



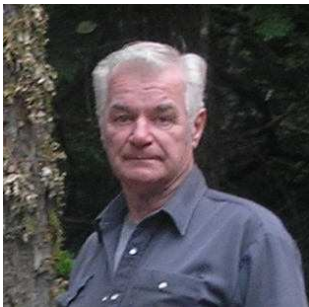
2012 ANNUAL REPORT

Presented at the Annual General Meeting,
March 25, 2013.

President's Report

I am very pleased to present the 2012 Annual Report for the Bella Coola Community Forest Ltd.

In terms of logging, 2012 was a quiet year for the Community Forest. During the first half of the year, log prices were much the same as in 2011 and our available logging opportunities were marginal. We took another look at the area burned in the east Salloompt during in the 2009 wildfire and determined that there was a business case for doing some salvage logging there. We started building road in October and falling was done before year end with the idea of completing the logging in first quarter in 2013.



One of the challenges dealing with burned timber is soot and charred wood, and most mills will not take fire damaged logs. However, by doing more work to process the logs, we could clean the logs up for export sale while the logs with charred bark would be sold locally.

We are very pleased to see the increased local interest to purchase logs from the Community Forest as this has always been a goal of the initiative and we will strive to keep a relatively steady flow of logs available.

Since the fall of 2012, we have seen steady improvement in log prices as demand is picking up both in the US and Asia. The economic indicators are strong and we are cautiously optimistic that steady improvement will continue for foreseeable future. Logging plans for 2013 are still being finalized and we have some challenges in accessing the right kind of machinery needed to log our land base, but the outlook is positive and we look forward to a more prosperous year in 2013.

- Oran Hoppe, President

- Highlights

	2012	2011	2010
Employment – md	394	1346	1098
local	100%	34%	88%
Harvest – m ³	750	23,112	15,367
Local sales – m ³	750	2,066	311
Area harvested - ha	0	37	18
Roads built -km	1.5	0	1.4
Maintained -km	14	10	25
Trees planted	540	17,625	36,000
Govmnt Fees - \$	11,182	325,000	90,000
Contractor Pay - \$	316 k	2.7 mil	1.3 mil
Local	59%	10%	59%



BCCFL Board of Directors

The Board is very much involved in directing the management of the Community Forest. The 2012 Board consisted of Oran Hoppe, President; Carl Siwallace, VP; Roger Brandt Treasurer/Secretary; Ron Nygaard Ed Willson, Troy Gurr and the BCRS designated Director was Neil Osborne.

Operations

Safety & Environment: There was no serious safety or environmental incidents in 2012. Safe Certification was retained.

Harvesting and Sales: The 2012 logging program did not get started until October due to market conditions and availability of road equipment. With road access restored in Nusatsum, XX m3 of logs was salvaged for local milling and firewood.



The road construction and falling completed late in 2012 sets up the logging program for the first quarter in 2013.

Silviculture: The Community Forest is committed to quickly reforesting the areas logged. All of the areas logged in the valley, have been planted with Douglas-fir and cedar. The blocks were surveyed in 2012 and plantations were found to be doing well. The areas heli-logged in 2011 will be planted 2013 spring.

Road Development & Maintenance: 1.4 km of new road was constructed to access the burned timber in the east Salloompt. Some minor road maintenance work was done to open the East Nusatsum Forest Road and we are pleased to see that the Ministry of Forests have made good progress to restore the access in the West Nusatsum.

Community: In addition to the economic benefits, the Community Forest also contributes to local well being by



providing the opportunity for residents to collect firewood and by maintaining road access to

mushroom picking areas. As the primary sponsor of the Fall Fair Logger Sports, the Community Forest helps celebrate our heritage and the joy of living in the valley.



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, 2012	2011
Revenue	\$203,520	\$3,792,334
Direct cost	215,790	3,284,886
Gross Profit	(12,270)	507,448
Gen Expense	108,716	130,764
Income from Ops	(120,986)	376,684
Other Income	(12,910)	(4,733)
Income Before Tax	(133,896)	371,951
Tax	(17,760)	39,202
Net Income (loss)	(116,136)	\$ 332,749
Earnings start of year	\$ 223,310	\$ (104,914)
Net Pd/Accrued divds	(18,693)	(4,525)
Retained earnings End of year	\$ 83,956	\$ 223,310

Summarized Balance Sheet

	Dec 31, 2012	2011
Current Assets	\$464,955	\$2,649,940
Other Assets	69,467	81,353
Assets	\$ 534,422	\$ 2,731,294
Current Liabilities	\$ 46,618	\$ 2,049,305
Accrued liability	150,842	205,673
Liability	\$ 197,460	\$ 2,254,978
Share capital	253,006	253,006
Retained Earnings	83,956	223,301
Shareholder Equity	476,316	476,316
	\$534,422	\$2,731,294