

TOLKO

OKANAGAN WOODLANDS
Lumby Office

250 547 2111 Fax: 250 547 1273
4280 Highway 6
Lumby, BC Canada V0E 2G7

JUL 20, 2016

Bob Talbot

*TEB: ALL PAYABLES SHOULD BE TO RED ROCK FARM,
WHICH IS OUR FARM BUSINESS AND IS THE
TITLED OWNER OF RED ROCK FARM.
Red Rock Farm.*

RE: Talbot Road, Road Use Agreement

Dear Bob,

Tolko Industries Ltd. ("Tolko") wishes to enter into this Road Use Agreement with ~~Bob Talbot~~ (the "Landowner") for access to and use of the portion of the existing road known as Talbot Road located on the Landowner's properties bearing District Lots

The purpose of Tolko's Road Use Agreement is to haul timber under Crown Permits issued under Tolko Forest Licenses also to perform Forest Management and Silviculture activities. Harvesting is currently planned in Spring/2017, however, this may change. You will be also notified prior to startup of harvesting operations.

This agreement is to provide entry onto and use of the Talbot Road for Tolko staff, consultants, contractors, Crown personnel and agents thereof to access the Crown permitted timber, with on-going access as required for forest management or post-harvesting silviculture activities.

Tolko will pay \$0.50/m³ for the scaled volume delivered of timber held under Tolko Forest Licenses that are hauled through the Landowner's property pursuant to this Road Use Agreement.

Upon completion of active hauling timber from the Crown Permitted Timber Tolko will leave the Talbot Road substantially in the condition in which it was found at the commencement of such use, reasonable wear and tear excepted. Tolko will have no other responsibility for repair or maintenance of the Talbot Road. All road building and logging activities accessed by this road use agreement will be conducted by Buff Lumber Ltd. Concurrent with the accepted negotiated rates.

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Red Rock Forest

Tolko will be responsible to ~~Pete Talbot~~ for any damage or harm to the Landowner's property, (including the Talbot Road) or to persons listed above, using the Talbot Road that in either case occurs during the period of the active use of the Talbot Road for hauling timber from Crown Permitted Timber, but only to the extent directly caused by Tolko's negligence or willful misconduct in its use of the Talbot Road to haul such timber under this Road Use Agreement.

This agreement may be terminated by either party, upon 90 days written notice delivered to the other party.

To signify your acceptance and agreement with this Road Use Agreement please sign and return a copy of this agreement to Tolko Industries Ltd.

Thank you for this access.

Yours truly,
Tolko Industries Ltd.

Ted Swab, R.P.F.
Ted Swab
Tolko – Okanagan West Zone – Operations Forester

The following signature acknowledges acceptance of and agreement to the Road Use Agreement as detailed above.

R. Talbot
Printed name of landowner

[Signature]
Signature

Aug 21/16
Date

Private Road Improvements:

- Grading/Ditching as required
- Road Widening as required
- Any required culverts
- Slipwire fence at upper property boundary

