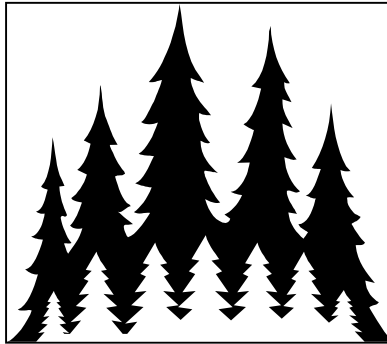


The BC Forestry Revitalization Trust



2005 Annual Report

**Trustee
Eric van Soeren**

BC Forestry Revitalization Trust

Report of the Trustee

In March 2003 the province of British Columbia established the BC Forestry Revitalization Trust (BCFRT) and funded it with \$75,000,000. The mandate of the BCFRT is to provide mitigation to forest workers and replaceable contractors that are negatively impacted by timber reallocations resulting from the Forestry Revitalization Act.

In April 2004 the province appointed Eric van Soeren as Trustee. Shortly after that he appointed a seven member Advisory Board, as required by the Trust Deed. Advisory Board membership as of year-end was as follows:

Peter Affleck, Board Member representing the Council of Forest Industries

Jim Girvan, Board Member representing the Truck Loggers Association

Monty Mearnes, Board Member representing the United Steelworkers of America – IWA Council

Tim Menning, Board Member representing the Interior Logging Association, the Central Interior Loggers Association and the North West Logging Association

Julian Paine, Board Member representing the Ministry of Forests and Range

Darrel Wong, Board Member representing the United Steelworkers of America – IWA Council

Rick Jeffrey, Board Member representing the Coast Forest Products Association

During 2004 the Advisory Board developed draft forest worker and contractor mitigation guidelines. In order to develop an estimate of the cost of those guidelines, the Trustee polled all the major licensees that were to lose some of their allowable annual cut. They were asked to provide their best estimate of the effect of the timber reallocation on their workers, their contractors, and their contractors' workers. The Trustee received a 100% response rate from Coastal licensees, and a 90% response rate in the Interior. The main reason for the lower response in the Interior was the lack of a response from New Skeena, which is involved in bankruptcy proceedings.

Utilizing the best estimates of industry, seniority estimates obtained from the IWA pension plan, seniority estimates obtained from contractor industry associations, and the proposed guidelines, the Trustee arrived at an estimated cost of delivering the proposed guidelines. Based on that estimate, the Trustee estimated that the BCFRT required approximately \$50,000,000 more than what was available in the BCFRT accounts as of December 31, 2004, plus what the BCFRT is likely earn in interest while holding mitigation funds in trust.

The Trustee and the Advisory Board approached the province to attempt to get sufficient extra funds to allow the draft mitigation guidelines to be finalized. On January 21, 2005 the Premier made a public commitment to ask the BC Legislature to approve the required extra \$50,000,000. On February 22, 2005 the legislature approved the request. Of that amount,

\$40,000,000 was transferred to the BCFRT, and \$10,000,000 has been held back by the Ministry of Forests and Range pending confirmation that the funds will be required. Therefore, the draft guidelines were finalized.

Significant mitigation payments have been made during 2005. Based on the Forestry Revitalization Proposals (FRPs) and related mitigation applications received to date, it appears contractor mitigation costs and the employee mitigation costs per severed employee will be higher than originally expected. However, the total number of severed employees will likely be lower than originally expected. Therefore, as of the end of 2005, the Trustee continues to believe the funds in the BCFRT, plus the \$10,000,000 that has been committed to the BCFRT by the Ministry of Forests and Range, will be sufficient to make future required mitigation payments based on the Contractor and Worker Mitigation Guidelines.

Administration Account

When the BCFRT was created, \$5,000,000 was allocated to administration. To date, administration expenses of the BCFRT have been slightly more than the interest earned by the Administration Account, so the initial principal has been reduced to \$4,772,653. While expenses will increase as the BCFRT becomes more active, it appears likely that a portion of the Administration Account will be able to be transferred to one of the Mitigation Accounts at a later date, and on an as needed basis.

Contractor Mitigation Account

The principle being used for contractor mitigation is that contractors who lose their replaceable contracts as a result of Forestry Revitalization Act (FRA) timber reallocation will receive mitigation that approximates what the contract might reasonably have been worth at the time it was reduced or eliminated. Generally, this will be based on a per cubic metre value, but contracts that were calculated based on some other measure will be treated accordingly. A detailed description of the calculation to be used is in the Contractor Mitigation Guidelines, which can be found by following the links to Contractor Mitigation Guidelines on the BCFRT website at www.bcfrrt.com.

As of December 31, 2005, the holders of 31 replaceable contracts had been partially or completely compensated for the loss of their replaceable contractual rights. Total contractor compensation paid out as of December 31, 2005 was \$7,158,896.

Forest Worker Mitigation Account

The principle being used for forest worker mitigation is that workers who are severed because of FRA timber reallocation will receive severance paid to them by their employer, but funded by the BCFRT. The Advisory Board felt it was fair that all workers who lose their jobs as a result of FRA timber reallocation be treated the same. Because the Steelworkers (previously IWA) contract mandates what employees that are affected by a permanent logging camp closure receive severance of 10 regular days pay per year of service, plus 10/12^{ths} of a regular day's pay per completed month of service, that standard

was used. The detailed calculation and discussion appears in the Forest Worker Mitigation Guidelines, which can be found by following the links to Forest Worker Mitigation Guidelines on the BCFRT website at www.bcfirt.com.

As of December 31, 2005, severance payments had been made to 463 forest workers, at a total cost to the BCFRT of \$23,507,455.

Looking Ahead

As of December 31, 2005, Forestry Revitalization Proposals (FRPs) had been prepared and/or implemented for 69.2% of the volume affected by the Forestry Revitalization Act. The bulk of the Forestry Revitalization Proposals will have to be submitted to replaceable contractors by no later than July 31, 2006. If any licensees fail to meet that deadline, the legislation mandates that all replaceable contracts attached to the affected licenses will be subject to proportional reduction.

Therefore, by July 2006, all replaceable contractors will know if and how they will be affected by the Forestry Revitalization Act, and will be eligible to apply for compensation. Most of them will apply for compensation on behalf of their employees and themselves during the year, so it is probable that a significant proportion of the BCFRT funds will be disbursed during 2006.

Exhibit A

To the Trustee
The BC Forestry Revitalization Trust

AUDITORS' REPORT

We have audited the statement of financial position of The BC Forestry Revitalization Trust as at December 31, 2005, and the statements of receipts and expenditures and net assets for the year then ended. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trustee, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2005 and its receipts and expenditures for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANTS

Vancouver, B.C.
February 10, 2006

THE BC FORESTRY REVITALIZATION TRUST
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

THE BC FORESTRY REVITALIZATION TRUST
INDEX TO FINANCIAL STATEMENTS

Auditors' Report	Exhibit A
Statement of Financial Position	Exhibit B
Statement of Net Assets	Exhibit C
Statement of Receipts and Expenditures	Exhibit D
Notes to Financial Statements	Exhibit E
Schedule of Marketable Securities	Schedule 1
Schedule of Investments	Schedule 2
Schedule of Funds	Schedule 3

THE BC FORESTRY REVITALIZATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS		
Cash - note 6	\$ 5,059	\$ 15,665
Marketable securities - at cost - Schedule 1	88,331,685	63,714,874
Interest receivable	<u>1,571,645</u>	<u>611,848</u>
	89,908,389	64,342,387
INVESTMENTS , at cost - Schedule 2	<u>-</u>	<u>13,840,567</u>
TOTAL ASSETS	<u>\$ 89,908,389</u>	<u>\$ 78,182,954</u>
<u>LIABILITIES</u>		
CURRENT LIABILITY		
Accounts payable and accrued liabilities	<u>\$ 32,652</u>	<u>\$ 34,765</u>
TOTAL LIABILITIES	<u>32,652</u>	<u>34,765</u>
<u>FUND BALANCES</u>		
NET ASSETS		
Administration Fund - Schedule 3	4,772,653	4,945,448
Contractor Mitigation Fund - Schedule 3	43,020,858	49,176,319
Forest Worker Mitigation Fund - Schedule 3	<u>42,082,226</u>	<u>24,026,422</u>
TOTAL NET ASSETS	<u>89,875,737</u>	<u>78,148,189</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 89,908,389</u>	<u>\$ 78,182,954</u>

APPROVED BY THE TRUSTEE

_____ Trustee

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>2005</u>	<u>2004</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	<u>\$ 2,393,900</u>	<u>\$ 1,490,847</u>
NON-OPERATING TRANSACTIONS		
Settlement of Trust	40,000,000	-
Disbursements to beneficiaries	<u>(30,666,352)</u>	<u>-</u>
	<u>9,333,648</u>	<u>-</u>
NET ASSETS AT BEGINNING OF YEAR	<u>78,148,189</u>	<u>76,657,342</u>
NET ASSETS AT END OF YEAR	<u>\$ 89,875,737</u>	<u>\$ 78,148,189</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
INTEREST RECEIPTS - note 4(b)	\$ 133,443	\$ 1,153,332	\$ 1,413,363	\$ 2,700,138	\$ 1,709,197
EXPENDITURES - note 4(c)					
Investment advisor fees	-	-	-	-	15,776
Administration fees	7,175	-	-	7,175	25,633
Advisory board meeting costs	65	-	-	65	3,676
Audit fees	20,795	-	-	20,795	7,800
Bank charges and interest	1,395	-	-	1,395	600
Consulting	-	-	-	-	4,911
GST expense	19,850	-	-	19,850	13,862
Legal fees	9,362	-	-	9,362	20,356
Office	719	-	-	719	536
Project analysis	16,067	-	-	16,067	-
Travel and entertainment	3,290	-	-	3,290	1,640
Trustee fees	227,520	-	-	227,520	123,560
	<u>306,238</u>	<u>-</u>	<u>-</u>	<u>306,238</u>	<u>218,350</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	<u>\$ (172,795)</u>	<u>\$ 1,153,332</u>	<u>\$ 1,413,363</u>	<u>\$ 2,393,900</u>	<u>\$ 1,490,847</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. PURPOSE OF THE TRUST

The BC Forestry Revitalization Trust (the "Trust") was established by Deed of Trust dated March 17, 2003 (the "Trust Deed"). Pursuant to Bill 28-2003, the *Forestry Revitalization Act*, the Ministry of Forests of the Province of British Columbia made a payment of \$75,000,000 to settle the Trust (the "First Payment"). On February 22, 2005, the Government of the Province of British Columbia passed legislation to make an additional contribution of \$50,000,000 to the Trust (the "Second Payment"), to increase the funds available for distribution to \$125,000,000. A portion of \$40,000,000 of the second payment was received during the year. The remaining amount is held by the Government of the Province of British Columbia until such a time as the Trust requires the funds. The funds are to be used to mitigate adverse financial impacts suffered by certain workers and replaceable contractors as a result of restructuring of the forestry sector and harvesting operations within British Columbia, arising out of reductions under the *Forestry Revitalization Act* of harvesting rights available to licensees under the *Forest Act*.

2. BENEFICIARIES OF THE TRUST

The beneficiaries of the Trust are:

- (a) certain workers (unemployed forestry workers and retraining forestry workers as defined in subparagraph 2.02(2)(a) and (b) of the Trust Deed); and
- (b) certain contractors (as defined in subparagraph 2.02(2)(c) of the Trust Deed) who hold a replaceable contract within the meaning of the *Timber Harvesting Contract and Subcontract Regulation* of the *Forest Act*.

3. DURATION OF THE TRUST

Subject to a possible extension of up to two years the Trust will terminate on the earlier of:

- (a) March 31, 2008; and
- (b) any date on which there is no remaining Trust property.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund Accounting

The BC Forestry Revitalization Trust employs fund accounting, using the accrual method of accounting for transactions. The Trust's assets are subject to the restrictions contained in the Trust Deed and are to be used only for the specified purposes. The Trust comprises the following funds:

(i) Administration Fund

In accordance with the Trust Deed, \$5 million of the First Payment was allocated to the Administration Fund to meet administration expenses for the duration of the Trust.

Pursuant to recommendations by the Advisory Board, the Trustee may transfer funds from time to time from the Administration Fund to the other two funds to the extent that the transferred amounts are in excess of anticipated administrative expenses of the Trust. Any such transfers cannot be reversed.

THE BC FORESTRY REVITALIZATION TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

4. **SIGNIFICANT ACCOUNTING POLICIES, *cont'd***

(ii) Contractor Mitigation Fund

In accordance with the Trust Deed, \$23 million of the First Payment was allocated to the Contractor Mitigation Fund.

This fund is to be used to provide mitigation to certain replaceable contractors for reductions in their contract volumes resulting from the reduction in the harvesting rights of certain licensees under the *Forestry Revitalization Act*;

Pursuant to recommendations by the Advisory Board, the Trustee may transfer funds from time to time between the Contractor Mitigation Fund and the Forest Worker Mitigation Fund.

(iii) Forest Worker Mitigation Fund

In accordance with the Trust Deed, \$47 million of the First Payment was allocated to the Forest Worker Mitigation Fund.

This fund is to be used to provide mitigation to certain forestry workers who ceased to be employed by certain licensees or replaceable contractors as a result of reductions in the harvesting rights of certain licensees under the *Forestry Revitalization Act*.

Pursuant to recommendations by the Advisory Board, the Trustee may transfer funds from time to time between the Contractor Mitigation Fund and the Forest Worker Mitigation Fund.

(b) Revenue Recognition and Allocation

Investment income is recorded as received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

All income earned in respect of funds held in a mitigation fund shall be income of that mitigation fund and form part of the capital of that fund.

All income earned in any fiscal year in respect of funds held in the Administration Fund (net of any applicable taxes) will first be used to pay administrative expenses for the fiscal year. The remainder, if any, shall be added to the other two funds on a pro-rata basis as defined in the Trust Deed.

(c) Expenditures Allocation

In accordance with the Trust Deed, all expenditures are to be paid out of the Administration Fund.

(d) Use of Assumptions and Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires the Trustee to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on the Trustee's knowledge of current events and actions the Trust may undertake in the future, actual results may differ from the estimates.

THE BC FORESTRY REVITALIZATION TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

5. STATEMENT OF CASH FLOWS

These financial statements do not include a statement of cash flows as the information is readily available from the financial statements, and would not provide additional useful information.

6. CASH

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	2005 <u>Total</u>	<u>2004 Total</u>
Cash	\$ <u>3,958</u>	\$ <u>398</u>	\$ <u>704</u>	\$ <u>5,059</u>	<u>\$ 15,665</u>

7. INCOME TAXES

The Trustee is of the opinion that the Trust is either a non-profit organization for income tax purposes or a public body performing a function of government. Under either definition, the Trust's income would not be subject to income taxes.

During the year, an appeals officer of the Canada Revenue Agency (the "CRA") requested certain information regarding the purpose of the Trust and indicated verbally that she concurred with the Trustee's opinion. The Trust expects to receive during the next year written confirmation of that decision from the CRA.

8. GOODS AND SERVICES TAXES

The Trustee has received advice from the CRA that the Trust will not be able to recover any Input Tax Credits.

9. FAIR VALUE AND CREDIT RISK

The carrying value of investments and liabilities reflected in the balance sheet approximate their respective fair values. The Trust does not have a significant concentration of credit risk.

10. COMMITMENTS

In accordance with the Trust deed, all funds must be disbursed to beneficiaries by March 31, 2008 in accordance with the purpose of the Trust and the guidelines prepared by the Trustee and approved by the Advisory Board. Any amounts remaining at that time are to be transferred to a person, organization or association whose objectives are compatible with the distribution objectives of the Trust. However, no amounts may be transferred to the Government of the Province of British Columbia.

THE BC FORESTRY REVITALIZATION TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

11. SUFFICIENCY OF FUNDS

During a prior year, the Trustee and Advisory Board developed draft Forest Worker Mitigation Guidelines and draft Contractor Mitigation Guidelines. Based on those draft guidelines the Trustee made preliminary calculations of the expected amounts required to make mitigation payments to eligible workers and replaceable contractors in accordance with the purpose of the Trust. These calculations were based on certain assumptions and on information and estimates provided by affected licensees and contractors.

There is a significant degree of uncertainty as to the number of potential beneficiaries of the Trust, and the total amount of mitigation for which they will be eligible based on the draft guidelines. In both the best and worst case scenarios, the estimates of amounts required to provide mitigation exceeded the funds available in the Trust prior to the Second Payment. The Trustee and the Advisory Board informed the Government of the Province of British Columbia of the requirement for additional funds to make the expected distributions to beneficiaries in accordance with the draft mitigation guidelines.

The Trustee and the Advisory Board are satisfied that the funds of \$125,000,000 available subsequent to the receipt of the Second Payment will permit the Trust to fulfil its expected obligations under the draft mitigation guidelines.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
Franchise Trust 2004-1 Discount Note Face Value \$65,000 Due January 5, 2005	\$ -	\$ -	\$ -	\$ -	\$ 64,691
CIBC BA Face Value \$270,000 Due March 1, 2005	-	-	-	-	268,311
RES Government of Canada Face Value \$2,000,000 Due June 1, 2005	-	-	-	-	1,951,316
Government of Canada Treasury Bill Face Value \$5,000,000 Due February 24, 2005	-	-	-	-	4,916,860
Government of Canada Treasury Bill Face Value \$3,057,000 Due March 10, 2005	-	-	-	-	3,022,575
Government of Canada Treasury Bill Face Value \$5,102,000 Due April 21, 2005	-	-	-	-	5,044,654
Government of Canada Treasury Bill Face Value \$641,000 Due July 14, 2005	-	-	-	-	631,868

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	-	-	-	-	15,900,275
Bons du Tresor du Quebec Treasury Bill Face Value \$1,000,000 Due January 21, 2005	-	-	-	-	991,294
CIBC BA Face Value \$5,000,000 Due May 18, 2005	-	-	-	-	4,881,360
Farm Credit Corporation Medium Term Note Face Value \$764,000 Due June 15, 2005	-	-	-	-	779,788
Citigroup Finance CDA Inc. MTN Face Value \$454,000 Due June 20, 2005	-	-	-	-	460,899
CIBC Deposit Note Face Value \$2,014,000 Due August 22, 2005	-	-	-	-	2,140,115
Government of Canada Treasury Bills Face Value \$3,500,000 Due February 24, 2005	-	-	-	-	3,444,493

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	-	-	-	-	28,598,224
Government of Canada Treasury Bills Face Value \$3,313,000 Due March 24, 2005	-	-	-	-	3,252,273
Government of Canada Treasury Bills Face Value \$2,589,000 Due April 21, 2005	-	-	-	-	2,559,232
Government of Canada Treasury Bills Face Value \$3,000,000 Due July 14, 2005	-	-	-	-	2,924,358
Government of Canada Treasury Bill Face Value \$1,810,000 Due September 8, 2005	-	-	-	-	1,761,934
Government of Canada Treasury Bills Face Value \$3,528,000 Due February 10, 2005	-	-	-	-	3,499,077
Government of Canada Treasury Bills Face Value \$1,722,000 Due October 6, 2005	-	-	-	-	1,678,223

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	-	-	-	-	44,273,321
Citigroup Finance CDA Inc. MTN Face Value \$1,770,000 Due January 11, 2005	-	-	-	-	1,788,912
CitGroup Funding Company Discount Note Face Value \$1,971,000 Due January 18, 2005	-	-	-	-	1,966,486
Alcan Inc. Discount Note Face Value \$1,303,000 Due January 31, 2005	-	-	-	-	1,300,055
CPN Government of Canada Face Value \$1,784,386 Due March 15, 2005	-	-	-	-	1,762,640
Farm Credit Corp Canada Mid Term Note Face Value \$1,100,000 Due May 15, 2005	-	-	-	-	1,104,914
RES Government of Canada Face Value \$2,100,000 Due June 1, 2005	-	-	-	-	2,048,955

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	-	-	-	-	54,245,283
CIBC Bankers Acceptance Face Value \$2,562,000 Due June 2, 2005	-	-	-	-	2,499,088
Farm Credit Canada Face Value \$1,395,000 Due August 15, 2005	-	-	-	-	1,418,130
RES Government of Canada Face Value \$1,605,000 Due September 1, 2005	-	-	-	-	1,557,834
RES Ontario Hydro Face Value \$1,728,000 Due November 3, 2005	-	-	-	-	1,679,861
Province of British Columbia Mid Term Note Euro Face Value \$2,275,000 Due December 1, 2005	-	-	-	-	2,314,678
Franchise Trust DN Face Value \$50,000 Due January 4, 2006	49,850	-	-	49,850	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	49,850	-	-	49,850	63,714,874
Government of Canada Treasury Bill Face Value \$1,997,000 Due March 6, 2006	1,974,901	-	-	1,974,901	-
CPN Province of Ontario Face Value \$2,800,000 Due June 2, 2006	2,637,323	-	-	2,637,323	-
Franchise Trust DN Face Value \$2,000,000 Due January 4, 2006	-	1,989,524	-	1,989,524	-
CIBC BA Face Value \$1,000,000 Due January 13, 2006	-	992,760	-	992,760	-
RES Province of Ontario Face Value \$2,332,000 Due January 19, 2006	-	2,291,388	-	2,291,388	-
Government of Canada Treasury Bill Face Value \$2,000,000 Due February 23, 2006	-	1,970,150	-	1,970,150	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	4,662,074	7,243,822	-	11,905,896	63,714,874
Government of Canada Treasury Bill Face Value \$2,000,000 Due March 23, 2006	-	1,965,492	-	1,965,492	-
CIBC BA Face Value \$2,000,000 Due April 17, 2006	-	1,968,838	-	1,968,838	-
Government of Canada Treasury Bill Face Value \$11,443,000 Due April 20, 2006	-	11,149,670	-	11,149,670	-
Government of Canada Treasury Bill Face Value \$2,000,000 Due April 20, 2006	-	1,960,984	-	1,960,984	-
Government of Canada Treasury Bill Face Value \$2,000,000 Due May 4, 2006	-	1,968,150	-	1,968,150	-
Government of Canada Treasury Bill Face Value \$1,922,000 Due May 18, 2006	-	1,879,962	-	1,879,962	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	4,662,074	28,136,918	-	32,798,992	63,714,874
Government of Canada Treasury Bill Face Value \$776,000 Due May 18, 2006	-	761,314	-	761,314	-
CIBC BA Face Value \$768,000 Due May 18, 2006	-	753,537	-	753,537	-
Government of Canada Treasury Bill Face Value \$1,218,000 Due May 18, 2006	-	1,195,592	-	1,195,592	-
Government of Canada Treasury Bill Face Value \$1,691,000 Due May 18, 2006	-	1,660,237	-	1,660,237	-
RES Province of Manitoba Face Value \$1,637,000 Due June 5, 2006	-	1,599,598	-	1,599,598	-
CIBC BA Face Value \$1,288,000 Due June 16, 2006	-	1,261,644	-	1,261,644	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	4,662,074	35,368,840	-	40,030,914	63,714,874
Government of Canada Treasury Bill Face Value \$1,108,000 Due July 13, 2006	-	1,082,786	-	1,082,786	-
Royal Bank BA Face Value \$185,000 Due August 4, 2006	-	179,651	-	179,651	-
Government of Canada Treasury Bill Face Value \$2,000,000 Due August 10, 2006	-	1,951,842	-	1,951,842	-
Government of Canada Treasury Bill Face Value \$2,000,000 Due September 7, 2006	-	1,946,054	-	1,946,054	-
RES Province of Manitoba Face Value \$817,000 Due September 7, 2006	-	795,749	-	795,749	-
CIBC BA Face Value \$1,287,000 Due October 5, 2006	-	1,248,510	-	1,248,510	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	4,662,074	42,573,432	-	47,235,506	63,714,874
RES Province of Ontario Face Value \$5,477,000 Due January 19, 2006	-	-	5,352,754	5,352,754	-
Government of Canada Treasury Bill Face Value \$1,012,000 Due January 3, 2006	-	-	1,010,877	1,010,877	-
RES Province of Ontario Face Value \$5,094,000 Due January 19, 2006	-	-	4,999,491	4,999,491	-
RES Province of Ontario Face Value \$1,000,000 Due January 19, 2006	-	-	985,824	985,824	-
Government of Canada Treasury Bill Face Value \$2,307,000 Due February 23, 2006	-	-	2,281,584	2,281,584	-
RES Province of Ontario Face Value \$3,407,000 Due March 8, 2006	-	-	3,312,193	3,312,193	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	4,662,074	42,573,432	17,942,723	65,178,229	63,714,874
RES Province of Ontario Face Value \$1,396,000 Due March 8, 2006	-	-	1,376,622	1,376,622	-
RES Province of Ontario Face Value \$830,000 Due March 8, 2006	-	-	818,656	818,656	-
Government of Canada Treasury Bill Face Value \$5,131,000 Due April 20, 2006	-	-	4,999,472	4,999,472	-
Government of Canada Treasury Bill Face Value \$807,000 Due May 18, 2006	-	-	791,803	791,803	-
CPN Province of Ontario Face Value \$5,437,000 Due June 2, 2006	-	-	5,114,455	5,114,455	-
PRN Province of New Brunswick Face Value \$2,000,000 Due June 19, 2006	-	-	1,962,428	1,962,428	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
<i>carried forward</i>	4,662,074	42,573,432	33,006,159	80,241,665	63,714,874
Government of Canada Treasury Bill Face Value \$864,000 Due July 13, 2006	-	-	844,339	844,339	-
RES Province of Ontario Face Value \$1,552,000 Due July 24, 2006	-	-	1,500,045	1,500,045	-
Government of Canada Treasury Bill Face Value \$647,000 Due August 10, 2006	-	-	631,431	631,431	-
RES Government of Canada Face Value \$5,546,000 Due December 1, 2006	-	-	5,114,205	5,114,205	-
MARKETABLE SECURITIES	<u>\$ 4,662,074</u>	<u>\$ 42,573,432</u>	<u>\$ 41,096,179</u>	<u>\$ 88,331,685</u>	<u>\$ 63,714,874</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2005 Total</u>	<u>2004 Total</u>
CPN Province of Ontario Face Value \$2,800,000 Due June 2, 2006	\$ -	\$ -	\$ -	\$ -	\$ 2,637,323
TD Bank MTN Fixed/FLTG Call 2005 Face Value \$953,000 Due April 14, 2010	-	-	-	-	974,584
CPN Province of Ontario Face Value \$5,437,000 Due June 2, 2006	-	-	-	-	5,114,455
RES Government of Canada Face Value \$5,546,000 Due December 1, 2006	-	-	-	-	<u>5,114,205</u>
INVESTMENTS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,840,567</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST
SCHEDULE OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	2005 <u>Total</u>	2004 <u>Total</u>
Balance, beginning of year	\$ 4,945,448	\$ 24,026,422	\$ 49,176,319	\$ 78,148,189	\$ 76,657,342
Settlement of trust	-	25,000,000	15,000,000	40,000,000	-
Disbursements to beneficiaries	-	(7,158,896)	(23,507,456)	(30,666,352)	-
Excess of receipts over expenditures	<u>(172,795)</u>	<u>1,153,332</u>	<u>1,413,363</u>	<u>2,393,900</u>	<u>1,490,847</u>
Balance, end of year	<u><u>\$ 4,772,653</u></u>	<u><u>\$ 43,020,858</u></u>	<u><u>\$ 42,082,226</u></u>	<u><u>\$ 89,875,737</u></u>	<u><u>\$ 78,148,189</u></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.