management plan their response to the public, First Nations, Métis and timber disposition holders respecting the proposed forest management plan.
- (5) 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.
- (6) The Minister agrees that so long as a forest management plan required under this paragraph has been submitted by the Companies within the time periods herein specified and provided such plans comply 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.
- (7) Should the Companies fail to submit a forest management plan on the dates identified in subparagraph 10(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.
- (8) The Companies shall cooperate with the development and implementation of integrated land management initiatives to the satisfaction of the Minister.

- 11 (1) The Companies shall not deviate from the approved forest management 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 11(1), the Companies may continue their respective operations under approved plans submitted pursuant to the forest management agreement authorized by O.C. 16/2011 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 from a good forest management perspective, 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 subparagraph 10(1) or revised dates under subparagraph 10(7) are not met, or that the Minister requires the Companies to submit a revised forest management plan under subparagraph 12(1), the Minister may, after consulting with the Companies, impose remedies until such time as a new revised plan is approved. The remedies may include but are not limited to any, or a combination of any or all, of the following:
 - (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
 - (d) the requirement to develop cooperative landscape objectives.
- (3) If the Minister adjusts the dates for forest management plan submission under subparagraph 10(7), 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 12(2).
- 13 (1) The Companies shall recommend, in their forest management plans, 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 out.
- (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, through sustainable forest management planning, require timber disposition holders operating within the forest management area to conduct all harvesting operations and management of forest resources 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 reasonably 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 in writing, 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.
- 15 All information and data related to the forest management area that has been collected or generated by the Companies or the Minister 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, subject to subparagraph 49(2) of this Agreement, 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 16(2) or 16(3), following which the Companies shall conduct its timber harvesting and reforestation operations in accordance with the new set of ground rules.
- (2) Concurrently with the development of the forest management plans developed under subparagraph 10(1), or at such time as may be agreed to in writing by the Minister and the Companies, the Minister and the Companies shall by mutual agreement, 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 which 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 (4) cut control periods each with a duration of five (5) years, or as otherwise agreed to in writing by the Minister and the Companies.
- (2) If Tolko overcuts their portion of the coniferous periodic allowable cut as outlined in the approved forest management plan, the Minister may, after consulting with the Company, reduce Tolko's coniferous periodic allowable cut during the subsequent cut control period by any amount up to the entire overcut volume at the Minister's sole discretion.
- (3) If Norbord overcuts the deciduous periodic allowable cut as outlined in the approved forest management plan, the Minister may, after consulting with the Company, reduce Norbord's deciduous periodic allowable cut during the subsequent cut control period by any amount up to the entire overcut volume at the Minister's sole discretion.
- (4) If La Crete Sawmills overcuts their portion of the coniferous periodic allowable cut as outlined in the approved forest management plan, the Minister may, after consulting with the Company, reduce La Crete Sawmill's coniferous periodic allowable cut during the subsequent cut control period by any amount up to the entire overcut volume at the Minister's sole discretion.
- (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.
- 18 (1) Following the commencement date of this Agreement, the forest management operating year shall commence on May 1 and end on April 30.

- (2) The Companies shall submit for approval 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 the annual operating plans as submitted, or may require each Company, after discussing any proposed changes with them, to change any operations described in the plans and resubmit the plan to the Minister for approval. The Minister shall not, by its requirement for changes to the plan, alter the approved ground rules and will act promptly so as to avoid delay in Company operations. No Company shall commence operations until an annual operating plan has been approved by the Minister and each Company shall comply with the plan and any amendments approved by the Minister.
 - (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 amend their plan, or justify the exclusion of such timber from their plan within the notice period specified below. If the Companies fail or elect not to do either within such period, the Companies shall not be deemed to be in default of the Agreement and the Minister may dispose of such timber to any person by a timber disposition without compensating the Companies and the volume of timber so disposed will be charged by the Minister as production under this Agreement for the purpose of cut control under paragraph 17. For the purposes of this subparagraph, "notice period" shall mean thirty (30) days, unless the timber disposition exceeds two (2) years, in which case "notice period" shall mean one (1) year.
 - (6) When the annual operating plan does not provide for the utilization of all fibre generated as a result of the Companies' harvesting operations, the Minister may give notice to the Companies that the Minister requires provision for its utilization in such a plan. The Companies shall amend their plan, or justify the exclusion of such fibre from their plan within the notice period specified below. If the Companies fail or elect not to do either within such period, the Companies shall not be deemed to be in default of the Agreement and the Minister may dispose of such unutilized fibre to any person by a disposition without compensating the Companies. For the purposes of this subparagraph, "notice period" shall mean thirty (30) days, unless the disposition exceeds two (2) years, in which case "notice period" shall mean one (1) year. No such disposition shall authorize any activities that might reasonably be expected to hinder or obstruct the lawful timber operations of the Companies or create any additional costs or liabilities to the Companies.
- 19 (1) Tolko and La Crete Sawmills shall utilize all merchantable coniferous timber cut in road construction and other incidental operations of the Companies unless otherwise permitted in writing by the Minister.
- (2) Norbord shall utilize all merchantable deciduous 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 operating within the forest management area.
- (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) The Minister shall require other timber disposition holders operating within the forest management area to follow the approved forest management plan and conduct all harvesting operations in accordance with the Companies' approved ground rules and to refrain from hindering or obstructing the lawful operations of the Companies.

B. REFORESTATION

- 21 (1) Each Company shall reforest at their own expense all lands cut over by each Company under this Agreement and under the Forest Management Agreement authorized by O.C. 16/2011 (as amended from time to time) to the required reforestation standard and shall describe their reforestation program in their forest management plans and annual operating plans.
 - (2) In this Agreement, the required reforestation standard means the reforestation standards provided in or agreed to pursuant to the Timber Management Regulation.
 - (3) 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.
 - (4) 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.
- 22 (1) Each 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.
 - (2) Each 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.
 - (3) For the purposes of this paragraph, it is agreed by all of the parties to this Agreement that none of Tolko, Norbord, or La Crete Sawmills is, or shall be deemed to be, the agent of the other.
- 23 The Minister shall be responsible for ensuring that forest lands on the forest management area cut over after the commencement date by persons other than the Companies, their employees, agents or contractors, are reforested to the required reforestation standard.
- 24 The Companies may devise and implement enhanced forest management programs. The Companies and the Minister may enter into an agreement that 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.

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 25(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, 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 that has been negotiated and entered into by the Minister and each Company. If the cause of any fire is disputed by any Company, the dispute shall be resolved by means of civil suit in the Courts of Alberta.
- (3) If a fire control agreement between the Minister and each Company is more than five (5) years old at the commencement date, then notwithstanding any provision in that fire control agreement, that fire control agreement will terminate on the first anniversary of the commencement date unless it has been replaced by a new fire control agreement or the Minister has directed otherwise.
- (4) Where there is no fire control agreement in effect, each Company agrees to have on hand in good working order such firefighting equipment as specified in the Forest and Prairie Protection Regulations and shall train such employees in fire suppression as reasonably specified by the Minister.
- (5) 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.
- (6) 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.

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 *Forests Act*, its regulations and the published instructions of the Department.
 - (2) Consistent with subparagraph 26(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 26(2).
- 27 (1) Unless otherwise prescribed in the Timber Management Regulation, within thirty (30) 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 manufacturing facilities in Alberta;

- (d) at the request of the Minister and, subject to subparagraph 49(2) of this agreement, 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, subject to subparagraph 49(2) of this agreement, on a confidential basis, the geographic destination of timber and primary timber products sold by the Company from its operations in Alberta.
- (2) Each Company or their respective agents shall each remit to the Minister with each of their timber returns the amount of all dues payable by the Company for the volume of timber shown on such returns and when done by the Company's agent, it shall not relieve the Company of their responsibility.

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) (a) Initially the charges in subparagraph 28(1) will be \$1,972,100.
- (b) The holding and forest protection charge established in subparagraph 28(2)(a) shall be adjusted upon renewal of this Agreement.
- (3) Subsequent holding and forest protection charges shall be adjusted annually on the anniversary of the commencement date using the Annual Implicit Price Index for government current expenditure on 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:

$$2023 \text{ Holding and Forest Protection Charge} = \$1,972,100 \times \frac{2022 \text{ Index}}{2021 \text{ Index}}$$

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.

- 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 a program or programs to enhance their ability to establish, grow, harvest, and remove timber and the level of understanding of forest resources and forest products within Alberta. The minimum annual expenditure by the Companies in respect of such a program or programs shall 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 the hiring of scientific personnel in the Companies. In cases where the Companies have multiple operations throughout Alberta, the Minister may consider collective expenditures to achieve the \$0.25 per cubic metre per year on average to be acceptable.
- (2) Each Company shall annually, or as otherwise requested by the Minister, provide a report that details the activities of the program or programs referred to in subparagraph 30(1).

FACILITY OPERATION

- 31 Each of the Companies shall notify the Minister, in writing, of any intended reduction in consumption levels thirty (30) percent annual fibre capacity of their manufacturing facilities, and such notification shall be submitted to the Minister at least six (6) weeks prior to the intended reduction taking effect.
- 32 (1) Subject to subparagraph 32(1)(b), if at any time any of the Companies manufacturing facilities referred to in paragraph 31 cease to consume fibre and operate for a period of twelve (12) consecutive months, the Minister shall have the right to:
- (a) (i) suspend the Company's right to consume fibre on the forest management area on notice to the Company;
 - (ii) issue short-term timber dispositions to third parties on the forest management area for up to one-hundred (100) percent of the Company's approved annual allowable cut; and
 - (iii) charge as production under this Agreement the volume of timber harvested under short-term timber dispositions issued to third parties under this subparagraph.
- (b) The Minister shall restore the Company's rights to consume fibre on the forest management area if at any time:
- (i) the Company advises the Minister in writing of its intention to resume fibre consumption and operation of the facilities and the Company resumes operation of the facilities within ninety (90) days of delivery of the notice; or
 - (ii) the Company submits a proposal to the Minister (the "Proposal"), within thirty-six (36) months from the date on which the facilities cease to consume fibre and operate, for the utilization of timber harvested from the forest management area in another facility in Alberta, and the Proposal is acceptable to the Minister, and the Company implements the Proposal within a period of time satisfactory to the Minister.
- (2) Upon restoration of the Company's right to harvest timber on the forest management area:
- (a) the Minister shall not issue any further short-term timber dispositions to third parties on the forest management area pursuant to subparagraph 32(1)(a)(ii); and
 - (b) the Company shall be entitled to the return of any of the timber temporarily disposed of by the Minister that remains un-harvested on expiry of the short-term timber dispositions.

- (3) Notwithstanding subparagraphs 32(1) and 32(2), if the Company's manufacturing facilities referred to in subparagraphs 32(1) or 32(2) cease to consume fibre and operate for a cumulative, but not necessarily consecutive, period of thirty-six (36) months (where each such shutdown is at least two (2) months in duration), the Minister shall have the right to cancel this Agreement as against the Company in default.
- (4) At the Minister's request, each Company will report on value-added initiatives in relation to new product development, strategic partnerships, forest management and fibre utilization. Subject to subparagraph 49(2) of this Agreement, the Minister agrees to keep confidential any reports provided by the Company to the Minister under this subparagraph.

GENERAL PROVISIONS

- 33 (1) If any Company at any time is in default under any of the covenants, terms, conditions, provisions, agreements or stipulations in this Agreement, the Minister may give written notice to the defaulting Company setting out the default complained of and requiring that Company to remedy the default within six (6) months, or a period of time mutually agreed to in writing, of the giving of notice.
 - (2) The Minister may, from time to time, extend the period during which the Company is required to remedy any default complained of in a notice given pursuant to subparagraph 33(1).
- 34 If the period of time to remedy the default in paragraph 33(1) or 33(2), as applicable, has expired, and in the opinion of the Minister the defaulting Company has failed to remedy the default, the Minister may:
 - (a) require the defaulting Company perform all of their respective covenants, terms, conditions, stipulations, provisions, agreements and obligations as contained in this Agreement;
 - (b) bring a civil action for damages for breach of contract and/or any other cause of action recognized at law; or
 - (c) cancel this Agreement as it applies to the defaulting Company according to the mechanism described in paragraph 36.
- 35 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 a 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.
- 36 (1) Except as otherwise provided for in paragraphs 31 and 35, the Minister may, by giving the defaulting Company ninety (90) 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 High Level, 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 (90) 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 written notice of such failure under paragraph 33 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 36(1)(a) and 36(1)(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.
- (3) Subparagraphs 36(1)(a) and 36(1)(b) do not apply when the defaulting Company proposes a compromise or arrangement or otherwise brings proceedings under or becomes subject to the provisions of the *Companies Creditors Arrangement Act* (Canada) or any successor or similar legislation thereto.
- 37 The Minister does not guarantee any quality or quantity of timber on the forest management area.
- 38 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 and any applicable fire control agreement.
- 39 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* c. S-26 RSA 2000.
- 40 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.
- 41 Each Company shall at all times, during the term of this Agreement, maintain a business office in Alberta and be in compliance with the requirements of the *Business Corporations Act* c. B-9 RSA 2000 and its regulations or other legislation pursuant to which the Company was incorporated.
- 42 (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 thirty (30) days written notice to the Minister, appoint a new designate to replace a designate previously appointed pursuant to this paragraph.
- 43 (1) Except for a dispute as to the cause of any fire referred to in subparagraph 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* c. A-43 RSA 2000, 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 43(1), the dispute shall be resolved by means of civil action before the Courts of the Province of Alberta.
- 44 (1) The Companies shall not 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 44(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 44(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.
- 45 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.

- 46 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 45 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.
- 47 (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 47(1) shall not restrict, in any manner, the ability of the Minister to pursue each 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.
- 48 (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 48(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 the alleged interference.
- 49 (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* c. F-25 RSA 2000.
- 50 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 Norbord and La Crete Sawmills):

Tolko Industries Ltd.
11401-92 Street
High Level, Alberta
T0H 1Z0

to Norbord (with a copy to Tolko and La Crete Sawmills):

Norbord Inc.
P.O. Box 1856
High Level, Alberta
T0H 1Z0

to La Crete Sawmills (with a copy to Tolko and Norbord):

La Crete Sawmills Ltd.
P.O. Box 1090
La Crete, Alberta
T0H 2H0

(2) to the Minister:

Minister of Agriculture, Forestry and Rural Economic 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 that might affect the delivery of such notice then such notice shall only be effective if and when actually delivered.

- 51 Notwithstanding any other clause in this Agreement, this Agreement is subject to the *Forests Act* and any amendments to the *Forests Act*.
- 52 (1) In the event that this Agreement is cancelled for any reason and if the Department provides written notice that the Agreement will not be reinstated in response to an application by Tolko, Tolko may no later than six (6) months after the date of the Department's written notice, request, in writing, that the Minister grant to Tolko 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 Tolko is not in default of this Agreement or the cause of the cancellation of this Agreement;
- (2) In the event that this Agreement is cancelled for any reason and if the Department provides written notice that the Agreement will not be reinstated in response to an application by Norbord, Norbord may no later than six (6) months after the date of the Department's written notice, request, in writing, that the Minister grant to Norbord for the sum of \$1.00 each, deciduous timber allocations for the percentage of deciduous timber equivalent to the volume of deciduous timber held under this Agreement prior to the cancellation of this Agreement, provided Norbord is not in default of this Agreement or the cause of the cancellation of this Agreement; and
- (3) In the event that this Agreement is cancelled for any reason and if the Department provides written notice that the Agreement will not be reinstated in response to an application by La Crete Sawmills, La Crete Sawmills may no later than six (6) months after the date of the Department's written notice, request, in writing, that the Minister grant to La Crete Sawmills for the sum of \$1.00 each, coniferous timber quotas for the volume of coniferous timber held under this Agreement prior to the cancellation of this Agreement, provided La Crete Sawmills is not in default of this Agreement or the cause of the cancellation of this Agreement.

- 53 The obligation of the Minister to grant timber quota(s) under subparagraph 52(1), (2), or (3) shall survive the cancellation of this Agreement.
- 54 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.
- 55 (1) Notwithstanding anything to the contrary in this Agreement, whether express or implied, each of Tolko, Norbord, and La Crete Sawmills 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.
- 56 This Agreement enures 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.
- 57 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.
- 58 This Agreement may be executed in counterparts, in which case (i) the counterparts together shall constitute one agreement, and (ii) communication of execution by fax transmission or e-mailed in PDF shall constitute good delivery.

IN WITNESS WHEREOF the party of the first part executes this Agreement under the hand of the Minister

subscribed hereunder at Edmonton, Alberta, Canada this
7th day of September, 2022.

**HER MAJESTY THE QUEEN in
Right of Alberta**

original signed by Nate Horner

Witness

Minister of Agriculture, Forestry and
Rural Economic Development

and the party of the second part executes this Agreement by subscribing hereunder the signature
of its duly authorized corporate officer at Vernon, British Columbia,
Canada this 1st day of September, 2022.

Tolko Industries Ltd.

original signed by Brad Thorlakson

Witness

and the party of the third part executes this Agreement by subscribing hereunder the signature of
its duly authorized corporate officer at Edmonton, Alberta, Canada
this 7th day of September, 2022.

Norbord Inc.

original signed by D'Arcy Henderson

Witness

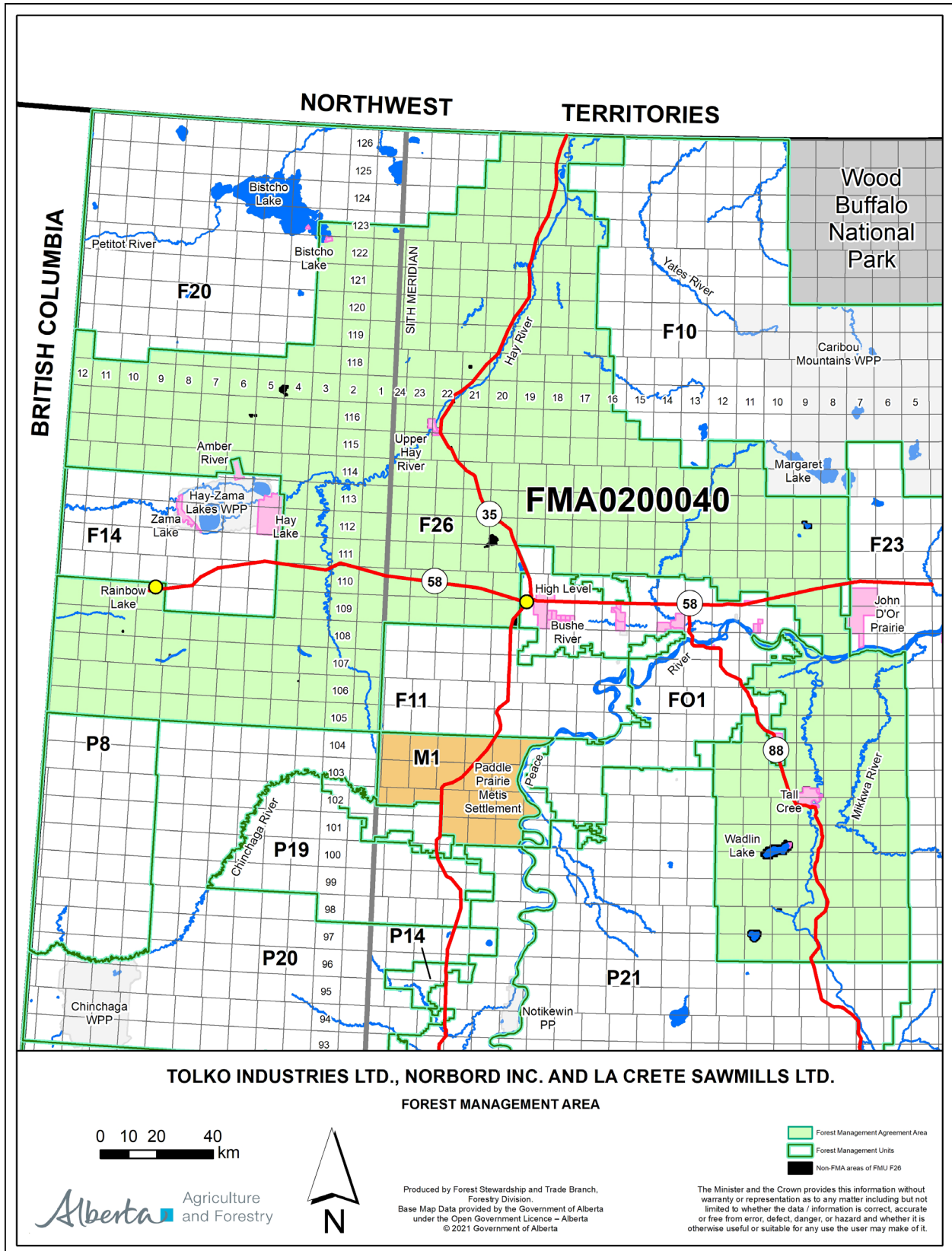
and the party of the fourth part executes this Agreement by subscribing hereunder the signature
of its duly authorized corporate officer at Edmonton, Alberta,
Canada this 7th day of September, 2022.

La Crete Sawmills Ltd.

original signed by John Unger

Witness

APPENDIX A



APPENDIX B

TOLKO INDUSTRIES LTD. AND NORBORD INC. AND LA CRETE SAWMILLS LTD.

DECIDUOUS TIMBER ALLOCATION HOLDERS WITHIN THE FOREST MANAGEMENT AREA

- | | |
|-------------------------------------|------------|
| 1. Power Wood Canada Corp. | DTAF260001 |
| 2. Power Wood Canada Corp. | DTAF260002 |
| 3. Netaskinan Development (GP) Ltd. | DTAF260003 |
| 4. Netaskinan Development (GP) Ltd. | DTAF260004 |
| 5. NDEH Limited Partnership | DTAF260005 |
| 6. Mercer Peace River Pulp Ltd. | DTAF260006 |

Where a deciduous timber allocation is merged with one or more deciduous timber allocations, the new deciduous timber allocation shall be deemed to be listed in Appendix B for the purpose of paragraph 8(2)(c) of this Agreement.