

May 14, 2007

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

And

**TOLKO INDUSTRIES LTD.
High Level Lumber Division**

FINAL ANNUAL OPERATING PLAN

INTRODUCTION

This plan is for Compartment **FMA P100007** issued under **Forest Management Agreement 8900027** and Coniferous Timber Licence **CTL P100009** issued under Coniferous Timber Quota **CTQ P100001** and covers the operating period from May 1, 2007 to April 30, 2008.

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.

The proposed location of manufacture for coniferous volume harvested under the authority of this plan is the Tolko Industries Ltd. Mill located near High Level, Alberta.

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

DECIDUOUS PRODUCTION (Quadrant)

Proposed production for this timber year:

Deciduous Dominated Stands: **79,619 m³**
Incidental Deciduous: **0 m³**

CONIFEROUS PRODUCTION (Quota)

Proposed production for this timber year:

Coniferous Dominated Stands: **0 m³**
Incidental Coniferous: **15,419 m³**

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 DMI's weed control plan.

The main haul road(s), which will be utilized for this plan, are covered by the following **Licences of Occupation: NIL**

Access Construction:

Road Number	Class	Season	Tenure	Development Required	Reclamation
315	V	Summer	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
316	V	Summer	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
317	V	Summer	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
318	V	Summer	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
319	V	Winter	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
320	V	Winter	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
321	V	Winter	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
322	V	Winter	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required
330	V	Winter	1 Year	Layout, blade line, pre-log and stump block roads	Rollback, piling and seeding as required

Road Number	Class	Season	Tenure	Development Required	Reclamation
352	V	Summer	1 Year	Blade line, pre-log and stump block roads	Rollback, piling and seeding as required
354	V	Summer	1 Year	Blade line, pre-log and stump block roads	Rollback, piling and seeding as required
411	V	Winter	1 Year	Blade line, pre-log and stump access and block roads	Rollback, piling and seeding as required
412	V	Winter	1 Year	Pre-log and stump access and block roads	Rollback, piling and seeding as required
413	V	Winter	1 Year	Pre-log and stump access and block roads	Rollback, piling and seeding as required
414	V	Winter	1 Year	Pre-log and stump access and block roads	Rollback, piling and seeding as required
415	V	Winter	1 Year	Pre-log and stump access and block roads	Rollback, piling and seeding as required
416	V	Winter	1 Year	Pre-log and stump access and block roads	Rollback, piling and seeding as required

STREAM CROSSINGS

The removal of crossings constructed with snow or log fills will be removed after operations are completed.

Crossing No.	Structure	Stream Class	Company
28	Snow or Log Fill	Intermittent	DMI
230	Snow or Log Fill	Intermittent	DMI
231	Snow or Log Fill	Intermittent	DMI

OPERATIONS

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

Deciduous harvesting will utilize a Feller-buncher, grapple skidder and a bush chipper hauling chips to the pulp mill.

TRAPPER NOTIFICATION

The following Registered Traplines and associated Holders have been identified within this compartment:

Number	Holder	Contact Date	Method
61	Donald Christian	February 1994 June 1997 June 1998 May 2000 May 18, 2001 May 30, 2003 May 20, 2004 April 19, 2006 May 2007	Mail Mail Mail Mail Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP Mail: Final AOP Mail: Final AOP
1269	Herb Holstein	February 1994 June 1997 June 1998 May 2000 May 18, 2001 November 21, 2001 April 26, 2002 March 31, 2003 May 12, 2003 May 30, 2003 May 20, 2004 April 19, 2006 May 2007	Personal Mail Mail Mail Final AOP and map Mail: Layout activities Mail: Final AOP and map Personal: Phone Call from Herb Holstein, he is the new owner of the trapline (purchased from Douglas Tupper). Personal: Phone call regarding map of operations on trapline, DMI will supply DFMP proposed stands for information. Mail: Final AOP, map and DFMP schedule. Mail: Final AOP Mail: Final AOP Mail: Final AOP
1300	Donald Stigsen	June 1997 June 1998 May 2000 May 18, 2001 November 21, 2001 April 26, 2002 May 30, 2003 May 20, 2004 April 19, 2006 May 2007	Personal Mail Mail Final AOP and map Mail: Layout activities Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP Mail: Final AOP Mail: Final AOP

The company will supply the trapper(s) with a copy of the Annual Operating Plan and Harvest Layout Map. Every effort will be made to include trappers in the planning process and they will be contacted 10 days prior to operations commencing.

CUTBLOCK SUMMARY AND SEQUENCING

The access to the deciduous cutblocks (315,316,317,318,319,320,321,322) located west of the railway tracks is located within the ungulate winter range (ASRD Oct 2002). The company will schedule these blocks for harvest early in the winter as ground conditions permit to complete operations prior to January 15, 2008.

The blocks will be harvested in the following sequence: 315,316,317,318,319,320,321,322

Block Number	Total Area (ha)	DEC. VOL. (m³)	CON. VOL. (m³)
315	34.4	5,856	1,080
316	35.5	5,835	1,063
317	6.9	1,022	185
318	34.3	5,688	1,028
319	40.1	6,254	1,123
320	39.0	9,068	1,621
321	49.0	10,561	1,913
322	22.4	5,608	1,021
330	34.3	6,905	1,475
352	30.2	7,270	1,471
354	12.8	2,703	1,112
411	30.9	6,562	1,189
412	10.5	2,170	393
413	10.9	2,291	415
414	6.0	637	116
415	6.2	676	123
416	3.0	514	93
TOTALS	406.8	79,619	15,419

UNDERSTORY CONCERNS

During layout of cutblocks within this compartment no blocks were identified with heavy understory (>500 stems/ha) throughout the block or in patches within the block:

Any understory encountered during operations, not identified during the layout stage, will be protected in accordance with the PRPD Understory Protection Guidelines.

HISTORICAL RESOURCE CONSIDERATIONS

This plan's operations will comply with the Alberta Historical Resources Act.

SLASH DISPOSAL

Slash disposal guidelines set out in Section 5 of the 2007 GDP will be followed.

SILVICULTURE STRATEGIES :

Disposition	Block	ha	PHSA complete	Summer OPS	Season	Silviculture Sys.	Reforestation Tactics
FMAP100007	315	34.4	to be completed	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	316	35.5	to be completed	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	317	6.9	to be completed	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	318	34.3	to be completed	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	319	40.3	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	320	39.0	N/A	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	321	49.0	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	322	22.4	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	330	34.3	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	352	30.2	to be completed	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	354	12.8	to be completed	Yes	Summer	Clearcut	Leave for Natural Regeneration
FMAP100007	411	31.1	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	412	10.5	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	413	10.9	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	414	6.0	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	415	6.2	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
FMAP100007	416	3.0	N/A	No	Winter	Clearcut	Leave for Natural Regeneration
Total :		406.76					

PRE-HARVEST LANDBASE :

Timber year	Disposition	Block	Area (Ha)	Map Inventory Type (pre-harvest) - ha			
				C	CD	DC	D
2007	FMAP100007	315	34.4	0.0	0.0	0.0	34.4
2007	FMAP100007	316	35.5	0.0	0.0	0.0	35.5
2007	FMAP100007	317	6.9	0.0	0.0	0.0	6.9
2007	FMAP100007	318	34.3	0.0	0.0	0.0	34.3
2007	FMAP100007	319	40.3	0.0	0.0	0.0	40.3
2007	FMAP100007	320	39.0	0.0	0.0	0.0	39.0
2007	FMAP100007	321	49.0	0.0	0.0	0.0	49.0
2007	FMAP100007	322	22.4	0.0	0.0	0.0	22.4
2007	FMAP100007	330	34.3	0.0	1.8	0.0	32.5
2007	FMAP100007	352	30.2	0.0	0.9	0.0	29.2
2007	FMAP100007	354	12.8	3.1	0.0	0.0	9.7
2007	FMAP100007	411	31.1	0.0	0.0	0.0	31.1
2007	FMAP100007	412	10.5	0.0	0.0	0.0	10.5
2007	FMAP100007	413	10.9	0.0	0.0	0.0	10.9
2007	FMAP100007	414	6.0	0.0	0.0	0.0	6.0
2007	FMAP100007	415	6.2	0.0	0.0	0.0	6.2
2007	FMAP100007	416	3.0	0.0	0.0	0.0	3.0
Totals :			406.8	3.1	2.8	0.0	400.9

ENDORSEMENT OF AOP BY FMA HOLDER

ENDORSEMENT OF AOP: FMAP100007

AOP PREPARED BY:

Name: Trina Tosh

Position: Forest Resources Supervisor, Planning

Signature:



Date: May 29, 2007

Daishowa-Marubeni International Ltd.
Peace River Pulp Division
P.O. Bag 6500
Peace River, AB T8S 1V5
(780) 624-7337

Name: Lee Rueb

Position: Forest Resources Supervisor,
Planning

Signature: 

Date: May 29/07

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QUOTA HOLDER ENDORCEMENT

Name: Ed Anderson

Position: Woodlands Supervisor

Signature:

Date: _____

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11401 – 92 Street
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(780) 926-3781

ENDORSEMENT OF AOP BY FMA HOLDER

ENDORSEMENT OF AOP: FMAP100007

AOP PREPARED BY:

Name: Trina Tosh

Position: Forest Resources Supervisor, Planning

Signature:

Date: _____

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(780) 624-7337

QUOTA HOLDER ENDORCEMENT

Name: Ed Anderson

Position: Woodlands Supervisor

Signature:

Ed Anderson

Date: May 30, 2007

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