

LAND TITLE ACT
FORM C

Province of
British Columbia

GENERAL INSTRUMENT - PART I (This area for Land Title Office Use)

1. Application: (Name, address, phone number and signature of applicant, applicant's solicitor or agent)

2. Parcel Identifier(s) and Legal Description(s) of Land:

PID: 009-675-167

District Lot 1127, Sayward District

3. Nature of Interest:*

DESCRIPTION	DOCUMENT REFERENCE (page and paragraph)	PERSON ENTITLED TO INTEREST
Section 219 Covenant	Entire instrument	Transferee
Section 218 Statutory Right of Way	Section 9	Transferee
Rent Charge	Section 11	Transferee

4. Terms: Part 2 of this instrument consists of (select one only)

- (a) Filed Standard Charge Terms _____ D.F. No.
(b) Express Charge Terms **X** Annexed as Part 2
(c) Release _____ There is no Part 2 of this instrument

A selection of (a) includes any additional or modified terms referred to in item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in Item 3 is released or discharged as a charge on the land described in Item 2.

5. Transferor(s):*

ECO INITIATIVES INC

128 Tiber Bay Road

Mansons Landing, Cortes Island BC

V0P 1K0

6. Transferee(s): (Including occupation(s), postal address(es) and postal code(s))*

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, a society registered in
British Columbia (Registration No. S-36826), 2709 Shoreline Dr, Victoria BC V9B 1M5

AND

REGIONAL DISTRICT OF COMOX-STRATHCONA, 600 Comox Road, Courtenay, BC
V9N 3P6

7. Additional or Modified Terms:*

N/A

LAND TITLE ACT
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GENERAL INSTRUMENT - PART I

8. Execution(s): ****This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.**

Officer Signature(s):	EXECUTION DATE		Party(ies) Signature(s)
	Y	M D	
	05		ECO INITIATIVES (INC) by its authorized signatory(s)

			print name

(as to signature)

	05	TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA by its authorized signatory(s)

		William Turner

		print name

	05	THE REGIONAL DISTRICT OF COMOX-STRATHCONA by its authorized signatory(s)

		print name

		print name

(as to both signatures)

OFFICER CERTIFICATION: Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1979, c. 116 to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

* If space is insufficeint, enter "SEE SCHEDULE" and attach schedule in Form E.

** If space is insufficient, continue executions on additional pages in Form D

TERMS OF INSTRUMENT - PART 2

**Section 219 Conservation Covenant and
Section 218 Statutory Right of Way**

The Agreement is dated for reference the ___ day of _____, 2005 is

BETWEEN:

ECO INITIATIVES INC.
(the "Owner")

AND:

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, (Reg. No. S-36826)
("TLC")

AND:

REGIONAL DISTRICT COMOX-STRATHCONA

WHEREAS:

- A. The Owner is the registered owner of the Land;
- B. The Land contains significant amenities, including flora, fauna and natural features, of great importance to the Owner, to the Covenant Holders, and to the public;
- C. A statutory right of way pursuant to s. 218 of the *Land Title Act of British Columbia* in favour of the Covenant Holders is necessary for the operation and maintenance of the undertakings of the Covenant Holders;
- D. TLC The Land Conservancy of British Columbia has been designated by the then Minister of Environment, Lands and Parks as a person authorized to accept covenants under s. 219 of the *Land Title Act of British Columbia* and as a person authorized to accept statutory rights of way pursuant to s. 218 of the *Land Title Act of British Columbia*;
- E. The Regional District of Comox-Strathcona has been designated by the then Minister of Environment, Lands and Parks as a person authorized to accept covenants under s. 219 of the *Land Title Act of British Columbia* and as a person authorized to accept statutory rights of way pursuant to s. 218 of the *Land Title Act of British Columbia*

In consideration of the payment of two dollars (\$2.00) now paid by the Covenant Holders to the Owner (the receipt and sufficiency of which is acknowledged by the Owner), and in consideration of the promises exchanged below, the parties

agree as follows, in accordance with sections 218 and 219 of the *Land Title Act* (British Columbia):

1. **Definitions and Interpretation**

1.1 In this Agreement:

- (a) "Adaptive Management" means the rigorous combination of management, research, and monitoring so that credible information is gained and management activities can be modified by experience.
- (b) "Amenity" includes any natural, scientific, environmental, wildlife, plant life or cultural value relating to the Land;
- (c) "Business Day" means, a day on which the Land Title Office in New Westminster, BC is open.
- (d) "Covenant Holder" means, unless the context otherwise requires, TLC The Land Conservancy of British Columbia or the Regional District of Comox-Strathcona, singularly;
- (e) "Covenant Holders" means, unless the context otherwise requires, TLC The Land Conservancy of British Columbia and the Regional District of Comox-Strathcona, collectively;
- (f) "CPI" means the All-Items Consumer Price Index published by Statistics Canada, or its successor in function, for Vancouver, British Columbia, where 2005 equals 100;
- (g) "Ecosystem-based Forest Management Area" means that part of the Land that is used for sustainable forest management as shown in Schedule D.
- (h) "Ecosystem-based Forest Plan" means a plan for Ecosystem-based Forestry that, without limitation:
 - (i) has been prepared by a registered professional forester with experience in Ecosystem-based Forestry;
- (i) "Ecosystem-based Forestry" means a low-impact approach to forest management that maintains a fully functioning forest within the natural historic range of spatial and temporal variability. Its practices favour native tree and plant species which provide for the needs of wildlife and their habitats.
- (j) "Land" means the parcel of land legally described as: PID 009-675-167, District Lot 1127, Sayward District ;
- (k) "Natural State" means the state of the Land as described in the Report with:
 - (i) such gradual changes thereto as occur over time as a result of natural processes, including windthrow and usual seasonal flooding and erosion; and

- (ii) such changes thereto as may from time to time take place as a result of the use of the Land in compliance with the provisions of this Instrument;
- (l) "Notice of Enforcement" means a notice of enforcement given in this Agreement;
- (m) "Old Growth Forest" means a mature forest ecosystem containing a broad diversity of plant, fungi, bacteria and animal species and relatively untouched by humans;
- (n) "Owner" means ECO INITIATIVES INC. and includes any Successor of the Owner in this Agreement;
- (o) "Protected Area" means that part of the Land that is used biological conservation purposes as shown in Schedule D.
- (p) "Regional District of Comox-Strathcona" means the Regional District of Comox-Strathcona, an office of the regional government and includes its permitted successors and assignees as provided in Section 13;
- (q) "Rent Charge" means the rent charge granted by the Owner under section 11;
- (r) "Rent Charge Amount" means the amount set out in section 11.2, the payment of which is secured by the Rent Charge;
- (s) "Report" means the baseline documentation report that describes the Land and the Amenities in the form of text, maps, photographs and other records of the Land and the Amenities as of the date of registration of this Agreement. A copy of which is attached to this Agreement as Schedule A.;
- (t) "Residential Use Area" means that part of the Land that is used for low impact dwellings and gardens as shown in Schedule D.
- (u) "Service Corridor" means the area that services, driveways or access from Tiber Bay Road may be located.
- (v) "Successor" means a person who, at any time after registration of this Agreement, becomes the registered owner of the Land or any part of the land by any means, including a beneficial owner;
- (w) "sustainable" is a state in which its integrity, composition and functioning is maintained in perpetuity; andZ
- (x) "TLC The Land Conservancy of British Columbia" means a society registered in British Columbia (Registration No.S-36826) and includes its permitted successors and assignees as provided in Section 13.

1.2 Where this Agreement says something is in the "sole discretion" of a party, that thing is within the sole, absolute and unfettered discretion of that party.

1.3 This Agreement shall be interpreted in accordance with the laws of British Columbia and the laws of Canada applicable in British Columbia.

1.4 This Agreement is comprised of the recitation of the parties, the recitals to this Agreement, the Schedules to this Agreement and Part 1 of the *Land Title Act of British Columbia* Form C to which this Agreement is attached.

1.5 In this Agreement:

- (a) reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
- (b) where a word or expression is defined in this Agreement, other parts of speech and grammatical forms of the same word or expression have corresponding meanings;
- (c) reference to a particular numbered section or article, or to a particular lettered Schedule, is a reference to the correspondingly numbered or lettered article, section or Schedule of this Agreement;
- (d) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement.
- (e) the word "enactment" has the meaning given to it in the *Interpretation Act* (British Columbia) on the reference date of this Agreement;
- (f) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced, unless otherwise expressly provided;
- (g) reference to a "party" or the "parties" is a reference to a party, or the parties, to this Agreement and their respective successors, assigns, trustees, administrators and receivers; and
- (h) reference to a "day", "month" or "year" is a reference to a calendar day, calendar month, or calendar year, as the case may be, unless otherwise expressly provided.

2. Representations and Warranties

2.1 The Owner warrants that the facts set out in Recital A are true as of the date of this Agreement.

2.2 TLC The Land Conservancy of British Columbia represents and warrants that the facts set out in Recital D are true as of the date of this Agreement.

2.3 The Regional District of Comox-Strathcona represents and warrants that the facts set out in Recital E are true as of the date of this Agreement

2.4 The parties each agree that Recitals B and C are true as of the date of this Agreement.

3. Intent of Agreement

3.1 The parties each agree that the intent of this Agreement is as follows, and that this Agreement is to be interpreted, performed and applied accordingly:

- (a) to protect, conserve, maintain and enhance the Land and Amenities in a Sustainable state, and to preserve the Protected Area in a Natural State;
 - (b) to prevent any occupation or use of the Land that will significantly impair or interfere with the Sustainable state of the Land or the Amenities and to prevent any use of the Protected Area that will significantly impair or interfere with their Natural State; and
 - (c) to permit the development and practice of Ecosystem-Based Forestry in the Ecosystem-based Forest Management Area.
 - (d) to permit the creation of small-footprint dwellings and outbuildings whilst maintaining and protecting any sensitive areas from building activity.
- 3.2 This Agreement shall be perpetual to reflect the public interest in the protection, conservation, maintenance and enhancement of the Land and preservation of the Protected Area.

4. Baseline Documentation Report

4.1 The parties agree that the Land and the Amenities are described in the Report, a copy of which is on file with each of the parties at the addresses set out in this Agreement, an overview of which is attached as Schedule A to this Agreement.

4.2 The parties agree that the Report is intended to serve as an objective information baseline for monitoring compliance with the terms of this Agreement and the parties each agree that the Report and Schedule A provide an accurate description of the Land and the Amenities at the date of this Agreement.

4.3 The parties each acknowledge that the flora and fauna on the Land will evolve through natural succession over time and, unless otherwise expressly stated, references to the Report in this Agreement are intended to take into account the natural succession of the flora and fauna over time, without human intervention other than as expressly permitted by this Agreement.

5. Restrictions on the Land

5.1 Except as expressly permitted in this Agreement, the Owner shall not do anything, omit to do anything, allow anything to be done, or allow the omission of anything, that does or could reasonably be expected to destroy, impair, diminish, negatively affect, or alter the Land or the Amenities from the condition described in the Report. Without restricting the above:

- (a) the Land shall not be subdivided;
- (b) the Owner shall not, except with the prior written approval of the Covenant Holders, in their sole discretion, perform or allow the performance of any of the restricted activities or uses of the Land set out in Schedule B to this Agreement;

- (c) No easements or Rights of Way may be registered on the land except those found in Section 7 and 9;
- (d) No activity or action on the Land or use of the Land shall be performed or permitted which may be expected to be detrimental or adverse to ground and surface water conservation in quantity, quality, or timing in flow;
- (e) No hunting, fishing or trapping, for commercial or sport purposes shall be performed or permitted on the Land;
- (f) No firearms of any kind shall be discharged or permitted to be discharged on the Land;
- (g) No removal, exploration for, or deposit in any soil, gravel, or rock in the Land;
- (h) No depositing in or on the Land any fill, soil, rock, rubbish, ashes, garbage, waste or other material foreign to the Land except that which is allowed by this Agreement in Schedule B and C;
- (i) No recreational access to 4 wheel drive vehicles or all terrain vehicles;
- (j) No commercial activity is allowed on the Land except where it is related to materials produced on the Land or to the purposes of ecosystem-based forestry or home-based commercial ventures that do not affect the land base; and
- (k) No camping shall be allowed.

6. Dispute Resolution

6.1 If there is a disagreement regarding a breach of this Agreement which has occurred or is threatened, or if there is disagreement as to the meaning of this Agreement, the Owner or either of the Covenant Holders may give notice to the other parties requiring a meeting of all parties within 15 Business Days of receipt of the notice. The parties must attempt to resolve the disagreement, acting reasonably and in good faith, within 20 Business Days of receipt of the notice.

6.2 If the parties are not able to resolve the disagreement within that time, the parties will initiate the procedures set out in the Notice to mediate (General) Regulations to the *Law and Equity Act* of BC.

7. Owner's Reserved Rights

7.1 The Owner reserves all of its rights as owner of the Land, including the right to use, occupy and maintain the Land in any way that is not expressly restricted or prohibited by this Agreement, so long as the use, occupation or maintenance are consistent with the intent of this Agreement.

7.2 The Owner may place a covenant on 5 acres of the southwest corner of the Land to be held by the Regional District of Comox Strathcona and one other Party (Schedule E).

7.3 A Right of Way may be placed on the northwestern lot boundary and adjacent to Tiber Bay Road for use as a public trail in the approximate location shown on Schedule F. This trail must be built to the established trail-building policies of the Regional District of Comox-Strathcona.

7.4 An Easement may be placed along Tiber Bay Road (Schedule G).

7.5 Subject to Section 5.1, the rights set out in Schedule C for each area shown on Schedule D are expressly reserved to the Owner. Each area in Schedule D was delineated by reference to the Report and to the type of activity permitted in the area.

7.6 Subject to section 7.5, nothing in this Agreement restricts or affects the right of the Owner or any other party to do anything reasonably necessary to:

- (a) prevent, abate or mitigate any damage or loss to any real or personal property; or
- (b) prevent potential injury or death to any individual.

7.7 Despite the rest of this Agreement,

- (a) in an emergency situation, such as fire or threat to human safety, a living or dead tree on the Land may be cut down or trimmed without the consent of the Covenant Holders, but the Owner shall notify the Covenant Holders of the circumstances of such action within 30 days, including the actual or likely effect on the Land or the Amenities.

7.8 If the Owner or any other party intends to do anything described in section 7.6, the Owner shall give at least 30 days' prior written notice to each Covenant Holder, describing in reasonable detail the intended action, the reason for it, and its likely effect on the Land or the Amenities. Despite the rest of this Agreement, the Owner shall permit each Covenant Holder to enter upon and inspect the Land if any such action is proposed under section 7.6. A Covenant Holder may comment on the proposed action and the Owner and any other party must take those comments into consideration before doing anything under that section.

8. Owner's Obligations As To Taxes and Other Matters

8.1 The Owner retains all responsibilities and bears all costs and liabilities related to the ownership, use, occupation and maintenance of the Land, including any improvements expressly authorized by this Agreement.

8.2 The Owner shall indemnify each Covenant Holder, their directors, officers, employees, agents and contractors, from and against any and all liabilities, damages, losses, personal injury or death, causes of action, actions, claims, and demands by or on behalf of any person, arising out of any act or omission,

negligent or otherwise, in the use, occupation and maintenance of the Land or the Amenities by the Owner.

8.3 The Owner is liable for any and all breaches of this Agreement, but the Owner is not liable for:

- (a) breaches of this Agreement which occur while the Owner is not the registered owner of any interest in the Land;
- (b) injury or alteration to the Land or the Amenities resulting from natural causes, or causes beyond the Owner's reasonable control, including accidental fire, flood, storm, vandalism, trespass and earth movement, but excluding injury or alteration resulting from actions of the Owner or any other person acting with the actual or constructive knowledge of the Owner; or
- (c) any prudent action taken by the Owner under emergency conditions to prevent, abate, or mitigate significant injury to the Land or the Amenities resulting from natural causes, including accidental fire, flood, storm and earth movement.

8.4 Without limiting the above, the Owner:

- (a) is solely responsible and liable for any loss or damage, or liability of any kind (whether civil, criminal or regulatory), in any way connected with the existence in, on, from, to or under the Land (whether through spill, emission, migration, deposit, storage or otherwise) of any pollutant, contaminant, waste, special waste, or any matter that impairs the environment ("Contaminant"); and
- (b) shall indemnify each Covenant Holder from and against any loss, damage, liability, cause of action, action, penal proceeding, regulatory action, order, directive, notice or requirement, including those of any government agency, incurred, suffered, brought against or instituted against each Covenant Holder, jointly or severally, in any way associated with anything described in section 8.4(a).

8.5 Where the Owner is not responsible for damage or theft due to trespass or vandalism, the Owner will take all reasonable steps to identify and prosecute the person responsible and to seek financial restitution for the damage or theft.

8.6 The Owner shall pay when due all taxes, assessments, levies, fees and charges of whatever description which may be levied on or assessed against the Land and shall pay any arrears, penalties and interest in respect thereof.

8.7 The Owner shall indemnify each Covenant Holder from and against any fee, tax, or other charge which may be assessed or levied against the Owner or Covenant Holders pursuant to any enactment, including the *Income Tax Act* (Canada) with respect to the Land or with respect to this Agreement, including any fee, tax or other charge which may be assessed or levied against the Owner or the Covenant Holders as a result of the amendment or termination of this Agreement.

8.8 Any debts or other amounts due from the Owner to the Covenant Holders under this Agreement, if not paid within 30 days after notice, shall bear interest at the annual interest rate that is 3 percent greater than the prime rate of interest. For the purposes of this section, the "prime rate of interest" is the annual rate of interest charged from time to time by the Bank of Montreal, at its main branch in Vancouver, British Columbia, for demand Canadian dollar commercial loans made to its most creditworthy commercial customers and designated from time to time by the Bank of Montreal as its prime rate.

8.9 For clarity, the indemnities granted by the Owner to the Covenant Holders under this Agreement are indemnities granted as an integral part of the section 219 *Land Title Act of British Columbia* covenant created by this Agreement.

9. **Statutory Right of Way For Monitoring and Enforcement**

9.1 The Owner grants to each of the Covenant Holders a license, and a statutory right of way pursuant to s. 218 of the *Land Title Act*, permitting each of the Covenant Holders to do the following:

- (a) to enter upon and inspect the Land:
 - (i) at least once each calendar year, with the date for each inspection to be agreed upon by the parties before August 31 each year, but if the parties cannot agree on those days by August 31 in any year, the Covenant Holders are entitled to enter upon and inspect the Land in accordance with section 9.1(a)(ii); and
 - (ii) at all reasonable times upon prior notice by a Covenant Holder to the Owner of at least forty-eight (48) hours, unless, in the opinion of a Covenant Holder, there is an emergency or other circumstance which does not make giving such notice practicable, in the sole discretion of the Covenant Holder;
- (b) as part of inspection of the Land, to take samples, photographs and video recordings as may be necessary to monitor compliance and enforce the terms of this Agreement;
- (c) to enter upon and protect, preserve, conserve, maintain, enhance, restore or rehabilitate, in that Covenant Holder's sole discretion and at that Covenant Holder's expense, the Land or the Amenities to as near the condition described in the Report as is practicable if an act of nature or human agency other than as described in section 9.1(d), destroys, impairs, diminishes or negatively affects or alters the Land or the Amenities from the condition described in the Report;
- (d) in accordance with section 10.1, to enter upon and protect, preserve, conserve, maintain, enhance, restore or rehabilitate, in that Covenant Holder's sole discretion and at that Owner's expense, the Land or the Amenities to as near the condition described in the Report as is practicable, if an action of the Owner

or any other person acting with the actual or constructive knowledge of the Owner:

- (i) destroys, impairs, diminishes, negatively affects or alters the Land or the Amenities from the condition described in the Report; or
- (ii) contravenes any term of this Agreement;
- (e) to carry out or evaluate, or both, any program agreed upon among the parties for the protection, preservation, conservation, maintenance, enhancement, restoration or rehabilitation of all or any portion of the Land or the Amenities; and
- (f) to place survey pegs or other markings on the Land or to increase the visibility of existing survey pegs or other markings.

9.2 The Covenant Holders may bring vehicles, as reasonably necessary, equipment and personal property onto the Land when exercising their rights under this Agreement.

9.3 For the purposes of sections 9.1(c) and (d), both of the Covenant Holders have the sole discretion to protect, preserve, conserve, maintain, enhance, restore or rehabilitate the Land or the Amenities.

10. Enforcement Remedy of the Covenant Holders

10.1 If either Covenant Holder, in its sole discretion, believes that the Owner has neglected or refused to perform any of the obligations set out in this Agreement or is in breach of any term of this Agreement, that Covenant Holder may serve on the Owner a notice setting out particulars of the breach and of the Covenant Holder's estimated maximum costs of remedying the breach. The Owner has 60 days from receipt of the notice to remedy the breach or make arrangements satisfactory to the Covenant Holder for remedying the breach, including with respect to the time within which the breach shall be remedied.

10.2 If the Owner does not remedy a breach described 60 days, either Covenant Holder is entitled to enter the Land and remedy the breach or carry out the arrangements and the Owner shall reimburse that Covenant Holder for any expenses incurred in doing so, up to the estimated maximum costs of remedying the breach as set out in the notice. Expenses incurred by the Covenant Holder under this section are a debt owed by the Owner to that Covenant Holder.

11. Rent Charge and Its Enforcement

11.1 As security for the performance of the Owner's obligations under this Agreement, the Owner grants to the Covenant Holders a perpetual rent charge against the Land, ranking prior to all other financial charges and encumbrances registered against the Land, including options to purchase and rights of first refusal. The Rent Charge is granted both under s. 219 of the *Land Title Act*

(British Columbia) as an integral part of the statutory covenant created by this Agreement and as a fee simple rent charge at common law.

11.2 The Rent Charge secures payment to the Covenant Holders by the Owner of the sum of \$5,000.00 per year per violation, subject to adjustment under section 11.4. For clarity, only one Rent Charge Amount is payable by the Owner for each violation, and not one to each to the Covenant Holders.

11.3 A yearly Rent Charge of \$100 is due to the Covenant Holders by January 31st of each year, subject to adjustment under section 11.4.

11.4 The Rent Charge Amount is to be adjusted on January 1 of each year by increasing or decreasing, as the case may be, the Rent Charge Amount by the amount determined by multiplying the Rent Charge Amount on December 31 immediately preceding by the percentage increase or decrease, as the case may be, in the CPI between the previous January 1 and that December 31 and adding the amount so determined to the Rent Charge Amount as it stands on that December 31. If Statistics Canada, or its successor in function, ceases to publish a CPI or comparable indicator as determined by the Covenant Holder in its sole discretion, the parties agree that the factor to be used in determining the Rent Charge Amount for each year shall be 3%.

11.5 The Rent Charge Amount shall be increased by a sum equal to 110% of the market value at the date of any breach of this Agreement of any flora or fauna, soil, rock, gravel or minerals, which has been altered, damaged, destroyed, moved, harvested or removed.

11.6 A Covenant Holder shall be entitled to recover from the Owner all reasonable expenses incurred as a result of enforcement of the Rent Charge.

11.7 The Rent Charge is suspended unless and until the Owner is in breach of any provision of this Agreement and has not cured the breach, or is not diligently proceeding to cure the breach in accordance with section 10 of this Agreement.

11.8 A Covenant Holder may enforce the Rent Charge by any combination, or all, of:

- (a) an action against the Owner for the Rent Charge Amount;
- (b) distraint against the Land to the extent of the Rent Charge Amount;
- (c) an action for appointment of a receiver in respect of the Land; or
- (d) an order for sale of the Land.

11.9 If either of the Covenant Holders wishes to enforce the Rent Charge, it shall provide notice to that effect to the Owners and to the other Covenant Holder. The Notice of Enforcement may be given at any time after notice of breach is given.

11.10 The Covenant Holder receiving the Notice of Enforcement has 30 days from receipt to send notice to the notifying Covenant Holder that it wishes to enforce the Rent Charge jointly and if it does not do so it is deemed to have elected not to enforce the Rent Charge.

11.11 If the Rent Charge is enforced jointly:

- (a) reasonable expenses incurred as a result of the enforcement of the Rent Charge shall be shared equally between the Covenant Holders; and
- (b) the net proceeds obtained as a result of the enforcement of the Rent Charge shall be shared equally between the Covenant Holders,

unless otherwise agreed in writing between the Covenant Holders.

11.12 If the Covenant Holder receiving the notice of enforcement does not wish to enforce the Rent Charge jointly, that Covenant Holder shall have no entitlement to the Rent Charge unless otherwise agreed in writing between the Covenant Holders.

11.13 A Covenant Holder who declines to enforce the Rent Charge jointly shall execute all documents which may be necessary for the enforcement and collection of the Rent Charge by the notifying Covenant Holder.

12. Successor of the Owner

12.1 This Agreement shall enure to the benefit of and be binding upon the Owner and the Owner's Successor.

12.2 The Owner shall not lease or license the Land or any part thereof unless the lease or license is expressly made subject to the provisions of this Agreement and unless the lease or license expressly entitles the Owner to terminate the lease or license and re-enter the land if the tenant or licensee breaches any of the provisions of this Agreement.

12.3 Failure by the Owner to comply with the provisions of this section shall not affect the enforceability of this Agreement against the Owner or any Successor.

13. Assignment of Agreement or Dissolution of a Covenant Holder

13.1 This Agreement shall be transferable by a Covenant Holder, but a Covenant Holder may assign its rights and obligations under this Agreement only to an entity or person qualified at the time of transfer to hold covenants under s. 219 of the *Land Title Act* and any applicable regulation under it. The Covenant Holders agree that before either of them assigns its rights and obligations under this section, it shall consult with the Owner, and consider the Owner's comments, with respect to the proposed assignee. The Covenant Holder must give notice to the Owner of the proposed assignment, setting out in reasonable detail the identity of the proposed assignee and the qualifications and experience of the proposed assignee relevant to performance by the assignee of the rights and obligations of the Covenant Holder under this Agreement. If the Owner does not provide comments to the Covenant Holder regarding the proposed assignee within 10 days after receipt from the Covenant Holder to the Owner under this section, the Owner is conclusively deemed to have declined to comment on the proposed assignee and to have consented to the assignment. For clarity, the Owner agrees that the Covenant Holder is only required to consult the Owner

and that the Covenant Holder is entitled to assign its rights and obligations so long as it has consulted the Owner.

13.2 In the event of the winding-up or dissolution of a Covenant Holder, the Covenant Holder shall use its best efforts to assign and transfer all of its interest under this Agreement to a person or entity authorized to accept covenants under section 219 of the *Land Title Act*. If the Covenant Holder does not assign and transfer all of its interests under this Agreement as set out in this section, it shall be deemed to have assigned and transferred all of its interest under this Agreement to the Regional District of Comox-Strathcona, to hold temporarily until another Covenant Holder can be found, or if the Regional District of Comox-Strathcona is not available, to Her Majesty the Queen in Right of the Province of British Columbia. For clarity, the consultation process set out in section 13.1 does not apply to this section.

14. Notice

14.1 Any notice or other communication (collectively "notice") required or permitted under this Agreement shall be:

- (a) delivered in person; or
- (b) sent by pre-paid registered mail to the address of the parties at their respective addresses as set out in this Agreement.

14.2 If notice is delivered in person, the party receiving the notice shall forthwith acknowledge receipt of same in writing, and the notice shall be deemed to have been received on the earlier of the date of such acknowledgment and the date that is 5 days after the notice is sent.

14.3 If notice is sent by pre-paid registered mail, it shall be deemed to have been received on the fourth Business Day following the day on which the notice was sent. The addresses of the parties' representatives for notice are as follows:

ECO INITIATIVES INC.:
128 Tiber bay Road
Mansons Landing, Cortes IslandBC
V0P 1K0

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA:
2709 Shoreline Drive
Victoria, BC V9B 1M5

REGIONAL DISTRICT OF COMOX-STRATHCONA
600 Comox Road,
Courtenay, BC V9N 3P6

14.4 Each party agrees to immediately give written notice to the others of any change in its address.

14.5 If a party refuses to sign an acknowledgment of receipt of notice, the person delivering the notice may swear an affidavit of service and the notice shall be deemed to have been received on the date of service set out in the affidavit.

15. Mortgages

15.1 In this section, "approve" and "approval" mean approval by both Covenant Holders of a first mortgage intended to be registered against the Land or any portion of the Land.

15.2 If the Owner is not in breach of this Agreement, the Covenant Holders shall approve a first mortgage if:

- (a) the mortgage does not exceed 75% of the fair market value of the Land at the date of the approval, as determined by a qualified appraiser; and
- (b) the mortgage is an arms-length transaction with a bona fide mortgage lender.

15.3 The Covenant Holders may, in their Sole Discretion, inspect the Land to determine if the Owner is in breach of any of the terms of this Agreement before granting approval and may withhold approval if there is any breach.

15.4 The Owner shall reimburse and indemnify the Covenant Holders for all reasonable expenses incurred by it as a result of a site visit to inspect the Land pursuant to this section.

16. Access

16.1 Limited access to the public is allowed on specified areas on the Land as described in the Right of Ways.

17. Notice of Covenant

17.1 The Owner agrees to allow the Covenant Holders to publicize the existence of this Agreement in a tasteful manner.

17.2 Without restricting the generality of the foregoing, the Owner agrees to allow the Covenant Holders to erect a plaque or other signage on the Land, in a tasteful manner and at the Covenant Holder's expense, indicating that the Covenant Holders hold a covenant on the Land.

18. No Liability in Tort

18.1 The parties agree that this Agreement creates only contractual obligations and obligations arising out of the nature of this Agreement as a covenant under seal. Without limiting the generality of the foregoing, the parties agree that no tort or fiduciary obligations or liabilities of any kind are created or exist between the parties in respect of this Agreement and nothing in this Agreement creates any duty of care or other duty on any of the parties to anyone else. For clarity, the intent of this section is to,

among other things, exclude tort liability of any kind and to limit the parties to their rights and remedies under the law of contract.

19. **Waiver**

19.1 An alleged waiver of any breach of this Agreement is effective only if it is an express written waiver signed by the Covenant Holders, and is only effective to the extent of that express waiver and does not operate as a waiver of any other breach.

20. **Joint and Several Obligations**

20.1 The obligations of the parties referred to in this Agreement as the Owner are joint and several.

21. **Remedies not exhaustive**

21.1 Exercise or enforcement by a party of any remedy or right under or in respect of this Agreement does not limit or affect any other remedy or right that party may have against the other parties in respect of or under this Agreement or its performance or breach.

22. **Covenant runs with the Land**

22.1 Unless it is otherwise expressly provided in this Agreement, every obligation and covenant of the Owner in this Agreement constitutes a personal covenant and also a covenant granted under s. 219 of the *Land Title Act* (British Columbia) and a statutory right of way granted under s. 218 of the *Land Title Act* in respect of the Land. This Agreement burdens the Land and runs with it and binds the successors in title to the Land. This Agreement burdens and charges all of the Land and any parcel into which it is subdivided by any means and any parcel into which the Land is consolidated.

23. **Registration**

23.1 The Owner agrees to do everything necessary at the Owner's expense to ensure that this Agreement, and the interests it creates, is registered against title to the Land, with, priority over all financial charges, liens and encumbrances registered or pending registration in the Land Title Office at the time of application for registration of this Agreement, including options to purchase and rights of first refusal.

24. **Severance**

24.1 If any part of this Agreement is held by a court to be invalid, illegal or unenforceable, that part is to be considered to have been severed from the rest of this Agreement and the rest of this Agreement is to remain in force unaffected by that holding or by the severance of that part as if the part was never part of this Agreement.

25. **No other Agreements**

25.1 This Agreement is the entire Agreement between the parties and it terminates and supersedes all other Agreements and arrangements

regarding its subject. A written instrument signed by all the parties may only change this Agreement.

26. Binding on successors

26.1 This Agreement binds the parties to it and their respective successors, heirs, executors and administrators.

27. Amendments

28. This Agreement is meant to be perpetual and may only be changed by a written instrument signed by all the parties.

29. Independent Advice

29.1 The Owner acknowledges and agrees that the Owner has sought and obtained to the Owner's satisfaction independent advice from an accountant or other income tax expert with respect to the income tax implications of this Agreement and acknowledges that it does not and has not relied on either Covenant Holder for advice in this regard and that they have given no representation or warranty in that regard.

29.2 The Owner acknowledges and agrees that the Owner has been advised by the Covenant Holders that the Owner should seek legal advice as to the meaning and effect of this Agreement and the Owner further acknowledges and agrees that no legal advisor of the Covenant Holders have advised the Owner on the meaning or effect of this Agreement or in connection with this Agreement.

30. Deed and contract

30.1 By executing and delivering this Agreement, each of the parties intends to create both a contract and a deed and covenant executed and delivered under seal.

31. Rights of Covenant Holders

31.1 A Covenant Holders, as a corporate entity, may exercise its rights under this Agreement through its directors, officers, employees, agents or contractors.

As evidence of their Agreement to be bound by the above terms, the parties each have executed and delivered this Agreement under seal by executing Part 1 of the *Land Title Act* Form C to which this Agreement is attached and which forms part of this Agreement.

32. Statutory Powers of the Regional District

32.1 Nothing contained or implied herein shall prejudice or affect the rights and powers of the Covenant Holder, the Regional District of Comox-Strathcona, in the exercise of its functions under any public or private statutes, bylaws, orders and regulations, all of which may be fully and effectively exercised in relation to the Land as if this Agreement had not been executed and delivered by the Owner.

SCHEDULE A

Attached to and forming part of the Covenant Agreement between LANDOWNER'S NAME, Owner, and TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, Covenant Holder, and REGIONAL DISTRICT OF COMOX-STRATHCONA, Covenant Holder, dated the ___ day of _____, 2005.

**BASELINE DOCUMENTATION
FOR DISTRICT LOT 1127
CONSERVATION COVENANT
CORTES ISLAND**

Adapted in 2005 by Nick Stanger from

Kevin Haberl and Bob Green

B.A. Blackwell and Associates Ltd.
3057 Hoskins Road
North Vancouver, B.C.
V7J 3B5

Ken MacKenzie

Iverson and MacKenzie Biological Consulting Ltd.
P.O. Box 511
Lac La Hache, B.C.
V0K 1T0

May 14, 2002

I. SUMMARY INFORMATION

A. Property Information

1. Donor: Weyerhaeuser Company Limited
2. Location: on Desolation Sound, west of the hamlet of Tiber Bay.
3. Easements or existing Rights-of-Way of Record: Right of Way 401775G

B. Introduction

This baseline report documents the condition of the Property, including description of ecosystem characteristics, wildlife characteristics, and human-engineered features such as roads, bridges, and power-lines. In addition, key attributes that are significant for land management and development are described. This includes ecologically significant habitats, rare plant species, rare wildlife species, watercourses, wetlands, and wildlife trees. The baseline report describes conditions of the Property as of April 11, 2002.

C. Methods

The ecosystem, wildlife, and human-engineered features of the Property were assessed for the purposes of this report during a site visit conducted April 10 and 11, 2002. This visit was done by Kevin Haberl of B.A. Blackwell and Associates Ltd., North Vancouver, B.C., and by Ken MacKenzie of Iverson and MacKenzie Biological Consulting Ltd., Lac la Hache, B.C.

Prior to field visits, aerial photographs were viewed and areas with high potential for significant habitats were noted. All existing maps and a wildlife observation database (Ministry of Water, Land, and Air Protection) were reviewed. In addition, lists of rare plant and animal species¹, rare plant communities², and a database of local element occurrences (Ministry of Sustainable Resource Management) were reviewed. Any waterbodies, wetlands, rocky areas or natural open areas were noted and planned for viewing. The Property was thoroughly traversed on foot and any habitat features seen were noted. Any permanent habitat features including caves, cliffs, wetlands, and open water bodies were mapped and habitat quality for each of the evaluated species was rated.

Wildlife trees were evaluated during the field evaluation and mapped into areas of relatively consistent densities.

Ecosystem features including vegetation and soils were observed while traversing the Property on foot, and through data collected from five plots. The GPS locations of plots and ecological boundaries were recorded. The plots were reconnaissance-level ecosystem assessment plots. The information gathered from the plots included data on physiography, soils (through excavation of a soil pit), understory vegetation and overstory tree

¹ Committee on the Status of Endangered Wildlife in Canada (COSEWIC)

² British Columbia Conservation Data Center (CDC)

species (modified from B.C. Min. of Env., Lands, and Parks, and B.C. Min. For. 1998). See Map 1 for the traverse route and plot locations.

An ground-truth analysis of the SW Sensitive Ecosystems Inventory polygon was completed in February , 2005 by Bob Fuller (biologist) and is found in Appendix D of this baseline.

II. ECOSYSTEM CHARACTERISTICS

A. Overview

The Property is a rectangular shape bounded on the west, north, and south by a closed canopy young forest, and on the east by the ocean (Desolation Sound). The topography is varied, from gently sloping to broken with some depressions, and ranges in elevation from sea level to 120m along the south edge. The waterfront along the eastern edge is generally steep and broken with shallow soils (photo 12). Soils were observed in roadcuts, streambanks, windthrown tree holes and at soil pits at each plot location. The soil parent materials are predominantly glacial tills, occasionally with a glaciomarine cap locally overlaying tills, and occasional “slopewash” finer textured materials on the surface in receiving sites. The soils on fresh and moist sites are generally deep and coarse textured. Drier sites (site series 02, 03) have common rock outcrops and thin soil veneers. Root zone soil textures varied from sandy loam to sand with coarse fragment content varying from 0 to 40%. The forest cover is dominated by second-growth Douglas-fir (*Pseudotsuga menziesii*), red alder (*Alnus rubra*), western redcedar (*Thuja plicata*) and western hemlock (*Tsuga heterophylla*) with rare large “veteran” trees (Douglas-fir, western redcedar). On rocky sites, arbutus (*Arbutus menziesii*) also comprises a portion of the overstory. The majority of the forest was established following logging in the 1920’s and 30’s. The rocky knolls along the southern border and the eastern edge are generally old forest types featuring open stands of Douglas-fir and arbutus. Logging has not significantly impacted this area.

B. Ecosystem description³

This area falls within the Eastern Very Dry Maritime Coastal Western Hemlock biogeoclimatic variant (CWHxm1). The Property has been divided into six different ecosystem polygons. An ecosystem polygon represents an area featuring a characteristic structural stage (Table 1) and ecosystem or pattern of ecosystems. Ecosystems are identified using site series recognized in the biogeoclimatic ecosystem classification system. Refer to Map 2 for location of the recognized ecosystem polygons.

TABLE 1. Forest structural stage classes

Cod e	Class	Description
NV	Non-vegetated	< 10% cover of vascular plants

³ see Green and Klinka (1994) for a description of the biogeoclimatic ecosystem classification, biogeoclimatic variants, and site series

Cod e	Class	Description
HB	Herb	herb dominated communities, < 10% tree cover, < 25% shrub cover
SH	Shrub/herb	< 20 year old forest, dominated by shrubs <10 m tall including conifer regen, tree cover < 10%, < 20 years
PS	Pole/sapling	trees > 10 m tall and overtopping shrub and herb layer, generally 20 to 40 years
YF	Young forest	self-thinning evident, canopy layers developed, generally 40 to 80 years
MF	Mature forest	co-dominant trees mature, well developed understory often including advanced regen, generally 80-250 years
OF	Old forest	old, structurally complex stands with snags and CWD, generally >250 years

Ecosystem Polygon 1 is predominantly site series 01 (HwFd – Kindbergia site series, slightly dry-fresh/nutrient poor-medium) with a component of site series 05 (Cw-Sword Fern site series, slightly dry-fresh/nutrient rich) and 06 (HwCw-Deer fern site series, moist/nutrient medium). The soils consist of loamy sand to sandy loam glacial tills, with a glaciomarine cap of sand in a portion of the area. This site has better productivity than ecosystem polygon 6, also dominated by site series 01. There is common windthrow throughout this area associated with localized moist soils. The overstory is a Young Forest structural stage comprised of Douglas-fir (Fd), western hemlock (Hw), red alder (Dr), and western redcedar (Cw).

Ecosystem Polygon 2 is predominantly site series 02 (FdPI – Cladina site series, very dry/nutrient poor) and 03 (FdHw – Salal site series, moderately dry/nutrient poor), with a component of site series 01. The soils are shallow coarse loamy sand on fractured hummocky granitic bedrock. This ecosystem polygon occupies crest and upper slope positions. This area is largely inaccessible, and was not harvested along with the rest of the Property in the 1920's. The overstory is a gappy Old Forest structural stage dominated by Fd and arbutus.

Ecosystem Polygon 3 is predominantly site series 02 and 03, and is located in crest slope positions. The soil consists of a thin dry organic veneer over bedrock. This site has low forest productivity (photo 15). The overstory is a gappy Young Forest structural stage comprised of Fd with a minor amount of Cw.

Ecosystem Polygon 4 is predominantly site series 03 (FdHw – Salal site series, moderately dry/nutrient poor) with a component of site series 02 (FdPI – Cladina site series, very dry/nutrient poor) and poorer quality site series 01 (HwFd – Kindbergia site series, slightly dry/nutrient poor). The soils are shallow coarse loamy sand over hummocky granitic bedrock. This site is drier than the surrounding sites due to the shallow, coarse textured soils and the upper slope and crest slope positions. The overstory is a generally Young

Forest structural stage dominated by Fd with a component of Cw and a minor amount of Hw. The Hw trees show a moderate incidence of Hemlock Dwarf Mistletoe (*Arceuthobium tsugense*) infection, which is common in the Hw throughout the area. Rare Fd veteran trees occur in this ecosystem polygon. Ecosystem Polygon 5 is predominantly site series 06 with a component of site series 07 (Cw-Foamflower site series, moist/nutrient rich). The soil consists of deep glacial tills. This ecosystem polygon is generally located in lower slope, moisture-receiving positions, resulting in moist soils. This ecosystem polygon has a higher component of deciduous trees, particularly Dr. This site has moderate (to high) forest productivity. The overstory is a Young Forest structural stage comprised of Cw, Dr, and Hw with a component of Fd. Ecosystem Polygon 6 is predominantly site series 01 (HwFd – Kindbergia site series, slightly dry /nutrient poor) with a component of site series 03. The soils consist of relatively shallow loamy sand to sandy loam glacial till. This site has lower productivity than ecosystem polygon 1. The overstory is a Young Forest structural stage comprised of Fd and Cw.

C. Soil Erosion Risk

Throughout the Property, soil parent materials are predominantly glacial till deposits. These soils are relatively coarse textured and well drained, with local shallow areas where bedrock approaches the surface. No areas at significant risk of erosion were found on the Property.

D. Rare Plant Species And Plant Communities

Rare plant species which potentially may be found on Cortes Island were selected from the species database maintained by the Committee on the Status of Endangered Wildlife in Canada⁴ (COSEWIC). Species considered outside the range represented by the study area were excluded (eg. high elevation alpine areas, Interior of B.C.).

Rare plant communities, which potentially may be found on Cortes Island, were obtained from the Conservation Data Center⁵ (CDC) natural plant community tracking lists for the CWHxm1 biogeoclimatic variant.

Ecosystem polygon 2 represents a red-listed plant community as recognized in the CDC tracking lists. This is the CWHxm1/02 site series (FdPI - Rhacomitrium) with a component of CWHxm1/03 site series (FdHw – Salal), supporting an Old Forest structural stage. No significant vegetation features were noted elsewhere on the Property. The ecosystems within the majority of the Property are common throughout the region. These plant communities were younger than recognized CDC red and blue listed communities.

No rare plant species were observed during the field examination, nor have been recorded in the CDC element occurrence reports. As vegetation was not fully developed due to the season, many of the listed species would not be visible. However, the ecosystems in which the majority of these species are

⁴ COSEWIC develops and maintains a national listing of Canadian species at risk, using categories of extinct, extirpated, endangered, threatened, and vulnerable

⁵ the CDC develops and maintains a provincial listing of plant communities, which have become most vulnerable. Red listed includes plant communities that are candidates for extirpated, endangered, or threatened status in B.C. Blue listed includes plant communities that are vulnerable in B.C.

typically found did not occur on the Property. Coastal wood-fern (*Dryopteris arguta*) has been found in the southern Gulf Islands on sites similar to the warm aspect areas of ecosystem polygon 2. However it is a large evergreen fern and was clearly not present on the Property.

III. WILDLIFE CHARACTERISTICS

A. Overview

Habitat requirements were divided into habitats used for reproduction, and general habitat used for the remainder of life history requisites. Generally, reproductive habitats are more restrictive to a species than the general habitat used for foraging or other life history requisites but often the quality of reproductive habitat depends upon proximity to and quality of adjacent foraging habitat.

Habitats for evaluation were separated into permanent habitat and temporary habitat attributes. Permanent habitats include such areas as cliffs, caves, streams, wetlands and lakes (Table 2). These features were mapped when encountered, described, areas of the habitat were estimated, and habitat value assigned. The overall habitat rating for these permanent habitats was then modified to reflect the quality of the surrounding foraging habitat.

Temporary habitat attributes include such things as forest structure and wildlife trees, and were described using structural stage (for forest structure) and density for Wildlife Tree Classes.

TABLE 2. List of permanent habitats associated with rare species potentially found on Cortes Island.

	Designated species
Wetlands	northern red-legged frog
Caves/crevices	Keen's long-eared myotis
Large Cliffs	Peregrine falcon
Open rangeland	Peregrine falcon
Streams/Riparian Vegetation	Keen's long-eared myotis, northern red-legged frog, barn owl, sharp-tailed snake
Shallow open water	northern red-legged frog

B. Wildlife Trees

Wildlife trees were classified based upon decay class and species as per the Wildlife Danger Tree Assessor's Course Handbook (6th ed., 2000)(Table 3). Signs of use increase quality rating, as does both tree height and diameter. Western redcedar and Douglas-fir were rated as the most valuable wildlife tree species because of the longevity of standing dead trees of these species. Any sign of use was noted during field assessments. High value wildlife trees are defined as Wildlife Tree Classes 3, 4, 5 and, if there is sign of wildlife use (cavities, usually meaning that part of the tree is dead) Wildlife Tree Class 2. Wildlife Tree Class 6 and 7 trees and, if there is no visible wildlife use, Wildlife

Tree Class 2 trees are of lower value. This rating is based both upon the expected longevity of the wildlife trees and on their current habitat value.

TABLE 3. Wildlife Tree Classes¹

Class	Description
1	Live, healthy, no obvious decay
2	Live but unhealthy, internal decay evident, declining, deformed
3	Recently dead, wood sound, fine branches intact
4	Dead, wood relatively sound, fine branches fallen but larger limbs intact
5	Dead, wood becoming spongy, most limbs fallen, bark mostly intact
6	Dead, wood soft, limbs fallen, more than half the bark fallen, greater than 2/3 of tree height remaining erect
7	Dead, wood soft, most of bark sloughed, less than 2/3 of tree height erect

¹ modified from Wildlife Danger Tree Assessor's Course Handbook, 2000

C. Habitat Description

Wildlife species and habitats evaluated on the Property were selected from the COSEWIC lists for British Columbia. Species on the lists that are not affected by land management practices (eg. whale species, sea otter) and species whose known distribution does not approach Cortes Island (eg. grizzly bear, Vancouver Island marmot) were deleted from the list of species to be evaluated. Habitat requirements for the remaining species were then obtained from the literature.

The Property was divided into 2 wildlife polygons differentiated by the density of wildlife trees (see Map 3 at Appendix A). Most of the Property (wildlife polygon 2) had low densities of high value wildlife trees but one area (wildlife polygon 1) was not logged and had moderate to high densities. Most of these trees are Class 2 and provide moderate to poor habitat potential for wildlife tree users. The northwest corner of the Property has been logged in the past but moderate densities of large live veteran trees were observed and will serve as excellent recruitment wildlife trees.

Three streams were observed in the Property. Stream #1 enters the Property from the west and is the continuation of a man made drainage ditch. There is poor channel development along this stream until the stream enters a 4 to 5 m deep draw about 150 m into the Property from the eastern boundary. Riparian vegetation is poorly developed along the entire stream length. The stream exits the Property to the south. This stream would be classified S3 or S6 under the Forest Practices Code stream classification, depending upon fish presence⁶. Fish presence is unknown but no fish were seen at the time of the assessment. An unused water intake was seen in this stream near the southern Property line (see photo 13).

⁶ Forest Practices Code, Fish-stream identification guidebook – second edition.

A second stream (#2) flows south through the Property. This stream flows in a 2 m deep draw but has poor riparian vegetation development. This stream would be classified S4 or S6 depending upon fish presence. A third stream (#3) flows into the ocean on the east side of the Property. This stream is ephemeral, is only approximately 60 m in length and does not have a defined channel. It would be classified S6 as fish presence is very unlikely in this stream.

Two small wet areas were seen in the Property. One is along the Tiber Bay Road and the other lies about 100 m south of the first. Both wet areas are very small. The wet area by the Tiber Bay Road has an area of open water and provides moderate habitat potential for designated species. The second area, located within the forest, is seasonally wet but dry in the summer months (ie. dry at time of inspection). Both sites are too small to be classified as wetlands under the Forest Practices Code.

Several rock cliffs are found within the Property boundary, but these cliffs are poorly fractured, wet and on cold aspect slopes, providing low habitat value. No areas of well fractured warm aspect rock cliffs were noted.

Overall habitat value for designated species is moderate. Potential nest sites for cavity-nesting species were found in wildlife polygon 1 but foraging habitat is limited. A portion of old forest in a closed forest state is located within wildlife polygon 1. This area provides high quality habitat for northern goshawk. The more common open old forests, and the dense, generally single-storied young forests across most of the Property provide low to moderate habitat potential for northern goshawk. The streams have virtually no riparian vegetation development and do not provide high quality habitat for any of the designated species.

TABLE 4. Summary of wildlife habitat features

Polygon	Permanent habitat (PH)	Value of PH	Structural stage (Table 1)	Density of high values wildlife trees (Table 5)
1 – old forest	stream	low	OF	3
2 – remainder of forest	2 streams	low	YF	1

TABLE 5. Density and distribution classes for wildlife tree assessment

Class	Distribution
1	a few sporadically occurring individuals
2	several sporadically occurring individuals
3	many uniformly distributed individuals
4	a single patch or clump
5	a few patches or clumps
6	several well-spaced patches or clumps

IV. HUMAN-ENGINEERED FEATURES

A. Roads

Four private driveable roads are located within the Property. The main road into Tiber Bay ("Tiber Bay Road") is a wide, regularly graded loose surface access road. A second road ("Mary Point Road") goes south through the western end of the Property and splits just within the Property boundary. The western fork here is signed as a private road, and provides access to a residence immediately outside the Property boundary. Waterlines from this residence are associated with Stream #1 within the Property (photo 13). A private sawmill near Tiber Bay, located outside the Property boundary, is accessed by a short spur road ("Mill Road") on the south edge of the Property. A driveable hydro powerline road is located on the extreme west edge of the Property and may enter the Property in places.

In addition to the private roads noted above, there is evidence of a number of logging roads that once provided additional access within the Property.

These historic logging roads are now at various levels of decay. The routes followed by these former roads are shown on Map 4 at Appendix A.

The following summarizes the observed human engineered features:

1. Tiber Bay Road
2. Mary Point Road
3. Southwest Private Road
4. Hydro Road on western boundary
5. Mill Road
6. Waterlines associated with Stream #1.
7. Hydro line along Tiber Bay Road and along Hydro Road on western boundary.

B. Bridges

There is one bridge within the Property. Stream #2 is crossed by the Mary Point Road over a log bridge.

C. Hydro Lines

There are hydro lines within the Property, running the length of the Tiber Bay Road parallel to the road and along the Hydro Road along the western boundary.

V. KEY ATTRIBUTES

A. Synopsis

This section describes important features from the ecosystem and wildlife characteristics, which are relevant for land management and development.

1. Ecologically significant habitat

The portions of the Property within ecosystem polygon 2 (coincides with wildlife polygon 1) comprises ecologically significant habitat that encompasses a red-listed plant community representing the CWHxm1/Fd-PI – Cladina site series with an old forest structural stage. This area also provides high quality habitat for northern goshawk.

2. Rare plant species

No rare plant species were found on the Property.

3. Rare wildlife species

A northern Goshawk was observed in the Property. The goshawk was flying through a young forest canopy and did not display any territorial behaviour suggesting that the bird was not nesting in the immediate area.

4. Watercourses

Three watercourses were found on the Property. Two were permanent streams (streams #1 and #2) classified as S3/S6 or S4/S6, respectively depending upon fish presence. Fish presence is unknown in these streams and no fish were seen at the time of the assessment.

5. Wetlands

No wetlands were found on the Property.

6. Wildlife trees

The majority of the Property has low densities of wildlife trees and large veteran trees. Wildlife polygon 1 has greater numbers of wildlife trees although most of these trees are Class 2 and provide moderate to poor habitat potential for wildlife tree users.

B. Wildlife Tree Management - Background

Wildlife trees are critical features for several of the wildlife species of interest. In addition, high value wildlife trees are one of the important attributes generally lacking throughout most second-growth forests that dominate the CWHxm1.

Wildlife trees are dynamic and can fall down or decay and become unsuitable for cavity nesting species. Predicting the time at which these changes will occur is difficult because of the many variables affecting wildlife tree longevity including tree size and species, storm events, lightning, moisture, wildlife feeding damage rate and type, species of decay fungi and other variables. By considering wildlife trees to be one aspect of stand structure and allowing for the recruitment of new standing dead trees over time, habitat values can be maintained.

Logging practices that provided for retention of at least 20% of harvest areas outside of leave areas in patches of greater than 0.25 ha should be sufficient to retain most of the existing wildlife trees identified and will allow for the recruitment of wildlife trees into the future.

To maintain wildlife trees, the retention patches should be centered on high value wildlife trees. High value wildlife trees are those, which have existing cavities, are the largest on the site and are in Wildlife Tree Classes 2, 3, 4, or 5 (Table 3). Snags of Wildlife Tree Class 6, or 7 may have cavities and may be used by cavity nesting species but generally have a lower expected

lifespan than trees of lower Wildlife Tree Classes. In the absence of suitable high value wildlife trees, Wildlife Tree Class 2 trees without cavities or Wildlife Tree Class 6 or 7 trees with good cavities may have to suffice. Trees in the remainder of the retention patch will then serve as recruitment wildlife trees.

VI. PHOTOGRAPHS: ON-SITE AND AERIAL

The photographic documentation was completed during the site visit conducted April 10 and 11, 2002, and is found in the offices of all parties. In addition, an aerial photograph of the Property taken in 2001 is appended in Appendix C. The locations of the photographs are detailed on Map 4 with the numbers 1 to and including 20 thereon corresponding to the locations at which photographs were taken.

VII. MAPS

The following four maps of the Property are attached to this report in Appendix A:

Map 1: Traverse Route and Plot Location

Map 2: Ecosystem Polygons

Map 3: Wildlife Polygons

Map 4: Photo Locations

Disclaimer: Cartographic information including Property boundaries, road locations, power lines, streams, and contours from Weyerhaeuser Company Ltd. GIS databases, obtained through Olympic Resource Management, Vancouver, B.C. Polygon boundaries, plot locations, traverse routes, waterlines, and refined stream locations based on consultants field estimations. These are not surveyed locations.

VIII. RECOMMENDED MONITORING

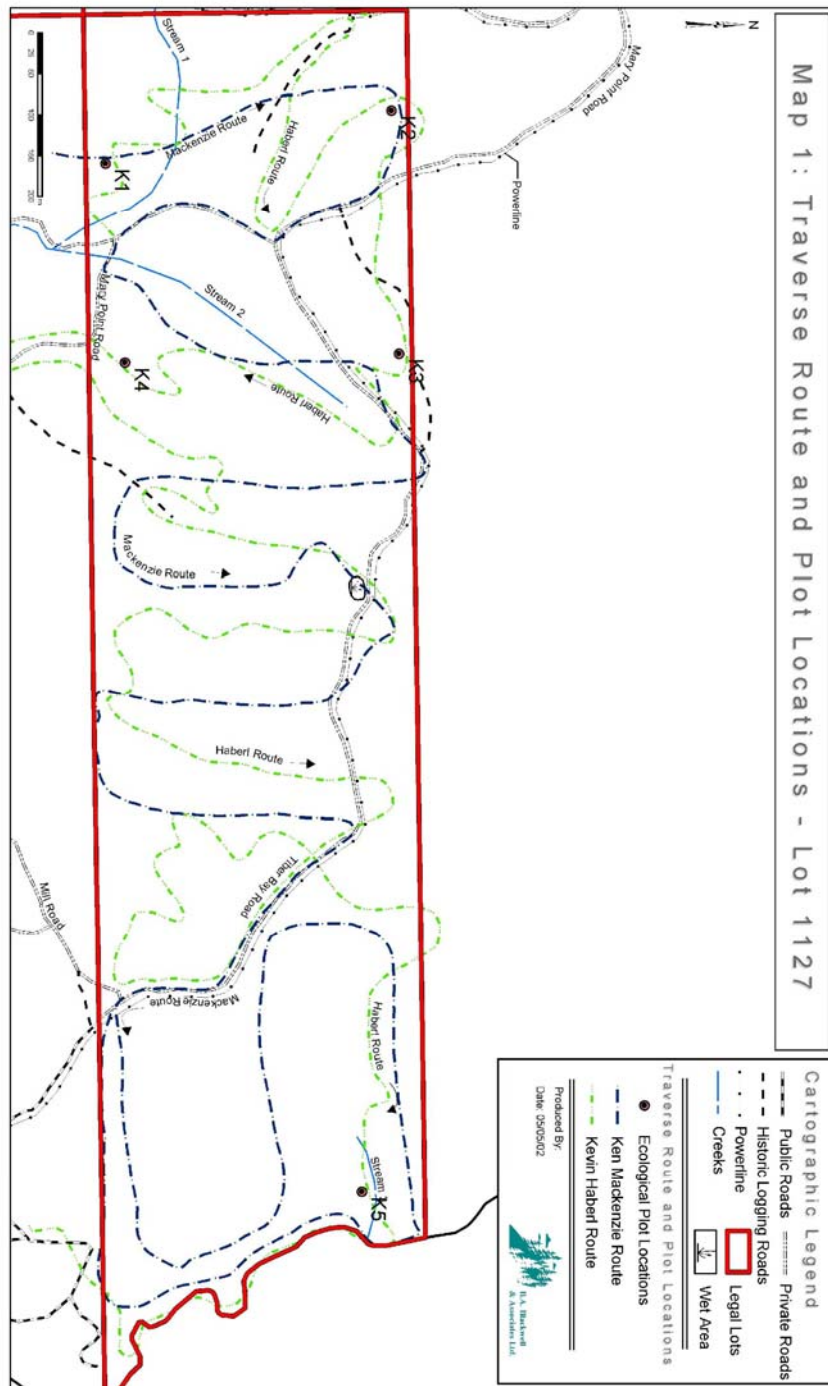
This Property should be monitored for compliance with the Conservation Covenant once per year at a minimum.

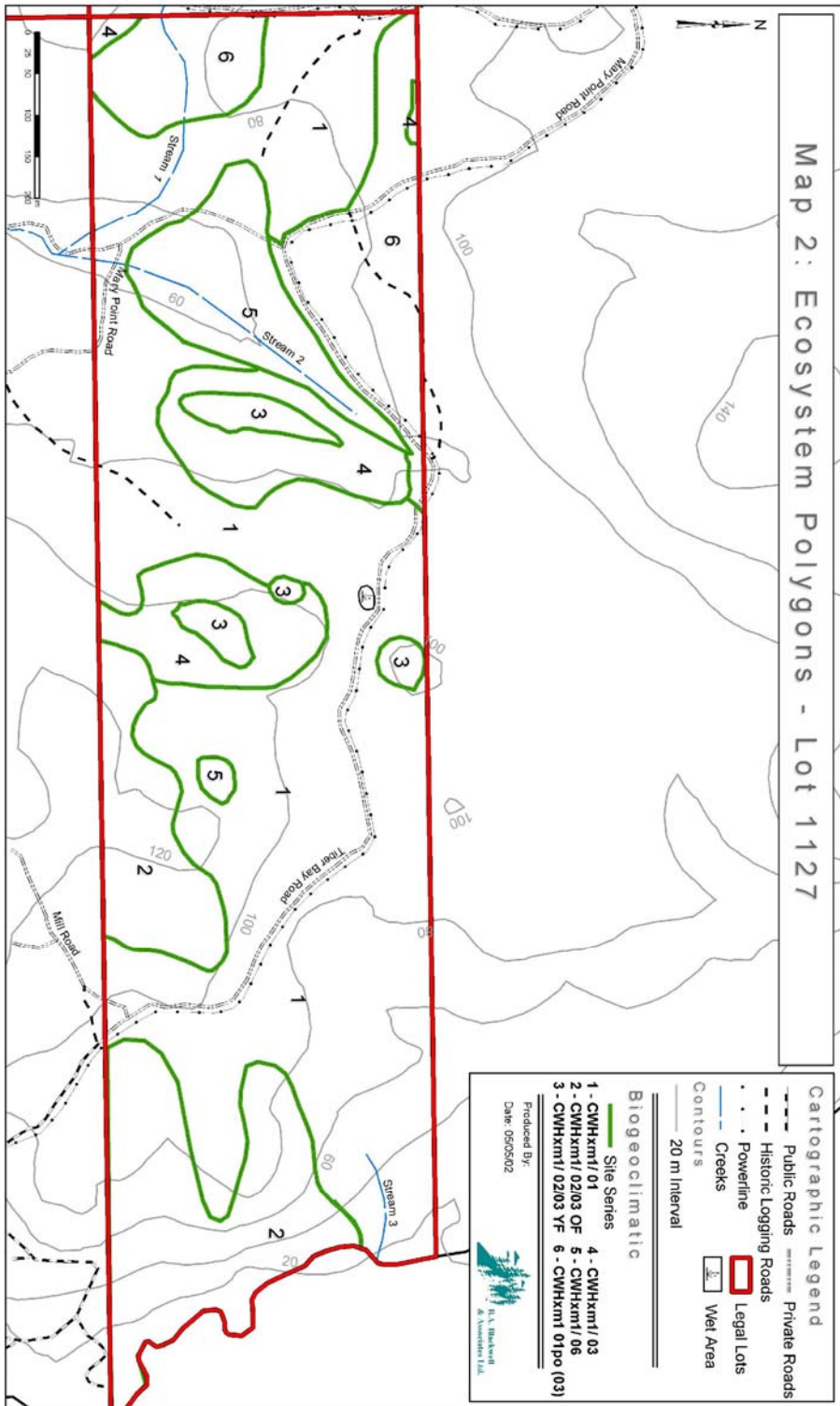
IX. CAVEAT

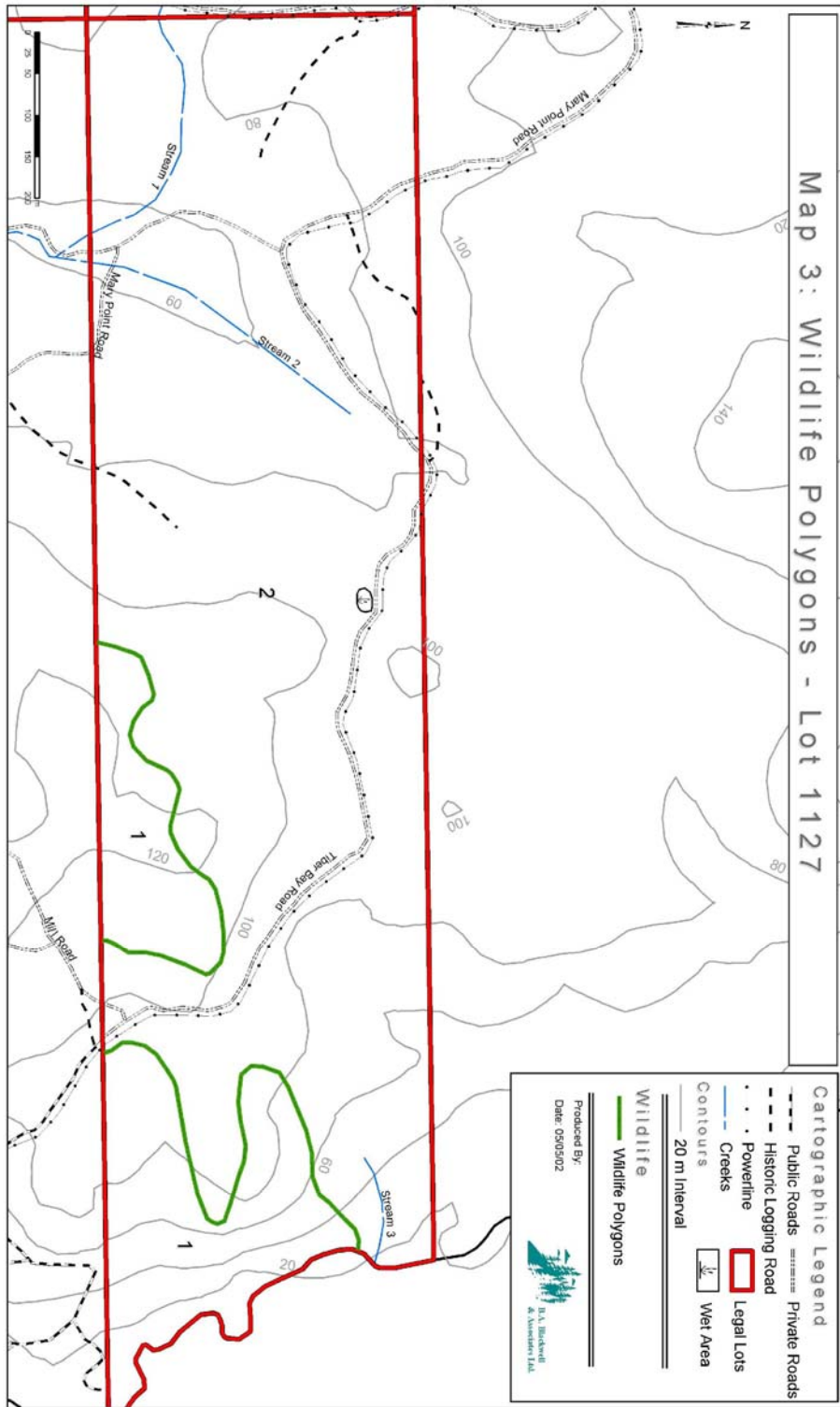
To the extent that this document conflicts with the Conservation Covenant, the text of the fully executed Conservation Covenant shall control.

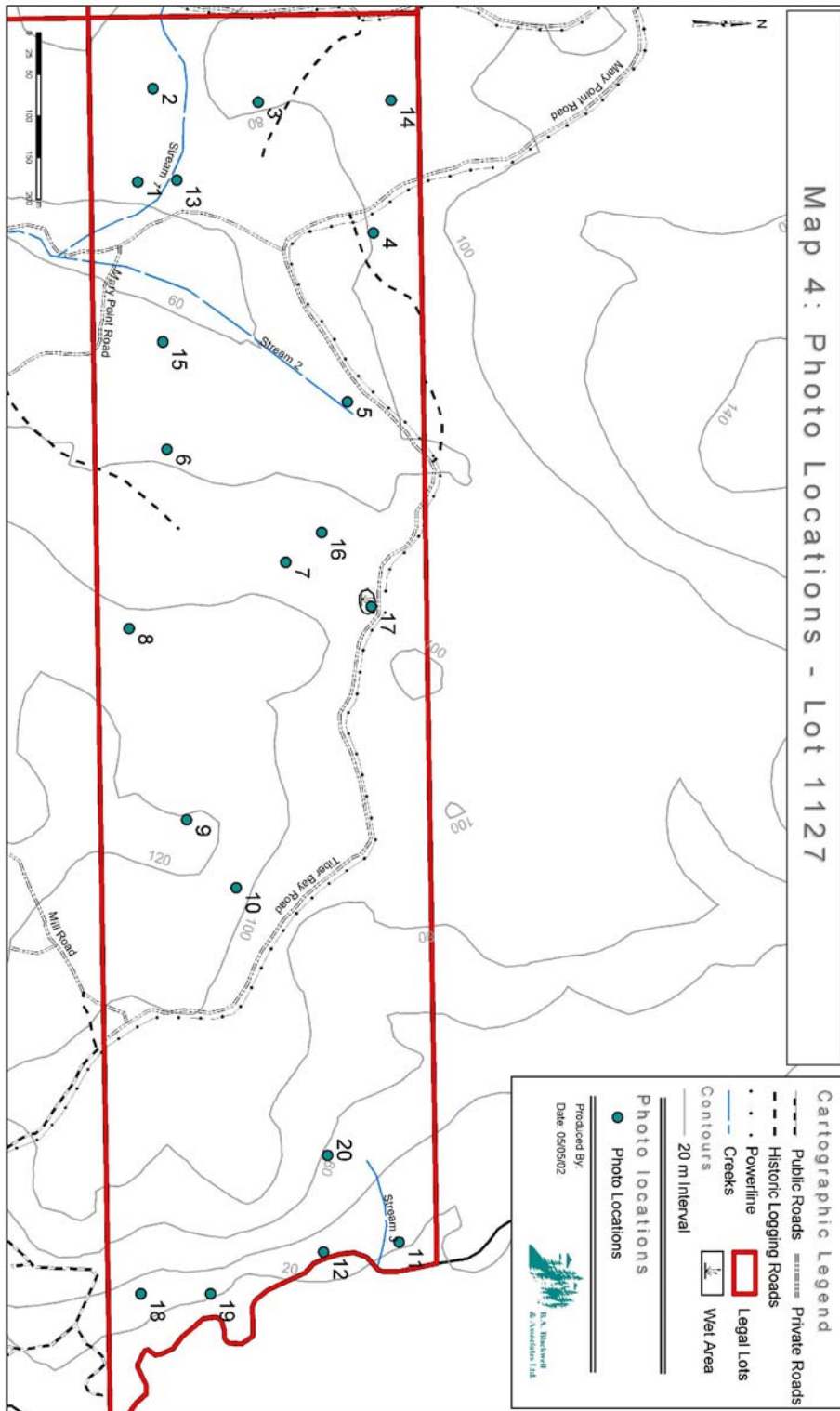
Appendix A

Maps









Appendix B

Vegetation List

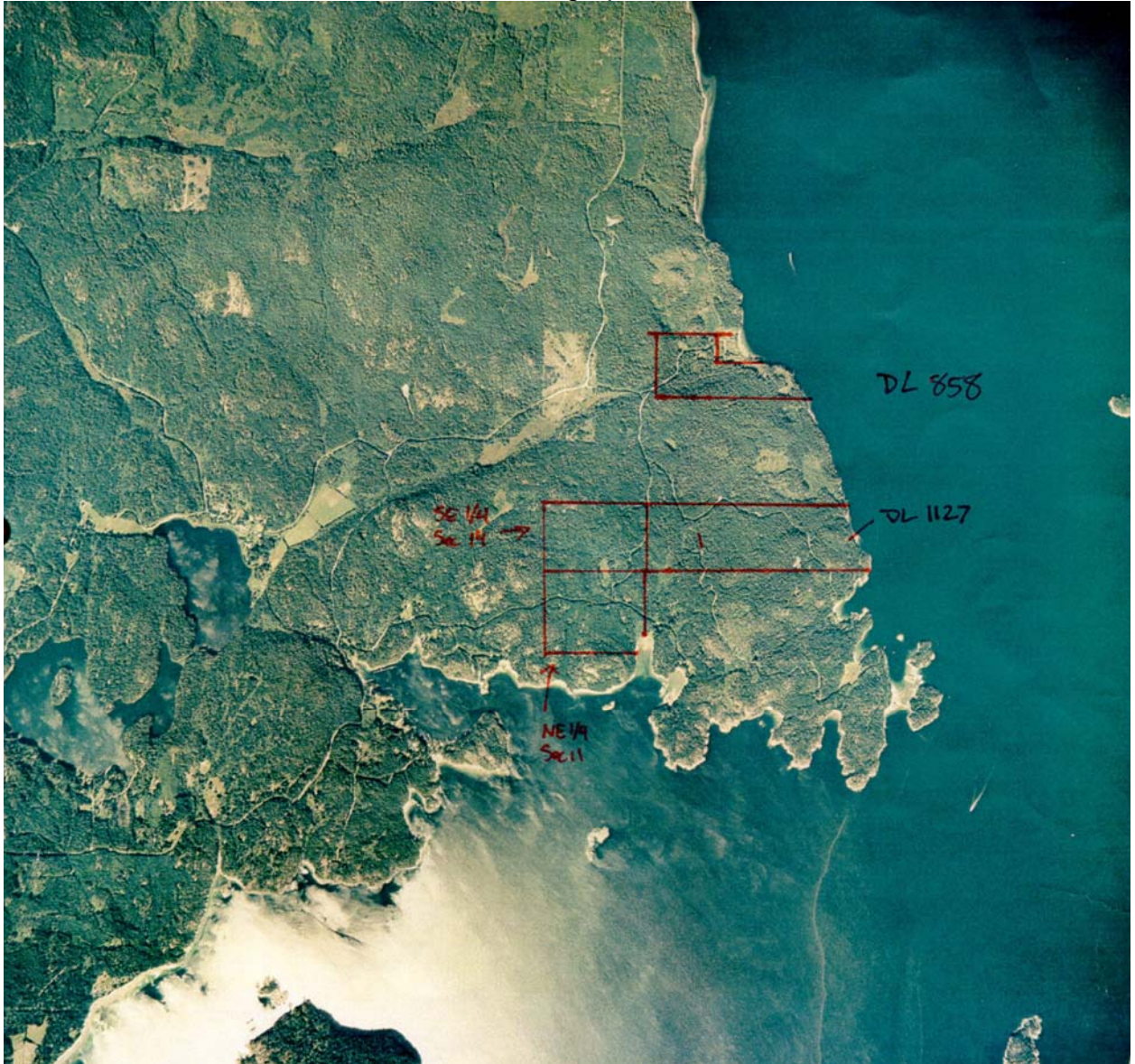
Understory plant species observed in plot data

Scientific Name	Common Name
<i>Achillea millefolium</i>	yarrow
<i>Arbutus menziesii</i>	arbutus (madrone)
<i>Arctostaphylos columbiana</i>	hairy manzanita
<i>Asplenium viride</i>	green spleenwort
<i>Blechnum spicant</i>	deer fern
<i>Carex obnupta</i>	slough sedge
<i>Carex sitchensis</i>	sitka sedge
<i>Chimaphila umbellata</i>	prince's-pine
<i>Circuta douglasii</i>	Douglas' water hemlock
<i>Cladina portentosa</i>	coastal reindeer
<i>Cladonia squamosa</i>	dragon cladonia
<i>Dicranum fuscescens</i>	dusky fork moss
<i>Gaultheria shallon</i>	salal
<i>Galium trifidum</i>	small bedstraw
<i>Goodyera oblongifolia</i>	rattlesnake-plantain
<i>Holodiscus discolor</i>	oceanspray
<i>Hylocomium splendens</i>	step moss
<i>Juncus effusus</i>	common rush
<i>Kindbergia oregana</i>	Oregon beaked moss
<i>Linnaea borealis</i>	twinflower
<i>Lycopodium clavatum</i>	running clubmoss
<i>Lysichiton americanum</i>	skunk cabbage
<i>Mahonia nervosa</i>	dull Oregon-grape
<i>Malus fusca</i>	Pacific crab apple
<i>Moneses uniflora</i>	single delight
<i>Paxistema myrsinites</i>	falsebox
<i>Peltigera britannica</i>	freckle pelt
<i>Plagiothecium undulatum</i>	flat moss
<i>Plagiomnium insigne</i>	coastal leafy moss
<i>Pleurozium schreberi</i>	red-stemmed feathermoss
<i>Polytrichum juniperinum</i>	juniper haircap moss
<i>Polystichum munitum</i>	sword fern
<i>Pteridium aquilinum</i>	bracken fern
<i>Rhytidiadelphus loreus</i>	lanky moss
<i>Rhizomnium glabrescens</i>	fan moss
<i>Ribes lacustre</i>	black gooseberry
<i>Rosa gymnocarpa</i>	baldhip rose

Scientific Name	Common Name
<i>Rubus spectabilis</i>	salmonberry
<i>Rubus ursinus</i>	trailing blackberry
<i>Scapania bolanderi</i>	yellow-ladle liverwort
<i>Selaginella wallacei</i>	Wallace's selaginella
<i>Sisyrinchium douglasii</i>	satin-flower
<i>Sphagnum girgensohnii</i>	common green sphagnum
<i>Spiraea douglasii</i>	hardhack
<i>Tiarella trifoliata</i>	three-leafed foamflower
<i>Vaccinium parvifolium</i>	red huckleberry

Appendix C

Aerial Photograph



Appendix D

Ground-truth of Sensitive Ecosystems of District Lot 1127

Robert Fuller, B.Sc.

1.0 Background

District Lot 1127 is located on east side of Cortes Island at the north end of the Strait of Georgia. The lot is located adjacent to the ocean on the northwest side of Tiber Bay; Tiber Bay Road, which provides access to Tiber Bay, bisects the property. The project area is located at the northern end of the Strait of Georgia Ecosession and within the Eastern Very Dry Maritime Coastal Western Hemlock biogeoclimatic variant (CWHxm1).

A baseline assessment of the property¹ was completed in April 2002 prior to the placement of the Conservation Covenant by The Nature Trust of British Columbia on the subject lot owned by Weyerhaeuser Ltd. The property was divided and mapped into six different ecosystem polygon types as a result of the assessment. Two portions of the property, represented by ecosystem polygon 2, were designated as “Leave Areas” (protected areas) in The Nature Trust Covenant. These two polygons were designated as older forest¹.

The current owner has proposed that five home sites be placed within one of the areas designated as a “Leave Area”.

Cortes Island is located within the Sensitive Ecosystems Inventory (SEI) of the Sunshine Coast and Adjacent Islands project area. This inventory identifies rare and fragile terrestrial ecosystems along the Sunshine Coast and adjacent islands. Sensitive terrestrial ecosystems include old forest, woodland, herbaceous terrestrial, riparian and wetland areas. Mature forest, cliff and seasonally flooded areas are also identified as important ecosystems². Five sensitive ecosystem polygons have been mapped wholly or partially within DL 1127. The rock outcrop area that contains the proposed five home construction sites lies within Sunshine Coast SEI polygon number 6816. The label for this polygons is as follows: 60% conifer woodland (FdPI – Rhacomitrium site series) stage 5; 30% conifer woodland (FdHw – Salal site series) stage 5; and 10% herbaceous terrestrial stage 2. The land area covered within DL 1127 by The Nature Trust “Leave Area” on the east side of Tiber Bay Road and SEI polygon 6816 are similar although their boundaries are not identical.

2.0 Methodology

An assessment of the area covered by SEI polygon 6816 within DL 1127 was completed during a site visit conducted on February 21 and 22, 2005. Ms. A

¹Blackwell and Associates Ltd. and Iverson and MacKenzie Biological Consulting Ltd., 2002.

² BC Conservation Data Centre. Sensitive Ecosystems Inventory of the Sunshine Coast and Adjacent Island

Mortifee identified the location of the proposed home building sites during a tour of the site. Ecosystem features were observed while traversing the vicinity of SEI polygon 6816 on foot; the perimeter of the polygon was also traversed in order to assess the potential ecological and SEI boundaries. Information was collected on physical site characteristics and vegetation at reconnaissance level inspections during the assessment.

3.0 Results

The boundary of SEI polygon 6816 has been modified slightly, as a result of ground truthing, to create two polygons containing woodland ecosystems in the area between Tiber Bay Road and the shoreline (see accompanying air photograph). One of these woodland polygons, approximately 3.6 ha in size, is located entirely within DL 1127. A separate woodland polygon (about 3.8 ha in size) straddles the southern boundary and occupies approximately 1.6 ha of the property. Together these polygons occupy approximately 5.2 ha of the property and 7.4 ha in total. These woodland ecosystems are situated on hummocky bedrock outcrops that slope steeply off to the east towards the ocean. Terrain within the area is undulating to hummocky; slopes on the west side near Tiber Bay Road are gentle to moderate while those on the east side are moderately steep to steep with some cliff faces.

Although the general area was logged in the 1920's and 30's¹, this bedrock outcrop area appears not to have been logged at the time, as stumps were evident around the perimeter but not within the polygon. However, the woodland area has been subject to past disturbances as evident by the presence of many fire-scarred mature trees and snags. The woodland is in the early mature structural stage; a 49cm diameter Douglas-fir growing on a poor site was found to be approximately 85 years in age. Some larger Douglas-firs up to one meter in diameter are present in the polygon.

The polygon is dominated by two site series, the FdPI – *Rhacomitrium* (CWHxm1/02) and the FdHw – *Salal* (CWHxm1/03). The FdPI – *Cladina* site series occurs on crest and upper slope positions on bedrock outcrops with very shallow and shallow soils. Sites are very dry and nutrient very poor to poor. It has an open tree canopy that is dominated by Douglas-fir (*Pseudotsuga menziesii*) and lodgepole pine (*Pinus contorta*); small arbutus are scattered in the sub-canopy especially on the warmer southeast aspects. The low shrub and herb understorey are generally poorly developed and contain low covers of salal (*Gaultheria shallon*), baldhip rose (*Rosa gymnocarpa*), red huckleberry (*Vaccinium parvifolium*), dull Oregon-grape (*Mahonia nervosa*), western fescue (*Festuca occidentalis*), oatgrass (*Danthonia* sp.), sword fern (*Polystichum munitum*), twinflower (*Linnaea borealis*) and early hairgrass (*Aira praecox*). The generally very developed and moderately diverse moss layer consists of *Dicranum* sp., step moss (*Hylocomium splendens*), red stemmed feathermoss (*Pleurozium schreberi*), juniper haircap moss (*Polytrichum juniperinum*), Oregon beaked moss (*Kindbergia oregana*), electrified cat's-tail moss (*Rhytidiadelphus triquetrus*), *Peltigera* sp., *Cladina* sp., and *Cladonia* lichens. *Cladina* lichens are occasionally dominant on the crest positions. Some roadside rock moss

¹ Blackwell and Associates Ltd. and Iverson and MacKenzie Biological Consulting Ltd., 2002.

(*Rhacomitrium canescens*) is present on rock substrate in the canopy gaps above the east facing slopes.

The FdHw – Salal site series occurs also occurs on crest and upper slope positions with moderately dry moisture regimes and poor nutrient regimes. Soils are generally shallow to bedrock (20 –100 cm). Douglas-fir is dominant in the tree canopy; western redcedar (*Thuja plicata*) and lodgepole pine may be present especially in the sub-canopy. The low shrub layer is generally dominated by salal; dull Oregon-grape, red huckleberry, baldhip rose and western redcedar are also present as associates. The well developed moss layer is dominated by a mixture of step moss, red-stemmed feathermoss, Oregon beaked moss and lanky moss (*Rhytidiadelphus loreus*). This ecosystem is more common on the slopes of the polygon.

The FdPI – *Rhacomitrium* (CWHxm1/02) is red-listed by the BC CDC while the FdHw – Salal (CWHxm1/03) is blue-listed³.

A small amount (10% or less) of SEI polygon 6816 consists of herbaceous terrestrial (HB) ecosystem as shown on the label.

Mature forest ecosystems are present in the area immediately adjacent to the woodland ecosystems on the west (between the Tiber Bay Road and the woodland), north, and east boundaries of the woodland. A strip of mature forest connects the two woodland polygons on their western ends. The area situated in between the two woodland areas on the southern property boundary is young forest (as shown on the Sunshine Coast SEI mapping). The mature forest consists of the red-listed Western hemlock - Douglas-fir / Oregon beaked-moss (CWHxm1/01) and mature, forested FdHw – Salal (CWHxm1/03) ecosystems.

³ BC Species and Ecosystems Explorer. 2003. Victoria, British Columbia, Canada. Available: <http://srmapps.gov.bc.ca/apps/eswp/>



SCHEDULE B

Attached to and forming part of the Covenant Agreement between ECO INITIATIVES INC., Owner, and TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, Covenant Holder, and REGIONAL DISTRICT OF COMOX-STRATHCONA, Covenant Holder, dated the ___ day of 2005.

1. RESTRICTIONS ON ALL RESIDENTIAL USE AREAS

1.1 In respect to those areas identified on the Plan as the Residential Use Areas, except with prior written permission of the Covenant Holders, at the Covenant Holder's sole discretion, The owner(s) shall not:

- (a) lease, or rent any portion of the land for any purpose; and
- (b) create septic areas outside of the allocated septage treatment sites as outlined in the attached map (Schedule D).

2. RESTRICTIONS ON RESIDENTIAL USE AREA 1

2.1 The following restrictions apply to all the Land found within Residential Area 1:

- (a) No more than seven dwellings are permitted;
- (b) Each dwelling, its outbuildings, and garden must not exceed 2500 square feet; and
- (c) Any new buildings or structures are limited to those which are reasonably necessary to the sustainable use of the land provided they do not interfere with the stewardship of the Land as set out in this Agreement and must be in quiet harmony with the natural features of the land.

2.2 The Owner must never apply or introduce any herbicide, insecticide or pesticide.

2.3 The following restrictions apply to that portion of the Land not in the Service Corridor and at a distance of greater than 20 metres or one tree height from the residence, except where the Covenant Holders at its sole discretion, have approved of an action in writing:

- (a) no other acts may be carried out on or in respect of Land which, in the opinion of the Covenant Holders, acting reasonably, may have a detrimental impact on the Land;

- (b) no component of the Land, including soil, gravel or rock, may be disturbed, explored, or moved for commercial purposes from the Land; and
- (c) no native plant or tree, living or dead may be damaged, pruned, cut, harvested or otherwise interfered with, except as allowed under Schedule C, and
- (d) no grazing of domestic animals;
- (e) see also **S5.0 Restrictions on the Land**, preceding.

3. RESTRICTIONS ON RESIDENTIAL USE AREA 2

3.1 The following restrictions apply to all the Land found within Residential Area 2:

- (a) No more than four dwelling is permitted;
- (b) The dwelling, its outbuildings, and garden must not exceed 5000 square feet;
- (c) Any new buildings or structures are limited to those which are reasonably necessary to the Sustainable use of the land provided they do not interfere with the stewardship of the Land as set out in this Agreement and must be in quiet harmony with the natural features of the land;
- (d) Waterfront access is limited to a small pathway or wooden infrastructure that is no wider than 1.5 metres; and
- (e) No dock or pier structure may be built.

3.2 The Owner must never apply or introduce any herbicide, insecticide or pesticide.

3.3 The following restrictions apply to that portion of the Land not in the Service Corridor and at a distance of greater than 20 metres or one tree height from the residence, except where the Covenant Holders at its sole discretion, have approved of an action in writing:

- (a) no grazing of domestic animals;
- (b) no other acts may be carried out on or in respect of Land which, in the opinion of the Covenant Holders, acting reasonably, may have a detrimental impact on the Land;

- (c) no component of the Land, including soil, gravel or rock, may be disturbed, explored, or moved for commercial purposes from the Land; and
- (d) no native plant or tree, living or dead may be damaged, pruned, cut, harvested or otherwise interfered with, except as allowed under Schedule C.

4. RESTRICTIONS ON RESIDENTIAL USE AREA 3

4.1 The following restrictions apply to all the Land found on the house sites as surveyed points of Residential Area 3 (Schedule D):

- (a) No more than four dwellings are permitted;
- (b) Each dwelling, its outbuildings, and garden must not exceed 3500 square feet;
- (c) Any new buildings or structures are limited to those which are reasonably necessary to the Sustainable use of the land provided they do not interfere with the stewardship of the Land as set out in this Agreement and must be in quiet harmony with the natural features of the land;
 - (i) All paths must be constructed with either permeable materials or wooden boardwalks.
 - (ii) Driveways must be built with permeable materials except as required to reduce environmental impact.
 - (iii) Gardens should be minimum impact to the local environment and should be predominantly native species.
- (d) No removal of entire trees for viewscape is allowed;
- (e) Service Corridors must not exceed 2.5 metres wide within the Protected Area; and
- (f) No exposed fires may be lit.

4.2 The Owner must never apply or introduce any herbicide, insecticide or pesticide.

4.3 The following restrictions apply to that portion of the Land not in the Service Corridor and at a distance of greater than 20 metres or one tree height from the residence, except where the Covenant Holders at its sole discretion, have approved of an action in writing:

- (a) no grazing of domestic animals;

- (b) no other acts may be carried out on or in respect of Land which, in the opinion of the Covenant Holders, acting reasonably, may have a detrimental impact on the Land;
- (c) no component of the Land, including soil, gravel or rock, may be disturbed, explored, or moved for commercial purposes from the Land; and
- (d) no native plant or tree, living or dead may be damaged, pruned, cut, harvested or otherwise interfered with, except as allowed under Schedule C.

5. RESTRICTIONS ON ECOSYSTEM-BASED FORESTRY AREA

- 5.1 In respect to those areas identified in Schedule D as Ecosystem-based Forest Area, except with prior written permission of the Covenant Holders, at the Covenant Holder's sole discretion, the following restrictions apply:
 - (a) no acts may be carried out on or in respect of the Ecosystem-based Forestry Area which, in the opinion of the Covenant Holders, acting reasonably, may have a detrimental impact on the composition, structure and functioning of the Ecosystem-Based Forestry Area; and
 - (b) the Owner shall be prohibited from constructing any dwelling houses, accessory buildings or any other structures within the Ecosystem-Based Forestry Area.
- 5.2 The Owners shall provide a plan within one year of the registration of this agreement at the Land Titles Office (the "Ecosystem-Based Forest Plan"), which includes both a development plan and a forest management plan. The forest management component will include a forest inventory and description of the character and condition of the forest in the Ecosystem-Based Forest Management Area. The development component will include all development to the Land. The Plan will explain how the purpose of the covenant will be achieved, and will detail uses and the types of activities for the Ecosystem-Based Forest Management Area for a fifty-year period. The following restrictions apply to the Ecosystem-Based Forest Management Plan and its actions:
 - (a) The Ecosystem-Based Forest Management Plan will be revised as often as necessary or within five years of registration, whichever comes first, and not less frequently than every ten years;
 - (i) The Ecosystem-Based Forest Management Plan and every revision to it shall be submitted to TLC The Land Conservancy of British Columbia for approval. The Land Conservancy will have 60 Business Days to comment on and to evaluate the Management Plan. If The Land Conservancy fails to comment

on the Management Plan The Land Conservancy of British Columbia will be deemed to have approved of it.

(ii) Only TLC The Land Conservancy of British Columbia needs to approve the plan.

(b) The Ecosystem-Based Forest Management Plan shall be consistent with the purpose and details of this Covenant;

(c) The Ecosystem-Based Forest Management Plan must be prepared by a registered professional forester who has experience in Ecosystem-based Forestry

(d) The Ecosystem-based Forest Management Plan must always include the following standards and principles:

(i) Use Adaptive Management forestry where consistent monitoring of indicator species ensure the success of the Sustainable nature of the management;

a. include, without limitation, trees, and sufficient trees to transition to mature snags and wildlife trees in due course as existing snags and mature trees decay and lose their wildlife values, in accordance with the wildlife tree management information provided in the Baseline Report;

(ii) ensure no clear-cutting or removal of tree patches great than 35 meters in diameter;

(iii) ensure an annual cut that is less than 75% of the actual 5 year annual increment growth over any 5 year period including windfalls, and removal of trees due to road or dwelling construction;

(iv) ensure an annual allowable cut will be evenly distributed throughout the Ecosystem-Based Forest Management Area and be representative of the plant communities including:

a. the annual cut is spread among tree species

b. the annual cut is spread among tree age class

(v) ensure an accurate log book of any timber removal including the location, environmental conditions such as weather, species type, and scaled volume. These records must be made available to the Covenant Holders and all dwelling owners with reasonable notice;

(vi) create an annual report that outlines financial value added, hours of employment created, and other benefits to the local community and the local economy;

(vii) retain or encourage any old-growth characteristics, and seed trees;

- (viii) any cutting of trees shall, along with encouraging the development of an increased frequency of Douglas-fir where appropriate, ensure that the trees cut are proportionate to the species in the stand in question;
- (ix) Trees removed shall be representative of the species mixture in the stand, with the exception of Douglas Fir where appropriate, which shall be the favoured leave tree; when trees are cut, all bucking, limbing, and topping shall occur in the forest, and any parts of the cut tree not used shall remain distributed on the forest floor where the tree was cut; and
- (x) use the existing system of skid trails/skid roads for removal of any trees from the Ecosystem-Based Forestry Area, and any new skid trails constructed shall not exceed 5% of the Ecosystem-Based Forestry Area.

6. RESTRICTIONS ON PROTECTED AREA

- 6.1 In respect to those areas identified in Schedule D as Protected Area, except with prior written permission of the Covenant Holders, at the Covenant Holder's discretion, the following restrictions apply:
- (a) no introduction of non-indigenous flora or fauna;
 - (b) no buildings or structures of any kind shall be built;
 - (c) no trade or business shall be carried on within the Protected Area;
 - (d) no road, driveway, walkway, bicycle, or other path, parking area, dock, or ramp shall be erected, placed or maintained, or permitted to be erected, except that foot trails, fire lanes and other means of access existing at the date of the Agreement may be maintained Substantially in their existing condition, and except as permitted in Schedule C.
 - (e) no indigenous flora or fauna shall be removed, destroyed or cut, or be permitted to be removed, destroyed or cut, except as may be necessary to maintain existing foot trails not exceeding one meter in width, fire lanes or other means of access as permitted.

SCHEDULE C

Attached to and forming part of the Covenant Agreement between ECO INITIATIVES INC., Owner, and TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, Covenant Holder, and REGIONAL DISTRICT OF COMOX-STRATHCONA, Covenant Holder, dated the ___ day of _____, 2005.

1. **RESERVED RIGHTS ON ALL RESIDENTIAL USE AREAS**

1.1 In respect to those areas identified on the Plan as the Residential Use Area, the Owner reserves the following rights:

- (a) to maintain, replace or enhance any permitted residence on the property within the restricted square footage size;
- (b) to maintain, replace or enhance a Service Corridor including a driveway from Tiber Bay Road to the proposed residences, provided that all services must be located within the said corridor and that the said corridor must not exceed 10 metres in width;
- (c) to build, maintain, replace or enhance improvements related to the residence in an area extending not more than 20 metres from the residence in any direction;
- (d) to improve, enhance, restore and rehabilitate the natural environment under federal, provincial, and local regulations with:
 - (i) consultation with a registered professional biologist, or registered professional forester and prior approval of TLC The Land Conservancy of British Columbia, not to be unreasonably withheld; and
 - (ii) completed in a manner planned and approved.
- (e) to build, maintain, replace or enhance improvements related to trailways, pathways and benches;
- (f) to harvest firewood as required for residential use only within 50 metres around the dwellings in all directions; and
- (g) to light exposed fires in service corridors and roads only.

1.2 The Owner specifically reserves the following rights for Service Corridors:

- (a) to construct, maintain, replace or enhance wells or other water sources and a septic system or other method of waste disposal such that:

- (i) all piping is laid in the Service Corridor as reserved in 1.1 excepting those places that make this impossible; and
- (b) to build, maintain, replace or enhance electrical, telephone or other energy sources in the Service Corridor as reserved in 1.1.

2. RESERVED RIGHTS ON ECOSYSTEM-BASED FORESTRY AREA

2.1 In respect to those areas identified on the Plan as the Ecosystem-Based Forestry Area, the Owner reserves the following rights:

- (a) to conduct commercial activities that are not detrimental to the Land and Amenities and are consistent with maintaining the Land and Amenities in a sustainable state.
- (b) to improve, enhance, restore and rehabilitate the natural environment under federal, provincial, and local regulations with:
 - (i) consultation with a registered professional biologist or registered professional forester and prior approval of TLC The Land Conservancy of British Columbia, not to be unreasonably withheld; and
 - (ii) completed in a manner planned and approved.
- (c) to enter into an agreement with The Trust for Sustainable Forestry to manage the forest in the interest of all dwelling owners with:
 - (i) Consultation with all dwelling owners on the Land pertaining to any concerns regarding the Ecosystem-Based Forest Management Plan; and
 - (ii) Approval and consultation with the Covenant Holders on forestry activity on the Land.

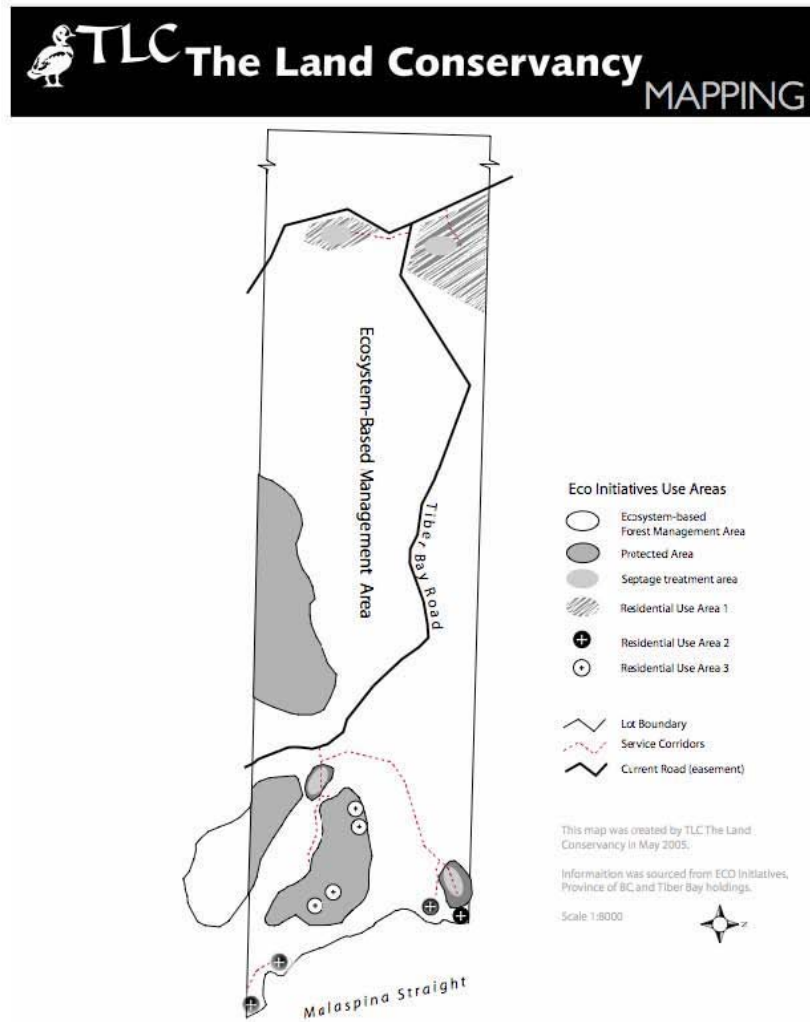
3. RESERVED RIGHTS ON PROTECTED AREA AREA

3.1 In respect to those areas identified on the Plan as the Protected Area, the Owner reserves the following rights:

- (a) to improve, enhance, restore and rehabilitate the natural environment under federal, provincial, and local regulations with:
 - (i) consultation with a registered professional biologist or registered professional forester and prior approval of TLC The Land Conservancy of British Columbia, not to be unreasonably withheld; and
 - (ii) completed in a manner planned and approved.

2.0 MAP OF THE USE AREAS ON THE LAND

This map uses the updated knowledge based on the ground-truth analysis as per Appendix D of Schedule A.



END OF DOCUMENT