

July 29, 2008

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

FINAL ANNUAL OPERATING PLAN

INTRODUCTION

This plan for Coniferous Timber Licence **CTLP050003/CTLP050004** issued under **Coniferous Timber Quota CTQP050001** and Compartment **FMAP050102** 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., Buchanan Lumber, and Alberta Plywood Ltd.

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: **86,601m³**
Incidental Conifer: **11,388m³**

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.

Licences of Occupation:

Number	Held By	Road Class	Season of operation
LOC 982540	DMI (east haul road)	VI	Dry weather
LOC 982093	Paramount Energy Operating Corporation	V	Winter

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. All roads used in non frozen conditions will be decompacted.

Access Construction:

Road Number	Class	Frozen or Non Frozen	Tenure	Development Required	Reclamation	Company
57	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback and piling required	DMI
66	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and piling required	DMI
73	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback and piling required	DMI
76	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback and piling required	DMI
78	V	Non Frozen	1 Year	Pre-log and stump access and block roads	Rollback and piling required	DMI
81	V	Non Frozen	1 Year	Pre-log and stump access and block roads	Rollback and piling required	DMI
83	V	Non Frozen	1 Year	Pre-log and stump access and block roads	Rollback and piling required	DMI
86	V	Non Frozen	1 Year	Blade line, pre-log and stump	Rollback and piling	DMI

Road Number	Class	Frozen or Non Frozen	Tenure	Development Required	Reclamation	Company
				block roads	required	
87	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
91	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
100	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
102	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
105	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
106	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
107	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
108	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
109	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
110	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
111	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
112	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
113	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
114	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
115	V	Non Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI
128	V	Frozen	1 Year	Blade line, pre-log and stump block roads	Rollback piling required and as	DMI

STREAM CROSSINGS

The table below lists the crossings to be utilized during this timber year. These crossings are indicated on the AOP map along. Other built or proposed crossing may show up on the map but are not being utilized in this operating season. This table does not list crossings that are located on routes held under LOC by DMI or other companies.

Crossings which are 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	Company
31	Snow or log Fill	Intermittent	DMI
32	Snow or log Fill	Intermittent	DMI
34	Snow or log Fill	Intermittent	DMI
39	Snow or log Fill	Intermittent	DMI
104	Snow or log fill	Intermittent	DMI
105	Snow or log 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 the 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
2022	James Armstrong	April 3, 2000 May 23, 2000 September 27, 2004 December 28, 2004 May 19, 2005 April 28, 2006 June 2007 May, 2008	Prelim Letter for information Prelim AOP and map Copy of Final AOP Letter indicating additional blocks to harvest Copy of Final AOP Copy of Final AOP Copy of Final AOP Copy of Final AOP
2300	Edward May	April 3, 2000	Prelim Letter for information

		May 23, 2000 September 27, 2004 May 19, 2005 April 28, 2006 June 2007 May, 2008	Prelim AOP and map Copy of Final AOP Copy of Final AOP Copy of Final AOP Copy of Final AOP Copy of Final AOP
2367	Derrold St.Germain	April 3, 2000 May 23, 2000 September 27, 2004 May 19, 2005 April 28, 2006 June 2007 May, 2008	Prelim Letter for information Prelim AOP and map Copy of Final AOP Copy of Final AOP Copy of Final AOP Copy of Final AOP Copy of Final AOP
2519	Stephen Schoendorfer	April 3, 2000 May 23, 2000 September 27, 2004 December 28, 2004 May 19, 2005 April 28, 2006 June 2007 May, 2008	Prelim Letter for information Prelim AOP and map Copy of Final AOP Letter indicating additional blocks to harvest Copy of Final AOP Copy of Final AOP 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 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 minimizes road construction, reclamation requirements, and access throughout the area after harvest.
4. Detailed block plans will be completed for all non frozen harvest blocks and blocks greater than 100 ha.

CUTBLOCK SUMMARY

The cutblock summary is listed below.

Block Number	Total Area (ha)	GPS Retention Area	% Retention	DEC. VOL. (m³)	CON. VOL. (m³)
57	22.2	0.41	2	2,309	142
66	24.9	1.33	5	4298	778
73	7.4	0		882	633
76	39.4	0.94	2	4,544	823
78	47.4	2.34	5	5,385	974
81	34.3	4.67	12	2,270	1,675
83	37.4	2.47	6	3,648	235
86	19.5	1.46	7	1,937	119
87	39.7	1.69	4	4,132	254
100	26.3	2.57	9	3030	549
102	10.1	0		1,165	211
105	6.8	0		708	44
106	7.7	0		864	137
107	47.6	4.17	8	4,953	313
108	29.6	3.10	9	3,254	485
109	40.0	1.37	3	4,133	254
110	19.3	0.56	3	2048	174
111	8.1	0		904	131
112	17.0	1.17	6	1,961	355
113	34.3	0		3,863	603
114	29.0	2.75	9	3,306	556
115	231.2	46.23	17	23,316	1,505
128	26.0	2.77	10	2,997	430
Totals	805.2	67.8	8	86,602	11,388

BLOCK SEQUENCING

This plan for the 2008 year is for a portion of the larger prelim submitted June 2000. All blocks are within the "Special Access Zone" (SRD 2006).

Access will be blocked during inactive periods longer than 72 hours.

SLASH DISPOSAL

Slash disposal guidelines set out in section five of the 2008 GDP will be followed.

HISTORICAL RESOURCE CONSIDERATIONS

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

UNDERSTORY MANAGEMENT

No understory was encountered during layout of these planned blocks. If any is encountered during operations, it will be assessed and protection measures implemented as indicated in DMI's understory protection guidelines which are in section 5 of the 2008 GDP.

The inspecting Forest-Officer will be notified of any changes.

REFORESTATION PROGRAM

The Reforestation Table below outlines the proposed harvest system, silviculture system (strategy) and reforestation tactic for the blocks to be harvested. Access for blocks 73 and 81 is right off the East Haul Road.

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	FMAP050102	57	22.2	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	66	24.9	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	73	7.4	Yes	Non-frozen	Roadside Chipper	Clearcut	LFN, SIP where needed & Plant
2008	FMAP050102	76	39.4	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	78	47.4	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	81	34.3	Yes	Non-frozen	Roadside Chipper	Clearcut	LFN, SIP where needed & Plant
2008	FMAP050102	83	37.4	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	86	19.5	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	87	39.7	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	91	35.9	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	100	26.3	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	102	10.1	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	105	6.8	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	106	7.7	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	107	47.6	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	108	29.6	Prior to harvest	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	109	40.0	Prior to harvest	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	110	19.3	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	111	8.1	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	112	17.0	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	113	34.3	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	114	29.0	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	115	231.2	Yes	Non-frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP050102	128	26.0	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.

PRE-HARVEST LANDBASE

<u>Timber Year</u>	<u>DISPOSITION</u>	<u>Block</u>	<u>ha</u> <u>(0.1 ha)</u>	<u>C</u>	<u>CD</u>	<u>DC</u>	<u>D</u>
2008	FMAP050102	57	22.2	0.0	0.0	0.0	22.2
2008	FMAP050102	66	24.9	0.0	0.0	0.0	24.9
2008	FMAP050102	73	7.4	0.0	0.0	6.3	1.1
2008	FMAP050102	76	39.4	0.0	0.0	0.0	39.4
2008	FMAP050102	77	8.6	0.0	0.0	0.0	8.6
2008	FMAP050102	78	47.4	0.0	0.0	0.0	47.4
2008	FMAP050102	81	34.3	0.0	0.0	34.3	0.0
2008	FMAP050102	83	37.4	0.0	0.0	1.5	35.9
2008	FMAP050102	86	19.5	0.0	0.9	0.0	19.5
2008	FMAP050102	87	39.7	0.0	0.0	0.0	39.7
2008	FMAP050102	100	26.3	0.0	0.0	0.0	26.3
2008	FMAP050102	102	10.1	0.0	0.0	0.0	10.1
2008	FMAP050102	105	6.8	0.0	0.0	0.0	6.8
2008	FMAP050102	106	7.7	0.0	0.0	0.0	7.7
2008	FMAP050102	107	47.6	0.0	0.0	0.0	47.6
2008	FMAP050102	108	29.6	0.0	0.0	0.0	29.6
2008	FMAP050102	109	40.0	0.0	0.0	0.0	40.0
2008	FMAP050102	110	19.3	0.0	0.0	0.0	19.3
2008	FMAP050102	111	8.1	0.0	0.0	0.0	8.1
2008	FMAP050102	112	17.0	0.0	0.0	0.0	17.0
2008	FMAP050102	113	34.3	0.0	0.0	0.0	34.3
2008	FMAP050102	114	29.0	0.0	0.0	0.0	29.0
2008	FMAP050102	115	231.2	0.0	0.0	0.0	231.2
2008	FMAP050102	128	26.0	0.0	0.0	0.0	26.0
Totals				0.0	0.9	42.1	1038.1

ENDORSEMENT OF AOP BY FMA HOLDER
ENDORSEMENT OF AOP: FMAP050102

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

AOP prepared by:

Name: Peggy Pike

Name: Murray Chomokovski

Position: Forest Resources Supervisor,
Planning

Position: Operations Forester

Signature: _____

Signature: _____

Date: _____

Date: _____

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Murray Chomokoski
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(780)805-3691

Name: Phil Dube
No objections to this AOP
Position: Woodlands Manager

Name: Kelth Branting

Position: Woodlands Manager

Signature: _____

Phil Dube
RPFT 960017

Signature: _____

Date: _____

April 25, 2008

Date: _____

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Name: Phil Dube

Name: Keith Branting

Position: Woodlands Manager

Position: Woodlands Manager

Signature: _____

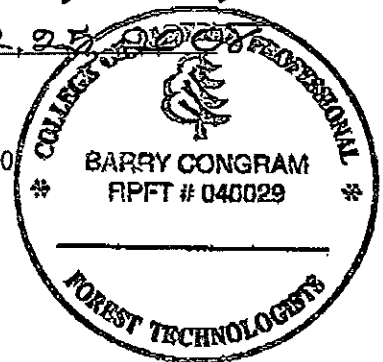
Signature: *Barry Congram*

Date: _____

Date: *APR 25 2008*

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ENDORSEMENT OF AOP BY FMA HOLDER
ENDORSEMENT OF AOP: FMAP050102

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AOP prepared by:

Name: Peggy Pike

Name: Murray Chomokovski

Position: Forest Resources Supervisor,
Planning

Position: Operations Forester

Signature: _____

Signature: *Murray Chomokovski*

Date: _____

Date: *April 29, 2008*

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