

July 14, 2008

**Daishowa Marubeni International Ltd
Peace River Pulp Division**

FINAL ANNUAL OPERATING PLAN

INTRODUCTION

This plan for Compartment **FMA P030116** (located in Twp82-Rng15 and Rng16 W5) issued under **Forest Management Agreement 8900027** covers the operating period from May 1, 2008 to April 30, 2009.

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

Incidental coniferous timber harvested as a result of deciduous harvesting operations, will be directed to Buchanan Lumber located in High Prairie, Alberta. Incidental coniferous wood that was harvested in 2007 and left as inventory in blocks 19, 21, 24, 25, 27, and 32 will be hauled out by Buchanan before April 30, 2009.

Table 7 of Peace River Pulp Division's (PRPD) 2008 General Development Plan (GDP) summarizes incidental conifer volumes and destination.

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

DECIDUOUS PRODUCTION (Quadrant)

Proposed Production for this timber year:
Deciduous Dominated Stands: **65,699m³**
Incidental Conifer: **12,054m³**

The deciduous production record is summarized in **Table 1** of PRPD's 2008 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, power line, well site 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.

Licenses of Occupation:

Number	Held By	Road Class	Season of Operation
LOC 022546	Can Nat Resources Inc.	IV	Dry-weather or Winter
LOC 060168	Canadian Natural Resources Ltd	IV	Dry-weather or Winter
PLA 061270	Canadian Natural Resources Ltd	Crossing	
LOC 022547	Canadian Natural Resources Ltd	IV	Dry-weather or Winter
LOC 022537	Can Nat Resources Inc	IV	Dry-weather or Winter
LOC 060122	Galleon Energy Inc	IV	Dry-weather or Winter
LOC 920597	Buchanan Lumber	IV	Dry-weather or Winter
LOC 033371	Atlas Energy Ltd	IV	Dry-weather or Winter
LOC 860484	Husky Oil Operations	IV	Dry-weather or Winter
LOC 032807	Murphy Oil Company	IV	Dry-weather or Winter
LOC000164	Blackrock Ventures Inc.	IV	Dry-weather or Winter
EZE 050138	ATCO Electric	Crossing	
LOC 950037	Daishowa Marubeni International Ltd	III	Dry-Weather

Road Construction

Class V Roads

In-block roads will be installed during the harvest of 2008/2009. The block roads will be reclaimed upon completion of hauling.

Road Number	Class	Frozen or Non-Frozen Operable	Tenure	Development Required	Reclamation
2	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
3	V	Non-Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
5	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
6	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
7	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
8	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
9	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
11	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
12	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
17	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
20	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
22	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
23	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
26	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
28	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
29	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
30	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
31	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
33	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required

STREAM CROSSINGS

The table below lists the crossings to be utilized during this timber year. This table does not list crossings that are located on routes held under LOC by DMI or other companies.

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

All watercourses in this AOP are exempt under the Water Act and the crossings listed in this table do not require any approval from Department of Fisheries and Ocean Canada or the Water Management Division of Alberta Environment.

Crossing No.	Structure	Stream Class	Company
1	Snow Fill	Intermittent	DMI
2	Snow Fill	Intermittent	DMI
3	Snow Fill	Intermittent	DMI

OPERATIONS

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

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

TRAPPER NOTIFICATION

All Trappers will receive a copy of this Final AOP.

NUMBER	HOLDER	CONTACT DATE	METHOD	ISSUES
1331	Joseph Jules Labrecque	Copy of Preliminary AOP (April 2006)	Registered Mail	
		Copy of Preliminary AOP (March 2007)	Registered Mail	
		Copy of Final AOP (May 2007)	Registered Mail	
		Copy of Final AOP (May 2008)	Registered Mail	
1700	William Goodzeck	Copy of Preliminary AOP (April 2006)	Registered Mail	
		Copy of Preliminary AOP (March 2007)	Registered Mail	
		Copy of Final AOP (May 2007)	Registered Mail	
		Copy of Final AOP (May 2008)	Registered Mail	

DESIGN CONSIDERATIONS

The deciduous component of this plan was designed with objectives from the 1999 DMI Detailed Forest Management Plan and PRPD's 2008 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 of retention 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 to minimize road construction, reclamation requirements, and access throughout the area after harvest.

CUTBLOCK SUMMARY

The cutblock summary is listed below

Block Number	Total Area (ha)	GPS Retention Area (Ha)	DEC Vol (m³)	CON Vol (m³)
2	39.4	10.6	11,090	2,369
3	16.5	2.3	4,725	855
5	6.7	0	1,926	348
6	33.2	6.3	9,424	1,910
7	8.8	0	2,499	452
8	15.6	3.1	4,453	805
9	12.6	1.2	3,589	650
11	9.2	2.3	2,623	474
12	9.5	2.8	2,708	490
17	13.8	3.7	3,752	730
20	3.2	0	1,025	175
22	9.6	0	1,101	200
23	5.6	0	918	251
26	17.9	3.4	4,378	792
28	2.3	0	457	83
29	30.7	7.1	6,142	1,111
30	16.6	2.3	3,132	191
31	7.1	0	560	34
33	9.9	0	1,145	207
Totals	261.2	45	65,699	12,055

The location of GPS retention patches are shown on the AOP map.

BLOCK SEQUENCING

Blocks 6, and 20 are winter harvest blocks located within the “Special Access Zone” (SRD 2002). During long periods of inactivity (periods exceeding 72 hr) access will be blocked.

SLASH DISPOSAL

Slash disposal guidelines set out in section five of the 2008 GDP will be followed. The hog from some blocks may be processed and transported to DMI to be used to fuel the boiler at the pulp mill. Hog processing procedures on crown land are in Appendix 6 of the 2008 GDP.

HISTORICAL RESOURCE CONSIDERATIONS

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

UNDERSTORY MANAGEMENT

During layout of cutblocks within this compartment, understory was identified in blocks 22, 31, and portions of block 29 and avoidance will be used in these blocks. Detailed block plans will be prepared for these blocks and submitted before operations begin.

Any additional areas of understory encountered during 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.

Timber Year	Disposition	Block	Area (0.1 ha)	Pre-Harvest Assessment Completed	Frozen or Non-Frozen Operable	Proposed Harvest System	Silviculture System	Reforestation Tactic
2008	FMAP030116	2	39.5	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	3	16.5	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	5	6.7	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	6	33.2	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	7	8.8	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	8	15.6	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	9	12.6	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	11	9.2	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	12	9.5	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	15	55.6	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	20	3.2	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	22	9.6	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	23	5.6	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	26	17.9	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	28	2.3	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	29	30.7	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	30	16.6	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	31	7.1	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030116	33	9.9	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering

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

Timber Year	DISPOSITION	Block	Area (Ha)	Map Inventory Type (pre-harvest)-ha			
				C	CD	DC	D
2008	FMAP030116	2	39.4	1.1	0	0	38.3
2008	FMAP030116	3	16.5	0	0	0	16.5
2008	FMAP030116	5	6.7	0	0	0	6.7
2008	FMAP030116	6	33.2	0	0	1.5	31.7
2008	FMAP030116	7	8.8	0	0	0	8.8
2008	FMAP030116	8	15.6	0	0	0	15.6
2008	FMAP030116	9	12.6	0	0	0	12.6
2008	FMAP030116	11	9.2	0	0	0	9.2
2008	FMAP030116	12	9.5	0	0	0	9.5
2008	FMAP030116	17	13.8	0	0	0	13.8
2008	FMAP030116	20	3.2	0	0	0	3.2
2008	FMAP030116	22	9.6	0	0	0	9.6
2008	FMAP030116	23	5.6	0	0	0	5.6
2008	FMAP030116	26	17.9	0	0	0	17.9
2008	FMAP030116	28	2.3	0	0	0	2.3
2008	FMAP030116	29	30.7	0	0	0	30.7
2008	FMAP030116	30	16.6	0	0	0	16.6
2008	FMAP030116	31	7.1	0	0	0	7.1
2008	FMAP030116	33	9.9	0	0	0	9.9
Totals:			268.1	1.7	0	1.5	264.9

ENDORSEMENT OF AOP BY FMA HOLDER
ENDORSEMENT OF AOP: **FMAP030116**

AOP prepared by:

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