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AMENDED AND RESTATED
FOREST MANAGEMENT AGREEMENT

THIS AGREEMENT made in duplicate as of the 31st day of July, 2014.

BETWEEN;

HER MAJESTY THE QUEEN in right of the Province of New Brunswick as represented by the Minister of Natural Resources, hereinafter referred to as the "Minister"

OF THE FIRST PART

AND;

J.D. IRVING, LIMITED and IRVING PULP & PAPER, LIMITED, each a company duly incorporated under the laws of New Brunswick, having their head office in the City of Saint John in the Province of New Brunswick, hereinafter collectively referred to as the "Company"

OF THE SECOND PART.

WHEREAS the Company is carrying on the business of manufacturing lumber and pulp & paper products at its wood processing facilities in New Brunswick;

AND WHEREAS the Company has an historic draw of timber from the Crown Lands in the Province;

AND WHEREAS the Minister and the Company are desirous of continuing the Company's use of timber from the Crown Lands on a sustained yield basis in accordance with the practice of integrated management of resources within the Crown Lands and in accordance with the provisions of the Act;

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AND WHEREAS the Minister and the Company entered into agreements dated the 23rd day of March, 1982, each known as a Forest Management Agreement ("Forest Management Agreements");

AND WHEREAS the Minister and the Company entered into agreement in amendment of the Forest Management Agreements as of the 1st day of April, 1987, ("FMA 1987");

AND WHEREAS the Minister and the Company entered into amended and restated Forest Management Agreements as of the 1st day of April, 1992 ("FMA 1992");

AND WHEREAS the Minister and the Company entered into amended and restated Forest Management Agreements as of the 1st day of April, 1997 ("FMA 1997");

AND WHEREAS the Minister, pursuant to section 31 of the Act, completed his review of the performance of the Company in respect of its management of Crown Lands under license to it and received the approval of the Lieutenant-Governor in Council by Order-in-Council 2013-45 to extend the term of the Forest Management Agreements for Crown Timber Licenses No. 6 and No. 7 for three consecutive five-year terms, commencing April 1, 2002, April 1, 2007 and April 1, 2012.

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AND WHEREAS the Company and the Minister entered into a Memorandum of Agreement ("MOA") dated February 7, 2014, whereby the Company agreed to make substantial investments in its and its affiliates' forestry, wood processing and wood manufacturing operations in New Brunswick;

AND WHEREAS the Minister has indicated to the Company, given their satisfactory performance and commitments under the MOA, the intention to extend the term of the Forest Management Agreements for Crown Timber Licenses No. 6 and No. 7 for three consecutive five-year terms, commencing April 1, 2002, April 1, 2007 and April 1, 2012, with the last of such extension terms ending the last day of March, 2037;

AND WHEREAS the Minister and the Company, arising out of the review of the Company's performance, have agreed to amend, restate and consolidate the Forest Management Agreements for Crown Timber Licenses No. 6 and No. 7 as amended and restated by the FMA 1987, FMA 1992, and the FMA 1997 ("FMA");

AND WHEREAS the Minister and the Company have agreed to extend the term of the FMA by three consecutive five year periods as more particularly herein provided;

AND WHEREAS the Company has revised the Industrial Plan forming a part of the FMA as required by subsection 29(2) of the Act and the Lieutenant-Governor in Council has, pursuant to

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subsection 29(3) of the Act, approved those revisions by Order-in-Council 2014-331 ("Revised Industrial Plan");

AND WHEREAS the Company has completed the five year revision of the Management Plan forming a part of the FMA pursuant to subsection 29(4) of the Act ("Revised Management Plan");

AND WHEREAS the Company has completed a revision of the Operating Plan forming a part of the FMA pursuant to subsection 29(5) of the Act ("Revised Operating Plan");

AND WHEREAS the Minister, pursuant to subsection 29(7) of the Act, has granted his approval to the Revised Management Plan and the Revised Operating Plan;

AND WHEREAS the Minister and the Company have revised the Timber Berth records describing the Crown lands subject of the FMA ("Revised Timber Berth");

AND WHEREAS the Company has revised the annual allowable harvest of timber ("Revised AAHT");

AND WHEREAS the Minister has, in consultation with the Company, revised the annual allocation of timber ("Revised AAT");

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AND WHEREAS the Minister and the Company have agreed to incorporate into the FMA for the Seventh Five-Year Period the Revised Industrial Plan, the Revised Management Plan, the Revised Operating Plan, the Revised Timber Berth, the Revised AAHT and the Revised AAT, all of which is more fully hereinafter set forth;

AND WHEREAS the Minister has been authorized to enter into this Agreement by Order-in-Council 2013-45;

NOW THEREFORE in consideration of the mutual promises, covenants, agreements and other provisions contained in this agreement, the Minister and the Company covenant and agree, each with the other, as follows:

1. INTERPRETATION

1.1 In this Agreement:

- (a) "Act" means the Crown Lands and Forests Act, S.N.B. 1980, c C-38.1, as amended;
- (b) "Advisory Board" means the Advisory Board created pursuant to section 69 of the Act;

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- (c) **"Agreement"** means this Amended and Restated Forest Management Agreement and any agreement supplementary to or in amendment or confirmation of this agreement and includes Schedules "A", "B", "C", "D", "E", "F" and "G", identified in paragraph 15, which are incorporated into and form a part hereof;
- (d) **"annual allowable harvest of timber"** means the total volume of timber, which the Minister has identified that may be harvested in a year on the Crown Lands subject to this Agreement;
- (e) **"annual allocation of timber"** means that portion of the annual allowable harvest of timber allocated to the Company or to a Crown Timber Sub-licensee;
- (f) **"basic silviculture"** means the silvicultural activity required to produce the annual allowable harvest of timber identified in paragraph 13.1.
- (g) **"Company"** means the parties to this Agreement referred to as the parties of the Second Part heretofore and, upon issuance of the Crown Timber License contemplated in this Agreement, includes the Company as a Crown Timber Licensee;
- (h) **"Crown Land exchange"** means an exchange of Crown Lands approved pursuant to section 20 of the Act;

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- (i) "Crown Timber License" unless the context otherwise requires means collectively the Queens-Charlotte License and the Fundy License;
- (j) "Crown Timber Licensee" means the holder of a Crown timber license issued pursuant to section 28 of the Act;
- (k) "Crown Timber Sub-license" means a Crown timber sub-license issued pursuant to section 41 of the Act;
- (l) "Crown Timber Sub-licensee" means the holder of a Crown Timber Sub-license named in paragraph 9.1;
- (m) "deliver" means, as a minimum requirement, that timber from a harvesting operation on the Crown Lands subject to this Agreement is piled and ready for pick-up on a road within or adjacent to the harvesting operation;
- (n) "Forest Management Manual" means the Forest Management Manual prepared by the Minister and attached to and being part of this Agreement as Schedule "E", setting out the standards to be achieved, where not otherwise contained in Regulations under the Act, in the management of the Crown Lands;

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- (o) **"Fundy License"** means Crown Timber License No. 7, issued to Irving Pulp & Paper, Limited pursuant to section 27 of the Act, effective March 31, 1982;
- (p) **"Industrial Plan"** means the Industrial Plan prepared pursuant to subsection 29(2) of the Act, referred to in paragraph 4.1 and attached to this Agreement as Schedule "B";
- (q) **"initial term"** means the period of twenty-five years beginning on the last day of March 1982;
- (r) **"integrated management of resources"** means the planned use of the renewable resources, on the Crown Lands subject to this Agreement, over time, which recognizes the bio-physical relationship of one resource to another and places a value on each use of the resources in response to economic and social priorities;
- (s) **"Licensee silviculture"** means silvicultural treatments carried out at the expense of a Crown Timber Licensee to increase the volume of growing timber above the aggregate level of growing timber resulting from basic silviculture;

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- (t) **"Management Plan"** means the Management Plan prepared pursuant to subsection 29(4) of the Act, referred to in paragraph 5 and attached to this Agreement as Schedule "C";
- (u) **"Operating Plan"** means the Operating Plan prepared pursuant to subsection 29(5) of the Act, referred to in paragraph 6 and attached to this Agreement as Schedule "D";
- (v) **"Performance Evaluation Standards"** means the Performance Evaluation Standards referred to in paragraph 7 and attached to this Agreement as Schedule "G";
- (w) **"Proportionate Share"** means with respect to a Qualified Party; in the same proportion as their current annual allowable harvest of a timber product on the Crown Timber License bears to the total annual allocation of that timber product on the Crown Timber License;
- (x) **"Qualified Party"** means the Company and other interested Crown Timber Sub-licensees on the Crown Timber License who demonstrates, to the satisfaction of the Minister, their compliance with the requirements under their operating plan, management plan and industrial plan;

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- (y) **"Queens- Charlotte License"** means Crown Timber License No. 6, issued to J.D. Irving, Limited pursuant to section 27 of the Act, effective March 31, 1982;
- (z) **"Sub-Licensee"** means Crown Timber Sub-licensee;
- (aa) **"Seventh Five-Year Period"**, means the period, during the term of this Agreement, beginning with April 1, 2012 and ending March 31, 2017;
- (bb) **"Timber Berth"** means a territorial representation of the Crown Lands subject to this Agreement for administrative purposes. This includes, but not limited to, the original Timber Berth maps, geographic information system (GIS) data and files in the records of the office of the Minister of Natural Resources.

1.2 The terms defined in the Act and the Regulations thereunder shall, for the purposes of this Agreement, unless otherwise specified in this Agreement, have the meaning given to them by the Act and Regulations as each may be amended or substituted from time to time.

1.3 The Minister and the Company agree that this Agreement is the Forest Management Agreement referred to in subsection 29(1) of the Act and is in compliance with all Acts of the Legislature of the Province of New Brunswick and the regulations thereto.

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2. TERM OF AGREEMENT

2.1 This Agreement commenced on the last day of March, 1982 and shall expire on the last day of March 2037, unless extended to accord with the date of expiry of the Crown Timber License.

2.2 Every five years during the initial term of this Agreement and any extension thereof, the Minister and the Company shall review this Agreement and may amend any term or condition of the Agreement, as is mutually agreeable, and approved by the Lieutenant-Governor in Council, if required.

2.3 At the end of the first five years and each fifth anniversary thereof of this Agreement the Minister shall, upon being satisfied with the performance of the Company, recommend to the Lieutenant-Governor in Council as provided for in subsection 31(c) of the Act, that the Lieutenant-Governor in Council approve an extension by the Minister of the term of the license for a further five years.

3. AREA TO BE MANAGED

3.1 This Agreement applies to the management of the Crown Lands, not otherwise subject to a lease, easement, right-of-way or encumbrance, situated within the areas outlined in the Timber Berth records and forming part of this Agreement, as Schedule "A", containing, by estimation, a

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total of 1,050,000 hectares, and identified as the Queens-Charlotte License and the Fundy License.

3.2 The Timber Berth records referred to in paragraph 3.1 shall be the official record of the location of the Crown Lands which are subject to this Agreement. The Timber Berth records are to be made available to the Company as requested.

4. INDUSTRIAL PLAN

4.1 The Minister and the Company agree that the Industrial Plan attached to and forming part of this Agreement as Schedule "B", was submitted by the Company in accordance with the instructions of the Minister, and is the Industrial Plan referred to in subsection 29(1) of the Act and was first approved by the Lieutenant-Governor in Council by Order-in-Council 82-200.

4.2 Any change to an Industrial Plan requiring increased timber resources from Crown Lands must be submitted to the Minister for approval at least three months in advance of the anticipated change and the Minister will advise the Company of approval or disapproval within three months of initial submission.

5. MANAGEMENT PLAN

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5.1 In compliance with subsection 29(1) of the Act the Company agrees to submit to the Minister for his approval, every five years beginning with the last day of March, 2017 and every fifth anniversary thereof thereafter, a revised Management Plan meeting the requirements of the Act, the Regulations and the Forest Management Manual for the balance of the term of this Agreement for the Crown Lands subject to this Agreement.

5.2 Upon submission by the Company and approval by the Minister, the Management Plan, referred to in paragraph 5.1, shall be attached to and becomes part of this Agreement as Schedule "C".

6. OPERATING PLAN

6.1 In compliance with subsection 29(1) of the Act the Company agrees to submit to the Minister for his approval, every year beginning with the 1st day of April, 2015 and every anniversary thereof thereafter, a revised Operating Plan meeting the requirements of the Act, the Regulations and the Forest Management Manual covering a period of one year from the date of each approval by the Minister.

6.2 Each revision of the Operating Plan made pursuant to paragraph 6.1 which is approved by the Minister is deemed to be substituted for the Operating Plan attached to this Agreement as Schedule "D" effective the date of the Minister's approval and is Schedule "D".

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7. FOREST MANAGEMENT MANUAL

7.1 In the management of the Crown Lands subject of this Agreement the Company agrees to comply with the provisions of the Forest Management Manual as amended from time to time and which is incorporated into and forms a part of this Agreement as Schedule "E".

7.2 The Minister may amend the Forest Management Manual during any five-year term by mutual consent between the Minister and the Company.

7.3 It is understood by both parties to this Agreement that, in respect to the Crown Lands subject to this Agreement:

- (a) the Company is fully responsible for the submission of the Industrial Plan, Management Plan and Operating Plan to the Minister and the implementation thereof, and shall provide to the Minister a full accounting of all activities in accordance with the provisions of the Forest Management Manual, and
- (b) the Minister shall examine the plans referred to in subparagraph 7.3(a) submitted by the Company and evaluate the management performance of the Company as provided for in and in accordance with the Forest Management Manual and the Performance Evaluation Standards, as amended from time to time.

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7.4 The Performance Evaluation Standards, which are incorporated into and form a part of this Agreement as Schedule "G", shall apply during the Seventh Five-Year Period and may be amended during that period only by mutual consent between the Minister and the Company.

7.5 The Minister may amend the Performance Evaluation Standards after consultation with all Crown Timber Licensees but such amended Performance Evaluation Standards shall apply not sooner than the expiration of the Seventh Five-Year Period.

7.6 Notwithstanding the foregoing, any amendment to the Forest Management Manual or the Performance Evaluation Standards requires the mutual consent of the Minister and the Company; failing which the last version agreed to by the Minister and the Company will remain in effect until an amendment is mutually agreed to, or expiration of this Agreement.

8. CROWN TIMBER LICENSE

8.1 The Minister agrees that, upon the signing and delivery of this Agreement, he shall, as approved by the Lieutenant-Governor in Council, extend until the last day of March, 2037, the term of the Crown Timber license issued to the Company for the integrated management of the Crown Lands, not otherwise subject to a lease, easement, right-of-way or encumbrance, situated within the areas outlined in the Timber Berth records and forming part of this Agreement as

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Schedule "A", containing, by estimation, a total of 1,050,000 hectares and identified as the Queens-Charlotte License and Fundy License.

8.2 The Crown Timber License issued by the Minister to the Company shall entitle the Company to enter upon the Crown Lands identified in the Queens-Charlotte License and Fundy License for the purposes of managing, protecting, harvesting and removing the timber thereon, conducting reforestation and other forms of silviculture, together with the integrated management of resources on or within the Queens-Charlotte License and Fundy License in accordance with the Act, Regulations, the Forest Management Manual and this Agreement as each and all of them may apply.

8.3 The Company agrees that, as a Crown Timber Licensee, it will manage the Crown Lands on or within the Queens-Charlotte License and Fundy License in accordance with the Act, Regulations, the Forest Management Manual and this Agreement as each and all of them may apply.

8.4 . The Company acknowledges that it was issued the Queens-Charlotte License and the Fundy License effective March 31, 1982.

9. CROWN TIMBER SUB-LICENSE

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9.1 The Company agrees to issue, pursuant to subsection 41(4)(a) of the Act, such Crown Timber Sub-licenses as the Minister may direct from time to time.

9.2 The Company shall, each year during the term of each Crown Timber Sub-license, and any extension thereof, provide to each Crown Timber Sub-licensee:

- (a) by delivery, or
- (b) by making available for harvest, or
- (c) by a combination of (a) and (b)

the volume of timber allocated to each Crown Timber Sub-licensee in Schedule F by species and by class appropriate to that Crown Timber Sub-licensee's use.

9.3 It is understood and agreed that a Crown Timber Sub-licensee shall pay the Company for the Crown Timber Sub-licensee's reasonable and fair share of the costs and charges incurred by the Company pertaining to the Queens-Charlotte License and Fundy License:

- (a) in the harvesting and delivery of timber for use by the Crown Timber Sub-licensee, and
- (b) in road construction and maintenance, and forest management and administration,

and that such costs and charges shall be reasonable and competitive in the context of the services provided by the Company and, in the event of a dispute between the Company and a Crown Timber Sub-licensee over the amount of or inclusion of such costs and charges, such dispute shall be resolved by the Minister within 90 days of referral of a dispute to the Minister by the Company or the Crown Timber Sub-licensee.

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9.4 The Company agrees that where any activity identified in paragraph 9.3 is performed by the Crown Timber Sub-licensee on behalf of the Company, at the request of the Company and pursuant to a written agreement, the Company shall reimburse the Crown Timber Sub-licensee or credit to the Crown Timber Sub-licensee's account, the costs incurred by the Crown Timber Sub-licensee in the same manner and to the same level as the Company would charge the Sub-licensee under paragraph 9.3.

9.5 When a Crown Timber Sub-license identified in paragraph 9.1, is relinquished by the Sub-licensee or cancelled by the Minister, the Minister reserves the right to reallocate the allocation of timber associated with the Crown Timber Sub-license identified in Schedule "F" attached to and forming part of the Agreement in whole or a part of, as in his opinion, is necessary for the better management of the Crown lands and dependent wood processing facilities.

9.6 The Company agrees that where the Minister identifies that there are species, classes and volumes of timber, within the Crown Lands subject to this Agreement, not utilized nor required under the Company's Industrial Plan or by its Crown Timber Sub-licensees for wood processing facilities in New Brunswick, it will, at the direction of the Minister, issue a Crown Timber Sub-license to a person for all or part of the timber so identified by the Minister.

10. RIGHTS OVER LAND

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10.1 The Minister recognizes that the Company's use of the Crown Lands within the Queens-Charlotte License and Fundy License is primarily for the growing, tending, protecting and harvesting of timber, but, in keeping with the policy of the integrated management of the resources on Crown Lands, the Minister reserves all rights related to activities on the Crown Lands not specifically given to the Company, including by way of example but without limiting the generality:

- (a) the rights of other persons to travel, hunt, fish, trap and otherwise use the Crown Lands for recreational purposes, subject to the necessary restriction for the purpose of preventing accidents, fire control, protection of plantations and the seasonal protection of forest roads, and
- (b) the rights of others to conduct any work in connection with or incidental to geological exploration and mining development.

10.2 The Company agrees that the Minister may withdraw from the Queens-Charlotte License and Fundy License small areas of Crown Lands for the purpose of granting, deeding, leasing, or in any other way conveying rights in such land to other persons, provided that the area withdrawn does not exceed 200 hectares (494.21 acres) in any one withdrawal, and the total of all such withdrawals does not exceed one half of one percent (0.5%) of the actual area of the Queens-Charlotte License and Fundy License in each and every year and will not, in the aggregate during the initial term and all extensions, exceed 5% of the actual area of the Queens-Charlotte License and Fundy License as it was on the first day of the Seventh Five-Year Period

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(in each case calculated on a net basis), and any timber harvested on a withdrawn area shall accrue to the Company except for those areas withdrawn by the Minister and used in a Crown Land exchange.

10.3 The Minister agrees that any lands acquired as Crown Lands within or abutting the Queens-Charlotte License and Fundy License shall be added to the Crown Lands already managed by the Company as a Licensee provided that the land is acquired for the consolidation of the Crown Lands for better integrated management of resources.

10.4 The Minister shall, at his expense, establish and maintain:

- (a) by legal surveys, the boundaries between the Queens-Charlotte License and Fundy License and freehold lands, and
- (b) the boundaries between the Queens-Charlotte License and Fundy License and other Crown Timber Licenses.

10.5 The Company will be entitled to receive fair and reasonable compensation for any loss, for any reason, of Timber Berth (including the area to be managed under paragraph 3.1), annual allowable harvest of timber, or annual allocation of timber as set out in this Agreement; subject to the Company establishing a negative impact to its operations from such loss, to the satisfaction of the Minister, acting reasonably.

11. ROADS AND IMPROVEMENTS

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11.1 The Company shall construct and maintain forest roads on the Crown Lands subject to this agreement as required by the Operating Plan of the Company in accordance with guidelines prescribed in the Forest Management Manual.

11.2 Where the Company has been, with regard to the forest roads referred to in paragraph 11.1, requested to grade, plow, maintain or upgrade one or more of those roads beyond the level contemplated by that section, by a person other than the Minister, the Company may recover the costs thereof from that person.

11.3 Where a forest road not exceeding 1.5 kilometres in length crosses lands owned or controlled by the Company, leading to Crown Lands subject to this Agreement, and the Minister requests it, the Company agrees:

- (a) to construct and maintain the portion of forest road on the Company's land to the same standard as the forest road on such Crown Lands, and
- (b) to grant or obtain a free right of way to the Minister on behalf of all users of the forest road and adjacent Crown Lands.

11.4 Where a forest road not exceeding 1.5 kilometres in length crosses lands owned or controlled by the Company, leading to another Crown Timber License and the Minister requests it, the Company agrees:

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- (a) to, at the expense of such other licensee, construct and maintain the portion of the forest road on the Company's land to the same standards as the forest roads on that licensee's land, and
- (b) to grant or obtain a free right of way to the Minister on behalf of all users of the forest road, and adjacent Crown Lands.

12. ALLOCATION AND HARVEST

12.1 The total annual allowable harvest of timber from the Queens-Charlotte License and Fundy License for the Seventh Five-Year Period is 1,863,200 m³ comprising:

- (a) 1,268,000 m³ of spruce, fir and jack pine combined,
- (b) 97,500 m³ of red and white pine,
- (c) 9,700 m³ of hemlock,
- (d) 31,000 m³ of cedar, and
- (e) 457,000 m³ of hardwood.

12.2 The annual allocation of timber is more particularly set out for the Company and each Crown Timber Sub-licensee in Schedule "F" to this Agreement.

12.3 The Company shall ensure that the aggregate volume of timber harvested on the Queens-Charlotte License and Fundy License, by the Company and the Crown Timber Sub-licensees

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during the Seventh Five-Year Period shall not exceed 101% of the aggregate of the five annual allowable harvests of timber for the License during the Seventh Five-Year Period.

12.4 In any year during the Seventh Five-Year Period the actual harvest of timber by the Company shall not exceed the aggregate of:

- (a) 110% of the Company's annual allocation of timber for that year, and
- (b) the volume of timber available to the Company pursuant to paragraph 12.6 for that year.

12.5 In any year during the Seventh Five-Year Period the actual harvest of timber by a Crown Timber Sub-licensee shall not exceed 110% of its annual allocation of timber for that year.

12.6 In the event a Crown Timber Sub-licensee will not require or utilize all of its annual allocation of timber in a year, the Company may, in that year, harvest and use the portion of that Crown Timber Sub-licensee's annual allocation of timber which is equal to the volume of timber by which the Crown Timber Sub-licensees actual harvest falls short of 90% of the Crown Timber Sub-licensees annual allocation of timber.

12.7 In the event the Company and the Crown Timber Sub-licensees together will, in a year, require or use less than 90% of the annual allowable harvest of timber for the Queens-Charlotte License and Fundy License in that year, the Minister may:

- (a) with the written agreement of the Company, in that year, and

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- (b) without the written agreement of the Company, in the immediate following year, temporarily allocate a volume of timber equal to the volume of timber by which the actual harvest of timber falls short of 90% of the annual allowable harvest of timber.

12.8 In the event the Minister is entitled to make a temporary allocation in the subsequent year pursuant to paragraph 12.7 and all or any portion of that allocation is not used in the subsequent year, the unused allocation shall not carry over to future years unless the Minister and the Company agree in writing to allow it to carry over to future years.

12.9 If the Company harvests a volume of timber which is less than 95% of the Company's annual allocation of timber during the Seventh Five-Year Period the shortfall in harvest shall not be a default under this Agreement if the Minister is satisfied that such shortfall in harvest is due to conditions, including adverse market conditions, beyond the control of the Company.

12.10 If the Minister is, pursuant to paragraph 12.9, not satisfied that the shortfall in volume of harvest of timber is due to conditions, including adverse market conditions, beyond the control of the Company, the Minister may reduce the annual allocation of timber to the Company for each year of the five year period immediately following the Seventh Five-Year Period.

12.11 The Minister and the Company shall review the annual allowable harvest of timber at the end of the Seventh Five-Year Period and on the fifth anniversary thereof thereafter and, based on

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such review, the Minister may amend the annual allowable harvest of timber for the immediately following five year period. Changes to the annual allowable harvest of timber will be allocated to a Qualified Party in their Proportionate Share. Notwithstanding the foregoing, if the annual allowable harvest of timber decreases as a result of the Company's failure to perform in accordance with the Performance Evaluation Standards, such decrease will be borne entirely by the Company.

13. SILVICULTURE

13.1 During the Seventh Five-Year Period the Company shall carry out basic silviculture on the Queens-Charlotte License and Fundy License as follows:

- (a) tree planting activities,
- (b) pre-commercial thinning of natural regeneration activities,
- (c) plantation cleaning, and other stand tending activities approved by the Minister,
and
- (d) commercial thinning activities.

13.2 The number of hectares treated each year pursuant to paragraph 13.1 may be set and adjusted from year to year by notification in writing from the Company to the Minister provided that the treatment choices by the Company do not compromise the current and future annual allowable harvest of timber from the Queens-Charlotte License and Fundy License. The Company will provide the Minister with reasonable advance notice of planned adjustments to its

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basic silvicultural treatment program, so that the Minister may adjust any of its impacted programs accordingly.

13.3 The Minister shall reimburse the Company for basic silvicultural treatments at rates authorized by the Minister. The Minister will fund the basic silvicultural program as needed to support the program outlined in the approved Management Plan and as required to achieve the Performance Evaluation Standards; subject to annual funding allocation. The Company's obligations with respect to standards set forth in the Forest Management Manual and the Performance Evaluation Standards will correspond to the level of basic silviculture funding provided by the Minister. The Company is obligated to make treatment choices in an effort to maximize the future allowable harvest of timber from the Crown Timber License with the basic silviculture funding provided by the Minister.

13.4 The Company may, at its own expense or in collaboration with participating Sub-licensees, carry out licensee silviculture in addition to basic silviculture and the Company and any participating Sub-licensees shall be the exclusive beneficiaries (on a prorated basis) of any immediate or future increase to the annual allowable harvest of timber as a result of such silvicultural treatments (determined in accordance with the mechanisms agreed to between the Minister, the Company and any participating Sub-licensees).

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13.5 Any increase in the annual allowable harvest of timber on Crown Land subject of this Agreement which is attributable to basic silviculture shall be allocated to a Qualified Party in their Proportionate Share.

13.6 The Minister reserves the right to carry out additional silvicultural treatments in addition to the basic silvicultural program set out in the Management Plan (or otherwise as mutually agreed to by the Minister and the Company), providing it does not interfere with the silviculture referred to in paragraphs 13.3 and 13.4 and the Company has agreed that it is not in its plan, then any increase in the annual allowable harvest of timber attributable to such work may be allocated as the Minister deems necessary.

14. GENERAL

14.1 Any change in the annual allowable harvest of timber on Crown land subject of this Agreement attributable to any forest growth, policy changes and/or management practices or attributed to changes in the forest data base information shall accrue to a Qualified Party in their Proportionate Share.

14.2 The Company shall protect fish and wildlife habitat and water quality on its freehold lands in New Brunswick to the same standards as defined in the Forest Management Manual for Crown Lands, as mutually agreed between the Minister and the Company.

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14.3 Annually, the Company shall provide to the Minister, with respect to the Company's freehold lands, at the Minister's request:

- (a) any forest certification audit reports over the prior 12-month period, and
- (b) the Company's forest sustainability report substantially in its current form as it relates to forest management.

14.4 The Company acknowledges the established social and commercial patterns and the traditional sources of local forest employment in the communities adjacent to or dependent on the management of the Crown Lands subject to this Agreement and agrees to manage the license in such a way as to minimize the disruption of such patterns and sources of employment to the greatest degree commercially practicable.

14.5 In accordance with the following guidelines, the Minister may from time to time request, and the Company agrees to comply with any such request, that independent forestry contractors or former Licensees of Crown Lands covered by this Agreement, or both, be engaged to carry out harvesting, transportation and silvicultural operations on such Crown Land in a manner consistent with the Operating Plan:

- (a) the application of such requests from the Minister shall not exceed 25% in the aggregate of the annual requirements for harvesting, transportation and silviculture as laid out in the Operating Plan, but nothing in this section shall prevent the company from engaging such contractors and former Licensees to carry out a greater percentage of the work,

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- (b) the independent forestry contractors and former Licensees shall have their principal places of business within the Counties in which such Crown Lands covered by this Agreement are located, and they shall have the experience and capability to carry out such work on a cost competitive basis and in accordance with the Operating Plan and the Forest Management Manual;
- (c) engagement of contractors or former Licensees under this section shall follow invitation of competitive tenders unless otherwise approved by the Minister and the Company agrees to provide the Minister with a copy of each tender when requested by him to do so,
- (d) requests by the Minister under this section shall not be made with regard to Crown Lands in those areas of the License where such a request would cause unreasonable conflict with the traditional use of company personnel in operations, or with a collective agreement with a recognized bargaining agent, and
- (e) where the Company is able to demonstrate to the satisfaction of the Minister, with advice to him from the Advisory Board, that compliance with his request under this section will result in a competitive disadvantage relative to its normal wood costs, the Minister shall modify or withdraw his request; it being understood that requests under this clause are not intended to disadvantage the normal competitive wood costs of Licensees and Sub-Licensees.

14.6 The Company shall not assign this Agreement without the express written consent of the Minister which consent shall not be unreasonably withheld. If the Company wishes to assign or

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subcontract to a third party a substantial portion of its forest management responsibilities under this Agreement (i.e. management planning, operations planning, forest monitoring, wood measuring, and reporting), the Company shall submit all relevant information and associated contracts to the Minister for his review and approval. For clarity, the use of contractors by the Company in the normal conduct of its business and operations shall not be deemed to be an assignment or subcontracting that requires the consent or approval of the Minister.

14.7 The Company shall comply with and observe all the provisions and requirements of:

- (a) all Acts of the Legislature of the Province of New Brunswick in force or enacted hereafter from time to time and as amended from time to time, and
- (b) all Regulations in force from time to time under any of the Acts referred to in subparagraph 14.7(a).

14.8 The Company shall keep the Minister indemnified against all claims and demands that may be made against the Minister by reason of anything done solely by the Company, its servants, workmen, agents and contractors on the Queens-Charlotte License and Fundy License in the exercise or purported exercise of its rights, powers, privileges and obligations under this Agreement, save anything done at the express direction of the Minister.

14.9 The Minister does not guarantee the quality or quantity of timber on the Queens-Charlotte License and Fundy License.

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14.10 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 Company are those contained in this Agreement. Notwithstanding the foregoing, in the event of a conflict between the terms of the MOA and this Agreement, the terms of the MOA shall govern.

14.11 The failure of a party to insist in one or more instances upon the performance by the other party of any provision of this Agreement shall not be construed as a waiver of the future performance of any such provision and the obligation of that other party with respect to such future performance shall continue in full force and effect.

14.12 The Minister may, on notice to the Company, terminate this Agreement upon the happening of the following events of default:

- (a) where the Company relinquishes or forfeits its Crown Timber License,
- (b) where the Company makes a general assignment for the benefit of the Company's creditors or if a receiver is appointed on account of the Company's insolvency or
- (c) upon a material breach by the Company of any term, condition, requirement, obligation, direction or undertaking set out in this Agreement.

14.13 The Minister shall not act to terminate this agreement under paragraph 14.12 until he has given notice of the default to the Company and the Company shall have failed to rectify that default within 90 days of receipt of such notice, except in the case of a default under

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subparagraph 14.12(c) where, due to weather conditions and normal forestry practice, it would not be possible to rectify the default within that time, in which case, the default shall be rectified within 90 days of the first day on which weather conditions and normal forestry practice would allow it to be rectified.

14.14 Notice to the Company hereunder may be effectively given by personal delivery to the officers of the Company listed below or by sending the same to the Company by prepaid registered mail addressed to the Company as follows:

P.O. Box 5777
Saint John, N.B.
E2L 4M3
Attention: Co-Chief Executive Officer and Co-President

With a copy to:

P.O. Box 5888
Saint John, N.B.
E2L 4L4
Attention: Secretary

and notice to the Minister hereunder may be effectively given by personal delivery to the Minister or by sending the same prepaid registered mail addressed to:

Minister of Natural Resources
P.O. Box 6000
Fredericton, N.B.
E3B 5H1

and notice sent by prepaid registered mail shall be presumed to have been received on the third (3rd) business day following the mailing thereof, provided, however, in the case of mail

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disruption by work interruption, strike, slow down, labour dispute, adverse weather, or any other force majeure event, such presumption shall not apply and actual service or delivery shall constitute communication of such notice. The parties hereto also agree that by either party giving to the other not less than ten (10) days written notice of a change of address as herein provided, such party may change its address for notice.

14.15 The parties agree that the headings used in this Agreement are inserted for convenience of reference only and shall not be used to construe the Agreement.

14.16 Notwithstanding paragraph 2.2, the Minister and the Company may amend any part of or Schedule to this Agreement, upon mutual consent, at any time.

14.17 Wherever the context herein permits, words denoting the singular shall include the plural and words denoting gender shall include the masculine, feminine and neuter genders.

15. The schedules to this Agreement are as follows:

- (a) Schedule "A" is the Revised Timber Berth,
- (b) Schedule "B" is the Revised Industrial Plan,
- (c) Schedule "C" is the Revised Management Plan,
- (d) Schedule "D" is the Revised Operating Plan,
- (e) Schedule "E" is the Revised Forest Management Manual,
- (f) Schedule "F" is the Revised AAHT and the Revised AAT, and

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(g) Schedule "G" is the Revised Performance Evaluation Standards.

17. The obligations and liability of J.D. Irving, Limited and Irving Pulp & Paper, Limited under this Agreement are several, and not joint with one another.

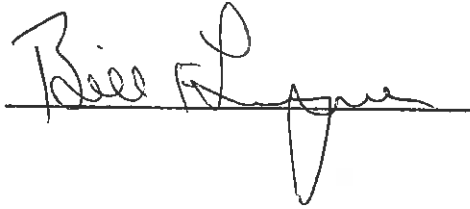
18. Notwithstanding anything contained herein to the contrary, where a party hereto is required to approve or consent to any matter or thing contemplated hereby, or any matter or thing contemplated hereby is required to be done to a party's satisfaction, such party shall in all instances act reasonably in considering whether to grant or withhold such approval or consent or in determining whether or not it is satisfied with such matter or thing.

19. This Agreement shall enure to the benefit of and be binding upon the Crown in right of New Brunswick, Her Heirs and Successors, and the Company, its Successors and assigns:

[Signature page follows.]

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SIGNED, SEALED AND DELIVERED
in the presence of:



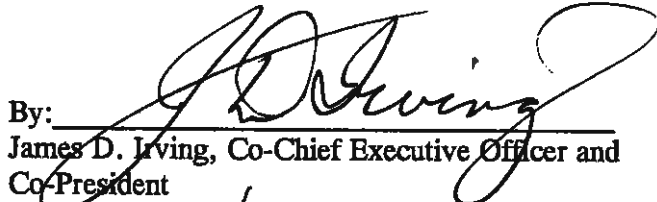
HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF NEW BRUNSWICK



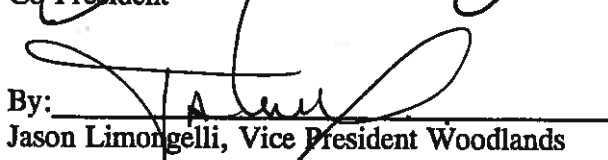
Minister of Natural Resources

J. D. IRVING, LIMITED



By: 

James D. Irving, Co-Chief Executive Officer and
Co-President

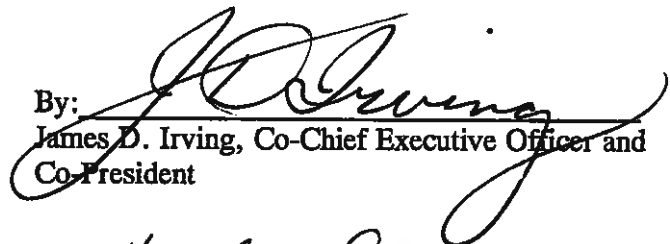
By: 

Jason Limongelli, Vice President Woodlands


By: 

Ross Langley, Secretary

IRVING PULP & PAPER, LIMITED

By: 

James D. Irving, Co-Chief Executive Officer and
Co-President

By: 

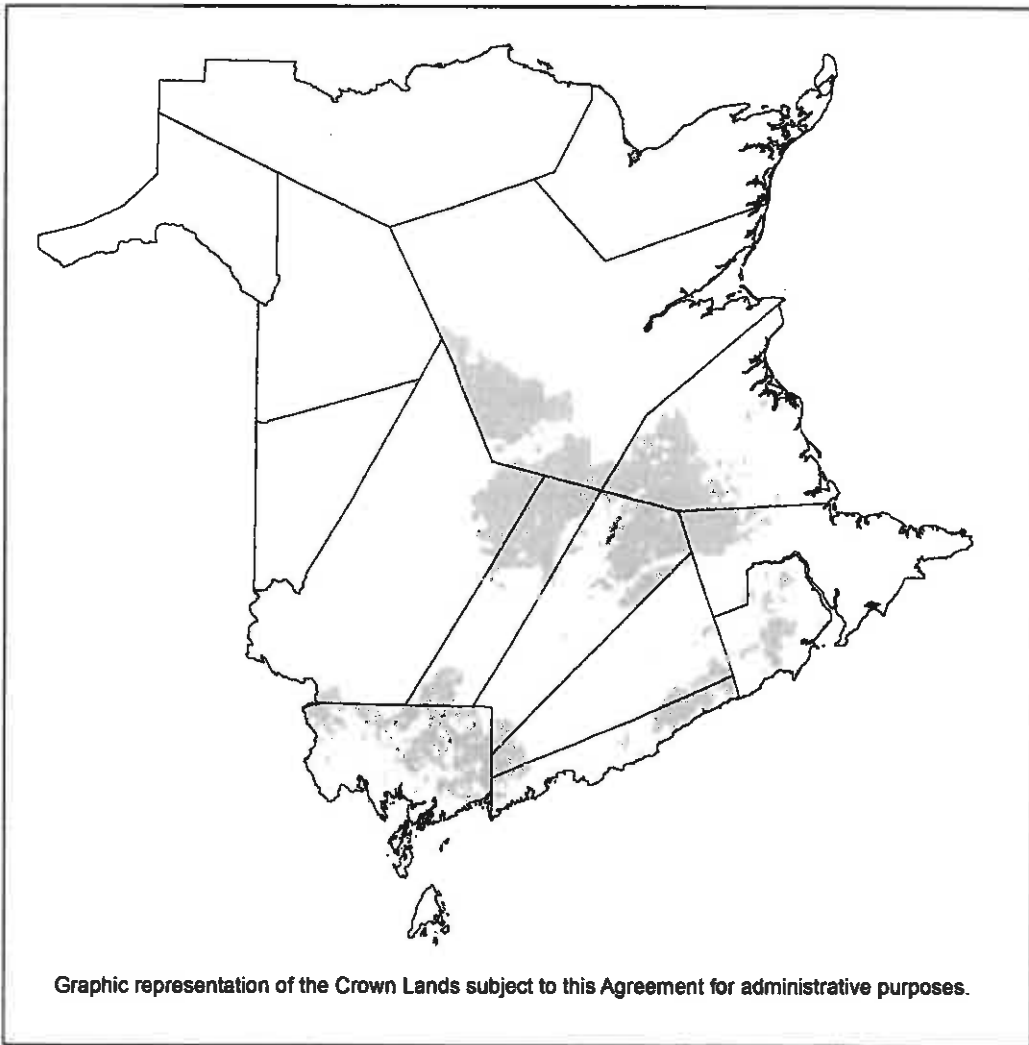
Ross Langley, Secretary

SCHEDULE "A"

To an Agreement dated as of July 31, 2014 Between
Her Majesty the Queen, J.D. Irving Limited, and Irving Pulp & Paper Limited
(Crown Timber License Nos. 6 & 7)

REVISED TIMBER BERTH

The Timber Berth records are the territorial representation of the Crown Lands subject to this Agreement for administrative purposes. This includes, but not limited to, the original Timber Berth maps, geographic information system (GIS) data and files in the records of the office of the Minister of Natural Resources.



SCHEDULE "C"

To an Agreement dated as of July 31, 2014 Between
Her Majesty the Queen, J.D. Irving Limited, and Irving Pulp & Paper, Limited
(Crown Timber License Nos. 6 & 7)

REVISED MANAGEMENT PLAN

The Forest Management Plan for the Queens-Charlotte License and Fundy License submitted by J.D. Irving, Limited and Irving Pulp & Paper, Limited, respectively, were approved by the Minister of the Department of Natural Resources and as such together constitute the "Revised Management Plan". Copies of the approved Management Plan are filed in the Office of the Company in Saint John, N.B. and the Department of Natural Resources Office in Fredericton, N.B.

SCHEDULE "D"

**To an Agreement dated as of July 31, 2014 Between
Her Majesty the Queen, J.D. Irving Limited, and Irving Pulp & Paper, Limited
(Crown Timber License Nos. 6 & 7)**

REVISED OPERATING PLAN

The Operating Plan for the Queens-Charlotte License and Fundy License submitted by J.D. Irving, Limited and Irving Pulp & Paper, Limited, respectively, were approved by the Department of Natural Resources and as such together constitute the "Revised Operating Plan". Copies of the approved Operating Plan are filed in the Office of the Company in Saint John, N.B. and the Department of Natural Resources Regional Office in Fredericton, N.B.

SCHEDULE "E"

To an Agreement dated as of July 31, 2014 Between
Her Majesty the Queen, J.D. Irving Limited, and Irving Pulp & Paper, Limited
(Crown Timber License Nos. 6 & 7)

REVISED FOREST MANAGEMENT MANUAL

The Forest Management Manual for Crown Lands has been revised and approved by Minister of the Department of Natural Resources and as such constitutes the "Revised Forest Management Manual". Copies of the revised Forest Management Manual are filed in the Office of the Company in Saint John, N.B. and the Department of Natural Resources Office in Fredericton, N.B.

SCHEDULE "F"

To an Agreement dated as of July 31, 2014 Between
Her Majesty the Queen, J.D. Irving Limited, and Irving Pulp & Paper, Limited
(Crown Timber License Nos. 6 & 7)

REVISED CROWN TIMBER ALLOCATIONS

The Crown Timber Allocations (annual allocation of timber and annual allowable harvest of timber) for J.D. Irving, Limited and Irving Pulp & Paper, Limited under the Queen-Charlotte License and Fundy License, respectively, together with the associated Sub-Licensees have been approved by the Minister of Natural Resources and as such constitute the "Revised AAHT" and "Revised AAT". Copies of the approved Revised AAHT and Revised AAT are filed in the Office of the Company in Saint John, N.B. and the Department of Natural Resources Office in Fredericton, N.B.

SCHEDULE "G"

To an Agreement dated as of July 31, 2014 Between
Her Majesty the Queen, J.D. Irving Limited, and Irving Pulp & Paper, Limited
(Crown Timber License Nos. 6 & 7)

REVISED LICENSEE PERFORMANCE EVALUATION STANDARDS

The Licensee Performance Evaluation Standards have been approved by the Minister of Natural Resources and as such constitutes the "Revised Performance Evaluation Standards". Copies of the approved Performance Evaluation Standards are filed in the Office of the Company in Saint John and the Department of Natural Resources in Fredericton, N.B.