



SUSTAINABLE FOREST MANAGEMENT
2008 ANNUAL REPORT
CANFOR FORT NELSON

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Glossary and Acronyms

Adaptive Management: A learning approach to management that recognizes substantial uncertainties in managing forests and incorporates into decisions the experience gained from the results of previous actions. Adaptive management can be simplified into "learning by doing."

Annual Allowable Cut (AAC): The allowable rate of timber harvest from a specified area of land. The Chief Forester sets specific AACs for Timber Supply Areas and Tree Farm Licences in accordance with Section 8 of the *Forest Act*.

Biogeoclimatic Ecosystem Classification (BEC): A hierarchical system of ecosystems that integrates regional, local and chronological factors and combines climatic, vegetation and site factors.

Biological richness (species richness): The number of species in a given area.

Coarse woody debris (CWD): Downed woody material of a minimum diameter or greater that is resting on the forest floor or at an angle to the ground of 45 degrees or less. CWD consists of sound and rotting logs and branches, and may include stumps when specified. Coarse woody debris provides habitat for plants, animals and insects, and a source of nutrients for soil development.

Criterion: A category of conditions or processes by which sustainable forest management may be assessed; characterized by a set of related indicators which are monitored periodically to assess change.¹

Crown Forest Land Base (CFLB): Forested land managed by the Ministry of Forests and Range is referred to as the Crown forested land base. In the CFLB, specific conditions (e.g. a stand or a group of similar trees) are assigned either to the non-harvesting land base or to the timber harvesting land base. An area can only be removed for one reduction type; for example, the area of a stand that falls within a park, and also has sensitive soils, is assigned only once to the non-harvesting land base.

Customary use rights: The rights of First Nations peoples to use lands and resources based on culturally established patterns of utilisation and management which may include fishing; hunting; trapping; gathering of foods, medicines and materials for ceremonial, spiritual, sustenance, or fabrication (e.g. clothing, artwork, building, etc.) purposes.

Defined Forest Area (DFA): A specified area of forest, including land and water. The Defined Forest Area for the Sustainable Forest Management Plan is the Vanderhoof Forest District, excluding private land and woodlots.

Forest Management System (FMS): The FMS is a systematic means of identifying, addressing and managing environmental impacts and sustainable forest management commitments within Canfor's Woodlands operations.

Forest and Range Practices Act (FRPA): The *Forest and Range Practices Act* brings in the application of a results-based system for the management of forest and range resources. It will fully replace the *Forest Practices Code of British Columbia Act* by December, 2005.

General Development Permit (GDP): permit obtained by oil and gas sector to authorize limited development of an area in preparation for exploration activities for oil and gas.

Global ecological cycles: The complex of self-regulating processes responsible for recycling the Earth's limited supplies of water, carbon, nitrogen and other life-sustaining elements.

Inoperable: Lands that are unsuited for timber production now and in the foreseeable future because of a range of factors, including elevation; topography; inaccessible location; low value of timber; small size of timber stands; steep or unstable soils; or designation as parks, wilderness areas, or other uses incompatible with timber production.

Indicator: A measure of an aspect of the criterion; a quantitative or qualitative variable which can be measured or described and which, when observed periodically, demonstrates trends. ¹

Landscape Unit: a planning area, generally up to about 100,000 ha in size, delineated according to topographic or geographic features such as a watershed or series of watersheds. It is established by the district manager.

Measure: A set of variable that provides quantitative information about the status/standard established for an indicator.

Natural disturbance: the historic process of fire, insects, wind, landslides and other natural events in an area.

Non Commercial brush (NCBR): Describes potential productive forest land that is covered with either 'Forest' or 'Brush'.

Natural Disturbance Unit (NDU): These units separate areas based on differences in disturbance processes, stand development, and temporal and spatial landscape pattern.

NHLB: Non-Harvestable Land Base This is area not considered part of the THLB. This includes areas excluded from contributing to timber supply during the TSR process, such as parks, riparian reserve areas, inaccessible areas, inoperable areas, non-merchantable forest types, low productivity types, recreation features, and environmentally sensitive areas.

Old Growth Management Area (OGMA): areas which contain, or are managed to replace, specific structural old-growth attributes and which are mapped out and treated as special management areas.

Predictive Ecosystem Mapping (PEM): A computer, GIS and knowledge-based method that divides landscapes into ecologically-oriented map units for management purposes.

Recreation Opportunity Spectrum (ROS): a mix of outdoor settings based on remoteness, area size, and evidence of humans, which allows for a variety of recreation activities and experiences. The descriptions used to classify the settings are on a continuum and are described as: rural, roaded resource, semi-primitive motorized, semi-primitive non- motorized, and primitive.

Regeneration delay: the maximum time allowed in a prescription, between the start of harvesting in the area to which the prescription applies, and the earliest date by which the prescription requires a minimum number of acceptable well-spaced trees per hectare to be growing in that area.

Riparian: Area adjacent to a stream, river, lake or wetland. The FPC Riparian Management Area Guidebook defines it as "areas [that] occur next to the banks of streams, lakes, and wetlands and include both the area dominated by continuous high moisture content and the adjacent upland vegetation that exerts an influence on it".

Riparian Reserve Zone (RRZ): The portion of the riparian management area or lakeshore management area located adjacent to a stream, wetland or lake.

Seral: the stage of development of an ecosystem, from a disturbed, un-vegetated state (early-seral) to a mature plant community (late-seral).

Site Index: an expression of the forest site quality of a stand, at a specified age, based either on the site height, or on the top height, which is a more objective measure.

Snag: a standing dead tree, or part of a dead tree, found in various stages of decay—from recently dead to very decomposed.

Stream Crossing Quality Index: a field based hazard assessment of the potential for accelerated erosion and sediment delivery at stream crossings. The procedure evaluates and scores the potential for eroded sediment to reach the stream environment. A high score infers that there is a significant erosion problem which may in turn cause sediment related water quality problems.

Sustainable Forest Management (SFM): Management “to maintain and enhance the long-term health of forest ecosystems, while providing ecological, economic, social and cultural opportunities for the benefit of present and future generations”¹

Target: A specific statement describing a desired future state or condition of measure. Targets should be clearly defined, time-limited and quantified, if possible.

Timber Harvesting Landbase (THLB): The area of the Defined Forest Area available for timber extraction.

Traditional Use Study (TUD): Compilation of data respecting historic use of the land and resources by First Nations

Acronyms

| | |
|---|--|
| AAC Allowable Annual Cut | MOFR British Columbia Ministry of Forests and Range |
| AIA Archaeological Impact Assessment | MPS Market Pricing System |
| AMD Amendment | NSOGO Non Spatial Old Growth Order |
| AOA Archaeological Overview Assessment | NSR Not Satisfactorily Restocked |
| BCTS BC Timber Sales | NTPF Non-Timber Forest Products |
| BEC Biogeoclimatic Ecosystem Classification | OGMA Old Growth Management Area |
| BEO Biodiversity Emphasis Option | OHSC Occupational Health and Safety Committee |
| Canfor Canadian Forest Products Ltd. | OSB Oriented Strandboard |
| CHR Cultural Heritage Resource | PAG Public Advisory Group |
| CFS Canadian Forest Service | PEM Predictive Ecosystem Mapping |
| CFLB Crown forested land base | PMP Pest Management Plan |
| COPI Creating Opportunity for Public Involvement | PRISM Public Response for Informed Sustainable Management |
| CP Cutting Permit | RMZ Riparian Management Zone |
| DBH Diameter at Breast Height | ROS Recreation Opportunity Spectrum |
| EFG Early Free Growing | RRZ Riparian Reserve Zone |
| FDP Forest Development Plan | RVQC Recommended Visual Quality Class |
| FMS Forest Management System | SDE Spatial Data Engine |
| FG Free Growing | SFMP Sustainable Forest Management Plan |
| FIA Forest Investment Account | SI50 Site Index for age 50 |
| FPC Forest Practices Code | SOP Standard Operating Procedure |
| FSP Forest Stewardship Plan | Sx White Spruce |
| GENUS Name for data management system | TBD To be determined |
| GIS Geographic Information Systems | THLB Timber Harvesting Land Base |
| GMZ/GRZ General Resource Zone | TSA Timber Supply Area |
| ILMB Integrated Land Management Bureau | TSR Timber Supply Review |
| ITS Incident Tracking System | UWR Ungulate Winter Range |
| KDC Kaska Dene Council | VRI Vegetation Resources Inventory |
| LFG Late Free Growing | VQO Visual Quality Objective |
| LRMP Land Resources Management Plan | WQCR Water Quality Concern Rating |
| LU Landscape Unit | WHA Wildlife Habitat Area |
| LUPG Landscape Unit Planning Guide | WTP Wildlife Tree Patch |
| MAI Mean Annual Increment | WTR Wildlife Tree Retention |
| MOA Memorandum of Agreement | |

¹ The State of Canada’s Forests 2001/2002, as cited by the CSA.

Executive Summary

Fort Nelson Defined Forest Area location

The Defined Forest Area (DFA) of the SFM Plan is the Fort Nelson Timber Supply Area (TSA) as described for the Timber Supply Review. The Fort Nelson DFA is located in the northeastern corner of British Columbia and covers approximately 9.8 million hectares, bordering Alberta to the east and the Northwest Territories and the Yukon Territory to the north. The Alaska Highway (Highway # 97) is the main access to the town of Fort Nelson and the only major service road within the DFA. The Alaska Highway leads travelers north from Dawson Creek, BC, through the Yukon to Fairbanks, Alaska. The 317 Road (Highway 77), so named because it begins 17 miles from Fort Nelson (Mile 300 on the Old Alaska Highway), is the only other year round road access to the Fort Nelson area, providing access to the Northwest Territories (source MOFR website).

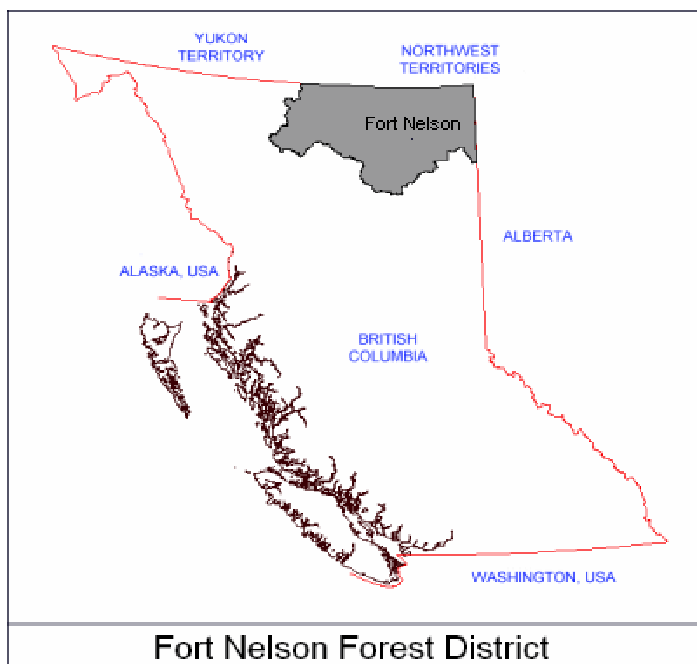


Figure 1: Fort Nelson Defined Forest Area

Purpose

This report is prepared as part of the annual assessment to confirm Canfor's continued implementation of the CSA SFM standard. This report is the fourth edition since registration to the CSA-Z809-02 standard in 2005 and provides a status from April 1, 2008 to March 31, 2009 of the locally developed measures of the SFMP. The SFM Annual Report date is due May 15th annually. The SFM Management Review date will be conducted upon completion of the annual report with a focus on measures that did not meet the target. In this report, each measure is re-iterated, and a brief status update is provided. For further reference to the intent of the measures, or the practices involved, the reader should refer to Canfor's

Sustainable Forest Management Plan for the Fort Nelson DFA (SFMP, March 15, 2005). Reporting for BC Timber Sales is provided in a separate report.

Circumstances affecting SFM process

Canfor Corporation announced on January 18th, 2008 that due to poor wood product markets, a high Canadian dollar and record low oriented strand board (OSB) prices, its PolarBoard OSB and Tackama plywood mills in Fort Nelson would be closing indefinitely. The Polarboard closure took effect once the existing inventories were utilized and finished products shipped, which occurred in early June 2008. On February 26th, 2008 it was announced that Canfor's Fort Nelson Tackama mill would continue operations, largely because of the efforts of the United Steel Workers Union, employees, suppliers, the provincial government and contractors to identify means to reduce costs at Tackama and establish a business case to keep Tackama operating. Through the contributions of the union, employees, contractors and suppliers and policy changes announced by the provincial government a business case was made to continue operations at Tackama. The business case was predicated upon Tackama realizing the intended cost savings and continued positive performance of plywood markets. Although Tackama has performed very well and met record production targets, Canfor Corporation

has reassessed Tackama's situation and announced on October 8th, 2008 that due to the continued poor demand and low prices for plywood across North America, it will be closing indefinitely its Tackama plywood plant in Fort Nelson. The current market conditions and future outlook for plywood prices were not encouraging with no evidence of a turnaround in the near future and consequently Canfor had to curtail production to address the reduced market demand.

The closure of the PolarBoard mill, followed later by the closure of the Tackama mill affects local forest management, the PRISM and Public Advisory Group in the following ways:

- Reduced and/or no operational activities will affect reporting of certain measures;
- Cessation of harvest activities will reduce the economic benefit of forest management to the region;
- Layoff's and staff re-location renders data collection difficult;
- Reduced resources available to continue with frequent PAG meetings, resulting in reduced numbers of meetings and field tours;
- Difficulties to attract new PAG members, promote their interest in forestry and to maintain current membership during the challenging economic climate that the forest industry is currently experiencing.

Overview of Achievements Canfor

For the 2008 reporting year the following list describes the results achieved:

- ✓ 50 of the 61 measures were achieved (82%),
- ✓ 7 measures are pending (11.5%),
- ✓ 4 of the indicator objectives were not met (6.5%).

The overview of target achievements in this section captures Canfor's performance measures. BC Timber Sales is responsible for reporting their achievements through their Annual Report. Figure 2 below compares the 2008 measure achievement to previous reporting periods. A slight decrease in measures being met is noticeable due to an increase in pending measures, which is explained partly through the measure revision completed in the past years and due to the fact that certain data was not available at time of reporting. This 2008 Annual Report is the first year in which the "new" measures that were revised in 2007 and early 2008 are reported out on. The changes to the measures that were revised, removed or added during that period are listed in the 2007 SFM Annual Report (table 1).

Two of the four measures not achieved in 2008 were also not achieved in 2007 (2-3.2 Compliance with Regeneration Standards and 2-3.3 Compliance with Free Growing). Measures that were not met will be discussed during the upcoming Management Review and actions will be identified that should result in improving trends.

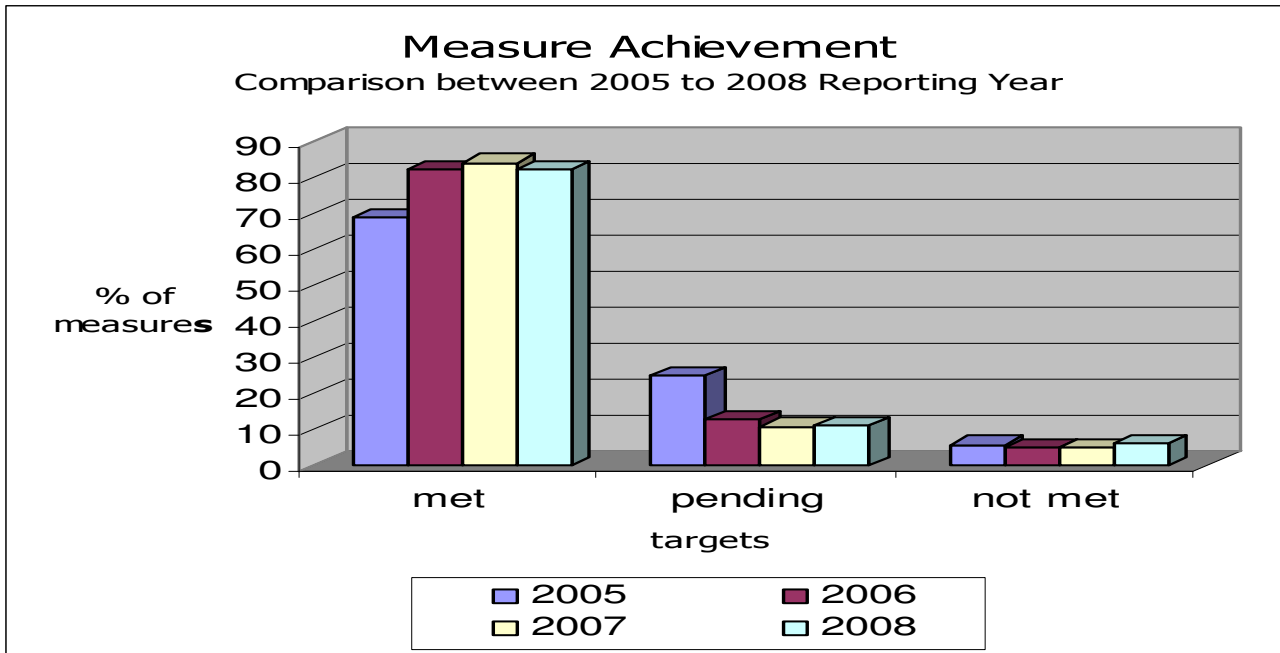


Figure 2: Comparison of measure achievement Canfor 2005 to 2008

Following is a summary of 2008 measures:

Table 1: Summary of Canfor's 2008 measure status

| Measure | | Target Met | Target Pending | Target Not Met |
|---------|--|------------|----------------|----------------|
| 1-1.1 | Ecosystem Representation | ✓ | | |
| 1-1.2 | Seral Stages | ✓ | | |
| | Habitat Elements | | | |
| 1-2.1a | Dead standing trees | ✓ | | |
| 1-2.1b | Stand Level Retention | ✓ | | |
| 1-2.1c | Coarse Woody Debris | ✓ | | |
| 1-2.1d | Riparian areas | ✓ | | |
| 1-2.1e | Shrub areas | ✓ | | |
| 1-2.1f | Hardwood areas | ✓ | | |
| 1-3.1 | Vertebrate Species Populations | | ✓ | |
| 1-3.2 | Management Strategies | ✓ | | |
| 1-4.1 | Protected Areas | ✓ | | |
| 1-4.2 | Special Sites – Biological Significance | ✓ | | |
| 1-4.3 | Management Activities Consistent – Muskwa-Kechika | ✓ | | |
| 1-4.4 | General Wildlife Measures | ✓ | | |
| 1-5.1 | Stream Crossings – Surveyed WQCR | | | ✓ |
| 1-5.2 | Stream Crossings – Installed/Removed | ✓ | | |
| 1-5.3 | Stream Crossings – Inspections/Mitigation measures | ✓ | | |
| 1-6.1 | Conifer Seeds – accordance with regulation | ✓ | | |
| 1-6.2 | Aspen Regeneration – Natural Regeneration | ✓ | | |
| 2-1.1 | Site Index | ✓ | | |
| 2-2.1 | Forest Converted to Non-Forest Land use | ✓ | | |
| 2-2.2 | Long Term Detrimental Soil Disturbance | ✓ | | |
| 2-2.3 | Landslides | ✓ | | |
| 2-2.4 | Response to Oil and Gas information requests | ✓ | | |
| 2-3.1 | Regeneration Delay | ✓ | | |
| 2-3.2 | Compliance with Regeneration Standards | | | ✓ |

| Measure | | Target Met | Target Pending | Target Not Met |
|---------|---|------------|----------------|----------------|
| 2-3.3 | Compliance with Free Growing | | | ✓ |
| 2-4.1 | Treatment plans for natural disturbance events | ✓ | | |
| 2-4.2 | Percent of catastrophic natural disturbance events | ✓ | | |
| 3-1.1 | Carbon stored in trees and non-tree Vegetation | ✓ | | |
| 3-3.1 | Carbon Sequestration | ✓ | | |
| 4-1.1 | Total Value of Timber Harvested | ✓ | | |
| 4-1.2 | Timber Supply Certainty | ✓ | | |
| 4-2.1 | Direct Employment | ✓ | | |
| 4-2.2 | Indirect/Induced Employment | ✓ | | |
| 4-2.3 | Dollar Value of BCTS Timber Sales and Advertised Volumes for Sale | ✓ | | |
| 4-3.1 | Fees Paid by Forest Industry | ✓ | | |
| 4-4.1 | Opportunities for First Nations | ✓ | | |
| 4-4.2 | BCTS timber sales bids, Small Scale salvage and NRFL's | ✓ | | |
| 4-5.1 | Factors Influencing Competitiveness of Foerst Industry | | | ✓ |
| 4-5.2 | Competitive Primary Milling Facility | ✓ | | |
| 5-1.1 | Potential for Marketed Non-Timber Benefits | | ✓ | |
| 5-1.2 | Marketed and Market Activity of Non-Timber Forest Resources | ✓ | | |
| 6-1.1 | Employment by Broad Sector – Local Economy | ✓ | | |
| 6-1.2 | Employment by Industry | | ✓ | |
| 7-1.1 | Stakeholder Analysis | ✓ | | |
| 7-1.2 | Communication with the Pubic | ✓ | | |
| 7-1.3 | Effective Public Advisory Group | ✓ | | |
| 7-1.4 | Equitable and Inclusive Deliberation Process | ✓ | | |
| 7-1.5 | Perception of PAG to Forest Management Reponse to Stakeholder Input | | ✓ | |
| 8-1.1 | Information Sharing First Nations | ✓ | | |
| 8-2.1 | Culturally Important Sites | ✓ | | |
| 8-3.1 | Opportunities for First Nation's to Comment on Forest Management Activities | ✓ | | |
| 8-3.2 | First Nation's Involvement during Archaeological Assessments | ✓ | | |
| 9-1.1 | Area and Percentage of Forests Managed for Recreation Activities | ✓ | | |
| 9-2.1 | Compliance with Visual Quality Objectives | ✓ | | |
| 9-3.1 | Unique or Significant Places and Features and Protected Areas | ✓ | | |
| 9-4.1 | SAFE Companies Certification and Registration | ✓ | | |
| 9-4.2 | Number of All Injuries | | ✓ | |
| 9-4.3 | Number of Serious Injuries | | ✓ | |
| 9-4.4 | Number of Fatalities | | ✓ | |
| | | 50 | 7 | 4 |

Continuous Improvement

To facilitate reporting and continuous improvement of the measures and targets in the SFM Plan, and to ensure that data is collected in a timely and orderly fashion, each measure will be recorded and tracked. This will occur either in Canfor's 'GENUS Environment' module or in a separate database specific to the measure. GENUS acts like a warehouse for most SFM tasks, tracking responsibilities, due dates, and progress comments.

With the shutdown of the Canfor mills in Fort Nelson, no Canfor harvest activities are expected to occur in the 2009 and 2010 reporting years. As a result, the 2009 and potentially the 2010 Annual Reports will provide minimal reporting of measures directly affected by harvest activities.

1-1.1 - Ecosystem Representation

| Measure 1-1.1 The number, size and type of distinct habitat types in both the THLB and NHLB | |
|--|--|
| Target | Results |
| 1. 100% of rare ecosystem clusters (< 2000 ha) will be reserved from harvest. | Zero hectares of rare ecosystem clusters were harvested. Target met. |
| 2. Where less than 50% representation in the NHLB of uncommon ecosystem clusters (defined as < 1% abundance in the CFLB) management strategies to maintain representation will be developed and implemented. | Zero hectares of uncommon ecosystem clusters were harvested. Target met. |
| 3. Develop and implement management strategies to maintain representation of red and blue listed ecosystem communities with a low or very low resilience to disturbance. | Zero hectares of red/blue listed ecosystem communities were harvested. Target met. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |
| | | |

Table 2: Significant plant communities within Canfor cutblocks

| BLOCK | NAR [HA] | GROSS AREA [HA] | ECOSYSTEM CATEGORY | ECOSYSTEM OVERLAP [HA] |
|---------|----------|-----------------|--------------------|------------------------|
| ELH2050 | 50.4 | 63.1 | All | None |

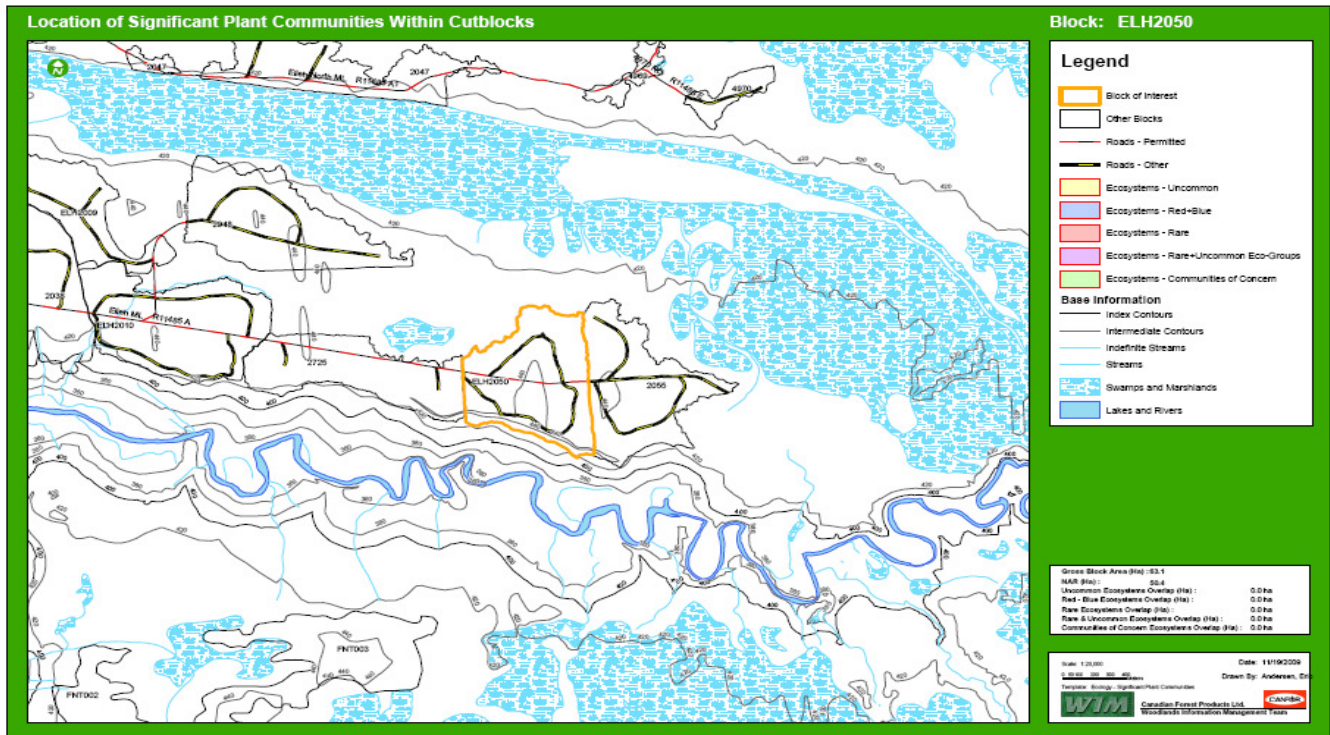


Figure 3: Overlay of significant plant communities within ELH2050

References

- Ecosystem Representation Analysis March 31, 2005_Forest Ecosystem Solutions Ltd.
- Sites of Biological Significance Standard Operating Procedure _ Dec. 11, 2007

1-1.2 - Seral Stages

Measure 1-1.2

Percent area by old and mature+old seral stage by Landscape Unit and BEC variant for crown forest land base (CFLB) affected by forest management operations

| Target | Results |
|---|---|
| Show improving trend of meeting targets as per Provincial Non Spatial Old Growth Order (NSOGO) and LUPG | Table 4 summarizes the results recorded in this reporting period relating to targets for 'mature + old' and 'old' seral stages. A relative comparison of the results of this reporting period to those in the previous reporting period, indicates that an improving trend toward meeting targets as per NSOGO and the LUPG was achieved in most biogeoclimatic variants. The trend between 2005 and 2008 can be seen in Figure 4, Figure 5 and Figure 6. The trend within the BWBSmw2 variant was slightly decreasing for mature and old seral stages, but significantly increasing for old seral stage. Some variation exists for the other variants due to the fact that harvesting did not occur in those variants and that natural disturbances (i.e. wildfires) took place. |

Table 3: Seral stage distribution in the Fort Nelson DFA

| | NHLB vs THLB Comparison | | Mature + Old | Old | Total (Ha) |
|-------------------|-------------------------|------------------|------------------|------------------|-------------------|
| | NHLB | THLB | Current | Current | |
| | (Ha) | (Ha) | (Ha) | (Ha) | |
| Total 2008 | 6,772,631 | 1,109,626 | 3,013,182 | 1,361,900 | 7,882,257, |

Table 4: Summary of seral stage distribution for mature+old and old

| | Mature + Old Summary | | | Old Summary | | | Drawn Down Old Summary | | |
|------------------|----------------------|------------------|--------------|---------------------|------------------|--------------|------------------------|------------------|--------------|
| | Count of Target Met | Count of BEO/BEC | % Target Met | Count of Target Met | Count of BEO/BEC | % Target Met | Count of Target Met | Count of BEO/BEC | % Target Met |
| BWBS dk 1 | 12 | 12 | 100% | 12 | 12 | 100% | 12 | 12 | 100% |
| BWBS dk 2 | 33 | 38 | 86.8% | 32 | 38 | 84.2% | 34 | 38 | 89.5% |
| BWBS mw 2 | 118 | 126 | 93.7% | 114 | 126 | 90.5% | 116 | 126 | 92.1% |
| BWBS wk 2 | 1 | 2 | 50% | 0 | 2 | 0.0% | 0 | 2 | 0.0% |
| BWBS wk 3 | 34 | 39 | 87.2% | 23 | 39 | 59.0% | 25 | 39 | 64.1% |
| SWB mk | 47 | 47 | 100.0% | 6 | 47 | 12.8% | 9 | 47 | 19.2% |
| SWB mks | 34 | 34 | 100.0% | 7 | 34 | 20.6% | 8 | 34 | 23.5% |

Target Met

| | | |
|-------|----|---------|
| Yes ✓ | No | Pending |
|-------|----|---------|

Recommendations and Next Steps

Currently, the Integrated Land Management Bureau (ILMB) is working towards the establishment of Old Growth Management Areas (OGMA) for the Fort Nelson TSA, in an effort to replace the legal requirement to adhere to the NSOGO. Upon the establishment and implementation of OGMA's within the Fort Nelson TSA, Canfor will revise this measure and related provisions within the FSP to address this change.

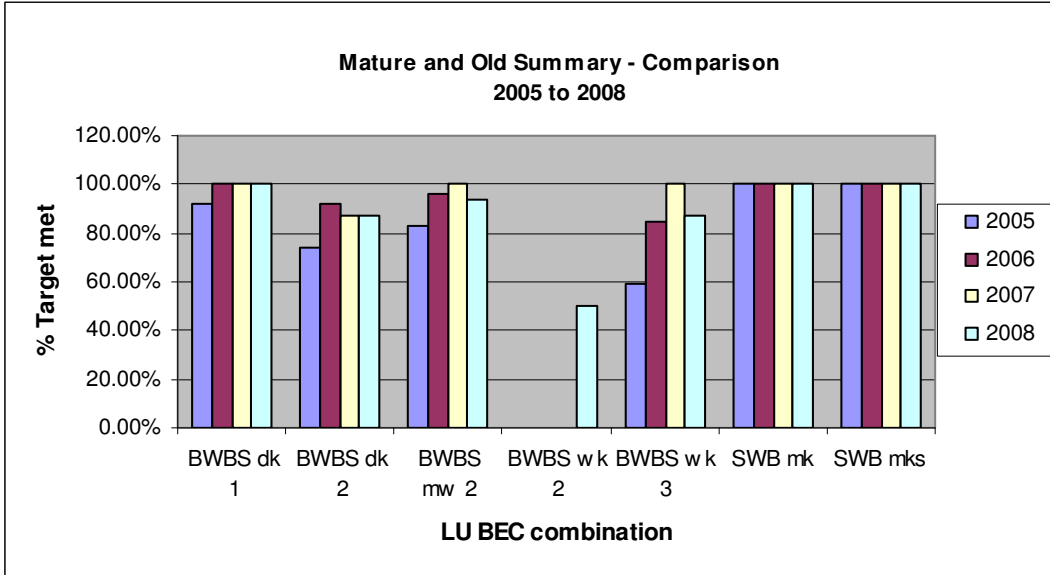


Figure 4: Seral stage distribution 'mature and old'

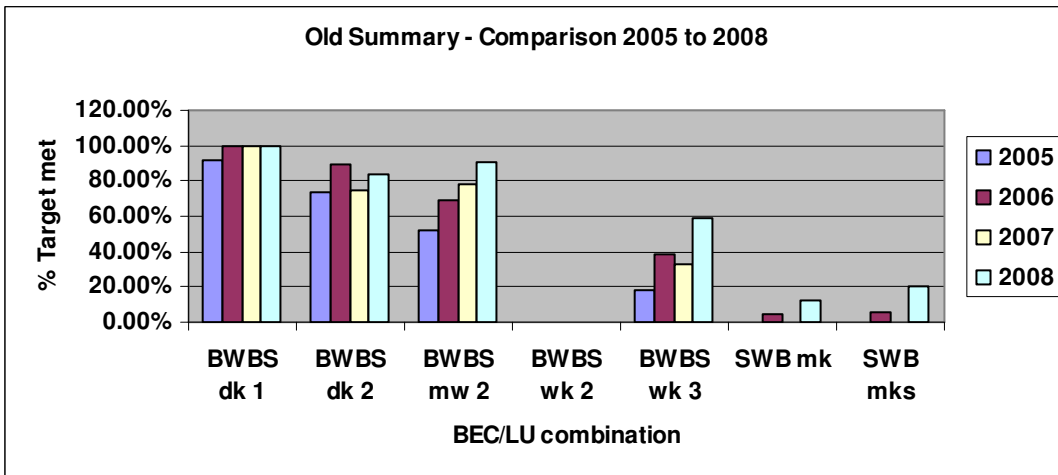


Figure 5: Seral stage distribution 'old'

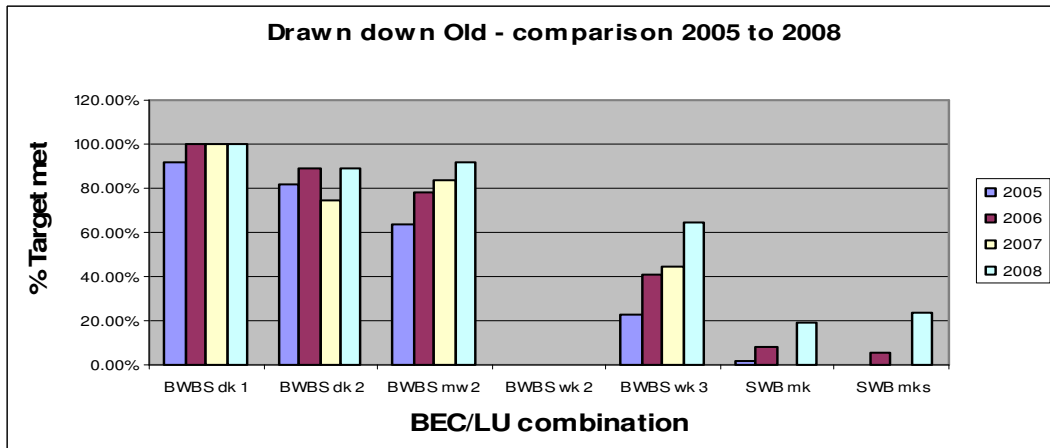


Figure 6: Seral stage distribution 'drawn down old'

1-2.1 a) - Dead Standing

| Measure 1-2.1a Dead standing trees on harvested areas in the THLB | |
|---|---|
| Target | Results |
| Average of ≥ 7 snags and/or live trees/ha where prescribed after harvesting in THLB (-2) | The only block that was completely harvested during the reporting period was ELH2050. On average 5 stubs per hectare were maintained. Applying the variance of minus two trees per hectare the target has been met. |

Table 5: Canfor dead standing/live trees on harvested areas

| | CP/TSL | Block | Operating area | Average # of total snags/trees / stubs per ha where prescribed |
|---|--------|---------|----------------|--|
| 1 | CP138 | ELH2050 | Elleh | 5 |

| Target Met | | |
|------------|----|---------|
| Yes | No | Pending |
| ✓ | | |

| References |
|---|
| <ul style="list-style-type: none"> • Snag SOP Feb. 21, 2006 SFM reporting checklists • "Wildlife Trees and Coarse Woody Debris: Baseline Data and Procedural Considerations for the Fort Nelson TSA" prepared by Silvicon Services Inc. and Manning, Cooper and Associated Ltd. March 31, 2006 • SFM Reporting checklist ELH2050 and map |

1-2.1 b) - Stand Level Retention

| Measure 1-2.1b Stand Level Retention by Landscape Unit and BEC Variant | |
|--|---|
| Target | Results |
| 100% conformance with locally developed targets as identified in respective licensee's FSP's | The current practice is to follow the Land Use Planning Guide (LUPG) targets for wildlife tree patch (WTP) retention. Table 6 and Table 7 show that retention levels within ELH2050, which is the only block harvested within the reporting period, has been exceeded on a block level and on a cutting permit level. This target has been met. |

Table 6 : Stand level retention for all Canfor cutblocks²

| Landscape Unit | Biogeoclimatic Zone | Harvested Area (ha) | WTP Area (ha) | Retention (%) | Target Retention (%) |
|----------------|---------------------|---------------------|---------------|---------------|----------------------|
| 11 Elleh | BWBSmw | 123.4 | 11.4 | 8.5 | 5.0 |
| Total | | 123.4 | 11.4 | | |

Table 7: Stand level retention by cutting permit for all Canfor cutblocks³

| Permit | BEC | Landscape Unit (#) | Harvested Area (ha) | WTP Area (ha) | Retention (%) | Target Retention (%) |
|--------------|--------|--------------------|---------------------|---------------|---------------|----------------------|
| 138 | BWBSmw | Elleh (11) | 55 | 8 | 12.1 | 5.0 |
| Total | | TOTAL | 55 | 8 | | |

² Blocks harvested between April 17/08 and March 31/09

³ Blocks harvested between April 17/08 and March 31/09

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| Recommendations and Next Steps |
|---|
| It is recommended that the target statement(s) for this measure be realigned to improve transparency, simplify reporting, and better represent practices currently employed for managing stand level retention (CP balancing). It could be considered to report out on completed cutting permits (i.e. CPs that expire within the reporting period), rather than on an individual block basis by LU/BEC combination. This recommendation is based on difficulties achieving the target during normal operations as demonstrated in the previous SFM Annual Reports. |

| References |
|--|
| <ul style="list-style-type: none"> • SFM Crystal report SFMP 1-2.1b stand level retention by cutting permit • SFM Crystal report SFMP 1-2.1 b stand level retention • Forest Stewardship Plan |

1-2.1 c) - Coarse Woody Debris

| Measure 1-2.1 c Coarse Woody Debris (CWD) on harvested areas in the Timber Harvest Land Base (THLB) | |
|---|---|
| Target | Results |
| Coarse woody debris: Interim > 4 logs (2m or greater length; 7.5 cm or greater top diameter)/ha after harvesting (0) | An ocular estimate of Coarse Woody Debris for ELH2050 resulted in approximately 2 cubic meters per hectare. The results exceed the required target for Coarse Woody Debris (CWD) since a log of 2 m length with 7.5 cm top and butt converts to 0.01 m ³ . Four logs of this size would amount to only 0.04 m ³ per hectare and represent the minimum target. |

Table 8: Canfor CWD volumes based on waste and residue surveys

| 2008 Waste | | |
|------------|---------|-----------------|
| CP/FLC | Block | Dispersed in M3 |
| 138 | ELH2050 | 2 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| Recommendations and Next Steps |
|---|
| During an internal audit, conducted by Carruthers Forest Solutions Ltd. December 2008, with the purpose to assess conformance to Canfor's Forest Management System, it was recommended for this measure to consider adding both, length and diameter, to the measure as a surrogate for CWD quality. This would allow a more meaningful evaluation of the significant waste volumes reported. |

| References |
|--|
| <ul style="list-style-type: none"> • "Wildlife Trees and Coarse Woody Debris: Baseline Data and Procedural Considerations for the Fort Nelson TSA" prepared by Silvicon Services Inc. and Manning, Cooper and Associated Ltd. March 31, 2006. • FMS Internal Audit Report December 15th, 2008 by Carruthers Forest Solutions Ltd. |

1-2.1 d) - Riparian Areas

| Measure 1-2.1 d Riparian areas in the Timber Harvest Land Base (THLB) | |
|---|--|
| Target | Results |
| Riparian reserve zone standards will meet or exceed strategy/standards as defined in approved FSP/FDPs(0) | The only block harvested during the reporting period has no streams or riparian areas located within the cutblock. In regards to infractions to any riparian reserve zones of S1 to S3 streams, no incidents were recorded in Canfor's ITS system. The target has been met 100% for Canfor blocks. |

Table 9: Blocks with Riparian Reserve Zones (RRZ's)

| Harvested blocks with Riparian Reserve Zones(RRZ) | Classification | | | |
|---|----------------|----------|----------|-------------|
| | S1 | S2 | S3 | Infractions |
| 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

1-2.1 e) - Shrub Areas

| Measure 1-2.1 e Shrub areas across the Crown Forest Land Base (CFLB) | |
|--|--|
| Target | Results |
| Sustain current baseline shrub habitat % in the THLB (0.5%) while tracking the trend in the NHLB (using updated inventory information) | Shrub areas are defined as stands less than 20 years old. Table 10 shows that in the 2008 reporting period 1.55 % of shrub areas exist in the THLB compared to 1.39 % in 2006. The target appears not to be met, since the variance exceeds 0.5%. However, discrepancies in reporting occurred due to updated inventory information and a reduction in the THLB area. Inventory data was updated since the development of the first version of the SFM Plan, which provided the baseline data for setting targets. The original data source came from the Fort Nelson TSR3 data package. Since inventory updates occurred in 2006, THLB analysis was conducted in-house by GIS analysts. The newer baseline reported in the 2006 Annual Report (in-house) showed a significant increase in the THLB (almost double). It did not occur until the 2007 reporting period that the reporting for the THLB/NHLB in the 2006 report seemed unrealistic and this resulted in a request for new analysis for the 2008 reporting period. Currently it is not possible to follow the same analysis as in the TSR3 process to obtain areas for THLB and NHLB, as very detailed steps as to the order of net-downs are required. Those steps can hardly be matched with the "in-house analysis" capabilities. Therefore, there is a drastic difference in the THLB/NHLB and shrub areas shown between the previous reporting years and the 2008 reporting year. The current THLB for 2008 should be considered new baseline data to compare shrub habitat for coming reporting years. Due to the change to the THLB area and the fact that hardly any harvesting took place in 2008, the impact is minimal to shrub habitat and the measure can be considered met. |

Table 10: Shrub areas across the CFLB

| 2006-2007 | CFLB | | THLB | | NHLB | |
|---|-----------|-----|-----------------------------|------|-----------|------|
| | Ha | % | Ha | % | ha | % |
| TSA total | 5,568,036 | 100 | 2,318,456 | 41.6 | 3,249,580 | 58.4 |
| Stands less than 20 years - 2006 baseline | 92,675.9 | 100 | 32,143.0 (1.39% of THLB) | 34.7 | 60,532.0 | 65.3 |
| Stands less than 20 years - 2007 | 92,675.7 | 100 | 31,449.3 | 33.9 | 61,226.4 | 66.1 |

| | | | | | | |
|---|-------------|-----|------------------------------|------|-------------|------|
| reporting period | | | (1.36% of THLB) | | | |
| 2008 | CFLB | | THLB | | NHLB | |
| | Ha | % | Ha | % | ha | % |
| | 5,983,199 | 100 | 1,109,813 | 18.5 | 4,597,939 | 76.8 |
| Stands less than 20 years – 2008 Reporting period | 192,518.8 | 100 | 17,235.1 (1.55 % of THLB) | | | |

| | | |
|-------------------|----|---------|
| Target Met | | |
| Yes ✓ | No | Pending |

1-2.1 f) - Hardwood Areas

| Measure 1-2.1 f Hardwood areas across the Crown Forest Land Base (CFLB) | |
|---|--|
| Target | Results |
| Sustain 43% (5%) of the stands as pure or hardwood leading in the THLB while tracking the trend in the NHLB (using updated inventory information) | As shown in Table 11, 77.7 % of total hardwoods are accounted for in the THLB. The value exceeds the identified target by far, which is linked to inconsistencies in retrieving a reliable source of baseline data. Inventory data was updated since the development of the first version of the SFM Plan, which provided the original set of baseline data for setting targets. The original data source came from the Fort Nelson TSR3 data package. Since inventory updates occurred in 2006, THLB analysis was conducted in house by GIS analysts. The newer baseline reported in the 2006 Annual Report (in-house) showed a significant increase in the THLB (almost double). It did not occur until the 2007 reporting period that the reporting for the THLB/NHLB in the 2006 report seemed unrealistic and this resulted in a request for new analysis during the 2007 reporting period. The GIS analysts informed of the difficulties to follow the same TSR3 analysis process, as very detailed steps as to the order of net-downs are required. Those steps can hardly be matched with the "in-house analysis" capabilities and a variance should be expected. Due to the big differences in data for the size of the THLB and NHLB within the past two years, it is crucial to develop a reliable analysis that can provide meaningful baseline data or, the analysis could be reported out with the next TSR analysis. Since Canfor has harvested only conifer leading stands in the 2008 reporting period, the measure can be considered met, although the data itself is not meaningful in comparison to previous data. |

Table 11: Hardwood areas across the CFLB

| 2008 reporting year | CFLB | | THLB | | NHLB | |
|-------------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | Ha | % | Ha | % | ha | % |
| TSA total | 9,859,321 | 100 | 1,109,814 | 100 | 3,374,227 | 100 |
| Pure Hardwoods ¹ | 1,071,994 | 10.9 | 657,375 | 59.2 | 414,619 | 12.3 |
| Hardwood-leading mixed ² | 452,116 | 4.6 | 205,060 | 18.5 | 247,055 | 7.3 |
| Hardwoods total | 1,524,110 | 15.5 | 862,435 | 77.7 | 661,674 | 19.6 |
| Pure Conifers ³ | 3,583,672 | 36.3 | 1,123,399 | 101.2 | 2,460,273 | 72.9 |
| Conifer Leading mixed ⁴ | 532,327 | 5.4 | 302,898 | 27.3 | 229,428 | 6.8 |
| Conifer total baseline | 4,115,999 | 41.7 | 1,426,297 | 61.7 | 2,689,701 | 79.7 |
| Other | 2,877,673 | 29.2 | 48,499 | 4.4 | 2,829,174 | 254.9 |

¹ Pure hardwood stands containing deciduous volume greater or equal to 80%

³ Pure conifer stands containing conifer volume greater or equal to 80%

² Conifer leading stands exceeding or equal to 50% conifer volume

⁴ Hardwood leading stands exceeding or equal to 50% deciduous volume

| References |
|---|
| <ul style="list-style-type: none"> SFM crystal report measure 1-2.1f |

| | | |
|-------------------|----|---------|
| Target Met | | |
| Yes ✓ | No | Pending |

| Recommendations and Next Steps |
|---|
| Since the current 2004 baseline is not reflective of the actual hardwood component within the THLB, the |

target of 43% should be adjusted to the appropriate baseline. The need to establish a reliable baseline that will remain consistent over time is crucial in order to identify meaningful changes over time. The target to this measure should be reviewed with the PRISM.

1-3.1 Vertebrate Species Populations

| Measure 1-3.1 Recommended vertebrate species populations remain productive relative to baseline | |
|--|--|
| Target | Results |
| Baseline Population Productivity not to be negatively impacted by forest management activities. | The Baseline data has not yet been established. A songbird monitoring program is ongoing and is in its fourth year. The objective of the monitoring project is to collect a fourth year of data on songbird and woodpecker populations in the Fort Nelson Forest District, to produce an analysis of the monitoring strategy, and to identify trends of bird species diversity and abundance detected over the four years since 2006 and compare them to data collected by the Breeding Bird Survey. The fourth year final report will be available January 31st, 2010 and a baseline will need to be established after completion of the project. |

| Target Met | | |
|------------|----|-----------|
| Yes | No | Pending ✓ |

| References |
|--|
| <ul style="list-style-type: none"> • "Selection of Potential Indicator Species of Vertebrates to monitor the effects of practices on Forest Habitat in the Fort Nelson Timber Supply Area" by Isabell Houde, Dec. 2004. • Completed final report on the 3rd year songbird monitoring: "Canada Warbler Habitat Sampling in the Fort Nelson Forest District, March 2009, completed by Cooper, Beauchesne, and Associates Ltd. • Currently in progress: "Songbird Monitoring in the Fort Nelson Forest District Year 4 by Cooper, Beauchesne, and Associates Ltd. (final report expected in January 2010) |

| Recommendations and Next Steps |
|---|
| Selected indicator species for the Fort Nelson DFA are currently songbirds and woodpeckers based on the report from Isabell Houde, Dec. 2004. The monitoring of those species is underway for the fourth season and a scientifically sound baseline could be available in spring 2010. A specific measure and target need to be developed once the baseline information is available. |

1-3.2 - Management Strategies

| Measure 1-3.2 Percentage of Schedule One Species at Risk management strategies that are followed | |
|---|---|
| Target | Results |
| 100% (0) | No species at risk were identified for ELH2050, the only block harvested during the reporting period. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> • Species at Risk Standard Operating Procedures, Dec. 5th, 2007 • Management Guidelines for Species and Plant Communities at Risk in the Fort Nelson Forest District, Gilbert Proulx, Nov. 30, 2005 • A Field Guide to Species and Plant Communities in the Fort Nelson Forest District, G. Proulx, 2006 |

1-4.1 - Protected Areas

| Measure 1-4.1 Amount of forest management activities (harvesting or road construction) within government designated protected areas | |
|--|---|
| Target | Results |
| Zero hectares of forestry related harvesting or road construction within Class A parks, ecological reserves or LRMP designated protected areas | The total TSA area (based on TSR III) is 9,868,067 ha; the total percentage of land base of government designated protected areas in the TSA is unchanged from the last reporting period in 2007, remaining at 9.7%. Zero hectares of forestry related harvesting or road construction within Class A parks, ecological reserves or LRMP designated protected areas occurred during the reporting year. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> • http://www.env.gov.bc.ca/bcparks/ • http://www.northernrockies.org/ • http://www.env.gov.bc.ca/bcparks/eco_reserve/html • Sites of Biological Significance Standard Operating Procedure _ Dec. 11, 2007 |

Table 12: Parks and protected areas in the Fort Nelson DFA

| Parks and Protected Areas | Total Area (ha) | Area within DFA (ha) |
|--|-----------------|----------------------|
| <i>Andy Bailey Regional Park</i> | 196 | 196 |
| <i>Dall River Old Growth Provincial Park</i> | 644 | 644 |
| <i>Denetiah Provincial Park</i> | 97,908 | 13,324 |
| <i>Dune Za Keyih Provincial Park and Protected Area</i> | 347,789 | 63 |
| <i>Fort Nelson River Ecological Reserve</i> | 121 | 121 |
| <i>Goguka Creek Protected Area</i> | 435 | 435 |
| <i>Grayling River Hotsprings Ecological Reserve</i> | 1,421 | 1,421 |
| <i>Hay River Protected Area</i> | 2,324 | 2,324 |
| <i>Hornline Creek Provincial Park</i> | 298 | 298 |
| <i>Jackpine Remnant Provincial Park</i> | 148 | 148 |
| <i>Kledo Creek Provincial Park</i> | 6 | 6 |
| <i>Klua Lakes Protected Area</i> | 28,040 | 28,040 |
| <i>Kotcho Lake Ecological Reserve</i> | 64 | 31 |
| <i>Kotcho Lake Village Provincial Park</i> | 34 | 34 |
| <i>Kwadacha Wilderness Provincial Park</i> | 114,444 | 38 |
| <i>Liard River Corridor Provincial Park and Protected Area</i> | 88,989 | 81,202 |
| <i>Liard River Hotsprings Provincial Park</i> | 1,082 | 1,082 |
| <i>Maxhamish Lake Provincial Park and Protected Area</i> | 27,516 | 27,516 |
| <i>Muncho Lake Provincial Park</i> | 86,079 | 86,079 |
| <i>Northern Rocky Mountains Provincial Park</i> | 665,709 | 665,709 |
| <i>Parker Lake Ecological Reserve</i> | 259 | 259 |
| <i>Portage Brule Rapids Ecological Reserve</i> | 724 | 724 |
| <i>Portage Brule Rapids Protected Area</i> | 428 | 428 |
| <i>Prophet River Hot Springs Provincial Park</i> | 185 | 185 |
| <i>Prophet River Wayside</i> | 113 | 113 |
| <i>Redfern – Keily Provincial Park</i> | 80,771 | 65 |
| <i>Scatter River Old Growth Provincial Park</i> | 1,178 | 1,178 |
| <i>Smith River Falls- Fort Halkett Provincial Park</i> | 254 | 244 |
| <i>Smith River Ecological Reserve</i> | 1,326 | 1,289 |

| Parks and Protected Areas | Total Area (ha) | Area within DFA (ha) |
|---------------------------------------|------------------|----------------------|
| <i>Stone Mountain Provincial Park</i> | 25,690 | 25,690 |
| <i>Tetsa River Regional Park</i> | 115 | 115 |
| <i>Thinahtea North Protected Area</i> | 3,674 | 3,674 |
| <i>Thinahtea South Protected Area</i> | 16,705 | 16,709 |
| <i>Toad River Hotsprings</i> | 423 | 423 |
| TOTAL: | 1,595,092 | 959,807 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

1-4.2 - Special Sites - Biological Significance

| Measure 1-4.2 The percentage of identified and documented sites of special biological significance that are managed for | |
|--|--|
| Target | Results |
| 100% (0) | One stick nests was reported in block ELH2050 in the northern part of the block. The stick nest has been incorporated into a wildlife tree patch. No other sites of biological significance have been reported in the 2008 reporting period. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| Comments |
|--|
| Site of biological significance are defined as rare, uncommon and red/blue listed ecological communities (reported out on in measure 1-1.1) , raptor stick nests (Northern Goshawk and Bald Eagle), significant mineral licks and wallows, grizzly bear denning sites, maternity roost or hibernacula (dens used for hibernation) of the Northern Long-eared Myotis, protected areas and reserves. Canfor contractors are required to adhere to operational controls (Standard Operating Procedures, contract standards), which include the requirement to provide information on stick nests and mineral licks to Canfor. |

| References |
|--|
| <ul style="list-style-type: none"> Sites of Biological Significance and Protected Areas Standard Operating Procedure (Dec. 15, 2007). |

1-4.3 - Management Activities Consistent - Muskwa-Kechika

| Measure 1-4.3 The percentage of forest management activities consistent with legal objectives for Muskwa – Kechika management area | |
|---|---|
| Target | Results |
| 100% (0) | Canfor met the target as no harvesting activities occurred in or adjacent the Muskwa-Kechika management area. Consequently, forest management activities are consistent with legal objectives for Muskwa-Kechika management area. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| Comments |
|---|
| No harvesting occurred by Canfor in the Muskwa-Kechika management area to date and within the reporting period, as shown on the overlay map Figure 11: Parks and protected areas in the Fort Nelson DFA (measure 9-1.1). Canfor's Forest Stewardship Plan (FSP) has not proposed any Forest Development Units (FDUs) in the Muskwa-Kechika management area. The FDU/FSP content map shows that the Muskwa-Kechika management area is entirely outside of proposed FDUs. |

1-4.4 - Management Activities Consistent - Legal Objectives

| Measure 1-4.4 | |
|--|---|
| The percentage of forest management activities consistent with legal objectives and general wildlife measures of approved Wildlife Habitat Areas (WHA) and Ungulate Winter Range (UWR) | |
| Target | Results |
| 100% (0) | There are currently no approved UWR or WHA areas in the Fort Nelson TSA. Canfor's FSP includes results for management of wildlife habitat for winter survival of Boreal Caribou and Rocky Mountain Elk. Canfor's operations were consistent with the results proposed in the FSP. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

1-5.1 - Stream Crossings - Surveyed WQCR

| Measure 1-5.1 | |
|--|--|
| The percentage of Canfor/BCTS constructed surveyed stream crossings identified with a high WQCR rating on forestry roads within the DFA for which participants are responsible (WQCR – Water Quality Concern Rating) | |
| Target | Results |
| 10% or less of forestry related stream crossings with a high WQCR | For areas surveyed in the 2008 reporting period 76% of all assessed sites were reported as either being moderate, low or very low. 19.2 % of crossings were assessed as having a high WCQR and 4.8 % of crossings having a very high WQCR. No extreme WCQR have been recorded. Northern Compliance Plus Consulting Ltd. conducted the field work in 2008 on the Tsimih Mainline, Nelson Mainline, Pipeline Mainline and Luyben Mainline. Due to the amount of crossings assessed with a high and very high WQCR, the target has not been met. It should be noted that all crossings assessed were assumed to be fish bearing streams. This assumption results in a higher water Quality Concern Rating in comparison to non fish bearing streams. Based on local knowledge and limited data from stream fish presence assessments conducted on streams in the vicinity of these roads, in reality, many of the streams assessed for water quality concern are non fish bearing and would have yielded lower scores. However because definitive fish presence data was not available for reference in this study, the streams assessed have been defaulted as fish bearing. |

Table 13: Water quality concern rating of crossings assessed in 2008

| Water quality impact of evaluated site | Low | | Moderate | | High | | Very High | | Extreme | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | # of sites | % of total | # of sites | % of total | # of sites | % of total | # of sites | % of total | # of sites | % of total |
| Total # of sites assessed | # of sites | % of total | # of sites | % of total | # of sites | % of total | # of sites | % of total | # of sites | % of total |
| 125 | 65 | 52 | 30 | 24 | 30 | 19.2 | 6 | 4.8 | 0 | 0 |

| Target Met | | |
|------------|------|---------|
| Yes | No ✓ | Pending |

Recommendations and Next Steps

Northern Compliance Plus Ltd. acknowledged that the Fort Nelson area has for the most part very poor materials for road building and in particular for armoring and top coating. It was recommended to consider more grass seeding as a maintenance tool not only in the ditches but on the running surfaces as well. It was also recommended to take more effort to communicate to grader operators the positive effects grading could have on the road system and the stream crossings and to review procedures.

References

- Stream Crossing Quality Index Field Manual Oct. 2006, P. Beaudry and Associates Ltd.
- 2008 Water Quality Effectiveness Evaluation, Nelson, Pipeline, Tsimih & Luyben Mainline Roads, September 15th, 2008 by Northern Compliance Plus Ltd.

1-5.2 - Stream Crossings – Installed/Removed

| Measure 1-5.2 The percentage of Canfor constructed stream crossings installed/removed to design/standards | |
|--|--|
| Target | Results |
| 100% conformance (0) | There were no stream crossings present in ELH2050. The access road that lead to the cut block is the Elleh Mainline, which is under Canfor's permit. However, no crossings needed to be installed or removed on the mainline. No other stream crossings along roads were installed or removed. Maintenance work along most roads focused on cleaning/re-shaping ditch lines and constructing cross ditches to move water away from the road surface. |

Table 14: stream crossings within Canfor's cutblocks

| Block | # Log/snowfills | Temp bridges | # Inspected | # Problems Found | # Problems corrected? |
|----------------|-----------------|--------------|-------------|------------------|-----------------------|
| ELH2050 | 0 | 0 | 0 | 0 | n/a |
| Total # | 0 | | 0 | 0 | 0 |

Table 15: Stream crossing along roads

| Road | # Temp Bridges/Snow/Logfills | # Inspected | # Problems Found |
|----------------|------------------------------|-------------|------------------|
| n/a | 0 | 0 | 0 |
| Total # | 0 | 0 | 0 |

Target Met

| | | |
|-------|----|---------|
| Yes ✓ | No | Pending |
|-------|----|---------|

1-5.3 - Stream Crossings – Inspections/Mitigation measures

| Measure 1-5.3 The percentage of Canfor constructed stream crossing inspections and resulting mitigation measures completed according to schedule | |
|---|---------|
| Target | Results |
| | |

| | |
|----------------|---|
| 100% (-10%) | No crossings were installed or removed and therefore, no inspection reports were completed for this measure. Measure 1-5.1 shows the risk assessments of crossings along various mainlines to assess the Water Quality Concern Rating; the work done for this measure will provide guidance for a maintenance schedule of existing crossings. However, since no stream crossings were constructed or removed, Canfor has met this measure 100%. |
|----------------|---|

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

1-6.1 - Conifer Seeds

| Measure 1-6.1 The percentage of seeds for coniferous species collected and seedlings planted in accordance with the Tree Seed and Cone Regulations or Chief Forester’s Standards for Seed Use | |
|--|--|
| Target | Results |
| 100% compliance with regulation | Canfor’s planting program totaled 1,812,878 trees with 1,621,019 trees allocated to 28 blocks on FL A17007 and 9 blocks on PA 14 with 191,859 trees. All blocks planted have been in compliance with the Chief Foresters Standards for Seed Use, not accounting the 5% variance of the seedlings, which are allowed to be planted outside the seed transfer guidelines within one year. The target has been met. Canfor has not collected cones since 2004 therefore the cone collection standards are not applicable for this reporting period. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| Recommendations and Next Steps | |
|--|--|
| The Chief Foresters Standards for Seed Use, enabled under FRPA, allows for up to 5% of the seedlings planted in a year to be outside the seed transfer guidelines. The 5% variance, which is policy established in law is not reflected in the target of the SFM Plan. A recommendation to the PAG should be to revise the target to state compliance with Chief Foresters Standards for Seed Use. | |

1-6.2 - Aspen Regeneration - Natural Regeneration

| Measure 1-6.2 The percentage of natural regeneration of aspen | |
|--|--|
| Target | Results |
| 100% (0) | No calculations were completed for this measure as Canfor uses natural regeneration as the only method for regenerating aspen. As a result the target is achieved. Planting aspen has not been adopted by either group as an operational method of regenerating aspen. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

2-1.1 - Site Index

| Measure 2-1.1 Site Index by inventory type group for harvested areas | |
|---|--|
| Target | Results |
| Average post-harvest site index (at free growing) | Harvesting has the potential to cause continual degradation of site quality over time. The Site Index (SI) is commonly used as an indicator of site productivity. The higher the Site Index for a given species in a given region, the higher the productivity or the quality of the site. Approximate age of reported blocks remain 5 to 20 years old. Canfor |

| | |
|---|---|
| will not be less than average pre-harvest site index on harvested blocks. | has the same types of issues with site index estimations as during the previous reporting years. The main issue still involves the different sources of SI and different methods used to identify SI. Pre-harvest SI's were taken from old forest cover maps that were initially classified by site class (P,L,M, and G) and then changed to a site index that corresponded to the site class (site conversion method). For example a medium site class could have a site index from 15 – 22 depending on variables. The majority of our surveys now use the site conversion table which assigns a standard site index for an area based on leading species and site series. This difference usually accounts for the small differences in pre and post harvest SI numbers. There are a few blocks that have a significantly higher pre-harvest SI. Based on file reviews of the blocks it appears that the pre-harvest SI may have been overestimated. The remaining openings have site index estimates that are close to the site index range for the site index conversion method. |
|---|---|

Table 16: Canfor pre and post harvest SI

| CP/TSL | Block | Pre-harvest Site Index | Free Growing Site Index |
|--------|---------|------------------------|-------------------------|
| 88 | 1051 | 0 | 15 |
| 112 | 1955 | 12 | 15 |
| 180 | 3150 | 13 | 20 |
| 601 | 413 | 0 | 15 |
| 61 | 414 | 13 | 15 |
| 528 | 213 A-3 | 13 | 19 |
| 88 | 1051 | 0 | 10 |
| 54 | 73 | 24 | 15 |
| 65 | 596B | 13 | 15 |
| 51 | 271 | 15 | 15 |
| 153 | 4964 | 0 | 20 |
| 163 | 2725 | 23 | 20 |
| 420 | 3310 | 23 | 20 |
| 162 | 2036 | 0 | 20 |
| 52 | 120B | 14 | 15 |
| 63 | 597C | 13 | 15 |
| 150 | 4900A | 23 | 20 |
| 590 | 249 | 21 | 18 |
| 150 | 4900B | 23 | 20 |
| 47 | 607 | 16 | 15 |
| 51 | 271 | 15 | 20 |
| 153 | 2055 | 16 | 20 |
| 524 | 214 | 12 | 15 |
| 61 | 296A | 15 | 15 |
| 620 | 4701A | 23 | 20 |
| A56841 | P807 | 22 | 20 |
| A62088 | P4911 | 19 | 20 |
| A62093 | P4914 | 28 | 20 |
| A62094 | P4913A2 | 24 | 20 |

| Target Met | | |
|--------------|----|---------|
| Yes <i>J</i> | No | Pending |

2-2.1 - Forest Converted to Non-Forest Land use

| Measure 2-2.1 Area of THLB converted non-forest land use through forest management activities | |
|--|---|
| Target | Results |
| 1% (+1%) | Table 17 shows the sum of areas converted to non forest land due to permanent access within cutblocks and for mainlines and access roads leading up to the cutblocks harvested within the reporting period. Overall, out of 63.1 hectares that were harvested within the reporting period 3.1 hectares (or 4.9%) of the area was converted to permanent access. No additional area was converted to non forest land use to access the cutblock since it is located along an existing mainline. The current THLB is 2,318,456 ha. The sum of permanent access within cutblocks and roads leading up to the cutblocks results in a conversion of 0.0001 % of forest land into |

| | |
|--|---|
| | non forest land within the THLB. Canfor met the target as the area converted to non forest use is far less than 1%. |
|--|---|

Table 17: Summary permanent access on Canfor cutblocks and roads leading up to the cutblocks

| CP/FLTC | Total SUM of Gross Cutblock area [ha] | Total Areas of blocks under permanent access | % of block area converted to non forest use |
|---------|--|---|--|
| | 63.1 | 3.1 | 4.9 % |
| CP/FLTC | Total length of mainlines and Access roads leading to Cutblocks [ha] | Total Area Mainlines and access roads Leading to cutblocks [ha] | Total area converted to non forest use within the THLB [%] |
| | n/a | n/a | n/a |

| Target Met | | |
|------------|---|------------|
| Yes | ✓ | No Pending |

2-2.2 - Long Term Detrimental Soil Disturbance

| Measure 2-2.2 The percent of long term detrimental soil disturbance as a result of forest management activities | |
|--|--|
| Target | Results |
| 0% (+2%) | Long term detrimental soil disturbance as a result of forest management practices has not been detected and reported during the reporting period. The target of 0% was met. Canfor's FMS Incident Tracking System (ITS) is used to track all incidents related to the environmental aspect of soil productivity. No incidents were reported. Long term soil disturbance is defined for blocks with compaction or water table issues lasting approximately 10 years post harvest or post-silviculture activities. As the majority of our harvest activities occur on frozen and flat ground, detrimental soil disturbance is rarely an issue. |

| Target Met | | |
|------------|---|------------|
| Yes | ✓ | No Pending |

2-2.3 - Landslides

| Measure 2-2.3 Number of hectares of landslides resulting from forestry practices | |
|---|---|
| Target | Results |
| < 10 cumulative ha in the THLB for slides >0.5 ha in size (0.5 ha) annually | Zero landslides resulting from forestry practices were reported in Canfor's Forest Management Incident Tracking system (ITS) for the reporting period. The target has been met. |

| Target Met | | |
|------------|---|------------|
| Yes | ✓ | No Pending |

2-2.4 – Response to Oil and Gas Information Requests

| Measure 2-2.4 Number of information requests from oil and gas companies and agencies responded to | |
|--|---|
| Target | Results |
| 100% (10% variance) | Canfor responded to all 67 Oil and Gas referrals during the reporting period with an average respond time of 3.9 business days. The majority of the referrals were related to blocks (55) and a significant portion (12) of the referrals were related to road use agreements. This measure has been met. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|---|
| <ul style="list-style-type: none"> Canfor Oil and Gas Tracking Sheet |

2-3.1 - Regeneration Delay

| Measure 2-3.1 Percentage of area meeting Regeneration Delay | |
|---|---|
| Target | Results |
| 100% of area planted within 2 years (2); naturally regenerated: 4 years (1 year/FSP and 0 year/FDP) | During the 2008 reporting period, the average regeneration delay for conifer blocks was 2.0 years. The average regeneration delay for deciduous openings was 3.8 years, thus meeting the target of 2 and 4 years, respectively. The overall average for both, conifer and deciduous openings for meeting regen delay is 3.1 years. This measure has been met. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> Crystal report SFM measure 2-3.1 |

2-3.2 - Regeneration Standards

| Measure 2-3.2 The percent of area in compliance with regeneration standards set in operational plans | |
|---|--|
| Target | Results |
| 100% (10%) | This measure was not met as compliance was measured at 73%. Amendments for the areas requesting an extension have either been submitted or are in the process of being submitted. Although a variance of 10% is allowed to account for delays in the submission and approval process to address administrative limitations, the measure has still not been met. It should be recognized, however, that staff resources were drastically reduced in recent years and that turnover in silviculture staff in 2008 occurred, which resulted in some delay of handing over relevant tasks. |

| Target Met | | |
|------------|------|---------|
| Yes | No ✓ | Pending |

| Recommendations and Next Steps |
|--------------------------------|
| |

A variance of 10 % has been approved by the PAG in 2008 to address administrative limitations. It is anticipated that after re-organization of staff into the "Silviculture Forest Management Group", performance of this measure will increase. The lack of meeting the measure has been largely contributed to staff changes and reduction in staff on a local level. This measure is anticipated to improve in the coming year.

2-3.3 - Free Growing

| Measure 2-3.3 The percent of area in compliance with free growing standards set in operational plans | |
|---|---|
| Target | Results |
| 100% (10%) | For the 2008 reporting period Canfor did not comply. 84.5% of area met free growing standards. The results reported include areas with submitted amendments requesting an extension to the late free growing date. The area meeting the target would increase slightly by another 2% if areas would be included that are currently free growing, but have not been declared to date. Although a variance of 10% is allowed to account for delays in the submission and approval process to address administrative limitations, the measure has still not been met. It should be recognized, however, that staff resources were drastically reduced in recent years and that turnover in silviculture staff in 2008 occurred, which resulted in some delay of handing over relevant tasks. Overall, the measure improved slightly from the 2007 reporting period, which was 82%. |

| Target Met | | |
|------------|------|---------|
| Yes | No ✓ | Pending |

| Recommendations and Next Steps |
|--|
| A variance of 10 % has been approved by the PAG in 2008 to address administrative limitations. It is anticipated that after re-organization of staff into the "Silviculture Forest Management Group", performance of this measure will increase. The lack of meeting the measure has been largely contributed to staff changes and reduction in staff on a local level. This measure is anticipated to improve in the coming year. |

2-4.1 - Treatment Plans for Natural Disturbance Events

| Measure 2-4.1 The percent of significant detected natural disturbance damaging events in the THLB which have treatment plans prepared and implemented | |
|--|---|
| Target | Results |
| 100% within the first year of detection | The MOFR has assessed natural disturbance in the DFA through annual aerial surveys in summer of 2008. Of the identified 2 disturbances, both were found to be significant (> 500 ha) and those are shown in Table 18. The two natural disturbances were caused by wildfires and no treatment plans have been developed due to the very isolated location, extreme long distances, poor market access and the fact, that the two Canfor operations are currently indefinite shutdown. A summary of the existing (including pre 2008) areas with treatment plans is shown in Table 19, showing that 12 significant areas of Western Balsam Bark Beetle, 5 significant areas of Large Aspen Tortrix and 1 area of significant Spruce Budworm attack were identified and are being monitored. |

Table 18: Significant natural disturbances listed by forest health factor for 2008

| Forest Health Factor | Operating Area | Severity | Number of Incidence | Total Affected Area (ha) | Treatment Plans Developed (ha) |
|----------------------|----------------|----------|---------------------|--------------------------|--------------------------------|
| NB | Odayin | severe | 1 | 1,010.35 | No |
| NB | Akue/Milo | Severe | 1 | 4,562.50 | No |

Significant natural disturbances listed by Forest Health Factor; (NB = Burn) detailing the number of significant incidents (i.e. incidents >500 ha), the total area affected within the DFA and the total area on which treatment plans have been developed for the 2007 forest health information.

Table 19: Summary of significant natural disturbance events with treatment plans up to 2008

| Areas with Treatment plans from previous years forest health assessments | | | | |
|--|----------------------------|----------------------|-----------------------|--------------------------------|
| Disturbance_ID | # of incidents : 500 ha | Severity | Area Affected (ha) | Location |
| Western Balsam Bark Beetle | 12 | From traces to low | 21,347 | All areas have treatment plans |
| Large Aspen Tortrix | 5 | From low to moderate | 10,156 | All areas have treatment plans |
| Spruce Budworm | 1 | low | 872.73 | Areas have treatment plans |

Severity Rating Codes: T = Trace, L = Low, M = Moderate, S = Severe, V = Very Severe

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|---|
| <ul style="list-style-type: none"> • "Identification and Management of Natural Disturbance in the Fort Nelson TSA SOP" • Natural disturbance tracking access database (see BCTS files) • http://www.for.gov.bc.ca/hfp/health/overview/2008.htm |

2-4.2 - Catastrophic Natural Disturbance Events

| Measure 2-4.2 | |
|--|--|
| The percent of catastrophic natural disturbance events (>500ha) as a result of forest management practices | |
| Target | Results |
| 0% (0) | Forest activities have not triggered any catastrophic events during the reporting period. Canfor's Incident Tracking System (ITS) did not show records of catastrophic events, such as landslides, windthrow or long-term detrimental soil disturbances, fires etc. The main causes of natural disturbances were caused by fire and insects, and are reported out in measure 2-4.1. The target of 0% has been met. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> • Natural Disturbance Reporting Form • Incident Tracking System (ITS) |

3-1.1 - Carbon Stored in Trees

| Measure 3-1.1 | |
|---|---|
| The level of total ecosystem carbon stored in trees and non-tree vegetation (above ground biomass and roots) present in the THLB and NHLB current allowable cut | |
| Target | Results |
| Maintain or increase the CFS-CBM derived baseline of 1,75mega tons total ecosystem carbon on the productive CFLB (+/- 10%) | The CBM-CFS3 is a landscape-level forest carbon accounting framework and simulates carbon dynamics above and below ground. The results of this model showed that under the base case, total carbon storage fluctuates between 1,752 MT and 2,005 MT over a 250 year forecast. Table 20 shows the results of carbon storage by THLB and NHLB based on the CBM. Remodeling will occur with the next TSR (every five years). |

Table 20 : CBM model carbon storage

| Carbon storage | Current Carbon Total Mega tones (MT) |
|-----------------------------|--------------------------------------|
| Timber Harvesting Land Base | 496 |
| Non-harvestable Land Base | 1256 |
| Total Timber Land Base | 1,752 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> • Fort Nelson DFA Carbon Phase 1 Report, March 31, 2006 by Forest Ecosystem Solutions Ltd. • Fort Nelson DFA Carbon Phase 2 Report, May 19, 2006 by Forest Ecosystem Solutions Ltd. |

3-3.1 - Carbon Sequestration

| Measure 3-3.1 Average sequestration rate in the THLB and NHLB at current annual allowable cut | |
|---|--|
| Target | Results |
| Maintain or increase the CFS-CBM derived baseline sequestration rate of 0.93 MT carbon per year in the THLB and 0.55 MT carbon per year in the NHLB (+/- 10%) | The CBM-CFS3 is a landscape-level forest carbon accounting framework and simulates carbon dynamics above and below ground. The results of this model showed that under the base case, carbon sequestration rates fluctuates between -3.96 to 5.00 MT over a 250 year forecast. Table 21: CBM model carbon sequestration, shows the results of the current carbon sequestration rate by THLB and NHLB based on the CBM. Remodeling will occur with the next TSR (every five years). |

Table 21: CBM model carbon sequestration

| Carbon Sequestration | Current Sequestration Rate in Total Mega tones (MT) |
|-----------------------------|---|
| Timber Harvesting Land Base | 0.93 |
| Non-harvestable Land Base | 0.55 |
| Total Timber Land Base | 1.47 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> • Fort Nelson DFA Carbon Phase 1 Report, March 31, 2006 by Forest Ecosystem Solutions Ltd. • Fort Nelson DFA Carbon Phase 2 Report, May 19, 2006 by Forest Ecosystem Solutions Ltd. |

4-1.1 – Harvest volume

| Measure 4-1.1 Harvest volume as percentage of long-term timber supply (AAC) | |
|---|---|
| Target | Results |
| 100% of AAC apportionment harvested annually, annual variance allowed based on current cut control provisions | Canfor harvested a total of 48,353 cubic meters during the reporting period. Canfor's apportionment of the current AAC is 1,163,716 cubic meters. Due to curtailment conditions during the reporting period, the annual harvest is minimal. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

4-1.2 - Timber Supply Certainty

| Measure 4-1.2 Timber Supply Certainty - Annual Allowable Cut (AAC) | |
|---|---|
| Target | Results |
| No change or increasing (report every five years) | The TSR3 data package for the Fort Nelson TSA was completed and approved by the Ministry of Forests and Range in 2004 and a determination has been made by the Chief Forester in November 2006. Effective November 10 th , 2006, the new Allowable Annual Cut (AAC) for the Fort Nelson Timber Supply Area (TSA) is 1,625,000 cubic meters, an increase of approximately eight percent. The additional AAC has been apportioned in February 2009 as shown in Table 22. The major change compared to the previous apportionment has been the inclusion of non-replaceable forest licences and an increase in the Forest Service reserve volume. |

Table 22: Fort Nelson TSA AAC and apportionment effective February 26, 2009

| Form of Agreement | Conventional | | Deciduous-leading | | Total | |
|-----------------------------------|------------------|------------|-------------------|----------|------------------|------------|
| | m ³ | % | m ³ | % | m ³ | % |
| Forest Licence – Replaceable | 553,716 | 34.07 | 0 | 0 | 553,716 | 34.07 |
| Forest Licence – Non-Replaceable | 83,000 | 5.11 | 0 | 0 | 83,000 | 5.11 |
| BCTS - Timber Sale Licence | 299,668 | 18.44 | 0 | 0 | 299,668 | 18.44 |
| Pulpwood Agreement - Timber Sales | 610,000 | 37.54 | 0 | 0 | 610,000 | 37.54 |
| Community Forest Agreement | 18,000 | 1.11 | 0 | 0 | 18,000 | 1.11 |
| Forest Service Reserve | 60,616 | 3.73 | 0 | 0 | 60,616 | 3.73 |
| Total: | 1,625,000 | 100 | 0 | 0 | 1,625,000 | 100 |

| Target Met | | |
|---|-----------------------------|----------------------------------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Pending <input type="checkbox"/> |

| References |
|---|
| <ul style="list-style-type: none"> http://www.for.gov.bc.ca/hth/apportionment/Documents/APTR011%2008.PDF |

4-2.1 –Direct Employment

| Measure 4-2.1 Direct employment in the forest industry | |
|---|---|
| Target | Results |
| Report out number (track trend) | The data to report on this measure were obtained from Canfor's training records and employment records for the mills. For forestry operations, Canfor employed directly 192 people. The Polarboard mill employed in April 2008 22 regular salary employees (and 1 term leave employee), but due to the mill closure in June 2008 the numbers were reduced to 3 regular salary employees (and 7 term leave employees) by March 2009. The Tackama mill employed in April 2008 23 regular employees (and 1 term leave employee) and in March 2009, after the indefinite shutdown of the mill in October 2008, the mill employed 7 regular salary employees (and 10 term leave employees). The hourly staff numbers for both mills were not available at time of reporting. The numbers reported in Table 23 show the average number of salaried employees, taking in consideration that the OSB (PolarBoard) mill has been indefinitely shut down in June, thus operating only 3 months within the reporting period and that the Plywood (Tackama) mill was shut down in October 2008, thus operating only 7 months within the reporting period. This measure has been refined to improve reporting. A trend cannot yet be established since reporting is based on a different means of data collection. Statistics Canada also provides a source of labour force for logging and forest |

products. For the 2006 census the forest and logging and forest products industry employed 460 people, which is a reduction of 9.8% compared to the 2001 census data, with 510 employees. In the same time frame employment in the Mining and mineral products increased by 47.2 %.

Table 23: Canfor's direct employment in the forest industry

| Activity | Fort Nelson TSA employment |
|--|----------------------------|
| Harvesting, Hauling, Road Maintenance | 11 |
| Silviculture (Surveys, Planting, Herbicide, Burning) | 114 |
| Layout/Assessments (block development, archaeological assessments) | 35 |
| Forest Investment Account/ SFM related work | 8 |
| Mill employees (PolarBoard, Tackama) | 24 ⁴ |
| Total | 192 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> FMS training records/accounting http://www.northernrockies.ca/assets/Residents/PDFs/BCStats_FN-community-facts.pdf |

4-2.2 – Indirect and Induced Employment

| Measure 4-2.2 Indirect and induced employment associated with direct forest industry employment | |
|--|--|
| Target | Results |
| Report out (track trend) | The data specific to this measure was not available from BC Stats. The TSR3 (2004) data for the Fort Nelson TSA reported out that the average indirect/induced forest sector employment is 298 person-years. This number, however, is not anymore reflective of the current status due to the indefinite shut-downs of both Canfor mills (PolarBoard and Tackama) in 2008. Indirect and induced employment has been drastically reduced since then but not yet captured in statistics. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

4-2.3 – Dollar Value of BCTS Timber Sales and Advertised Volume for Sale

| Measure 4-2.3 Dollar value of BCTS Timber Sales and total timber volume advertised for sale by BCTS | |
|--|---|
| Target | Results |
| Report out (track trend) | The amount of volume that BC Timber Sales had for sale during the reporting period was 148,250 cubic meters. Nothing was sold. For more details refer to the BCTS 2008 SFM Annual Report. This is the first year of reporting for this measure and a trend can only be established after the 2009 reporting period. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

⁴ Calculation of salaried employees for PolarBoard(PB) and Tackama (Ta) mills: PB: 22/12 = 1.83 x 3 mths = 5.5; 3/12 = 0.25 x 9 mths = 2.25; 5.5 + 2.25 = 7.8 (8); Ta: 23/12 = 1.91 x 7 mths = 13.41; 7/12 = 0.58 x 5 mths = 2.9; 13.41 + 2.9 = 16.31 (16)

4-3.1 - Stumpage

| Measure 4-3.1 Stumpage paid by Fort Nelson TSA licensees | |
|---|---|
| Target | Results |
| Stumpage is paid (report annually) | The total stumpage/timber rent (including waste) paid by Canfor during the reporting period is \$596,387.95. Local and provincial taxes don't apply as Woodlands does not pay Federal or Provincial taxes because Canfor's net income is zero. The target has been met, as 100% of fees due were paid annually to municipal governments and paid on time. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

4-4.1 – Forestry Related Contracts Entered Between First Nations and Licensees

| Measure 4-4.1 Forestry-related contracts and total dollar value of these contracts, entered into by TSA Forest Licensees with either local First Nations or their companies or their members | |
|---|--|
| Target | Results |
| Report out number (track trend) | No contract was entered into between Canfor and a local First Nations or their companies or members. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

4-4.2 – Bids Won by First Nations and Awards Directed to First Nations through BCTS

| Measure 4-4.2 Number of BCTS timber sales bids won by, Small Scale Salvage tenures awarded to and Non Replaceable Forest Licences (NRFLs) won by or awarded to either local First Nations or their companies or their members | |
|--|--|
| Target | Results |
| Report out number (track trend) | BCTS advertised two contracts, none of which were awarded to First Nations. Nothing was sold within the reporting period. For more details refer to the BCTS 2008 SFM Annual Report. This is the first year of reporting for this measure and a trend can only be established after the 2009 reporting period. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

4-5.1 – Factors Influencing Competitiveness of Forest Industry

| Measure 4-5.1 Perceptions of Canfor, BCTS and other local manufacturing facilities' senior managers about local events and factors influencing main drivers of competitiveness of Fort Nelson area forest industry | |
|---|---|
| Target | Results |
| Rating of satisfactory | A survey to solicit input for this measure has been developed in September 2009 and has been administered to Canfor and BCTS management, respectively. The results and associated |

| | |
|-----------|---|
| of higher | comments to each questionnaire are shown in Table 24 and Table 25. The majority of ratings are below the threshold of 'satisfactory' and therefore the target has not been met. |
|-----------|---|

Table 24: Summary Perception Survey

| Question | Very Unsatisfied | Unsatisfied | No Opinion | Satisfied | Very Satisfied |
|--|------------------|-------------|------------|-----------|----------------|
| 1. Are you satisfied that the local wood supply is adequate in terms of species mix, piece size and distribution in relation to manufacturing facilities to maintain a competitive forest industry in Ft Nelson? | | | | X XX | |
| 2. Does the local access infrastructure (rail, public roads, PDR's and forest roads) provide adequate access to forest resources and markets to allow for a regionally competitive forest industry? | | | | XXX | |
| 3. Is the local labour pool adequate (overall) to ensure a competitive forest industry? | X | | X | | |
| A) Number of workers available? | X | X | X | | |
| B) Level of training of workers? | X | XX | | | |
| 4. Is the market for timber products conducive to encourage and maintain a competitive forest industry? | X | XX | | | |
| 5. Overall, are you satisfied that there is a competitive forest industry in the Fort Nelson area? | X | XX | | | |

Table 25: Summary of comments to questions of perception survey

| Question # | Comments |
|----------------|--|
| 1 | <ul style="list-style-type: none"> The deciduous (aspen) timber resource in Fort Nelson is considered among the very best in Canada All the mills have shutdown in Fort Nelson and BCTS is waiting for start-up again to be able to sell timber. Lots of wood supply still available in the Fort Nelson area. However, much of this supply is far away locations which makes it costly to access, especially during this tough economic downturn in the forest industry. |
| 2 | <ul style="list-style-type: none"> There is a lack of all weather roads in Fort Nelson. This makes access to the forest resource difficult. Rail and all weather highway access link Fort Nelson to markets. The distance from Fort Nelson to southern markets puts Fort Nelson at a competitive disadvantage regionally and provincially. With the large basket of green timber in Fort Nelson BCTS is looking to be a leader in green wood sales in the future once the pine beetle runs its course in B.C. |
| 3 | <ul style="list-style-type: none"> There is a definite lack of supply of skilled workers, trades people and professionals with experience working in the forest industry in Fort Nelson. We compete with operations in southern regions for skilled workers. There need to be more than one mill running in Fort Nelson to encourage a competitive forest industry in the area. With the shutdown of the Canfor operations [both mills and woodlands] much of the available local workers has diminished as laid off workers left Fort Nelson. |
| 4 | <ul style="list-style-type: none"> The current market is not conducive to maintaining a competitive forest industry in Fort Nelson. When the current low prices for products are combined with the higher costs to access markets, Fort Nelson is at a distinct disadvantage in comparison to other regions in BC. There is a lack of BCTS registrants loggers in Fort Nelson to create a good competitive market. |
| 5 | <ul style="list-style-type: none"> Given the current depressed economic conditions globally and in the forest industry specifically, Fort Nelson is not able to compete with southern regions in BC that are much closer to markets (reduced transportation costs). |
| Other comments | <ul style="list-style-type: none"> Due to tough economic times, it is difficult for forest operations to operate in a competitive manner because of the isolation of Fort Nelson and the distance to the buying markets. The railroad system has not helped matters as they appear to have little interest in working with customers in the Fort Nelson area. |

| Target Met | | |
|------------|------|---------|
| Yes | No ✓ | Pending |

Recommendations and Next Steps

The results in Measure 4-5.1 are reflective of the current downturn in the forest industry and marked by the indefinite shutdown of the only two major Canfor mills in town in 2008. In order for the measure to be met and to show better results, major changes will be necessary that are not necessarily controllable by the licensees. It would be useful to assess the current situation more carefully and to come up with options/ideas what exactly would be needed to improve competitiveness in the Fort Nelson DFA.

4-5.2 - Competitive Primary Milling Facility

| Measure 4-5.2 A competitive Primary Milling Facility is sustained | |
|--|---|
| Target | Results |
| Minimum of 1 (0) | The Fort Nelson Canfor operations, Polarboard (OSB) and Tackama (plywood) mills, have been indefinitely closed in 2008 due to a very poor wood product market. The OSB mill continued to operate until June 2008 and the plywood mill continued to operate until October 2008. Given the fact that the OSB mill was running 25% within the reporting year and the Plywood mill was running 58% within the reporting year, a minimum of 1 competitive primary milling facility was sustained, and the target has therefore been met. |

| Target Met | | |
|--------------|----|---------|
| Yes <i>√</i> | No | Pending |

5-1.1 - Potential for Marketed Non-Timber Benefits

| Measure 5-1.1 List of existing and documented potential for marketed non-timber benefits | |
|---|--|
| Target | Results |
| 1 (0) list exists | Measure 5-1.1 has been identified as a knowledge gap and entered into Canfor's Incident Tracking System. The project is partially completed; a report was developed by Royal Roads University March, 2006: "NTFP indicator development for the Fort Nelson DFA – Phase 1A Prelim. Report. A Forest Investment Account project tender was submitted in July 2008 to continue with the project; The project was originally scheduled for completion by March 31, 2009. The Forest Investment Accountant (FIA) administration has rejected the project in September 2008 and clarified that Non Timber Forest Products (NTFP) projects are currently not eligible for FIA funding until such time as the Ministry of Forests completes a review of the standards that are applicable to the completion of these projects. Once a standard to guide NTFP has been developed by the MOFR and the standard is in place, the continuation of the project will be pursued. The measure is currently pending. |

| Target Met | | |
|------------|----|------------------|
| Yes | No | Pending <i>√</i> |

| Recommendations and Next Steps |
|---|
| The project to develop a list of existing and documented potential for marketed non-timber benefits should be further pursued once the standard to guide Non Timber Forest Products projects has been developed by the Ministry of Forests and Range. |

5-1.2 – Marketed and Market Activity of Non-Timber Forest Resources

| Measure 5-1.2 Amount of marketed non-timber forest resources and/or amount of non-timber forest resource market activity by industries | |
|--|---|
| <ul style="list-style-type: none"> Hunting (hunter days and animals harvested) Trapping (traplines and furbearers harvested) Tourism (number of commercial recreation tenures) Range (Number of range tenures and total Animal Unit Months –AUM's) | |
| Target | Results |
| Report out number (track trend) | <ul style="list-style-type: none"> Trapping and Hunting: data, shown in Table 26, are the same for hunting and trapping; the data shown applies to the entire Peace Region (management unit 7b) and data specific to the Fort Nelson DFA are currently not available. Commercial recreation tenures: Overall there are 25 tenures with over 69 individual sites. The sites listed in Table 27 reflect the number of sites being used by commercial recreation operators. Sites can be anything from a small hunting cabin to a river corridor, to a horseback trail, depending on the activity type. For the Fort Nelson DFA there are 25 active range tenures and a total of 12,217 AUM's |

Table 26 Animals harvested and furbearers harvested in 2007

| Blackbear | Beaver | Bobcat | Coyote | Fish | Fox | Lynx | Marten | Mink | Muskrat | Otter | Raccoon | Skunk | Squirrel | Weasel | Wolf | Wolverine |
|-----------|--------|--------|--------|------|-----|------|--------|------|---------|-------|---------|-------|----------|--------|------|-----------|
| 1 | 250 | 0 | 126 | 90 | 16 | 181 | 1836 | 25 | 37 | 2 | 0 | 0 | 781 | 680 | 24 | 18 |

Table 27 Commercial recreation tenures in the Fort Nelson TSA

| 2007 Data | Number of sites (e.g. small hunting cabin, river corridor, horseback trail) |
|---|---|
| 15 tenures | Containing each 1 site |
| 1 tenure | Containing 10 sites |
| 1 tenure | Containing 6 sites |
| 2 tenures | Containing 8 sites each |
| 1 tenure | Containing 9 sites |
| 1 tenure | Containing 4 sites |
| 2 tenures | Containing 2 sites each |
| 2 applications in queue with multiple sites | 1 application with 3 sites 1 application with 2 sites |
| TOTAL | Overall 25 tenures with over 69 individual sites |

| Target Met | | |
|------------|----|---------|
| Yes / | No | Pending |

| References |
|---|
| <ul style="list-style-type: none"> Hunting/Trapping: Lori Jeffrey (MOE): Lori.Jeffrey@gov.bc.ca Commercial recreation tenures: Heather Mc Rae (ILMB): Heather.MacRae@gov.bc.ca Range: Sonja Leverkus (Range officer Fort Nelson): Sonja.Leverkus@gov.bc.ca |

6-1.1 - Employment by broad Sector - Local Economy

| Measure 6-1.1 Employment by broad sector (such as manufacturing, professional services, etc.) for the DFA | |
|--|---|
| Target | Results |
| Report out (track trend) | The labour force for broad industry sectors in Fort Nelson is shown in Table 28. This measure has been refined by the Public Advisory Group to reflect broader industry sectors, since previous information that was taken from the TSR3 Socio Economic Analysis, presented more detailed industry categories and was difficult to obtain. The current information source was taken from the Stats Canada Community Profile 2006 Census and since the information in Table 28 is the first report so far that shows the broader categories, no trend can be established at this time. |

Table 28 Labour force Fort Nelson 2006

| | 2006 Census Fort Nelson total (person) |
|--|---|
| Agriculture, forestry, fishing, hunting | 170 |
| Mining and oil & gas extraction | 345 |
| Utilities | 105 |
| Construction | 275 |
| Manufacturing | 500 |
| Wholesale trade | 170 |
| Retail trade | 390 |
| Transportation & Warehousing | 355 |
| Information & cultural industries | 45 |
| Finance and Insurance | 40 |
| Real estate & rental & leasing | 120 |
| Professional, scientific & tech. services | 95 |
| Management of companies & enterprises | 0 |
| Admin & support, waste mngt & r remediation | 140 |
| Educational services | 235 |
| Health care and social assistance | 135 |
| Arts, entertainment & recreation | 40 |
| Accommodation & food services | 315 |
| Other services | 175 |
| Public administration | 210 |
| Total labour force 15 years and over (all industries) | 3,890 |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |
| | | |

| References |
|---|
| <ul style="list-style-type: none"> • Stats Canada site Community profile; • http://www.bcstats.gov.bc.ca/data/cen06/profiles/detailed/59059000.pdf |

6-1.2 – Employment by Industry

| Measure 6-1.2 Employment by industry (such as forestry, tourism, high technology, etc) for the DFA | |
|---|--|
| Target | Results |
| Report out (every five years) | This measure is supposed to provide a more detailed insight of the employment demographics within the Fort Nelson DFA, such as specific to forestry, tourism etc. However, detailed data was not available for reporting due to the fact that there are no free or |

priced standard data products available that provide employment statistics by industry. Canfor chose not to report out on the 2008 census information. The only way to obtain such data is by a custom tabulation of the census database and based on the current curtailment condition and difficult economic situation the additional costs are not deemed acceptable. The measure is deemed pending, until purchasing of data is warranted with the re-opening of the indefinite shut down divisions.

| Target Met | | |
|------------|----|-----------|
| Yes | No | Pending ✓ |

References

- Stats Canada site Community profile; <http://www12.statcan.ca/english/census06/data/profiles/community/Details/Page.cfm?Lang=E&Geo1=CSD&Code1=5959005&Geo2=PR&Code2=59&Data-om=>

7-1.1 - Stakeholder Database

| Measure 7-1.1 Implementation and annual update of a comprehensive stakeholder database of affected and interested parties | |
|--|---|
| Target | Results |
| Target completion date September 30 th (to complete annual updates of the database), (Variance 1 month later) | A comprehensive Stakeholder Analysis has been completed in March 2003 and updated in November 2004. With the development of the COPI database (Creating Opportunities for Public Involvement) the old version of the Stakeholder Analysis has been rolled into the COPI database, which is regularly being updated by the users. Trapline and Guide Outfitter information is updated yearly by their respective government agencies and is forwarded to Canfor. As staff becomes aware of address or status changes, the COPI data base is updated. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

7-1.2 – Communication with the Public

| Measure 7-1.2 Number of methods used by licensees to communicate with the public on sustainable forest management on an annual basis, in addition to responding to written inquiries | |
|---|---|
| Target | Results |
| Minimum of three methods (such as SFMP web page or field trips or school visits or newspaper publication, etc) | <p>Opportunities to communicate with the public were extremely restrained due to the indefinite shutdown of both Canfor mills within the DFA and associated reduced staffing. In spite of operational constraints due to staffing, Canfor employees were still able to meet the target of a minimum of three methods to communicate to the public on sustainable forest management via following activities:</p> <ol style="list-style-type: none"> 1. School visit (Prophet River Elementary school in September 2008) 2. Attendance at the NENAS Carrier Fair (September 2008) 3. Fort Nelson Newspaper advertisement to inform about proposed cutblocks for inclusion into Canfor’s Forest Stewardship Plan and invitation to comment on the proposed block and road location (June 19th, 2008) 4. Posting of external CSA Audit results for the North Region (which includes Fort Nelson and Grand Prairie Divisions) on Canfor’s external website: (http://www.canfor.ca/resources/sustainability/Canfor_North_Region_Cert_Update_Report_2008.pdf) <p>The measure has therefore been met.</p> |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

7-1.3 - Effective Public Advisory Group

| Measure 7-1.3 The existence of an effective public advisory group (PAG) | |
|--|--|
| Target | Results |
| One PAG having a written terms of reference and meeting a minimum number of 4 times per year | The Fort Nelson public advisory group, the PRISM (Public Response for Informed Sustainable Management), represents many of the interests of the community and continues to meet, albeit of the indefinite shut down of all Canfor operations in the Fort Nelson DFA. The PRISM has a written terms of reference (TOR) and section 2b of the TOR states that: "Meetings will be held at a minimum quarterly, or more often as required, except in situations of indefinite operational shutdowns caused by market conditions or events substantially out of the control of the participants." The PRISM met two times within the reporting period due to the indefinite shutdowns of the Canfor mills and the significant reduced amount of activities that took place. The reduced amount of meetings qualifies as a variance to the stated target of minimum of four meetings per year as it is embedded in the approved TOR. The target can be considered being met. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| Reference |
|--|
| <ul style="list-style-type: none"> • PRISM meeting summary June 12th, 2008 • PRISM meeting summary November 6th, 2008 • PRISM Terms of Reference, Feb. 7th, 2008 |

7-1.4 - Equitable and Inclusive Deliberation Process

| Measure 7-1.4 The conduct of an open public process prior to Government approval of operational plans, or any major amendments. | |
|--|--|
| Target | Results |
| 1 (0) Process | <p>The broader public, First Nations, Trappers, Guide Outfitters and other Stakeholders have had an opportunity to provide input to the following processes:</p> <ul style="list-style-type: none"> • Pesticide Use Application in August 2008: "Notification of Intent to Treat" was advertised in the Fort Nelson Newspaper and the public had an opportunity to provide comments and discuss any concerns. Early in 2009 Canfor also contacted First Nations and encouraged them to be involved in the development of the new Pesticide Management Plan for 2009 to 2014. • Block referrals for inclusion into Canfor's Forest Stewardship plan (FSP): Canfor contacted First Nations and Stakeholders to provide comment on a suite of newly planned blocks and road locations that were intended for future harvest. The process is consistent with the results and strategies set out in Canfor's FSP (Oct. 30, 2006, Section 5.9.2) in relation to <i>Objectives Set By Government for Cultural Heritage Resources</i>. • Harvest notifications and pesticide application notification have been sent out to affected Stakeholders and First Nations • There were no amendments to the FSP within the 2008 reporting period that would require public notification; <p>In addition, the Fort Nelson Public Advisory Group PRISM and the processes of the meetings have addressed this measure as well as it pertains to deciding on the SFM approach for the DFA.</p> |

| | |
|--|--|
| | PRISM meetings are held in an open format following the agreed upon terms of reference. Discussions and decisions are tracked in the meeting summary notes. The meeting notes are distributed during following meetings and approved by PRISM. |
|--|--|

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

7-1.5 – Perceptions of PAG to Forest Management Response to Stakeholder Input

| Measure 7-1.5 Perceptions of members of the Fort Nelson Public Advisory Group (PRISM) about response of forest management to input from stakeholders | |
|---|---|
| Target | Results |
| 80% of responses have ratings of "3" or better | Satisfaction surveys are completed by the PRISM bi-annually, which provide an opportunity for the PAG to express various aspects of the meeting, such as facilitation, logistics and the effectiveness of the PRISM meetings itself. PAG members have an opportunity to express their concerns on those forms. In addition, satisfaction of the PRISM meetings is evaluated at the end of each meeting through soliciting input from participants how they felt the meetings went. "Climate goal assessments" are completed after each meeting to assess the general atmosphere and value of the individual meetings. Those results are shown below in Figure 7 to Figure 10. Due to the reduced amount of meetings since the curtailments of the Canfor operation, only one satisfaction survey was completed during the reporting period (since those are completed bi-annual). However, a revision to this measure and target has been made in October 2007 and the surveys have not yet been updated to reflect the perceptions of members of the Fort Nelson Public Advisory Group about response of forest management to input from stakeholders. The survey will be updated in 2010 and is therefore considered pending. |

| Target Met | | |
|------------|----|-----------|
| Yes | No | Pending ✓ |

| Recommendations and Next Steps |
|--|
| The bi-annual PRISM surveys and climate goal assessments are conducted on a regular basis, however, there is a need to refine the existing surveys to include a specific question that captures the perception of the PRISM to the response of forest management to input from stakeholders. The SFM Action plan needs therefore to be updated with this pending task. |

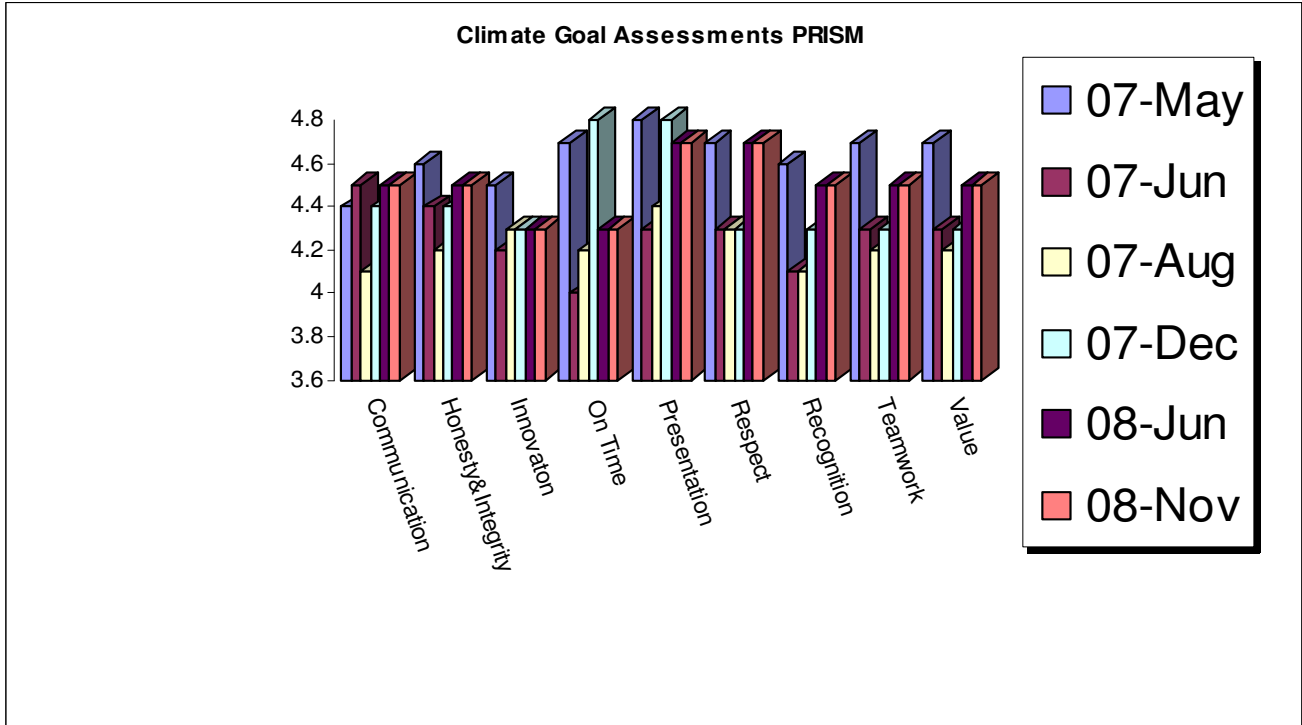


Figure 7: Climate goal assessments PRISM

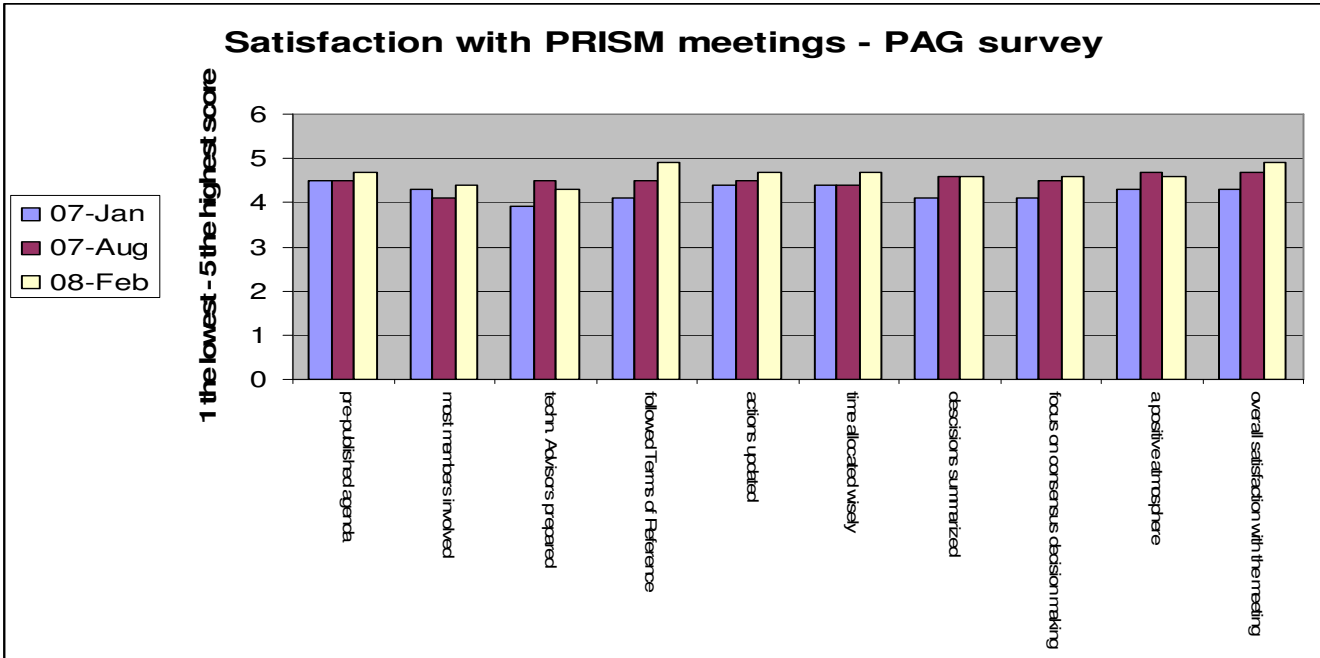


Figure 8: PAG satisfaction survey with meetings

Satisfaction with Facilitator and Support - PAG survey

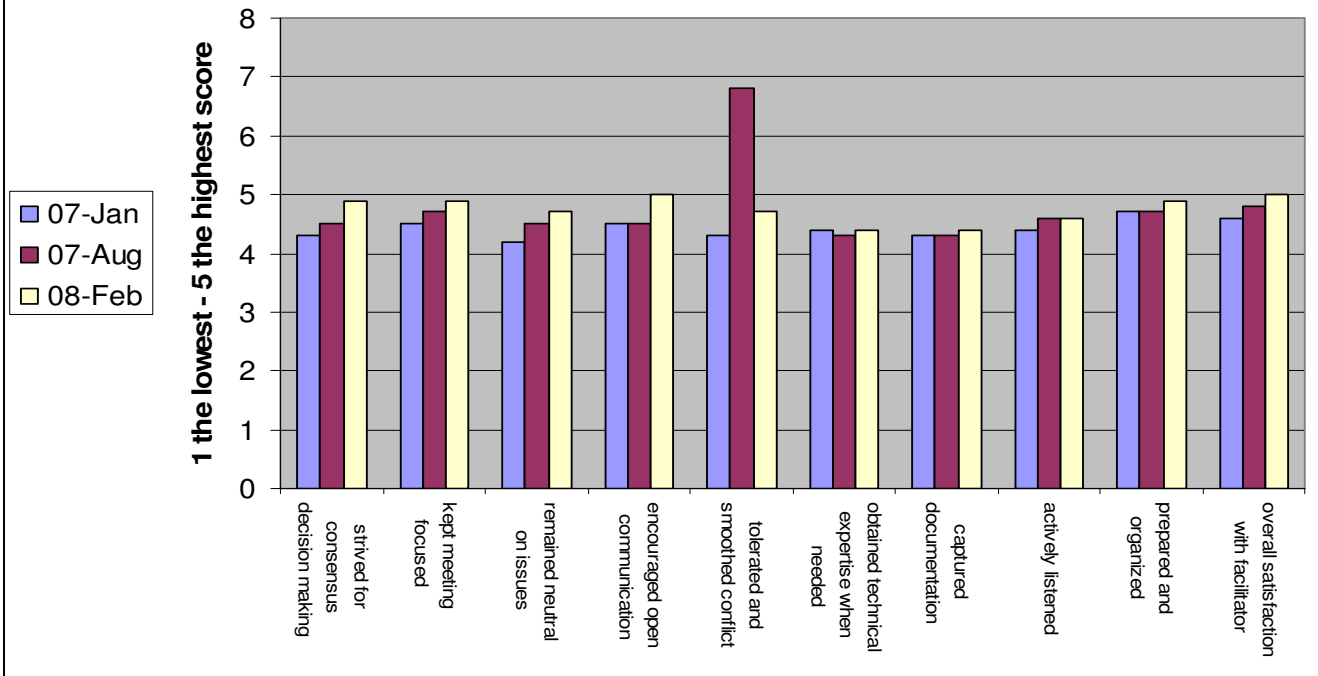


Figure 9: PAG satisfaction survey with facilitation and support

Satisfaction with Meeting Logistics - PAG survey

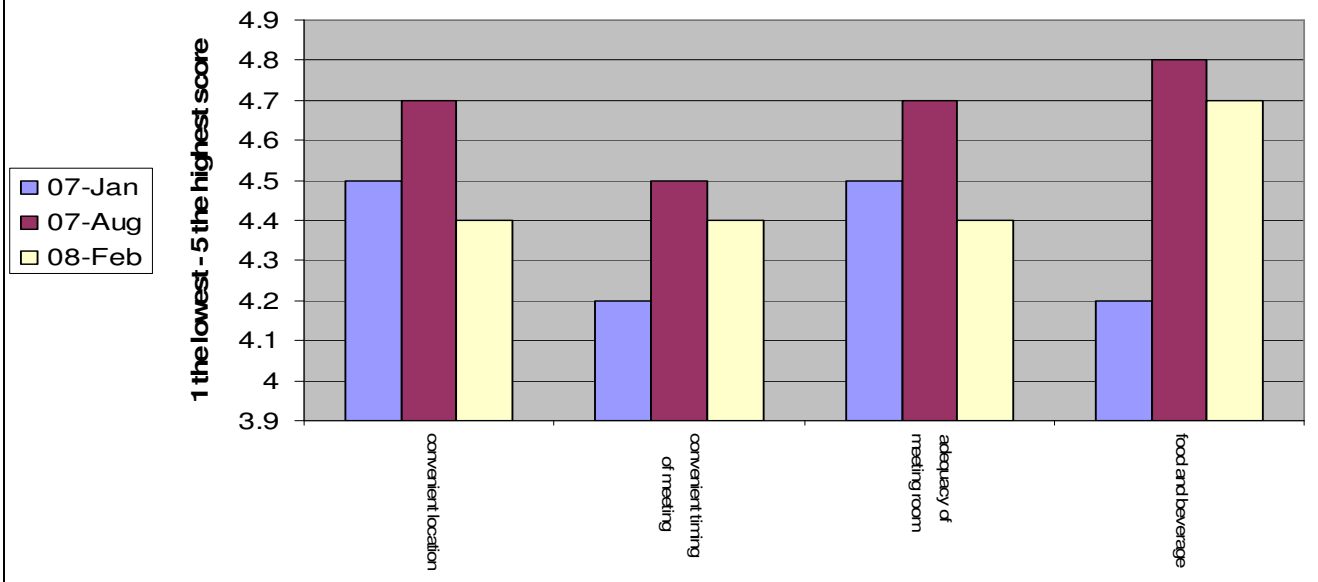


Figure 10: PAG satisfaction survey with meeting logistics

8-1.1 – Information Sharing First Nations

| Measure 8-1.1 Percent of cutblocks where information sharing has met current legal requirements related to Aboriginal title and rights, or treaty rights | |
|---|---|
| Target | Results |
| 100 % | <p>Canfor has committed in its Forest Stewardship Plan Section 5.9.2 that it would on an annual basis, communicate to affected First Nations the approved general areas of timber harvesting and road construction, if any, that are proposed for the year. All timber harvesting blocks and road location proposed for inclusion in the FSP, not having previously undergone First Nations review and consultation, are identified to the affected First Nation(s) prior to inclusion in Canfor's FSP. To provide an opportunity to review and comment on the proposed blocks and road locations, Canfor committed to a 60 day review period to allow for the review and submissions of comments to Canfor. Canfor has provided the 60 day review period to First Nations between June 19th, 2008 to August 17th, 2008, to allow for the review and submission of comments relating to block and road locations proposed for inclusion in Canfor's Forest Stewardship Plan to individual First Nation asserted traditional areas. A re-referral has been sent out later in fall 2008 due to minor changes to the first referral.</p> <p>Canfor has completed the following steps to ensure successful information sharing:</p> <ul style="list-style-type: none"> • Development of a FSP Referral Package Matrix to record and summarize the distribution of documents and maps sent to an individual First Nation or stakeholder group • Referral package tracking (Canada Post). Referral package tracking has been initiated to ensure the delivery and acceptance of packages by intended recipient in a timely manner • Follow up communications (telephone, email, etc.) to be conducted to ensure package delivery, and to offer assistance in the review of the referral package • Follow up person to person meetings offered with recipients of referral packages and/or designate in an effort to provide assistance in the review of the referral package • Maintenance of an FSP Referral Tracking Log, documenting relevant correspondence, meetings, phone calls, etc. <p>In addition to the block and road referrals, First Nations have been informed of planned herbicide treatments within the reporting period. A Pest Management Plan Consultation Log has been developed in March 2009 to track correspondence, information sharing and any concerns in the development of the new 2009 Pest Management Plan. In summary, 100% of identified cutblocks were referred to First Nations and concerns addressed. Since the announcement of the indefinite shut-down of the Tackama mill in October 2008, no further cutblocks were identified and referred to First Nations.</p> |

| Target Met | | |
|--------------|----|---------|
| Yes <i>J</i> | No | Pending |

8-2.1 – Culturally Important Sites

| Measure 8-2.1 Percent of specific (confirmed) culturally important sites as identified by First Nation's that are addressed by forest management planning | |
|--|---|
| Target | Results |
| 100% (0) | <p>Archaeological Overview and Impact Assessments were conducted in 2008 for proposed blocks within several operating areas. During Archaeological Impact Assessments for blocks within seven operating areas, First Nation representatives have been invited and accompanied the archaeological team in the field for all blocks/roads that were assessed. For areas with overlapping territories, representative of each First Nation were invited, however, sometimes, only representatives from one First Nation's bands were present. During the information sharing processes of proposed blocks/roads that were scheduled for inclusion into Canfor's Forest Stewardship Plan, Canfor staff shared the location and all information of blocks/roads that were relevant and solicited input from affected First Nations in regard to culturally important sites. As part of the Memorandum of Understanding (MOU) between Prophet River First Nations and Canfor and a similar MOU that exists in principle between Fort Nelson First Nation and Canfor, additional efforts were made to meet and to discuss any concerns of blocks and to solicit input on any potential culturally important sites. Prophet River identified concerns with some blocks relatively close to the reserve and a field trip was conducted in the summer 2008 with Elders and First Nation members to discuss any issues. Concerns, such as coverage for wildlife, were acknowledged and integrated in the boundary layout. During the assessments three sites of high archaeological potential were found within one block. Those sites have been ribboned in the field and since those sites are protected under the Heritage Conservation Act, impact to those sites will be avoided in the future. Those sites will be excluded from the proposed timber harvesting area by deleting the site areas from the block and creating a machine free zone around the site areas. Fort Nelson and Prophet River First Nations representatives were present during the assessment. Since the identified block was only in the planning stage, changes to the boundary were planned to be made, but the process was put on hold, due to the announcement of the indefinite shutdown of the Tackama (Plywood) mill in October 2008. For the only block completely harvested within the reporting year (ELH 2050), there was no evidence of past use of archaeological sites and Canfor was not required to conduct an archaeological impact assessment. The measure has been met, since changes were made for planned blocks where concerns and archaeological sites were identified and also because no issues were noted for blocks harvested within the reporting period.</p> |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

8-3.1 – Opportunities for First Nation’s to Comment on Forest Management Activities

| Measure 8-3.1 Number of opportunities provided to affected First Nation’s to comment on forest management activities (May include: referrals, presentations, workshops, meetings, or other) | |
|--|---|
| Target | Results |
| 1 per forest management activity: Harvesting (1) Herbicide-application (1) Road construction (1) | <ul style="list-style-type: none"> • 1 harvest notification to affected First Nations and Trappers for block ELH2050 in the Elleh Operating area; • 1 block referral to affected First Nations for 2007 and 2008 harvest blocks and road locations proposed for inclusion into Canfor’s approved 2006 Forest Stewardship Plan for FLA17007 and PA14; • 1 invitation to each affected First Nations to provide comments/input into the draft 2009-2014 Pest Management Plan (PMP), which encompasses the vegetation management practices and strategies for its operations within the Fort Nelson Forest District. Each First Nation band was invited to participate in the review of the PMP; • 1 notification of the 2008 herbicide application with map and commencement dates for each affected First Nations, Trappers and Guide Outfitters; <p>In addition to the above notifications and invitations to comment, meetings were held with Prophet River First Nations in spring of 2008 to discuss proposed harvesting blocks and road construction and to inform of planned herbicide spray blocks for 2008. A site visit was conducted on two proposed harvesting blocks in spring 2008 and site visit was also conducted on various spray blocks.</p> |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

8-3.2 – First Nation’s Involvement During Archaeological Assessments

| Measure 8-3.2 Percent of Archaeological Impact Assessments where First Nation’s involvement has been sought | |
|--|--|
| Target | Results |
| 100% | Archaeological Overview and Impact Assessments were conducted in 2008 for proposed blocks within several operating areas. During Archaeological Impact Assessments for blocks within seven operating areas, First Nation representatives have been invited and accompanied the archaeological team in the field for all blocks that were assessed. For areas with overlapping territories, representative of each First Nation were invited, however, sometimes, only representatives from one First Nation’s bands were present. The archaeological impact assessment service provider kept a First Nation participation log that shows which First Nation representative was present on what blocks and what the outcome of the assessment was. The measure has been met 100%. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

9-1.1- Forests Managed for Recreation Activities

| Measure 9-1.1 Number of forest recreation sites and trails and their facilities and access routes (includes parks and protected areas, MOFR recreation sites, ecological reserves, recreation trails, and motorized routes) | |
|---|---|
| Target | Results |
| No reduction from forest management activities change or increasing (relative to baseline status); Baseline information (from 2006 Annual Report): Parks and Protected areas – 23; MOFR Recreation sites – 5; Ecological Reserves – 6; Recreation Trails – 22; Motorized Routes - 7 | Table 29 shows the areas and percentage of forests managed for recreation activities within the Fort Nelson DFA, which constitutes the baseline information as shown in the 2006 SFM Annual Report. No reduction to the sites listed in Table 29 from forest management activities occurred within the reporting period. Activities were minimal due to curtailment conditions and did not conflict with any recreation sites, trails and their facilities and access routes. |

Table 29: Area and percentage of forests managed for recreation activities

| Parks and Protected Area | Area (ha) | Maintaining Agency | Activity Type |
|--|------------------|---------------------|---|
| Northern Rocky Mountains Provincial Park | 665,709 | BC Parks | wildlife viewing, fishing, boating, hunting, camping, hiking, horseback riding, photography |
| Stone Mountain Provincial Park | 25,179 | BC Parks | wildlife viewing, fishing, boating, hunting, camping, hiking, horseback riding, photography |
| Liard River Corridor Provincial Park | 88,989 | BC Parks | fishing, hiking, camping, horseback riding, canoeing, river boating, wildlife viewing, hunting, ATV use, photography |
| Liard River Hot Springs Provincial Park | 1,082 | BC Parks | camping, picnicking, swimming, biking, hiking, wildlife viewing (Park closed Aug 1 st – May 1 st) |
| Hyland River Provincial Park | | BC Parks | no information on BC Parks site |
| Smith River/ Fort Halket Provincial Park | 244 | BC Parks | picnicking, hiking, boating, fishing, biking, wildlife viewing, hunting |
| Scatter River Old Growth Provincial Park | 1,178 | BC Parks | camping, fishing, horseback riding, hunting, ATV |
| Maxhamish Lake Provincial Park and Protected Area | 27,516 | BC Parks | camping, swimming, boating, fishing, hunting, ATV, snowmobile |
| Thinahtea Protected Area | 20,379 | BC Parks | camping, boating, fishing, wildlife viewing, hunting |
| Kotcho Lake Village Provincial Park | 34 | BC Parks | camping, swimming, boating, fishing |
| Jackpine Remnant Provincial Park | 148 | BC Parks | camping, hunting |
| Andy Bailey Regional Park* | 196 | BC Parks | camping, picnicking, swimming, boating (non-motorized), fishing, biking, wildlife viewing (changed status from Provincial to Regional park) |
| Goguka Creek Protected Area | 435 | BC Parks | hunting |
| Hay River Protected Area | 2,324 | BC Parks | camping, fishing, horseback riding |
| Klua Lakes Protected Area | 28,040 | BC Parks | camping, boating, fishing, horseback riding, wildlife viewing, hunting, snowmobile |
| Muncho Lake Provincial Park | 86,079 | BC Parks | camping, picnicking, hiking, swimming, boating, fishing, biking, wildlife viewing, scuba diving, waterskiing, hunting, |
| Toad River Hot Springs Provincial Park | 423 | BC Parks | camping, boating, fishing, horseback riding, hunting |
| Tetsa River Regional Park* | 115 | BC Parks | camping, boating, fishing, biking (changed status from provincial to regional park) |
| Homeline Creek Provincial Park | 298 | BC Parks | camping, hiking, horseback riding, hunting |
| Prophet River Hot Springs Provincial Park | 185 | BC Parks | camping, fishing, wildlife viewing, hunting |
| Prophet River Wayside Provincial Park* | 113 | BC Parks | camping, biking, wildlife viewing (CLOSED 2007) |
| Denetiah Provincial Park | 97,908 | BC Parks | camping, hiking, swimming, boating, fishing, horseback riding, hunting |
| Dall River Old Growth Provincial Park | 644 | BC Parks | camping, hiking, boating, fishing, horseback riding, hunting |
| * cooperatively managed by a community, society or other partner | | | |
| Total Area | 1,047,218 | | |
| Percentage of DFA | 10.61 | | |
| MOF Recreation Sites | Area (ha) | Maintaining Agency | Activity Type |
| West Lake | 82 | MOF User maintained | |
| Muskwa River Boat Launch | 151 | MOF User | |

| Parks and Protected Area | Area (ha) | Maintaining Agency | Activity Type |
|---|------------------|---|--|
| | | maintained | |
| Tuchodi River | | MOF User maintained | No longer in existence |
| Gathto Creek | 108 | MOF User maintained | |
| Beaver Lake | 65 | MOF User maintained | |
| Total Area | 406 | | |
| Percentage of DFA | 0.0041 | | |
| Ecological Reserves | Area (ha) | Maintaining Agency | Activity Type |
| Grayling River Hot Springs Ecological Reserve | 1421 | BC Parks | hiking, nature observation, photography |
| Portage Brule Rapids Ecological Reserve | 724 | BC Parks | hiking, nature observation, photography |
| Smith River Ecological Reserve | 1326 | BC Parks | hiking, nature observation, photography |
| Fort Nelson River Ecological Reserve | 121 | BC Parks | hiking, nature observation, photography |
| Parker Lake Ecological Reserve | 259 | BC Parks | hiking, nature observation, photography |
| Kotcho Lake Ecological Reserve | 64 | BC Parks | hiking, nature observation, photography |
| Total | 3915 | | |
| Percentage of DFA | 0.0397 | | |
| Recreation Trails | Length (km) | Maintaining Agency | Activity Type |
| Teetering Rock Trail | 12 | MOF | hiking, viewpoint, camping |
| Tetsa Bridge #1 Trail | 4 | | hiking, biking, bird watching |
| MacDonald Creek Trail (Stone Mtn.) | 21 | BCParks | hiking, horseback riding, camping, fishing, wildlife viewing |
| Baba Canyon Trail | 5 | | hiking, viewpoint |
| Wokkpath Trail (Northern Rocky.Stone Mtns) | 70 | BCParks | hiking, viewpoint |
| Petersen Canyon | 6 | | hiking, biking |
| Mineral Licks Trail | 0.7 | BCParks | hiking, biking, viewpoint, wildlife viewing |
| Teeter Creek Trail | 0.6 | | hiking, fishing |
| Smith River Falls Trail | 0.7 | BCParks | hiking, fishing, viewpoint |
| Tsimeh Lakes Trail | 16 | FN Cross Country Ski Club | Cross country skiing, hiking |
| Fort Nelson Demonstration Forest | 13 | FN Cross Country Ski Club | cross country skiing, hiking, biking |
| Dunedin Trail | 7.5 | | hiking, mountain biking, horseback riding |
| Summit Ridge Trail | 2.3 | | hiking, viewpoint |
| Summit Peak Trail | 5 | BCParks | hiking, viewpoint |
| Flower Springs Trail | 6 | BCParks | hiking, camping |
| Summit Tower Trail | 6 | | hiking, mountain biking, viewpoint |
| Erosion Pillar Trail | 0.5 | BCParks | hiking, viewpoint |
| "The Cut" Trail | 6 | | hiking, mountain biking, viewpoint, wildlife viewing |
| Red Rock Canyon | 3 | | hiking |
| Old Alaska Highway | 2 | BCParks | hiking, mountain biking, viewpoint |
| Stone's Sheep Trail | 2.5 | BCParks | hiking, wildlife viewing |
| Boulder Canyon | 2.3 | | hiking |
| Total length | 192.1 | | |
| Total Area | 38.4 | (an average width of 2m is used for area calculation) | |
| Percentage of DFA | 0.0004 | | |
| Motorized Routes | Length (km) | Maintaining Agency | Activity Type |
| Wokkpath Corridor | 54 | | ATV, snowmobiling, horseback riding, biking, hiking |
| Yedhe Trail | 36 | | ATV, snowmobiling, horseback riding, biking, hiking |
| West Toad Corridor | 23 | | ATV, snowmobiling, horseback riding, biking, hiking |
| Nonda Creek Corridor | 25 | | ATV, snowmobiling, horseback riding, biking, hiking |
| Liard River Corridor | 56 | | ATV, snowmobiling, horseback riding, biking, hiking |
| Mould Creek Tower Road | 15 | | ATV, snowmobiling, horseback riding, biking, hiking |
| Smith River Road | 47 | MOF | ATV, snowmobiling, horseback riding, biking, hiking |
| Total length | 256 | | |
| Total Area | 256 | (an average width of 10m is used for area calculation) | |
| Percentage of DFA | 0.0026 | | |
| Total Area of Forest Managed for Recreation | | | |
| Activities | 1,051,720 | Percentage of DFA: 10.6578 | |
| MOF referred sites are currently maintained by the Ministry of Tourism, Sport and the Arts. | | | |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

9-2.1 - Compliance with Visual Quality Objectives

| Measure 9-2.1 Number of non-compliance with specified Visual Quality Objectives (VQOs) levels within a Scenic Area due to timber harvesting or road construction | |
|---|--|
| Target | Results |
| Zero (variance of 1) | The only block harvested within the reporting period had no Visual Quality Objectives (VQO). To date, Canfor has not been notified by the MOFR of any non-compliance issues regarding Visual Quality Objectives. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

9-3.1 - Unique or Significant Places & Features & Protected Areas

| Measure 9-3.1 Compliance with documented management strategies on all existing and newly discovered unique or significant places, features and protected areas | |
|---|--|
| Target | Results |
| Sites will be identified and tracked; 100% compliance with documented management strategies (10% variance) | A Standard Operating Procedure for sites of biological significance defines sites of biological significance for the purpose of the Fort Nelson SFM Plan as outlined in measure 1-4.2. A mapping layer does exist as a tracking and operational tool to overlay or to add parks, recreation sites, trails and eco reserves. Apart from the significant biological sites identified in measure 1-4.2 no additional parks, reserves, recreation sites, trails and eco reserves were identified within the reporting year. Baseline data of <i>existing</i> unique or significant places and features, excluding sites identified in measure 1-4.2, are listed in Table 30. Canfor's harvest blocks were not located close to any existing unique or significant places. Management strategies to protect the stick nest reported in measure 1-4.2 were followed by placing the site into a wild life tree patch and maintaining a minimum buffer of 50 meters radius around the nest; the 50 meter buffer applies to stick nests other than Goshawk or Bald Eagle nests (which would require a 200 meter radial buffer). The measure has therefore been met. |

Table 30: 2004 Baseline information of existing unique or significant places and features

| <i>Baseline information 2004</i> | |
|---|-----------------------------------|
| Wokpash Hoodoos | Davie trail |
| Francois | High trail |
| Nelson Forks trading post | Simpson trail |
| Kotcho Lake village site | Contact creek |
| Fossil Creek Liard River confluence | Wooden oil derrick on Liard River |
| Parks, recreation sites, trails and eco reserves mentioned in 9-1.1 | Steamboat lookout |
| Skooks landing | Allen's lookout |
| Sleeping Chief Mountain | |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

9-4.1 – SAFE Companies Registration and Certification

| Measure 9-4.1 SAFE Companies registration and certification | |
|--|---|
| Target | Results |
| Canfor is registered and certified as SAFE company. All Canfor harvesting contractors are registered as SAFE companies | Canfor Fort Nelson Division has been certified as a SAFE company since December 2006. The next re-registration audit is due in December 2009. The sixteen contractors hired during the reporting period to conduct operational fieldwork (layout, planting, archaeological assessments, road maintenance, harvesting, reforestation etc) or field work implemented through the Forest Investment Account (such as completing Vegetation Resource Inventory, Stream Crossing Surveys etc), were either certified or registered, exempted or covered under Canfor's Safety plan at that time. 88% of the contractors were certified and/or registered as a SAFE company. 12% (2 small companies with 1 and 2 workers respectively) were in the process of becoming certified and were exempted from the certification requirement. Those two contractors operated under Canfor's safety program. All of Canfor's harvesting contractors are SAFE certified. The measure has therefore been met. |

| Target Met | | |
|------------|----|---------|
| Yes ✓ | No | Pending |

| References |
|--|
| <ul style="list-style-type: none"> BC Forest Safety council: http://www.bcforestsafe.org/safe_companies/whos_safe.html Peace-Liard Woodlands OH&S Program April 2008 |

9-4.2 – Number of All Injuries

| Measure 9-4.2 Number of all injuries (including serious injuries) | |
|--|---|
| Target | Results |
| Less than previous three year average of number of injuries (until zero injuries achieved); Number of injuries by Worksafe BC forest industry category | The previous three year average (From April 2006 to March 2009) of all injuries, which includes fatalities, serious and less serious injuries, is four. In addition, five near misses were recorded, but they did not result in any injuries. A data request has been made with Worksafe BC to obtain numbers of all injuries by BC forest industry category for the Fort Nelson TSA. Unfortunately, the data request has not been received at time of reporting, although several attempts were made to receive the data. This measure has been revised in Oct. 2007 and no baseline has yet been established to report on this measure. The current numbers for this measure simply reports out the current status and will provide the baseline for the following reporting period. The measure is currently pending, until the data has been received from Worksafe BC. |

| Target Met | | |
|------------|----|-----------|
| Yes | No | Pending ✓ |

| References |
|---|
| <ul style="list-style-type: none"> WCB data request: Dave Lachance: Dave.Lachance@worksafebc.com (604-214-6983) Canfor Safety Pages |

9-4.3 – Number of Serious Injuries

| Measure 9-4.3 Number of serious injuries | |
|--|--|
| Target | Results |
| Less than previous three year average of number of injuries (until zero serious injuries achieved); Number of serious injuries by Worksafe BC forest industry category | The previous three year average (From April 2006 to March 2009) of serious injuries (defined as requiring medical aid), is two. A data request has been made with Worksafe BC to obtain numbers of serious injuries by BC forest industry category for the Fort Nelson TSA. Unfortunately, the data request has not been received at time of reporting, although several attempts were made to receive the data. This measure has been revised in Oct. 2007 and no baseline has yet been established to report on this measure. The current number for this measure simply reports out the current status and will provide the baseline for the following reporting period. The measure is currently pending, until the data has been received from Worksafe BC. |

| Target Met | | |
|------------|----|-----------|
| Yes | No | Pending ✓ |

| References |
|---|
| <ul style="list-style-type: none"> • WCB data request: Dave Lachance: Dave.Lachance@worksafebc.com (604-214-6983) • Canfor Safety Pages |

9-4.4 – Number of Fatalities

| Measure 9-4.4 Number of fatalities | |
|---|---|
| Target | Results |
| Zero; Number of fatalities by Worksafe BC | There were no fatalities during the reporting period. A data request has been made with Worksafe BC to obtain numbers of serious injuries by BC forest industry category for the Fort Nelson TSA. Unfortunately, the data request has not been received at time of reporting, although several attempts were made to receive the data. The current number for this measure simply reports out the current status and will provide the baseline for the following reporting period. The measure is currently pending, until the data has been received from Worksafe BC. |

| Target Met | | |
|------------|----|-----------|
| Yes | No | Pending ✓ |

| References |
|---|
| <ul style="list-style-type: none"> • WCB data request: Dave Lachance: Dave.Lachance@worksafebc.com (604-214-6983) • Canfor Safety Pages |

