

Supervision/ Vehicle			Assumes necessity of a woodsforeman, 1/2 superintendent & one full time attendant/timekeeper Payroll load at 25% • \$205,596 (2) • <u>\$2.66/m³</u>		• <u>\$2.55/m³</u>	See next category below. • <u>\$3.50/m³</u>
Overhead	Assumes office in camp. Assumes part-time accountant Assumes part-time supervisor Assumes insurance 2% of net book value each vehicle As "checker" assumes overhead should be ~8% of total costs • \$141,946 • <u>\$2.55/m³</u>	(See Appendix C) (See also Appendix F for payroll loading of office staff) E/JD assumes that Howard's "Office & Supervision" category is analogous to Meyer's "Overhead" category • \$193,088 • <u>\$3.78/m³</u>	Assume centralized office for handling three contracts See costs as laid out at Schedule C, pg. 13 Insurance figure the average over last 3 years Divided among licence-holders according to AAC-5% for waste • \$221,282.97 • <u>\$3.97/m³</u>		• <u>\$3.91/m³</u>	Includes supervisor (1.0), timekeeper (0.5), insurance (2% equipment value) (that figure then decreased by 50% to reflect Canfor operation) (note - this is a 'rule of thumb' figure), town office & miscellaneous (fire protection, first aid supplies and attendants, camp vehicles and 'miscellaneous necessities'). • \$297,031 • <u>\$4.93/m³</u>
Depreciation	Added after profit Assumes Lineham has not changed equipment since 1997 Deletes various pieces of equipment on Lineham list Assumes 50% reduc* to reflect CANFOR share • <u>\$1.78/m³</u>	Assumed 50% depreciation for high-production equipment & more depreciation (i.e. older) for less important machinery • <u>\$4.43/m³</u>	Added before profit Uses larger equipment list than Interfor (cf Schedule 13 at p. 14 and Appendix 1 at p. K Divided among licence-holders according to AAC-5% for waste • \$4.05/m ³		• <u>\$3.44/m³</u>	Each phase includes depreciation, which is derived either through the fact that machine rates are taken from rental rates (which already include depreciation) or from his work-up on those machines whose rates are not taken from rental rates. Therefore, added before profit.
Subtotal	• \$1,774,016 • <u>\$31.80/m³</u>	• <u>\$31.28/m³</u>	• <u>\$49.29/m³</u>		• <u>\$50.96/m³</u>	• \$1,964,375 • <u>\$49.11/m³</u>
Profit & Risk	Added to total without depreciation Assumes 10% • <u>\$3.18/m³</u>	Added to total without depreciation Assumes 15% Assumes that interest on debt should be added in after total excluding depreciation • \$4.69/m ³ • <u>\$1.14/m³</u> (interest on debt)	Added to total including depreciation Assumes 15% • <u>\$7.39/m³</u>			Added to total costs including depreciation. Assumes 17.5% b/c of small volume, limited operating year & a tendency toward shortfalls in volume allocation. • \$343,766 • <u>\$8.59/m³</u>
Total \$/m ³	• <u>\$36.80/m³</u>	• <u>\$41.54/m³</u> (for 51,078 m ³) • <u>\$40.17/m³</u> (for 56,000 m ³) *note this 2 nd number is a "gross-up" based on a "sensitivity analysis", not a work-up phase-by-phase	• <u>\$56.30/m³</u>		• <u>\$4.12/m³</u>	• <u>\$57.70/m³</u>