

**Referral Policy and Compensation Schedule for
Applications for Crown Lands on Corner Brook Pulp and Paper Limited
Timber Licence Areas**
Version 6

Applications for Crown land on Corner Brook Pulp and Paper Limited timber licence areas will only be recommended where it has been determined that no potential land use conflicts exist, and compensation is received for the loss of timber rights. All applications are reviewed on an individual basis and the following **guidelines** will be used in making the final recommendation.

To avoid potential conflict with forest harvesting activities, forest management activities, road construction activities or any similar activity, applications will be reviewed to determine if approval may potentially negatively impact the Company's responsibilities with respect to the environment and the health and safety of its employees. The Company's commitment to the environment is reflected in its Mission Statement, its Forest and Environmental Policy and its certificate to the Sustainable Forestry Initiative (SFI®) Forest Management and Fibre Sourcing Standards. The Company's commitment to the health and safety of its employees is reflected in its Health and Safety Policy.

General:

1. All requests within existing and potential 5 Year Operating Plans may be refused.
2. All requests adjacent to an existing forest access road will be refused if the location is considered unsafe as related to conflict with timber transportation, employee, and public safety.
3. All requests within areas deemed environmentally sensitive (i.e., sensitive wildlife habitat, sensitive sites with potential for soil degradation, water quality degradation, visual quality degradation, etc.) will be refused unless they are subject to the Environmental Assessment Process.
4. All requests for grants (commercial, residential or cottage) will be refused, unless the Company receives compensation for the loss of timber rights or silviculturally treated areas on that property.
5. It is understood that any potential development area identified will not be exempt from forest management planning activities including silviculture.
6. The company may complete, where necessary, a 3rd party landbase analysis to determine compensation.
7. All ROW Access lease applications will be refused unless CBPPL is compensated for loss resource. Approval will be conditional. The road access must not restrict CBPPL from conducting Forest



Management activities on adjacent lands and CBPPL reserves the right to use the road access if required.

Cottage and Remote Cabins:

1. All requests in or adjacent to existing or planned forest improvement areas (i.e. PCT, plantations, or other silviculture investment areas) may be refused.
2. Remote cottage and cabin applications may be refused if the area is not located within an existing cabin development area.

Quarry Development:

1. Quarry applications will be reviewed on a case-by-case basis.
2. Quarry applications that are submitted where a viewscape buffer is preferred, must include the viewscape area the in the quarry application. Any area that will be used for a viewscape must be included in the overall area requested in the application.
3. Once a quarry site is permitted to an applicant and compensation for the lost resources is received by Corner Brook Pulp and Paper, there will be no refund available for any sections of that area that may be undeveloped. Applicants should only request the area that will be developed. Applications for extensions to quarry sites can be submitted.
4. CBPPL Approved quarry sites that are sold to new owners do not require an application to Corner Brook Pulp and Paper for use and no compensation is required, unless quarry expansion beyond the original approved area is requested. Compensation for approved extension areas will be necessary.
5. Once compensated CBPPL relinquishes ownership of the forest resource contained in the area applied for.

Mining Exploration and Development:

1. Mineral exploration, and mining are recognized as separate and distinct activities, each of which requires approval by Corner Brook Pulp and Paper and possible compensation.
2. It is expected that the applicant will carry out activities and rehabilitation of the site using the standards as outlined in the Environmental Guidelines for Mineral and Quarry Materials Exploration and the Environmental Protection Guidelines.
3. Mineral exploration where the cutting of trees is required:
 - a. Operators must attempt to extract the Merchantable timber harvested. This can be delayed to winter months when access by snowmobile is possible
 - b. It is permitted that the operator may use the harvested material as corduroy to lay down over sections of access trails constructed on wet or soft ground.



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4. Mineral exploration activities may include:

- i. Access trail construction
- ii. Trenching
- iii Test pits
- iv. Clearing for drill pads
- v. Creating campsite and laydown areas

5. All exposed mineral soil must be rehabilitated with organic soil (topsoil). Such soil removed to facilitate the above activities, must be stock piled, and spread over exposed sites upon completion of the exploration activities.

6. A final inspection complete with photographs of rehabilitated sites is also required. Future submissions from the applicant will not be processed until all required actions from an active application are complete.

7. If mining exploration results in future mine development, the compensation rate will be determined using Schedule 1.

Agriculture:

1. All requests for agriculture leases will be refused unless the Company receives compensation for the loss of timber rights or silviculturally treated areas on that property. See schedule 1 for compensation rates.

2. Corner Brook Pulp and Paper retains the right to harvest any merchantable timber from any approved agriculture site unless alternate plans are agreed to by the applicant and the company.

For information on 5 Year Development Plan Areas please go to www.cbpplwoodlands.com.



Schedule I

Compensation Rate Schedule for Crown Land Applications for Corner Brook Pulp and Paper Limited Timber Licence Areas

Timber Value

Merchantable Timber - Softwood	\$
(From the Provincial Forest Inventory Data base	
For all merchantable timber use 40% sawlogs at \$95.00/m ³	
And 60% pulpwood at \$75.00/m ³) Plus (if merchantable timber is	
Spruce add 10%	\$83.00/m ³
	\$92.00/m ³ (spruce)

Merchantable Timber – Hardwood	
Value of hog fuel	\$12.00/m ³

Growing Stock and Land Value

Natural Regeneration\Immature Trees	\$1,600.00/hectare
Non-Productive areas (< 10ha)	\$300.00/hectare
Tree Plantation	\$3,500.00/hectare
Pre-Commercial Thinning	\$3,500/hectare

NOTE - the minimum charge for areas less than 1 ha. will be \$1200.

- If the area in question has a combination of land types, then the total compensation will be calculated by applying a combination of the different rates. E.g. – 100 m³ of softwood Spruce and 0.5 Ha of PCT in area would be: (100 x 0.6 x \$75) + (100 x 0.4 x \$95) + additional 10% for Spruce) + (0.5 x \$3500) = \$10,880

For further information please contact:

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 NOTE: These rates are subject to change.