



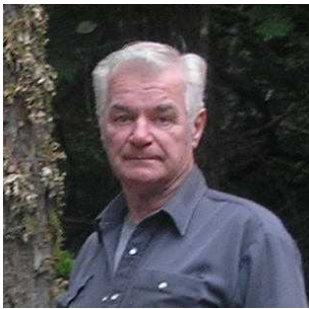
2014 ANNUAL REPORT

Presented at the Annual General Meeting,
March 18, 2015.

President's Report

I am very pleased to present the 2014 Annual Report for Bella Coola Community Forest Ltd.

Quarters 1-3 were very busy in 2014 with many positive spinoffs for the valley; however, by year-end, the company's financial results were not successful. Costs in yarding, dry land processing, barging and towing were higher than planned, but the main reason for the financial loss was a 25% drop in value of the logs from our main logging project in east Nusatsum.



The mild winter made it possible to start logging in late January and by early August the block in east Nusatsum was done in time for fire season shutdown. The late spring and summer were very dry and crews were on early shift starting in late May, which didn't help production.

- Highlights

| | 2014 | 2013 | 2012 |
|------------------------------|-----------|----------|----------|
| Employment – md | 1448 | 1014 | 394 |
| local | 97% | 95% | 100% |
| Harvest – m ³ | 12,627 | 12,633 | 750 |
| Local sales – m ³ | 894 | 1,695 | 750 |
| Area harvested - ha | 21.3 | 23.2 | 0 |
| Roads built -km | 0.4 | 7.3 | 1.5 |
| Maintained -km | 29 | 8 | 14 |
| Trees planted | 21,100 | 34,800 | 540 |
| Gov' Fees & tax - | \$103,717 | \$80,502 | \$11,182 |
| Contractor Pay - \$ | 1.66 mil | 1.07 mil | 316 k |
| Local | 80% | 95% | 59% |

With the restoration of the flood damaged bridges in Nusatsum by the Forest Service in 2013, access to a small block of spruce at the back end of the valley was possible. A short spur road was constructed in late spring and the block was logged by late September. The sale values for these logs are coming in slightly better than planned.

The other main activity for the company was managing the dry land sort operation at Clayton Falls. This was a joint project with Nuxalk Forestry Limited Partnership and together we processed over 70,000 m³ of timber from both our community forests. This project generated an additional \$1.026 million of economic activity that otherwise would have been spent outside the valley. We are disappointed to report however, that plans for the installation of a ship loading facility have stalled and without the cost savings that would have been realized by loading export ships locally, the costs of a local dry land sort become prohibitive.

We expect to have a financially successful year in 2015 as our costs will be lower and the timber profile in the planned blocks is of better quality. The Board remains cautiously optimistic that for the foreseeable future, the Community Forest will continue to provide economic benefits to the valley.

Oran Hoppe, President



BCCFL Board of Directors

The Board is very much involved in directing the management of the Community Forest. The 2014/15 Board consisted of Oran Hoppe, President; Troy Gurr, VP; Roger Brandt Treasurer/Secretary; Ron Nygaard, Carl Siwallace, Barry Brekke and the BCRS designated Director was Neil Osborne.

Operations

Safety & Environment: There was no serious safety or environmental incidents in 2014. Safe Certification was retained.

Harvesting and Sales: Local logging capacity was further improved in 2014 with local contractors continuing to invest in new machinery so that we can be more self reliant and not 'import' help from outside the valley. Two more hydraulic loaders were acquired and

these can also be used for hoe-forwarding.



Encouraged by log supply from the community forest, investment in small milling and kiln drying facilities is also

happening, thus increasing our ability to capture the benefits from the forest resource. Looking ahead, BCCFL is looking to help broaden the marketing of local products.

Silviculture: All of the areas logged have been planted and yearly monitoring shows that the majority of the plantations are doing very well. Where survival is poor, fill planting is required to top up the stocking. The dry summer in 2014 caused unusually high mortality of last year's planting so much of this will be replanted in 2015.

Community: A new fire truck was purchased in 2014 to support logging operations. This equipment will also be



available to provide fire protection for the community in the forest interface or, as shown here, to help water down the arena during the annual rodeo.



Summarized Financial Statement

The following summary is from the year-end financial report prepared by PMT Chartered Accountants.

Summarized Income and Retained Earnings

| | Dec 31, 2014 | 2013 |
|----------------------------------|--------------------|------------------|
| Revenue | \$1,410,878 | \$1,598,759 |
| Direct cost | 1,470,796 | 1,376,727 |
| Gross Profit | (59,918) | 222,032 |
| Gen Expense | 153,918 | 137,117 |
| Income from Ops | (213,836) | 84,915 |
| Other Income | 9,210 | 6,504 |
| Income Before Tax | (204,626) | 91,419 |
| Tax | (28,055) | 12,520 |
| Net Income (loss) | (\$176,571) | \$78,899 |
| Earnings start of year | \$158,330 | \$83,956 |
| Net Pd/Accrued divds | (4,525) | (4,525) |
| Retained earnings End of year | (\$22,766) | \$158,330 |

Summarized Balance Sheet

| | Dec 31, 2014 | 2013 |
|---------------------|------------------|--------------------|
| Current Assets | \$781,757 | \$1,298,948 |
| Other Assets | 120,809 | 127,194 |
| Assets | \$902,566 | \$1,426,142 |
| Current Liabilities | \$532,557 | \$854,092 |
| LT debt & liability | 139,769 | 160,714 |
| Liability | \$672,326 | \$1,014,806 |
| Share capital | 253,006 | 253,006 |
| Retained Earnings | (22,766) | 158,330 |
| Shareholder Equity | 230,240 | 411,336 |
| | \$902,566 | \$1,426,142 |