

GOVERNMENT OF BELIZE

FOREST RULES , The Subsidiary Laws of Belize, Volume IV, Revised Edition 1991,
RULE 5 (1) (a)

LICENSE FOR SUSTAINABLE YIELD WORKING OF TIMBER
FOREST LICENSE NUMBER: LTFL 2/05

CONDITIONS

- 1) Yong Lumber Ltd. of Mile 12 PG San Antonio Road, Toledo District, PO Box 101, Punta Gorda Town (hereinafter called the "Licensee") is hereby licensed, subject to the provisions of the Forest Act in force at any time during the currency of this licence whether enacted prior to or subsequent to the granting thereof and any rules and regulations made thereunder and in force at any time during the currency of this licence whether enacted prior to or subsequent to the granting thereof and to the conditions hereinafter expressed, to cut and remove any species of primary hardwood, secondary hardwood or pine trees and to carry out such activities as are necessary for the maximum protection, optimum regeneration, general improvement and sustainable management of the timber and other resources and services within the tract of land hereinafter described and in accordance with the Sustainable Forest Management Plan referred to in paragraph 4 below:-

Description of Tract of Land constituting the Licence Area

This license applies to production forests within the Swasey Bladen Forest Reserve, as defined from time to time by regulations, the area of which is particularly described in Appendix III of this license and excluding therefrom ALL lands presently or in the future held under lease or lands which in the future may be granted; and with respect to the Swasey Bladen Forest Reserve, all lands which in the future may be excluded therefrom. A copy of a map depicting the original license area is attached hereto and a full size map is available for inspection at the headquarters of the Forest Department in Belmopan and at the Savannah Forest Station in Independence Village, Stann Creek District.

Duration of License

- 2) This license shall be initially for 40 years duration, commencing on 30th September 2005 and ending on 29th September 2045. The Licensee shall have the option to extend the duration of this license for a single, further 40-year period, provided that **written** notice of the intention to extend is given 180 days before the date of expiry of the first 40-year period and provided further that the said Sustainable Forest Management Plan and all the conditions of this license have been fulfilled to the satisfaction of the Chief Forest Officer and that there has been compliance with the Forests Act and Forest Rules, any subsequent amendments thereto and any new regulations that will have come into effect and bear upon this licence. Failure to give the above-mentioned notice in the form and at the time required above shall render the option void.

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The Sustainable Forest Management Plan

- 3) The Licensee shall develop a Sustainable Forest Management Plan (SFMP) for the license area with the technical guidance and collaboration of the Forest Department and bearing in mind sustainable forest management principles. The SFMP shall guide the conduct of activities during the entire period of this licence, including any period of extension, in accordance with sustainable forest management principles. The SFMP shall be based upon a concrete forest inventory and shall contain inter alia a division of the area into stands and define the annual allowable cut, harvesting methods and standards for harvesting infrastructure, forest protection requirements and silvicultural interventions. The plan shall be developed in accordance with such other guidelines as may be issued by the Forest Department.
- 4) The Licensee in collaboration with the Forest Department shall review and revise the SFMP every 10 years during the subsistence of the licence, including any period of extension. However, in the event that natural occurrences (such as hurricanes, pests, disease, wildfires, drought, etc.) or anthropogenic disasters (such as man-made fires, etc.) render the current provisions of the SFMP irrelevant to the sustainable management of the area, the Chief Forest Officer may recommend to the Minister responsible for forestry that the SFMP be reviewed and revised prior to the end of ten years, provided sustained yield harvesting is still possible in the whole or any portion of the license area, and the Licensee shall comply with any directions given by the Minister. In the event that sustained yield harvesting is no longer possible for the balance of the duration of this license in the whole or any portion of the license area, due to the scale of the disaster, the Licensee shall have first right to a licence for the conduct of salvage operations within the affected areas in accordance with the terms and conditions of such licence.
- 5) Further to requirements outlined in condition 3 above with respect to the development and content of the SFMP, the SFMP shall be developed within the context of and shall be integrated into a wider macro plan that shall be developed for the entire Southern Coastal Plains, which includes national lands and the Deep River Forest Reserve, but the Licensee shall only have rights to and responsibility (including for the development of the SFMP) provided for under this licence for the area described hereunder.
- 6) The SFMP shall be presented to the Minister for his approval no later than twelve (12) months after the date of signing of this license by the Licensee. Any revision of the SFMP undertaken every 10 years shall be presented by the Licensee to the Minister for his approval no later than one (1) month after the review has been concluded.
- 7) The Minister may, upon review of the SFMP, request modifications to the plan or revision and the Licensee shall comply with such request.
- 8) After the Minister responsible for forestry has approved the SFMP or any revision thereof, it shall be deemed to form an integral part of this license.
- 9) The Licensee shall bear all the cost of developing the SFMP and any 10-year revision. The Forest Department shall provide upon request and payment of any cost incurred by the Department in reproducing or copying the information, all relevant technical information in its possession, and

shall likewise upon request and as may be available provide relevant technical and legal guidance as the plan or any revision is being developed.

- 10) Copies of all data collected and/or compiled by the Licensee that form the basis of the SFMP or any revision thereof, as well as the results of experiments and research connected with the SFMP or any revision thereof, shall be provided upon request to the Chief Forest Officer.
- 11) The SFMP shall be presented in a format designated by the Chief Forest Officer, which format is laid out in Appendix I of this license.
- 12) Nothing in this license shall be construed so as to negatively prejudice the objectives and technical guidelines of the approved SFMP or any approved revision thereof.

Annual Plan of Operations

- 13) The Licensee shall also develop with the collaboration of the Forest Department, for each calendar year or part thereof during the duration of this licence, including any period of extension, an Annual Plan of Operation (APO). The APO shall serve as a detailed guide that the Licensee shall follow to implement on an annual basis those activities identified in the SFMP, which the Licensee has undertaken hereunder. The APO shall also be utilized by the Forest Department to monitor implementation by the Licensee of his responsibilities on a continuous basis.
- 14) The APO shall be presented in a format approved by the Chief Forest Officer, which format is laid out in Appendix II of this license.
- 15) The APO for an upcoming year shall be presented to the Chief Forest Officer for his approval by 31st December of the current year. After the Chief Forest Officer has approved an APO or any amendment thereto, it shall be deemed to form an integral part of this license and the implementation thereof shall be monitored by a Senior Forest Officer assigned by the Chief Forest Officer.
- 16) The Chief Forest Officer may, upon review of any APO or amendment thereto for approval, request modifications to such APO or amendment and the Licensee shall comply with such request.
- 17) In the event of any revision of the SFMP, any current APO shall be amended, as may be necessary, to reflect such revision and such amendment shall be submitted to the Chief Forest Officer for his approval.

The Rights of the Licensee

- 18) The Licensee shall be entitled to fell and remove all trees identified for felling under the SFMP and designated for felling under a current APO.
- 19) The Licensee shall have exclusive rights to all primary hardwood, secondary hardwood and pine trees in the license area and no other timber harvesting license whatsoever shall be granted in the license area unless it is granted with the full consent of the Licensee.

- 20) With the prior approval of the Chief Forest Officer, the Licensee shall construct and operate logging roads and barquardiers (log landings) and in accordance with specifications given to it by the Forest Department. The Licensee shall have the right to establish and operate logging camps, office buildings and wood-processing facilities at locations in the licence area agreed to by the Chief Forest Officer and shall be entitled to clear forest growth for the establishment of these sites. These sites shall be clearly indicated in the APO.
- 21) Subject to the conditions of this license, the Licensee shall have the right of free access within the license area. The right to skid and haul logs and to transport timber as well as drive heavy vehicles on any forest roads within and outside the license area or within the license area any at all may be withdrawn on demand by a Forest Officer during periods of bad weather.
- 22) This license shall be personal to the Licensee and shall not be capable of being transferred by the Licensee to any third party other than with the prior approval of the Minister responsible for forestry, obtained in accordance with the procedure provided for in the Forest Rules or any amendment thereto.
- 23) The Licensee shall have first right to any licence to harvest any non-timber forest produce (excluding germplasm) within the license area or to conduct tourist ventures within the Swasey Bladen Forest Reserve in accordance with the terms and conditions of such licence, where the issuance of such is deemed conducive to good forest management.

The Rights of the Government

- 24) This license does not grant to the Licensee exclusive access to or possession of the license area and accordingly the grant of this license does not exclude the right of the Government to grant permission to any third party to use any lands within the license area for military training, research, mining, exploration or any other activity.
- 25) The Minister responsible for forestry reserves the right to award licences for tourist ventures within the Swasey Bladen Forest Reserve to third parties where such activities are deemed conducive to good forest management and the Licensee has waived its first right to such licences.
- 26) The Minister responsible for forestry reserves the right to award licences to harvest non-timber forest produce within the licence area to third parties where the extraction of such forest produce is conducive to good forest management and the Licensee has waived its first right to such licences.
- 27) The Forest Department, or any person (not being an individual or company carrying out any business which would compete with the Licensee) authorised by the Chief Forest Officer, may at any time during the term of this license, including during any period of extension, carry out within the license area at their own cost, silvicultural or other works that the Chief Forest Officer deems necessary, provided that such work shall not hinder the operations of the Licensee and shall be in accordance with the SFMP.
- 28) In addition to the above, the Forest Department may establish experimental sites for the purpose of conducting forest research and conduct any other activities related to the work of the Forest

Department, within the license area. The Forest Department, or any person authorised by the Chief Forest Officer, may conduct such activities.

- 29) The Licensee shall not hinder the operations of any third party or the Forest Department within the licence area as provided for in the aforementioned clauses and shall act in good faith towards such parties, who shall have a similar obligation to the Licensee.

Government Liability

- 30) The Government does not hold itself responsible and shall not be held liable for the presence or accessibility of all or any commercial timber within the licence area.
- 31) The Government does not hold itself responsible and shall not be held liable for the soundness of any tree or for the accuracy of any volume estimate.
- 32) The Government shall not be held liable nor deemed to be in breach of this license by the Licensee, where the Government and/or the Licensee is prevented by force majeure to honour or fulfill any or all of the terms of this license. In this paragraph, the expression force majeure includes acts of God (hurricanes, floods, earthquakes, etc.) and war, insurrection or riot or any other happening which the Government or the Licensee could not reasonably foresee, prevent, or control.
- 33) In the event that the Licensee goes bankrupt or is wound up, the obligations of the Government of under this license shall cease and the license shall be deemed to be terminated.

Timber Processing

- 34) Within two (2) weeks of the signing of this license, the Licensee shall register his timber brand mark with the Chief Forest Officer.
- 35) All logs must be marked with the registered mark of the Licensee prior to removal from the license area. The Chief Forest Officer may require the Licensee to mark any or all logs removed from the stands and/or sub-compartments with such marks as may be required to identify the stands and/or sub-compartments in which they were felled.
- 36) The Licensee shall make a statutory declaration of the number, volumes and species of trees cut and removed under this license at intervals not exceeding three months, and shall furthermore give full information and answer all questions in respect of all matters covered by this license as may be required of him from time to time by the Chief Forest Officer, or any person authorised by the Chief Forest Officer.
- 37) The Licensee shall operate a wood processing facility or facilities (e.g. sawmill, veneer mill, etc.) in connection with this license; he shall keep proper records of the timber intake and the output of lumber or produce processed and make these records available for inspection by the Chief Forest Officer or any person authorized by the Chief Forest Officer at any time; and the Licensee shall submit a true copy of these records to the Chief Forest Officer on completion of each calendar year for the duration of the license.

- 38) The proper disposal of all wood residues at each sawmill or wood-processing site operating under this license shall be carried out to the satisfaction of the Chief Forest Officer. No wood residue shall be placed within 328 feet (100 metres) of any watercourse in the license area.

Compliance with License Conditions

- 39) The Licensee, his agents, employees and independent contractors shall be responsible for complying with all the terms and conditions of this license. Where there has been a breach of any of the conditions of this license by the Licensee, his agents, employees or an independent contractor engaged by the Licensee, the Licensee shall be held responsible therefor and the licence shall be subject to suspension or termination as may be deemed appropriate by the Minister.
- 40) Failure on the part of the Licensee to fulfil any of the terms and conditions of this license shall not give the Government any claims against the Licensee or be deemed a breach of this license so far as such failure arises from force majeure.

Security Bond

- 41) The Licensee shall take out a security bond with a Banking or Insurance Company to the sum of twenty thousand Belize dollars (\$20,000), within four months of the signing of this licence by the Licensee. The Banking or Insurance Company shall address such letter regarding the issuance of the security bond to the Financial Secretary on behalf of the Government of Belize. The Forest Department shall have the right to draw against the bond for recovery of any outstanding royalty arrears under this license and for non-payment of fines or any other sum of money payable under this license.
- 42) The Licensee shall upgrade the security bond to its original value on 1st January of each year if withdrawals therefrom have been made in the previous year. The harvesting of and removal of commercial timber from the license area shall be suspended until such payments are made. The security bond will be effective for the duration of this license including any period of extension. It shall be cancelable at the expiration of this license or any period of extension.

Administrative Fee

- 43) The Licensee shall pay annually to the Forest Department a non-refundable administrative fee of one thousand Belize dollars (\$1,000.00). Such fee shall be payable upon submission of each APO for approval and shall aid in covering the costs of annual administration of the license.

Royalty and other Payments

- 44) The Licensee shall pay no less than the sum of one thousand Belize dollars (\$1,000.00) as an initial payment of royalty within seven days of the signing of this licence by the Licensee.
- 45) The royalty rates for all species shall be in accordance with existing regulations. The Licensee shall pay royalty on all sound timber, whether felled by it or found lying on the ground and

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extracted from the license area except where such timber is removed in accordance with paragraph 45. Allowances for defects, which render the wood un-utilisable, will be made in assessing royalty.

- 46) Where timber is felled or found lying on the ground and extracted by the Licensee in the implementation of a silvicultural activity (*e.g.* thinning) or a protection activity (*e.g.* containment lines) prescribed in the APO, the Licensee may request the Minister responsible for forestry to waive or reduce the royalty payable on such timber if the Licensee can demonstrate that the cost of the activity exceeds the market value of the timber extracted. Where it can be determined that the market value of the timber extracted exceeds the cost of the activity, the Licensee may be charged royalty only on any proportionate volume of such timber that exceeds the cost of the activity. For the avoidance of doubt, this condition shall not apply to final harvesting of timber or such harvesting operations that are strictly commercial in nature. The different types of timber harvesting shall be clearly defined in the APO where it applies.
- 47) All timber measurements shall follow standards set by the Forest Department for the purpose of determining royalty.
- 48) Royalty payments on all trees felled shall become due at the time of felling or according to the Rules in force at the time. Full payment of royalties must be made within thirty (30) days from the date of billing.
- 49) Assessment for royalty shall be made at monthly intervals. When the aggregate sum has exceeded the initial payment referred to in clause 44 above, supplementary payments shall become due.
- 50) If at any time the Licensee is in arrears of payment of any royalties or any other sum of money payable under this licence for which demand has been made in writing and reasonable time allowed for payment, the harvesting of and removal of commercial timber from the license area shall be suspended until such payments are made.
- 51) The Chief Forest Officer shall issue an Annual Cutting Permit every year to the licensee for the harvesting of commercial timber. If the licensee is found to be working without an Annual Cutting Permit his licence shall be immediately suspended and a penalty of five thousand Belize dollars (\$5,000.00) may be imposed by the Chief Forest Officer and deducted from the security bond.
- 52) A charge of five hundred Belize dollars (\$500.00) shall be levied for the issuance of an Annual Cutting Permit. No harvesting operations shall be allowed to take place or commence until the SFMP and APO has been approved and the Licensee is in receipt of an Annual Cutting Permit. Provided that the Licensee may be permitted by the Chief Forest Officer to harvest a minimum number of trees prior to approval of the SFMP and the APO.

Suspension/Termination of the License Agreement

- 53) The Licensee shall comply with all the provisions of the Forest Act and Forest Rules and any other legislation pertinent to its activities under this license whether in force at the time of the issuance of this licence or enacted subsequently. Failure to comply shall result in the Licensee being

penalised under the said Act and Rules in addition to the suspension or termination of this licence as provided for in such legislation or as may be determined by the Minister.

- 54) This license shall be liable to suspension or revocation by the Minister responsible for Forestry if after due enquiry and after giving the Licensee an opportunity of making representation against suspension or revocation, the Minister is satisfied that a condition of the license has been contravened. Prior to any suspension or revocation the Licensee shall be given reasonable opportunity to remedy any breach, which may be capable of being remedied.
- 55) The Licensee shall have the right to request the Minister responsible for forestry to terminate this agreement at any time, having given six months prior written notice to the Chief Forest Officer.
- 56) On termination of the license by either party, the Licensee shall be given six months to dispose of, or remove, any buildings, sawmills, and other structures associated with this license and erected on land within the license area for the purpose of satisfying the contractual obligations of the license agreement. The Licensee may apply to the Chief Forest Officer for a six-month extension to this period, stating the circumstances that necessitate the extension. Upon the expiry of the six month period or any extension, all assets remaining in the license area shall become the property of the Government of Belize and the Licensee shall not be entitled to any compensation therefore.
- 57) If on the termination of this license the Licensee is in arrears of any fees, royalties, or other sum of money payable under this licence, the Security Bond may be used to recover any of these arrears. If the Security Bond does not cover the full amount of the arrears the Minister responsible for forestry may impose, by way of security, a lien on such and so much of the assets of the Licensee as may be required to recover the arrears and the prospective costs associated therewith.
- 58) In the event that within a period of five years of the date of this licence, the licence is terminated through no fault of the Licensee, the Government shall reimburse the Licensee the cost of all containment operations approved by the Forest Department and carried out by the Licensee in the license area to control the Pine Beetle (*Dendroctonus frontalis*), less the market value of any material salvaged by the Licensee during the containment operations.

Forest Management

- 59) This license shall be worked in accordance with the SFMP and APO and those forest management practices set out in this license and such further or additional conditions as may from time to time be prescribed in writing by the Chief Forest Officer or after having reached agreement with the Licensee.
- 60) The Licensee shall be required by the Chief Forest Officer to carry out, at its own cost, all ground preparation conducive to natural regeneration of timber species and/or to assist in carrying out complementary artificial regeneration activities where natural regeneration is inadequate.

Employment of Technical Personnel

- 61) The Licensee shall employ and/or engage the services of the professional, technical and other personnel necessary to satisfy the requirements of the SFMP and the APO and the conditions of this license.
- 62) The Licensee shall employ and/or engage the services of a professional forester with the experience acceptable to the Chief Forest Officer to write the management plan and to carry out the necessary forest resource evaluation including forest inventories. Preference should be given to local expertise.
- 63) The Licensee shall also employ and/or engage the services of a forester who holds at minimum a two- year diploma in forestry or higher qualification to act as his forest manager. This person shall be responsible for ensuring that all operations are carried out in accordance with the SFMP and shall supervise the implementation of all activities under the APO. This person shall be the field contact for the Forest Department and shall be suitably qualified to address all queries by authorized Forest Department personnel. Such a person must be employed and/or engaged by the Licensee within three months of the signing of this license by the Licensee and be present on site during all field operations. Failure to comply may lead to the suspension of field operations.
- 64) The Licensee shall cause his forest manager and other relevant staff to avail themselves of such training opportunities offered by the Forest Department or other agencies that the Chief Forest Officer may deem relevant to good management practices relating to the proper working of the license providing that such training shall not exceed two weeks in any one year unless the Licensee consents to a longer period.

Environment and Protected Areas

- 65) Protected Areas near to and around the license area shall be clearly marked on the license map, provided that the failure to indicate any such area on the map shall not be a defence against any intrusion into such area and breach of any laws pertaining to such area. Entry into such areas for timber exploitation is strictly prohibited. The Licensee shall comply with all applicable laws and regulations in relation to such Protected Areas. Any timber operations by the Licensee in Protected Areas shall be cause for immediate cancellation of the license (that is, without the need to give the Licensee an opportunity to make representations as provided for in paragraph 53 above) and loss/forfeiture of the security bond. Prior written approval from the Chief Forest Officer must be obtained before the Licensee plans any road alignment that passes through a Protected Area and for any logs removed during road construction.
- 66) The Licensee, his agents and his employees shall report immediately to the Director of the Institute of Archaeology, through the Chief Forest Officer, any relics or archaeological sites encountered within the license area. In addition, the Licensee, his agents and employees shall refrain from destroying or interfering in any way with such sites and relics.
- 67) The hunting of animals and birds is forbidden under this license. The Licensee shall be responsible for the actions of his agents and employees in this matter in keeping with paragraph 39 above.

- 68) The Licensee shall take all reasonable measures to minimise environmental and other damage particularly since the licence area is part of an important watershed and biodiversity resource.
- 69) The Licensee shall be responsible for any environmental damage or any other damage or loss howsoever caused to the licence area by the Licensee, its agents, employees, or independent contractors and shall be liable to make good or pay compensation for such damage or loss to the satisfaction of the Chief Forest Officer.

Forest Fires

- 70) The Licensee shall be responsible for the prevention, pre-suppression and suppression of fires in the license area and shall report to the nearest Forest Office all forest fires as soon as they are seen. The Licensee, his agents and employees shall take effective action to extinguish immediately any fires in the license area or which threaten the license area.
- 71) In the event of a fire occurring in the license area, the Chief Forest Officer, or any person authorised by the Chief Forest Officer, may require the Licensee to cease all or part of his felling and logging operations in the license area and not to restart such operations until the fire has been brought under control.
- 72) As part of the SFMP, a forest protection plan shall be developed which shall include a fire management plan for the license area.
- 73) The Chief Forest Officer may require that at least eight of the Licensee's field employees undergo relevant fire suppression training provided by the Forest Department or any other agency to the level where these employees can function effectively as an initial attack crew. The Chief Forest Officer shall require the Licensee to have available in the license area the necessary fire suppression tools and equipment, which shall be listed in the forest fire management plan.
- 74) The Chief Forest Officer may prohibit the Licensee from felling trees along roadsides or fire lines, as well as requiring him to dispose of logging slash and sawmill waste within the stands being worked or in any other area within the licence area, where a wood processing facility is situated, in such a manner as to reduce the accumulation of combustible material.

Logging Operations

- 75) The Chief Forest Officer may:
- a) Prohibit the Licensee from logging in defined areas where, due to topography, or edaphic conditions, the Chief Forest Officer considers that excessive soil erosion or compaction would follow logging;
 - b) Prohibit the Licensee from ground logging, ground extraction or skidding operations on slopes steeper than 25° but where sub-paragraph (a) is applied this prohibition may apply to slopes less than 25°.

- c) Prohibit the Licensee from logging in areas where the Chief Forest Officer believes that there will be serious damage or harm to the ecological system;
- d) Prohibit the Licensee from operating heavy equipment during periods of rainy weather.
- e) Require the Licensee to take reasonable steps to prevent erosion and compaction to the soil caused by the Licensee's logging operations;
- f) Prohibit the transportation of timber on public roads outside the boundaries of the licence area between the hours of 6:00 pm and 6:00 am and on weekends.

Felling and Skidding Operations

- 76) The Forest Department shall issue protocol for the control of marking of those pine trees and other species that shall remain reserved as seed trees. These seed trees will be the only remaining source of seeds for natural regeneration and therefore cannot be felled until stands are well established. A fine of 10 times the royalty rate will be levied on every seed tree felled or seriously damaged. Where the Chief Forest Officer has cause to believe that there is blatant disregard for this condition, it shall be sufficient cause for immediate suspension of felling operations.
- 77) To ensure that the watershed functions of the license area are protected, the licensee is prohibited from felling and removing trees and/or effecting the presence of heavy equipment within a horizontal distance of 30.5 metres (100 feet) from both sides of rivers, streams, creeks, lagoons, and lakes as defined on the one to fifty thousand (1:50,000) topographical maps of the area to which this license applies.
- 78) The Licensee shall not enter into or fell any tree within any research or silviculture experimental plot unless the Chief Forest Officer expresses in writing that the activities of the Licensee should form part of the research being carried out in a particular plot. Research or experimental plots will normally be marked with at least one post at each corner of the plot and painted white at the top end. Information regarding the location of research plots in the licence area may be obtained from the Forest Officer responsible for research in Belmopan.
- 79) All pine and hardwood trees save and except those defined in Section 42 of the Forest Rules may be felled in accordance with the prescription of the SFMP and the APO or in accordance with the Forest Rules.
- 80) All pine trees with a diameter at breast-height 20 centimetres (8 inches) and greater shall be considered of commercial size. A fine of five (5) times the royalty rate shall be charged for those commercial size trees (excepting seed trees and residual growing stock) that are not harvested unless the licensee can show good reason for not harvesting such trees.
- 81) The Licensee shall dispose of logging slash and debris in the stand as required by the Chief Forest Officer to ensure natural regeneration.
- 82) All pine trees must be felled with a stump height not exceeding twelve (12) inches (30 centimetres) above the ground and all hardwood trees must be felled with a stump height not

exceeding twelve (12) inches (30 centimetres) above the buttress for those hardwood species with buttress and eighteen (18) inches (46 centimetres) above the ground for those trees without buttress.

- 83) Skidding of logs shall be carried out employing economically appropriate and ecologically preferable methods that shall be defined in the SFMP and/or APO.
- 84) In accordance with the SFMP and the APO, the Licensee may employ cable systems to high lead logs on terrain with slopes greater than 25° providing that the environmental impact is acceptable to the Chief Forest Officer.
- 85) The Chief Forest Officer will develop in collaboration with the Licensee a code of harvesting practice as a best management practice to regulate and guide the cutting, extraction, and transportation of timber under this license. The Licensee will be required to actively participate in the development of such a code.

Forest Roads

- 86) The Chief Forest Officer shall require the Licensee to maintain any forest road in the licence area used by the Licensee and will also require the Licensee to make good any damage caused by the Licensee to such roads to the satisfaction of the Chief Forest Officer. Where the Licensee fails to maintain such roads or to make good any damage to such roads to the satisfaction of the Chief Forest Officer, the Chief Forest Officer may draw on the Security Bond to maintain or make good any damage to such roads.
- 87) The Licensee shall be liable for the payment of damages done by him to any private or public road within or without the licence area under this license. In the case of public roads, the assessment of damages shall be made by the Chief Engineer, Ministry of Works who may allow the Licensee to effect satisfactory repairs to the road damage in lieu of monetary payments. Where the Licensee fails to make good any damage to a public road, the Chief Engineer, Ministry of Works may request the Chief Forest Officer to draw on the Security Bond to make good any damage to such road.
- 88) Extraction roads (in this case 'truck passes' or minor haul roads) shall be formed, shaped, drained and surfaced to the satisfaction of the Chief Forest Officer. All roads shall have a maximum width of 16 feet (4.9 metres) and a maximum gradient of 15 percent.
- 89) Extraction roads will be constructed only on alignments approved by the Chief Forest Officer. Such roads shall be spaced so that logs shall not be skidded along the ground for more than 3,280 feet (1 kilometre) from felling site to the point of loading onto trucks. Where possible, old extraction routes should be used in an effort to minimise environmental damage.
- 90) All perennial watercourses must be crossed without impeding the stream flow. Bulldozing through dry ephemeral and intermittent watercourses is to be avoided wherever it is reasonably possible. The Licensee is responsible for putting in culverts or constructing bridges, according to specifications approved by the Chief Forest Officer. Roads crossing watercourses are to be at right angles to the banks of the river or stream.

- 91) The Licensee shall maintain extraction roads in a suitable condition that allows the movement of wheeled traffic until the road is no longer required for timber extraction by the Licensee.
- 92) The Licensee or his forest manager shall be responsible for ensuring that skid trails are laid out efficiently in the sub-compartment to the satisfaction of the Chief Forest Officer. Skid trails shall have a maximum width of 12 feet (3.6 metres) and a maximum gradient of 15 per cent when the grade exceeds a distance of 150 feet (45.7 metres). Where possible skid trails will follow contours and the direction of skidding will be uphill. Skid trails must not cross extraction roads.
- 93) The location of each barquardier (log landing) shall require the prior approval of the Chief Forest Officer. No barquardier shall be placed within 300 feet (91.5 metres) of a permanent watercourse. The number of barquardiers should be kept to a minimum consistent with efficient timber extraction.
- 94) This license conveys no exclusive rights to extraction routes in the license area. Officers and employees of the Forest Department, and others authorised by the Chief Forest Officer, shall have the right to use any roads or tracks that the licensee has constructed or maintained, as long as the Licensee's operations are not interrupted. Forest roads will not be open access roads to the public, other than along established rights of way. The Forest Department may construct and man road barriers, or authorize the Licensee in writing to do so, at any or all access points into the licence area.
- 95) On the termination of this license, the Licensee shall leave all roads and tracks constructed by him and shall relinquish without compensation all rights therein.

Demarcation of Licence Boundaries

- 96) The licensee shall have sole responsibility for ensuring that appropriate markers and/or signs are put in place on the ground to clearly demarcate its licence boundaries, especially where such boundaries coincide with publicly active areas. Providing that the absence thereof does not render the licensee liable to any claims to the contrary.
- 97) All such markers and/or signs shall be in place no later than twelve (12) months after the signing of this license by the licensee and the licensee shall at the completion thereof bring to the attention and satisfaction of the Chief Forest Officer its conclusion thereof.

Community Consultations

- 98) Where it is a requirement or socially desirable, the Licensee shall conduct community consultations with those communities immediately impacted by the licence before commencing logging operations and shall make all reasonable efforts to ameliorate or mitigate the negative impacts of his operation. In this regard, the Licensee shall be guided by the Chief Forest Officer and a third party approved by the Minister responsible for forestry.


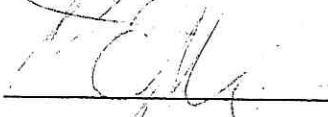

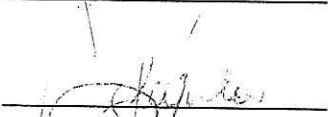
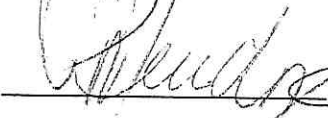
Miscellaneous

99) In the event of any conflict between the terms and conditions of this licence and any provisions of the Forest Act, Forest Rules or any other regulations made under the Forest Act, and any amendment thereto, whether enacted prior to or subsequent the granting of this licence, the provisions of such legislation shall prevail.

Amendment

100) The terms and conditions of this licence may be amended by agreement in writing between the Chief Forest Officer and the Licensee. Provided that the Chief Forest Officer may unilaterally imposed further terms and conditions as may be deemed urgently required by the Chief Forest Officer for the immediate protection of the license area and the timber resources situate therein.

The Licensee agrees to the above-mentioned terms and conditions on the date below written:

Yong Lumber Ltd.		Date <u>26/9/05</u>
Witness		Date <u>26/9/05</u>
Minister of Natural Resources		Date <u>26/9/05</u>
Chief Forest Officer		Date <u>26/9/05</u>
witness		Date <u>26/9/05</u>
Yong Lumber Ltd.	_____	Date _____
Witness	_____	Date _____
Minister of Natural Resources	_____	Date _____
Chief Forest Officer	_____	Date _____
witness	_____	Date _____

Appendix III

Description of the license area

Starting at a point at the northern most tip of Swasey Bladen Forest Reserve having scaled UTM coordinates of 328704.188 East and 1829199.000 North, thence heading south-south-east along a straight line to a point having scaled UTM coordinates of 330032.813 East and 1826222.000 North, thence from there in a north-north-easterly direction along a straight line to a point having scaled UTM coordinates of 330197.406 East and 1827688.000 North, thence in a south-easterly direction along a straight line to a point having scaled UTM coordinates of 332419.500 East and 1825642.000 North, thence heading in a south-south-easterly direction along a straight line to a point along a dirt road having scaled UTM coordinates of 332835.472 East and 1824937.075 North, thence along said dirt road to a point having scaled UTM coordinates of 333152.188 East and 1824433.000 North, thence from there heading in a south-easterly direction along a straight line to a point having scaled UTM coordinates of 334818.188 East and 1823150.000 North, thence in a southerly direction along a straight line to a point having scaled UTM coordinates of 334986.000 East and 1818699.000 North, thence continuing in a southerly direction along a straight line to a point having scaled UTM coordinates of 335041.193 East and 1818055.453 North, thence due west to a point having scaled UTM coordinates of 334871.672 East and 1818055.453 North, thence due south to a point having scaled UTM coordinates of 334871.672 East and 1817207.846 North, thence west to a point having scaled UTM coordinates of 334732.972 East and 1817200.140 North, thence due south to a point having scaled UTM coordinates of 334740.678 East and 1816344.827 North, thence due west to a point having scaled UTM coordinates of 334571.156 East and 1816344.827 North, thence due south to a point having scaled UTM coordinates of 334563.451 East and 1815859.379 North, thence west along a straight line to a point having scaled UTM coordinates of 333985.537 East and 1815836.263 North, thence south along a straight line to a point having scaled UTM coordinates of 333976.708 East and 1815163.497 North, thence west along a straight line to a point having scaled UTM coordinates of 333715.843 East and 1815165.882 North, thence due south to a point having scaled UTM coordinates of 333715.843 East and 1814726.667 North, thence in a north-westerly direction along a straight line to a point having scaled UTM coordinates of 331662.713 East and 1816624.707 North, thence south along a straight line to a point having scaled UTM coordinates of 331643.058 East and 1816329.416 North, thence due south to a point having scaled UTM coordinates of 331619.941 East and 1815489.514 North, thence due west to a point at the confluence of the Black Creek tributary and the Bladen Branch river having scaled UTM coordinates of 331396.481 East and 1815489.514 North, thence heading north-north-west along a straight line to a point having scaled UTM coordinates of 331072.849 East and 1816552.876 North, thence due west to a point having scaled UTM coordinates of 329639.622 East and 1816552.876 North, thence heading north-west along a straight line to a point having scaled UTM coordinates of 328691.842 East and 1817639.355 North, thence in a westerly direction along a straight line to a point having scaled UTM coordinates of 328545.437 East and 1817623.944 North, thence north-west along a straight line to a point having scaled UTM coordinates of 327736.357 East and

1817870.521 North, thence north north-west along a straight line to a point having scaled UTM coordinates of 326765.461 East and 1819712.141 North, thence heading north-east along a straight line to a point having scaled UTM coordinates of 326919.572 East and 1819843.135 North, thence heading north north-west along a straight line to a point having scaled UTM coordinates of 326079.670 East and 1821430.472 North, thence heading in a westerly direction along a straight line to a point having scaled UTM coordinates of 325925.559 East and 1821453.589 North, thence heading in a northerly direction along a straight line to a point having scaled UTM coordinates of 326095.081 East and 1822501.540 North, thence south-west along a straight line to a point having scaled UTM coordinates of 327674.713 East and 1821384.239 North, thence in a northerly direction along a straight line to a point having scaled UTM coordinates of 328028.411 East and 1824077.106 North, thence in a northerly direction once more along a straight line to a point having scaled UTM coordinates of 328099.706 East and 1824866.841 North, thence heading north north-east along a straight line back to the point of origin with scaled UTM coordinates of 328704.188 East and 1829199.000 North.

Yong Lumber Ltd. Licence Area

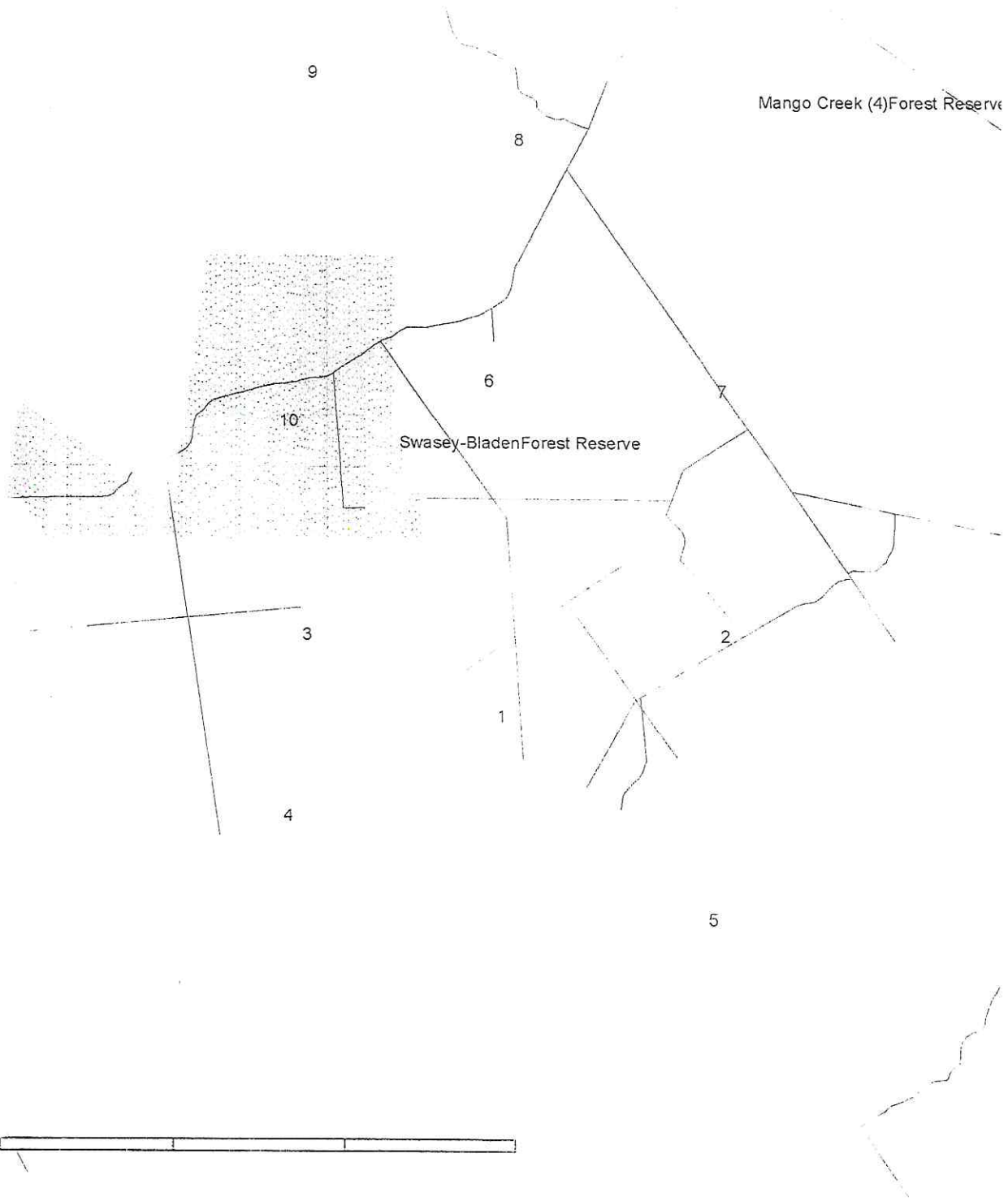
Map Mountain Forest Reserve

LTFL 02/05

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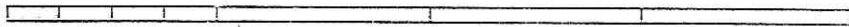
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Mango Creek (4) Forest Reserve

Swasey-Bladen Forest Reserve

Deep River Forest Reserve



Yong Lumber Ltd. Licence Area

Maya Mountain Forest Reserve

LTFL 02/05

Legend

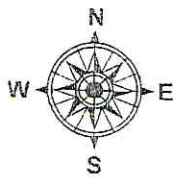
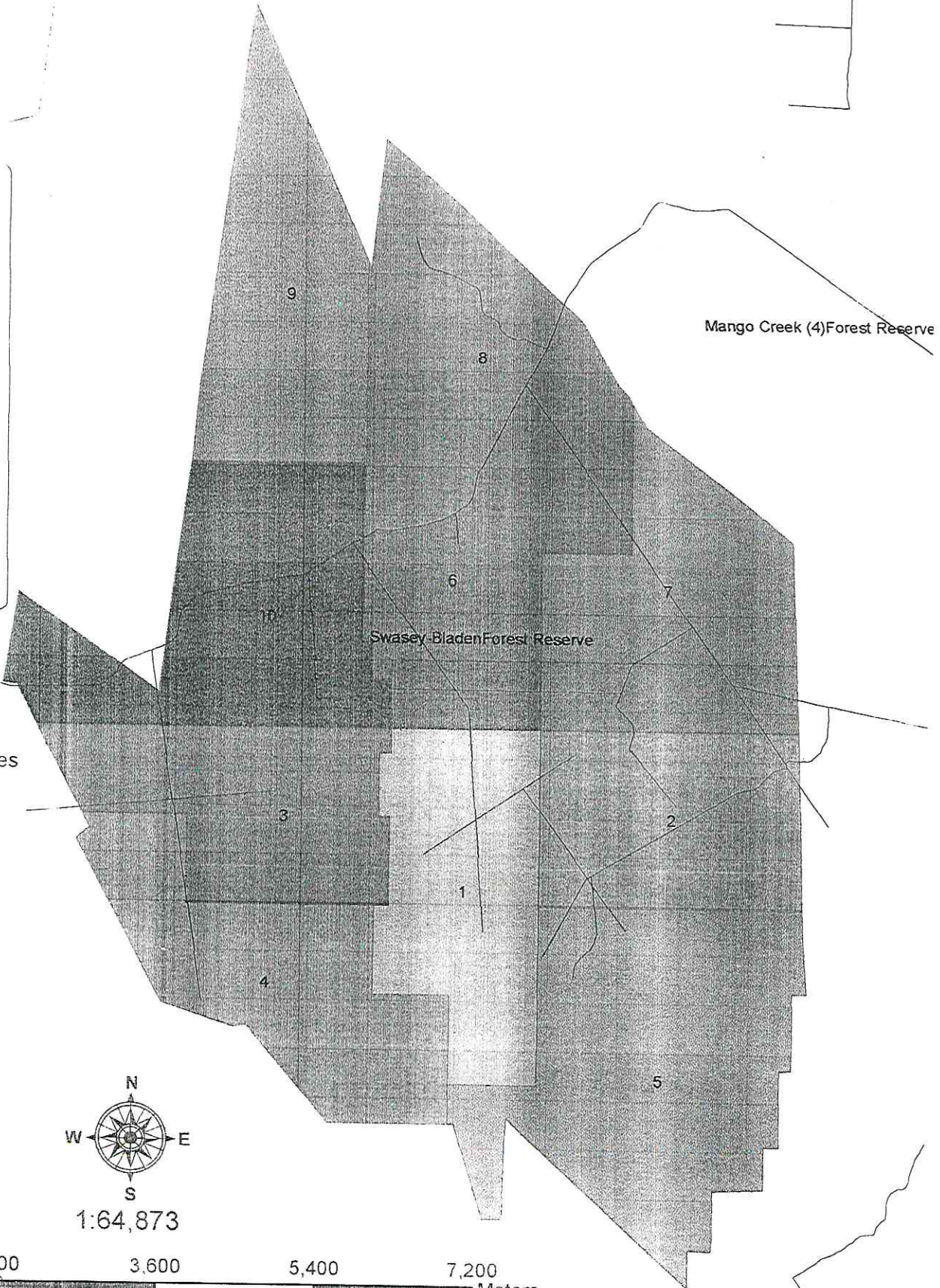
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Protected Areas from
Meerman 2005

Map Prepared by the
Forest Department
Ministry of Natural Resources
26th September 2005



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