

CONSENT RELEASE AGREEMENT
(Pacific County)

RECITALS:

- A. Pacific County, a political subdivision of the State of Washington (hereinafter "County") is the Landlord pursuant to a lease with Willapa Bay Hardwoods Acquisition, LLC, a Washington limited liability company (hereinafter "Willapa Bay"), covering the property owned by County located at the 647 E. Robert Bush Drive, South Bend, Washington 98586 (the "Leased Property"). Willapa Bay operates a sawmill facility on the Leased Property.
- B. Westcoast Hardwoods, LLC, is an Oregon limited liability company (hereinafter "Westcoast"). Westcoast intends to purchase logs from Willapa Bay and/or others, which Willapa Bay will then process for Westcoast into green lumber. The green lumber, owned by Westcoast, will remain stored on the Leased Property pending shipment as directed by Westcoast. These logs will be separately identified, stored and processed, and the green lumber separately identified and stored, as provided in the draft of the Operating Agreement attached hereto. The logs and green lumber are hereinafter referred to as "Westcoast's Inventory".
- C. Westcoast obtains financing from U.S. Bank (hereinafter "Westcoast's Lender") that may be secured by liens on Westcoast's Inventory.
- D. To accommodate Willapa Bay's business, County has agreed not to assert any liens or other claims against Westcoast's Inventory and to allow Westcoast free access to the Leased Property for storage and removal of said Inventory.

AGREEMENT

Now, therefore, for the good and lawful consideration hereinabove stated, County hereby agrees to the following terms:

- 1. Lien Waiver. County hereby waives and disclaims, both for the benefit of Westcoast and Westcoast's Lender, any and all liens, claims, rights of distraint or other rights of any kind or nature, now or in the future, with respect to Westcoast's Inventory, including but not limited to any landlord's liens for rent pursuant to RCW 60.72.010.
- 2. Right to Remove Inventory. County agrees that Westcoast and/or Westcoast's Lender may at any time enter upon the Leased Property to take possession of and remove Westcoast's Inventory therefrom. County will further allow Westcoast and/or Westcoast's Lender to store Westcoast's Inventory on the Leased Property, without rent or other charges, for the period of time reasonably necessary to move such Inventory to another appropriate facility.
- 3. Binding Effect. This contract will be binding on and inure to the benefit of the parties and their respective successors, and assigns. County's covenants hereunder are also expressly for the benefit of Westcoast's Lender and any subsequent lenders. Notwithstanding anything

herein to the contrary, this contract will not benefit any assignee of Westcoast unless the assignment is approved by County, which approval will not be unreasonably withheld.

4. Notices. All notices and other communications under this contract must be in writing and will be deemed to have been given if personally delivered, sent by facsimile (with confirmation), mailed by certified mail, or delivered by an overnight delivery service (with confirmation) to the parties at the following addresses or facsimile numbers (or at such other address or facsimile number as a party may designate by like notice to the other party:

To Westcoast Hardwoods, LLC
61909 Lone Rock Road
Grass Valley, OR 97029
Fax: 541-565-3814

With a copy to:

Victor W. VanKoten
Annala, Carey, Baker, Thompson & VanKoten, P.C.
P.O. Box 325
Hood River, OR 97031
Fax: 541-386-6242

To County Administrator
Pacific County
P.O. Box 6
South Bend, WA 98586
Fax: 360-875-9335

5. Facsimile Signatures. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission, will be the same as delivery of an original. At the request of any party, the parties will confirm facsimile transmitted signatures by signing an original document.
6. Further Assurances. Each party agrees (a) to execute and deliver such other documents and (b) to do and perform such other acts and things, as the other party may reasonably request, to carry out the intent and accomplish the purposes of this contract.
7. Governing Law. This contract will be governed by and construed in accordance with the laws of the State of Washington, without regard to conflict of laws principals.
8. Attorney Fees. When any arbitration, suit, or action is instituted to interpret or enforce the provisions of this contract, the prevailing party will be entitled to its reasonable attorney fees incurred, including those on appeal.
9. Venue. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this contract will be brought in the Superior Court for Pacific County, Washington.

10. Entire Agreement. This contract constitutes the entire agreement and understanding of the parties with respect to the subject matter of this contract and supercedes all other understandings and agreements between the parties with respect to such subject matter.

DATED: June 5th, 2014

Westcoast Hardwoods, LLC



Scott Meyers, Member

Board of County Commissioners for Pacific County

by _____
Steve Rogers, Chair

Willapa Bay Hardwoods, Inc.

Westcoast Hardwoods, LLC.

Operating Agreement

6-4-2014

Going forward in this Operating Agreement, both Willapa Bay Hardwoods Acquisition, LLC & Willapa Bay Hardwoods, Inc. will be referred to as "the mill" or "mill. Westcoast Hardwoods, LLC. will be referred to as WCH.

Log Purchases at the saw mill site in South Bend

When WCH purchases logs from the mill, WCH will send a purchase order for a specified quality (grade of logs) and quantity of logs. Upon the mill filling the log order, the mill will send WCH an invoice with supporting documentation from a certified State of Washington log scaler confirming quantity, grade and volume. The WCH log deck must be marked as "Property of WCH" and kept in a separate area from other logs. WCH log deck to be processed through saw mill as soon as possible to prevent staining. Mill to take any and all precautions necessary to keep logs from staining. Once WCH log deck volume is to be sawn, the mill agrees to cut only WCH logs until the volume has been completed without disruption. So once the mill begins to run the specified quantity of the Westcoast log deck it must finish it completely and quickly as possible. The mill agrees to give WCH access to its logs at any time.

Green Lumber processed at the sawn mill site in South Bend, WA.

Green lumber processed from WCH logs must be stickered the same day or very next day. Stickers must be of uniform size to keep lumber flat and straight. Good clean stickers to be used. Each stickered green unit processed from the WCH log deck to be marked "WCH" and include a process date and corresponding order number. In addition, each stickered green unit to have a separate unit# for green lumber inventory identification. Mill to take any and all precautions to keep green lumber from staining and or sticker staining. Green units to be transferred by the mill from the saw mill site safely and intact to the dry kiln/planer site. Each T/L of green stickered units being transported from the saw mill site to the dry kiln/planer site to have a Bill of Lading identifying each unit being transported. Each B/L to be faxed or scanned and e-mailed to the office of WCH. Units to be kept clean at all times during processing and transportation. Ideally for a 100,000BF lumber order, the logs will be sawn into lumber and stickered in 1 week. The mill agrees to give WCH access to its green lumber at any time.

Lumber processing at the dry kiln/planer site in Raymond, WA.

Each T/L of green lumber arriving at the dry kiln/planer site to be checked in and confirmed by the unloader that all is accurate and matching info from the saw mill. Any discrepancies must be noted and reported to WCH immediately. Each B/L to be faxed or scanned and e-mailed to the office of WCH. Once a full kiln charge has been accumulated, the mill will load the dry kiln as soon as possible and start the kiln drying process. The lumber to be properly conditioned and color set to industry standards. The

J.C. 6/5/14

Kiln dried rough lumber then to be surfaced 1/16" off nominal thickness -0" / + 1/32". Surfacing to be consistent and even from side to side and end to end of each board. No burning, sniping, excessive chatter, or tear out allowed in the face and backs of boards. Ideally a 100,000BF kiln charge volume will be surfaced and graded within 1 week. The mill grader will be instructed by both the mill and WCH of what grades will be pulled from each run. Each full unit and all partial units processed will be double strapped with corner protection under banding to prevent damaging edges of lumber. Any dunnage used by the mill to be kiln dried certified and stamped per ISPM 15 international standards. All stamped dunnage must have the certified stamp facing towards end of units so the stamp is visible for customs officials to clearly identify dunnage from end of unit. Each unit to be tallied on a net BF basis and tagged with WCH lumber tags. Each tag to be filled out with WCH order #, date, thickness, length, grade, volume. At the completion of each kiln charge run, a full grade out report to be sent to WCH via fax or e-mail.

Invoicing WCH

The mill and WCH will have agreed to pre-approved kiln dried prices WCH will pay the mill for well manufactured kiln dried lumber. Once the final planer run has been completed, the mill will send WCH an invoice with the final planer run details less the amount WCH paid for logs for related run/order. Upon receiving the mills invoice, WCH will deduct the cost of the logs for processed said order, and wire the balance of the funds to the mills account in approx. 24-48 hours.

Lumber Storage

The mill will keep all kiln dried lumber under cover, intact, and away from moisture and dirt. The mill agrees to give WCH full access to any lumber in storage at all times.

Outbound shipments

The mill agrees to load Westcoast Hardwoods, LLC. inventory according to a "Load Advisory" sent to the mill with specific instructions of items to be loaded into vans, ocean containers, and flatbed trucks. After each shipment has been made, the mill will as soon as possible fax or e-mail the detailed B/L to WCH so we can invoice our customers. Each B/L to have thickness, grade and units numbers included of product(s) loaded.

The signatures below represent that each party agrees to this Operating Agreement:

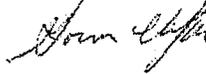
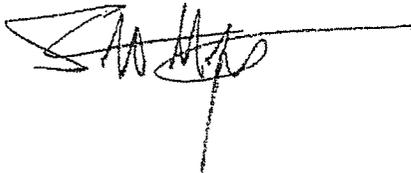
Scott Meyers

Gordon Chaffee

Westcoast Hardwoods, LLC.

Willapa Bay Hardwoods Acquisition, LLC.

Willapa Bay Hardwoods, Inc.



6/5/14