

NATURE CONSERVANCY OF CANADA

Sustainable Forestry Initiatives Conference

Montreal, Quebec
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NCC & Sustainable Forestry Conservation “Four Forests”

John Lounds, President & CEO



About the Nature Conservancy of Canada (“NCC”)

- Canada's leading national land conservation organization.
- No formal affiliation with The Nature Conservancy (U.S.).
- Non-profit organization formed in 1962.
- Mission is to protect Canada’s most important natural habitats.
- Variety of conservation tools used to achieve Mission.
- Committed to the long-term stewardship of conservation properties.

Since 1962, NCC and its partners have helped to conserve more than 2.8 million acres (over 1.1 million hectares) of ecologically significant land across Canada.



NCC & Forest Conservation

- More than 820,000 acres (332,000 has.) or 3,300 km², secured in last 7 years.
- Forested landscapes are significant portion of NCC's work.
- Some forests fully preserved (i.e. no harvesting); others permit modified commercial harvest.
- Conservation funding changes the economics of forestry.
- Conservation zoning guides timber harvesting regime.
- Timber harvesting usually "contracted out".

NCC: “Four Forests”



Flathead Watershed Area

Darkwoods Conservation Area

Tillotson Property

Kenauk Property

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**Protection of Flathead Watershed Area, Kootenay Mountains, B.C.
Cross-Border, Transboundary Conservation**



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Flathead Watershed Area – Transboundary Conservation



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- Flathead Watershed Area: > 390,000 acres (158,000 has.).
- Trans-national landscape, linking Canadian and U.S. wilderness.
- Flathead River – among last undammed rivers.
- Highest density of grizzly bears in inland North America
- Full range of species existing 400 years ago.

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Conservation Concerns:

- Mining and exploration.
- Freehold and leased mining tenures exist.
- Critical connectivity between Canada and U.S.
- Water quantity and quality issues.

Solution:

- Public-Private Partnership Agreement.
- NCC, TNC and B.C. Government participated.
- \$9.4 Million in funding to B.C.
- B.C. legislation prohibits exploration &/or development in B.C. portion.
- Baseline conservation targets.
- Zoned for sustainable forestry and compatible land use.
- Annual Partner meetings.



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Protection of Darkwoods Conservation Area, East Kootenay Mountains, B.C.

- Purchased in 2008, Canada's largest private conservation project.
- 136,000 acre landscape (55,000 has.).
- Connectivity creates > 250,000 acres (101,000 has.) of protected lands.
- Critical wildlife habitat.
- Groundbreaking forest carbon project undertaken.





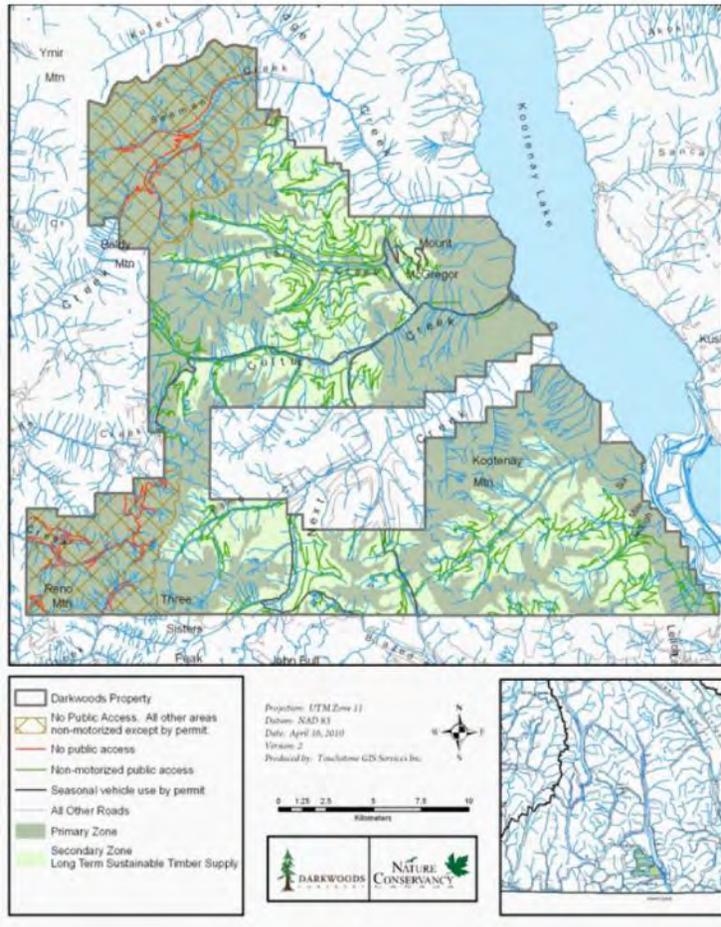
Darkwoods Forest Carbon Project

- Pilot project by NCC.
- First Canadian Verified Carbon Standard forestry project.
- Required Improved Forest Management Methodology to be developed for Canada.
- Recently validated under international Climate, Community and Biodiversity Alliance standard (CCBA), to certify important co-benefits.

Darkwoods Conservation Targets



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Conservation Vision:

Resilient ecosystems.

Supports native species.

World-class forest carbon project.

Strong community support.

Management Conservation Zoning - Two Zone Approach:

Primary Conservation Zone:

Protect biodiversity targets; limited infrastructure/activity;

Secondary Conservation Zone:

Multiple uses permitted.



Forest Harvesting on Darkwoods

A “working forest” landscape, to sustainably:

- Minimize disruption to local timber supply.
- Achieve conservation objectives.
- Reduction of Annual Harvest.
- Contract out harvesting.

Ongoing Forest-harvesting Guiding Principles:

- Vision, goals and management zones.
- Forest health assessment.
- Market conditions assessment.
- Forest carbon project requirements.
- Timber supply.

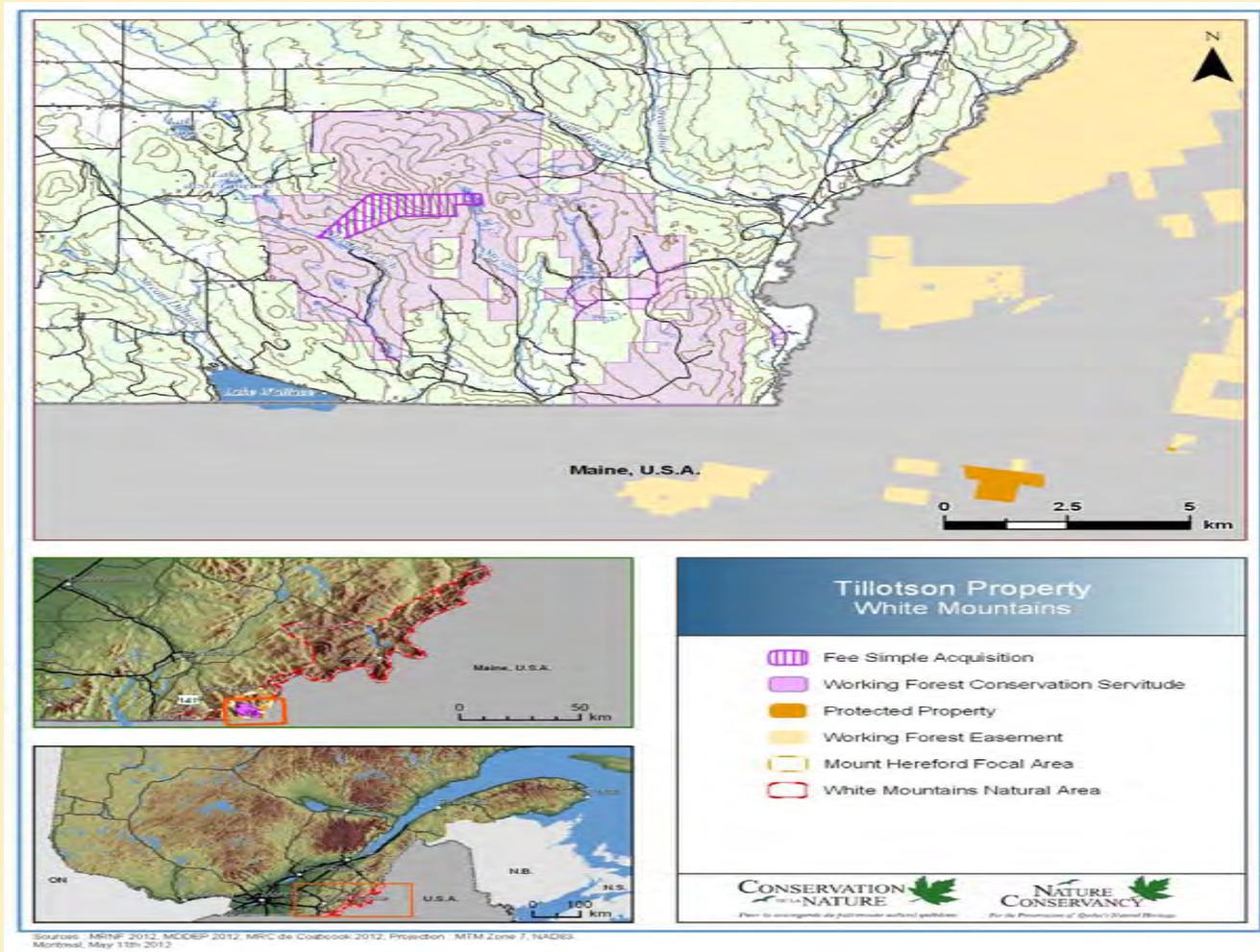


Protection of Tillotson Property – White Mountains, QC

- Private lands totalling over 13,000 acres (over 5,300 has.).
- Located in the southern portion of Quebec Appalachian Mountains.
- Important conservation targets: forest matrix, wide-ranging mammals (some at-risk), wetlands and headwater streams.
- In 2012, NCC received partial donation of fee simple lands and entered into conservation servitude with Trustees of the Tillotson Estate.

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Tillotson Property – White Mountains, QC



Sources: MRNF 2012, MDEEP 2012, MRC de Coaticook 2012, Projection: MTM Zone 7, NAD83, Montréal, May 11th 2012

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Neil Tillotson (on turning 100 years old in 1998) said:

“I’ve been wandering these woods for a lifetime. I want to help preserve it (Mount Herefor) for the benefit of everyone”.

Conservation Concerns:

- Residential/Commercial property development
- Intensive timber harvesting
- Over-hunting
- Uncontrolled public access.

Solution:

- Public-private partnership - a “working landscape”
- Servitude between NCC and a communities-based charity.
- Servitude preserves ecological integrity and balances Estate goals.
- Goals: (i) Economic Development, (ii) Environmental Conservation and (iii) Community Asset Development.
- Sustainable forestry permitted.



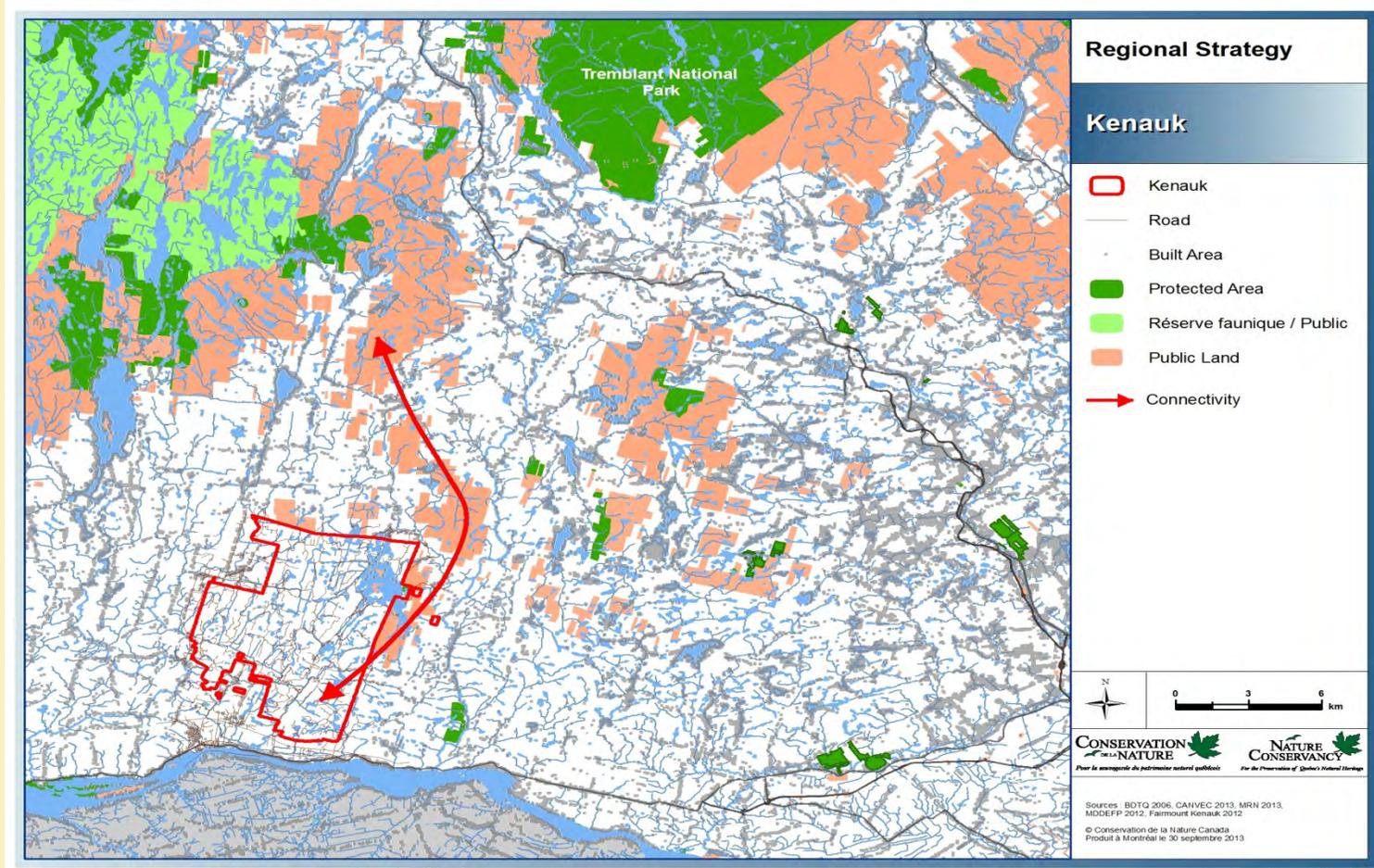
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Protection of Kenauk Property – Northern Appalachian Mountains, QC

- Acquired by private investors from Fairmont Resorts in December 2013.
- Over 63,000 acres (25,000 has.), one of the largest private landholdings in Quebec.
- Located near Montebello, in Southern Canadian Shield landscape.
- Kenauk already sustains multiple uses.
- High conservation values.

Kenauk – Northern Appalachian Mountains, QC



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Conservation Concerns:

- Listed for public sale.
- High development threat given urban proximity.
- Increased level of timber harvest.
- Commercial-scale maple sugar production.
- Over-hunting and trapping.

Solution:

- Innovative conservation finance to protect Kenauk, involving:
 - Fee simple purchase (15,000 acres or 6,000 has.).
 - Donation of lands to NCC (10,000 acres or 4,000 has.).
 - Interim financing from U.S. Timber Investment Management Organization (TIMO) (38,000 acres or 15,000 has.).
 - Options to NCC for conservation Servitudes on TIMO acreage.
 - Permitted uses: sustainable forestry and outfitting.
- Creative financing protects Kenauk's important conservation values.



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A “Win” for NCC



A “Win” for Conservation Buyers



A “Win” for Conservation Investors



SFI & NCC Relationship: Bat Study



- NCC currently funded by SFI on a bat conservation study.
- Study project involves gating at the Queen Victoria mine near Nelson, B.C.
- Goal is to understand seasonal changes in habitat use and secure critical roosting habitat.
- Thank-you for supporting this important work.

Summary & Benefits

- Forestry that is compatible with conservation objectives.
- Leads to improved conservation outcomes.
- Creates favourable economics for forestry.
- Mitigates need for residential/commercial development.
- Working landscapes benefit multiple stakeholders.

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Thank-You.

