

APPENDIX I – TSA AND SOCIETY BACKGROUND – OIFS SHARE AGREEMENT

OKANAGAN TSA

The Okanagan TSA is located in the Kamloops Forest Region and currently encompasses the Penticton, Vernon, and Salmon Arm Forest Districts for a total area of 2,246,713 hectares. The Okanagan TSA is one of the most ecologically complex in the province and the terrain varies from hot, dry sagebrush grasslands to wet cedar-hemlock forests. Approximately 64% of the TSA is considered productive Crown forest, of which approximately 46% comprises the timber harvesting landbase.

The AAC for the Okanagan TSA has fluctuated over the past decade due to temporary increases to harvest mountain pine beetle infestations. The following outlines the AAC levels:

- 1980-1986 – 2,700,000 cubic metres
- 1987-1991 – 2,820,000 – 3,200,000 cubic metres (uplift to harvest mountain pine beetle)
- 1992-1996 – 2,615,000 cubic metres (temporary annual uplifts for mountain pine beetle granted)
- 1996-2001 – 2,615,000 cubic metres
- 2001-present – 2,655,000 cubic metres

OKANAGAN INNOVATIVE FORESTRY SOCIETY

The OIFS was formed for the purposes of evaluating and directing the investment levels of a cooperative Forestry Plan in the Okanagan TSA. The OIFS is a registered non-profit society of forest licensees with AAC greater than 10,000 m³. The membership includes:

- | | |
|---|------------------------------------|
| • Riverside Forest Products Ltd. | • Gorman Bros Lumber Ltd. |
| • Weyerhaeuser Company Ltd. | • LP Engineered Wood Products Ltd. |
| • BC Timber Sales Program in the Okanagan TSA ⁵³ | • Bell Pole Company |
| • Tolko Industries Ltd. | • Selkirk Timber Company |
| • Federated Co-operatives Ltd. | |

The OIFS is governed by a Board of Directors and managed by an IFPA Executive Director with support from a Forestry Technical Committee and an Advisory Panel. The OIFS organizational structure is shown in Figure 6.

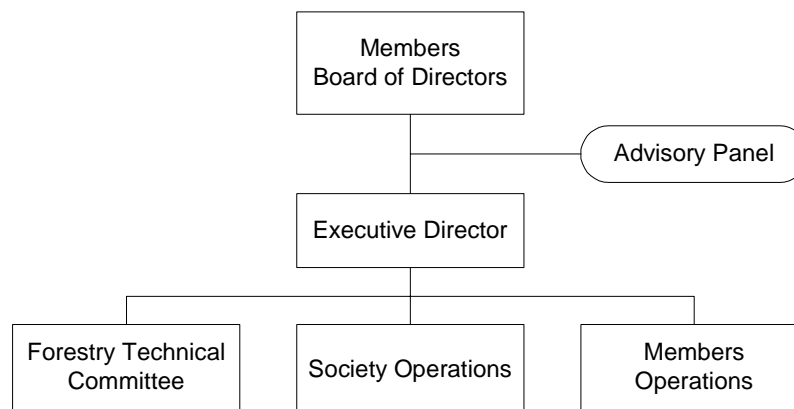


Figure 6. Okanagan Innovative Forestry Society organizational structure.

OKANAGAN INNOVATIVE FORESTRY SOCIETY
Share Agreement
August 22, 2002

The draft Share Agreement is still under review and will be included at a later date.