

BLOCK SPECIFIC & PHASE NON-REPLACEABLE AGREEMENT

The following Agreement is **between**:

Taan Forest Limited Partnership
 by its General Partner,
Taan Forest Ltd.

#3 Skidegate Commercial Center
 P.O. Box 1384
 Skidegate, BC
 V0T 1S1

Facsimile: 250 559-2367
 e-mail: Management@Taanforest.com

(the "Company")

Name:

Address:

and

Phone:
 E-Mail

WCB #:

GST #:

BCFSC Safe
 Cert #

(the "Contractor")

Whereas: The Company wishes the Contractor to perform services as set out in this Contract Agreement and accompanying Schedules; and the Contractor has agreed to provide such services in accordance with the terms and conditions of this Contract Agreement and accompanying Schedules.

TERM OF AGREEMENT

The Term of this Agreement will be for the duration specified herein. The Company may, by written notice to the Contractor, make reasonable changes to the Term of this Agreement to accommodate changing practices or unforeseen circumstances.

Begins on ("Commencement Date"):

_____ **and**
month day Year

Ends on the earlier of ("End Date"):

(i) _____ **or**
month day Year

(ii) Completion of the Work in accordance with this Agreement.



SCOPE OF WORK

The Scope of Work can generally be described as follows, and as further described in Schedule A (“Service”) for Taan Forest on the terms and conditions detailed below:

HARVESTING

- Falling, bucking, processing or similar
- Hauling, log transport or similar
- Other:

- Yarding, loading or similar
- Sorting, scaling, booming or similar

ROADS

- New Road Construction
- Pit and Rock Development
- Bridge/Culvert Installation
- Other: _____

- Road Maintenance
- Road Deactivation
- Road Reactivation

Acknowledged and Agreed to as of the Commencement Date by:

The Company

Per:

Authorized Signatory

Date

The Contractor

Per:

Authorized Signatory

Date

GENERAL TERMS AND CONDITIONS

PART 1 INTERPRETATION AND MATTERS AFFECTING AGREEMENT

- 1.1 Entire Agreement: This Agreement, and any amendments to it made in accordance with this Agreement, constitutes the entire agreement between the Parties in respect of the subject matter hereof and supersedes all prior agreements, understandings, correspondence and documents of intent, if any such exist, respecting the scope of this Agreement and all other matters addressed hereunder.
- 1.2 Amendments: This Agreement may be amended at any time and from time to time but only as follows:
- (a) by the express, written and executed agreement of the Parties;
 - (b) by the Company giving prior notice to the Contractor of a change to accommodate
 - (i) changing practices;
 - (ii) changes to an Act, regulation, standard, like instrument or other legal obligation; or
 - (iii) unforeseen circumstances, provided that:
 - (iv) any such change must be reasonable in the circumstances; and
 - (v) no change may be made under this subparagraph (b) to the Rate(s);
 - (c) by the Company providing to the Contractor an amendment to, replacement of or new plan, direction, specification, instruction, instrument, policy or other guidance, directive or document that the Company may under this Agreement obtain, establish, specify or give to the Contractor, including Logging Plans, Operational Documents and Standards and Specifications; or
 - (d) by the Company by providing notice to the Contractor to correct a typographical error, error in cross-reference or other similar type of error.
- 1.3 Amendments to Subcontracts: If this Agreement is amended, the Contractor will forthwith make any consequential changes to all subcontracts it has entered into that are affected by such amendment.
- 1.4 Definitions: In this Agreement, unless the Agreement specifies, or the context requires, otherwise:
- (a) "Agreement" means the Main Agreement and these General Terms and Conditions and all directions that may be given by the Company to the Contractor under this Agreement;
 - (b) "Bona Fide Third Party" means a person who:
 - (i) is at arms' length from the Contractor; and
 - (ii) without limiting clause (i):
 - (1) holds no interest, whether direct or indirect or beneficial or otherwise, in the Contractor; and
 - (2) is not a director, officer, employee, agent or subcontractor of the Contractor;
 - (c) "Contractor's Workforce" means all persons, whether individuals, companies, partnerships, proprietorships or otherwise, engaged directly or indirectly by the Contractor or as otherwise specified under this Agreement to perform the Work, including the employees, agents and subcontractors of the Contractor and the employees, agents and subcontractors of those subcontractors;
 - (d) "Commencement Date" means the Start Date specified in the Main Agreement, which may be specified for portions of the Work and for portions of the Term and from time to time;
 - (e) "Completion Date" means the date by which the Term of the Agreement ends, as specified in the Main Agreement;
 - (f) "Force Majeure Event" means a circumstance in which a Party is delayed or hindered in or prevented from the performance of any act, covenant or obligation required to be performed under this Agreement by such Party by reason of earthquake, fire, flood, tempest or other act of God, adverse weather conditions, strikes, lockouts, unavailability of materials, failure of power, prohibitive governmental laws or regulations, riots, insurrections, terrorism, war, the act or failure to act of the other Party or other reason beyond such Party's control;
 - (g) "Lands" means the tenure and locations identified in the Main Agreement where the Contractor will generally perform the Work;
 - (h) "Logging Plan" means a map and such other documents that the Company may issue to the Contractor from time to time, whether before or during the Term, specifying such matters pertaining to the Work as this Agreement may permit;
 - (i) "Main Agreement" means the Agreement to which these General Terms and Conditions are attached and to which they apply;
 - (j) "Operational Documents" means a forest development plan, forest stewardship plan, harvest instructions, road instructions, site plan, cutting permit, road permit or other like document that is:
 - (i) prepared, approved, granted, entered into, issued or amended under applicable forestry legislation from time to time, whether before or during the Term; and
 - (ii) applicable to the Work or to the Lands;
 - (k) "Point of Delivery" means the point or points at which the Contractor must deliver logs under this Agreement, as specified in the Main Agreement or as directed by the Company from time to time;
 - (l) "Prime Contractor" has the meaning given it in Part 3 of the Workers Compensation Act;
 - (m) "Rates" means the amount or amounts to be paid for the Work, as specified in the Main Agreement;

- (n) “Standards and Specifications” means such written standards, procedures, specifications and policies of the Company that apply to the Work or the obligations of the Contractor under this Agreement, as such may be established, added or amended by the Company from time to time, whether before or during the Term, on reasonable notice to the Contractor;
- (o) “Tenure” means the licence or licences specified in the Main Agreement;
- (p) “Term” means the period of time specified in the Main Agreement;
- (q) “Work” means the services to be provided under this Agreement by the Contractor as specified in the Main Agreement, and all obligations under this Agreement related thereto; and
- (r) “Workplace” has the meaning given it in Part 3 of the Workers Compensation Act.

References to, and Definitions in, Legislation in this Agreement:

- (s) “Bill 13” means sections 152 to 162 of the Forest Act and the Timber Harvesting Contract and Subcontract Regulation B.C. Reg. 22/96;
- (t) “Canadian Environmental Protection Act” means the Canadian Environmental Protection Act S.C. 1999, c.33;
- (u) “Employment Insurance Act” means the Employment Insurance Act S.C. 1996, c.23;
- (v) “Employment Standards Act” means the Employment Standards Act R.S.B.C. 1996, c.113;
- (w) “Environmental Management Act” means the Environmental Management Act S.B.C. 2003, c.53;
- (x) “Excise Tax Act” means the Excise Tax Act R.S.C. 1985, c.E-15;
- (y) “Fisheries Act” means the Fisheries Act R.S.C. 1985, c. F-14;
- (z) “FRPA” means the Forest and Range Practices Act S.B.C. 2002, c.69 and includes the Forest Practices Code of British Columbia Act R.S.B.C. 1996, c.159, as applicable thereunder and in its own right to the extent it remains in force;
- (aa) “HGLUOO” means the Haida Gwaii Land Use Objectives Order ministerial order Dec 17, 2010
- (bb) “Income Tax Act” means the Income Tax Act R.S.C. 1985, c. 1 (5th Supp.);
- (cc) “Pension Act” means the Pension Act R.S.C. 1985 c. P-6;
- (dd) “Species at Risk Act” means the Species at Risk Act S.C. 2002, c.29;
- (ee) “Wildfire Act” means the Wildfire Act S.B.C. 2004, c.31;
- (ff) “Wildlife Act” means the Wildlife Act R.S.B.C. 1996, c.488;
- (gg) “Workers Compensation Act” means the Workers Compensation Act R.S.B.C. 1996, c.492;

- (hh) any reference to an Act is deemed to include the regulations, standards and other like instruments made or established under that Act;
 - (ii) any reference to an Act, or to a regulation, standard or other like instrument made or established under that Act, is deemed to be a reference to:
 - (i) that Act, regulation, standard or other like instrument as amended from time to time; and
 - (ii) any successor Act, regulation, standard or other like instrument having the same general intent and effect;
 - (jj) if an Act, regulation, standard or other like instrument referred to in this Agreement is renamed or a provision thereof is renumbered, the reference in this Agreement is to be construed as a reference to the renamed Act, regulation, standard or other like instrument or renumbered provision; and
 - (kk) a term used in this Agreement and defined in the Forest Act, FRPA, HGLUOO or the Wildfire Act will have the meaning given to it in those instruments as amended from time to time, unless that term is otherwise defined in this Agreement.
- 1.5 Use of “Including”: The word “including”, when used in this Agreement and preceded or followed by any terms or conditions, is not to be construed as limiting in any way the terms or conditions that either precede or follow that word, and, in respect of the terms and conditions that follow that word is deemed to refer to all other terms and conditions that can reasonably fall within the broadest possible scope of such terms and conditions.
- 1.6 Expressions Inclusive: In this Agreement, unless the context indicates otherwise:
- (a) the plural includes the singular and the singular includes the plural; and
 - (b) the masculine, the feminine and the neuter are interchangeable and all include the body corporate.
- 1.7 Organization: This Agreement is divided into Parts, Paragraphs, subparagraphs, clauses and sub clauses:
- (a) a reference to a Part or a Paragraph in the Main Agreement or in these General Terms and Conditions is to be construed as a reference to that Part or Paragraph in that Main Agreement or the General Terms and Conditions unless the Main Agreement specifies otherwise; and
 - (b) a reference to a subparagraph, clause, sub clause or section is to be construed as a reference to a subparagraph, clause or sub clause of the Paragraph, subparagraph, clause or sub clause, as the case may be, in which the reference occurs.
- 1.8 Headings: The headings in this Agreement are for ease of reference only and are not to be construed as part of, or used in the interpretation of, this Agreement.

- 1.9 Governing Law: This Agreement is governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 1.10 Severability: If any provision in this Agreement is invalid or unenforceable, the remainder of this Agreement is not affected thereby and each covenant, obligation and provision of this Agreement is separately valid and enforceable to the fullest extent permitted by law.
- 1.11 Time of the Essence: Time is of the essence in this Agreement.
- 1.12 No Joint Relationship: Nothing in this Agreement may be construed as creating any joint venture, partnership, agency or joint and several liability between the Parties.
- 1.13 Authority and Binding Agreement: The Company represents to the Contractor and the Contractor represents to the Company that:
- (a) it has the power and authority to enter into this Agreement and to make and fulfill the promises, covenants, representations and agreements herein set out; and
- (b) this Agreement is a legal, valid and binding obligation on it.
- 1.14 Execution: This Agreement:
- (a) may be executed in counterparts, each of which together form one document; and
- (b) is properly executed and delivered if executed by the Parties in counterparts and executed copies exchanged by the Parties by facsimile.
- 1.15 Further Assurances: Each Party will, upon the reasonable request of the other Party, make, do, execute, or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances for the better and more perfect and absolute performance of the terms and conditions of this Agreement.
- 1.16 Confidentiality: The Contractor will, and to the extent this Agreement is revealed to the Contractor's Workforce, will require the Contractor's Workforce to, keep all terms and conditions of this Agreement confidential unless, but only to the extent, disclosure is required to comply with this Agreement or by law.
- 1.17 Bill 13 Does Not Apply: The Parties hereby agree that Bill 13 does not apply to this Agreement but, if a court having valid jurisdiction determines otherwise, the Parties waive the application of Sections 6, 8 to 10, 12 to 15 and 17 to 26.02 of the Timber Harvesting Contract and Subcontract Regulation B.C. Reg. 22/96 and those requirements of Part 7 of that Regulation that apply to those sections.
- 1.18 Continuing Effect: This Agreement will ensure to the benefit of and be binding upon the successors and permitted assigns of the Parties.

PART 2 TERM

- 2.1 Term: The Term is specified in the "Contract Agreement".

- 2.2 No Right of Renewal or Replacement: The Contractor acknowledges and agrees that:

- (a) this Agreement is not renewable or replaceable under Bill 13 or otherwise; and
- (b) the Company is not obligated in any way whatsoever to offer to, or enter into with, the Contractor a renewal or replacement of this Agreement.

PART 3 WORK

- 3.1 Performance of Work: The Contractor will:
- (a) in accordance with this Agreement; and
- (b) except where this Agreement expressly provides otherwise, at its sole expense, perform and complete the Work.
- 3.2 Timing of Work: The Contractor will:
- (a) commence the Work on the Commencement Date;
- (b) carry out the Work continuously and diligently until it is completed; and
- (c) complete the Work by the Completion Date, unless, and then only to the extent, the Company suspends or curtails the Work under this Agreement and such suspension or curtailment reasonably prevents the Contractor from not achieving such requirements.
- 3.3 Provision of Labour, Equipment, Materials and Supplies for Work: Except as otherwise expressly specified in this Agreement, the Contractor will at its sole expense:
- (a) provide all labour, supervision, equipment, tools, materials, supplies and other things necessary to:
- (i) carry out the Work; and
- (ii) perform all of the Contractor's other obligations, under and in accordance with this Agreement; and
- (b) without limiting subparagraph (a):
- (i) employ all qualified and trained personnel in sufficient numbers to ensure to the satisfaction of the Company that the Work will be completed by the Completion Date;
- (ii) provide for the purposes of the Work, such specific foremen, supervisors and other personnel as the Company may reasonably request;
- (iii) provide, maintain in safe working order and replace from time to time as may be required all equipment, materials, supplies and other things necessary to perform the Work; and
- (iv) provide for all food and accommodation for the Contractor's Workforce and transportation of the Contractor's Workforce, equipment, tools, materials and supplies and other things necessary to perform the Work.
- 3.4 Standard of Work: Without limiting any other provision of this Agreement, the Contractor will, at its sole

expense, carry out the Work and perform all of its obligations under this Agreement:

- (a) in a good, workmanlike, safe, efficient, environmentally sound and diligent manner:
 - (i) in accordance with the best modern timber harvesting practices used on the Coast of British Columbia; and
 - (ii) to the satisfaction of the Company, acting reasonably; and
- (b) in compliance with all of the following that are applicable to the Work, the Lands or the obligations of the Contractor under this Agreement:
 - (i) federal, provincial, regional and municipal laws, by-laws, rules and regulations, including the Forest Act, FRPA, Wildfire Act and Workers Compensation Act;
 - (ii) Logging Plans;
 - (iii) Operational Documents;
 - (iv) Standards and Specifications;
 - (v) lawful directions that are consistent with this Agreement and reasonable in the circumstances that the Company in its sole discretion may at any time, and from time to time, during the Term give to the Contractor; and
 - (vi) lawful orders, directions or other decisions that governmental authorities may give or make in respect of the Work or the operations of the Contractor under this Agreement,

and any amendments to any of the foregoing that may be made.

- 3.5 Capability to Do Work: The Contractor hereby warrants and represents to the Company that it has, and will continue to have throughout the Term, the skill, knowledge, experience, training, labour, equipment, supplies and material necessary to perform and complete the Work and all of its other obligations under this Agreement in accordance with this Agreement.
- 3.6 Changes to Equipment, Technology or Methods: Without limiting any provision of this Agreement, the Company may, on reasonable notice to the Contractor, require the Contractor to use new, different or additional equipment, tools, materials, supplies, technology, methods or systems to carry out the Work and:
 - (a) the Contractor will either:
 - (i) comply with the requirements of the notice from the Company; or
 - (ii) if the change is substantial and the Contractor does not wish to implement it, give reasonable notice to the Company that it wishes to terminate this Agreement; and
 - (b) if the Contractor complies with the requirements of the notice:
 - (i) either Party may by notice to the other Party request a Rate review to determine if the

change justifies either an increase or a decrease in that Rate; and

- (ii) if the Parties are unable to agree as to whether or not a change is justified, or if justified, the amount of the change, then either Party may commence dispute resolution in accordance with this Agreement.

PART 4 OPERATING REQUIREMENTS

- 4.1 Operating Requirements Generally: Without limiting any other provision of this Agreement, the Contractor will carry out all obligations specified in this Part 4 to be carried out by the Contractor at its sole expense, except as indicated in Paragraph 4.12(b).
- 4.2 Permits and Policies: Before commencing any Work, the Contractor will:
 - (a) obtain and, thereafter throughout the Term, maintain and comply with all permits, licences and registrations that are required to be obtained or maintained by the Contractor for the performance of the Work and the carrying out of the Contractor's other obligations under this Agreement; and
 - (b) ensure it has in place, and thereafter during the Term maintains, all appropriate policies and procedures to enable the Contractor to perform the Work and carry out its other obligations under this Agreement in accordance with this Agreement.
- 4.3 Pre-Work Orientation: The Contractor will:
 - (a) before commencing any Work, review this Agreement with the Company;
 - (b) before commencing any Work relevant, or subject, to a Logging Plan, Road Plan or Operational Document, review that Logging Plan, Road Plan or Operational Document with the Company;
 - (c) before commencing Work on a particular area of the Lands, attend a pre-work meeting with the Company in respect of that area of the Lands;
 - (d) ensure each person in the Contractor's Workforce attends a pre-work meeting to review all aspects of the Work relevant to that person, at the time, on the date and at the location specified by the Company;
 - (e) if a person in the Contractor's Workforce, including a replacement referred to in Paragraph 4.5, does not attend a pre-work meeting under subparagraph (c), ensure that person is briefed in advance of performing their duties in respect of the Work of all aspects of the Work and of this Agreement relevant to those duties; and
 - (f) despite any review or meeting involving the Company under this Paragraph, be solely responsible for ensuring the Work and the Contractor's other obligations under this Agreement are carried out in accordance with this Agreement.

- 4.4 Notice of Work: Unless requested by the Company not to do so, the Contractor will, on behalf of the Company and prior to commencing any Work under this Agreement for which a notice of commencement or notice of project is required to be given to the Ministry of Forests and Range under FRPA or WorkSafe BC, give such notice in accordance with FRPA or WCB Act.
- 4.5 Supervision of Work: Unless otherwise specifically agreed to by the Company, the Contractor will not perform Work on the Lands unless the Contractor's supervisor or foreman is present on such Lands at the time the Work is performed.
- 4.6 Replacement of Underperformers: The Contractor will, if and as requested by the Company, forthwith, and without liability of any nature whatsoever on the part of the Company, replace any person in the Contractor's Workforce, or any replacement thereof, who the Company, by notice to the Contractor and acting reasonably, indicates is unable to perform, or is not performing, their duties in respect of the Work in a manner consistent with the obligations of the Contractor under this Agreement.
- 4.7 Use of Roads: The Company will permit the Contractor, at the Contractor's own risk and only for the purposes of carrying out the Work and fulfilling any of the Contractor's other obligations under this Agreement, the non-exclusive use of any roads and bridges on the Lands or between the Lands and the Point of Delivery:
- (a) to the extent that the Company has the right to grant such use;
 - (b) subject to any closure of such roads or bridges; and
 - (c) provided that the Contractor carries out such maintenance of such roads and bridges as the Company may reasonably direct from time to time.
- 4.8 Rules and Safety of the Road: The Contractor will:
- (a) comply with all of the Company's directions and other requirements regarding the use of any roads and bridges under this Agreement, including, without limitation:
 - (i) the equipping of vehicles with, and the use of, two-way radios;
 - (ii) posted warnings, including speed limits, hazards, right of way procedures, weight and height limitations and other rules of the road;
 - (iii) hours of use; and
 - (iv) locking of gates and closures for safety, fire or other reason;
 - (b) when using roads and bridges under this Agreement, keep a reasonable watch for any safety or environmental hazard that develops in respect of such roads or bridges; and
 - (c) as soon as reasonably possible after becoming aware of any safety or environmental hazard referred to in subparagraph (b), inform the Company of such hazard.
- 4.9 Environmental Protection: Without limiting any other provision of this Agreement, the Contractor will:
- (a) if weather or site conditions are such that the Contractor's operations result or may result in the slumping or sliding of land, inordinate soil disturbance or other significant damage to the environment, cease operations in the affected area, take all reasonable steps to prevent any or any further damage to the environment and immediately advise the Company;
 - (b) if the Contractor finds any feature of environmental, cultural or recreational significance or value in an operating area that is not identified in the Operational Documents, modify or cease its operation in the vicinity of such feature to the extent necessary to refrain from harmfully altering it, threatening, damaging or destroying it or rendering it ineffective, immediately advise the Company and not recommence such operation until informed by the Company to do so;
 - (c) in carrying out its operations, not permit any harmful substances (which include silt, sediment and other debris and related runoff or deleterious substances as defined in the Fisheries Act) to be spilled or deposited in any stream or other body of water or in a place or in circumstances where any such harmful substances may enter a stream or other body of water;
 - (d) if the Contractor's operations result or may result in the spill or deposit of any harmful substance in or near a stream or other body of water, or, except as expressly authorized under the Operational Documents, result in any alteration, destruction or disruption of the banks or bed of any stream or other body of water, cease operations in the vicinity of such stream or body of water and immediately advise the Company; and
 - (e) comply with the Canadian Environmental Protection Act, the Environmental Management Act, the Fisheries Act, FRPA, the Species at Risk Act and the Wildlife Act.
- 4.10 Compliance with Fire Requirements: Without limiting any other provision of this Agreement, the Contractor will comply with:
- (a) the Wildfire Act;
 - (b) any fire manual, fire preparedness plan and other instructions pertaining to fire prevention or suppression as may be provided from time to time by the Company; and
 - (c) all obligations specified under the legislation and other documents referred to in subparagraphs (a) and (b) in respect of the provision of fire fighting equipment and fire watchers, prevention of fire, restrictions of operations, hazard abatement, reporting fires, undertaking fire suppression and performing rehabilitation as a result of such fire suppression activity.
- 4.11 Fire Prevention: Without limiting any other provision of this Agreement, the Contractor will:

- (a) not unless it has received the prior written authorization of the Company, start or permit any open fires on the Lands, including any lunch or debris fires; and
 - (b) not permit smoking by any person engaged in respect of the Work except in vehicles or machines or in designated smoking areas, which designated smoking areas must be:
 - (i) free of all flammable material within the smoking area;
 - (ii) have at least one fully operational "piss can" filled with water at the site;
 - (iii) have a bucket of water into which all finished cigarettes and ashes must be placed;
 - (iv) inspected and approved by the Company prior to use; and
 - (v) when a fire watch is required, inspected immediately before the person conducting the fire watch leaves the area;
 - (c) subject to any restriction in a collective agreement, forthwith terminate any member of the Contractor's Workforce found smoking in hazardous areas;
 - (d) take every reasonable precaution to prevent the escape of any fire; and
 - (e) if and as requested by the Company, obtain, record and provide to the Company daily weather readings.
- 4.12 Fire Fighting: The Contractor will utilize all of its labour and suitable equipment, materials, supplies and other things employed or utilized by it, directly or through subcontract, on the Lands, to fight all fires:
- (a) anywhere, if caused by the Contractor or the Contractor's Workforce;
 - (b) anywhere on the Lands or near the Lands, regardless of cause; and
 - (c) anywhere, when reasonably requested by the Company to do so.
- 4.13 Liability for Fire Costs: Subject to Paragraph 4.13, the Contractor and the Company will bear the liability for costs and losses related to fighting a fire in accordance with this Agreement as follows:
- (a) where:
 - (i) a fire is caused by the Contractor's Workforce;
 - (ii) the Contractor's Workforce permits the escape of a fire whether or not it is caused by the Contractor's Workforce; or
 - (iii) the cause of a fire is unknown and it started within the Lands where the Contractor's Workforce has worked in the 24 hours prior to the start of the fire,

the Contractor will be responsible for any costs or losses the Contractor or anyone in the Contractor's Workforce incurs, in respect of labour, equipment, materials, supplies or otherwise, in fighting the fire;
 - (b) in all other cases where the fire is under the direction and control of the Company, the Company will pay the Contractor for its services
- in fighting the fire in accordance with the rates paid by the Forest Service under the Wildfire Act for equipment rental and wages, except to the extent that the Contractor has been reimbursed for those services by the Forest Service or by a third party; and
- (c) where a fire is under the control of the Forest Service, the Company is not under any obligation to pay the Contractor for any costs or losses the Contractor or anyone in the Contractor's Workforce incurs or claims, in respect of labour, equipment, materials, supplies or otherwise, in fighting the fire.
- 4.14 Indemnity: Without limiting the generality of Paragraph 8.4, if the Contractor or the Contractor's Workforce negligently or wilfully:
- (a) causes a fire; or
 - (b) permits the escape of a fire, whether or not caused by the Contractor or the Contractor's Workforce,
- the Contractor will indemnify the Company for any loss, cost or liability incurred by the Company in respect of the fire.
- 4.15 Safety: The Contractor will:
- (a) maintain a health and safety program (equivalent to the BC Forest Safety Council requirements [SEBASE, BASE, etc.]) designed to prevent accidents involving the Contractor's Workforce;
 - (b) before commencing any Work, conduct a safety meeting with the Contractor's Workforce, which will communicate:
 - (i) the health and safety hazards of the Work and the Workplaces referred to in Paragraph 6.7; and
 - (ii) the Contractor's health and safety program and expectations, including emergency evacuation procedures,

and provide the same information to any person who joins the Contractor's Workforce after such meeting and before that person engages in any part of the Work;
 - (c) when carrying out Work or any other obligation under this Agreement on an area where a person other than the Contractor and the Contractor's Workforce are also working, coordinate activities with that other person for the purposes of ensuring that the activities of all persons on the area are safe;
 - (d) without limiting subparagraph (c), where it is not the Prime Contractor at a Workplace related to the Work, cooperate with the Prime Contractor as:
 - (i) directed by the Company; or
 - (ii) in the absence of direction by the Company as is appropriate in the circumstances and consistent with the Contractor's obligations under this Agreement,

to enable that Prime Contractor to fulfill its obligations under the Workers Compensation Act;

- (e) when, in the opinion of the Company, the Contractor's Workforce will be working more than 400 metres from the main access road, provide at least one emergency communication unit with the appropriate channels, placed in a central location, known to all such persons;
- (f) when requested by the Company, before commencing Work that involves manual labour, cut and clear a main access trail (1.5-2 metres wide) from the main access road to the furthest area where the Contractor's Workforce will be engaged in such manual labour;
- (g) if a hazard exists in respect of the Work or the Lands that makes it unsafe to continue the Work, immediately cease or modify its operations so as to avoid injury and advise the Company of the hazard and the actions taken to avoid injury; and
- (h) immediately notify the Company of any serious accident involving the Contractor's Workforce including, without limitation, any accident or other incident that results in an inspection, investigation, order or other action under the Workers Compensation Act.
- 4.16 Training: Without limiting any other provision of this Agreement, the Contractor will, at its sole expense, ensure the Contractor's Workforce have at all times during the Term sufficient training in all aspects of the Work in which they are engaged to enable them to carry it out in a good, workmanlike, safe, efficient, environmentally sound and diligent manner and in accordance with this legal requirements and this Agreement.
- 4.17 Records: The Contractor will keep written records of its performance of the Work and compliance with this Agreement.
- 4.18 Reports: The Contractor will, at the times and in the manner reasonably required by the Company:
- (a) provide to the Company the records referred to in Paragraph 4.16; and
- (b) report to the Company on the progress of the Work and the Contractor's compliance with this Agreement.
- 4.19 Inspections: The Company may, to assess compliance with this Agreement by the Contractor and the Contractor's Workforce, at any time, from time to time and without notice to the Contractor, inspect the Work of the Contractor, its use of the Lands, its use of roads permitted under this Agreement, its labour, equipment, materials, supplies, records and other things provided or produced in connection with the Work and the exercise of any other right and the carrying out of any other obligation by the Contractor under this Agreement, and the Contractor will:
- (a) co-operate with the Company in such inspections;
- (b) if and as reasonably requested by the Company, accompany the Company during an inspection; and
- (c) without limiting any other right of the Company under this Agreement, if an inspection reveals any non-compliance with this Agreement, take such action as the Company may reasonably direct the Contractor to take to remedy such non-compliance.
- 4.20 Representatives: Each Party will appoint a representative:
- (a) at the outset of this Agreement, being the Main Contact listed in the Main Agreement; and
- (b) any replacement thereof, by notice to the other Party,
- which representative will act as the primary contact between the Parties in respect of issues regarding the operational fulfillment of the Parties' respective obligations under this Agreement, and for greater certainty:
- (c) a Party will first attempt to raise any such issue with the other Party's appointed representative but, if that is not practical in the circumstances, may raise the issue with another responsible representative of that other Party; and
- (d) nothing under this Paragraph affects or replaces any right or obligation to give notice, or method for doing so, under this Agreement.
- 4.21 Compliance and Enforcement Matters: Without limiting any other obligation under this Agreement, the Contractor will:
- (a) immediately inform the Company of:
- any investigation by, or notice, violation ticket, order, summons, opportunity to be heard or other like document received from any government authority with respect to the Work or the Contractor's presence on the Lands; and
- (b) any offence or contravention:
- the Contractor or any member of the Contractor's Workforce may have committed while performing the Work or being on the Lands, including any contravention or offence under the FRPA, Fisheries Act, Canadian Environmental Protection Act, Environmental Management Act, Species at Risk Act, Wildlife Act, Workers Compensation Act, Wildfire Act or other law of British Columbia or Canada; or that the Contractor may have otherwise committed;
- (c) on request of the Company:
- (i) challenge, at an opportunity to be heard, review, trial, appeal or other applicable forum, as may be the case, an allegation or determination against the Contractor of contravention of an enactment or other law with respect to the Work or the Contractor's presence on the Lands; and
- (ii) support any application by the Company to participate in any event referred to in clause (i); and
- (d) without limiting Paragraph 3.4(b)(vi), comply with any order made against the Contractor by a government authority to remediate or otherwise clean-up an area.

PART 5 RATES, PAYMENT AND FINANCIAL MATTERS

5.1 Rates: Except:

- (a) where Paragraph 4.12(b) of these General Terms and Conditions specifies that the Company will pay the Contractor for fire fighting; and
- (b) if and as the Main Agreement expressly provides otherwise,

the Rates cover all obligations of the Contractor under this Agreement, including:

- (c) all matters referred to in Paragraph 3.3;
- (d) all expenses normally incurred in the operation of a business, including rent, office equipment, telephones, insurance, including coverage required under Part 7 of these General Terms and Conditions, taxes and government assessments; and
- (e) all other expenses incurred by the Contractor in the performance of the Work and the fulfilment of any other obligation of the Contractor under this Agreement.

5.2 Invoices: The Contractor will submit to the Company invoices, in a form and content satisfactory to the Company, for amounts owing by the Company to the Contractor for:

- (a) Work performed in accordance with this Agreement; and
- (b) any other obligation or amount that this Agreement expressly provides that the Company will pay the Contractor, if any,

which invoices must be submitted at the times and in the manner specified by the Company from time to time.

5.3 Payment to the Contractor: Subject to Paragraphs 5.4 to 5.6 and 5.8 and additional deductions, if any, specified in this Agreement, for all of the following performed and completed by the Contractor in accordance with this Agreement:

- (a) Work; and
- (b) other obligations for which this Agreement expressly provides that the Company will pay the Contractor, if any,

the Company will pay the Contractor in accordance with this Agreement and the Company's normal payment practices.

5.4 Deductions: Without limiting other deductions the Company is required or permitted to make under this Agreement or at law, the Company may deduct, withhold, or set-off against any amounts due or to become due to the Contractor under this Agreement:

- (a) any amount due or accruing due to the Company from the Contractor, whether under this Agreement or otherwise and, if under this Agreement, including, without limitation:
 - (i) any liquidated damages provided under this Agreement; and

- (ii) any amount the Company may reasonably estimate to be an amount owed to it under an indemnity under this Agreement;

- (b) the amount of any claim, demand or lien made, filed or threatened to be made or that might be made, filed or threatened against the Company or any of its property or assets by any person by reason of the Contractor's operations under this Agreement or of any act or omission of the Contractor or of the Contractor's Workforce and, when such a claim is made, the Company may pay the amount of that claim into court on behalf of the Contractor; and
- (c) any amount the Company may become liable for in respect of payments, assessments or deductions required to be made by the Contractor by law, unless the Contractor provides receipted proof of payment satisfactory to the Company including, without limitation, a receipted payroll or sheet showing that all wages or pay due to each member of the Contractor's Workforce have been paid and showing that all assessments and deductions required to be paid or made by the Contractor under applicable statutes or regulations have been paid or made.

5.5 Withholding and Payment Into Court: The Company may:

- (a) withhold any amount referred to in Paragraph 5.4 until the matter at issue is resolved or the Contractor provides receipted proof of payment, as the case may be; and
- (b) pay the amount withheld into a court of competent jurisdiction.

5.6 Holdback: As security for the performance of the Contractor's obligations under this Agreement, and in addition to, and not in substitution for, any amount referred to in Paragraph 5.4, the Company:

- (a) may hold back from any payment referred to in Paragraph 5.3 an amount specified in Schedule A of this Agreement, if any;
- (b) may apply the amount held back under subparagraph (a) to remedy any breach of this Agreement by the Contractor or to cover any amount referred to in Paragraph 5.4; and
- (c) will pay to the Contractor any portion of the amount held back under subparagraph (a) that has not been used in accordance with subparagraph (b) within 30 days after the later of the date:
 - (i) the Work and all of the other obligations of the Contractor under this Agreement have been completed to the satisfaction of the Company;
 - (ii) the Company approves the final invoice from the Contractor for the Work; and
 - (iii) the Contractor has provided to the Company evidence to the satisfaction of the Company that there are no claims, liens, charges or other encumbrances arising in any manner from the operations of the Contractor under or in relation to this Agreement, including,

without limitation, a letter of clearance from the Workers Compensation Board in respect of the Work.

- 5.7 Security Deposit: As security for the performance of the Contractor's obligations under this Agreement, and in addition to, and not in substitution for, any amount referred to in Paragraph 5.4 or Paragraph 5.6:
- (a) the Contractor will pay to the Company a security deposit at the time and in the amount specified in Schedule A of this Agreement, if any;
 - (b) the Company may apply the security deposit in whole or in part to remedy any breach of this Agreement by the Contractor or to cover any amount referred to in Paragraph 5.4 and any such amount so applied will be forfeited by the Contractor;
 - (c) the Contractor will, if the Company applies the deposit under subparagraph (b), within 10 days of demand by the Company, replenish the deposit to its original amount; and
 - (d) the Company will return to the Contractor any portion of the deposit that has not been used in accordance with subparagraph (b) on the date it pays the holdback to the Contractor under Paragraph 5.6(c).
- 5.8 Liquidated Damages: The Company may assess against the Contractor liquidated damages in the circumstances and in the amounts specified in this Agreement, if any, and the Contractor will forthwith directly pay such liquidated damages to the Company unless the Company elects to recover such damages under Paragraphs 5.4, 5.6 or 5.7.
- 5.9 Title to Logs and Risk: Unless expressly provided for otherwise in this Agreement, title to all logs that are produced or handled under this Agreement, whether within utilization standards specified by the Company or not, remains at all times vested in the Company, and the Contractor will not in any way charge, mortgage, pledge, encumber, sell, transfer, assign or otherwise dispose of such logs or title, provided, however, that all such logs will be at the risk of the Contractor until delivered to the Point of Delivery.

**PART 6 STATUS OF
CONTRACTOR AND
RELATED MATTERS**

- 6.1 Contractor and Subcontractors Independent of Company: The Contractor and any subcontractor engaged by the Contractor pursuant to this Agreement is an independent contractor and not a partner, employee or agent of the Company.
- 6.2 Contractor and Subcontractors are Employers: The Contractor and any subcontractor engaged by the Contractor pursuant to this Agreement is an employer for the purposes of the Workers Compensation Act, the Employment Standards Act, the Income Tax Act, the Employment Insurance Act, and the Pension Act and for the purposes of any other legislation affecting employment.

- 6.3 Arrangements with Workers: The Contractor will employ individuals within the Contractor's Workforce that are employees of the Contractor in accordance with all applicable legislation, including the Employment Standards Act.
- 6.4 Payments by Contractor: The Contractor will pay promptly and in a regular and orderly manner all wages, salaries, charges, and applicable assessments and taxes in respect of:
- (a) labour, materials, equipment and services used or contracted for by the Contractor in the performance of the Work; and
 - (b) the Contractor providing and being paid for the Work pursuant to this Agreement.
- 6.5 Liens: The Contractor will:
- (a) pay all of its liabilities arising from its operations that might constitute a lien upon the Lands, the timber or other assets of the Company immediately upon such liabilities becoming due; and
 - (b) if a lien is made or threatened to be made against the Lands, the timber or other assets of the Company as a result of the activities of the Contractor or any of the Contractor's subcontractors, take all steps and make all payments, including the granting of security or payment into court, as are necessary to remove the lien or prevent the lien being made.
- 6.6 Workers Compensation: The Contractor will: throughout the Term, be registered as an independent firm under the Workers Compensation Act;
- (a) on execution of this Agreement, provide the Company with proof of registration and the Contractor's registration number is recorded in the Main Agreement;
 - (b) on request of the Company, provide a certificate from the Workers' Compensation Board confirming that the Contractor's assessments, with respect to employees have been paid and that the Contractor is in good standing;
 - (c) authorize and permit the Company to contact the Workers' Compensation Board directly with respect to the Contractor's status under the Workers Compensation Act; and
 - (d) immediately advise the Company of any change in the Contractor's status under the Workers Compensation Act.
- 6.7 Prime Contractor: is applicable to this Agreement, refer to the Schedule B Prime Contractor.
- 6.8 GST: The Contractor will register as required under the Excise Tax Act for the collection and administration of the Goods and Services Tax and will advise the Company:
- (a) on execution of this Agreement, of the Contractor's Goods and Services registration number, to be recorded in the Main Agreement; and
 - (b) immediately upon any change in the Contractor's status under the Excise Tax Act.

PART 7 INSURANCE

- 7.1 Coverage: Without restricting the generality of the indemnification provisions contained in the Agreement, the Contractor shall, at its own expense, provide and maintain, during the term of this Agreement, the insurance coverage identified in Schedule A of this agreement as fully specified in clause 7.2.
- 7.2 The Insurance will contain clause:
- (a) that:
- (i) except for statutory motor vehicle insurance, names the Company as an additional insured;
 - (ii) is primary and does not require the sharing of any loss by any insurer of the Company; and
 - (iii) includes a waiver of subrogation by the insurer as against the Company and its officers, directors, employees, servants and agents;
- (b) that will protect the Company, the Contractor and their respective directors, officers, agents, employees and subcontractors from claims that may arise directly or indirectly out of the operations of the Contractor, its subcontractors and their respective directors, officers, agents and employees in respect of this Agreement, the Work and the operations pertaining thereto; and
- (c) that includes the following, in such amounts, on a per occurrence basis, as specified in the Main Agreement:
- (d) Professional Liability insurance: in the amount no less than \$1,000,000 per claim;
 - (e) Comprehensive / Commercial General Liability insurance: in the amount no less than \$5,000,000 General Aggregate, \$1,000,000 Forest Fighting Expense, \$2,000,000 Non-owned automobile.
 - (f) Comprehensive / Commercial General Liability insurance against bodily injury, death, property damage and property loss, and which will include, but not be limited to:
 - (i) products and completed operations liability;
 - (ii) owner's and contractor's protective liability;
 - (iii) blanket contractual liability covering the Contractor's liability under this Agreement and any other agreement with the Company, including every indemnity provided by the Contractor hereunder or thereunder;
 - (iv) contingent employer's liability and contingent liability in respect of the Contractor's subcontractors;
 - (v) personal injury liability;
 - (vi) non-owned automobile liability;
 - (vii) cross liability;
 - (viii) employees as additional insured arising out of their duties as employees;
 - (ix) broad form property damage;
- (x) forest fire fighting expense;
 - (1) fire suppression liability;
 - (2) first aid malpractice;
 - (3) unlicensed and specially licensed vehicles;
 - (4) attached machinery;
 - (5) occurrence property damage;
 - (6) any premises or property of the Contractor including unlicensed motor vehicles or provisionally licensed motor vehicles while operating off the public highway, and all operations of the Contractor;
 - (7) liability for owned, leased, used or operated watercraft or aircraft; and
 - (8) blasting liability, if blasting is part of the Work;
 - (g) Statutory Motor Vehicle Liability insurance on all vehicles owned, operated by or for or licensed in the name of the Contractor and used under this Agreement including, without limitation, all-terrain vehicles, whether licensed or not;
 - (h) Pollution Liability insurance covering losses caused by pollution conditions including, without limitation, spill, discharge, emission, dispersal, leakage, migration, release or escape of pollutants, that arise from the operations of the Contractor, and including coverage for bodily injury, including death; loss or damage to property, including loss of use of damaged property or of property that has not been physically injured; cleanup costs; and costs and expenses incurred in the investigation, defence, or settlement of claims, and not subject to limitation based on a reporting period; and
 - (i) Aviation: Not applicable to this Agreement.
- 7.3 Certificates and Policies: The Contractor will:
- (a) ensure the policies required under this Part are endorsed to require at least 30 days' prior notice from the insurer to the Company of alteration, cancellation or expiration; and
 - (b) at the request of the Company, provide to the Company before commencement of the Work and at such reasonable times thereafter:
 - (i) a certified copy of each policy required under this Part; or
 - (ii) a certificate of insurance in a form satisfactory to the Company, evidencing the coverage required by this Part, signed by the Contractor and certified by the insurer.
- 7.4 Waiver: The Company may waive any of the insurance requirements listed in this Part, provided that such waiver is not effective unless in writing and expressly referencing this provision.
- 7.5 Increase in Limits: The Company may, by notice to the Contractor, require that the limits of insurance specified in the Main Agreement be increased and the Contractor will obtain the additional coverage, or in the case of aviation insurance, require that such

additional coverage be obtained, and provide to the Company evidence of the additional coverage in accordance with Paragraph 7.3(b).

- 7.6 Contractor's Insurance Agent: The Contractor will:
- (a) on execution of this Agreement, provide to the Company the name of the Contractor's insurance agent; and
 - (b) give the Company not less than 7 days prior notice of any change in the agent.

PART 8 RISK, RELEASE AND INDEMNITY

- 8.1 Representations: The Contractor acknowledges that:
- (a) the Company has not made any representations to the Contractor as to:
 - (i) the Work or other obligations of the Contractor under this Agreement;
 - (ii) the difficulty or cost of any operations the Contractor may undertake under this Agreement; or
 - (iii) the condition of, or the ease or difficulty of access to or over, the Lands, roads, bridges or railway crossings on which and over which the Contractor may operate or as to their suitability for the Work or use by the Contractor or the Contractor's Workforce, all of which matters have been investigated by the Contractor prior to executing this Agreement; and
 - (b) the execution of this Agreement by the Contractor is an absolute release by the Contractor of the Company from any claim that the Contractor may have in respect of those matters, except to the extent the Company has made a representation in writing that is stated to survive the execution of this Agreement.
- 8.2 General Release: The Contractor, for itself and its successors and assigns, hereby releases and absolutely discharges the Company and its directors, officers, servants, employees, invitees and agents (collectively for this Paragraph and Paragraphs 8.3 and 8.4 referred to as the "Releasee") from any and all responsibility or liability, whether in tort, contract or otherwise, in respect of any and all claims, demands, actions, causes of action, damage, loss, costs, personal injury, death, charges and expenses suffered or incurred by the Contractor, its subcontractors, their respective directors, officers, servants, employees, invitees and agents, the Contractor's Workforce or any other person claiming through the Contractor, and arising out of, attributable to or occurring during the Work or the use or occupation of any of the Lands by the Contractor or any other person, except to the extent that such loss is directly attributable to the negligence or wilful default of the Company.
- 8.3 Transportation Release: Without limiting Paragraphs 8.1 and 8.2, the Releasee will not be liable to the Contractor, its subcontractors, their respective directors, officers, servants, employees, invitees and

agents, the Contractor's Workforce or any other person claiming through the Contractor for any injury, loss or damage however occasioned to any of them or their equipment while being transported or conveyed in any form of transport owned or operated by or for the Company, and the Contractor shall undertake no claim against the Releasee to recover any such injury, loss or damage either on his own behalf or on behalf of any of the aforesaid persons and will save harmless the Releasee from any such claim initiated by any of the aforesaid persons.

- 8.4 Indemnity: Notwithstanding any insurance coverage held by the Company, the Contractor is responsible for and will indemnify and save the Releasee harmless from and against all claims, damages, costs, losses, expenses, actions, causes of action and suits whatsoever arising out of:
- (a) the acts, errors, omissions or defaults of the Contractor or the Contractor's Workforce in the performance of the Work or the exercise of any other rights or obligations of the Contractor under this Agreement; or
 - (b) without limiting subparagraph (a), any non-compliance by the Contractor or the Contractor's Workforce with any term or condition of this Agreement or any requirement of applicable federal, provincial or municipal law, regulation, standard or order, or in any way whatsoever connected with (whether directly or indirectly, and whether arising out of the negligence of the Contractor, the Contractor's Workforce or otherwise howsoever), the carrying out of the operations of the Contractor under this Agreement, including any fines, Liquidated Damages, costs, expenses, damages or loss, reduction or suspension of harvesting rights which the Company may be obliged to pay or may suffer or incur for or by reason of any violation or infraction of FRPA, the Wildfire Act or any other enactment or law by the Contractor or the Contractor's Workforce.

PART 9 SUSPENSION, SALE OF TENURE AND FORCE MAJEURE

- 9.1 Suspension: The Contractor will suspend or curtail performance of the Work and its operations under this Agreement related thereto, or any component thereof, as and when and in the manner and to the extent directed by the Company or any government authority.
- 9.2 Causes for Suspension: The Company may require the Contractor to suspend or curtail performance of the Work in the Company's sole discretion and for any reason, including in any of the following circumstances:
- (a) as a result of closure of the forest by government authorities due to fire hazard or for any other reason;
 - (b) adverse weather conditions that, in the opinion of the Company, might inhibit the Contractor's operations or give rise to actual or potential

- safety or environmental hazards if those operations continued;
- (c) curtailment or shutdown of any of the Company's operations;
- (d) anticipated or subsisting strikes, lockouts or other labour disruptions or unrest that, in the opinion of the Company, might affect the Company's operations; or
- (e) any other circumstances, whether similar to the foregoing or not, that, in the opinion of the Company, affect the Work.
- 9.3 Adjustment to Amount of Work: Where the Contractor has been directed to suspend or curtail performance of the Work or its operations under this Agreement related thereto, or any component thereof:
- (a) the Company is not liable to the Contractor in respect of such suspension or curtailment;
- (b) the Company may adjust the amount of Work available under this Agreement;
- (c) the Company is not obliged to provide the Contractor with work in substitution for Work the Contractor would otherwise have performed during such suspension or curtailment; and
- (d) the Contractor shall otherwise have no right to compensation from or any claim for damages against the Company on account of Work the Contractor would have performed but for the suspension or curtailment.
- 9.4 Sale of Tenure: The Contractor acknowledges that the Company may sell its interest in all or part of the Tenure to which the Work pertains and the Contractor agrees that if such event occurs:
- (a) the Company may, by notice to the Contractor, terminate this Agreement and the Work, along with the Contractor's performance of that Work, and Paragraphs 14.2 and 14.4 of this Agreement will apply in respect of that Work, mutatis mutandis;
- (b) if the Company gives notice under subparagraph (a):
- (i) the Contractor will, without additional compensation, assist with the transfer, winding down or other dispensation of its responsibility for the Work from the Company to the purchaser;
- (ii) the assistance to be provided by the Contractor under clause (i) will not exceed 2 working days; and
- (iii) neither the Company nor the purchaser will have any liability to the Contractor, will be obliged to provide the Contractor with work in substitution for the Work, or have any liability to the Contractor for any compensation on account of Work that the Contractor would otherwise have performed but for such event; and
- (c) whether the Contractor continues to provide Work in relation to uncompleted Work will become a matter for negotiation between the Contractor and the purchaser.
- 9.5 Force Majeure Event: If either Party fails to perform any term of this Agreement and such failure is due to a Force Majeure Event: that failure will not be deemed to be a default under this Agreement;
- (a) the Party affected by a Force Majeure Event will:
- (i) immediately notify the other Party of the Force Majeure Event and its anticipated duration and consequences; and
- (ii) take all reasonable steps to minimize the extent and duration of the event;
- (b) the Company may adjust the amount of Work available under this Agreement as a result of such Force Majeure Event;
- (c) the Company is not obliged to provide the Contractor with work in substitution for Work the Contractor would otherwise have performed during such Force Majeure Event; and
- (d) the Contractor will otherwise have no right to compensation from the Company on account of Work the Contractor would have performed but for the Force Majeure Event.
- 9.6 Orderly Suspension: During a Force Majeure Event, or other circumstance requiring suspension or curtailment under this Agreement, the Contractor will suspend or curtail its operations in an expeditious, safe and orderly manner.

PART 10 WAIVER

- 10.1 Waiver Does Not Affect Other Obligations: No waiver by either Party of any default by the other Party in the strict and literal performance of or compliance with any provision of this Agreement will be deemed to be a waiver of the strict and literal performance of or compliance with any other provision, condition or requirement of this Agreement or to be a waiver of, or in any manner release such other Party from compliance with any provision, condition or requirement in the future, nor shall any delay or omission by either Party to exercise any right hereunder in any manner impair the exercise of any such right thereafter

PART 11 NOTICE

- 11.1 Method for Giving Notice: All notices under this Agreement will be:
- in writing; given by one of the following means:
- (i) delivered by hand;
- (ii) sent by telecopier or facsimile transmission; or
- (iii) sent by registered mail from any postal station in Canada, postage prepaid,
- (iv) to the address of the Party specified in or in accordance with Paragraph 11.2; and
- (v) deemed to have been given as of the following times:
- (vi) if delivered by hand, upon delivery;
- (vii) if sent by telecopier or facsimile transmission, upon confirmation of receipt by telephone call from the Party giving the

notice to the Party receiving the notice or, if not confirmed by telephone, 72 hours after the time of sending, provided that the sender has evidence that the notice was received by the telecopier or facsimile machine of the Party to whom the notice was sent; or (viii) if mailed, on the 8th business day (excluding all statutory holidays) after it has been posted as aforesaid, provided that, if at the time of mailing or between the time of mailing and time of receipt by the other Party, there is a mail strike, slowdown or other dispute that might affect the delivery of the notice, then such notice will be deemed delivered when actually delivered.

- 11.2 Address for Giving Notice: The address for giving notice to a Party is:
- (a) the address for the Party specified in the Main Agreement; or
 - (b) any such other address as that Party, by notice to the other Party may specify.

**PART 12 ASSIGNMENT,
SUBCONTRACTING AND
CONTINUING EFFECT**

- 12.1 No Assignment or Subcontracting Without Consent: The Contractor will not: assign this Agreement or any interest in it or part of or any benefit flowing from it; or subcontract the Work, without first obtaining the Company's written consent, which consent may be withheld for any reason.
- 12.2 Change in Control or Management: For the purposes of this Agreement, an assignment includes:
- (a) a change in the senior management of the Contractor;
 - (b) a transfer of any shares of the Contractor that results in a change in control of the Contractor and, for the purposes of this subparagraph, "control of the Contractor" means beneficial ownership of more than 40% of its issued shares having voting rights for the election of directors by one person or a group of persons not dealing with each other at arm's length; and
 - (c) if there are no shares issued in respect of the Contractor, any change in the ownership of the Contractor.
- 12.3 Termination: Without limiting Part 14, if the Contractor: assigns this Agreement or any interest in it or part of or any benefit flowing from it; or subcontracts the Work, without first obtaining the consent of the Company, the Company may, upon notice to the Contractor, and without liability to the Contractor, immediately terminate this Agreement and Paragraphs 14.2 to 14.4 apply mutatis mutandis to such termination.
- 12.4 Subcontracting: If the Company consents to a subcontractor for a portion of the Work, then:
- (a) the Contractor will bind the subcontractor to the terms of this Agreement as they are applicable to the subcontract, including Parts 3, 4, 6, 7, 8, 9, 10, 12 and 14;

- (b) the Contractor will:
 - (i) assume full responsibility to the Company for the acts and omissions of the subcontractor, including, without limitation, full responsibility for ensuring that the subcontractor carries out the Work in a diligent, safe, efficient, continuous and workmanlike manner; and
 - (ii) for the purposes of Paragraph 6.7, remain as Prime Contractor in respect of the Work and be responsible for the health and safety of the subcontractor and its employees in accordance with Paragraph 4.14;
- (c) without limiting subparagraph (b), any reference in this Agreement to an employee of the Contractor includes the subcontractor and its directors, officers, employees and agents;
- (d) without limiting subparagraph (a), the subcontract will provide that the subcontractor may not further subcontract any Work without the prior written consent of the Company, which consent may be withheld for any reason;
- (e) the Contractor will, upon request by the Company, provide the Company with a copy of the contract between the Contractor and the subcontractor, and any amendments thereto, except that the Contractor may block out or erase from such copy the price or rate being paid thereunder; and
- (f) nothing contained in this Agreement or in any subcontract will create a contractual relationship of any kind between the subcontractor and the Company, and any reference in this Agreement to a subcontractor does not limit the application of this Paragraph.

PART 13 DISPUTE RESOLUTION

- 13.1 Negotiated Settlement: If a dispute has arisen between the Parties under this Agreement that a Party wishes to resolve:
- (a) that Party may proceed with informal dispute resolution in accordance with this Paragraph;
 - (b) that Party may give notice to the other Party of the dispute and of its desire to resolve the dispute, describing in the notice the nature of the dispute; and
 - (c) as soon as practicable after the notice has been given under subparagraph (b), the Parties will cause their duly authorized representatives, including personnel with decision making authority regarding the dispute, to meet to discuss and to negotiate a settlement to the dispute in a spirit of cooperation.
- 13.2 Mediation: Not applicable to this Agreement.
- 13.3 Arbitration: Not applicable to this Agreement.
- 13.4 Modification of Dispute Resolution Process: At any time, and from time to time, the Parties may by agreement in writing waive or modify any aspect of the dispute resolution provisions in this Agreement.

- 13.5 Provisional Work and Rates: If there is a dispute between the Parties as to the Work to be performed or the Rates to be paid for such Work:
- (a) until such dispute is resolved in accordance with this Agreement, the Parties will continue to observe their respective rights and obligations under this Agreement;
 - (b) the Work to be performed and the Rates to be paid that are the subject of the dispute will be performed and paid in accordance with any Logging Plan or rate proposal, as the case may be, provided by the Company; and
 - (c) the Rate determined through dispute resolution under this Agreement is retroactive to the commencement of the Work in respect of that Rate.

PART 14 TERMINATION

- 14.1 Termination: This Agreement may be terminated as follows:

- (a) at any time, on the written agreement of the Parties, in which case the termination will be effective as of the date specified in that agreement;
- (b) if the Tenure expires, is cancelled or surrendered or is otherwise terminated, upon notice from either Party to the other;
- (c) at any time before the Work is completed, the Company may, without prejudice to any other right or remedy the Company may have under this Agreement or otherwise, terminate this Agreement, in whole or in part, by notice to the Contractor to that effect if:
 - (i) in the opinion of the Company, unsuitable weather, natural disaster, lack of permits or other circumstances over which the Company has no direct control preclude the Work from being completed;
 - (ii) the Contractor becomes insolvent, or makes an assignment for the benefit of creditors or otherwise acknowledges its insolvency, or commences liquidation proceedings, voluntary or otherwise, or commits an act of bankruptcy, or if a receiver or receiver-manager is appointed for any of the assets of the Contractor, and, in the case of such bankruptcy, this Agreement will not be considered an asset of the Contractor;
 - (iii) in the opinion of the Company, the Contractor fails to diligently commence, carry on or complete any Work or performs the Work in a negligent, inefficient or unsafe manner or abandons any part of the Work, in whole or in part; or
 - (iv) the Contractor commits any violation or infraction of FRPA, the HGLUOO or other applicable laws and regulations or does anything in carrying out its operations which is contrary to the Logging Plans, Operational Documents, the Standards and

- Specifications or the Companies Corporate Management System ,
- in which case the termination will be effective as of the date specified in the notice from the Company;
- (d) at any time before the Work is completed if:
 - (i) the Contactor defaults in respect of any of its representations, covenants and obligations under this Agreement not referred to in subparagraph (c); or
 - (ii) the Company defaults in respect of any of its representations, covenants and obligations under this Agreement,
 and that default or the conditions that caused the default continue for 14 days after notice from the non-defaulting Party specifying the default, the non-defaulting Party may terminate this Agreement by further notice to the defaulting Party except that where the default or the conditions causing the default are not curable in 14 days but the defaulting Party takes all reasonable steps to cure the default or the conditions immediately upon receipt of the notice from the non-defaulting Party, the non-defaulting Party will not terminate this Agreement except as specified in subparagraph (e);
- (e) if a defaulting Party is taking all reasonable steps to cure the default or the conditions, as referred to in subparagraph (d), but is unable to cure that default or conditions within a reasonable period after the default, the non-defaulting Party may terminate this Agreement by notice to the defaulting Party at any time after that reasonable period has concluded and, for this purpose, a reasonable period is deemed to never exceed 3 months;
- (f) if either Party defaults more than three times in respect of an obligation or any combination of obligations referred to in subparagraph (d), whether or not cured within the time permitted under that subparagraph to avoid termination, and the non-defaulting Party gives notice to the defaulting Party that any further default, whether of the same or different obligation or obligations, will result in termination of this Agreement, the non-defaulting Party may by notice to the defaulting Party terminate this Agreement forthwith upon any further such default by the defaulting Party; or
- (g) at any time and for any other reason by the Company if and to the extent such termination is provided for in this Agreement.

- 14.2 Effect of Termination: If this Agreement is terminated for any reason:

- (a) all rights and privileges of the Contractor under this Agreement will immediately cease;
- (b) the Contractor will immediately cease performing the Work;
- (c) the Company will be entitled to immediate possession of any Work undertaken by the

Contractor and any Work product resulting therefrom;

- (d) such termination will be without prejudice to any other rights herein contained and all remedies at law or in equity which the Company may have for the enforcement of its rights under this Agreement or for the recovery of any monies owing to the Company under this Agreement;
- (e) the Contractor is not entitled to nor will it assert or make a claim against the Company for compensation or damages for loss of profits or costs incurred or not recovered as a result of such termination; and
- (f) each of the Contractor and the Company will continue to be responsible for their respective obligations or liabilities on their part that existed under this Agreement as of the date of termination and, without limiting the foregoing:
 - (i) the Company will pay the Contractor for Work done in accordance with this Agreement up to the time of termination;
 - (ii) where this Agreement is partially terminated by the Company, this provision will apply only to the portion of the Work so terminated by the Company and this Agreement will otherwise remain in full force and effect as to the balance of Work to be performed by the Contractor hereunder;
 - (iii) the obligations of the Contractor under Paragraph 8.4 in respect of any activity prior to termination will survive termination; and
 - (iv) nothing in this Paragraph will release either Party from liability to the other Party for any breach by the Party of any obligation under this Agreement up to the date of termination.

14.3 Agreement for Completion: Notwithstanding the generality of Paragraph 14.2, if this Agreement is terminated by the Company for breach of any provision by the Contractor, the Company may, at its option upon notice to the Contractor, hire such personnel and equipment and make such other expenditures as may be required to perform this Agreement and complete the Work and may:

- (a) recover from the Contractor by deduction or set-off from any monies due to the Contractor the amount by which the cost to perform this Agreement and complete the Work exceeds the amount that the Company would have otherwise paid under this Agreement to the Contractor to do so, provided, and to the extent, the excess amount was reasonably incurred; and
- (b) if the amount of such set-off monies is not sufficient at any time to pay the amount referred to in subparagraph (a), the Contractor shall forthwith, upon demand, pay the amount of any such deficiency to the Company,

provided that, where this Agreement is partially terminated by the Company, this provision will apply only to the portion of the Work so terminated by the Company and this Agreement will otherwise remain in

full force and effect as to the balance of Work to be performed by the Contractor hereunder.

- 14.4 Continuing Obligations: Termination of this Agreement in whole or in part will not prejudice the rights of the Parties accruing to the date of such termination or which arise as a result of or in connection with occurrences prior to the date of such termination, provided that, where this Agreement is partially terminated by the Company, this provision will apply only to the portion of the Work so terminated by the Company and this Agreement will otherwise remain in full force and effect as to the balance of Work to be performed by the Contractor hereunder.

PART 15 COMPANY CORPORATE MANAGEMENT SYSTEM/ PROCEDURES

- 15.1 The Contractor must adhere to the Company's Corporate Management System to ensure environmental protection and the health and safety of its workers, Subcontractors and Other Contractors (i.e., under the Contractor's responsibilities such as under Prime Contractor Agreement).
- 15.2 The Contractor must maintain a Safety Program consistent with the requirements of the BC Forest Safety Council.
- 15.3 The Contractor must, before commencing operations on any of the Contractor field work sites "the Place of Work"), notify the Company of the name of the person(s) who will be responsible for supervising operations on those sites and who will be present on site at all times ("the Supervisor") and the name of an alternate(s) should the Supervisor not be on site, and must notify the Company of any change to the Supervisor or alternate within 5 calendar days of making the change.
- 15.4 The Contractor must conduct and keep records of training, pre-work meetings, safety meetings, monitoring inspections, etc. and provide copies to the Company, where requested.
- 15.5 The Contractor is subject to being audited and/or inspected by Internal Auditors, Company employees, or CMS contractors representing the company and/or external third party auditors for the purposes of determining conformance to legal requirements, the Companies management system or the Contractors management system procedures and the contractor is committed to:
 - (a) Making available all material, maps, binders, equipment and work vehicles on site subject to inspection and entry
 - (b) Providing access, time and resources for such audits/ inspections and understands that the company has the right to inspect the work site including resources described in (a) on the work site with or without prior notification
 - (c) Improving practices in response to audit and/ or inspection results indicating practices that require improvement

15.6 The Contractor is required to conduct operations in compliance with all relevant Provincial and Federal environmental and safety legislation and regulations.

PART 16 EMERGENCY REPSONSE

16.1 The Contractor, including the Contractor's Agents, if providing an activity or service with associated risks related to first aid, hazardous material spills of fuel, oil and pesticides, forest fires, landslides or other major erosion events, must comply with the Company's "Emergency Preparedness & Response Plan" (EPRP) and HAZMAT SOP.

16.2 The Contractor must, before commencing operations at the Place of Work, prepare an emergency response plan (ERP) consistent with the Workplace Safety Plan template, the Company's Emergency Preparedness and Response Plan (EPRP) and HAZMAT. A copy of the plan is to be submitted to the Company Representative upon request.

16.3 The Contractor must ensure that the Contractor and the Contractor's Agents conduct operations at the Place of Work in accordance with the Workplace Safety Plan and EPRP and HAZMAT.

16.4 The Contractor must make the Workplace Safety Plan and ERP readily available at the Place of Work for viewing by the Contractor's Agents.

16.5 The Contractor must ensure that the Contractor and the Contractor's Agents conduct operations at the Place of Work in compliance with the Wildfire Act and the Wildfire Regulation and the Company's Wildfire Preparedness Plan

16.6 The Contractor must provide and maintain spill kit(s) as required under the Company's EPRP for every operation using hazardous materials (fuel, oil, pesticides, explosives) at the Place of Work and must ensure that all of the Contractor's Agents have been trained in the use of the required spill kit.

16.7 The Contractor must test emergency preparedness in accordance with the EPRP and maintain documentation of such tests, identifying the date of the test, start and end times, names of people involved, results, and any actions to be taken utilizing the Company's Training Record Form or equivalent.

16.8 The Contractor must report and document any incident in accordance with EPRP, identifying the time and date of the incident, location of the incident, description of the incident, impact(s), contributing factors, action taken and agencies the incident was reported too

SCHEDULE 'A'

ROADS

SCOPE OF WORK

A. Area of Operation includes:

Unless otherwise specified herein, the Contractor will be responsible for the Work as defined in Section B below for the Area of Operations as determined by Taan Forest and communicated to the Contractor.

Specified Area of Operation (where applicable):

Licence	Cutblock / Area	Road	Stations	Meters (Approximate)

B. Work includes:

The Contractor will perform the following Work during the construction of roads, culverts, bridges, and improvements for the specified Area of Operation in accordance with the Road Construction, Maintenance and/or Deactivation Plan and Specifications (where noted) as determined by Taan Forest, including:

Applicable
(indicated by "X")

- (i) Felling of right of way timber and processing/ manufacturing of right of way logs to specifications provided by Taan Forest;
Specifications – Falling and bucking consistent with the bucking specifications communicated by Taan Log Marketing.
- (ii) Clearing the right of way including falling and bucking, and decking of merchantable timber;
Specifications – All merchantable logs on the subgrade shall be piled off the area of subgrade for easy loading out.
- (iii) Blasting and clearing of all rocks, stumps, and other material necessary for the construction of the road subgrade;
Specification – n/a
- (iv) Constructing the subgrade;
Specifications – Make use of native or naturally occurring material in order to, as nearly as possible, complete the road to the subgrade stage so as to minimized the requirement for gravel or rock surfacing and shall include the building of all culverts and the completion of all necessary stumping or ditching. Ditching may not be required where overlanding construction technique is used. All dangerous or loose overhanging rocks/debris, roots, trees, etc. within the area of the roads shall be removed as and where directed by the Company
A)take all reasonable precautions to ensure that all felled Timber that is Merchantable is decked free of rocks, spikes, cables and other embedded material;

B)without limiting subparagraphs (e) and (h), not use any felled Timber that is Merchantable as puncheon except with the Company's prior written approval;
C)use felled Timber that is not Merchantable as puncheon only with the Company's prior written approval;

D)not deck or push any debris or felled Timber against standing trees;

E)modify its moving and decking techniques and practices as required by the Company in order to protect streams, lakes or other environmental or cultural or heritage features;

(v) Constructing and installing all necessary drainage structures;

Specifications – Steel culvert pipes shall be used unless otherwise directed by the Company. Drainage structures shall be sufficiently wider than grade to accommodate gravel spillage from grading. Catch basins shall be dug for all drainage structures. Drainage outlets/spillways shall be rip-rapped with non-erodible material (or equivalent).



Timber culverts shall be constructed using sill logs of any species suitable for that purpose and shall be decked with sound cedar. Where cedar is not available, other sound species may be substituted. The deck of culverts are to be covered with geotextile prior to surfacing. End deck logs must be lashed (or equivalent) to prevent shifting. Surfacing depth must be at least 0.5m.



(vi) Constructing and installing major culverts and bridges as required by Taan Forest;
Specifications – refer to plan

(vii) Ballasting and surfacing the subgrade;

Specifications – Gravel or shot rock shall be used for surfacing and not be greater than 15cm in diameter. Diggable rock may be used. Surfacing material depth may vary between 0.1m on broken rock and 1.0m on soft ground.



Completed roads must adequately support loading logging trucks weighing up to 50tons or other weights as may be directed by the Company.



(viii) Constructing turnouts and specified landings as directed by Taan Forest;
Specifications – Approximately three turnouts are required per kilometer of road.



(ix) Road reconstruction;
Specifications – n/a



(x) Performing road maintenance services for roads within and between Area of Operation and associated locations as required by Taan Forest or legislation;

(xi) Road deactivation and the removal of all applicable culverts as specified by Taan Forest;



(xii) Other, specify:

The Contractor will work diligently and continuously proceed to complete all Work on or before the Term of the Agreement expires.

The Contractor will perform the Work/ Services in a good and workmanlike manner, and to the reasonable satisfaction of Taan Forest.



Rental Rates

From time to time, Taan Forest may request additional Work or Services not included in the Scope of this Contract Agreement. This may include, but is not limited to miscellaneous construction and/ or maintenance of roads and landings. Such Work or Services must be requested or preapproved by the Company, and the Contractor must submit daily time-cards for each machine specifying on an hourly basis that Work or services that were performed.

Where, the requirements for such additional Work or Services have been met and subject to the satisfactory performance of the Contractor's obligations, Taan Forest will pay the contractor an amount calculated using all found Equipment Rental Rates as follows:

Equipment / Unit #	All Found Hourly Rate (\$/hr)	Comments

Standby time is not billable time.

TIMBER HARVESTING

SCOPE OF WORK

A. Area of Operation includes:

Unless otherwise specified herein, the Contractor will be responsible for the Work as defined in Section B below for the Area of Operations as determined by Taan Forest and communicated to the Contractor.

Specified Area of Operation includes:

Licence	General Area Description (Cutblock/ Road Name, Approx. Volume [m3], etc., where applicable)	Delivery Schedule (volume [m3] per month, where applicable)

B. Work includes:

The Contractor will perform the following Work during the Harvesting (or related) activities for the specified Area of Operation in accordance with the Specifications noted below, in the Site Plan (or equivalent), the Taan Standard Operating Procedures as determined by Taan Forest, including:

Applicable (indicated by "X")	Description
<input type="checkbox"/> Falling, bucking, processing or similar	Falling and Bucking - <input type="checkbox"/> Hand and/or <input type="checkbox"/> Mechanical: <ol style="list-style-type: none"> 1 Fall merchantable trees in accordance with the harvest plan within the approved harvest area. 2 Buck and limb merchantable logs consistent with Taan Bucking Specifications (provided by Taan Log Marketing) 3 Fall all snags associated with the Work
	<input type="checkbox"/> Falling and Bucking – Right-of-Way: <ol style="list-style-type: none"> 1 Fall all merchantable trees within the approved right-of-way area (as directed by the Company) and have at all times sufficient right-of-way felled and bucked ahead to permit efficient road construction 2 Buck and limb merchantable logs consistent with Taan Bucking Specifications (provided by Taan Log Marketing)
	<input type="checkbox"/> Processing <ol style="list-style-type: none"> 1 Process and prepare for loading all merchantable logs within the approved harvest area. 2 Buck, limb and process all merchantable logs consistent with Taan Bucking Specifications (provided by Taan Log Marketing) 3 Sort and pile all merchantable (as directed by the Company) logs meeting Company specification for each harvest area for efficient loading.

<input type="checkbox"/> Yarding, Loading or similar	Yarding - <input type="checkbox"/> Cable and/or <input checked="" type="checkbox"/> Ground based 1 Yard all merchantable logs within the approved harvest area 2 Prepare for loading all merchantable (as directed by the Company) logs meeting Company specification for each harvest area. 3 Pile or disperse slash resulting from the Work as instructed or required by the Company
	<input type="checkbox"/> Loading 1 Mark all logs accordance with the requirements of the Ministry of Forests with a Log Marking Hammer provided by the Company (or by other procedures approved by the Company and the Ministry of Forests). 2 Load (for transport) and keep separate from other licences, all logs meeting Company specifications cut from the Harvest to the Place of Delivery.
<input type="checkbox"/> Hauling, log transport or similar	<input type="checkbox"/> Hauling 1 Transport (and keep separate from other licences) all logs meeting Company specifications cut from the Harvest to the Place of Delivery. 2 Maintain and keep in good repair all roads in use for the purpose of production including existing roads and roads subsequently constructed for use in respect of the harvesting of the areas that are or become subject to the provisions of this Contract, and repair all damage to roads and property caused by the Contractor. For road repairs which are required because of natural disasters such as slides or floods and to such extent that they cannot be considered as normal road repair or maintenance, the Contractor shall notify the Company prior to any work commencement for approval, and subject to that approval being obtained the Contractor shall be reimbursed by the Company for its approved and substantiated repair costs. 3 Upon seasonal or final completion of harvesting in any area within a Cutting Permit, complete seasonal deactivation on all roads in the harvest area (including access roads). Deactivation excludes bridge removal and medium/heavy pullback.
<input type="checkbox"/> Sorting, scaling, booming or similar	<input type="checkbox"/> Sorting and scaling 1 Scale, grade and sort all logs cut from the Harvesting Area in accordance with sorting specifications communicated to the Contractor by the Company and based upon office Government scale sheets or a scale produced by a recognized industrial scaler acceptable to the Company and, where cubic metres are specified, upon the British Columbia Metric Scale. 2 Conduct routine maintenance of the log sort and skid way, including disposal of all debris to a designated waste site and repairs to the log sort surface with concrete, shot rock or similar material deemed appropriate by the Company. 3 Provide bundle wire. 4 Maintain and make available to the Company at all reasonable times a record of wood processed through any log sort in a form satisfactory to the Company. 5 Where the Company performs scaling directly or indirectly, the Contractor may carry out check scales on a random basis.
	<input type="checkbox"/> Booming 1 Properly boom all logs as directed by and to the satisfaction of the Company at the Booming Ground specified by the Company and keep the Company's boom-sticks separate 2 Maintain booming ground at Contractors cost with the exception of dredging, driving of piles and major repairs when considered by the Company as necessary. 3 Boom gear acceptable to the Company will be supplied to the Company by the Contractor at cost. 4 Contractor will submit to the Company a periodic accounting (as requested) of all boomsticks supplied by the Company. Boomsticks will be paid for by the Company as scaled log production. 5 Contractor is responsible for replacing boomsticks in the standing boom or other permanent facilities. Contractor is responsible for any boomsticks lost, damaged or degraded to such an extent as to render them unusable as boomsticks.
	<input type="checkbox"/> Barge Loading Support 1 Provide equipment (boom boats, tug boats and/or sidewiders) to facilitate the efficient loading of out-going log barges.

The Contractor will work diligently and continuously proceed to complete all Work on or before the Term of the Agreement expires.

The Contractor will perform the Work in a good and workmanlike manner, and to the reasonable satisfaction of Taan Forest.



C. Performance Specifications:

Performance Specifications are intended to assist and direct both the Company and the Contractor in optimizing the Work under this Contract. It is not intended to replace or amend any other terms or conditions in the Contract.

Work under this Contract will be measured by the Contractor's performance in areas such as safety, environment, quality and on-time delivery as indicated in the term sheet

CONTRACT RATES AND PAYMENT

A. General

Rates are considered all-found, unless specifically noted. Rates cover the work described in the above section titled “Scope of Work” and includes, but is not limited the following general cost functions:

1. Equipment mob and de-mob,
2. Transportation of crews,
3. Fuel, oils, and other material necessary to complete the work noted above (i.e., consumables),
4. Quality control of all phases,
5. Debris piling,
6. Seasonal deactivation of current harvest areas,
7. Routine road maintenance of active roads necessary of work being completed within harvest areas
8. Transport of any scheduled harvested monumental trees to DLS

Liquidated Damages

In addition to deductions as described under part 5 of General Terms and Conditions the contractor is subject to Taan’s Specified Incidence Process as outlined with Taan’s Corporate Management System for Safety, environmental non-conformances and production incidents.

Serious non-conformances are subject to part 15 of General Terms and Conditions.

Where Taan has received a fine from Government agencies and that fine is deemed to be the contractor’s responsibility or the result of the contractor’s action or inaction the fine will be transferred to the Contractor in addition to the Liquidated Damages listed above.

B. CONTRACT RATES AND PAYMENT

Taan Forest will, subject to the satisfactory performance of the Contractor’s obligations and provisions of this Contract Agreement and Schedule A, pay the contractor an amount calculated using the following Contract Rates minus any holdback amount specified in this Agreement. The rates for the Work will be all found rates for the Construction Method prescribed on the Road Construction Plan document as follows:

New Road Construction

Flat Rate

Road	Stations	Flat Rate (\$)	Comments
NEY3000	0+809 to 2+304		Taan Forest to supply culverts and ballast. Contractor responsible to haul to site. See Profile and cross sections for design specifications
LOW001-1	0+003 to 0+190		Construct road to meet requirements of log hauling to Ferguson DLS
LOW001-2	0+003 to 0+507		Construct road to meet requirements of log hauling to Ferguson DLS
LOW001-3	0+003 to 0+052		Construct road to meet requirements of log hauling to Ferguson DLS
LOW001-4	0+003 to 0+062		Construct road to meet requirements of log hauling to Ferguson DLS

LOW001-5	0+003 to 0+391	Construct road to meet requirements of log hauling to Ferguson DLS
LOW001-5a	0+003 to 0+099	Construct road to meet requirements of log hauling to Ferguson DLS
LOW001-5b	0+003 to 0+110	Construct road to meet requirements of log hauling to Ferguson DLS

or

Construction Category Rate *N/A*

Bank Height Category	Common Name	Rock Face Height (m)*	Lineal Rate (\$/m)	Comments
OMLB	Other Material – Local Ballast	n/a		
OMPR	Other Material – Pit Run	n/a		
OMRB	Other Material – Rock Ballast	n/a		
TOE	TR – Toe Rock	Up to 1.5		
MRK	MR – Medium Rock	1.51 to 3.0		
HRK	HR – Heavy Rock	3.1 to 4.5		
XRK	XHR – Extra Heavy Rock	4.51 to 6.0		
XXRK	XXHR – Extra, Extra Heavy Rock	6.01 to 7.5		

* height measured from top of road running surface.

Contractor supplies powder and other blasting supplies, fuels, oils, lubes, etc.

Lineal rates include mob/demob costs.

Road Re-construction, Maintenance or Deactivation

Activity	Linear Rate (\$/m)	Comments
Re-construction		
Maintenance		
Deactivation		

Drainage Structures

Structure Size	Rate (\$/structure)	Comments
400 – 800 CMP		
+ 800 – 1000 CMP		
+1000 – 1400 CMP		

Wooden Box Culvert (up to 1m X 4m)		
------------------------------------	--	--

Contractor provides culverts, geotextiles and lashing.

Rental Rates

From time to time, Taan Forest may request additional Work or Services not included in the Scope of this Contract Agreement. This may include, but is not limited to miscellaneous construction and/ or maintenance of roads and landings. Such Work or Services must be requested or preapproved by the Company, and the Contractor must submit daily time-cards for each machine specifying on an hourly basis that Work or services that were performed.

Where, the requirements for such additional Work or Services have been met and subject to the satisfactory performance of the Contractor's obligations, Taan Forest will pay the contractor an amount calculated using all found Equipment Rental Rates as follows:

Equipment / Unit #	All Found Hourly Rate (\$/hr)	Comments

Standby time is not billable time.

Harvest Rates

Taan Forest will, subject to the satisfactory performance of the Contractor's obligations and provisions of this Contract Agreement and Schedule A, pay the contractor an amount calculated using following Contract Rates, The rates for the Work will be all found rates based on Point of Delivery as follows:

System	Rate (\$/m3)	Comments
Full Phase (Stump to Dump)		

C. Volumes to Paid

Volumes to be used for payment of completed Work will be determined based on the Province of British Columbia scaling procedures as specified by the Forest Act and Scaling Regulation and as described in the Ministry of Forest and Range Scaling Manual.

The amount to be paid will be for Net Firmwood Volume, excluding waste, "Z" and "Y" grades (any species), Yew Logs, and trim ends, less any hold back amount noted within this Agreement.



D. Holdback and Security Deposit

Holdback - 5% from each payment, aggregate of total holdback amount not to exceed \$25,000

Security Deposit - \$

E. Payment Schedule

Payment will be made to the Contractor within 30 days of the Company receiving an Invoice from the Contractor.

OR

Payment will be made to the Contractor within 30 days of the Company receiving Mid- Month (15th) and Month-End Scale Data from the designated scale sites (Point of Delivery).

Advance Provision (payment prior to scaled production):

INSURANCE COVERAGE

The Contractor shall, at its own expense, provide and maintain, during the term of this Agreement, the following insurance coverage as fully specified in the General Contract.

- | | | |
|------------------------------------|--|--|
| a. Comprehensive General Liability | <input type="checkbox"/> Not Required | <input checked="" type="checkbox"/> Required |
| b. Professional Liability: | <input checked="" type="checkbox"/> Not Required | <input type="checkbox"/> Required |

SCHEDULE 'B'

PRIME CONTRACTOR AGREEMENT

RESPONSIBILITIES

Terms such as “employer”, “independent operator”, “multiple employer workplace”, “owner”, “prime contractor” and “worker” have the meanings given those terms by Part 3 of the *Workers’ Compensation Act (WC Act)*.

The Contractor acknowledges, agrees and warrants that:

1. The work area is defined/ described within the applicable Taan Pre-Work Meeting Checklist completed for each work area, for the period defined within the Term of Agreement with Schedule B.
2. Taan Forest and the Prime Contractor have agreed that the Workers Compensation Act (WC Act) and its Regulations allow Taan Forest to establish Prime Contractor responsibilities.
3. The Contractor acknowledges that where the Contractor creates a multiple employer workplace, or where Taan Forest creates a multiple employer workplace and advises the Contractor five working days in advance, the Contractor will be the Prime Contractor, pursuant to Clause 2 and 3.
4. The Contractor has the required knowledge and control of the Place of Work or Work Area to execute the responsibilities of a Prime Contractor as described in the WC Act and its Regulations.
5. The Contractor shall:
 - (a) Establish and maintain a system or process that will ensure compliance with Part 3 of the *WC Act* and its Regulations.
 - (b) When requested, co-operate with contract monitoring by the Taan Forest Representative, by providing up-to-date information to the Taan Representative including but not limited to:
 - (xiii) the Contractors safety program;
 - (xiv) a system for first aid coordination;
 - (xv) emergency transportation provisions for injured workers;
 - (xvi) workplace inspection results for Contractor’s own workers and for Subcontractors and Tann Forest’s other contractors and their subcontractors (“Other Contractors”);
 - (xvii) safety meeting minutes from the Contractor, the Contractor’s Subcontractors, Other Contractors and all accident investigations.
 - (c) Immediately notify the Taan Representative should there be any circumstances which another party claims or purports to be the Prime Contractor of Place of Work or Work Area. There can only be one Prime Contractor on any multiple employer workplace.
 - (d) Prior to Work commencing on the Place of Work or Work Area ensure a safety program is in place.
 - (e) Familiarize itself with the Place of Work or Work Area and receive from the Taan Forest Representative a list of hazards which have been observed in the Place of

Work or Work Area. Additionally, the Contractor will conduct workplace inspections to identify additional or new hazards on the Place of Work or Work Area.

- (f) Enforce the required safety rules and all regulatory requirements on all Workers of the Contractor, Subcontractor and other Contractors in the Place of Work or Work Area.
 - (g) Ensure there is appropriate first aid coverage for all workers of the Contractor, Subcontractor and Other Contractors in the Place of Work or Work Area.
 - (h) Comply with the *WC Act* and its Regulation.
 - (i) Deliver a Notice of Project to Worksafe BC in accordance with the *WC Act* and its Regulation.
 - (j) Whenever the Place of Work or Work Area is a multiple employer workplace, ensure the activities at the site are coordinated to eliminate or minimize risk of injuries to the Contractor, Subcontractors, Other Contractors and their Workers.
 - (k) Ensure all Workers of the Contractors, Subcontractors, and Other Contractors in the Place of Work or Work Area are given information known to you that is necessary to identify and eliminate or control hazards to the health and safety of all workers.
 - (l) Immediately notify Workers, suppliers, Subcontractors and Other Contractors and any other persons of any hazards created by overlapping or adjoining work activities of two or more contractors and ensure the hazards are addressed throughout the duration of such activity.
 - (m) Ensure there is a system in place to alert you when Workers, suppliers, Subcontractors and Other Contractors enter the Place of Work or Work Area so that either work can be coordinated. This will include each Subcontractor and Other Contractors providing you with the name of the person designated by them to supervise their workers.
 - (n) Monitor the work of the Contractors workers, Subcontractors and Other Contractors and their workers to ensure compliance with the *WC Act* and its Regulation.
 - (o) Ensure Subcontractors and Other Contractors adequately supervise their workers.
6. Taan Forest may from time to time, on prior written notice, appoint a person other than the Contractor as the Prime Contractor in connection with work that may be performed in the Place of Work or Work Area.
 7. The Contractor agrees that on receiving written notice that another person will be designated the Prime Contractor, the Contractor will coordinate health and safety activities with the new Prime Contractor, and ensure compliance with the safety program of the new Prime Contractor.