

April 29, 2008

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

and

Canadian Forest Products Ltd.

FINAL ANNUAL OPERATING PLAN

INTRODUCTION

This plan for Coniferous Timber Licence CTLP130001 issued under **Coniferous Timber Quota CTQP130002** and Compartment **FMAP130127** issued under **Forest Management Agreement 8900027** covers the operating period from May 1, 2008 to April 30, 2009.

The proposed location of manufacture for coniferous volume harvested under the authority of this plan is the Canadian Forest Products Ltd. in Grande Prairie, Alberta and Zavisha Sawmills Ltd. in Hines Creek, Alberta.

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.

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.

STAND PRODUCTION (Quadrant)

Proposed production for this timber year:

First Pass:

Pure deciduous	109,288 m3
Incidental deciduous	10,443 m3
Pure coniferous	43,267 m3
Incidental coniferous	15,604 m3

The deciduous production record is summarized in Table 1 of DMI/Canfor 2008 General Development Plan.

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
LOC972635	Canadian Natural Resources Ltd.	III	Non- Frozen
LOC041271	Result Energy Inc	IV	Non-frozen
LOC050975	Result Energy Inc	IV	Non-frozen
PLA051717	Result Energy Inc	Crossing	Non-frozen
LOC051484	Result Energy Inc	IV	Non-frozen
PLA052739	Result Energy Inc	Crossing	Non-frozen
PLA062017	Result Energy Inc	Crossing	Non-frozen
LOC054427	Result Energy Inc	IV	Non-frozen
PLA070151	ExAlta Energy Inc	Crossing	Non-frozen
LOC820758	Advantage Oil and Gas Ltd	V	Frozen
LOC050038	Yoho Resources Inc.	V	Frozen
LOC 060698	Yoho Resources Inc.	V	Frozen
LOC881343	Canadian Forest Products Ltd	V	Frozen
LOC911095	Canadian Forest Products Ltd	V	Frozen

Road Construction

Class V Roads

In-block roads will be installed during harvest. The block roads will be reclaimed upon completion of hauling or silviculture activities for conifer blocks.

Access Construction:

Road Number	Class	Season	Tenure	Development Required	Reclamation	Company
1	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
2	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
3	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
4	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
5	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
6	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
8	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
9	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
11	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
12	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
13	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
14	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
15	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI

Road Number	Class	Season	Tenure	Development Required	Reclamation	Company
16	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
18	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
19	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
3321	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	DMI
123	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2230	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2242	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2283	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2314	V	Non-frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2341	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2458	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2575	V	Non-frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2619	V	Non-frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
2678	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
3542	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
3563	V	Non-frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor

Road Number	Class	Season	Tenure	Development Required	Reclamation	Company
3613	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor
3670	V	Frozen	1 Year	Pre-log and stump access and block roads	Rollback and Piling as required	Canfor

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.

Crossings constructed with snow or log fills will be removed after operations are completed.

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/ Log Fill	Intermittent Creek	DMI
3	Snow Fill/ Log Fill	Ephemeral Creek	Canfor
4	Snow Fill/ Log Fill	Ephemeral Creek	Canfor
5	Snow Fill/ Log Fill	Ephemeral Creek	Canfor
6	Snow Fill/ Log Fill	Ephemeral Creek	DMI
7	Snow Fill/ Log Fill	Ephemeral Creek	DMI
8	Snow Fill/ Log Fill	Ephemeral Creek	DMI
10	Snow Fill/ Log Fill	Ephemeral Creek	DMI
12	Snow Fill/ Log Fill	Small Permanent	DMI
13	Snow Fill/ Log Fill	Intermittent Creek	DMI
14	Snow Fill/ Log Fill	Ephemeral Creek	DMI
15	Snow Fill/ Log Fill	Ephemeral Creek	DMI
16	Snow Fill/ Log Fill	Ephemeral Creek	Canfor
17	Snow Fill/ Log Fill	Intermittent Creek	Canfor
18	Snow Fill/ Log Fill	Ephemeral Creek	Canfor
19	Snow Fill/ Log Fill	Small Permanent	DMI
20	Snow Fill/ Log Fill	Ephemeral Creek	DMI
21	Snow Fill/ Log Fill	Ephemeral Creek	Canfor
22	Snow Fill/ Log Fill	Intermittent Creek	Canfor
24	Snow Fill/ Log Fill	Ephemeral Creek	DMI
25	Snow Fill/ Log Fill	Ephemeral Creek	DMI

OPERATIONS

Blocks 1, 3 and the west half of 4 have been identified as being in a “Special Access Zone” (SRD 2006). Any periods of inactivity longer than 72 hours access will be restricted.

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 with a chip haul to the pulp mill.

STAKEHOLDER NOTIFICATION

All Trappers will receive a copy of this Final AOP.

Number	Holder	Contact Date	Method
2226	Pat Lund	October 14, 1999 January 25, 2000 May 19, 2000 May 2, 2001 May 28, 2003 May 18, 2004 June 1, 2005 May 1, 2006 June 2007 October 12, 2007 June 2008	Mail: Letter for preliminary AOP information Personal: Meeting for prelim design concerns Mail: Prelim AOP and map Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP and map Mail: Final AOP and map Mail: Ten Day Notification Mail: Final AOP and map
2485	Glen Wasylciw	October 14, 1999 October 27, 1999 December 10, 1999 May 19, 2000 March 29, 2001 May 2, 2001 January 30, 2002 May 28, 2003 May 7, 2004 June 1, 2005 June 2007 October 12, 2007 June 2008	Mail: Letter for preliminary AOP information Personal: Meeting for prelim design Personal: Meeting for prelim design concerns Mail: Prelim AOP and map Personal: Meeting re: trappers compensation for temporary disruption due to layout activities Mail: Final AOP and map Personal: Access concerns on trapline due to snow plowing. Mail: Final AOP and map Personal: Meeting to discuss harvest plans Mail: Final AOP and map Mail: Final AOP and map Mail: Ten Day Notification Mail: Final AOP and map

Cutblock and Retention Design Considerations

The components of this plan were designed with objectives from the 1999 DMI Detailed Forest Management Plan and PRPD/Canfor 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. DMI plans to retain merchantable volume within harvested areas as 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 minimize road construction, reclamation requirements, and minimize access throughout the area after harvest.
4. Due to the implementation of the “Pine Strategy” as requested by Alberta, any retention strategy must comply with the Ground Rules Addendum specific to Mountain Pine Beetle Operations. Retention of non-pine tree species will be a priority to compensate for removal of pine. Alternate tree species will vary depending on stand structure available. Every effort will be made to keep the pine content in GPS retention areas for the new blocks to a minimum. Due to this restriction, and the fact that Canfor’s operations are primarily focused in pine leading blocks, Canfor does not feel that they can comply with the DMI DFMP retention strategy of 15%. Canfor, will however, target 1% merchantable retention on a block-by-block basis.

CUTBLOCK SUMMARY

The cutblock summary is listed below.

DISPOSITION	BLOCK	AREA (Ha)	DEC.	INC. CON.	CON.	INC. DEC.
			VOL. (m3)	VOL. (m3)	VOL. (m3)	VOL. (m3)
FMAP130127	1	5.2	1,273	230	0	0
FMAP130127	2	8.1	1,979	358	0	0
FMAP130127	3	101.9	20,371	3,687	0	0
FMAP130127	4	202.9	39,518	5,189	0	0
FMAP130127	5	9.1	1,818	329	0	0
FMAP130127	6	19.7	3,943	714	0	0
FMAP130127	8	5.5	879	161	0	0
FMAP130127	9	35.9	8,038	1,454	0	0
FMAP130127	11	42.1	9,178	562	0	0
FMAP130127	12	17.6	3,049	552	0	0
FMAP130127	13	21.9	4,783	293	0	0
FMAP130127	14	7.4	1,622	99	0	0
FMAP130127	15	8.0	996	61	762	248
FMAP130127	16	3.3	726	44	0	0
FMAP130127	18	9.9	1,709	309	0	0
FMAP130127	19	28.1	4,860	880	0	0

DISPOSITION	BLOCK	AREA (Ha)	DEC. VOL. (m3)	INC. CON. VOL. (m3)	CON. VOL. (m3)	INC. DEC. VOL. (m3)
FMAP130127	3321	11.8	1,836	332	800	139
CTLP130001	123	8.2	191	50	1,386	369
CTLP130001	2230	7.5	310	19	1,466	255
CTLP130001	2242	10.4	0	0	2,601	453
CTLP130001	2283	21.6	0	0	5,591	974
CTLP130001	2314	14.1	164	10	3,618	616
CTLP130001	2341	6.6	0	0	1,334	197
CTLP130001	2458	7.3	233	42	902	257
CTLP130001	2575	5.3	0	0	979	145
CTLP130001	2619	6.8	0	0	526	92
CTLP130001	2678	22.6	0	0	2,832	847
CTLP130001	3542	13.1	0	0	1,330	312
CTLP130001	3563	10.6	0	0	1,294	355
CTLP130001	3613	7.0	94	6	854	402
CTLP130001	3670	9.6	330	122	1,361	982
CTLP130003	291	5.7	0	0	862	150
CTLP130003	1563	16.5	133	8	3,572	1,101
CTLP130003	1568	25.9	1,125	69	5,146	1,290
CTLP130003	2199	17.1	130	24	2,930	510
CTLP130003	3578	20.5	0	0	3,121	749
	Totals	774.8	109,288	15,604	43,267	10,443

Blocks 291, 1563, 1568, 2199 and 3578 were harvested by Canfor in the 2007 timber season but were not hauled. The timber left in these blocks is scheduled to be hauled in the 2008 timber season.

The following table is a summary of the blocks with openings in excess of 100 ha.

<u>BLOCK OPENING TABLE</u>	
Block Numbers	Total Area
	(ha)
3	101.9
4	202.9

HISTORICAL RESOURCE CONSIDERATIONS

This plans operations will comply with the Alberta Historical Resources Act.

UNDERSTORY MANAGEMENT

Any understory encountered during layout and 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.

SILVICULTURE STRATEGIES

Timber Year	DISPOSITION	Block	Area	Pre-Harvest Assessment Completed	PLANNED SEASON OF HARVEST	Proposed Harvest System	SILVICULTURE SYSTEM	REFORESTATION TACTIC
			(Ha)					
2008	FMAP130127	1	5.2	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	2	8.1	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	3	101.9	No	Non-Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	4	202.9	No	Non-Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	5	9.1	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	6	19.7	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	8	5.5	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	9	35.9	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	11	42.1	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	12	17.6	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	13	21.9	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	14	7.4	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	15	8.0	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	16	3.3	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	18	9.9	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	19	28.1	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	FMAP130127	3321	11.8	No	Frozen	Roadside Chipper	Clearcut	Leave For Natural Suckering
2008	CTLP130001	123	8.2	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2230	7.5	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2242	10.4	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2283	21.6	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2314	14.1	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2341	6.6	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2458	7.3	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2575	5.3	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant

Timber Year	DISPOSITION	Block	Area	Pre-Harvest Assessment Completed	PLANNED SEASON OF HARVEST	Proposed Harvest System	SILVICULTURE SYSTEM	REFORESTATION TACTIC
			(Ha)					
2008	CTLP130001	2619	6.8	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	2678	22.6	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	3542	13.1	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	3563	10.6	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	3613	7.0	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130001	3670	9.6	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130003	291	5.7	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130003	1563	16.5	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130003	1568	25.9	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130003	2199	17.1	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant
2008	CTLP130003	3578	20.5	No	Frozen	Roadside Delimiting	Clearcut	Scarify and Plant

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

Pre-harvest Landbase

Timber Year	DISPOSITION	Block	Area (Ha)	Map Inventory Type (pre-harvest)-ha And Planned Declaration			
				<u>C</u>	<u>CD</u>	<u>DC</u>	<u>D</u>
2008	FMAP130127	1	5.2	0	0	0	5.2
2008	FMAP130127	2	8.1	0	0	0	8.1
2008	FMAP130127	3	101.9	0	0	0	101.9
2008	FMAP130127	4	202.9	0	0	0	202.9
2008	FMAP130127	5	9.1	0	0	0	9.1
2008	FMAP130127	6	19.7	0	0	0	19.7
2008	FMAP130127	8	5.5	0	0	0	5.5
2008	FMAP130127	9	35.9	0	0	0	35.9
2008	FMAP130127	11	42.1	0	0	0	42.1
2008	FMAP130127	12	17.6	0	0	0	17.6
2008	FMAP130127	13	21.9	0	0	0	21.9
2008	FMAP130127	14	7.4	0	0	0	7.4
2008	FMAP130127	15	8.0	3.4	0	0	4.6
2008	FMAP130127	16	3.3	0	0	0	3.3
2008	FMAP130127	18	9.9	0	0	0	9.9
2008	FMAP130127	19	28.1	0	0	0	28.1
2008	FMAP130127	3321	11.8	3.6	0	0	8.2
2008	CTLP130001	123	8.2	6.8	0	0	1.4
2008	CTLP130001	2230	7.5	6	0	0	1.5
2008	CTLP130001	2242	10.4	10.4	0	0	0
2008	CTLP130001	2283	21.6	21.6	0	0	0

Timber Year	DISPOSITION	Block	Area (Ha)	Map Inventory Type (pre-harvest)-ha And Planned Declaration			
				<u>C</u>	<u>CD</u>	<u>DC</u>	<u>D</u>
2008	CTLP130001	2314	14.1	13.3	0	0	0.8
2008	CTLP130001	2341	6.6	6.6	0	0	0
2008	CTLP130001	2458	7.3	4.6	0	1.7	1
2008	CTLP130001	2575	5.3	5.3	0	0	0
2008	CTLP130001	2619	6.8	6.8	0	0	0
2008	CTLP130001	2678	22.6	18.4	3.4	0.8	0
2008	CTLP130001	3542	13.1	11.7	0.0	1.4	0.0
2008	CTLP130001	3563	10.6	7.3	3.3	0	0
2008	CTLP130001	3613	7.0	0	6.5	0	0.5
2008	CTLP130001	3670	9.6	0	7.6	0	2
2008	CTLP130003	291	5.7	5.7	0	0	0
2008	CTLP130003	1563	16.5	15.1	0	0.8	0.6
2008	CTLP130003	1568	25.9	20.7	0	0	5.2
2008	CTLP130003	2199	17.1	16.5	0	0	0.6
2008	CTLP130003	3578	20.5	15.5	5.0	0	0
	Total		774.8	198.3	25.8	4.7	545

ENDORSEMENT OF AOP: FMAP130127/CTLP130001

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

AOP prepared by:

Name: Trina Tosh, RPFT 070056

Name: Bernie Morin, RPFT 970009

Position: Forest Resources Supervisor,
Planning

Position: Woodlands Operations Supervisor

Signature:

Signature:

Date:

Date:

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ENDORSEMENT OF AOP: FMAP130127/CTLTP130001

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

AOP prepared by:

Name: Trina Tosh, RPFT 070056

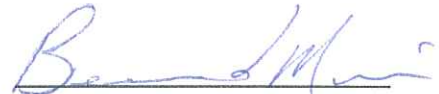
Name: Bernie Morin, RPFT 970009

Position: Forest Resources Supervisor,
Planning

Position: Woodlands Operations Supervisor

Signature:

Signature:



Date:

Date: *April 29, 2008*

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