

LICENCE AGREEMENT

THIS AGREEMENT is made as of July 31, 2020.

BETWEEN:

MOSAIC FOREST MANAGEMENT COMPANY

201 – 648 Terminal Avenue
Nanaimo, British Columbia
V9R 5E2

Email: Pam Jorgenson - pam.jorgenson@mosaicforests.com

(the “Licensor” or “Mosaic”)

AND:

REGIONAL DISTRICT OF NANAIMO, having a place of business at 6300 Hammond Bay Road,
Nanaimo, British Columbia, V9T 6N2

Email: rdnparcs@rdn.bc.ca

(the “Licensee”)

WHEREAS:

- A. The Licensor is part of an affiliation among the Licensor, TimberWest Forest Corp. (“**TimberWest**”) and Island Timberlands Limited Partnership (“**Island Timberlands**”) (each an “**Affiliate**”), where the Licensor acts as timberland manager for TimberWest and Island Timberlands;
- B. Either TimberWest or Island Timberlands, as the case may be, is the owner, or the beneficial owner, and / or has the right to use various roads and access certain lands shown in green on the map attached hereto as Schedule A and as further described in Schedule B (the “**Licensed Area**”);
- C. TimberWest by a Trail Licence commencing January 1, 2007 (the “**Trail Licence**”) and Island Timberlands by Non-Exclusive Licence dated August 1, 2004 (the “**NEL**”) have, with renewals or extensions of each of the Trail Licence and NEL from time to time, granted the Licensee non-exclusive and periodic use of the Licensed Area;
- D. The Licensor and Licensee have agreed that this Licence Agreement dated and commencing effective August 01, 2020 (the “**Commencement Date**”) terminates and replaces the Trail Licence and the NEL; and
- E. The Licensee wishes to use the Licensed Area for the Purpose, as defined herein, and the Licensor has agreed to permit such use on the terms and conditions set forth in this Agreement.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which each Party hereby acknowledges, the Parties agree as follows:

MAIN AGREEMENT

1. **Definitions.** Any term in this Agreement, or any Schedule hereto, which is capitalized but not defined as follows will have the meaning ascribed to such term in the body of this Agreement or any Schedule hereto, as applicable.

- (a) **"Applicable Laws"** means all statutes, laws, regulations, by-laws, building codes, orders and requirements of any federal, provincial, municipal or other public authority having jurisdiction at any time and from time to time in force;
- (b) **"Environmental Laws"** means all Applicable Laws which impose any obligations relating to the protection, management, conservation or restoration of the natural environment or relating to Hazardous Substances or to the release of Hazardous Substances into the environment;
- (c) **"Hazardous Substances"** means any contaminant, pollutant, dangerous or potentially dangerous or noxious or toxic good or substance, hazardous waste, special waste, flammable or explosive or radioactive material, urea formaldehyde foam insulation, asbestos, PCBs and substances or any other materials declared or defined to be hazardous, toxic, contaminants or pollutants or which at any time are prohibited, controlled or regulated for the protection, management, conservation or restoration of public health or the environment under or pursuant to any Environmental Laws;
- (d) **"Lands"** means the lands set out in paragraph 2 of Schedule B, and as the legal description of such lands may change from time to time
- (e) **"Licensee's Representatives"** means, individually, the Licensee's employees, agents, contractors, permittees, licensees, customers, members and invited guests;
- (f) **"Licensor's Representatives"** means the Licensor's partners and Affiliates and its and their respective directors, officers, shareholders, employees, contractors, agents, licensees, invitees, successors and assigns.
- (g) **"Purpose"** has the same meaning as **"Public Access Trail Use"** set out in paragraph 1 of Schedule B to this Agreement; and
- (h) **"Road"** means a road that is on the Licenced Area or is used by the Licensee to access the Licenced Area and to which this Licence applies, and includes all bridges and related drainage structures.

2. **Grant of Licence.** The Licensor hereby grants to the Licensee a non-exclusive and temporary licence for the Licensee and the Licensee's Representatives to use the Licenced Area, and to enter upon and use the Road as reasonably required to access the Licenced Area, provided that the Licensee's use does not interfere with the Licensor's use of the Road, upon the conditions contained herein for the Purpose and for no other purpose whatsoever, and which Purpose includes:

- (a) constructing, installing, inspecting, cleaning, maintaining, repairing, renewing, replacing, altering, relocating and operating the Trail Works;
- (b) bringing onto the Licenced Area all equipment, tools and materials the Licensee requires or desires in connection with the exercise of its rights hereunder;
- (c) clearing the Licenced Area and keeping it clear of anything which, in the reasonable opinion of the Licensee constitutes or may constitute an obstruction or danger to or interference with the Trail Works (including, without limitation, the cutting of timber within the Licenced Area as contemplated in this Agreement; and
- (d) doing all acts and things which, in the reasonable opinion of the Licensee, are necessary or incidental to the foregoing; and
- (e) the Licensee and all of its licensees and invitees, including members of the public, all without the need for any further invitation, the non-exclusive, full, free and uninterrupted right and licence, at all times hereafter, by night and by day, to enter, use, go, return, pass and repass along, over and upon the Trail Works on foot or by bicycle or horse only (and, for the sake of certainty, not by motorcycle or other motorized vehicle) for the purpose of obtaining access thereto and egress therefrom as a public access trail, in common with the Licensor and all others using the Licenced Area but subject always to the terms and conditions set out herein.

3. **Licensor and Affiliate Priority.** In the event Licensor or Affiliate requires use of the Licenced Area, its use shall have priority over the Licensee's use.

4. **Term, Extension, Suspension, and Termination.** The term of this Agreement (the “**Term**”) will be for approximately 5.5 years, commencing on the Commencement Date and expiring on December 31, 2025 unless extended in writing by mutual agreement or unless otherwise terminated or suspended as follows:
- (a) **Suspension.** The Licensor may suspend this Agreement and the license granted herein, at any time, without penalty.
 - (b) **Without Cause.** Either party may terminate this Agreement upon providing 20 business days’ prior written notice to the other party.
 - (i) **For Cause.** In addition to such other termination rights as may be set out elsewhere in this Licence, the Licensor and the Licensee agree that the Licensor may terminate this Licence immediately if the Licensee breaches or fails to comply with any of its obligations under this Licence and fails to remedy the breach or failure within thirty (30) days of receiving written notice of such breach or failure or, if such breach or failure reasonably requires more than thirty (30) days to remedy, if the Licensee has not commenced diligently remedying such breach or failure within ten days of receipt of such notice or thereafter fails to continue to diligently and expeditiously remedy such breach or failure.
 - (c) **Obligations on Expiry or Termination.** Upon the expiry of the Term (provided that the Term has not been renewed in accordance with this section) or other termination of this Licence, the Licensee will:
 - (ii) quit the Licenced Area peaceably and deliver up possession of the Licenced Area to the Licensor; and
 - (iii) at the Licensee’s cost, demolish and remove from the Lands the Trail Works, repair any damage caused to the Licenced Area or the Lands as a result of its use of the Licenced Area or its demolition and removal of the Trail Works, and restore to the reasonable satisfaction of the Licensor the Licenced Area and the Lands as closely as is practically possible to the condition they were in prior to the construction or placement thereon of any of the Trail Works (or any improved condition which is acceptable to the Licensor).
 - (d) **Survival of Obligations.** Upon the expiry of the Term or other termination of this Licence, all claims, causes of action or other outstanding obligations remaining or being unfulfilled as at the date of expiry or termination and all of the provisions of this Licence relating to the obligation of either of the parties to perform actions or to account to or to indemnify the other and pay to the other any monies owing as at the date of expiry or termination in connection with this Licence will survive such expiry or termination.
5. **Licence Fee.** The Licensor will not charge the Licensee a License Fee. The Licensor reserves the right to charge a License Fee during the Term if taxes are levied in accordance with paragraph 8, and in its sole discretion, Licensor chooses to recapture that cost and any related administration costs through a License Fee.
6. **Administration Fee.** The Licensee will pay to the Licensor a one-time fee (the “**Administration Fee**”) in the amount of \$500.00 plus applicable taxes for the administration of this Agreement.
7. **Goods and Services Tax.** The Licensee will pay to the Licensor goods and services tax or any other tax imposed on the Licensor with respect to any amounts payable hereunder, if applicable.
8. **Levied Taxes.** The Licensee will pay to the Licensor an amount equal or approximately equal to any taxes, of any nature imposed on the Licensor as a result of the Licensee’s exercise of its rights and obligations under this Agreement including, but without limiting the generality of the foregoing, any property tax assessed as a result of any improvements made by or on behalf of the Licensee to the Licensor’s lands and including Licensor’s cost in determining such taxes.
9. **Payment.** All amounts payable pursuant to this Agreement will be paid as invoiced without any set-off, abatement or deduction whatsoever.

10. Insurance.

(a) Coverages. During the term of this Agreement, the Licensee shall procure and maintain the following insurance coverage:

- i. commercial general liability (“**CGL**”) insurance in an amount not less than \$5,000,000.00 per occurrence and in the aggregate, with coverage for claims related to bodily injury or property damage occurring in connection with any exercise of the rights of the Licensee under this Agreement by the Licensee or its employees, contractors, agents, invitees or any other persons for whom the Licensee is responsible at law, or who is on the Licenced Area or adjacent lands as a result of the Licensee’s use or occupancy of the Licenced Area, including the following coverages and endorsements:
 - A. broad form bodily injury and property damage;
 - B. blanket contractual liability;
 - C. non-owned automobile liability;
 - D. cross liability and severability of interest;
 - E. premises and operations liability / completed operations;
 - F. independent contractors;
 - G. forest fire fighting expense with coverage for privately held lands like the Licenced Area and with a minimum sublimit of **\$1,000,000.00**; and
- ii. automobile liability insurance in an amount not less than **\$2,000,000.00** combined single limit per occurrence, where Licenced vehicles (owned, leased, or rented) are used on the Licenced Area;
- iii. to the extent the Licensee’s employees, contractors, agents or invitees operate any personal vehicles on the Licenced Area, the Licensee will also confirm a minimum of **\$2,000,000.00** auto liability insurance coverage is maintained by the owners of such vehicles; and
- iv. Such insurance will be with insurers holding an AM Best rating of A- or higher, and on such terms and conditions (including deductibles) as are acceptable to the Licensor, acting reasonably. The Licensee agrees to waive its right of subrogation with respect to the Licensor and any additional insureds, and do so on behalf of its insurer, irrespective of whether Licensee’s insurance policy contains an endorsement to this effect. The Licensee agrees that its insurance coverage shall be primary to and the Licensee will not seek contribution from any other insurance available to any additional insured, irrespective of whether the Licensee’s insurance policy contains an endorsement to this effect.

(b) Certificates of Insurance.

- i. Prior to accessing the Licenced Area, the Licensee shall provide one or more certificates of insurance evidencing the above insurance (the “**COI**”), and shall name the following as additional insureds on such COI with respect to the CGL policy as their interests may appear, at the address listed below:

Mosaic Forest Management Corporation
Island Timberlands Limited Partnership
TimberWest Forest Company
 2000 – 1055 West Hastings Street
 Vancouver, BC V6E 2E9

- ii. Such COI shall also include the following information:
 - A. Name of the insurer and the insureds;
 - B. Amount of insurance carried and applicable deductibles;

- C. Coverages and endorsements provided;
- D. Effective and expiry dates and times;
- E. Date to which premiums have been paid, if applicable
- F. Statement that insurer shall provide at least 30 days prior written notice to the Licensor before any cancellation of the policy or changes to the limits shown thereon.

iii. The Licensee shall deliver a replacement certificate to the Licensor within 30 days of the expiration date of the then current certificate.

11. **Gate Key.** n/a

12. **Licensee's Covenants.** The Licensee covenants with the Licensor:

- (a) Applicable Laws. At its sole cost, to comply with all Applicable Laws (including all Environmental Laws) pertaining to the Licensee's use and occupation of the Licenced Area and the Road;
- (b) Licensor's rules. The Licensee will comply with all rules and directives of the Licensor including, without limitation, "Mosaic Safe Road Use Procedures", a current copy of which is attached to this Agreement as Schedule C (as such document may be amended during the Term on notice to the Licensee), together with any other rules concerning the Licenced Area or the Road, timber holdings of the Licensor, fire protection, safety and the environment;
- (c) Nuisance and waste. Not to do anything on the Licenced Area or the Road which is or may become a nuisance, danger or disturbance to the Licensor or to any other occupants or users of the Licenced Area or adjacent areas or to any works or structures or installations thereon; and not to commit any waste upon the Licenced Area or the Road and, in particular, not to root up, cut down or destroy any trees or bushes or commence site work without the prior written consent of the Licensor;
- (d) Maintenance. The Licensee will repair and maintain the Licenced Area and no such repair or maintenance work will be carried out without the Licensor's prior written consent unless such work is contemplated under this Agreement. If and to the extent repairs or maintenance of the Licenced Area are undertaken by or at the direction of the Licensee, the Licensee will be responsible for all costs of such work. The Licensee, at its cost, will repair any damage it causes to the Licenced Area to the sole satisfaction of Licensor. If the Licensee fails to repair any such damage to the Licenced Area or fails to maintain the Licenced Area, the Licensee will be obligated to pay Licensor a reasonable amount for such repairs and maintenance as determined by Licensor in its sole discretion.
- (e) No Improvements. The Licensee will not construct or establish on the Licenced Area any improvements without the prior written consent of Licensor;
- (f) Legal fees. To reimburse the Licensor on demand for the Licensor's legal costs incurred in respect of the enforcement or interpretation of the terms of this Agreement or any matter or thing which is the obligation of the Licensee under this Agreement;
- (g) No fires. Not to start or permit to be started any open fire or any fire menace on or near the Licenced Area or the Road at any time and to take every reasonable precaution to prevent and to extinguish, at its own cost, all fires regardless of cause or origin, and to prevent the escape of fire on or to any of the Licensor's lands and timber;
- (h) Notice of Fire. The Licensee will immediately notify Licensor and the nearest office of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development by telephone upon discovery of any fire on or in the vicinity of the Licenced Area;
- (i) No camping. Not to camp overnight anywhere on the Licenced Area or the Road except within areas designated by the Licensor;
- (j) No work. Not to carry out any work or operations on the Licenced Area or the Road unless such work is permitted under this Agreement or the Licensor has consented in writing to such work;

- (k) Stand damage. Not to conduct any activities which result in flagrant crown or stem damage to live trees;
- (l) Public Highway. The Licensee will not permit public funds to be expended on the Licenced Area, and the Licensee will not do anything that will result in the Licenced Area or Road being classified as a public highway or a forest service road;
- (m) Signs. The Licensee will erect and maintain at its cost any signs that the Licensor considers necessary in conjunction with the Licensee's use of the Licenced Area; and
- (n) Clear Builders' Liens. Not to suffer or permit any builders' lien or claim of builders' lien to be filed against the Lands by reason of work, labour, services or material supplied or claimed to have been supplied to the Licensee in connection with the Licenced Area or the Lands; if any such lien or claim will at any time be filed against the Lands, the Licensee will cause a discharge of the lien or claim to be registered within 30 days after the filing of the lien or claim has come to the notice of the Licensee;
- (o) Rules and Regulations. To comply with any reasonable rules and regulations that the Licensor may impose in respect of the use, occupation and administration of the Licenced Area and the Lands and, in order to better regulate the Public Access Trail Use of the Licenced Area, to enforce the Licensee's Park Use Regulation Bylaw No. 1801, 2019, as against all persons (other than the Licensor and its employees, agents and contractors) as if the Licenced Area were park land subject to such bylaw.
- (p) No Interference. The Licensee will ensure that the exercise of its rights under this Agreement does not interfere with the activities of the Licensor or its Affiliates on the Licenced Area or Road.

13. **Licensee's Acknowledgements.** The Licensee acknowledges and agrees that:

- (a) Safe Use. The Licensee acknowledges it is critically important to the Licensor that the Licenced Area and Road are used in a safe and professional manner at all times, and that the failure by the Licensee, any of the Licensee's employees, contractors, agents, invitees or anyone else for whom the Licensee is responsible in law or who is on the Licenced Area as a result of the Licensee's use or occupancy of the Licenced Area, to so use the Licenced Area and Road will be grounds for immediate termination of this Agreement;
- (b) Risk Assessment. Prior to entering and using the Licenced Area, the Licensee will tour the Licenced Area and the Road to conduct a risk assessment and identify any potential hazards to the Licensee's use thereof;
- (c) Medical and rescue costs. The Licensee will be responsible for any search and rescue costs or emergency medical costs charged by parties in connection with this Agreement, the Licensee's Purpose, or Licensee's use of the Licenced Area and Road;
- (d) Waiver. Intentionally deleted;
- (e) As is, where is. The Licensor has not made, and will not make, any representation or warranty as to the state of the Licenced Area or Road (including its environmental condition), its fitness for the purposes contemplated in this Agreement or any other matter in any way related to or connected with the Licenced Area, the Road or the Licensee's intended use thereof, and the Licensee acknowledges and agrees that it has satisfied itself with respect to all such matters as it considers necessary relating to the Licenced Area, the Road and the Licensee's intended use thereof and that the Licensee is accepting the Licenced Area for such use strictly on an "as is, where is" basis;
- (f) Non-exclusive. The rights granted under this Agreement do not entitle the Licensee to exclusive possession of the Licenced Area or the Road, and the Licensor, its affiliates, or its permitted third parties may enter upon and use the Licenced Area at any time;

- (g) Licensor's interests. The Licensee's rights under this Agreement are at all times subject to the rights and interests of the Licensor as beneficial owner of the Licenced Area;
- (h) Restricted access periods. The Licensor hereby reserves to itself the right to temporarily interrupt the rights granted under this Agreement including, without limitation, the use and enjoyment of the Licenced Area or any portion thereof, if such interruption is necessary, in the Licensor's sole discretion, in connection with:
 - (i) the planned business activities of the Licensor to be carried out on the Licenced Area or lands adjacent to or in the vicinity of the Licenced Area; or
 - (ii) extreme wildfire hazards or other emergency situations prevailing on the Licenced Area or lands adjacent to or in the vicinity of the Licenced Area; and
- (i) Notice of Access. n/a; and
- (j) Third parties. The Licensor may permit third parties to use the Licenced Area and the Road for purposes associated with the Licensor's business from time to time and may grant licenses of use and occupation to third parties unrelated to the Licensor's business in respect of the Licenced Area and the Road.

14. **Risk and Limitation of Liability**. The Licensee will use the Licenced Area and the Road at its own risk. The Licensor will not be liable for, and the Licensee hereby waives, any claim, action, damage, liability, cost or expense which the Licensee may suffer, incur or be put to in connection with any occurrence on the Licenced Area or the Road or with the use and occupation of the Licenced Area or the Road by the Licensee for the Purpose. The Licensor will not be liable to the Licensee in connection with this Agreement, whether based in contract, tort (including negligence and strict liability), under warranty or otherwise, for any special, indirect, incidental or consequential loss or damage whatsoever including, without limitation, loss of use of equipment or facilities and loss of profits or revenues. The waiver set out above will be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Agreement with respect to any loss of, or damage to, property of the Licensee.
15. **Indemnity**. The Licensee will indemnify the Licensor and the Licensor's Representatives and save it harmless from and against any and all claims, actions, damages, liabilities and expenses (including, without limitation, all legal fees on a solicitor and own client basis, experts fees and disbursements) in connection with (a) loss of life, personal injury and damage to property arising from or out of any occurrence in or upon the Licenced Area or the Road in any way related to the exercise by the Licensee of its rights under this Agreement, unless caused by the negligence of the Licensor, (b) any breach by the Licensee of any of the terms of this Agreement, and (c) any claim, action, damage, liability, cost or expense suffered or incurred by any of the Licensee's Representative or any other person for whom the Licensee is responsible at law for which the Licensor is held liable unless caused by the negligence of the Licensor.
16. **Hazardous Substances**.
- (a) No Hazardous Substances. During the Term, the Licensee will not bring or store or permit to be used any Hazardous Substances on the Licenced Area or the Road. The Licensee will not release nor permit the release of any Hazardous Substances into the environment or into culverts, drains or sewers. The Licensee is solely responsible for compliance with all Environmental Laws in respect of the Licensee's use of the Licenced Area.
 - (b) Removal of Hazardous Substances. On or before the expiration or sooner termination of this Agreement, the Licensee will remove all Hazardous Substances which have been brought onto or created on or about the Licenced Area or Road during the Term by the Licensee, the Licensee's Representatives or any other persons for whom the Licensee is responsible or who is on the Licenced Area or Road as a result of the Licensee's use or occupancy of the Licenced Area or Road including, without limitation, any Hazardous Substances which may have been released into the environment.
 - (c) Notice to Licensor. The Licensee will advise the Licensor forthwith of any release of any Hazardous Substances on or from the Licenced Area and will provide the Licensor with all information,

notices, reports and other documents it has or receives regarding such release and the remediation steps being undertaken by the Licensee with respect to the release or as may reasonably be required by the Licensor.

- (d) Cleanup Plans. If any Hazardous Substance is released on the Licenced Area or any adjacent lands by the Licensee, the Licensee's Representatives or any other person for whom the Licensee is responsible in law or who is on the Licenced Area or Road as a result of the Licensee's use or occupancy thereof, the Licensee will, at its sole cost:
- (i) prepare all necessary studies, plans and proposals to clean up such Hazardous Substances and submit them for approval;
 - (ii) provide all bonds and other security required by any governmental body or by the Licensor;
 - (iii) carry out the work required to clean up such Hazardous Substances in such manner as is approved by the Licensor;
 - (iv) keep the Licensor fully informed regarding the contamination and remediation thereof;
 - (v) provide to the Licensee full information with respect to the proposed plans and comply with the Licensor's reasonable requirements with respect to such plans; and
 - (vi) obtain a certificate of compliance under the *Environmental Management Act* (British Columbia) in respect of such remediation, if applicable.
- (e) Clean up by the Licensor. Notwithstanding the terms of this paragraph 16, upon notice to the Licensee, the Licensor may itself undertake remediation of any contamination at the Licensee's sole cost.
- (f) Environmental Liability. The Licensee will indemnify, save harmless and defend the Licensor and the Licensor's Representatives from and against all losses, expenses (including investigation and remediation expenses), claims, demands, actions, suits or other proceedings, judgments, damages, penalties, fines, costs and liabilities including, without limitation, any reduction in the market value of the Licenced Area or Road, damages for loss or restriction in use of the Licenced Area or Road, sums paid in settlement of claims, legal fees, consultants' fees and experts' fees which arise during or after the Term and are in any manner based upon, arise out of or are connected with (a) the presence or suspected presence of any Hazardous Substance or any other contamination on the Licenced Area or Road or released from the Licenced Area or Road which has been caused by, contributed to or aggravated by the Licensee, the Licensee's Representatives or any other person for whom the Licensee is responsible in law or who is on the Licenced Area as a result of the Licensee's use or occupancy thereof; or (b) any breach by the Licensee of this Agreement. For greater certainty, this indemnity applies to expenses incurred by the Licensor to investigate and remediate contamination even if not required to do so by a governmental authority or by law.

17. **Mosaic**. The Licensee acknowledges that Mosaic is executing this Agreement as agent for and on behalf of the Licensor, as principal, and agrees that the Licensor may delegate to Mosaic any and all rights or the performance of any duties or obligations of the Licensor specified hereunder without further notice to the Licensee. Notwithstanding the foregoing, all duties, obligations and liabilities of the Licensor hereunder are solely and exclusively those of the Licensor and will not in any circumstance be deemed to be duties, obligations or liabilities of Mosaic.

18. **Schedules**. The following Schedules form part of this Agreement:

Schedule A – Licenced Area

Schedule B – Special Terms and Conditions

Schedule C – Safe Road & Radio Use Procedures

The provisions in the foregoing Schedules are incorporated into and form part of this Agreement as fully as if they were set forth in the body of this Agreement. Any term in any Schedule which is capitalized but not defined therein will have the meaning ascribed to such term in the body of this Agreement.

19. **Miscellaneous.**

- (a) Expropriation. If during the Term the Licenced Area, or any part thereof, is acquired or condemned by expropriation for any public or quasi-public use, then the Licensor and the Licensee may separately claim, receive and retain awards of compensation for the loss of their respective interests, but neither the Licensor nor the Licensee will have any claim against the other in respect of such loss or the unexpired Term.
- (b) Survival of obligations. Upon the expiry of the Term or other termination of this Agreement all of the Licensee's obligations and indemnities granted by the Licensee herein will survive the expiry of the Term or other termination of this Agreement.
- (c) Time. Time will be of the essence herein.
- (d) Waiver. No condoning, excusing or overlooking by the Licensor of any default, breach or non-observance by the Licensee of any covenant, proviso or condition herein contained will operate as a waiver of the Licensor's rights hereunder in respect of any continuing or subsequent default, breach or non-observance. No waiver will be inferred from or implied by anything done or omitted by the Licensor or Licensee save only an express waiver in writing.
- (e) Remedies cumulative. All rights and remedies of the Licensor in this Agreement will be cumulative and not alternative.
- (f) Amendments. No amendment of this Agreement will be binding upon the parties unless reduced to writing and signed by them.
- (g) Governing law / exclusive jurisdiction. This Agreement will be construed and governed in accordance with the laws of British Columbia, which will be deemed to be the proper law hereof, and the courts of British Columbia will have the exclusive jurisdiction to determine all claims and disputes arising out of or in any way connected with this Agreement.
- (h) No registration. This Agreement does not contain a grant in favour of the Licensee of any interest in the Licenced Area or any part of the Licenced Area or Road and, accordingly, the Licensee will not attempt to register this Agreement in any public registry.
- (i) No Asset in Bankruptcy. This Agreement will not be deemed to be an asset in bankruptcy of the Licensee.
- (j) Notices. All notices will be written and deemed duly given if delivered by hand or mailed by registered mail, postage prepaid, addressed to the Party concerned at the address first set forth in this Agreement, or at such other address as may from time to time be communicated by notice. Any notice is deemed given and received, if delivered by hand, on the day delivered, and if mailed, when it should have been received in the ordinary course of post. If there is an actual or generally anticipated disruption in postal service caused by strike, lockout, or other labour disturbance, any notice given must be delivered personally.
- (k) Employee, contractors. The Licensee will cause the Licensee's Representatives to comply with this Agreement.
- (l) No transfers. The Licensee will not assign or transfer its interest in this Agreement unless the Licensee has obtained the prior written consent of the Licensor.
- (m) Force Majeure. Where "Force Majeure" means an event beyond the control of a party and includes weather, flood, fire, explosion, war, strike, lockout, civil unrest, extraordinary breakdown, pandemic, acts of God or acts or directions of government authorities, if either party fails to perform any term of this Agreement due to an event of Force Majeure, that failure will not be a default under this Agreement. The party affected by an event of Force Majeure will immediately notify the other party and will take all reasonable steps to minimize the extent and duration. The burden of proving that an event of Force Majeure has prevented performance of an obligation under this Agreement is upon the person claiming the benefit of this provision.
- (n) Independent Legal Advice. Each of the parties declares that they have carefully read this Agreement and that they understand and agree to its terms. Further, each of the parties

acknowledges that they have executed this Agreement after receiving prior independent legal advice, or after having the opportunity to seek and obtain independent legal advice and waiving that right.

- (o) Joint and several. If the Licensee is comprised of more than one person, the covenants, agreements, representations, warranties, obligations and liabilities of the Licensee will be joint and several covenants, agreements, representations, warranties, obligations and liabilities of each person comprising the Licensee.
- (p) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument.
- (q) Execution by Electronic Transmission. Delivery of an executed copy of this Agreement by any party by electronic transmission will be as effective as personal delivery of an originally executed copy of this Agreement by such party.
- (r) Entire Agreement. This Agreement sets forth all of the covenants, promises, conditions, agreements and understandings between the Licensor and the Licensee.

MOSAIC FOREST MANAGEMENT CORPORATION

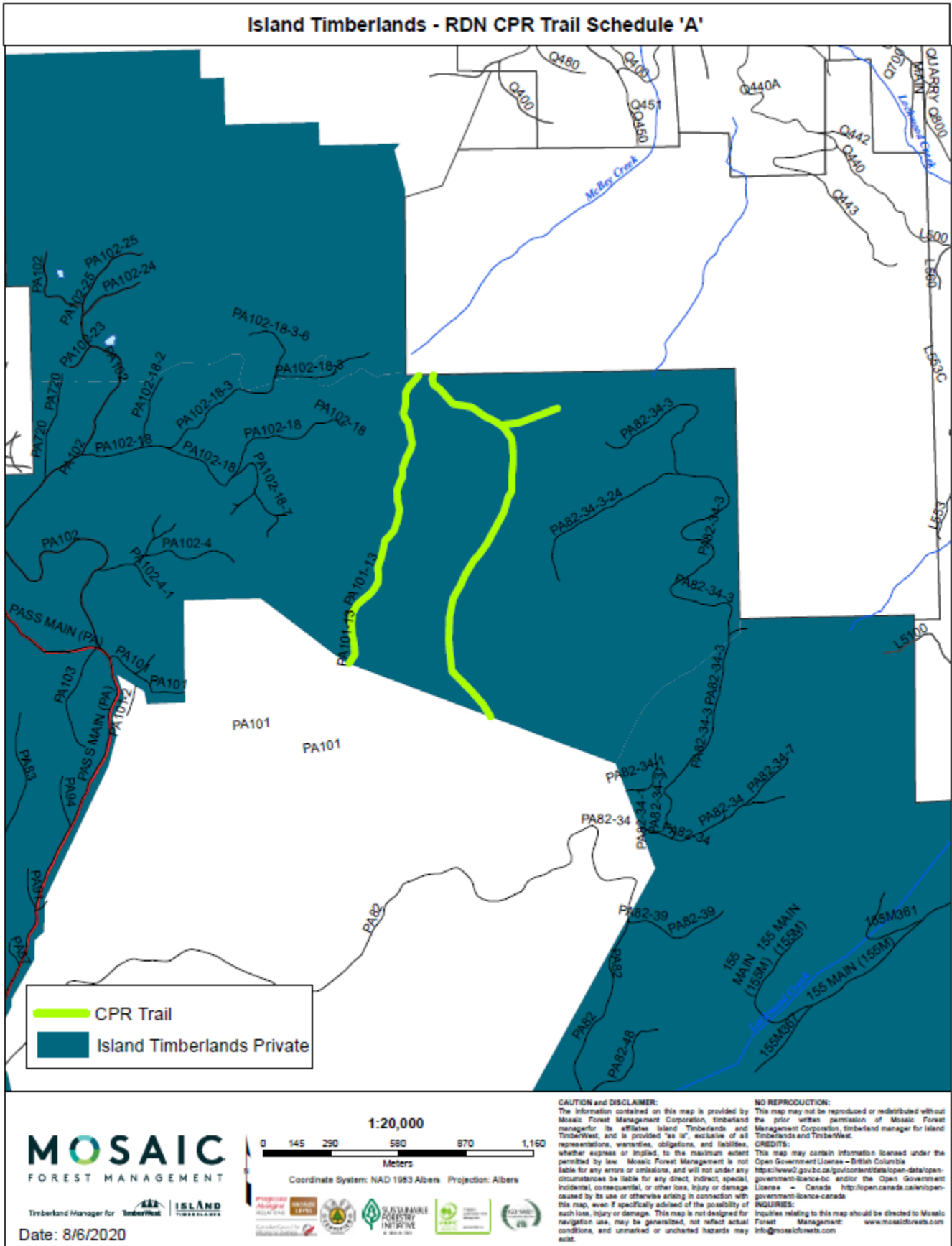
REGIONAL DISTRICT OF NANAIMO

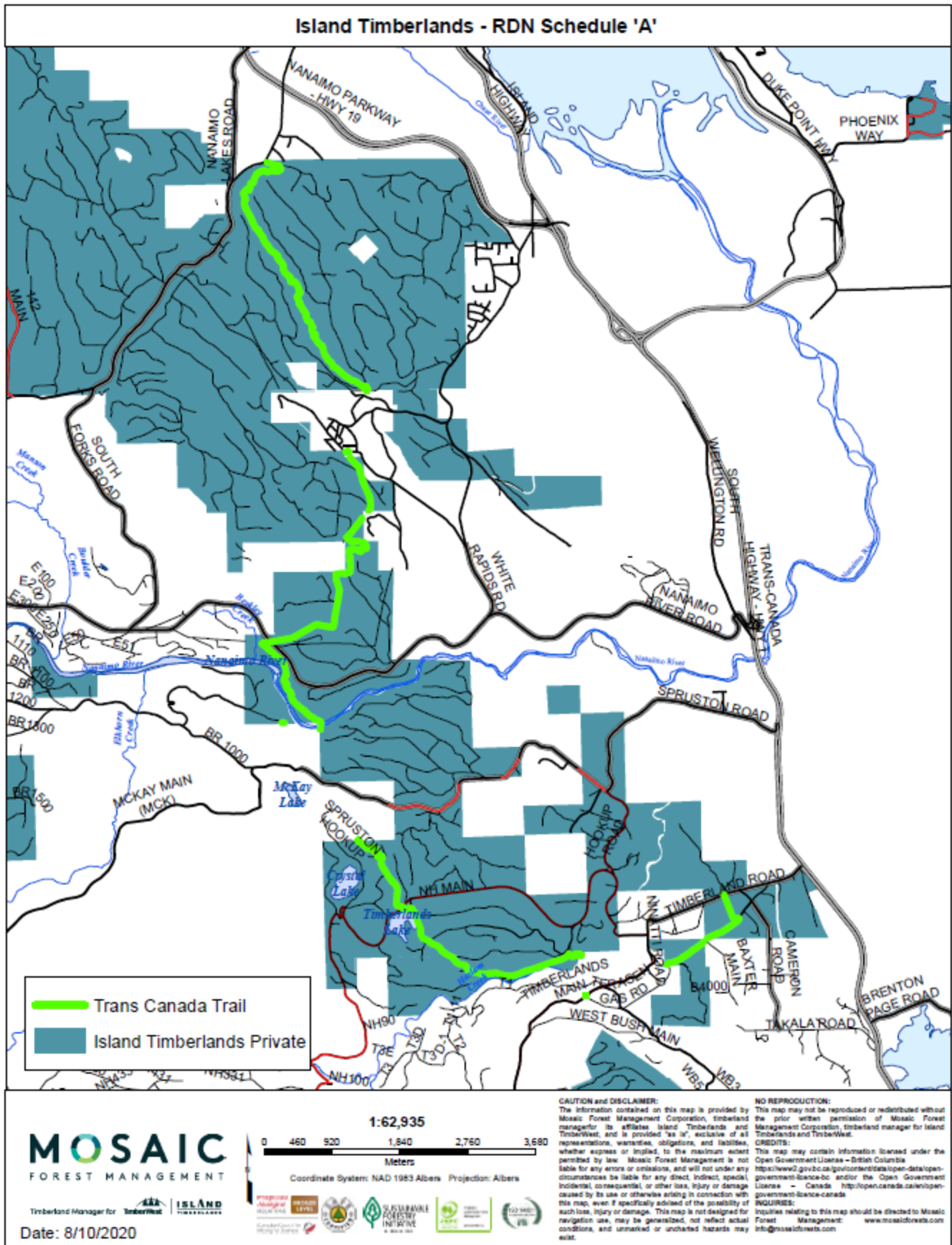
Authorized Signatory
Domenico Iannidinardo, Vice President Forest Logistics
& Chief Forester

Authorized Signatory
Jacquie Hill, Corporate Officer

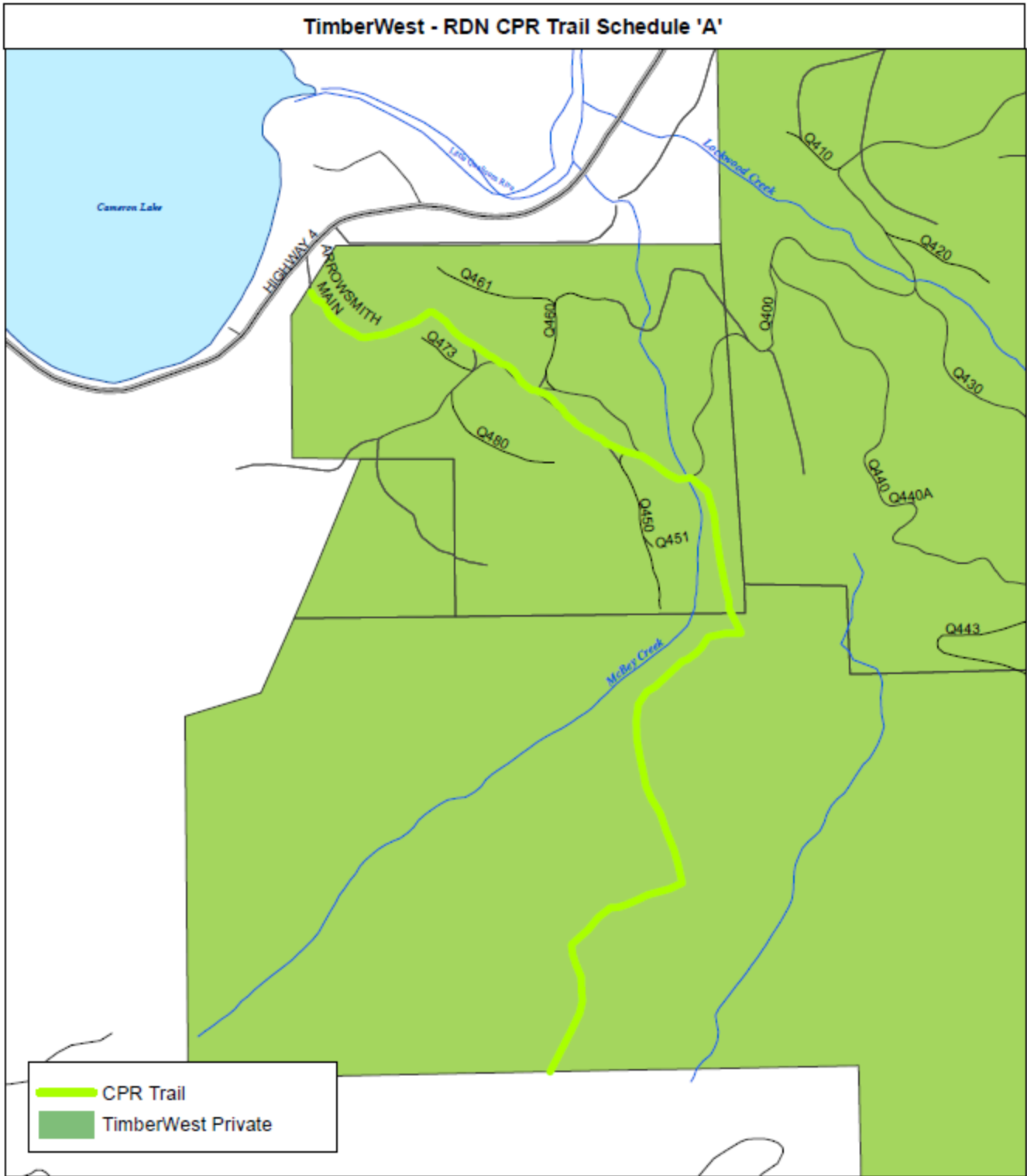
Authorized Signatory
Ian W. Thorpe, Board Chair

SCHEDULE A
LICENCED AREA





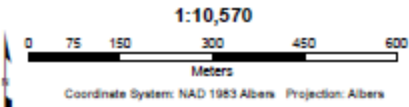
TimberWest - RDN CPR Trail Schedule 'A'



— CPR Trail
 TimberWest Private

MOSAIC
FOREST MANAGEMENT

Timberland Manager for **TimberWest** | **ISLAND**
Date: 8/11/2020

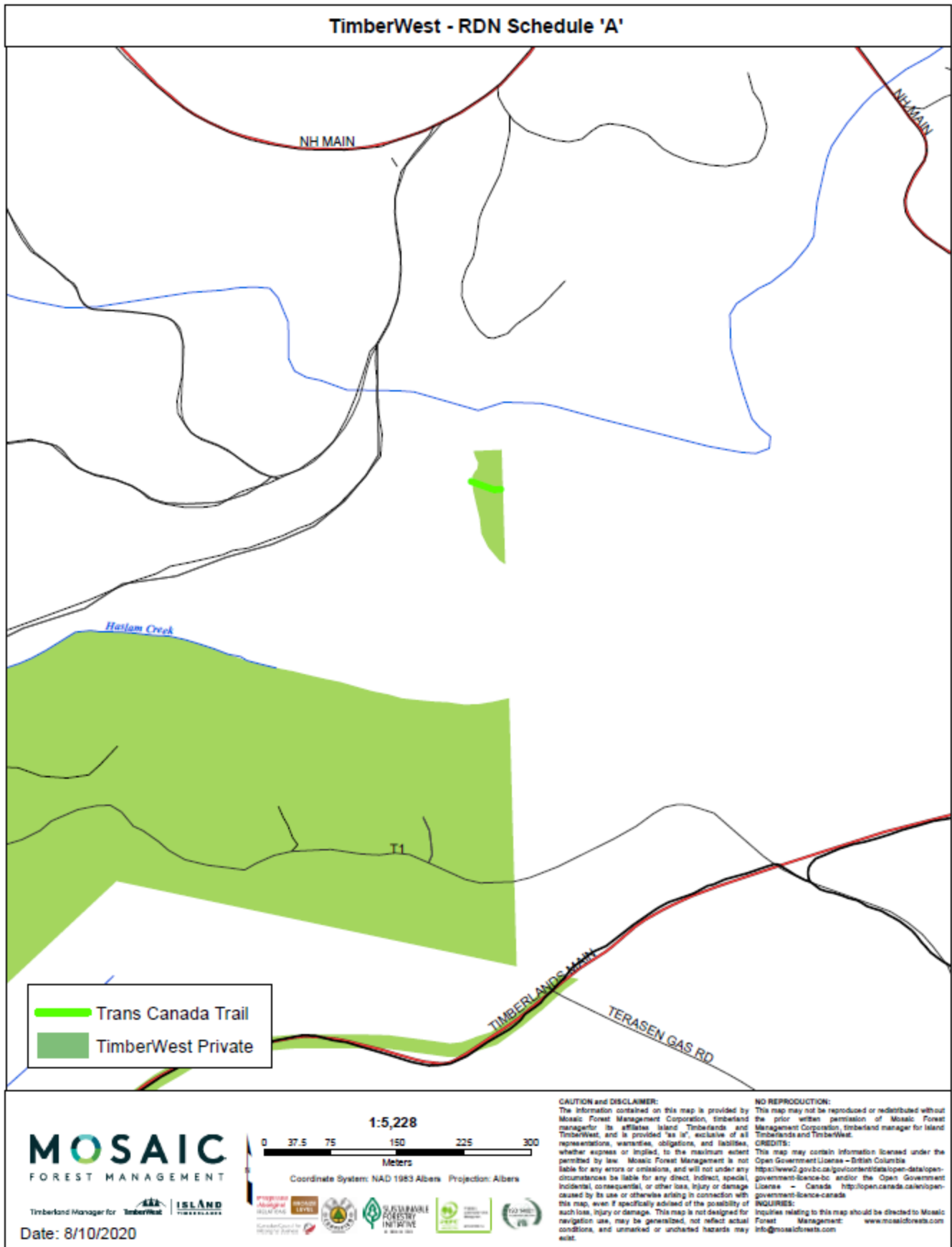


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INQUIRIES:
Inquiries relating to this map should be directed to Mosaic Forest Management: www.mosaicforests.com or info@mosaicforests.com



**SCHEDULE B
SPECIAL TERMS AND CONDITIONS**

GENERAL

DEFINITIONS

1. Capitalized words and phrases used in this Schedule B have the following meanings:
 - (a) "**Bridges**" means the McBey Creek Bridge and the Haslam Creek Bridge, both identified on Schedule A.
 - (b) "**Haslam Creek Bridge**" means the engineered bridge within the Licenced Area which cross over Haslam Creek, as identified on Schedule A
 - (c) "**Public Access Trail Use**" means walking, cycling and horseback riding, all without special invitation, as well as any organized commercial or non-commercial service, activity or event intended to attract or requiring participants or spectators including, without limitation, competitions, tournaments, gatherings, ceremonies, group training, recreational programming, television or motion picture filming, research and survey activity, provided that in the case of any such service, activity or event for which the Licensor has provided its prior written consent, such consent not to be unreasonably withheld or delayed.
 - (d) "**Purpose**" means maintain and make trails available for public access trail use for walking, cycling and horseback riding. Trails include the CPR Trail to Mount Arrowsmith and the Great Trail; where they cross Mosaic managed lands.
 - (e) "**Trail Works**" means the improved public access trail constructed or to be constructed in the Licenced Area, including, without limitation: (i) all soil, dirt, fill, gravel, drains, drainage channels and all other attachments, fittings and appurtenances in connection with such public access trail, and (ii) the Bridges.

LICENCED AREA

2. The Licenced Area is further described as the areas marked in green as outlined on Schedule A, which areas will be approximately three metres in width except for any portion of the Licenced Area which must be wider due to Trail Works requirements, which areas will be no greater than nine metres in width, and which cross the following Lands:

TimberWest Lands:

PID: 008-739-544 Block 415, Cameron District

PID: 008-738-165 Block 1377, Cameron District

PID: 008-721-084 Block 1252, Bright District

Island Timberlands Lands:

Parts of Sections 6, 7, 8, 9 10, 11, 14, 15 & 16, Range 2, Sections 3, 4, 5, 6, 16, 17, 18, 19 & 20, Range 1; all within Cranberry District; and Section 4, Range 1, Nanaimo District Parts of Block 87 Bright, Douglas and Cranberry Districts; and Block 714, containing approximately 15.99 kilometres.

ADDITIONAL LICENSEE'S COVENANTS

3. The Licensee covenants with the Licensor that:
 - (a) this Agreement shall not restrict the activities of the Licensor in any way, as determined by the Licensor in its sole discretion;

- (b) the Licensor, in its sole discretion, has the right to require the Licensee to relocate the Trail Works or portions of it, at any time, either temporarily or permanently. No compensation or damages shall be due to the Licensee in the event that relocation of all or part of the Trail Works is required by Licensor. Failure to comply with requests to relocate the Trail Works may result in termination of this Agreement and the license granted herein; and
- (c) in addition to the non-exclusive terms set out in paragraph 13.(f) of the Main Agreement, the Licensee agrees that:
- i. the rights granted under this Licence do not constitute any interest in land in the Licenced Area or entitle the Licensee to exclusive possession of the Licenced Area;
 - ii. the Licensee's rights under this Licence are at all times subject to the rights and interests of the Licensor as owner of the Licenced Area;
 - iii. the Licensor may enter upon and use the Licenced Area at any time for any purpose ancillary to the conduct of the Licensor's business provided that it does not unreasonably interfere with the exercise of the rights of the Licensee under this Licence or, in the case of the Bridges, cause structural damage; and
 - iv. the Licensor may permit third parties to use the Licenced Area for purposes associated with the Licensor's business from time to time and may grant licences of use and occupation to third parties unrelated to the Licensor's business in respect of the Licenced Area provided that the exercise of such rights or licences does not unreasonably interfere with the exercise of the rights of the Licensee under this Licence or, in the case of the Bridges, cause structural damage.

SIGNAGE

4. The Licensee will post and maintain conspicuous signage acknowledging the Licensor's participation in facilitating the Trail Works, the content and locations of such signage to be approved by the Licensor, acting reasonably.

PARKING

5. The Licensee will provide such parking areas and facilities as may be required in connection with the use of the Trail Works. Without limiting the generality of the foregoing, the Licensee acknowledges and agrees that the Licensor will not be responsible for providing or maintaining any such parking areas or facilities and that the indemnity included in paragraph 17 will be deemed to cover any loss, cost, damage or injury to persons or property arising in any such parking area or facility.

TRAIL WORKS AND TIMBER

6. **Alterations to Trail Works.** At any time after the Commencement Date, the Licensee may, at its expense, make any such minor alterations, additions, expansions and improvements to the Licenced Area as will better adapt the Licenced Area for the purposes for which the Licenced Area is permitted to be used under this Licence. Such work will be carried out in a good and workmanlike manner and in accordance with all Applicable Laws. Notwithstanding any rule of law or equity, as between the Licensor and the Licensee the Trail Works will remain throughout the Term of this Licence the property of the Licensee, notwithstanding that the same may be annexed or affixed to the freehold, and will at any time and from time to time be removable in whole or in part by the Licensee.

For greater certainty, the Licensee agrees that it will be solely responsible for and liable for any damages or costs in any way related to any work carried out by or on behalf of the Licensee on the Licenced Area or the Lands (including, without limitation, any costs or loss in fair market value related to the destruction of any timber by fire or otherwise) and that the indemnity contained in paragraph 15 of the Main Agreement includes an indemnity in favour of the Licensor in respect of any claims, actions, damages, liabilities and expenses (including, without limitation, all legal fees on a solicitor and own client basis,

expert fees and disbursements) suffered or incurred by the Licensor in any way related to the work carried out by or on behalf of the Licensee on the Licenced Area or the Lands.

7. **Timber Removal.** The parties hereby agree as follows concerning the cutting and removal of timber from the Lands:
- (b) in connection with the clearing of the Licenced Area as contemplated for Trail Works, the Licensee may trim or fell any trees or growth in the Licenced Area which in the reasonable opinion of the Licensee constitutes or may constitute an obstruction or danger to or interference with the Trail Works;
 - (c) in connection with its maintenance of the Trail Works, the Licensee may trim or fell all or any trees or growth now or hereafter situated within the Licenced Area as required by the Licensee, acting reasonably;
 - (d) the Licensee will not trim or fell any trees situated on the Lands which are not situated within the Licenced Area without obtaining the prior written consent of the Licensor, such consent not to be unreasonably withheld; and
 - (e) title to all timber cut within the Lands by the Licensee will vest in the Licensor. If the Licensor does not wish to remove any such cut timber from the Lands it will so advise the Licensee and the Licensee will thereafter have the right, but not the obligation, to make use of any such cut timber for trail edging or structural purposes in connection with the Trail Works.

PARAMOUNTCY

8. If and to the extent any term or condition in this Schedule B conflicts with a term or condition in any other part of this Agreement, the term or condition in this Schedule B will prevail.

**SCHEDULE C
SAFE ROAD & RADIO USE PROCEDURES**

The following procedures apply to all Mosaic Forest Management Corporation (“**Mosaic**”) managed resource roads. All users must be familiar with these procedures to ensure safe traveling conditions. Any vehicles failing to follow the Mosaic Safe Road & Radio Use Procedures should be reported to the appropriate supervisor or Mosaic representative. Use of seatbelts is always mandatory.

Remember, roads are radio assisted – not radio controlled, drive accordingly, always expect the unexpected around every corner.

All vehicles:

- All road users must be fully Licenced with correct endorsements, adequately insured for the vehicles intended use and follow all applicable driving legislation.
- All vehicles and drivers must comply with applicable rules, laws and regulations like WorkSafe, DOT, National Safety Code, *Motor Vehicle Act*, etc. This is to ensure proper driving, loading, securing, inspection and maintenance of all industrial road users.
- All vehicles must have Mosaic designated haul road frequencies for the operating area they are working or traveling in. Any cell phone use is not permitted on Mosaic resource radio roads, drivers need to pay attention to driving and listen to the radio traffic for safety.
- **All heavy industrial vehicles have the right-of-way at all times.**
- Heavy industrial vehicles have little opportunity to move off the center of the road grade, ensure you quickly find a turnout that enables adequate clearance for safe passage.
- Light vehicles must yield to heavy industrial traffic at all times. Light vehicles will always drive on the right side of the road and be ready to pull over as required.
- Observe and obey all posted signage. Do not proceed into an active area without proper clearance. No vehicles should be parked where they encroach or obstruct an active road.
- Check with the local Mosaic office to ensure you have contact information for the designated Prime Contractor if required. Road users must have a radio and know the current status of log hauling and other industrial use on the desired roads of travel.
- **Maximum vehicle speed is 65 Km/ hr** (unless otherwise posted). Road and weather conditions may warrant a slower speed, posted speed limits should never be exceeded. Ambulances and emergency vehicles will comply with speed limits.
- Drive by the road conditions, sight lines, dust or weather related visibility. Maintain safe distances when following other vehicles. Use caution when passing slower vehicles, never pass on a corner or until given clearance verbally or visually from logging trucks, low beds, graders, etc. Be aware that long loads of logs can sweep a vehicle off the road on corners.
- Vehicles must use headlights while travelling on logging roads year round.
- Report all road hazards immediately to the Prime Contractor or Mosaic representative.

Bridges:

- All bridges are one lane only. All heavy industrial vehicles will have the right of way over light vehicle traffic on bridges. Know where you are and pull over.
- Mosaic bridge inventory is managed to support industrial traffic. When in doubt ask.

Note: *Notify Mosaic representative prior to walking (point loading) across structures with equipment 35 tonnes or greater to ensure structure can safely support the weight.*

RADIO USE PROCEDURES:**Known Hazards**

1. Losing track of your location	5. Unnecessary radio chatter
2. Losing track of other vehicles location	6. Using the wrong frequency
3. Meeting oncoming vehicles without a radio	7. "Walking over" other calls
4. Not following calling procedures	8. Being distracted (i.e. phones, music, passengers)

Minimum guidelines are stated below for all traffic, it is very noteworthy that some road headings require more communication, narrow winding roads that are busy may require users to call more frequently, be Safe and consistent when conditions change.

- Note the standard radio call sequence is: **road name => km => direction => vehicle type** as noted below other than logging trucks.
- **All heavy industrial vehicles must call when entering a new road heading**, and at a minimum frequency of **every 2 km's loaded or empty** or when resuming along a road after having been stopped for an extended period of time.
- **Heavy industrial vehicles** will use the terms "**loaded**" when km's are decreasing and "**empty**" when km's are increasing. For example: "**Buckley 6km loaded**".
- **Heavy industrial vehicles** other than log trucks will identify themselves. For example: "Buckley 4km loaded gravel truck" or "Chemainus 2km empty grader".
- **Low beds will identify themselves** when calling, for example when increasing km's with a machine on deck low beds will call "**Holt 6km empty Low bed, machine on**".
- **Heavy industrial vehicles**, in some rare cases log trucks may be loaded while increasing km's, in this event trucks will call for example "**Road name 6km empty trailer down**".
- **Light Vehicles must call when entering a new road heading**, and at a minimum frequency of every 5 km's or when resuming along a road after having been stopped for an extended period of time. As noted above this may need to increase on busy roads.
- **Light vehicle traffic** will use the terms "**down**" when km's are decreasing and "**up**" when kms are increasing. For example: "**Buckley 6km down**".
- **Some locations have Radio Control Points (RCP's)**. RCP's will be established for high risk road sections and will be marked as RCP's on the signage, these are must call points.