

REFORESTATION

All blocks Canfor harvests must meet legal standards to ensure areas are successfully reforested.

100% of Canfor blocks are reforested.

Canfor maintains diversity by replanting blocks with combinations of the species that were originally on the landscape.



Seedling



Reforested Block

Post harvest treatments are often required to aid in successful reforestation. This is very important in sites with high amounts of competing vegetation or wet sites. The tending enables the seedlings to survive the competition or wet conditions. Canfor uses mechanical site preparation (e.g. mounding, ripping and mulching), mechanical thinning/weeding (e.g. brushsawing), aerial herbicide and ground based herbicide (e.g. backpack) to treat blocks and aid in prompt effective reforestation.



8 Year Old Spruce Stand Not Tended



8 Year Old Spruce Stand Tended

The success of reforestation is monitored by surveying the blocks after planting in accordance with the Alberta Regeneration Survey Manual. Surveys include the Establishment Survey which is completed between 4-8 years after harvest and the Performance Survey which must be completed between 8-14 years after harvest. The survey results must be reported to the Alberta Government.

Reforestation Statistics (by Fiscal Year)

	Grande Prairie 2003	Grande Prairie 2004	Hines Creek 2003	Hines Creek 2004
Coniferous Trees Planted	5,197,807	5,200,205	2,336,206	2,595,994
Coniferous Area Planted (ha)	3,658	2,874	1,380	2,695
Coniferous Area Site Prepped (ha)	768	548	356	382
Successfully Reforested (%)	90	78	93	95
Area Stand Tended - Mechanical (ha)	2,072	1,676	0	105
Area Stand Tended - Ground Based Herbicide (ha)	543	619	362	161
Area Stand Tended - Aerial Herbicide (ha)	2,917	1,181	1,104	610

CERTIFICATION

Canfor is committed to sustainable forest management. Canfor has sought and achieved certification under a variety of respected standards including ForestCare, International Organization for Standardization (ISO 14001) and the Canadian Standards Association (CSA Z809-96). See Quick Facts box.

Both Grande Prairie and Hines Creek Environmental Management Systems are certified to the ForestCare and ISO 14001 standards. Additionally, Grande Prairie is certified to the CSA Z809-96 standard; only area based tenures are able to be certified under this standard.

To become certified to the various standards, Canfor completed and must continue to complete independent third party Registration Audits. In addition to the Registration Audits, Canfor also completes yearly independent third party Surveillance Audits and yearly Internal Audits to promote continual improvement.

Certification Reports provided by the independent third party auditors (KPMG) are available for public review. In addition, a detailed **Annual Performance Monitoring Report** is produced to document Canfor's progress towards achievement of the CSA objectives as stated in its Sustainable Forest Management Plan (SFMP).

Quick Facts Box

1997 - GP and HC are certified to the ForestCare standard

1999 - (November) Alberta Environmental Management System (EMS) is certified to the ISO 14001 standard

2000 - (June) GP Sustainable Forest Management Plan (SFMP) is certified to National CSA Z809-96 standard

2002 - (November) Alberta is re-certified to the ISO 14001 standard GP is re-certified to the CSA Z809-96 standard, and HC is re-certified to the ForestCare standard

2003 - (August) GP is re-certified to the ForestCare standard

Public Involvement and Contact Information

Canfor welcomes questions and comments from the public regarding its operations. Canfor can be contacted at the numbers listed at the bottom of this page.

Canfor operating plans are available for viewing and comments at annual public forestry open houses. Supervisors are available to answer questions and to listen to input from the public. For the Grande Prairie FMA area, open houses are held in Grande Prairie, Valleyview and Grande Cache. For the Hines Creek quota area, open houses are held with Daishowa-Marubeni International (DMI) in Hines Creek and Worsley. Typically, the open houses occur in the fall. Please watch the papers for details.

Grande Prairie also has a Forest Management Advisory Committee (FMAC) consisting of interested stakeholders and public. The group is instrumental in providing input into Canfor's Detailed Forest Management Plan (DFMP), and CSA Sustainable Forest Management Plan (SFMP). Canfor would like to thank the FMAC for all of its time and hard work provided over the years. The public is welcome to attend and observe the FMAC meetings, call the number below for more details.

All Canfor plans and certification reports are available for viewing in either of the offices listed below. The ones specific to the Grande Prairie FMA area are also available for viewing at local libraries (Grande Prairie, DeBolt, Valleyview, Spirit River and Grande Cache). Most plans and reports (except operating plans) can be viewed on Canfor's Website www.canfor.com.

Contact Information

Grande Prairie Operations
Postal Bag 100 - 9401-108 Street
Grande Prairie, Alberta
T8V 3A3

Hines Creek Operations
Box 150
Hines Creek, Alberta
T0H 2A0

Woodlands Administration
780-538-7736
Mill Inquiries
780-538-7756
Advisory Committee Inquiries
780-538-7793

Woodlands Administration
780-494-4000
Mill Inquiries
780-494-4003

www.canfor.com



Annual Public Report



Alberta Operations
April 2005
Reporting Period:
Jan. 1st, 2004 – April 30th, 2005

OVERVIEW

This report provides a general overview of Canadian Forest Products Ltd. (Canfor) activities within Alberta. The reporting period is from January 1st, 2004 to April 30th, 2005.

Canfor Alberta Operations is comprised of 2 operating areas; Grande Prairie and Hines Creek.

In Grande Prairie a dimension sawmill and fingerjoint plant are located within the city limits. The sawmill produces roughly 238 million board feet of dimensional lumber per year and the fingerjoint plant produces roughly 9 million board feet of fingerjointed lumber per year. In total Grande Prairie employs 216 employees. Also at the Grande Prairie Mill site is the Canadian Gas and Electric EcoPower Centre that uses wood waste to produce electricity for the mills and steam to the kilns to dry the lumber. The excess electricity is also being sold to other clients including the City of Grande Prairie.

Canfor also operates a stud mill approximately 8 km east of Hines Creek. It produces roughly 84 million board feet of studs and employs 107 employees. In late 2004 Canfor made the extremely difficult decision to close this mill. The Company has insufficient timber supply to sustain both the Hines Creek and Grande Prairie mill requirements due to reductions in the Annual Allowable Cut's (AAC's) (see Annual Allowable Cut section for definition) of both operating areas. Reductions reflect commitments made to manage other non-timber forest values (wildlife, recreation, etc.) The Hines Creek stud mill is scheduled for closure June 30th, 2005.

The Alberta Government allocates timber through the tenure system, which includes Forest Management Agreements, Coniferous Timber Quotas, Deciduous Timber Allocations, Commercial Timber Permits, Deciduous Timber Permits and Local Timber Permits.

Grande Prairie operates under Forest Management Agreement (FMA) 9900037. An FMA is a long-term, negotiated and legislated agreement between the Province of Alberta and a forest company to establish, grow and harvest timber on a perpetual, sustained-yield basis on a defined land area. An FMA holder is required to conduct forest management responsibilities such as forest management planning and reforestation. In the FMA, Canfor has the rights to the coniferous (Spruce, Pine and Fir) timber within the FMA area.

Grande Prairie Landbase Information

	Grande Prairie FMA Area
Total Landbase (ha)	649,160
Productive Landbase (Coniferous & Deciduous) (ha)	474,193

Tolko Forest Industries Ltd. has a Deciduous Timber Allocation (DTA) and Ainsworth Lumber Ltd. has a Letter of Agreement with the Province reserving a DTA within Canfor's FMA area. This gives these companies the right to harvest the deciduous (Aspen, Poplar and Birch). DTAs are also long term agreements between the Province of Alberta and the forest company and are usually volume based. A DTA holder is typically responsible for reforestation.

Hines Creek operates under the Coniferous Timber Quota (Quota) tenure system, which is very similar to a Deciduous Timber Allocation except it is for coniferous timber (Spruce, Pine and Fir). It also is a long term agreement between the Province of Alberta and the forest company and is volume based. The majority of the Hines Creek quota is embedded within Daishowa-Marubeni International Ltd.'s (DMI) FMA area. Quota holders are responsible for reforestation, but there is not a landbase area associated with the volume cut; therefore there will be reporting differences between Grande Prairie and Hines Creek.

ANNUAL ALLOWABLE CUT

The volume of timber that can be harvested each year from the FMA/Quota is called the Annual Allowable Cut (AAC) (Table 2). The AAC is based on a timber year (May 1st - April 30th)

AAC Information (by Timber Year)

	Grande Prairie (FMA)	Hines Creek (Quota)
Approved Coniferous AAC (m ³)	630,400	212,381
Approved Deciduous AAC (m ³)	451,726	-

WOOD SOURCE/MILL REQUIREMENTS

In addition to the Annual Allowable Cut (AAC) from the FMA or Quota, Canfor can obtain volume from other sources if needed. The other sources that are available are: purchase wood, incidental wood, salvage wood and agreements.

- **Purchase wood:** is timber that is purchased by Canfor from either the Crown or private timber owners
- **Incidental wood:** is the incidental conifer that occurs in deciduous blocks
- **Salvage wood:** is timber that is obtained from other sectors (e.g. seismic, power lines, pipelines etc.)
- **Agreements:** are made with other forest companies to facilitate wood trades etc.

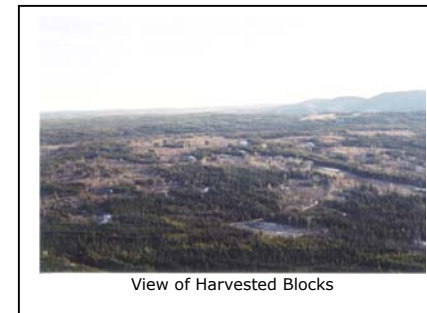
The volumes obtained from purchase, incidental, salvage and agreements vary from year to year depending on mill requirements and availability.

Wood Sources (by Fiscal Year)

	Grande Prairie 2003	Grande Prairie 2004	Hines Creek 2003	Hines Creek 2004
Mill requirement	787,746	878,267	366,781	353,451
FMA or Quota (m ³)	568,950	589,926	326,733	333,490
Crown Purchase (m ³)	269,059	150,632	42,351	10,387
Private Purchase (m ³)	9,731	30,120	3,220	21,091
Conifer Incidental (m ³)	973	-	10,183	14,654
Salvage Wood (m ³)	11,726	17,972	1,635	5,003
Total wood delivered to Mill (m ³)	860,439	788,650	384,122	384,625

HARVESTING PLANNING AND OPERATIONS

All planning and harvesting operations conducted by Canfor follow the applicable Acts, Regulations, and Policies for Alberta.



View of Harvested Blocks

A Forest Management Agreement (FMA) requires that a Detailed Forest Management Plan (DFMP) be prepared. This plan is a higher level or "strategic" plan that describes resource management philosophies, goals, objectives, implementation strategies and performance monitoring. Grande Prairie has an approved DFMP. A quota does not require a DFMP. If the quota is embedded in an FMA, the quota holder is expected to follow the FMA holders DFMP. If the quota is not embedded in an FMA, then the quota holder is required to follow the Government Forest Management Plan (FMP).

The next level of plans that are required from both FMA and Quota holders are the 5 year General Development Plan (GDP) and Annual Operating Plan (AOP). These plans are prepared in accordance with the Forest Management Plan for the area. All plans are available for public viewing. Please refer to the back page for more details.

Harvesting Statistics from FMA/Quota Area (by Timber Year)

	Grande Prairie 2003	Grande Prairie 2004	Hines Creek 2003	Hines Creek 2004
Coniferous Area Harvested (ha)	2,706.0	2,963.9	1,191.8	1,375.7
Pure Deciduous Area Harvested (ha)	0.9	-	N/A	N/A
Coniferous Volume Harvested (m ³)	613,573	665,225	327,334	355,469
Incidental Deciduous Volume Harvested (m ³)	118,950	178,122	157,160	45,512
Pure Deciduous Volume Harvested (m ³)	280	-	N/A	N/A
Incidental Coniferous Volume Harvested (m ³)	973	512	43,415	32,432
Coniferous Salvage Volume (m ³)	Not reported	18,532	Not Reporte	14,565

LOG HAUL

Both Grande Prairie and Hines Creek utilize public and industrial road systems to deliver the required volume to the respective mills.



Log Truck

Log Haul Statistics (by Timber Year)

	Grande Prairie 2003	Grande Prairie 2004	Hines Creek 2003	Hines Creek 2004
Average Log Haul - Public Roads (km)	170	160	65	50
Average Log Haul - Industrial Roads (km)	140	100	85	70
Number of Loads Hauled on Public Roads	3,377	7,691	217	1,488
Number of Loads Hauled on Industrial Roads	7,636	6,020	6,401	4,546

ROAD BUILDING

Whenever possible, Canfor shares access into operating areas with other users, and utilizes existing openings like seismic lines as much as possible.

- **Temporary roads:** are those built to access blocks but are reclaimed and reforested after one or two seasons of use
- **Permanent roads:** are built for longer periods (10-20 years) and contribute to landbase loss

Road Building Statistics (by Timber Year)

	Grande Prairie 2003	Grande Prairie 2004	Hines Creek 2003	Hines Creek 2004
Amount of Temporary Road Built (km)	231	231	37	25
Amount of Permanent Road Built (km)	9	0.6	0	0