

May 18, 2007

**DAISHOWA-MARUBENI INTERNATIONAL LTD.
Peace River Pulp Division**

and

Canadian Forest Products Ltd.

FINAL ANNUAL OPERATING PLAN

INTRODUCTION

This plan for Coniferous Timber Licence **CTLP130001** issued under **Coniferous Timber Quota CTQP130002** and Compartment **DTLP130001** issued under **Deciduous Timber Allocation DTAP130001** covers the operating period from May 1, 2007 to April 30, 2008.

The proposed location of manufacture for coniferous volume harvested under the authority of this plan is the Canadian Forest Products Ltd. Sawmill in Grande Prairie, Alberta and Zavisha Sawmills Ltd. in Hines Creek, Alberta.

The proposed location of manufacture for deciduous volume harvested under the authority of this plan is the Daishowa-Marubeni International Ltd., Peace River Pulp Mill located near Peace River, Alberta.

Table 7 of Peace River Pulp Division's (PRPD) 2007 General Development Plan (GDP) summarizes incidental conifer volumes and destination.

Upon delivery to the respective mill sites all material will be weigh scaled.

STAND PRODUCTION (Quadrant)

First Pass:

Deciduous: **40,366m³**

Coniferous: **8,333m³**

The deciduous production record is summarized in **Table 1** of PRPD's 2007 GDP.

WOOD OPERATIONS

Deciduous operating conditions and merchantability standards are subject to the **DMI Timber Harvest Planning and Operating Ground Rules, Operating Conditions listed in Section 5 of PRPD's General Development Plan** and any additional **Operating conditions listed in the Alberta Sustainable Resource Development (ASRD) Letter of Approval.**

The coniferous operations and merchantability standards will comply with the **Alberta Timber Harvest Planning and Operating Ground Rules** and any additional **Operating conditions listed in the ASRD Letter of Approval.**

ACCESS DEVELOPMENT

Prior to company use of any existing road, pipeline, powerline, wellsite or other disposition held by a third party, the consent of the holder will be obtained.

Reclamation will be concurrent with completion of operations. The access development and reclamation will follow the company's weed control plan.

Licences of Occupation:

Number	Held By	Road Class	Season of operation
LOC830222	Canadian Natural Resources Ltd.	IV	Winter
LOC051827	Advantage Oil and Gas Ltd.	IV	Dry Weather
LOC051969	Advantage Oil and Gas Ltd.	IV	Dry Weather
LOC770318	ExAlta Energy Inc.	IV	Dry Weather
MSL770362	ExAlta Energy Inc.	IV	Dry Weather
LOC821061	Canadian Forest Products Ltd.	IV	Dry Weather

Road Construction

Class V Roads

In-block roads will be installed during the harvest of 2007. The block roads will be reclaimed upon completion of hauling.

Access Construction:

Road Number	Class	Operating Season	Tenure	Development Required	Reclamation	Company
207	V	Non-frozen	1 Year	Blade line, pre-log and stump block roads	Rollback and piling as required	DMI
210	V	Non-frozen	1 Year	Pre-log and stump access and block roads	Rollback and piling as required	DMI

STREAM CROSSINGS

No crossings were identified during block reconnaissance and block layout. Any watercourses encountered during operations will be protected as outlined in "DMI's Watercourse Crossing Guidelines".

OPERATIONS

Coniferous harvesting will be mechanized and completed with a feller-buncher, grapple skidder, and stroke delimeter with tree-length haul to the sawmill

Deciduous harvesting will utilize a Feller-buncher, grapple skidder and a bush chipper with a chip haul to the pulp mill.

TRAPPER NOTIFICATION

All Trappers will receive a copy of this Final AOP.

Number	Holder	Contact Date	Method
2226	Pat Lund	June 1,2005 May 1,2006 June 2007	Final AOP and map Final AOP and map Final AOP and map

CUTBLOCK AND RETENTION DESIGN CONSIDERATIONS

The deciduous component of this plan was designed with objectives from the 1999 DMI Detailed Forest Management Plan and PRPD's 2007 GDP.

1. Implement a single-pass harvest system that utilizes natural stand boundaries as block boundaries to avoid potential fragmentation of the landbase.
2. Retain merchantable volume within harvested areas as outlined in PRPD's "Retention Strategy". This retention will contribute to the overall goal of retaining 15% at the landscape level. The actual retention for individual blocks will vary between 0 and 30%.
3. Design in-block roading that minimize road construction, reclamation requirements, and minimize access throughout the area after harvest.

CUTBLOCK SUMMARY

The cutblock summary is listed below.

Block Number	Total Area (ha)	DEC. VOL. (m³)	INC. CON. VOL. (m³)	CON. VOL. (m³)	DEC. VOL. (m³)
207	146.8	37,167	7,392	166	0
210	12.0	3,199	775	0	0
TOTAL	158.8	40,366	8,167	166	0

<u>BLOCK OPENING TABLE</u>	
Block Numbers	Total Area (ha)
207	146.8

HISTORICAL RESOURCE CONSIDERATIONS

This plans operations will comply with the Alberta Historical Resources Act.

UNDERSTORY MANAGEMENT

No areas of significant understory were identified during cutblock reconnaissance and layout. Any understory encountered during layout and operations within these blocks will be assessed and protection measures implemented as indicated in DMI's understory protection guidelines.

The inspecting Forest-Officer will be notified of any changes to the understory protection prescriptions.

REFORESTATION PROGRAM

The Reforestation Table below outlines the proposed harvest system, silviculture system (strategy) and reforestation tactic for the blocks to be harvested.

SILVICULTURE STRATEGIES

Timber Year	DISPOSITION	Block	Area (Ha)	Operating Season	Proposed Harvest System	SILVICULTURE SYSTEM	REFORESTATION TACTIC
2007	DTLP130001	207	146.8	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2007	DTLP130001	210	12.0	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
		Total (ha):	158.8				

The Table below outlines pre harvest strata polygons by the four cover types based upon the current Forest Inventory data.

Pre-harvest Landbase

Timber Year	DISPOSITION	Block	Area (Ha)	Map Inventory Type (pre-harvest)-ha and Planned Declarations			
				<u>C</u>	<u>CD</u>	<u>DC</u>	<u>D</u>
2007	DTLP130001	207	147.0	0.7	1.5	0.8	144.0
2007	DTLP130001	210	12.0	0.0	0.0	0.0	12.0

ENDORSEMENT OF AOP DTLP130001:

Both companies have jointly developed and reviewed this Final Integrated Annual Operating Plan, and endorse the design that is applicable to each operation.

AOP prepared by:

Name: Lee Rueb, RPFT

Name: Christine Kreibom Quinn, RPF

Position: Forest Resources Supervisor,
Planning

Position: Planning Superintendent

Signature:



Signature:

Date: MAY 18, 2007

Date

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Canadian Forest Products
Grande Prairie Division
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Grande Prairie, Alberta
(780) 538-7738



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