Bundle 353, #5
VOL. 267

EXHIBIT No. 1381-8
DATE 14 Oct 1948
FILED BY R. A. MacFarlane

THIS AGREEMENT made in duplicate this 31st day of MAY A.D. 1943.

BETWEEN: ROYSTON LUMBER COMPANY LIMITED, incorporated under the laws of the Province of British Columbia, with registered office at Royston, British Columbia,

Hereinafter referred to as the VENDOR OF THE FIRST PART

AND: SOMERSET LIMITED, Incorporated under the laws of the Province of British Columbia, with registered office at 520 Stock Exchange Building, 475 Howe Street, in the City of Vancouver, in the Province of British Columbia,

Hereinafter referred to as the PURCHASER OF THE SECOND PART

WHEREAS the Vendor is the Owner of certain property, real and personal, including that hereinafter more particularly described:

AND WHEREAS pursuant to the Consolidated Regulations Respecting Trading with the Enemy (1939) the Honourable the Secretary of State of Canada on the 28th day of October, A. D. 1942, has appointed Frederick Field, Chartered Accountant, in the City of Vancouver, in the Province of British Columbia, as Controller of the affairs of the Vendor and has conferred upon him the said Frederick Field the powers exercisable by a liquidator in a voluntary winding-up the power in the name of the Vendor to convey any property of the Vendor;

AND WHEREAS pursuant to the powers vested in the said Frederick Field under the said appointment the Vendor has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Vendor all the property, real and personal, hereinafter particularly described on the terms, stipulations and conditions herein contained.

WITNESSETH THAT in consideration of the mutual covenants and agreements herein contained, the parties hereto agree each with the other as follows:

1. The Vendor agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor all that property, real and personal, described in Schedule "A" hereto annexed and identified by the signatures of the attesting persons, at and for the purchase price of Two Hundred Thousand, Four Hundred and Fifty ($200,450.00) Dollars of lawful money of Canada, to be paid to the Vendor at the office of Frederick Field c/o P. S. Ross & Sons, Royal Bank Building, 675 West Hastings Street, in the City of Vancouver, in the Province of British Columbia, as follows:

The sum of Twenty-one Thousand ($21,000.00) Dollars now paid by the purchaser on account thereof (the receipt whereof is hereby acknowledged) the further sum of Thirty-nine Thousand ($39.000.00) Dollars on the execution of this Agreement (the receipt whereof is hereby acknowledged) and the balance of One Hundred and Forty Thousand, four hundred and fifty ($140,450.00) Dollars as follows:-

(a) On the 15th of each and every month a sum the equivalent of Four ($4.00) Dollars for each one thousand feet, Board Measure, B. C. Log Scale, of all logs felled upon the said lands and withing the preceding month either removed from the said lands or delivered to a sawmill thereon.

(b) On the 30th day of June in each and every year commencing with the 30th day of June A. D. 1944, a further sum the equivalent of the amount that Forty Thousand ($40,000) dollars exceeds the amounts received within the preceding calendar year, or part thereof, from the payments at the rate of Four ($4.00) Dollars per one thousand feet, Board Measure, B. C. Log Scale, provided that the preceding calendar year expiring on the 30th of June, A. D. 1944 shall be deemed to include that period commencing on the date of this agreement and expiring on the 30th of June, 1944.

(c) Together with interest at the rate of five (5%) per cent per annum from the date hereof to be paid on the said purchase monies or so much thereof as shall remain unpaid whether before of after the same becomes due; such interest to be paid yearly on the 31st day of

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(c) cont'd.

December in each year and every year until the whole of the purchase monies payable hereunder are fully paid, the first of such interst to be be paid on the 31st day of December, 1943; all interest on becoming overdue shall forthwith become principal and shall bear interest as aforesaid.

PROVIDED that the Purchaser may at any time during the currency of this Agreemen pay all or any part of the purchase price remaining unpaid without giving any notice thereof upon payment of the interest accrued to the date of such payment, but partial payment shall be in the sum of Five Thousand ($5000.00) Dollars or a multiple thereof; PROVIDED that the payment by the Purchaser of One Hundred and Thirty-six Thousand, Four Hundred and Ten ($136,410.00) Dollars withing thirty(30) days of the date of this agreement shall be a satisfaction of the balance of the principal of the purchase monies unpaid and interest thereon payable hereunder.

2. The Parties hereto mutually agree that this Agreement shall be completed with all reasonable despatch in the manner hereinafter provided, namely:-

By the Vendor conveying to the Purchaser and the Purchaser paying to the Vendor that portion of the purchase monies then to be paid and securing the balance thereof, all in the manner herein provided.

3. The Vendor agrees withthe Purchaser:-

(a) To convey and assure or cause to be conveyed and assured to the Purchaser, by registerable conveyance, the freeholds in said Schedule "A" hereto annexed, clear of encumbrance but subject to the exceptions and reservations in the Vendor's title and to the encumbrandes referred to in said Schedule "A".

(b) To assign the leashold interest referred to in Schedul "A" subject to the stipulations and conditions of the overholding lease.

(c) To grant by way of registerable Bill of Sale, clear of encumbrance, all the chattels described in Schedul "A" hereto; PROVIDED such conveyances, assignments and Bill of Sale shall not contain and shall not be deemed to contain any warranty by the Vendor, but the Warranty in Clause 7 hereof shall continue after the delivery of such conveyances, assignments and bill of sale.

The gross purchase price was fixed originally at Two Hundred and Two Thousand ($202,000.00) Dollars but has been reduced by One Thousand, Five Hundred and Fifty ($1550.00) Dollars by reason that the Vendor had previously disposed of a tie mill in the said Schedule "A" and therefore any tie mill appearing in the said Schedule "A" hereto is excluded from this Agreement and the sale herein. The Purchaser accepts the title of the Vendor to any logging railway and equipment in the said "Schedule A" hereto notwithstanding that protions of such logging railways have been built upon lands of third person or persons and without license therefor or right-of-way from such third person or persons to the Vendor, and assumes the risk of obtaining any required licenses or rights-of-way from such third person or persons, at the sole expense of the Purchaser.

4. Immediately after the execution of the said conveyances, assignments and Bill of Sale by the Vendor the Purchaser shall execute and deliver to the Vendor a first charge upon the property by way of legal mortgage and charge in the form now produced and identified by the signatures of the attesting persons hereto for the purpose of securing to the Vendor the payment of the balance of purchase monies with interest thereon at five per cent (5%) per annum in the manner herein-before provided.

5. The Purchaser shall have the right to possession upon the completion of the said purchase in the manner herein-before provided and not previously.

6. (a) An account shall be taken between the Parties hereto providing for all proper adjustments of taxes, insurance and rentals under the leasehold interest and rights-of-way on the basis of title to the said assets having passed to the Purchaser as of the date of this Agreement.

(b) The Purchaser shall dispose of all slash and standing dead trees upon the lands in Schedule "A" hereto as required by or under the provisions of the Forest Act, and in the event of the Vendor obtaining a refund of the sum of Twenty-seven Hundred ($2700.00) Dollars paid in the year 1943 by the Vendor to the Crown pursuant to Section 113(a) of the Forest Act (as enacted by 1937 R. S. B. C. Cahp. 20 and Amendments thereto) or any part of the said sum of Twenty-Seven Hundred ($2700.00) Dollars then such refund shall be distributed as follows:

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(1) In the evento of the Purchaser disposing of the slash and dead standing trees not later than the Fall of the year 1944 then the refund up to the sum on One Thousand ($1000.00) Dollars thereof shall be paid to the Purchaser or credited upon the purchase price under this Agreement and the balance of such refund shall be retained by the Vendor as its own property.

(2) In the event of the Purchaser not disposing of the slash and dead standing trees until after the Fall of 1944 then the amount payable to the Purchaser under subclause 1 hereof shall be reduced by the amount that the refund is reduced by reason of the failure of the Purchaser to dispose of such slash and dead standing trees not later than the Fall of 1944, and the balance of the refund shall be retained by the Vendor as its own property. The parties hereto shall accept the statement of the Chief Forester as to the amount of the refund to be made, and as to the amount the refund is reduced by reason of the failure to dispose of such slash and dead standing trees in the Fall of 1944.

(c) By reason that the Vendor is not giving any warranty as to the condition of the Chattels included in Schedule "A" hereto and by reason that one tank and one flat car included in the sale by the Vendor to the Purchaser have been damaged on orabout the 20th day of November, 1942 by collision withthe cars of Canadian Collieries (Dunsmuir) Limited therefor the Vendor shall expend in the repair of the said tank and flat car so damaged a sum equivalent to that which is subsequently received by the Vendor from its Insurer as an indemnity against the loss inddamage to the said tank and flat car by such collision, PROVIDED that such sum received from the Canadian Collieries (Dunsmuir) Limited shall not be subject to any right of subrogation of any insurer, and PROVIDED FURTHER that the liability of the Vendor to repair shall be restricted to the amount of the sums actually received in its own right and that the Vendor shall not be under any obligation to collect or enforce payment or collection of any of the said monies against any Insurer or against Canadian Collieries (Dunsmuir) Limited.

7. In the event of the Vendor being unable to produce a good title to all the said property at or before the time of completion of the purchase, or to procure the freeholds in the said property to be registered in the name of the Purchaser in the manner hereinbefore provided the Purchaser shall have the option (to be declared in writing addressed to Frederick Field c/o P. S. Ross & Sons, Royal Bank Building, 675 W. Hasting Street, Vancouver, B. C.) of rescinding this agreement but prior to the completion of the purchase the Vendor shall not be liable other than for the return of the purchase monies actually received upon such rescission by the Purchaser. Upon completion of the purchase the liability of the Vendor under any warranty of title to the freeholds, rights-of-way and leasehold interests included in the said property referred to in Schedule "A" shall cease and the liability of the Vendor in respect of the chattels in Schedule "A" shall be restricted to a warranty of title to those chattels enumerated in Schedule "C" hereto annexed and identified by the signatures of the attesting persons, and any damage for breach of its warranty of title to the chattels in Schedule "C" shall be based on an not exceed the respective valuations of such chattels set forth in schedule "C". Save as to the limited warranty of title as to the chattels enumerated in Schedule (C" hereto the Vendor shall not be liable under other warranty whatsoever. The term "completion of the purchase" in this clause shall mean the delivery by the Vendor of the conveyances of freeholds, assignments of rights-of-way and leasehold interest and of the Bill of Sale herein provided for and delivery by the Purchaser of the mortgage herein provided; PROVIDED also that the liability of the Vendor in respect of the said warranty hereinbefore contained shall be restricted to breaches thereof complained of by the Purchaser by notice in writing to the Vendor within one (1) year of the date of this Agreement.

IN WITNESS WHEREOF the Parties hereto have hereunto affixed their corporate seals in the presence of their duly authorized officers in that behalf the day and year first above written.

The Corporate Seal of ROYSTON LUMBER COMPANY LIMITED)
was hereunto affixed in the presence of:) (seal)
"Fredk. Field" Controller)
)
The Corporate Seal of Somerset Limited was hereunto)
affixed in the presence of:)
"Arthur Stekl" President) "Seal)
"Mas M. Grossman" Secretary)
)

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SCHEDULE "A" REFERRED TO IN THE AGREEMENT BEARING DATE THE 31st DAY OF MAY A. D. 1943, BETWEEN ROYSTON LUMBER COMPANY LIMITED As Vendor, and SOMERSET LIMITED as Purchaser.

REAL PROPERTY

Parcel 1. Bolck 145, Nelson District.
Parcel 2. Block 523, Nelson District.
Parcel 3. Blocks 410 and 411, Nelson District.
Parcel 4. Block 333, Nelson District
Parcel 5. Block 334, Nelson District
Parcel 6. Block 144, Nelson District containing 1833 acres more or less.
Parcel 7. Block 344, Nelson District.
Parcel 8. Lot 33, Nelson District, commencing at a corner of Block 144, (Nelson District) situate at a point on the west boundary of Block 79, (Nelson District) distant nineteen chains Thirty links (19.30 chs.) more or less from the south-west corner of said west boundary a distance of Twenty (20) chains; thence north Eighty-nine degrees Sixteen Minutes West (N.89°16' W.) a distance of Fourteen chains, Fifty-eight links (14.58) chs.) more or less to a corner of said Block One Hundred and Forty-four (144) south naught degrees Forty-six minutes (0°46') west, twenty chains, Two and one-tenth links (20.021 chs.) and south Eighty-nine degrees twenty-one minutes east (S.89° 21' E), a distance of Fourteen chains Eight-four links (14.84) chs.) more or less to the point of commencement, containing twenty-nine and four-tenths (29.4) acres more or less, and shown outlined in red on plan deposited under No. 7962-N.

Parcel 9. Block 79, Nelson District, containing 988 acres more or less.
Parcel 10. Lot 1 of Section 29, Township 11, Nelson District, Map 1929.
Parcel 11. Lot 2 of Section 29, Township 11, Nelson District Plan 1929.
Parcel 12. Lot 3 of Section 29, Township 11, Nelson District Map 1929.
Parcel 13. Lots 1 to 30 inclusive, in Block "D" of Section 4, Nelson District, Plan 1478, subject to charge #85921-G in favour of theDirector of Soldier Settlement of Canada.

Real Property cont'd.

Parcel 14 Lots 1 to 4 inclusive in Block "G" of Section 4, Nelson District, Plan 1478.

Parcel 16A Lot 5, 6, and 7, Block "C" plan 3939.
Parchl 16B Lot 2, Comox District, Plan 5187.
Parcel 17 Lot 17 of Lot 66, Sayward District, Plan 3708.
Parcel 18 Lots 11 and 12 of Lot 66, Sayward District, Plan 3708.

but subject in the case of all the said parcels to the reservations appearing in the title in favour of the Esquimalt and Nanaimo Railway Company or in favour ofCanadian Collieries (Dunsmuir) Limited, or appearing in the Vendor's Agreements of sale.

LEASEHOLD INTERESTS

1. The leasehold interest of the Vendor under an Indenture of Lease bearing date the 30th day of March, 1925 between His Majesty the King represented by the Minister of lands for the Province of British Columbia as the Lessor of the one part and the said Vendor as the Lessee of the other part demising Lot 151, Nanaimo District containing in the aggregate 23 acres more or less for wharf and booming ground, subject to the rent reserved and the covenants and conditions contained in the said lease.

FIXTURES:

The sawmill, houses and bunk-houses of the Vendor situate on Lots 1 to 3 inclusive of Section 29, Township 11, Nelson District, Plan 1929.

The logging railway of the Vendor of approximately 12 miles situate on portions of the said land.

CHATTELS:

All logging equipment, including trucks, tractors, motor vehicles other than logging equipment, sawmill equipment, and railway equipmetn, also the refrigerator, engine and electric motor in the offices on the said lands, of the Vendor situate upon the said lands, particulars whereof appear in the appraisal prepared by Universal Appraisal Co. Ltd., Now identified by the signatures of the attesting persons, but not to include the household

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CHATTELS: Cont'd.

goods clothing and household furniture of Japanese stored in the Community Hall or articles pertaining to the shrine formerly in the Community Hall, but to include all felled logs and lumber on Parcels 1 to 13 inclusive or on Lot 151 Nanaimo District.

Sawmill	1 Steam Engine #1 16" x 20"	"Fredk. Field"		$1400.00
	1 Steam Engine #2 10" x 12"			700.00
	1 Feed Engine 8½" x 8"	"Max M. Grossman"		700.00
	1 Head Saw			840.00
	1 Carriage 38' x 6'	"A. Stekl"		1300.00
	1 Edger 6" x 42"			747.50
	1 Sticker			400.00
	1 Rip Saw 38" x 6' 6"	MacGregor Gourley		375.00
	1 Circular Re Saw 36"	Cowan Co.		500.00
	1 1508' 1 1/8" Main Line			609.00
	1 5000' 5/8" Haulback			750.00
	1 2500' 5/8" Haulback			375.00
Boiler-House	1 #1 Boiler 72" x 18"	21518		2100.00
	1 Stack 65' x 34" Guy Wires and Screen			300.00
	1 #2 Boiler 72" x 18"	21854		2250.00
	1 Stack 65' x 34" Guy Wire and Anchors			300.00
Planing Mill	1 14" x 18" Twin Engiiner	Frost		950.00
	1 Planner & Matcher 15 x16"	Yates #91 - 54053		4085.00
	1 32" American Knife Grinder	Williamspoint Machinery Co.		332.50
	1 30" - 3 Drum Sander	Cowan & Co.		855.00
Cornice	1-45" x 70" x 73" - Refrigerator	Frigidair		300.00
	1 Engine Type Y	Pacific Marine 7500		755.00
	1 Electric Motor - 3 H. P.	General Electric		200.00
Garage No. 6	1 Logging Trailer 8 wheel	Shaw & Stuart 1121		1500.00
Yard	6 - 40' Flat Cars $600.00 each			3600.00
	1 Wood Tank on skids			200.00
	5 Skelton Cars $650.00 each			3250.00
	1 Flat car built up sides			550.00
	1 30' Tank Car			550.00
	1 34' Tank Car			900.00
	1 42 Ton Shay Locomotive	Lima Loco Co. 3246		10000.00
	1 24' Tank Car			700.00
	2 Gasoline Speeders Ford Engines $400.00each			800.00
	1 40.7 H. P. Locomotive	Montreal Locomotive Works-65664		4500.00
	1 Gasoline Speeder Chevrolet Engine			1800.00
	1 6"x 8" Horizontal Engine			200.00
	1 1928 Williamette Lumber Carrier	S415724 #227		2000.00
Yard	1 1938 - 2½-3 Ton Hayes Truck	D579398	803575	2400.00
	1 1935 - 2-3 Ton International Truck	C40 FAB2591	13766AP	900.00
	1 Fordson Tractor with 2 Drum Hyster	T. S. 2224		1800.00
	1 D7nCaterpillar Tractor	#9037		4000.00
	1 Hyster Lumber Piler - D International	-137		5500.00
	1 Snow Plow Model 158 - Baker	1012		425.00
	1 9½" x 11" Donkey with Sled-Vancouver	Engineering Works		3000.00
	1 9" x 10" Donkey with Sled " " "			2750.00
	1 10" x 12" Donkey with Sled-Washington			4000.00
	1 Gas Donkey & Sled-Hayes	4067		1700.00
	1 Twin Mercury & Sled Yarder	Murdie -34		6200.00
	1 Mercury Yarder	Murdie -29		3500.00
Wharf	1 Stiff Leg Crane	American Heist & Derrick Co.		750.00
	1 Fordson Tractor Engine	no number		750.00
	1 Pile Drive 1500 lbs. Hammer			200.00

all of which said chattels are situate on or about the lands described in Parcels 1 to 14 inclusive to Schedule "A" to this Agreement, and also on Lot 151 Nanaimo District.

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SCHEDULE "C" REFERRED TO IN THE AGREEMENT
BEARING DATE THE 31st OF MAY 1943, BETWEEN
ROYSTON LUMBER COMPANY LIMITED AS VENDOR,
AND SOMERSET LIMITED AS PURCHASER

CHATTELS

Location	Quantity		Make	Serial #	Eng. #	Value
Sawmill	1 Steam Engine #1	16" x 20"	Frost 1199			$1400.00
	1 Steam Engine #2	10" x 12"	Horizontal			700.00
	1 Feed Engine	8¼" x 8"	Heaps 2624			700.00
	1 Head Saw		E. Long Ltd.,			840.00
	1 Carriage	35' x 6'	E. Long Ltd.,			1500.00
	1 Edger	6" x 42"	Heaps E237			747.50
	1 Sticker					400.00
	1 Rip Saw	38" x 6' 6"	MacGregor Gourlay			375.00
	1 Circular Re Saw 36"		Cowan Co.			500.00
	1 1500' 1 1/8" Main Line					609.00
	1 5000' 5/8" Haulback					750.00
	1 2500' 5/8" Haulback					375.00
Boiler-House	1 #1 Boiler 72" x 18"		2	21518		2100.00
	1 Stack 65' x 34" Guy Wires and Screen					300.00
	1 #2 Boiler 72" x 18"			21854		2250.00
	1 Stack 65' x 34" Guy Wire and Anchors					300.00
Planing Mill	1 14" x 18" Twin Enginer		Frost			950.00
	1 Planner & Matcher 15 x16"		Yates #91 - H4053			4085.00
	1 32" American Knife Grinder		Williamspoint Machinery Co.			332.50
	1 30" - 3 Drum Sander		Cowan & Co.			855.00
Cornice	1-45" x 70" x 73" - Refrigerator		Frigidair			300.00
	1 Engine Type Y		Pacific Marine 7500			755.00
	1 Electric Motor - 3 H. P.		General Electric			200.00
Garage No. 6	1 Logging Trailer 8 wheel		Shaw & Stuart 1121			1500.00
Yard	6 - 40' Flat Cars $600.00 each					3600.00
	1 Wood Tank on skids					200.00
	5 Skelton Cars $650.00 each					3250.00
	1 Flat car built up sides					550.00
	1 30' Tank Car					550.00
	1 34' Tank Car					900.00
	1 42 Ton Shay Locomotive		Lima Loco Co. 3246			10000.00
	1 24' Tank Car					700.00
	2 Gasoline Speeders Ford Engines $400.00each					800.00
	1 40.7 H. P. Locomotive		Montreal Locomotive Works-65664			4500.00
	1 Gasoline Speeder Chevrolet Engine					1800.00
	1 6"x 8" Horizontal Engine					200.00
	1 1928 Williamette Lumber Carrier		S415724 #227			2000.00
Yard	1 1938 - 2½-3 Ton Hayes Truck		D579398	803575		2400.00
	1 1935 - 2-3 Ton International Truck		C40 FAB2591	13766AP		900.00
	1 Fordson Tractor with 2 Drum Hyster		T. S. 2224			1800.00
	1 D7n Caterpillar Tractor		#9G37			4000.00
	1 Hyster Lumber Piler - D International		-137			5500.00
	1 Snow Plow Model 158 - Baker		1012			425.00
	1 9½" x 11" Donkey with Sled-Vancouver Engineering Works					3000.00
	1 9" x 10" Donkey with Sled " " "					2750.00
	1 10" x 12" Donkey with Sled-Washington					4000.00
	1 Gas Donkey & Sled-Hayes		4067			1700.00
	1 Twin Mercury & Sled Yarder		Murdie -34			6200.00
	1 Mercury Yarder		Murdie -29			3500.00
Wharf	1 Stiff Leg Crane		American Hoist & Derrick Co.			750.00
	1 Fordson Tractor Engine		no number			750.00
	1 Pile Drive 1500 lbs. Hammer					200.00

all of which said chattels are situate on or about the lands described in Parcels 1 to 14 inclusive to Schedule "A" to this Agreement, and also on Lot 151 Nanaimo District.

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Location	Quantity	Make	Serial #	Engine #	Value
Garage 1 at Victoria	1934 Williamette Lumber Carrier		351	164396	4000.00
	1 1932 1½ Ton Ford truck		CCBQ3801	CCBQ3801	400.00
	1 1937 2 Ton Ford Truck		C4663	C4663	750.00
	1 1935 Chevrolet Coupe		5101709788	4767571	475.00
	1 1932 Chevrolet Coupe		540210	2313138	275.00
	1 Ford 2 Ton Flat Top Truck		6520-2C19716	1181-2C19716	1200.00

which said last mentioned motor vehicles are situate at the Empress Garage at 615 Government Street, in the City of Victoria, in the Province of British Columbia.

"Fredk. Field"
"Max M. Grossman"
"A. Stekl"

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C.M.

DATED MAY A.D. 1943

ROYSTON LUMBER COMPANY
LIMITED

and

SOMERSET LIMITED,

A G R E E M E N T

LOCK, LANE, GUILD & SHEPPARD,
Barristers, etc.

VANCOUVER, B. C.

THIS INDENTURE made in duplicate this 9th day of June A. D. 1943.

BETWEEN:

EXHIBIT No. 381-9
DATE 14 oct 1948
FILED BY A. McKennan

SOMERSET LIMITED, incorporated under the laws of the Province of British Columbia, with registered office at 520 Stock Exchange Building 475 Howe Street, in the City of Vancouver, in the Province of British Columbia,

Hereinafter called the Mortgagor
OF THE FIRST PART.

AND:

ROYSTON LUMBER COMPANY LIMITED, incorporated under the laws of the Province of British Columbia, with registered office at Royston, British Columbia

Hereinafter called the Mortgagee
OF THE SECOND PART.

AND:

ARTHUR STEKL, of 5376 Marguerite Avenue, in the City of Vancouver, in the Province of British Columbia, Lumberman,

Hereinafter called the Guarantor
OF THE THIRD PART.

WHEREAS under an Agreement in Writing bearing date the 31st day of May A.D. 1943, between the Mortgagee herein as the Vendor of the First Part therein, and the Mortgagor herein as the Purchaser of the Second Part therein agreed to sell to the Mortgagor and the Mortgagor agreed to purchase from the Mortgagee certain assets at and for the sum of Two Hundred Thousand, Four Hundred and Fifty ($200,450.00) Dollars, payable Sixty Thousand ($60,000.00) Dollars in cash on or before the execution of the said agreement and the balance of One Hundred and Forty Thousand, Four Hundred and Fifty ($140,450.00) Dollars, with interest at five per cent (5%) per annum on deferred payments from the date of the said Agreement in writing, subject to the terms and provisions as provided in the said Agreement, and on the further term that the Mortgagor do execute to the Mortgagee a legal mortgage and charge in form hereinafter appearing, being then produced and identified by the parties to the said Agreement;

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AND WHEREAS pursuant to the said Agreement the Mortgagee has conveyed to the Mortgagor the properties and assets therein agreed to be conveyed to the Mortgagor and has demanded of the Mortgagor the security to provide it in the terms of the said Agreement.

1. WITNESSETH that in consideration of the premises and of the said indebtedness in the principal sum of One Hundred and Forty Thousand, Four Hundred and Fifty ($140,450.00) Dollars and of the said undertakings of the Mortgagor to provide the security, the Mortgagor as beneficial owner doth hereby grant, convey, assign, transfer, demise and set over mortgage and charge to and in favour of the Mortgagee, its successors and assigns as and by way of a first specific legal mortgage and charge:-

(a) All the real property now owned, or hereafter acquired by the Mortgagor including lands and interest in lands, buildings, fixtures and improvements and all rights, privileges and easements appurtenant thereto, including without in any way limited the generality of the foregoing the lands described in the First Schedule hereto annexed and identified by the signatures of the attesting persons.

Leaseholds.

(b) All that piece of land, situate, lying and being in the Nanaimo District and being composed of Lot 151, containing in the aggregate twenty-three (23) acres more or less with appurtenances thereto, and all other, if any, in the premises comprised in and demised by a certain lease dated the 30th day of March, A.D. 1925, between His Majesty the King represented by the Minister of Lands for the province of British Columbia as the Lessor therein of the one part, and the Royston Lumber Company Limited as the Lessee of the other part.

CHATTEL INTEREST.

(c) All the Sawmills, Sawmill machinery and equipment and all logging equipment, including trucks, tractors, carriers, houses and bunk-houses; all railways, rolling stock, locomotives and railway equipment, and all trucks and motor vehicles and logs situate upon the said lands particularly described in the said First Schedule hereto or in the said lease, and all goods and chattels which shall be brought upon the said lands, and including without in any way

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limiting the generality of the foregoing all the chattels described in the Second Schedule hereto attached and identified by the signatures of the attesting persons and also those motor vehicles in the said Second Schedule hereto situate at the Empress Garage, Victoria, British Columbia.

(d) And the Mortgagor as beneficial owner hereby charges its undertaking and all of its property whatsoever and wheresoever, both present and future, including its uncalled capital by way of a floating security to the end and intent that this said mortgage and charge shall operate as a specific charge on the property hereinbefore specifically charged in Clauses (a), (b) (c) and (d) hereof and as a floating charge on the other assets of the Company without power to the Mortgagor to create any mortgage or charge ranking in priority to or pari passu with this charge. All to secure to the Mortgagee the payment of all monies payable pursuant to this Indenture and the performance of all covenants herein contained.

PROVIDED that the said charge without power to the Mortgagor to create other mortgage or charge in priority to or pari passu shall not prevent during the period that there be no default under this mortgage :-

(a) The Mortgagor charging felled logs and lumber produced therefrom by security under Sec. 88 of the Bank Act after payment to the Mortgagee of the said payment at the rate of $4.00 per one thousand feet, Board Measure, B.C. Log Scale in respect of such felled logs or lumber.

(b) The mortgagor charging property subsequently purchased from third persons to secure the purchase price thereof or purchasing additional chattels under Conditional Sale Agreement to secure the purchase price thereof, or purchasing property subject to a charge created by the previous owner providing such charge shall not have priority to this Indenture except in respect of the particular property purchased subject to such charge.

(c) The Mortgagor replacing any of the mortgaged chattels with like chattels when required according to good logging practice or selling any chattel under the value of $200.00 and not part of any machine, equipment or plant, or upon obtaining the consent of the Mortgagee selling any chattels over the value of $200.00, or part of any machine, equipment or plant,

PROVIDED that such replacement or sale does not depreciate the security of the Mortgagee under its mortgage, and Provided that the consent of the Mortgagee be first obtained to the replacement or sale of any chattel contained in the First Schedule hereto, and such consent by the Mortgagee shall not be unreasonably

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withheld, but the Mortgagee may require the consent of the Guarantor to such replacement or sale.

(d) The Mortgagor's right to remodel or destroy or abandon shacks or Japanese dwellings upon the said lands, or to remodel the sawmill or other building, machinery or equipment upon or affixed to the said lands in the First Schedule hereto, PROVIDED that the consent of the Mortgagee be first obtained and such consent shall not be unreasonably withheld, but the Mortgagee may require the consent of the Guarantor.

PROVISO 2. PROVIDED this mortgage to be void on payment of the sum of One Hundred and Forty Thousand, Four Hundred and Fifty ($140,450.00) Dollars of lawful money of Canada, as follows :-

(a) On the 15th day of each and every month a sum the equivalent of $4.00 for each one thousand feet, Board Measure, B.C. Log Scale, of all logs felled upon the said lands and within the preceding month either removed from the said lands or delivered to a sawmill thereon.

(b) On the 30th day of June in each and every year commencing with the 30th day Of June, 1944, a further sum the equivalent of the amount that Forty Thousand ($40,000.00) Dollars exceeds the amount received within the preceding year from the payments at the rate of Four ($4.00) Dollars per one thousand feet, Board Measure, B. C. Log Scale, PROVIDED that the preceding year expiring on the 30th day of June, 1944 shall be deemed to include that period commencing on the date of the said Agreement in Writing first hereinbefore mentioned and expiring on the 30th day of June, 1944.

(c) Together with interest at the rate of five per cent (5)% per annum from the date of the said Agreement in Writing first hereinbefore mentioned, to be paid on the said principal monies or so much thereof as shall remain unpaid from time to time whether before or after the same becomes due; such interest to be paid yearly on the 31st day of December in each and every year until the whole of the principal monies payable hereunder are fully paid; the first of such interest to be paid on the 31st day of December, A. D. 1943; all interest on becoming due shall forthwith become principal and bear interest as aforesaid and to be a charge in the same manner as all other monies hereby secured; PROVIDED that the Mortgagor may at any time during the currency of this mortgage repay all or any part of the principal monies without giving any notice thereof upon payment of the interest accrued to the date of such payment, but a partial payment shall be in the sum of Five Thousand($5,000.00) Dollars or a multiple thereof; PROVIDED that the payment by the Mortgagor of the sum of One Hundred

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and Thirty-six Thousand, Four Hundred and Ten ($136,410.00) Dollars within thirty (30) days of the date of the Agreement first hereinbefore mentioned shall be a satisfaction of the principal monies and interest thereon payable hereunder.

MORTGAGOR'S COVENANTS RE PAYMENTS AND SECURITIES

3. The said Mortgagor covenants with the said Mortgagee :-

(a) That the Mortgagor will pay the mortgage monies and interest and observe the above proviso.

(b) That the Mortgagor has a good title in fee simple to the said lands.

(c) That the Mortgagor has the right to convey the said lands to the said Mortgagee.

(d) That in default the Mortgagee shall have possession of the said lands free from all encumbrance.

(e) The Said Mortgagor doth release to the said Mortgagee all its claims upon the said lands subject to the said proviso.

(f) The preceding sub-clauses (a) to (e) inclusive shall be read in the extender form contained in Column 2 of the Short Form of Mortgages Act.

(g) That the Mortgagor is lawfully seised and possessed of the properties and assets hereby mortgaged and charged and has good title and lawful authority to mortgage and charge the said properties and assets and that the said properties and assets are free and clear of and from all encumbrances or charges whatsoever.

MORTGAGOR'S COVENANTS RE OPERATIONS.

(h) That the Mortgagor will warrant and defend the mortgaged premises, all and singular the goods and chattels mortgaged and charged under the Mortgage against the Mortgagor and against claims of all persons whomsoever.

(i) That the Mortgagor will upon the request of the Mortgagee make, do, execute or cause or procure to be made, done and executed all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances, and assurances in the law for the further, better, or more perfectly and absolutely conveying and assuring the said properties and assets hereby mortgaged and charged unto the Mortgagee, its successors and assigns, as by the said Mortgagee, its successors and assigns, or its solicitor, shall or may be lawfully and reasonably devised, advised or required, and without limiting the generality of the foregoing, the Mortgagor shall upon the request of the Mortgagee assign to the Mortgagee all rights-of-way of the Mortgagor and the said booming lease and any renewal thereof.

(j) That the Mortgagor will keep and maintain the property and assets hereby mortgaged or charged in as good condition and repair as when

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purchased by the Mortgagor, and according to the nature and condition thereof respectively.

(k) That the Mortgagor will not commit or suffer to be committed any act of waste.

(l) That the Mortgagor shall during the continuance of this security keep insured against loss or damage by fire all properties and assets mortgaged or charged hereby, save and excepting standing timber, to the amount of the balance unpaid under this Indenture, in some Insurance Company regularly licensed to carry on business in the Province of British Columbia, or such other insurance Company as may be approved by the Mortgagee, with the loss thereunder payable to the Mortgagee as its interest may appear, and will pay all premiums and sums of money necessary for such purposes as the same shall become due, and will on demand assign, transfer, and deliver over unto the Mortgagee, the policy or policies of insurance, receipt and receipts thereto appertaining, and if the Mortgagee shall pay any premiums or sums of money for insurance the amount of such payments shall be added to the debt hereby secured, and shall bear interest at the same rate from the time of such payments, and shall be payable at the time appointed for the then next ensuing payment of interest on the said debt.

MORTGAGOR'S COVENANTS RE OPERATIONS.

4. The Mortgagor further covenants and agrees with the Mortgagee as follows :-

(a) That the Mortgagor will immediately on the execution of this Indenture take all reasonable steps to place the machinery and equipment on the said lands in condition for operation, and thereafter, subject to the provision of sub-clause (c) hereof shall carry on the operations provided for in this Agreement throughout the period of the war in which His Majesty is presently engaged, with such machinery and equipment and with such number of men as may be required, and shall carry on such logging operations continuously in each year until six million feet of logs or lumber, Board Measure, B. C. Log Scale are produced in that year.

(b) That the Mortgagor throughout the period of the war in which His Majesty is presently engaged shall cut on the said lands and market six million feet, Board Measure, B. C. Log Scale, of logs or lumber derived therefrom during each year. The term "year" in this clause shall be deemed to be the period commencing with the date of this Indenture and expiring on the 30th day of June, 1944, and thereafter during each and every succeeding twelve (12) month period expiring on the 30th of June.

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(c) If the Mortgagor shall be prevented from carrying on logging or sawmill operations continuously for any of the following causes then during such period of time the Mortgagor shall be relieved from the obligation of carrying on the operations continuously provided that the prevention of such operations shall be due to one or more of the following causes and beyond the control of the Mortgagor :-

(1) Frost, snow, flood, fire, explosions, breakdowns, or accidents at the mill, railway, wharves, in logging operations or to machinery or equipment.

(2) Acts of God or of the King's enemies; or strikes.

(3) Such reasonable length of time as may be required from time to time to put, keep and maintain all machinery and equipment in the state of repair herein stipulated but not to exceed two weeks on any one occasion.

(4) During the period in any year that the marketing conditions are such to prevent the Mortgagor realizing the costs of production of logs or lumber derived therefrom and a profit of $1.50 per thousand feet, Board Measure, B. C. Log Scale.

(5) Any law, rule, order or regulation of the Government of the Dominion of Canada, or the Province of British Columbia, or any Department or Official thereof, requiring the said operations, or either of them, or any part to be shut down, or discontinued for any length of time.

(6) Inability to procure sufficient labour, equipment, parts or materials if such conditions preventing operations be proven to be the satisfaction of the local representative of the Timber Controller.

PROVIDED FURTHER that if in any year the Mortgagor be prevented from carrying on operations by reason of the conditions enumerated in subclauses 2,4,5 and 6 of this Clause, or by any of them, then the obligation to cut six million feet in that year shall be reduced by the proportion that the period of such conditions in that year bears to the whole year, but the provisions of this clause and the events in the subclauses hereof shall not postpone or excuse the payments of principal and interest hereinbefore provided.

(d) That the Mortgagor shall keep and wood scale and the usual record of all timber cut on or removed from the said lands in the First Schedule hereto, and of the kind, contents and measurements thereof and shall furnish to the Mortgagee a copy of such account from time to time as prepared and also when requested ~~to~~ so to do by the Mortgagee.

(e) That the Mortgagor shall keep complete and accurate record of the Lumber and timber produced upon the said lands and in each sawmill on the said lands showing the kind and footage of the production and of the sales.

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(f) The Mortgagor shall, at all times, carry on and conduct logging operations upon the said lands in a good and workmanlike manner, according to the approved customs and methods of logging operators in British Columbia, and shall cut clean and clear and log off as its operations progresses such timber as in accordance with good logging practice can be economically logged and in such manner as not to impair unnecessarily the security of the Mortgage hereunder.

(g) The Mortgagor shall comply with the provisions of the Forest Act and with proper directions of officials of the Forestry Department.

(h) The Mortgagor shall mark all timber cut and removed from the said lands in accordance with the provisions of the Forest Act.

(i) The Mortgagor shall conduct felling and logging operations and the marketing of timber and lumber derived therefrom so as to prevent any possibility of the timber on or from the said lands described in Schedule Two herein becoming confused with any adjoining or other timber, and in addition such adjoining or other timber shall be marked with a distinguishing mark before removal from the lands on which it has been cut.

(j) The Mortgagor shall take all proper precautions to prevent destruction by fire of any portion of any standing or cut timber on the lands described in the First Schedule hereto, and shall take all reasonable precautions and emply such reasonable assistance as may be necessary to prevent and extinguish any fires that may be calculated to endanger the properties and assets mortgaged or charged hereunder.

(k) The Mortgagor shall pay and satisfy all claims for wages and all other claims against the Mortgagor which might or shall constitute a lien upon the said properties and assets mortgaged or charged hereunder, as and when such claims shall become due and in any event before such lien shall become effective, and the Mortgagor shall not permit any wages to remain unpaid for a period in excess of two (2) weeks, and shall produce and furnish to the Mortgagee, on its request, a payroll showing the amount due.

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(l) The Mortgagor shall pay all monies required by the Workmen's Compensation Board when due and in any event will make all proper returns to the Board to the end and intent that no claim can arise to the Workmen's Compensation Board.

(m) The Mortgagor will pay punctually when due all rentals, royalties and taxes, charges and fees together with all scaling costs, fees, expenses and charges, and all fire-fighting charges and any and all sums lawfully demanded by the Minister of Lands of the Province of British Columbia, or any Department of the said Province, and all taxes, rates and assessments, ordinary and extraordinary, general and specific, and including Municipal and School taxes and rates (but not to include any tax assessed against and payable by the Mortgagee) and all amounts which may lawfully be charged or become chargeable against the said lands in the First Schedule hereto, or timber cut thereon or removed therefrom, or payable to the Government of the Province of British Columbia, or to any Department thereof in respect thereof, or to any Municipality.

(n) The Mortgagor shall permit the Mortgagee, its successors and assign, and its controller Frederick Field, and their respective servants and agents, to enter upon the said lands described in the First Schedule hereto, and to ascertain quantity of logs cut thereon and the lumber produced therefrom, and to inspect the books and records of the Mortgagor at all reasonable times for the purpose of ascertaining the timber cur or manufactured on, or removed from the said lands in the First Schedule hereto, and of ascertaining that the wages and assessments of the Workmen's Compensation Board and other obligations by the Mortgagor under this indenture are being performed at the times herein provided.

REMEDIES 5. The Mortgagor further covenants and agrees with the Mortgagee:-

(a) That if at any time the Mortgagor shall fail to comply with any of the covenants, conditions and stipulations hereof, or in case default shall be made in the payment of any instalment of principal or interest or any part thereof, at the time or in the manner herein provided then in every such case

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the Mortgagor shall cease to cut or remove any timber on or from the said lands described in the First Schedule hereto and shall not while in default sell any timber or the products thereof originating from the said lands.

(b) In case default shall be made in any covenant, condition, stipulations or proviso herein, or in case the Mortgagor shall attempt to sell or dispose of or in any way part with the possession of the goods and chattels subject to this mortgage or charge, or any of them, or to remove the said goods and chattels, or any part thereof, from the premises upon which they are now located, or suffer or permit the same to be seized or taken in execution without the consent of the Mortgagee and of the Guarantor to such sale, removal, or disposal thereof first had and obtained in writing, and if any such default continues for one hundred and twenty days after notice thereof has been given by the Mortgagee to the Mortgagor, then and in such event the whole of the principal sum and interest shall forthwith become due and payable, and in every such case it shall and may be lawful for the Mrtgagee with its servants, and with such other assistant or assistants as it may require at any time to enter into and upon any lands, tenements, houses, and premises whereso ever and whatsoever where the said goods and chattels, or any part thereof my be, and for such persons to break and force open any doors, locks, bars, bolts, fastenings, hinges, gates, fences, houses, buildings, enclosures and places for the purpose of taking possession of and removing the said goods and chattels; AND upon and from and after the taking possession of such goods and chattels as aforesaid, it shall and may be lawful, and the said Mortgagee is hereby authorized and empowered to sell such goods and chattels, or any of them, or any part thereof, at public auction or private sale as to the Mortgagee may seem meet; AND from and out of the proceeds of such sale in the first place to pay and reimburse the Mortgagee all such sums and sums of money as may then be due by virtue of these presents, and all such costs and expenses as may have been incurred by the said Mortgagee in consequence of the default, neglect, or failure of the Mortgagor in payment of the said money, with interest thereon, as above mentioned, or in consequence of such sale or removal, as above mentioned, and in the next place to pay unto the said Mortgagor all such surplus as may remain after such sale, and after payment of all such sum or sums of money and interest thereon, as may be due by virtue of those Presents at the time of such seizure and after payment of all costs, charges and expenses incurred by such seizure and sale as aforesaid : PROVIDED ALWAYS nevertheless, that it shall not be incumbent on the said Mortgagee to sell and dispose the said goods and chattels, but that in case of default of payment of the said sum of money, with interest thereon, as aforesaid, it shall and may be lawful for the said Mortgagee peaceably and quietly to have, hold, use, occupy,

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possess, and enjoy the said goods and chattels, without the let, molestation, eviction, hindrance, or interruption of the said Mortgagor, or any other person or persons whomsoever ; in case the sum of money realized under any such sale as above mentioned shall not be sufficient to pay the whole amount due at the time of such sale, that the said Mortgagor shall and will forthwith pay, or cause to be paid, unto the said Mortgagee, all such sum or sums of money, with interest thereon, as may then be remaining due; as well also as all costs and expenses as may be incurred by any seizure.

AND the said Mortgagor doth put the said Mortgagee in full possession of the said goods and chattels by delivering to it these presents in the name of all the said goods and chattels, at the sealing and delivery hereof ;

(c) PROVIDED that the said Mortgagee on default of payment for three (3) calendar months may on thirty (30) days' notice enter on and lease or sell the said lands. And also that any contract or sale made under the said power may be varied or rescinded. And also that the said Mortgagee may buy in and resell the said lands or any part thereof without being responsible for any loss or deficiency on resale or expense thereby incurred. PROVIDED that such sale may be either by public auction or private contract, and either for cash or on credit, or part cash and part credit, and at such sale the whole or any part or parts of the said lands may be sold. PROVIDED that the Mortgagee may distrain for arrears of interest. Provided that the Mortgagee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

The preceding words in this sub-clause shall be given the extended meaning in Column 2 of the Short Form of Mortgages act; PROVIDED FURTHER that the Mortgagee in case of any of the defaults mentioned in sub-clause (b) of this Clause 5, and in the event of such default continuing for a period of one hundred and twenty (120) days after notice thereof has been given by the Mortgagee to the Mortgagor, may exercise the power of sale hereinbefore contained in this sub-clause (c).

(d) AND IT IS HEREBY AGREED between the parties hereto that the Mortgagee, on the default by the Mortgagor, may pay any taxes, rates, levies, assessments, charges, moneys, liens, costs of suit or matters relating to liens or encumbrances on said lands, or pay property, mortgages or income tax imposed, or that may be imposed on the Mortgagor in respect of this property or mortgage or the moneys secured hereby, and solicitors' and other charges in connection with this mortgage, and valuators' fees, together with all costs and charges, including all solicitors' charges and commission for the collection of any

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overdue interest, instalment of principal, insurance premiums, and all other monies whatsoever payable by the Mortgagor hereunder, which may be incurred by taking proceedings of any nature in case of default by the Mortgagor, and the amount so paid or incurred shall be a charge on the said lands in favour of the Mortgagee and shall be payable at the time of payment of next quarters's interest, with interest at the rate aforesaid until paid ; and in default, the power of sale hereby given, and all other powers thereunto enabling, shall be exercisable after one hundred and twenty (120) days notice by the Mortgagee to the Mortgagor; PROVIDED that the hereinbefore mentioned notice of exercise of power of sale or lease, or either may be effectually given either by leaving the same with a grown up person on the mortgaged premises, if occupied, or placing the same on some portion thereof, if unoccupied, or at the option of the said Mortgagee, by publishing the same twice in some newspaper published in the county or district in which the said lands are situate, and that such notice shall be sufficient though not addressed to any person or persons by name or destination and notwithstanding any person or persons to be affected thereby may be unknown, unascertained, or under disability ; and on any sale, time for payment may be given and special conditions may be made, and the cost of any abortive sale shall become a charge upon the lands, and the mortgagee may tack them to the mortgage debt. PROVIDED that the Purchaser shall in no case be bound to ascertain that the default has happened under which the Mortgagee claims to lease, or sell, and that the remedy of the Mortgagor shall be in damages only, and the sale under the said powers shall not be affected.

PROVIDED that until default of payment the Mortgagor shall have quiet possession of the said lands.

(e) AND the Mortgagor hereby attorns to the Mortgagee and becomes tenant of the said lands during the term of this mortgage at a rent equivalent to and payable at the same days and times as the payment of interest as hereinbefore agreed to be paid, and such rent when so paid to be in satisfaction of such payment of interest. PROVIDED that Mortgagee may in default of payment or breach of any of the covenants hereinbefore contained, enter on the said lands and determine the tenancy hereby created on one-hundred and twenty (120) days' notice.

(f) IT IS AGREED that the Mortgagee after default by the Mortgagor may satisfy any charge now or hereafter existing or to arise or claimed upon any property charged by this Indenture, and the amount so paid shall be added to the debt hereby secured and bear interest at the same rate and shall be forthwith payable by the Mortgagor to the Mortgagee and in default of payment the principal sum hereby secured shall become payable, and the powers of sale hereby given may be exercised forthwith without any

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notice. And in the event of the Mortgagee satisfying any such charge or claim, either out of the money advanced on this security or otherwise, it shall be entitled to all the equities and securities of the person or persons so paid off.

(g) PROVIDED HOWEVER and notwithstanding anything to the contrary herein contained in case the Mortgagor shall be adjudged bankrupt, or commit an acto of bankruptcy, or make an assignment in bankruptcy, or shall part with possession of the chattels charged by this Indenture, or any part thereof, under circumstances not within the permission so to do hereinbefore provided, or suffer or permit any of its chattels to be seized or taken in execution, or in case the Mortgagor shall suffer, allow or permit a Judgment to be obtained against the Mortgagor, or shall suffer, allow or permit any taxes, rates, duties or assessments whatsoever for which the Mortgagor now is or hereafter during the currency of these presents may be assessed, to remain unpaid and unsatisfied for a period of seven (7) days after the same becomes due and lawfully payable, or in case any of the property charged by this mortgage or any part thereof shall become liable to seizure by virtue of any Act of Parliament of Canada or of the Province of British Columbia or by reason of any act of the Mortgagor then and in every such event the Mortgagee shall have the right forthwith to obtain the appointment of a Receiver and Manager in respect of the property and undertaking of the Mortgagor and such incidental relief as may permit the crystallization of the floating charge and the preservation of the assets of the mortgagor to be available as a security to the Mortgagee.

(h) AND IT IS AGREED AND DECLARED that every part or lot into which the mortgaged lands are or may hereafter be divided does and shall stand charged with the whole of the moneys hereby secured, and no person shall have any right to require the mortgage money to be apportioned upon or in respect of any such parts or lots, and the Mortgagee may discharge any part or parts from time to time of the mortgage lands for such consideration as it shall think proper, or without consideration if it sees fit; and no such discharge shall diminish or prejudice this security as against the lands remaining undischarged or as against any person whomsoever.

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(i) The remedies herein expressly provided in this Indenture shall be deemed in addition to all other remedies available to the Mortgagee obtaining at law or in equity.

COVENANTS OF GUARANTOR

6. THE GUARANTOR covenants and agrees with the Mortgagee;

(a) That the Guarantor guarantees to the Mortgagee the due payment by the Mortgagor of the said principal monies and interest at the times and in the manner as hereinbefore provided and the due performance and observance by the Mortgagor of all covenants, conditions, stipulations and provisoes contained in this Indenture.

(b) That as between the Mortgagee and the said Guarantor the said Guarantor is and shall continue liable as a principal debtor under all the covenants contained in this Indenture notwithstanding any transaction which may take place between the Mortgagee and the Mortgagor, or any neglect or default of the Mortgagee which might otherwise operate as a discharge whether partial or absolute of the said Guarantor if he were a surety only of the Mortgagor, and without restricting the generality of the foregoing notwithstanding the releasing in whole or in part of the properties and assets mortgaged or charged, or the granting of time or other indulgence to the Mortgagor.

(c) That the Mortgagee in its absolute discretion or in the absolute discretion of any officer or agent, and without diminishing the liability of the Guarantor may grant time or other indulgence to the Mortgagor and any other person or persons liable to the Mortgagee in respect of the said principal monies and interest and may give up, modify, vary, exchange, renew or abstain from perfecting or taking advantage of any securities in whole or in part and may discharge any part or parts or accept any compositions or arrangements or realize any securities when and in such manner as the Mortgagee, or any servant thereof may think expedient, and in no case shall the Mortgagee be responsible for any neglect or omission with respect to such securities.

(d) That the Guarantor will not at any time claim to be subrogated in any manner to the position of the Mortgagee and will not claim the benefit of any security at any time held by the Mortgagee; PROVIDED HOWEVER that in the event of the Guarantor paying to the Mortgagee all the monies

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remaining unpaid under this Indenture then the Guarantor shall be entitled to the assignment of such security then remaining in the Mortgagee, and PROVIDED FURTHER that in the event of the Guarantor obtaining the assignment of the securities then held by the Mortgagee in the manner hereinbefore provided then the Mortgagor agreed that the Guarantor may hold such securities for any advances which have been made by the Guarantor to or on behalf of the Mortgagor.

(e) The Mortgagee shall not be bound to exhaust its recourse against the Mortgagor or other parties or other securities it may hold, or any of them, or to value such securities or any of them for guaranteeing payment for the Mortgagor or his legal representatives.

7. THE PARTIES DO MUTUALLY AGREE:-

(a) That any notice required to be given hereunder shall be deemed to be properly and effectively given and shall in all respects be valid and effective if sent by prepaid registered mail addressed in the case of the Mortgagor as follows:-

"Somerset Limited,
520 Stock Exchange Building,
475 Howe Street,
Vancouver, B.C.

and in the case of the Mortgagee as follows:-

"Royston Lumber Company Limited,
c/o Frederick Field, Controller,
Royal Bank Building,
475 West Hastings Street,
Vancouver, B. C. "

and in the case of the Guarantor as follows:

"Arthur Stekl, Esq.,
5376 Marguerite Street,
Vancouver, B. C."

If such notice be mailed in the City of Vancouver, it shall be deemed to have been received within the expiration of twenty-four hours after the date of mailing thereof, or if mailed elsewhere than in the City of Vancouver then on the expiration of Seven (7) days from the date of mailing thereof.

(b) That the expression "lands" or "said lands" shall be deemed to mean the lands particularly described in the First Schedule hereto unless the context otherwise requires.

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(c) That the expression "timber" used herein shall be deemed to mean and to include logs cut on or removed from the said lands or the products thereof unless the context otherwise requires.

IN WITNESS WHEREOF the Parties of the First Part ~~and Second Part~~ "AS" "MG" hereto have hereunto affixed ~~their~~ corporate seals duly attested by their "FAS" duly authorized officers in that behalf, and the Party of the Third Part has hereunto set his hand and seal the day and year first above written.

The Corporate Seal of SOMERSET)
LIMITED was hereunto affixed in)
the presence of:) (seal)
"Arthur Stekl" President)
"Max M. Grossman " Secretary)

SIGNED, SEALED AND DELIVERED by)
Arthur Stekl, in the presence of:) "A. STEKL" (seal)
)
"F. A. Sheppard"
703 Rogers Bldg.,
Vancouver, B. C.

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THIS IS THE FIRST SCHEDULE TO THE INDENTURE BY WAY OF MORTGAGE BEARING DATE THE 9th DAY OF JUNE, 1943, BETWEEN SOMERSET LIMITED, as MORTGAGOR, AND ROYSTON LUMBER COMPANY LIMITED, as MORTGAGEE, AND ARTHUR STEKL AS GUARANTOR.

REAL PROPERTY

Parcel 1 Block 545, Nelson District.

Parcel 2 Block 523, Nelson District

Parcel 3 Block 410 and 411, Nelson District

Parcel 4 Block 333, Nelson District

Parcel 5 Block 334, Nelson District

Parcel 6 Block 144, Nelson District, containing 1833 acres more or less.

Parcel 7 Block 344, Nelson District.

Parcel 8 Lot 33, Nelson District, commencing at a corner of Block 144 (Nelson District) situate at a point on the west boundary of Block 79(Nelson District) distant nineteen chains Thirty links (19.30 chs.) more or less from the south-west corner of said Block Seventy-nine (79); thence north along said west boundary a distance of Twenty (20) chains; thence north Eight-nine degrees Sixteen Minutes West (N.89° 16'W) a distance of fourteen chains, Fifty eight links (14.58) chs. more or less to a corner of said Block One Hundred and Forty-four(144); thence following the boundary of said Block One Hundred and Forty-four (144) south naught degrees Forty-six minutes 0° 46') west, Twenty chains, Two and one-tenth links (20.021 chains) and south Eighty-nine degrees twenty-one minutes east (S.390° 21'E) a distance of Fourteen chains Eighty-four links(14.84) chs more or less to the point of commencement, containing twenty-nine and four-tenths(29.4) acres more or less, and shown outlined in red on plan deposited under No. 7962-N.

Parcel 9 Block 79, Nelson District, containing 988 acres more or less.

Parcel 10 Lot 1 of Section 29, Township 11, Nelson District, Map 1929.

~~Parcel 11 Lot 1 of Section 29, Township 11, Nelson District, Map 1929.~~

Parcel 11 Lot 2 of Section 29, Township 11, Nelson District, Plan 1929

Parcel 12 Lot 3 of Section 29, Township 11, Nelson District, Map 1929.

Parcel 13 Lot 1 to 30 inclusive, in Block "D" of Section 4, Nelson District, Plan 1478, subject to charge #85921-G in favour of the Director of Soldier Settlement of Canada.

Parcel 14. Lots 1 to 4 inclusive in Block "G" of Section 4, Nelson District, Plan 1478.

Parcel 16A Lots 5,6, and 7, Block "C" Plan 3939.

Parcel 16B Lot 2, Comox District, Plan 5187

Parcel 17 Lot 17 of Lot 66, Sayward District, Plan 3708

Parcel 18 Lots 11 and 12 of Lot 66, Sayward District, Plan 3708

but subject in the case of all the said parcels to the reservations appearing in the title in favour of the Esquimalt and Nanaimo Railway Company or in favour of Canadian Collieries (Dunsmuir) Limited, or appearing in the Vendor's Agreements of Sale.

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Vol. 267

LEASEHOLD INTERESTS

1. The Leasehold interest of the Vendor under an Indenture of Lease bearing date the 30th day of March, 1925, between His Majesty the King represented by the Minister of Lands for the Province of British Columbia as the Lessor of the one part and the said Vendor as the Lessee of the other part demising Lot 151, Nanaimo District containing in the aggregate 23 acres more or less for wharf and booming ground, subject to the rent reserved and the covenants and conditions contained inthe said lease.

"A. Stekl"
"Max M.Grossman"
"F.A.Sheppard"

Bundle 353, #5
Vol. 267

THIS IS THE SECOND SCHEDULE TO THE INDENTURE BY WAY OF MORTGAGE BEARING DATE THE 9TH DAY OF JUNE, 1943 BETWEEN SOMERSET LIMITED, as MORTGAGOR and ROYSTON LUMBER COMPANY LIMITED, as MORTGAGEE, and ARTHUR STEKL as GUARANTOR

CHATTELS

Location	Quantity		Make	Serial#	Eng#	Value
Sawmill	1	Steam Engine #1 16" x 20"	Frost	1119		1400.00
	1	Steam Engine #2 10" x 12"	Horizontal			700.00
	1	Feed Engine 8¼" x 8"	Heaps	2624		700.00
	1	Head Saw	E.Long Ltd			840.00
	1	Carriage 35' x 6'	E.Long Ltd			1500.00
	1	Edger 6" x 42"	Heaps	E.237		747.50
	1	Sticker				400.00
	1	Rip Saw 38" x 6' 6"	McGregor Gourlay			375.00
	1	Circular Re Saw 36"	Cowan Co.			500.00
	1	1500' 1 1/8" Main Line				609.00
	1	5000' 5/8" Haulback				750.00
	1	2500' 5/8" Haulback				375.00
Boiler House	1	#1 Boiler 72" x 18"		21518		2100.00
	1	Stack 65' x 34" Guy Wires and screen				300.00
	1	#2 Boiler 72" x 18"		21854		2250.00
	1	Stack 65' x 34", Guy Wire and Anchors				300.00
Planing Mill	1	14" x 18" Twin Engine	Frost			950.00
	1	Planer & Matcher 15" x 16"	Yates #91	H 4053		4085.00
	1	32" American Knife Grinder	Williamspoint Machinery Co.			332.50
	1	30" - 3 Drum Sander	Cowan & Co.			855.00
Office	1	45" x 70" x 73" Refrigerator	Frigidaire			300.00
	1	Engine Type Y	Pacific Marine	7500		755.00
	1	Electric Motor - 3 H.P	General Electric			200.00
Garage No.6	1	Logging Trailer 8 Wheel	Shaw & Stuart	1121		1500.00
Yard	6	40' Flat Cars $600.00 each				3600.00
	1	Wood Tank on skids				200.00
	5	Skelton Cars $650.00 each				3250.00
	1	Flat car built up sides				550.00
	1	30' Tank Car				550.00
	1	34' Tank Car				900.00
	1	42 Ton Shay Locomotive	Lima Loco Co	3246		10000.00
	1	24' Tank Car				700.00
	2	Gasoline Speeders Ford Engines $400.00 each				800.00
	1	40.7. H.P. Locomotive	Montreal Locomotive Works - 65664			4500.00
	1	Gasoline Speeder Chevrolet Engine				1800.00
	1	66" x 8" Horizontal Engine				200.00
	1	1928 Williamette Lumber Carrier		S415724	#227	2000.00
	1	1938 - 2½ to 3 Ton Hayes Truck		D579398	303575	2400.00
	1	1935 - 2-3 Ton International Truck C40		FAB2591	13766AP	900.00
	1	Fordson Tractor with 2 Drum Hyster		T.S.2224		1800.00
	1	D7 Caterpillar Tractor		9G37		4000.00
	1	Hyster Lumber Piler - D	International -	137		5500.00
	1	Snow Plow Model 158	Baker	1012		425.00
	1	9½" x 11" Donkey with Sled Vancouver Engineering Works				3000.00

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ion	Quantity		Make	Serial #	Engine#	Value
ard	1	9" x 10" Donkey with Sled	Vancouver Engineering Works			2750.00
	1	10" x 12" Donkey with Sled	Washington			4000.00
	1	Gas Donkey & Sled	Hayes	4067		1700.00
	1	Twin Mercury & Sled Yarder	Murdie	34		6200.00
	1	Mercury Yarder	Murdie	29		3500.00
Wharf	1	Stiff Leg Crane	American Hoist & Derrick Co.			750.00
	1	Fordson Tractor Engine		no number		750.00
	1	Pile Driver 1500 lbs Hammer				200.00

all of which said chattels are situate on or about the lands described in Parcels 1 to 14 inclusive set out in the First Schedule hereto and Lot 151 Nanaimo District set out in the First Schedule hereto.
on or about the particular place on those lands indicated respectively in the First Column of this Schedule.

Location	Quantity		Make	Serial #	Engine #	Value
Garage at Victoria 1	1	1934 William-ette Lumber Carrier		351	164396	4000.00
	1	1932 1½ Ton Ford Truck	CCBQ3801		CCBQ3801	400.00
	1	1937 2 Ton Ford Truck	C4663		C4663	750.00
	1	1935 Chevrolet Coupe	5101709798		4767571	475.00
	1	1932 Chevrolet Coupe	540210		2313138	275.00
	1	Ford 2 Ton Flat Top Truck	6520-2619716		118T-2C197	1200.00

16

which said last mentioned motor vehicles are situate at the Empress Garage at 615 Government Street, inthe City of Victoria, in the Province of British Columbia.

"A. Stekl"

"Max M.Grossman"

"F.A. Sheppard"

SWORN before me at the City of Vancouver, in the Province of British Columbia, this 9th day of June, A.D. 1943.

"Fredk. Field."

"W.F.Gard"
A Commissioner for taking Affidavits within the Province of British Columbia

Bundle 353, #5
Vol. 267

BILLS OF SALE ACT

AFFIDAVIT OF BONA FIDES

PROVINCE OF BRITISH COLUMBIA)
COUNTY OF VANCOUVER)
TO WIT:)

I, FREDE ICK FIELD of 5957 Chancellor Boulevard, in the City of Vancouver , in the Province of British Columbia, Chartered Accountant, MAKE OATH AND SAY:-

1. That I am the Controller of Royston Lumber Company Limited pursuant to appointment by the Honourable the Secretary of State of Canada made on the 28th day of October A.D. 1942, pursuant to the Consolidated Regulations respecting Trading with the Enemy (1939) and the agent of the said Royston Lumber Company Limited the Mortgagee in the annexed Bill of Sale by way of Mortgage named, and which said Bill of Sale by way of Mortgage is marked "A".

2. That the Mortgagor in the said annexed Bill of Sale by way of Mortgage named, namely Somerset Limited, is justly and truly indebted to the Mortgagee therein named, Royston Lumber Company Limited in the sum of One Hundred and Forty Thousand, Four Hundred and Fifty ($140,450.00) Dollars and interest thereon at five per cent (5%) per annum from the 31st day of May, A.D. 1943 mentioned therein.

3. That the said Bill of Sale by way of mortgage was executed in good faith and for the express purpose of securing the payment of money justly due or accruing due, namely the aforesaid sum, and was not given for the purpose of protecting the goods and chattels mentioned therein against the creditors of the Mortgagor or of preventing the creditors of the Mortgagor from obtaining payment of any claim against the Mortgagor.

SWORN before me at the City of)
Vancouver, in the Province of)
British Columbia, this 9th day of)
June, A.D. 1943.) "Fredk. Field."
)

"W.F.Gurd"
A Commissioner for taking Affidavits
within the Province of British Columbia

Bundle 353, #5
Vol. 267

- BILLS OF SALE ACT -

FORM "E"

PROVINCE OF BRITISH COLUMBIA)
COUNTY OF VANCOUVER)
TO WIT:)

I, ARTHUR STEKL of 5376 Marguerite Avenue, in the City of Vancouver, in the Province of British Columbia, Lumberman, and President of Somerset Limited, MAKE OATH AND SAY AS FOLLOWS:-

1. That the paper writing hereto annexed and marked "A" is a Bill of Sale together with every Schedule or Inventory thereto annexed or therein referred to as made, given and executed by the said Somerset Limited.

2. That I as President of the said Corporation being duly authorized so to do did affix the seal of the said Corporation to the said Bill of Sale, did sign the said Bill of Sale as President of the said Corporation and did duly deliver the said Bill of Sale as the act and deed of the said Corporation on the 9th day of June, A.D. 1943.

"WFG"

3. That the head office or chief place of business of the said corporation in British Columbia is situate at 520 Stock Exchange Building, 475 Howe Street, in the City of Vancouver, in the Province of British Columbia.

SWORN before me at the City of Vancouver, in the Province of British Columbia, this 9th day of June, A.D. 1943.)

"A. Stekl"

"W.F.Gurd"
A Commissioner for taking Affidavits within the province of British Columbia

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Vol. 267

FORM Q.

(Section 58)

ACKNOWLEDGMENT OF OFFICER OF COMPANY

I, hereby certify that on the 9th day of June, A.D. 1943, at the City of Vancouvdr, in the Province of British Columbia, Arthur Stekl who is personally known to me, appeared before me and acknowledged to me that he is the President of Somerset Limited, and that he is the person who subscribed his name to the annexed instrument as President of the said Somerset Limited, and affixed the seal of the said Somerset Limited to the said instrument, that he was first duly authorized to subscribe his name as aforesaid, and affix the said seal to the said instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my hand and seal of office at Vancouver, British Columbia this 9th day of June, in the year of our Lord One Thousand Nine Hundred and Forty-three

"W.F.Gurd"

A Commissioner for Taking Affidavits within British Columbia.

Bundle 353, #5
VOL. 267

DATED MAY A.D.1943

C O P Y

SOMERSET LIMITED

- and -

ROYSTON LUMBER COMPANY LIMITED,

- and -

ARTHUR STEKL

M O R T G A G E

LOCKE, LANE, GUILD & SHEPPARD
Barristers, etc.,
Vancouver, B. C.

COPY

THE ROYSTON LUMBER CO., LTD.

Manufacturers of

Rough and Dressed Fir Lumber

Telephones: Mill, 159 Cumberland
Night Call, 6 Courtenay

R. R. No. 1,
Cumberland, B. C. April 15th 1942.

P. S. ROSS & SONS EXAMINED Chartered Accountants

The following items are not listed in the appraisal book dated April 27th 1942.

Real Properties

Lots 2&3	Section	29.	Nelson Dist.	25.5 Acres
Block		79	Do	983 "
"		333	do	225 "
"		33	do	29.3 "
"		334	do	45 "
"		144	do	1833 "
"		344	do	414 "
"		410	do	862 "
"		411	do	261 "
"		523	do	416 "
"		545	do	1606 "
				6699.8 "

~~1200~~ Tons rails, angle bars, spikes & bolts Etc.

Timbers

Block	344	2 million ft.
"	410 & 11	19 " "
"	523	5 " "
"	545	27½ " "
"	144	not stated
		53.½ million ft.

EXHIBIT No. 1381-10
DATE 15 Oct. 1948
FILED BY a. mckennan

New Cables

1500 ft	1 1/8" Main Line
5000 "	5/8 Haul back line
2500 "	5/8 " " "

Lumber in Yards

2,018.514 B.M. ft as per Invertory

Approximately

20%	Clear Dressed & Rough.
8%	White Pine
65%	Select Common, & Common
7%	# 2 Common

Above figures are made as near as possible with my best knowledge.

"G. K. Uchiyama"
Managing-Director.

Bundle 353, #5
Vol. 267

COPY

"Exhibit 1"

LOGGING AND SAWMILL OPERATION FOR SALE

Notice of Calls for Tenders
for assets of

THE ROYSTON LUMBER COMPANY LIMITED
Royston , B. C.

EXHIBIT No. 1381-11
DATE 15 Oct 1948
FILED BY
a. McKenzie

Under instructions of G. W. McPherson, Esq., Authorized Deputy of the Secretary of State and/or Custodian, the undersigned Controller is directed to call for tenders for purchase of the assets of the Royston Lumber Company Limited generally described as follows:

A FULLY EQUIPPED SAWMILL AND LOGGING OPERATION INCLUDING A SUBSTANTIAL QUANTITY OF NEW SUPPLIES TOGETHER WITH CROWN GRANTED TIMBER LIMITS SAID TO CONTAIN FIFTY TO SIXTY MILLION BOARD FEET. THE MILL CAPACITY IS SAID TO BE FORTY THOUSAND FEET PER SHIFT. THE LOGGING RAILROAD CONSISTS OF APPROXIMATELY TWELVE MILES OF LINE TOGETHER WITH LOCOMOTIVES, FLAT CARS, ETC. THE COMPANY ALSO OWNS A FORESHORE LEASE IN CLOSE PROXIMITY TO THE SAWMILL OPERATION.

The assets are offered for sale to be operated as a going concern and tenders will be received by the undersigned Controller at his office up to noon (daylight saving time), the 16th day of December, 1942, upon the following terms and conditions:

(a) A certified cheque to the order of the Controller for 10% of the tender price must be enclosed therewith; subject to the condition that should the tenderer not fulfill the terms of his offer and the conditions of the Notice calling for tenders, his tender will be cancelled and the amount deposited by him forfeited to the Controller as liquidated damages; cheques in respect of unaccepted bids will be returned in due course.

(b) The assets are offered for sale without any warranty whatsoever on the part of the Controller as to quantity, condition or state of repair of such assets, and while the general idea thereof may be obtained from the inventories in the office of the Controller, the sale thereof shall be made in each case subject to shortages and overages, the shortage to be at the charge of and the overages for the benefit of the successful tenderer.

(c) Neither the highest nor any tender will necessarily be accepted.

(d) The purchaser and/or purchasers shall pay all transfer taxes and dues, if any, payable to the Crown.

(e) The envelopes enclosing offers should be marked "Tender" and addressed as follows:

Frederick Field, Controller,
The Royston Lumber Company Limited,
c/o P. S. Ross and Sons,
675 West Hastings Street,
Vancouver, B. C.

INVENTORIES MAY BE INSPECTED DURING OFFICE HOURS ANY DAY UP TO NOON ON THE 15TH DAY OF DECEMBER, 1942, AT THE OFFICE OF THE CONTROLLER, 411 ROYAL BANK BUILDING, 675 HASTINGS STREET WEST, VANCOUVER, AND ARRANGEMENTS CAN BE MADE WITH THE CONTROLLER FOR INSPECTION OF THE PROPERTY, EQUIPMENT AND SUPPLIES.

Frederick Field,
Controller of the Royston Lumber Company Limited assets in Canada.

2[illegible]ember, 1942

Bundle 353, #5
Vol. 267

COPY

1 5 8 9 1 7 8
1 9 0 1 7 8
1 4 9 7 9 9
2 2 6 2 3 4
2 2 8 5 8 8
1 6 7 6 2 1
1 5 3 5 8
1 1 2 4 0

2 5 7 8 1 9 6

Scale at the mill

ING CO. LTD.

CUMBERLAND, B.C.

September 25th 1943

EXHIBIT No. 1381-12
DATE 15 Oct 1948
FILED BY L. A. McLennan

l you felled and bucked timber as

ked logs on the North boundary of
ston Lumber Co, Ltd.

nd bucked this year by Royston Logging Co, Ltd
st end of Block eeeand East end of
ked

deck pile on Block 4IO, oppositeside

s to be given as to quantity or quality
above Blocks.

e purchased by you at a flat price of Seventeen Thousand Dollars (17,000.00), to be paid as follows:-

One Thousand Dollars, payment of which is hereby acknowledged,one thousand dollars within fifteen days, and a further one thousand dollars within thirty days, or earlier should you commence to operate before that time expires.

Thirty days from this date a further sum of two thousand dollars is to be paid.

Balance to be paid-one thousand dollars on the first and fifteenth day of each following month until payment is made in full. If more than 280M ft is logged each month payments to be increased proportionately.

Interest at the rate of 5% on last two months' payments only.

We will insure the logs in our favor, premium for same being chargable to you.

"ALBERT HINE"

Bundle 353, #5
Vol. 267

C O P Y

ROYSTON LOGGING CO. LTD.

CUMBERLAND, B.C.

September 25th 1943

EXHIBIT No. 1381-12
DATE 15 Oct 1948
FILED BY J. A. McLennan

Plateau Lumber Company,
~~Courtenay~~, B. C.
Cumberland

Dear Sirs:

We agree to sell you felled and bucked timber as follows:-

(I) All felled and bucked logs on the North boundary of Block 410, felled by Royston Lumber Co, Ltd.

(2) All logs felled and bucked this year by Royston Logging Co, Ltd ~~[illegible]~~ on West end of Block eeeand East end of Block 410, partly coldecked

(3) All logs in coldeck pile on Block 410, oppositeside of traci from Item 2

No guarantee is to be given as to quantity or quality of logs to be taken from above Blocks.

The above to be purchased by you at a flat price of Seventeen Thousand Dollars (17,000.00), to be paid as follows:-

One Thousand Dollars, payment of which is hereby acknowledged,one thousand dollars within fifteen days, and a further one thousand dollars within thirty days, or earlier should you commence to operate before that time expires.

Thirty days from this date a further sum of two thousand dollars is to be paid.

Balance to be paid-one thousand dollars on the first and fifteenth day of each following month until payment is made in full. If more than 280M ft is logged each month payments to be increased proportionately.

Interest at the rate of 5% on last two months' payments only.

We will insure the logs in our favor, premium for same being chargable to you.

"ALBERT HINE"

Bundle 353, #5
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COPY

All logs in woods to remain our property until payment is made in full.

It is understood that you have our permission to build and use any necessary roads into Block 5I0 until timber is all removed. All such roads are to be built this Fall and we are eneitled to use of same.

With reference to making a safety zone, this is defined by six trees marked by Mr.Gray and Mr.Albert Stekl. You are permitted to fall and take off all trees in this safety zone, also to fell the trees necessary to make new road.
All such trees felled to be paid for at the rate of $4.00 per thousand feet log scale, both newly felled and windfalls, with the exception of thirty(30) trees. The average size of the total logs taken off to be used as a basis for figureing the footage to be paid for.

All railroad shipments of lumber and other products cut from these logs are to be made by the E & N and C.P.R Railways.

You are to be responsible for all damage caused to our property by negligence of your employees.

It is also agreed that the whole operation is to be completed by August 3Ist I944.

Yours very truly,

Royston Logging Co, Ltd

per "ALBERT HINE"

Bundle 353, #5
UBC 267

Royston, B. C.
Oct. 1st. 1948,

Mr. J. A. MacLennan,
602 Hastings St. W.,
Vancouver, B. C.

Dear Sir:-

Re: Royston Lumber Co. Ltd.,

In reply to your letter of Sept. 16/48. I purchased this parcel of land from Mr. Albert Stekl, (Lumberman) of Vancouver, B. C. on the 27th. day of August 1946. for $5000.00. $2000.00 cash and the balance payable at $150.00 per month. This property is part of Lot 2 & 3 shown on map, marked in Red, dated Oct. 13th 1945. Section 29 Township (11) Nelson District, Province of British Columbia, Plan 1929 - Aprox. 7 acres more or less. There is seven building, consisting of 5 cottages, 1 garage, and 1 office building with warehouse. The only improvements I have done is to clean up and put the buildings in shape for rental. And to date I have not sold my property.

Hoping this is the information you required.

Yours truly

Charles Morrison

Charles Morrison.

CM/mab

EXHIBIT No. 1381-13
DATE 15 oct 1948
FILED BY
J A MacLennan

RECEIVED
OCT 4 1948
W

Bundle 353, #5
VOL. 267

Telephone: Pacific 1538
Kerrisdale 1223

P. S. ROSS & SONS
EXAMINED
Chartered Accountants

ALF. E. SIMPSON

LOGS

906 Dominion Bank Building
207 Hastings St. West
Vancouver, B. C.

March 14, 1942

Alf. E. Simpson
207 Hastings West
Vancouver, B. C.

Dear Sir:

We hereby give you an option to purchase the complete holdings of the Royston Lumber Co. Ltd. at the sum of $210,000.00 (two hundred and ten thousand dollars) cash, this option to be good until Wednesday March 18th, 1942 at 6 P.M.

It is understood that we are to pay you no commission.

Witness

"A. E. Simpson"

1861 Tolmie Street
Vancouver, B. C.

Signed

Royston Lumber Co. Ltd.

per _____
Managing Director.

EXHIBIT No. 1381-14
DATE 15 oct 1948
FILED BY
J. a. mcLennan

Bundle 353, #5
VOL. 267

COPY

Vancouver, B. C.

Our file 295-144

7th April 1943.

G.W.McPherson Esq.,
Executive Assistant,
Department of the Secretary of State,
Victoria Building,
7 O'Connor Street,
Ottawa, Ont.

Dear Sir:

Re: Royston Lumber Company Limited

This is to confirm your wire received yesterday as follows:

MY RECOLLECTIONS DISCUSSION WITH YOU RECENTLY STEKL PAYING CASH TO DISCOUNT STOP WIRE ACTUAL AMOUNT HE IS PAYING AND WHETHER DISCOUNT OR NOT STOP PLEASE RUSH ANSWER BOTH TELEGRAMS.

and our reply of the same date as follows:

RETEL ROYSTON STEKL TO PAY FULL TWO HUNDRED TWO THOUSAND STOP AGREEMENT WILL PROVIDE HE CAN PAY BALANCE AHEAD OF SCHEDULE TO SAVE INTEREST STOP BALANCE PAYABLE FORTY THOUSAND PER ANNUM OR FOUR DOLLARS PER THOUSAND AS LOGGED WHICH EVER GREATER INTEREST AT FIVE PERCENT

Subsequent to our acceptance of Mr Stekl's tender he approached us with a view to ascertaining what discount we would allow in consideration of his paying cash outright. We were of the opinion that, in view of the interest Mr Stekl was to pay on the balance, any discount given him should only offset any expense of the Custodian in examining the property and records of the Company to ascertain that the provision of the sales agreement was being properly carried out. This was discussed with Mr Shears and referred to you for confirmation. We then advised Mr Stekl we were prepared to allow not more than 2%, and he stated he preferred to carry on on the basis of his tender. If at a subsequent date he wishes to make prepayments to save interest he will do so, therefore, the amount of $202,000.00 is the gross sale price. As previously reported to you a small mill in the woods at Roystoh, that appeared in the inventory of assets, was sold by Uchiyama for $3,750.00 prior to his departure. While we have not admitted Mr Stekl's right to claim on this item we have suggested he should come forward with his proposition, and the matter will be considered.

Yours faithfully,

"P.S.Ross " Sons"

EXHIBIT No. 1381-15
DATE 15 Oct 1948
FILED BY R. a. MacLennan.

Bundle 353, #5
Vol. 267

COPY

THE ROYSTON LUMBER CO., LTD.

Manufacturers of
Rough and Dressed Fir Lumber

R.R. No. 1
Cumberland, B.C. Sept. 23rd 42.

P. S. Ross & Sons
Royal Bank Bldg
Vancouver B C

RECEIVED
Sep 25 1942

Timber Slash Burning

Dear Sirs:-

This question, like our friends the provincial forest branch, I am most anxious to side step all responsibility of burning either Royston or our neighbors holdings, particularily since experienced men of both Comox Logging Co and our Neighbor McLean have been into serious difficulties this season.

I am given to understand that as the act now reads the owners or their representatives when called upon to burn cannot refuse without standing a fine and that while the forestry rangers may help they assume no responsibility.

For several weeks the local forest ranger has phoned called and then went up to the woods with me to explain how simple it was and how little they were willing to let us of with. The area in question we would require to cut off by means of clearing and removing the moss from a fire guard about 8 to 12 ft. wide and 1/4 of a mile long, as it is adjacent to a fully rigged spar with about $1000 worth of cable and several hundred thousand feet of bucked and cold decked logs. We advised Mr. Silk, Forest ranger, that we had to get authority from Vancouver to hire a dozen men to dress and ship lumber and could not take them off or put them on other work without permission to do so. At any rate, only one or two of these men have ever had any experience either burning slash or fighting forest fires. If it is imperative that we do burn I do not want to be forced into it until after we have had at lease one week's solid soaking rain. And I would rather you did not reply to this report until you are sure such is the case.

Yours very truly

"H.C. Airth"

EXHIBIT No. 1381-16
DATE 15 Oct 1948
FILED BY
R. a mackenzie

Bundle 353, #5
VOL. 267

COPY

Vancouver, B. C.

1st October, 1942.

Mr. S. McLeod,
Courtenay, B. C.

Dear Sir:

Re: Royston Lumber Co. Ltd.

The affairs of the above company are under our control pursuant to an order of Mr. G. W. McPherson, Authorized Deputy of the Secretary of State and/or Custodian.

Mr. McPherson has referred to us a letter of Mr. A. W. Neill, M.P., Alberni, B. C., to Dr. E. H. Coleman, the Under-Secretary of State, Ottawa, wherein Mr. Neill suggests you should be permitted to lease the company's mill.

While we consider that this property should be sold as a going concern at the earliest possible moment, we would appreciate hearing from you the kind of a proposition you are prepared to make.

Yours faithfully,

EXHIBIT No. 1381-17
DATE 15 Oct 1948
FILED BY
R. a. mackenzie

Bundle 353, #5
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COPY

9th September, 1943.

Royston Lumber Co. Ltd.

Field

Wrsy

Mr. Stekl wants to sell:-

1. One Carrier for approximately $3,500.00 -- he says in appraisal $2,000.00.

2. Refrigerator to his brother for amount of $300.00 (he says appraisal amount)

I advised him he must make formal application of Somerset Limited and Arthur Stekl and turn over proceeds to us.

EXHIBIT No. 1381-18
DATE 15 Oct 1948
FILED BY
R. a. MacKennan

Bundle 353, #5
UDL. 267

COPY

The Government of the Province
of British Columbia

DEPARTMENT OF LANDS
FOREST BRANCH

December 23rd, 1942.

OP Has. Royston Lumber Co.
MTI Royston Lbr Co.

Frederick Field Esq., C.A.,
Controller, The Royston Lumber Co.Ltd.,
c/o P.S.Ross & Sons,
675 West Hastings Street,
Vancouver, B. C.

Dear Sir:

Enclosed please find our General Account #3319 billing charges as provided for in Section 113A of the "Forest Act" for failure to dispose of the slash and snags on areas logged during the years 1940,1941 and 1942 by the Royston Lumber Co.Ltd on Blocks 144, 410 and 523, Nelson Land District.

As it is understood that you propose selling the assets of the Royston Lumber Co.Ltd., in the near future, we would ask that you kindly arrange for settlement of the enclosed account amounting to $2700.00 at an early date.

Your acknowledgment of this letter will be appreciated.

Yours truly,

"E.P.Fox"

E.P.Fox
Chief Clerk

EPF/bmb
Enc.1

EXHIBIT No. 1381-19
DATE 15 Oct. 1948
FILED BY
R.a. mackenzie

Bundle 353, #5
VOL. 267

COPY

P. S. ROSS & SONS EXAMINED Chartered Accountants

THE ROYSTON LUMBER CO., LTD.

Manufacturers of
Rough and Dressed Fir Lumber

Telephones: Mill, 159 Cumberland
Night Call, 6 Courtenay

R. R. No. 1
Cumberland, B. C. April 10, 1942.

Messrs. P. S. Ross & Sons,
Royal Bank Bldg.,
Vancouver, B. C.

Dear Sirs:- Attention: Mr. Wray

We beg to inform you that we have decided to leave the Mill as it is under Custodian's care for the duration.

Just lately the appraisal of both Mill and Logging equipment had been made, and we have also took complete inventory of our yard stock and each parcel or lot tagged for easy checking.

Kindly look into the matter as early as possible, and oblige.

Yours very truly,

THE ROYSTON LUMBER CO., LTD.

By "G. K. Uchiyama"

GKU/FTK.

EXHIBIT No. 1381-20
DATE 15 Oct 1948
FILED BY
J.W. macPherson

Bundle 353, #5
VOL. 267

Royston Lumbe

Profit and Loss

Years 1937 - 194

		1937	
Sales		191,179.46	
Cost of sales and direct charges			
Stock in trade	6,684.00		6,064.0
Fuel oil	2,136.95		2,363.6
Freight and express	3,390.70		3,564.1
Gas and oil	3,770.72		4,139.7
Mill supplies	5,546.78		4,775.1
Logging supplies	5,578.61		5,124.7
Truck and auto supplies	2,758.26		1,949.5
Car switchings and demurrage	603.00		458.0
Contracts	17,240.99		21,781.2
Insurance - Fire and General	4,835.66		4,939.9
Claims on shipments	310.55		182.0
Lumber purchases	653.35		257.6
Log purchases	147.80		
Cost of timber	10,158.61		7,840.9
Unemployment insurance			
Workmen's Compensation Board	5,031.20		4,704.5
Salaries and wages	97,467.04		95,663.1
Taxes	1,741.94		6,929.8
Depreciation	12,114.01		13,368.0
	180,170.17		184,106.5
Deduct: Stock in trade	6,064.00	174,106.17	6,144.0
Gross profit on sales		17,073.29	
Other income			
Profit on store operations	930.00		948.7
Profit on shingles	415.23		492.8
Profit on windows and doors	143.95		148.0
Profit on boarding house	2,098.43		1,544.6
Miscellaneous income	4,347.78		5,467.1
Profit on sale of International truck		7,935.39	
Total gross profit		25,008.68	
General and overhead expenses			
Advertising and subscriptions	1,024.62		939.3
Bank charges	183.45		396.4
Discounts	514.02		318.3
General expense	6,185.18		7,412.6
Telephone and telegraph	535.39		510.8
Interest	158.71		174.7
Bad debts written off	1,323.61	9,924.98	
Net profit for year Average $8,084.81		$ 15,083.70	

Bundle 353, #5
Vol. 267

r Co. Ltd.
Statements
l Inclusive

EXHIBIT No. B81-21
DATE 15 Oct 1948
FILED BY G. A. MacPherson

Bundle 353, #5
Vol. 267

	1938		1939		1940		1941	
	175,875.00		173,872.53		213,887.63		218,219.19	
0		6,144.00		11,726.40		5,951.60		
5		2,157.60		2,707.74		2,552.75		
7		3,263.29		3,344.98		1,200.39		
1		3,891.30		4,672.45		5,944.08		
8		4,682.75		5,824.28		6,451.14		
9		4,867.87		8,798.19		9,588.63		
9		3,459.36		2,017.26		3,622.64		
0		534.00		1,631.00		1,861.00		
3		31,984.34		29,864.83		11,782.39		
0		5,697.11		5,018.84		7,239.93		
5		958.63		71.77		75.73		
8		32.05		2,003.53		813.26		
5		6,996.95		7,996.62		8,272.35		
						325.74		
4		4,181.35		4,122.65		5,383.17		
4		88,256.24		101,318.39		120,021.51		
6		2,955.96		3,620.42		8,476.60		
6		11,759.05		9,453.43		10,273.80		
0		181,821.85		204,192.78		209,836.71		
0	177,962.50	11,726.40	170,095.45	5,951.60	198,241.18	9,656.70	200,180.01	
	2,087.50		3,777.08		15,646.45		18,039.18	
1		857.21		674.54		528.68		
9		295.62		494.71		301.90		
1		104.80		187.78		36.11		
6		2,069.50		1,898.15		1,891.06		
9		5,206.49		4,389.77		2,132.17		
	8,601.46		8,533.62	371.40	8,016.35		4,889.92	
	6,513.96		12,310.70		23,662.80		22,929.10	
7		997.13		963.89		792.95		
4		163.32		199.88		225.23		
2		269.97		453.96		418.21		
6		6,868.84		8,332.00		7,605.02		
2		461.73		461.47		493.09		
5		76.24		596.11		944.47		
	9,752.36		8,837.23		11,007.31		10,478.97	
	$ 3,238.40		$ 3,473.47		$ 12,655.49		$ 12,450.13	