



GOVERNMENT OF BELIZE

FOREST RULES, Chapter 213, The Subsidiary Laws of Belize, Volume IV,
Revised Edition 1991, RULE 5 (1) (a)

LICENSE FOR SUSTAINED YIELD WORKING OF TIMBER
FOREST LICENSE NUMBER: LTFL #01/09

CONDITIONS

- 1) **New River Enterprises** (hereinafter called the "Licensee") is hereby licensed, subject to the provisions of the Forests 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 forest resources and environmental goods and services within the tract of land hereinafter described and in accordance with the Sustainable Forest Management Plan referred to in paragraph 3 below:-

Description of Tract of Land Constituting the Licence Area

This license applies to the production forests of the entire Manatee Forest Reserve, as defined from time to time by regulations, the ~~current~~ ^{area} (only) of which is more particularly described in Statutory Instrument No. 35 of 2005. For the avoidance of doubt, the boundaries of the Manatee Forest Reserve may hereafter be varied from time to time to exclude lands therefrom, and the licence area shall exclude ALL lands, presently or in the future, held under lease or granted. A copy of a map depicting the current license area (only) is attached hereto and a full size map is available for inspection at the headquarters of the Forest Department in Belmopan, Cayo District. Copies of maps depicting any variations in the boundaries of the Manatee Forest Reserve, as may hereafter occur from time to time, shall likewise be available at the headquarters of the Forest Department.

2) **Duration of License**

This license shall be initially for 40 years duration, commencing on 30th January 2009 and ending on 30th January 2049. 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.

3) **The Sustainable Forest Management Plan**

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 cutting cycle and annual allowable cut, harvesting methods and standards for harvesting infrastructure,

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forest protection requirements and silvicultural interventions, etc. 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 periodically during the subsistence of this licence, including any period of extension. Such revisions shall occur in periods not exceeding five (5) years starting from the date of issuance of this license. The revision period shall be clearly stated in the SFMP. 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 the revision period, provided sustained yield harvesting is still possible in the whole or any portion of the license area as determined by the Chief Forest Officer, and the Licensee shall comply with any directions given by the Minister.
- 5) 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 as determined by the Chief Forest Officer, 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.
- 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 shall be presented by the Licensee to the Minister for his approval no later than two (2) months 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 agreement. The Licensee shall be obligated under this license agreement to adhere to the SFMP.
- 9) The Licensee shall bear all the cost of developing the SFMP and any revision. The Forest Department shall provide upon request 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. The licensee shall make payment for any cost incurred by the Department in reproducing or copying the information.
- 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

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any amendment thereto, it shall be deemed to form an integral part of this license agreement and the implementation thereof shall be monitored by a Senior Forest Officer assigned by the Chief Forest Officer. The Licensee shall be obligated under this license agreement to adhere to the APO.

- 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 may be withdrawn 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 in accordance with the terms and conditions of such licence, where the issuance of such is deemed conducive to good forest management. The licensee may undertake negotiations with the Government of Belize to undertake tourism development within the area; such agreements shall be structured within the framework of a separate agreement.

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, petroleum operations, tourism development or any other activity. Any permission granted for such other activities within the license area shall make provision, as far as practicable, for the responsibility of the third parties to assist in fire protection and road maintenance and in accordance with any other stipulations under such permission.
- 25) 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.
- 26) The Forest Department, or any person 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

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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.

- 27) 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.
- 28) 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

- 29) 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.
- 30) 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.
- 31) 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 fulfil 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.
- 32) 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

- 33) Within two (2) weeks of the signing of this license, the Licensee shall register his timber brand mark with the Chief Forest Officer.
- 34) 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.
- 35) 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.
- 36) 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.
- 37) 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

- 38) The Licensee, its servants, employees, agents 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 terms and conditions of this license by the Licensee's servants, employees, agents or independent contractors, the Licensee shall be held responsible. This licence shall be

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subject to suspension or termination in accordance with paragraph 53 below, in the event of any breach of the terms and conditions of this licence by the Licensee or its servants, employees, agents or independent contractors.

- 39) Failure on the part of the Licensee to fulfil any of the terms and conditions of this licence shall not be deemed a breach of this licence so far as such failure arises from force majeure.

Security Bond

- 40) 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. 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 licence and for non-payment of fines or any other sum of money payable under this licence.
- 41) 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 and removal of commercial timber from the license area shall be suspended until such payments are made. The security bond shall be effective for the duration of this licence including any period of extension. It shall, without prejudice to paragraph 53 below, be terminated at the expiration or termination of this licence including any period of extension, provided all such sums of money referred to in paragraph 40 above have been satisfied.

Administrative Fee

- 42) The Licensee shall pay annually to the Forest Department a non-refundable administrative fee of one thousand five hundred Belize dollars (\$1,500.00). Such fee shall be payable upon submission of each APO.

Other Payments

- 43) 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.
- 44) The royalty rates for all species shall be in accordance with regulations existing from time to time. The Licensee shall pay royalty on all sound timber, whether felled by it or found lying on the ground and 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.
- 45) 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 prescribed in the APO, the Minister responsible for forestry may 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. 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.
- 46) All timber measurements shall follow standards set by the Forest Department for the purpose of determining royalty.
- 47) Royalty payments on all trees felled shall become due at the time of felling or according to the regulations in force from time to time. Full payment of royalties must be made within thirty (30) days from the date of billing.
- 48) Billing for royalty shall be made at monthly intervals. When the aggregate sum has exceeded the initial payment referred to in clause 43 above, supplementary payments shall become due.
- 49) 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 and removal of commercial timber from the license area shall be suspended until such payments are made.



- 50) The Chief Forest Officer shall issue an Annual Cutting Permit every year to the licensee for the harvesting of commercial timber subsequent to the approval of the APO for such year. 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.
- 51) 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 Licensee is in receipt of an Annual Cutting Permit. Provided that the Licensee may be permitted by the Chief Forest Officer to harvest a minimal number of trees during the development of the SFMP.

Suspension/Termination of the License Agreement

- 52) The Licensee shall comply with all the provisions of the Forests Act and its regulations 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 liable not only under such legislation but shall also render this licence subject to suspension or revocation by the Minister after giving the Licensee an opportunity to make representation against such suspension or revocation.
- 53) This license shall be liable to suspension or revocation by the Minister responsible for forestry if, after due enquiry and giving the Licensee a reasonable opportunity to remedy any breach, which may be capable of being remedied and an opportunity of making representation against such suspension or revocation, the Minister is satisfied that a condition of the license has been contravened. In addition to any revocation of this licence for failure to adhere to paragraph 64 below, prohibiting the conduct of any timber operations in protected areas, or for failure to adhere to any laws relating to such protected areas, the security bond shall be forfeited to the government.
- 54) The Licensee may terminate this licence including any period of extension by giving six months written notice to the Chief Forest Officer prior to the date the termination is to take effect and provided that all sums of money owing by the Licensee under this licence have been satisfied and there is no outstanding breach of any of the terms and conditions of this licence.
- 55) On termination of the license by either party, the Licensee shall be given six months to dispose of, or remove, any equipment, buildings, sawmills, and other structures erected within the license area. 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 whatsoever therefore.
- 56) Without prejudice to paragraph 54 above, if at the termination of this license the Licensee is in arrears of any royalties, fines or other sums of money payable under this licence, the Security Bond shall be used to recover such monies. If the Security Bond does not cover the full amount of such monies 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 such monies and the costs of such recovery, including any equipment and structures within the licence area the ownership of which is not yet vested in the Government

Forest Management

- 57) The Licensee shall be required to establish Permanent Sample Plots for the collection of data on local forest dynamics within the license area and conduct the necessary data collection and monitoring in such plots. Timely submissions of all data collected shall be made to the Forest Department.
- 58) 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.

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59) 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 carry out complementary artificial regeneration activities where natural regeneration is inadequate.

Employment of Technical Personnel

60) The Licensee shall employ and/or engage the services of professional, technical and other personnel necessary to satisfy the requirements of the SFMP and the APO and the conditions of this licence.

61) The Licensee shall employ and/or engage the services of a professional forester or forestry firm with the experience acceptable to the Chief Forest Officer to write the SFMP and to carry out the necessary forest resource evaluation including forest inventories. Preference should be given to local expertise.

62) 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 be responsible for preparing the APO and to supervise the implementation of all activities under the same. 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.

63) 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

64) Protected areas inside, adjacent to or around the license area shall be clearly marked on the license map and on the ground, provided that the failure to indicate any such area on the license map shall not be a defence against any intrusion into such area and breach of any laws pertaining to such area by the licensee. With regards to demarcating protected areas on the ground, such activity shall be achieved through a cooperative effort between the Forest Department, the Licensee and the respective Co-manager (if applicable). Entry into protected areas for timber exploitation is strictly prohibited. The Licensee shall comply with all applicable laws in relation to such protected areas. The Licensee shall not traverse nor open any road through any protected area without the prior written approval from the Chief Forest Officer. Where such approval is given the same shall deal with the disposal or removal of logs from trees felled during the road construction. Protected Areas include areas declared, at the date of issuance of this licence or any time subsequent thereto, under the National Parks Systems Act or any subsequent amendments thereto and such areas defined in sub-paragraphs (a), (b) and (c) of paragraph 74 below.

65) The Licensee, its servants, employees, agents and independent contractors 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, its servants, employees, agents and independent contractors shall refrain from destroying or interfering in any way with such sites and relics. For the avoidance of doubt, nothing in this paragraph shall be construed as excluding or limiting the responsibility of the Licensee to comply with all the applicable laws pertaining to such sites.

66) The hunting of animals and birds is strictly forbidden under this license. For the avoidance of doubt, the Licensee shall be responsible for the actions of its servants, employees, agents and independent contractors in this matter in keeping with paragraph 38 above.

67) 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.

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68) 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 servants, employees, agents 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

69) As part of the SFMP, a forest protection plan shall be developed which shall include a fire management plan for the license area.

70) The Licensee shall be responsible for the prevention, pre-suppression and suppression of fires in the license area and shall report all forest fires, which have occurred. The Licensee, its servants, employees, agents and independent contractors 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) The Chief Forest Officer may require that at least eight (one fire crew) 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.

73) 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

74) The Chief Forest Officer may, after consultation with the Licensee:

- 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;
- 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°;
- 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;
- Prohibit the Licensee from operating heavy equipment during periods of rainy weather;
- Require the Licensee to take reasonable steps to prevent erosion and compaction to the soil caused by the Licensee's logging operations; and
- 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

75) The Forest Department shall issue protocol for the control of marking of those trees that shall remain reserved as seed trees (Appendix III). 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 or consistent disregard of this condition, it shall be sufficient cause for immediate suspension of

  

felling operations. This shall be without prejudice to the right to suspend or terminate the licence under paragraph 53 above.

- 76) 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 perpendicular distance of 30.5 metres (100 feet) from both sides of rivers, streams, creeks, lagoons, and lakes.
- 77) 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 forest research in Belmopan.
- 78) All pine and hardwood trees save and except those prohibited by regulation 42 of the Forest Rules and as may be prohibited hereafter from time to time may be felled in accordance with the provisions of the SFMP and the APO, this licence and the Forests Act, its regulations and any amendments thereto.
- 79) 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.
- 80) The Licensee shall dispose of logging slash and debris in the stand as required by the Chief Forest Officer to ensure natural regeneration.
- 81) 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. All pine trees must be felled with a stump height not exceeding twelve (12) inches (30 centimetres) above the ground.
- 82) Skidding of logs shall be carried out employing economically appropriate and ecologically preferable methods that shall be defined in the SFMP and/or APO.
- 83) 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.
- 84) 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

- 85) 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.
- 86) The Licensee shall be liable for the payment of damages done by him to any private or public road within or for the entire extent traversed outside the licence area under this license. In the case of public roads, the assessment of damages shall be made by the Chief Engineer, who is responsible for public roads, and 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 may request the Chief Forest Officer to draw on the Security Bond to make good any damage to such road.



- 87) 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), provided that the Chief Forest Officer may approve such wider dimensions in light of the equipment employed by the Licensee, and a maximum gradient of 15 percent.
- 88) Extraction roads shall 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.
- 89) 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 rivers or streams.
- 90) 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.
- 91) 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), provided that the Chief Forest Officer may approve such wider dimensions in light of the equipment employed by the Licensee, 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.
- 92) 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.
- 93) 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.
- 94) On the termination of this license, the Licensee shall leave all roads and tracks constructed by him and shall relinquish without compensation any and all rights therein.

Demarcation of Licence Area Boundaries

- 95) The licensee shall have sole responsibility for ensuring that appropriate boundary markers and/or signs are put in place and maintained on the ground to clearly demarcate his licence area boundaries, especially where such boundaries coincide with publicly active areas, provided that the absence of markers and signs in such areas after they have been placed does not render the licensee liable to breach of this condition. The determination of alignments for boundary markers and positions for signs shall be achieved through a cooperative effort between the Forest Department and the Licensee. Where the license boundaries coincide, include or is shared with Protected Areas boundaries, such demarcation shall be in accordance with condition 64.
- 96) All such boundary markers and/or signs shall be in place no later than twelve (12) months after the signing of this license and the licensee shall, in writing, bring to the attention of the Chief Forest Officer the completion of this activity.

Community Consultations

97) Where it is a requirement instituted by the Chief Forest Officer or where it is 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 its 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

98) 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

99) 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, with notice in writing to the licensee, 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.

AGREEMENT TO LICENSE CONDITIONS

Signed for and on behalf of
New River Enterprises Ltd.



Witness

Joseph B. Loskot
Joseph B. Loskot
Chairman

Date: 6th February 2009

Miroslava Loskot Barraza
Miroslava Loskot Barraza
Managing Director & CEO

Date: February 6, 2009

[Signature]

Date: February 6, 2009

Minister of Natural Resources
and the Environment

[Signature]
Hon. Gaspar Vega

Date: Jan 27/09

Chief Forest Officer

[Signature]
Wilber Sabido

Date: 26/1/09

Witness

[Signature]

Date: 13/2/09

Minister's Initial

[Initials]

NRE Company Ltd. Representative's Initials 11

[Initials] *[Initials]*