

August 12, 2008

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

FINAL ANNUAL OPERATING PLAN

INTRODUCTION

This plan for Compartment **FMAP040103** 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 harvested 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 offered to Boucher Brothers Lumber Ltd. and Buchanan Lumber.

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

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: **61,582m³**
Incidental Coniferous: **11,469m³**

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 2008 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
RRD9122256	Northern Sunrise County	III	Non frozen
RRD9122257	Northern Sunrise County	III	Non frozen
RRD9123573	Northern Sunrise County	III	Non frozen
LOC 810272	Penn West Petroleum Ltd.	IV	Frozen
LOC 940148	Penn West Petroleum Ltd.	IV	Non frozen

Road Construction

Class V Roads

In-block roads will be installed during the harvest of 2008. The block roads will be reclaimed upon completion of hauling. Chipper sites and roads built in unfrozen conditions will be decompacted and reforested.

Access Construction:

Road Number	Class	Frozen or Non Frozen	Tenure	Development Required	Reclamation
40	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rip, Rollback and piling as required
41	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rip, Rollback and piling as required
42	V	Non Frozen	1 Year	Pre-log and stump block roads	Rip, Rollback and piling as required
43	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rip, Rollback and piling as required
45	V	Non Frozen	1 Year	N/A	N/A
47	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rip, Rollback and piling as required
49	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rip, Rollback and piling as required

STREAM CROSSINGS

The table below lists the crossings to be utilized during this timber year. Usually, this table does not list crossings that are located on routes held under LOC by DMI or other companies, but in this case, an agreement to install and remove crossings will be in place prior to commencement of operations.

Crossings constructed as snow or log 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
2	Culvert/Culverted log fill	Intermittent
3	Culvert/Culverted log fill	Ephemeral
5	Culvert/Culverted log fill	Ephemeral

OPERATIONS

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

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

TRAPPER NOTIFICATION

All Trappers will receive a copy of this Final AOP.

Number	Holder	Last Contact Date	Method
2023	Jim Harrop	May 2007 August 2008	Copy of Final AOP Copy of Final AOP
2508	Gene Alm	May 2007 August 2008	Copy of Final AOP Copy of Final AOP
1419	Allan Bailey	May 2007 August 2008	Copy of Final AOP Copy of Final AOP
1764	Florence Hackworth	May 2007 August 2008	Copy of Final AOP Copy of Final AOP
467	Beatrice Tourangeau	May 2007 August 2008	Copy of Final AOP Copy of Final AOP
2396	Chester Eskagon	May 2007 August 2008	Copy of Final AOP Copy of Final AOP

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 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 in the two designated classes 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%. Design in-block roading that minimize road construction, reclamation requirements, and minimize access throughout the area after harvest.
3. Additional deciduous blocks were added to this plan for this year. These blocks are based on the 2007 spatial harvest sequence.

CUTBLOCK SUMMARY

The cutblock summary is listed below. All block boundaries are ribboned and gpsed. All of the Blocks require detail block plans and preharvest silviculture assessments prior to commencement of harvest in non frozen conditions.

Block Number	Total Area (ha)	Retention Area (ha)	% Retention	DEC. VOL. (m³)	CON. VOL. (m³)
40	94.3	6	6	19809	4272
41	59.3	5	8	13041	2275
42	35.3	0.5	1	5009	855
43	67.7	5	7	11246	1938
45	4.4	0	0	735	125
47	68.4	8	10	11073	1890
49	4.0	0	0	669	114
TOTAL	333.4	24.5	7	61,582	11,469

BLOCK SEQUENCING

The operations will be completed by January 15, 2009 for blocks 40, 41 and 47 as they are located in the "Ungulate Winter Range". The access will be limited at that time.

SLASH DISPOSAL

Slash disposal guidelines set out in section five of the 2008 GDP will be followed. Hog may be processed as per guidelines in the 2008 GDP.

HISTORICAL RESOURCE CONSIDERATIONS

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

UNDERSTORY MANAGEMENT

Any areas of understory encountered during operations, not identified during the layout stage, will be protected in accordance with the PRPD 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	(ha) (0.1 ha)	Pre-Harvest Assessment Completed	PLANNED SEASON OF HARVEST	Proposed Harvest System	SILVICULTURE SYSTEM	REFORESTATION TACTIC
2008	FMAP040103	40	94.3	Yes	Non frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP040103	41	59.3	Yes	Non frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP040103	42	35.3	Yes	Non frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP040103	43	67.7	Yes	Non frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP040103	45	4.4	Yes	Non frozen	Roadside Chipper	Clearcut	Leave for Natural Suckering
2008	FMAP040103	47	68.4	Yes	Non frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP040103	49	4.0	Yes	Non frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering

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

PRE-HARVEST LANDBASE

<u>Timber Year</u>	<u>DISPOSITION</u>	<u>Block</u>	<u>Ha (0.1 ha)</u>	<u>Map Inventory Type (pre-harvest)-ha</u>			
				<u>C</u>	<u>CD</u>	<u>DC</u>	<u>D</u>
2008	FMAP040103	40	94.3	1.84	3.77	0.0	88.69
2008	FMAP040103	41	59.3	0.0	0.0	0.0	59.3
2008	FMAP040103	42	35.3	0.0	0.0	0.0	35.3
2008	FMAP040103	43	67.7	0.0	0.0	0.0	67.7
2008	FMAP040103	45	4.4	0.0	0.0	0.0	4.4
2008	FMAP040103	47	68.4	0.0	0.0	0.0	68.4
2008	FMAP040103	49	4.0	0.0	0.0	0.0	4.0
	TOTALS		333.4	1.84	3.77	0.0	327.69

ENDORSEMENT OF AOP BY FMA HOLDER

ENDORSEMENT OF AOP: **FMAP040103**

AOP prepared by:

Name: Peggy Pike, RPF

Name:

Position: Forest Resources Supervisor,
Planning

Position: Woodlands Manager

Signature:

Signature:

Date:

Date:

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