

Forestry Innovation Investment Ltd.
Compensation Philosophy

In today's economy where very low unemployment exists, attraction and retention of staff is paramount to an organization's overall success. FII's compensation philosophy is to position total compensation equal to the median total compensation paid by comparison organizations and group benefits and vacation allotments are offered at levels slightly above the median in the existing market. It is not FII's intention to have an incentive plan at this time, nominal incentive allocations have been rolled up into base pay for each FTE position. It is FII's intent to offer salaries that stay competitive within the Vancouver market.

FII periodically uses an outside consulting firm specializing in benchmarking compensation plans to get recommendations on compensation levels for every FTE position in the organization based on job content. Western Compensation and Benefits Consultants "WCBC" was contracted in late 2005 to perform such a benchmarking analysis. In late 2007 WCBC were again contracted to update all compensation levels based on the relative compensation changes implemented by the seven comparison organizations as well as by companies contained in the WCBC database during the past three years.

Any recommendations for compensation changes are first presented to the FII Board of directors for review and approval. Once approval is granted by the FII Board the recommendations are then presented to PSEC for their review. After PSEC completes their review, staff at FII are advised of the benchmarking results as it pertains to each of their positions and the changes that will be made to their relative compensation package.

The following table contains executive compensation data for the 07/08 year:

Summary Compensation Table

Name and Principal Position	Salary (\$)	Bonus (\$)	Incentive Plan Compensation Paid (\$)	Pension (\$)	All Other Compensation (\$)	Total (\$)	Previous 2 Years Totals
Ken Baker CEO	155,063	n/a	n/a	15,048	24,580	194,691	2007/08=\$ 2008/09=\$
Michael Loseth VP International Marketing	141,316	n/a	n/a	11,305	14,810	167,431	2007/08=\$ 2008/09=\$
Mike Hogan VP China Operations	145,935	n/a	n/a	11,675	30,446	188,056	2007/08=\$ 2008/09=\$
Douglas Greig VP Finance & Admin	127,134	n/a	n/a	10,171	17,177	154,481	2007/08=\$ 2008/09=\$