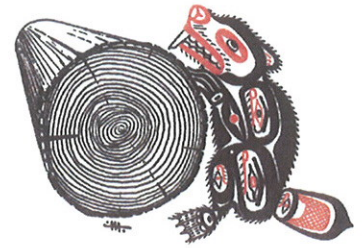


AAT'UU

Forestry Limited Partnership



Ehattesaht/Chinikint First Nation

Box 59
Zeballos, BC,
V0P 2A0

Private and Confidential

January 24, 2013

Attention: Ehattesaht/Chinikint Shareholders

Dear Shareholders,

On behalf of the Board of Directors I am please to be writing you with an update on the operations of your Forest Company Aat'uu Forestry Limited Partnership.

First we would like to welcome Vince Smith to the Board and want to thank him for putting his name forward. He has already made valuable contributions to our meetings and we are happy to have his assistance.

2012 has been a very active and very successful year. We began in the late spring to harvest the 75,000 m3 Phase 1 project in Tibe Creek. We added a 35,000 m3 Phase 2 in Weasel Creek and now are about to begin the 70,000 m3 Phase 3 in the same general area. The entire operation has taken a little longer than we had originally anticipated in our planning but the additional volumes, a late fire season, some winter weather and a change in the harvest order that produced wood from phase 2 prior to completing Phase 1 have all contributed. Additionally we slowed our production rate down to lengthen the duration the employment that we are able to generate for the Nation. It made more sense to log with one machine at a steady pace than two particularly when markets are holding.

As we have mentioned in every update the safety of everyone connected to our operations is the first and foremost concern for the Nation, the Board and our management team. I am pleased to report that we have had very few lost time injuries. Where incidents have occurred with our contractors we have been fully involved with the process of continually improving the workplace and found many way to increase the vigilance of the workers and the operations to ensure no further injuries occur. There are no small injuries. Each accident is taken very seriously.

We are very pleased with TimberWest and all of their contractors. The response, reporting and daily management of safety is more thorough than any we have experienced in the past. They have

worked closely with our Manager, Jim Thorton for the entire project.

On the financial side we are also pleased to report that we have exceeded all projections that were made in our planning phase. There are several factors that have contributed to this success. The markets for wood, cedar in particular, strengthened over the summer and have held relatively strong through the winter. Both the grade of the wood and the volume that we have recovered is better than forecast and TimberWest and their contractors have kept on budget and have been controlling costs right from the beginning.

These measures have enabled Aat'uu accomplish several important things. First we have created a silviculture account and set aside enough funds to cover any future costs and potential liabilities associated with the harvesting operations Aat'uu and its predecessor Hecate Forestry. Second we have repaid all outstanding loans that Aat'uu held including a loan payable to Nation for approximately \$450,000 that was registered on the Ehattesaht/Chinehkint financials at the time of the Hecate windup. In addition we have distributed to the Nation just over \$300,000, in the fiscal year to date.

It is the Boards belief that a further distribution to the Nation will be made prior to March 31, 2013 but we have not yet finished scaling the wood from our first Phase. Once this is done and we have reconciled that project with TimberWest and we have assessed the working capital requirements of Aat'uu for the next 12 months we will be reporting to the Chief and Council with our business plan and any additional distributions.

As a Board we also feel it is important that we report that the relationship with TimberWest has been the most transparent and cooperative relationship that we have been involved in. They have been diligent in providing us with any and all information we have asked for. They have been very successful sorting the wood to our advantage, in finding good solid sales for our wood in a very timely way and keeping inventory to the bare minimum. They have also been flexible and assisted in the sales of our low value pulp and hemlock gang to Neucel Pulp in Port Alice.

We believe that both Phase 1 and 2 will be completed, the wood scaled and the project financials reconciled by the end of the fourth quarter. We are currently negotiating the terms and conditions of the Phase 3 contract but are proceeding with road building and falling with confidence.

Finally as shareholders we believe it is import for you to know that your forest company is now the largest generator of business in Zeballos, which also means it is one of the largest employers when you consider all phases of the operation. We keep encouraging the contractors to hire available Ehattesaht members and their families. We believe the record is improving and the number of members continued to be employed is increasing along with your neighbors in Zeballos. This is something you should be very proud of.

If you have any additional questions about the project please do not hesitate to contact us.

Kleco Kleco

Ernie Smith,

Rod Visser,

Simon John,

Vince Smith

President and Director

Secretary and Director

Director

Director