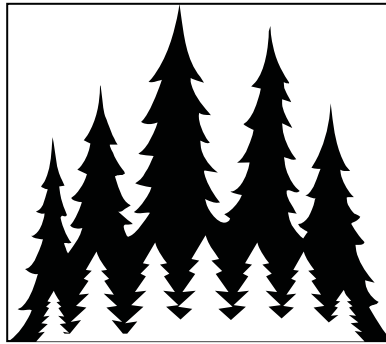


The BC Forestry Revitalization Trust II



**December 31, 2011
Annual Report**

**Trustee
Eric van Soeren**

BC Forestry Revitalization Trust II

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 was to provide mitigation to forest workers and replaceable contractors that were 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 December 31, 2011 was as follows:

John Allan, 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

Tom Jensen, Board Member representing the Ministry of Forests and Natural Resource Operations

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. 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 determined 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 would 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 February 22, 2005 the legislature approved the request. Of that amount, \$40,000,000 was transferred to the BCFRT, and \$10,000,000 was held back by the Ministry of Forests and Range pending confirmation that the funds would be required. Therefore, the draft guidelines were finalized.

Termination of the BC Forestry Revitalization Trust

Pursuant to the Deed of Trust, the BCFRT terminated on March 31, 2008, and the Trustee had two years to transfer any amounts remaining at that time to a person, organization or association whose objectives were compatible with the distribution objectives of the BCFRT. However, approximately 50 contractors and an unknown number of employees still needed to be dealt with. Of those, mitigation for 14 replaceable contractors could not be resolved yet because the Forestry Revitalization Proposal that related to them was being disputed and was before the courts. Several of the other replaceable contractors were either having difficulty obtaining the information required to value their claim, disputed the amounts they would receive based on the Contractor Mitigation Guidelines, or simply had not applied yet for themselves or their ex-employees.

At the direction of the BCFRT Advisory Board, all the assets, liabilities and ongoing commitments were transferred to the BC Forestry Revitalization Trust II (BCFRT II) during April 2008. The BCFRT II has similar guidelines and beneficiaries as the BCFRT. It is administered by the BCFRT II Trustee with the assistance of the same Advisory Board structure. Only one Board member, the Provincial Government Representative, has changed. The main differences are that the BCFRT II has no set termination date, and the Trustee and Advisory Board were given the ability to expand the potential beneficiaries to include forestry workers and replaceable contractors that have been affected by provincial government land use decisions other than just the Forestry Revitalization Act.

Administration Account

When the BCFRT II was created, \$4.6 million was allocated to administration. To date, administration expenses of the BCFRT II have been slightly more than the interest earned by the Administration Account, so the initial principal has only been reduced to \$4.4 million.

Contractor Mitigation Account

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

As of December 31, 2011, the holders of 317 replaceable contracts had been partially or completely compensated for the loss of their replaceable contractual rights. Total contractor compensation paid out was \$70,748,591. All replaceable contractors have now received the mitigation amounts for which they were eligible.

Forest Worker Mitigation Account

The principle used for forest worker mitigation was that workers who were severed because of FRA timber reallocation received severance paid to them by their employer, but funded by the BCFRT II. The detailed severance 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 II website at www.bcfrrt.com.

As of December 31, 2011, severance payments had been made to 848 forest workers, at a total cost to the BCFRT II of \$43,079,279. All forest workers have now received the severance amounts for which they were eligible based on the forest worker mitigation guidelines.

Mitigation of the Negative Impacts of Ecosystem Based Management on Haida Gwaii.

During a February 2011 BCFRT II Advisory Board meeting it was agreed that the BCFRT II would cost share with the Coast Sustainability Trust II (CST II) to provide mitigation to workers and replaceable contractors that are negatively impacted by the implementation of Ecosystem Based Management (EBM) on Haida Gwaii. The formulas used to determine the amount of mitigation would be the same as were used in the earlier BCFRT II mitigation payments. The estimated cost of mitigation is \$5,535,428. Payments were to be made through the CST II, with the BCFRT II providing half the required funds.

As of December 31, 2011, \$2,767,714 has been transferred to the CST II to provide matching funds for worker and contractor mitigation. Also as of December 31, 2011, all 35 affected workers and all but 1 of the 11 affected contractors have received their mitigation amounts.

Contractor Income Tax Liability

There has been uncertainty about the liability for income taxes payable on mitigation amounts received by replaceable contractors from the BCFRT II. The position of the four logging contractor associations in BC is that the amounts should have been received tax free, either because they were a windfall payment, or because they were amounts received from a personal trust. Others took the position that the amounts received as a result of the loss of some or all of a replaceable contract should be treated as a capital gain. The Canada Revenue Agency (CRA) took the position that all such amounts were to be treated and taxed as income.

The BCFRT II, the Loggers for Fair Taxation, the Minister of Forests, Lands and Natural Resource Operations, and the Premier of BC, have been working on this problem for approximately four years. As a result, the Province of BC and the Advisory Board of the BCFRT II have agreed to increase the contractor mitigation payments received by replaceable contractors by an amount equal to the income taxes paid or payable on the amounts previously disbursed.

During the last quarter of 2011 letters were sent out to all contractors that received Contractor Mitigation funds from the BCFRT or the BCFRT II. Those letters invited the contractors to apply for extra mitigation in the event that they had paid taxes on the previous amount(s) received. As at year end approximately 50% had responded, and the CRA was in the process of determining how much tax they were assessed on the amounts received.

Adequacy of Funds

The cost of making contractors whole for income taxes assessed on the contractor mitigation amounts they received is still not known. The best estimate as at December 31, 2011 is approximately \$15 to \$18 million. The agreement with the Province of British Columbia is that all existing funds in the BCFRT II accounts will be transferred into a new “2011 Contractor Mitigation Account Subtrust” of the BCFRT II, and then first applied to compensate the contractors for taxes paid or payable. Subsequent to year end the new account was created, and all BCFRT II funds were transferred into it. Once the BCFRT II funds are depleted, the Province of British Columbia will replenish the BCFRT II as required to meet the additional obligations to the contractors and the administration costs of the BCFRT II.

THE BC FORESTRY REVITALIZATION TRUST II
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2011

THE BC FORESTRY REVITALIZATION TRUST II
INDEX TO FINANCIAL STATEMENTS

Independent Auditor's 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

Exhibit A

To the Trustee
The BC Forestry Revitalization Trust II

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of The BC Forestry Revitalization Trust II, which comprise the statement of financial position as at December 31, 2011, and the statements of receipts and expenditures and net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustee's Responsibility for the Financial Statements

The Trustee is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee, as well as evaluating the presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Exhibit A

INDEPENDENT AUDITOR'S REPORT

Opinion

In my opinion, the financial statements of The BC Forestry Revitalization Trust II for the year ended December 31, 2011, present fairly, in all material respects, the financial position of The BC Forestry Revitalization Trust II as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



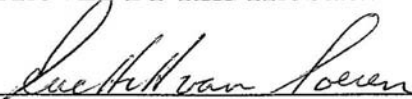
CHARTERED ACCOUNTANT

Vancouver, B.C.
February 24, 2012

THE BC FORESTRY REVITALIZATION TRUST II
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash - note 6	\$ 8,125	\$ 6,619
Marketable securities - at cost - Schedule 1	5,007,879	5,740,894
Interest receivable	<u>168,845</u>	<u>119,460</u>
	5,184,849	5,866,973
INVESTMENTS, at cost - Schedule 2	<u>2,500,000</u>	<u>4,680,011</u>
TOTAL ASSETS	<u><u>\$ 7,684,849</u></u>	<u><u>\$ 10,546,984</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITY		
Accounts payable and accrued liabilities	<u>\$ 21,282</u>	<u>\$ 13,918</u>
TOTAL LIABILITIES	<u>21,282</u>	<u>13,918</u>
<u>FUND BALANCES</u>		
NET ASSETS		
Administration Fund - Schedule 3	4,396,197	4,458,996
Contractor Mitigation Fund - Schedule 3	743,695	1,503,373
Forest Worker Mitigation Fund - Schedule 3	<u>2,523,675</u>	<u>4,570,697</u>
TOTAL NET ASSETS	<u>7,663,567</u>	<u>10,533,066</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,684,849</u></u>	<u><u>\$ 10,546,984</u></u>

APPROVED BY THE TRUSTEE

 Trustee

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	\$ <u>7,888</u>	\$ <u>33,826</u>
NON-OPERATING TRANSACTIONS		
Transfer from the BC Forestry Revitalization Trust	(2,767,713)	-
Disbursements to beneficiaries	<u>(109,674)</u>	<u>(1,633,632)</u>
	<u>(2,877,387)</u>	<u>(1,633,632)</u>
NET ASSETS AT END OF YEAR	\$ <u><u>7,663,567</u></u>	\$ <u><u>10,533,066</u></u>

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
STATEMENT OF RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
INTEREST RECEIPTS - note 4(b)	\$ 86,789	\$ 17,939	\$ 53,178	\$ 157,906	\$ 144,398
EXPENDITURES - note 4(c)					
Audit fees	9,217	-	-	9,217	11,575
Bank charges and interest	200	230	200	630	765
GST/HST expense	15,832	-	-	15,832	8,117
Legal fees	10,718	-	-	10,718	2,385
Office	892	-	-	892	64
Project analysis	-	-	-	-	400
Travel and entertainment	1,829	-	-	1,829	1,966
Trustee fees	<u>110,900</u>	<u>-</u>	<u>-</u>	<u>110,900</u>	<u>85,300</u>
	<u>149,588</u>	<u>230</u>	<u>200</u>	<u>150,018</u>	<u>110,572</u>
EXCESS OF RECEIPTS OVER EXPENDITURES	<u><u>\$ (62,799)</u></u>	<u><u>\$ 17,709</u></u>	<u><u>\$ 52,978</u></u>	<u><u>\$ 7,888</u></u>	<u><u>\$ 33,826</u></u>

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. PURPOSE OF THE TRUST

The BC Forestry Revitalization Trust II (the "Trust") was established by Declaration of Trust dated February 28, 2008.

On April 30, 2008, all assets and liabilities, contingent and otherwise, of the predecessor trust, the BC Forestry Revitalization Trust (the "Predecessor Trust") were transferred to the Trust.

The Predecessor Trust was established by Deed of Trust dated March 17, 2003 (the "First 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 Predecessor 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 Predecessor 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 a prior year. The remaining amount was held by the Government of the Province of British Columbia until such a time as the Predecessor Trust required the funds. It is uncertain whether the remaining amount will be available to the Trust.

The funds are to be used to mitigate adverse financial impacts suffered by certain forest 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*.

As of December 31, 2011 all workers who were potential beneficiaries of the Trust have received the mitigation amounts to which they were entitled. All the contractors that were potential beneficiaries of the Trust have also received the mitigation amounts for loss of contracts and redundant equipment. However, those contractors that were assessed and paid or still owe income taxes on the contractor mitigation amounts received are eligible for a refund of those taxes, to be paid to them by the Trust (see note 11).

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

The Declaration of Trust dated February 28, 2008 enables the Trustee to expand the definition of beneficiaries of the Trust to include other forestry workers and replaceable contractors who were negatively affected by government land use decisions. At this time, the beneficiaries of the Trust are the same as the beneficiaries of the Predecessor Trust.

3. DURATION OF THE TRUST

The Trust will terminate on any date on which there is no remaining Trust property.

THE BC FORESTRY REVITALIZATION TRUST II
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund Accounting

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

(i) Administration Fund

In accordance with the Declaration, the amount in the Administration Fund of the Predecessor Trust was transferred to the Administration Fund of the Trust. The funds are to be used 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.

(ii) Contractor Mitigation Fund

In accordance with the Declaration, the amount in the Contractor Mitigation Fund of the Predecessor Trust was transferred to the Contractor Mitigation Fund of the Trust.

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 Declaration, the amount in the Forest Worker Mitigation Fund of the Predecessor Trust was transferred to the Forest Worker Mitigation Fund of the Trust.

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.

THE BC FORESTRY REVITALIZATION TRUST II
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

(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 Declaration.

(c) Expenditures Allocation

In accordance with the Declaration, 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.

(e) Canadian Accounting Standards for Private Enterprises

The Trustee has elected to prepare the financial statements of the Trust in accordance with Canadian generally accepted accounting principles using Canadian Accounting Standards for Private Enterprises.

The transition is completed in accordance with section 1500, Part II of the CICA Handbook - Accounting. The transition has not resulted in any changes to or restatements of amounts reported in prior years.

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>	2011 Total	2010 <u>Total</u>
Cash	<u>\$ 8,115</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 8,125</u>	<u>\$ 6,619</u>

THE BC FORESTRY REVITALIZATION TRUST II
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 a prior year, an appeals officer of the Canada Revenue Agency (the "CRA") requested certain information regarding the purpose of the Predecessor Trust and indicated verbally that she concurred with the Trustee's opinion. During the year, the Trustee received a notice of assessment confirming that the Trust is not subject to Income Taxes.

8. GOODS AND SERVICES TAXES / HARMONIZED SALES 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 Declaration, all funds must be disbursed to beneficiaries pursuant to the purpose of the Trust and the guidelines prepared by the Trustee and approved by the Advisory Board. No amounts may be transferred to the Government of the Province of British Columbia.

11. SUFFICIENCY OF FUNDS AND SUBSEQUENT EVENT

During a prior year, the Trustee and Advisory Board developed Forest Worker Mitigation Guidelines and Contractor Mitigation Guidelines. Based on those guidelines the Trustee regularly updates 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 are based on certain assumptions and on information and estimates provided by affected licensees and contractors.

Pursuant to pay-out projections based on information on hand at the time, the Trustee had determined in the prior year that the funds available would permit the Trust to fulfill its expected obligations under the Forest Worker and Contractor Mitigation Guidelines.

Subsequent to the year end, and pursuant to a recommendation of the Advisory Board and an offer of additional funds for the Trust from the Minister of Forests and Natural Resource Operations, the Trustee transferred all remaining funds in the Administration Fund, the Contractor Mitigation Fund and the Forest Worker Mitigation Fund into a newly created 2011 Contractor Mitigation Account Subtrust of the Trust. The purpose of this Subtrust is to provide relief to contractors that were assessed and paid or still owe income taxes on the contractor mitigation amounts previously received from the Trust. While the total amount of additional relief required is not known, the Province of British Columbia has committed to make up the shortfall, if any, between the funds in the Trust and the amount required to provide the above mentioned tax relief.

THE BC FORESTRY REVITALIZATION TRUST II
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

12. RELATED PARTY TRANSACTIONS

During the year, the Trustee and Advisory Board decided to transfer certain amounts to a trust also controlled by the Trustee. Funds of \$2,767,713.48 were transferred during the year to the Coast Sustainability Trust II. The funds are to be used to mitigate adverse financial impacts suffered by certain forest workers and replaceable contractors in the Queen Charlotte Islands - Haida Gwaii as a result of the implementation of Ecosystem Based Management ("EBM") practices.

THE BC FORESTRY REVITALIZATION TRUST II
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
CPN Province of Saskatchewan Face Value \$15,018 Due February 4, 2011	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Res Province of British Columbia Face Value \$810,370 Due February 21, 2011	-	-	-	-	799,997
CPN Government of Canada Face Value \$1,168,124 Due June 1, 2011	-	-	-	-	1,145,000
Res TD Bank Face Value \$399,667 Due October 28, 2011	-	-	-	-	388,798
Res Province of Ontario Face Value \$716,078 Due December 2, 2011	-	-	-	-	706,099
Res CIBC Face Value \$593,620 Due March 28, 2011	-	-	-	-	568,621
Res TD Bank Face Value \$920,752 Due October 28, 2011	-	-	-	-	894,449

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
<i>carried forward</i>	-	-	-	-	4,517,964
Res Province of Ontario Face Value \$1,240,212 Due December 2, 2011	-	-	-	-	1,222,930
CPN Ontario Hydro Global Face Value \$1,071,690 Due April 15, 2012	525,000	-	521,529	1,046,529	-
CPN Province of Ontario Face Value \$1,312,173 Due June 2, 2012	1,279,999	-	-	1,279,999	-
CPN CIBC Face Value \$337,560 Due May 2, 2012	-	334,910	-	334,910	-
Residual Newfoundland Province Face Value \$408,610 Due February 15, 2012	-	399,999	-	399,999	-
Res Bank of Montreal Face Value \$321,312 Due June 21, 2012	-	-	309,979	309,979	-

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
SCHEDULE OF MARKETABLE SECURITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
<i>carried forward</i>	1,804,999	734,909	831,508	3,371,416	5,740,894
Res Province of BC Face Value \$1,029,448 Due January 9, 2012	-	-	993,505	993,505	-
CPN CIBC Face Value \$249,452 Due June 6, 2012	-	-	247,056	247,056	-
CPN BMO Face Value \$400,000 Due June 21, 2012	-	-	395,902	395,902	-
MARKETABLE SECURITIES	<u>\$ 1,804,999</u>	<u>\$ 734,909</u>	<u>\$ 2,467,971</u>	<u>\$ 5,007,879</u>	<u>\$ 5,740,894</u>

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
CPN Ontario Hydro Global Face Value \$537,622 Due April 15, 2012	\$ -	\$ -	\$ -	\$ -	\$ 525,000
CPN Province of Ontario Face Value \$546,064 Due June 2, 2012	-	-	-	-	529,999
CPN Hydro Quebec Face Value \$1,494,736 Due January 10, 2013	1,400,000	-	-	1,400,000	1,400,000
Residual Newfoundland Province Face Value \$408,610 Due February 15, 2012	-	-	-	-	399,999
CPN Ontario Hydro Global Face Value \$534,068 Due April 15, 2012	-	-	-	-	521,529
Res Bank of Montreal Face Value \$321,312 Due June 21, 2012	-	-	-	-	309,979
Res RBC Face Value \$1,147,800 Due June 6, 2013	1,100,000	-	-	1,100,000	-

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	<u>2010 Total</u>
<i>carried forward</i>	2,500,000	-	-	2,500,000	3,686,506
Res Province of BC Face Value \$1,029,448 Due January 9, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>993,505</u>
INVESTMENTS	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>	<u>\$ 4,680,011</u>

The accompanying notes are an integral part of these financial statements.

THE BC FORESTRY REVITALIZATION TRUST II
SCHEDULE OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<u>2011 Total</u>	2010 <u>Total</u>
Balance, beginning of year	\$ 4,458,996	\$ 1,503,373	\$ 4,570,697	\$ 10,533,066	\$ 12,132,872
Transfer to The CST	-	(667,713)	(2,100,000)	(2,767,713)	-
Disbursements to beneficiaries	-	(109,674)	-	(109,674)	(1,633,632)
Excess of receipts over expenditures	<u>(62,799)</u>	<u>17,709</u>	<u>52,978</u>	<u>7,888</u>	<u>33,826</u>
Balance, end of year	<u>\$ 4,396,197</u>	<u>\$ 743,695</u>	<u>\$ 2,523,675</u>	<u>\$ 7,663,567</u>	<u>\$ 10,533,066</u>

The accompanying notes are an integral part of these financial statements.