

# FOIPOP Document

This **TIMBER LICENSE** made in duplicate this *11th* day of *October* A.D., 2017.

**BETWEEN:**

**HER MAJESTY THE QUEEN** in right of the Province of Nova Scotia, as represented by the Minister of Natural Resources (hereinafter referred to as the "DNR")

**OF THE FIRST PART**

- AND -

**WESTFOR MANAGEMENT INC.**, a company incorporated under the laws of Nova Scotia (hereinafter referred to as the "Licensee")

**OF THE SECOND PART**

**WHEREAS** the Licensee is a forest management company owned by and comprised of shareholders owning Wood Processing Facilities;

**AND WHEREAS** the Licensee's shareholders utilize both hardwood and softwood sawlogs, studwood and pulpwood as useable in the Shareholders' mills for manufacturing;

**AND WHEREAS** DNR has timber on Crown lands requiring management activities of forest harvesting and silviculture;

**AND WHEREAS** the Minister of Natural Resources is authorized under Section 31 of the *Crown Lands Act* to offer a timber license ("License");

**NOW THEREFORE WITNESSETH** that for consideration, including the mutual covenants and agreements herein contained, the parties hereby agree as follows:

## 1.0 DEFINITIONS

- 1.1. "Biomass Fuel" means logs, bolts or pieces of wood of any size or form, from any species of hardwood or softwood tree having no higher valued potential and if originating from a forest harvest or silviculture operation shall be made only from the wood or bark of a Tree Stem from which the branches have been removed or if originating from a non-harvesting operation may be made from any portion of a tree and also includes wood residuals.

- b. The Licensee shall sell or exchange all other Primary Forest Products harvested from its Harvest Operations which have a higher and better use at the time of harvest or acquisition and shall make commercially reasonable efforts to offer a right of first refusal for such Primary Forest Products to other Crown Land Licensees who operate wood processing facilities at the time of harvest or acquisition. The Licensee shall contact the Regional Crown Forester for information on other Licensee(s) with unfulfilled fibre volume allocations.
  - c. When other Crown Licensees do not take all the Primary Forest Products offered, the Licensee shall then make reasonable commercial efforts to offer it in the open market to achieve the highest and best use of the resulting fibre and, if possible, to exchange for equivalent volumes to satisfy the product needs of the Licensee.
- 6.2. Any amount of Primary Forest Product originating from Crown lands and purchased from other Crown Licensees are deemed to have been supplied by DNR against its volume allocation obligations under this License with the exception of softwood pulpwood products.
  - 6.3. Any amount of Primary Forest Product originating from Crown lands offered to the Licensee through arrangements made by DNR and purchased by the Licensee are deemed to have been supplied by DNR against its Fibre Allocation obligations under this License with the exception of softwood pulpwood products.
  - 6.4. The Licensee shall keep DNR informed as to contractual arrangements made with third parties for the supply of Primary Forest Products from Crown lands, as well as any changes to, or terminations of, such arrangements.

## **7.0 BROOKLYN FIBRE ASSURANCE**

- 7.1. For Primary Forest Products harvested on any Crown lands located west of Highway 102 during the term of this License, the Licensee agrees that:
  - a. The Licensee shall provide a right of first refusal to Brooklyn Power Corporation ("Brooklyn Power") on all biomass fuel logs or other forms of primary forest biomass fuels produced as part of the Licensee's harvest on these lands;
  - b. At the request of Brooklyn Power, the Shareholders shall sell or cause to be sold to Brooklyn Power an amount of Mixed Residue generated from the processing of any Crown harvested Primary Forest Products that are delivered or sold to any Registered Buyer (including the Shareholders);
  - c. Until the Parties agree otherwise the amount of Mixed Residue expected

to be sold to Brooklyn Power will be 12 percent per GMT of Primary Forest Products harvested;

- d. The Mixed Residue price to Brooklyn Power is 17(1) per GMT at the Wood Processing Facility (exclusive of transportation costs from the Wood Processing Facility), adjusted annually by an inflation factor;
- e. For the purpose of Section 7.1(d) above the inflation factor shall be  $\frac{1}{2}$  the inflation rate prescribed for electricity produced by the Brooklyn Power facility and sold to Nova Scotia Power Inc. pursuant to a Power Purchase Agreement as may be in effect between Brooklyn Power and Nova Scotia Power Inc.; and
- f. Should Brooklyn Power offer by-products from its own operations on Crown lands to the Shareholders and the Shareholders purchases the by-products, the Shareholders shall sell an amount of Mixed Residue to Brooklyn Power in accordance with the terms in this Section.

## **8.0 STUMPAGE**

- 8.1. The Licensee shall pay DNR a stumpage rate at a price per tonne basis on each of the Primary Forest Products harvested from Crown land, payable in Canadian currency. The stumpage rates for 2017 are contained in Schedule "D", attached to and forming part of this License, and shall be adjusted annually on a fiscal year basis by the Minister of Natural Resources.
- 8.2. An overhead allowance of \$ [REDACTED] /m<sup>3</sup> has been applied in the calculation of the stumpage rates.

17(1)

## **9.0 SILVICULTURE PROGRAM**

- 9.1 A silviculture fee of \$3.00/m<sup>3</sup> for softwood forest products and all species of primary Biomass Fuel products and \$0.60/m<sup>3</sup> for hardwood forest products other than Biomass Fuel, is included in the stumpage rates set out in Schedule "D".
- 9.2 When the Licensee has completed an approved silviculture program on Crown lands within its traditional area of fibre allocation under this License, DNR shall reimburse the Licensee in accordance with the silviculture rates set out in Schedule "E" for silviculture work which DNR considers to be satisfactorily completed. The Licensee is not entitled to an administration allowance. The Licensee shall not be reimbursed for any silviculture work completed in excess of the accumulated silviculture fee amount that remains available, unless DNR has agreed to such additional funding.
- 9.3 For the purposes of this License, a silviculture program that includes the