



CHONOOK

Community Forest



SEMI-ANNUAL REPORT
April 1, 2018, to September 30, 2018



Table of Contents

Corporate Data3

Organizational Chart.....4

Mission & Vision Statement5

Guiding Principles6

General Manager’s Report.....7

Licence Area Map.....10

Financial Statements



Chinook Comfor Limited Partnership

Corporate Data

P.O. Box 969
Burns Lake, B.C. V0J 1E0
Email: info@chinookcomfor.ca
Chinook Community Forest Facebook Page
chinookcomfor.ca

85% First Nation Ownership:

Wet'suwet'en First Nation
Nee Tahi Buhn Band
Skin Tyee First Nation
Cheslatta Carrier Nation
Ts'il Kaz Koh First Nation
Lake Babine Nation

15% Village of Burns Lake & Regional District of Bulkley-Nechako Ownership

Auditors: Tony Tiani & Company Inc. Chartered Professional Accountants, Prince George

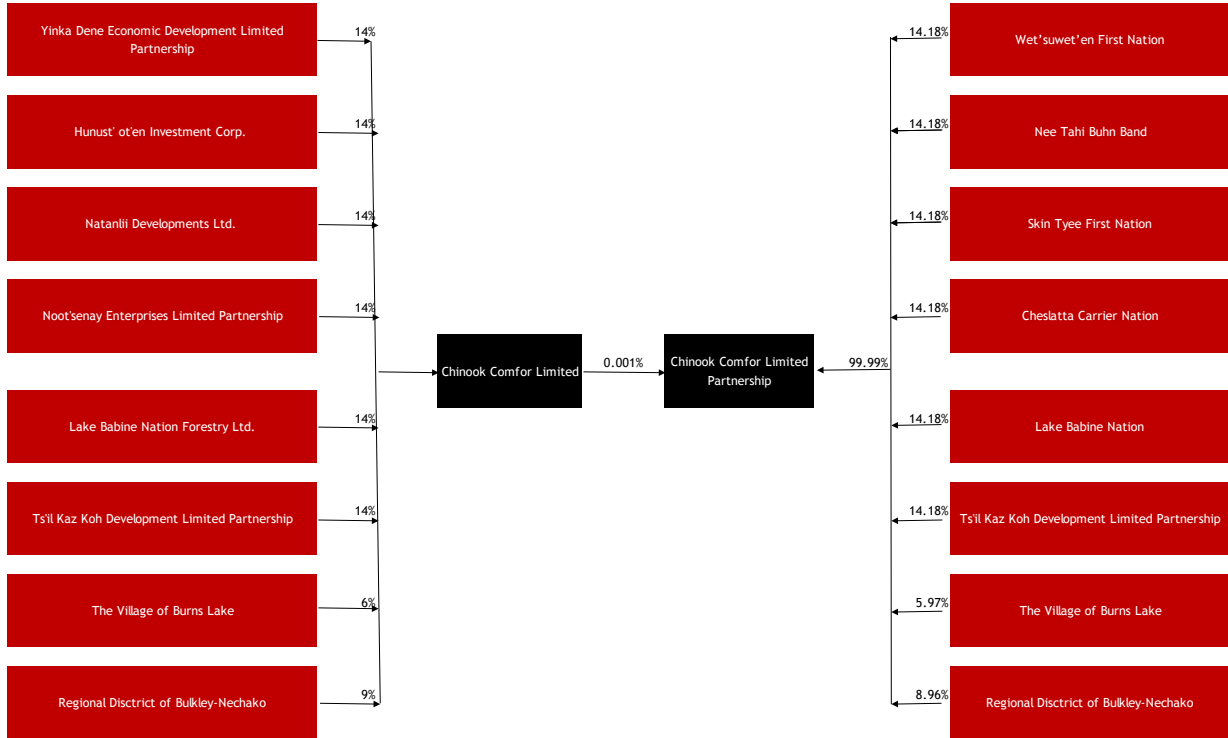
Bank: Royal Bank of Canada, New Hazelton Branch

Operations: Ken Nielsen, General Manager

Board of Directors:

Miles Fuller, President— Regional District of Bulkley Nechako
Shannon Haizimsque, Vice President— Wet'suwet'en First Nation
Louise Fisher, Secretary—Regional District of Bulkley-Nechako
Adele Gooding, Treasurer—Skin Tyee First Nation
Lloyd Adams, Director— Ts'il Kaz Koh First Nation
Karl Garrett, Director—Village of Burns Lake
Dianne Evans, Director—Lake Babine Nation
James Rakochy, Director—Cheslatta Carrier Nation

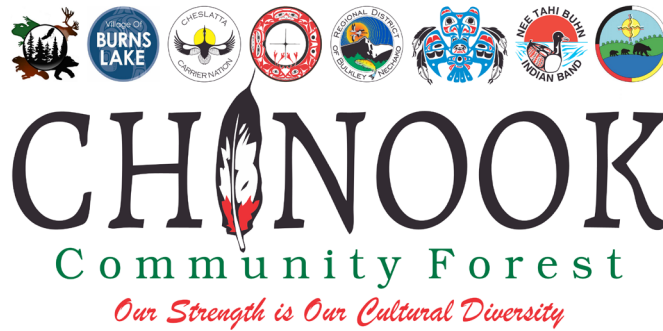
**CHINOOK COMFOR LIMITED PARTNERSHIP
ORGANIZATION CHART
March 31, 2018**



Name	Common Shares	Percentage of Ownership
Yinka Dene Economic Development Limited Partnership	1,415	14%
Hunust' o't'en Investment Corp.	1,415	14%
Natanlii Developments Ltd.	1,415	14%
Noot'senay Enterprises Limited Partnership	1,415	14%
Lake Babine Nation Forestry Ltd.	1,415	14%
Ts'il Kaz Koh Development Limited Partnership	1,415	14%
The Village of Burns Lake	596	6%
Regional District of Bulkley-Nechako	894	9%
	9,980	100%

Name	Percent of Profit Distributed	Amount
Yinka Dene Economic Development Limited Partnership		\$40,139.92
Hunust' o't'en Investment Corp.		\$40,139.92
Natanlii Developments Ltd.		\$40,139.92
Noot'senay Enterprises Limited Partnership		\$40,139.92
Lake Babine Nation Forestry Ltd.		\$40,139.92
Ts'il Kaz Koh Development Limited Partnership		\$40,139.92
The Village of Burns Lake		\$16,906.92
Regional District of Bulkley-Nechako		\$25,360.47
		\$283,106.91

Name	Units	Percentage of Ownership
Wet'suwet'en First Nation	1,415	14.18%
Nee Tahi Buhn Band	1,415	14.18%
Skin Tye'e First Nation	1,415	14.18%
Cheslatta Carrier Nation	1,415	14.18%
Lake Babine Nation	1,415	14.18%
Ts'il Kaz Koh Development Corporation	1,415	14.18%
The Village of Burns Lake	596	5.97%
Regional District of Bulkley-Nechako	894	8.96%
Chinook Comfor Ltd.	1	0.01%
	9,981	100%



Mission Statement

Chinook Comfor Ltd is committed to managing our renewable resource by collaborating to build community capacity. We will achieve this by creating self reliance through long term environmental sustainability for economic and social growth.

Vision Statement

Chinook Comfor Ltd. will be a leader in forest practice management, social values and economic development.

Value Statement

With our shareholders and our community forest, we live these values:

- 1) We accept responsibility for our actions. We make and support business decisions through experience and good judgement.
- 2) We recognize the importance of diversity. We are committed to making sure that everyone we interact with is treated fairly, with respect and dignity.
- 3) We will build open and honest relationships with communication.
- 4) We will pursue growth and learning.
- 5) We will deliver our best in all we do.
- 6) We will respect all individuals and value their contributions.
- 7) We will base all our decision making on what is best for our community.

Guiding Principles

Chinook's guiding principles are as follows:

1. Maintain community involvement which is represented by a local Board of Directors derived of First Nations and local government representatives.
2. Ensure forest resources are managed in a manner that is environmentally sustainable for the long-term
3. Maintain and enhance a high standard of environmental stewardship through innovative avenues of land base management.
4. Practice forest management that applies a balanced use of land base resources.
5. Encourage local job creation and sustainability with increased quality of life within the community.
6. Initiate and sustain partnerships between Chinook, First Nations, and the community at large.
7. Generate revenue that is sustainable over the long-term for the benefits of current and future generations.
8. Maintain and enhance current recreational sites and features in the Chinook area.
9. Be transparent in all activities.



CHINOOK

Community Forest

General Manager's Report

On behalf of the Board of Directors, I am pleased to present this report regarding the activities and operations of Chinook Comfor Limited Partnership (Chinook) for the mid-year report.



2018 has been a very challenging year to say the least. From very high snow levels last winter to a very cold spring with no moisture and then into a drought and wild fires.

Chinook lost an estimated 9,000 hectares of Chinook's Timber Harvesting Land Base (THLB) of 64,000 hectares to the Shovel Lake, Verdun, and Nadina fires. Seven cut blocks were also lost, as well as approximately \$80,000 worth of layout costs. Preliminary studies show that approximately 3 to 4 thousand of the 9000 hectares lost will be salvageable. Fortunately, none of Chinook's spring decked wood was lost to the fires.

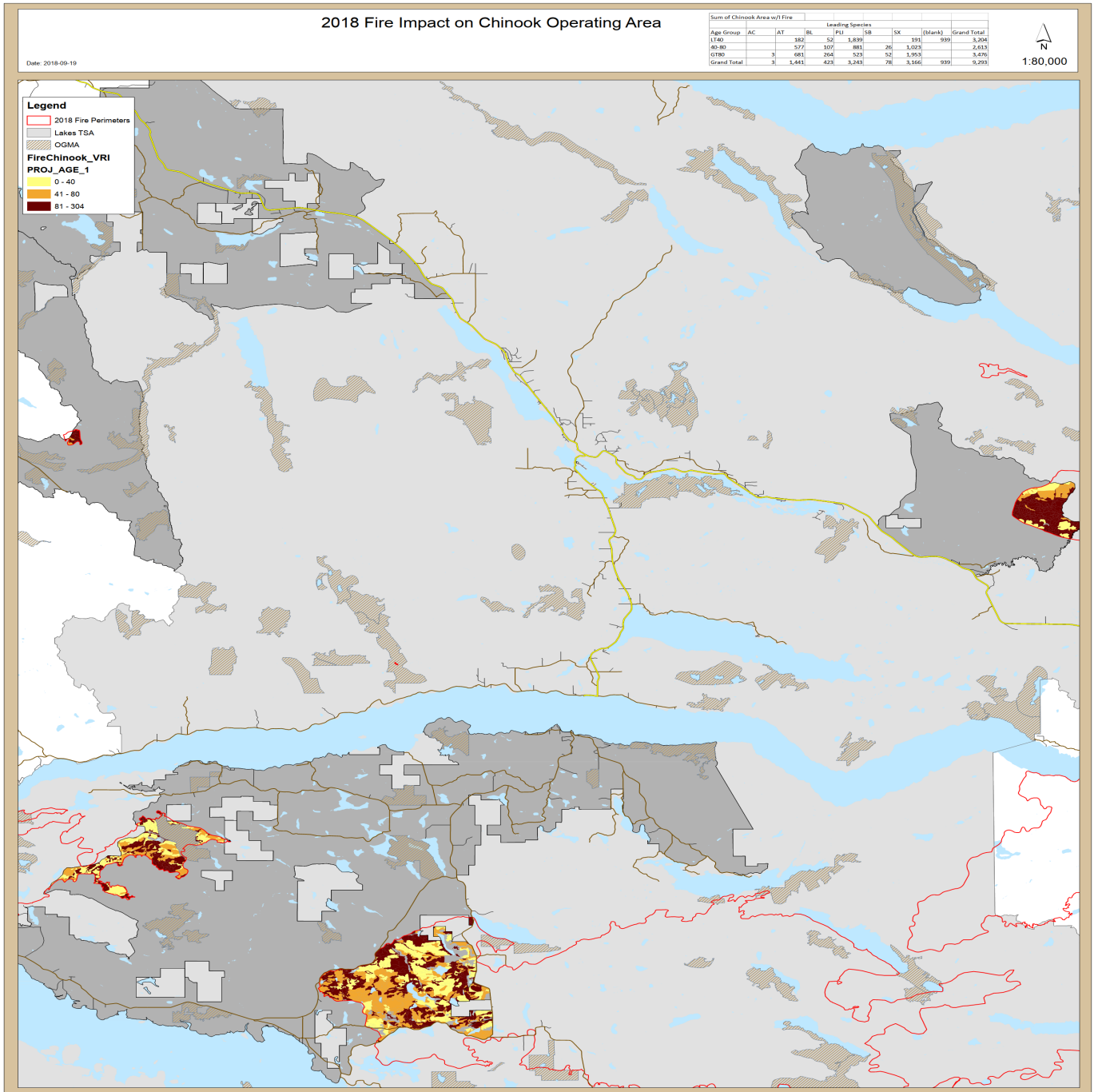
As a result of the fires, Chinook has many kilometres of fire guards within the community forest area. Communication with the local Ministry of Forests, Lands and Natural Resource Operations and Rural Development (ministry) staff has been constant regarding the log decks under permit to salvage. We were able to fast track a cutting permit resulting in 105,000 m³ to log this harvesting season; however, this will come with challenges as all of the fibre is located south of Francois Lake. Mother Nature is not cooperating, and Chinook needs substantial frost before operations can begin.

Chinook was successful in attaining \$100,000 in funding from the Forests for Tomorrow (FFT) program. This funding was scheduled to conduct surveys for fertilization. Chinook, along with FFT, have decided to put this funding towards surveys of non-liability plantations within community forest area. This project is under way and Chinook will work with FFT to replant all plantations along with the burnt forest itself.

The Light Detection and Ranging (LiDAR) project flight was completed in September 2017. Although there was a delay due to the fires, the ground truthing plots for this project have also been completed. Tesera Systems Inc. is working hard to overcome the delay in plot sampling and will have a finished product in spring 2019. Chinook will then start its Allowable Annual Cut (AAC) determination for the mid-term timber supply—to be completed in spring 2020 and followed by the approval date in spring 2021.

As per the Community Forest Agreement K4R, Chinook will complete and professionally publish three research papers by April 1, 2021. One research paper is already under way on the topic of Old Growth Management Areas (OGMAs) and a second study is planned to start in September 2018 about mixed species stands and fire mitigation.

Chinook has applied for funding through Forest Enhancement Society (FESBC) for a three-year fire mitigation plan project. The process will be to engage, build, and implement a plan with the community, First Nations, local ministry, and wild fire branch.



Chinook contributed 700 meters of fibre that was processed into much-needed firewood to the residents who were evacuated this summer due to wildfires once the evacuation orders were lifted. This project cost roughly \$80,000.



Chinook consists of the following five areas within the Lakes Timber Supply Area:

1) Babine West	31,034 hectares
2) Babine Lake East	8,876 hectares
3) Maxan/Bulkley	11,948 hectares
4) Burns Lake East	9,984 hectares
5) South Francois Lake	68,402 hectares
Total land base	130,244 hectares
Timber Harvesting Land Base	66,272 hectares
Annual Allowable Cut (AAC)	150,000 m ³
Five-Year-Cut Control	580,000 m ³
Harvested	130,000 m ³

Chinook generated the following employment hours by hiring local contracting companies to harvest 100 percent of Chinook's fibre for the 2017/18 season. Chinook expects to generate more employment for 2018/19 harvesting season and is currently utilizing two local contractors.

Logging	50,000
Hauling	6,000
Forest Management	4,000

2018/2019 Winter Harvesting Blocks

