

This is the form of a material change report required under section 85(1) of the *Securities Act* and section 151 of the *Securities Rules*.

**BC FORM 53-901F  
(Previously Form 27)**

**Securities Act**

**MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE SECURITIES ACT**

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this are complied with.

NOTE: Every report required to be filed under section 85(1) of the *Securities Act* (the "Act") must be sent to the British Columbia Securities Commission (the "Commission") in an envelope addressed to the Commission and marked "Continuous Disclosure".

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS, PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL - SECTION 85", AND PLACE EVERYTHING THAT IS REQUIRED TO BE FILED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer:

**The names of the reporting issuers are FOREST & MARINE FINANCIAL LIMITED PARTNERSHIP (the "Partnership"), FOREST & MARINE INVESTMENT TRUST (the "Trust") and FOREST & MARINE INVESTMENTS LTD. (the Company") (collectively the "Issuer"). Its principal office is located at 500 - 345 Wallace Street, Nanaimo, British Columbia, V9R 5B6.**

**Forest & Marine Investments Ltd. is an exchange issuer; Forest & Marine Financial Limited Partnership and Forest & Marine Investment Trust are not exchange issuers.**

Item 2. Date of Material Change

**May 1, 2002**

Item 3. Press Release

State the date and place(s) of issuance of the press release issued pursuant to Section 85(1) of the *Act*:

**Press release issued on May 1, 2002 and disseminated through CCN Matthews.**

Item 4. Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change:

**The Partnership, for itself and on behalf of the Company (FME-CDNX), reports that the Partnership has elected, and the Bank has accepted, to convert the existing \$64 million credit facility, presently drawn down to \$55 million, into a revolving term loan repayable in equal monthly instalments over three years.**

Item 5. Full Description of Material Change

Supplement the summary required under Item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation:

**The Partnership, for itself and on behalf of the Company (FME-CDNX), reports that the Partnership has elected, and the Bank has accepted, to convert the existing \$64 million credit facility, presently drawn down to \$55 million, into a revolving term loan repayable in equal monthly instalments over three years. Management advises that current cash flow from operations and the repayment of loans are sufficient to enable the Partnership to meet the terms of the repayment obligations to the Bank without any material consequences to the financial condition of the Partnership. The Partnership currently has an average monthly cash flow of approximately \$4,458,345.00 (representing both interest income and principal repayments) based upon figures for the last eight months and monthly overhead obligations of approximately \$1,972,501.00 which includes interest**

expense, the Partnership's repayment to the Bank pursuant to the term loan of \$1,416,667.00, and Class A Unit redemptions of \$118,000.

**The Forest & Marine Group operates as a Limited Partnership primarily engaged in financing heavy mobile equipment, helicopters, tugs and barges utilized in the British Columbia forest products and marine industries, as well as other non-forestry businesses such as supermarkets and food distribution, small commercial airlines, fishing and processing plants and wholesale glass distributors.**

Item 6. Reliance on Section 85(2) of the Act

If the report is being filed on a confidential basis in reliance on Section 85(2) of the *Act*, state the reasons for such reliance.

INSTRUCTION:

Refer to Section 85(3) of the *Act* concerning continuing obligations in respect of reports filed pursuant to this subsection:

**Not Applicable.**

Item 7. Omitted Information

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but Section 85(3) of the *Act* will no longer or will not be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to Section 169(4) of the *Act*.

The reasons for the omission may be contained in a separate letter filed as provided in Section 153 of the Rules:

**Not Applicable.**

Item 8. Senior Officers

To facilitate any necessary follow up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commission:

**Further information may be obtained from John Hitchcock, President and Director of the Issuer, at (250) 753-0141.**

Item 9. Statement of Senior Officer

**The foregoing accurately discloses the material change referred to herein.**

DATED at Nanaimo, B.C., this 9th day of May, 2002.

**ON BEHALF OF:**

**FOREST & MARINE FINANCIAL LIMITED  
PARTNERSHIP  
by its General Partner, Forest & Marine Financial  
Corporation**

**FOREST & MARINE INVESTMENT TRUST  
by its Manager, Forest & Marine Financial  
Corporation**

**FOREST & MARINE INVESTMENTS LTD.  
per:**

\_\_\_\_\_  
"David R. Hitchcock"  
Signature

\_\_\_\_\_  
Director  
Capacity with Reporting Issuers