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# GWAII FOREST CHARITABLE TRUST

PO Box 588  
Masset, B.C.  
V0T 1M0

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July 16, 2010

McAlpine & Co.  
201-4630 Lazelle Avenue  
Terrace, British Columbia  
V8G 1S6

Dear Sir / Madam:

We are providing this letter in connection with your review of the financial statements of Gwaii Forest Charitable Trust as of June 30, 2010 and for the quarter then ended for the purpose of providing moderate assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with Canadian generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles. We acknowledge that we are also responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud.

We understand that your review was made in accordance with Canadian generally accepted standards for review engagements which consisted primarily of enquiry, analytical procedures and discussion related to information supplied by management. We also understand that such a review would not necessarily disclose misstatements and irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We hereby confirm that to the best of our knowledge and belief as of the date of this letter:

1. We have made available to you all:
  - (a) Financial records and related data; and
  - (b) Minutes of the meetings of trustees and directors.
2. The minute books of the Organization are a complete record of all meetings and resolutions throughout the period and to the present date.
3. We have reviewed and approved all of the following:
  - (a) Journal entries you prepared or changed;
  - (b) Account codes you determined or changed;
  - (c) Transactions you classified; and
  - (d) Accounting records you prepared or changed.
4. There are no material transactions that have not been properly reflected in the financial statements. All financial statement misstatements identified and discussed with us in the course of the review have been recorded.
5. We are not aware of any illegal acts or actual or probable non-compliance with or deficiencies in financial reporting practices relative to the requirements of regulatory authorities.
6. We are aware of the environmental laws and regulations that have an impact on our Organization and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.

7. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

8. The following, where applicable, have been properly disclosed in the financial statements:

- (a) Changes during the period under review in the Organization's accounting principles and practices;
- (b) Guarantees, whether written or oral, under which the Organization is contingently liable;
- (c) All assets to which the Organization has title and all known liabilities of the Organization at the period end;
- (d) Information regarding the terms and conditions, interest rate risk, credit risk and foreign exchange risk of financial instruments. There were no derivative or off-balance-sheet financial instruments held at period end;
- (e) Disclosure of fair value of financial instruments (unless differential reporting options have been applied);
- (f) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed (e.g., potential or pending claims, lawsuits (whether or not discussed with a lawyer), labour claims or negotiations and anticipated tax assessments); and
- (g) Major commitments, such as property, plant and equipment purchases, deferred compensation, bonuses, pensions and profit-sharing plans, purchase or sale of all or a portion of a business.

9. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:

- (a) Appropriate provisions for idle, abandoned, destroyed or obsolete assets or where site restoration costs will be necessary; and
- (b) Impairments in the value of goodwill or intangible assets.

10. There are no material unrecorded assets or contingent assets (such as claims relating to patent infringements or unfulfilled contracts whose value depends on satisfying conditions regarded as uncertain), that have not been disclosed to you.

11. No events have occurred subsequent to the balance sheet date and through to the date of this letter that would require adjustment to, or disclosure in, the financial statements.

12. We have responded fully to all enquiries made to us and have made available to you all accounting and financial records and related data of the Organization during your review.

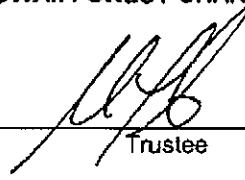
13. We have disclosed to you all significant estimates and fair value measurements. We are of the opinion that:

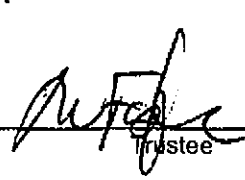
- (a) The measurement methods used are permitted under Canadian generally accepted accounting principles and appropriate in the circumstances;
- (b) The underlying assumptions are reasonable and reflect management's best estimates considering existing market information;
- (c) The method of valuation has been applied consistently;
- (d) The assumptions are consistent with management's intended courses of action; and
- (e) Financial statement disclosures are in accordance with Canadian generally accepted accounting principles.

14. We have obtained all consents that are required under applicable privacy legislation for the collection, use, and disclosure to you of personal information.

Yours truly,

**GWAIL FOREST CHARITABLE TRUST**

  
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Trustee

  
\_\_\_\_\_  
Trustee