

July 14 , 2008

Daishowa Marubeni International Ltd Peace River Pulp Division

FINAL ANNUAL OPERATING PLAN (revised)

INTRODUCTION

This plan for Compartment **FMA P030117** (located in Twp83-Rge14and15-W5 and Twp 84-Rge14 and 15-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.

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: **50,251m³**
Incidental Conifer: **9,705m³**

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, 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.

Licenses of Occupation:

Number	Held By	Road Class	Season of Operation
LOC022666	Blackrock Ventures	IV	Dry weather or Winter
LOC043622	Blackrock Ventures	IV	Dry weather or Winter
PLA032145	Blackrock Ventures	Crossing	
PLA930723	C1 Energy	Crossing	
LOC010971	Husky Oil Operations	IV	Dry weather or Winter
LOC760917	Husky Oil Operations	IV	Dry weather or Winter
LOC780169	Husky Oil Operations	IV	Dry weather or Winter
LOC801483	Husky Oil Operations	IV	Dry weather or Winter
LOC820807	Husky Oil Operations	IV	Dry weather or Winter
LOC850543	Husky Oil Operations	IV	Dry weather or Winter
LOC850815	Husky Oil Operations	IV	Dry weather or Winter
LOC860149	Husky Oil Operations	IV	Dry weather or Winter
LOC962433	Husky Oil Operations	IV	Dry weather or Winter
LOC970424	Husky Oil Operations	IV	Dry weather or Winter
LOC990016	Husky Oil Operations	IV	Dry weather or Winter
LOC990017	Husky Oil Operations	IV	Dry weather or Winter
LOC990286	Husky Oil Operations	IV	Dry weather or Winter
MSL792414	Husky Oil Operations	Crossing	
MSL811274	Husky Oil Operations	Crossing	
MSL860202	Husky Oil Operations	Crossing	
PLA010387	Husky Oil Operations	Crossing	
PLA042926	Husky Oil Operations	Crossing	
PLA810705	Husky Oil Operations	Crossing	
PLA830451	Husky Oil Operations	Crossing	
PLA840870	Husky Oil Operations	Crossing	
PLA850643	Husky Oil Operations	Crossing	
PLA870147	Husky Oil Operations	Crossing	
PLA880064	Husky Oil Operations	Crossing	
PLA910666	Husky Oil Operations	Crossing	
PLA940034	Husky Oil Operations	Crossing	
PLA940036	Husky Oil Operations	Crossing	
PLA940964	Husky Oil Operations	Crossing	
PLA990351	Husky Oil Operations	Crossing	
RRD8120492	Northern Sunrise County	III	Dry weather or Winter
RRD8220024	Northern Sunrise County	III	Dry weather or Winter
PLA931085	Nova Gas	Crossing	
PLA941311	Nova Gas	Crossing	
PLA941312	Nova Gas	Crossing	
PLA002241	Seneca Energy	Crossing	
LOC840428	Titan Exploration	IV	Dry weather or Winter
RRD8120444	Transportation	IV	Dry weather or Winter

Number	Held By	Road Class	Season of Operation
PLA810706	Virtus Energy	Crossing	
EZE010158	ATCO Electric	Crossing	
EZE030137	ATCO Electric	Crossing	
EZE060049	ATCO Electric	Crossing	
EZE2764	ATCO Electric	Crossing	
EZE830150	ATCO Electric	Crossing	
EZE860458	ATCO Electric	Crossing	
EZE940207	ATCO Electric	Crossing	
EZE990017	ATCO Electric	Crossing	
EZE990083	ATCO Electric	Crossing	
LOC5365	ATCO Electric	IV	Dry weather or Winter

Road Construction

Class V Roads

Inter block roads are given the number of the block it is accessing. 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	Tenure	Development Required	Reclamation
603	V	Non-Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
604	V	Non-Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
605	V	Non-Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
606	V	Non-Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
607	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
608	V	Non-Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
609	V	Non-Frozen	1 Year	Pre-log and Stump access and block roads	Rollback and piling as required
610	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
611	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
612	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
615	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
618	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required
619	V	Frozen	1 Year	Blade line, Pre-log and stump block roads	Rollback and piling as required

WATERCOURSE CROSSINGS

There are no watercourse crossings to be utilized during this timber year. This section does not list crossings that are located on routes held under LOC by DMI or other companies.

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
2465	Nicholas Kokosha	Copy of preliminary AOP (March 2007) Copy of Final AOP (June 2007) Copy of Final AOP (May 2008)	Registered Mail	
2526	Wayne D. Duperon	Copy of preliminary AOP (March 2007) Copy of Final AOP (June 2007) Copy of Final AOP (May 2008)	Registered Mail	
176	Joseph S. Cardinal	Copy of preliminary AOP (March 2007) Copy of Final AOP (June 2007) 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 (ha)	GPS Retention (%)	DEC Vol. (m³)	CON Vol. (m³)
603	14.0	0	0	3,675	665
604	23.2	4	17	6083	1,101
605	11.1	0.0	0	2,271	387
606	50.0	8.0	13	12,530	2951
607	20.0	4.0	16	4,790	867
608	7.6	0.0	0	1,519	275
609	20.0	4.4	18	2,875	521
610	10.9	0.0	0	1,883	341
611	17.1	4.2	20	4,527	772
612	7.0	0.0	0	1,400	253
615	8.1	0.0	0	1,977	358
618	24.9	2.6	9	5,298	959
619	6.3	0.0	0	1,423	255
Totals	220.2	27.2	12	50,251	9,705

BLOCK SEQUENCING

No areas of concern were identified in this compartment that posed a need to harvest blocks in a specific order.

SLASH DISPOSAL

Slash disposal guidelines set out in section five of the 2008 GDP will be followed. Chipping debris (hog piles) in these blocks will be processed, live fed into B -trains and transported to the DMI mill site where it will be used to power the boiler. A copy of DMI's Hogging Procedures on Crown Land can be found in section 5 of the GDP.

HISTORICAL RESOURCE CONSIDERATIONS

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

UNDERSTORY MANAGEMENT

No areas of significant understory were encountered during layout. If understory is encountered during operations within these blocks, it 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.

DETAILED BLOCK PLANS

Detailed block plans will be submitted for all blocks being harvested in non frozen conditions.

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 (Ha)	Pre-Harvest Assessment Completed	Frozen or Non-Frozen Operable	Proposed Harvest System	Silviculture System	Reforestation Tactic
2008	FMAP030117	603	12.9	Yes	Non-Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	604	23.2	Yes	Non-Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	605	11.1	Yes	Non-Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	606	50.0	Yes	Non-Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	607	20.0	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	608	7.6	Yes	Non-Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	609	20.0	Yes	Non-Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	610	10.9	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	611	17.1	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	612	7.0	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	615	8.1	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	618	24.9	No	Frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP030117	619	6.3	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			
				<u>C</u>	<u>CD</u>	<u>DC</u>	<u>D</u>
2008	FMAP030117	603	12.9	0	0	0	12.9
2008	FMAP030117	604	27.0	0	0	0	23.2
2008	FMAP030117	605	10.9	0	0	0	11.1
2008	FMAP030117	606	50.0	2.4	1.1	0	46.5
2008	FMAP030117	607	20.0	0	0	0	20.0
2008	FMAP030117	608	7.6	0	0	0	7.6
2008	FMAP030117	609	20.0	0	0	0	20.0
2008	FMAP030117	610	10.9	0	0	0	10.9
2008	FMAP030117	611	17.1	0	0	0	17.1
2008	FMAP030117	612	7.0	0	0	0	7.0
2008	FMAP030117	615	8.1	0	0	0	8.1
2008	FMAP030117	618	24.9	0	0	0	24.9
2008	FMAP030117	619	6.3	0	0	0	6.3

ENDORSEMENT OF AOP BY FMA HOLDER
ENDORSEMENT OF AOP: **FMAP030117**

AOP prepared by:

Name: Peggy Pike

Name: _____

Position: Forest Resources Supervisor,
Planning

Position: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

Contact Information:
Daishowa Marubeni International Ltd
Pulp Mill Site
Bag 6500
Peace River, AB
T8S 1V5
Phone: 624-7429
Fax: 624-7084

Contact Information:
Buchanan Lumber
Box 38
High Prairie, AB
T0G 1E0
Phone: 523-4544

Name: Trina Tosh

Position: Forest Resources Supervisor,
Planning

Signature: _____

Date: _____

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