Reforestation Statistics (by Fiscal Year)

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<tbody>
<tr>
<td>Coniferous Trees Planted (ha)</td>
<td>2,305,499</td>
<td>2,067,743</td>
<td>1,346,276</td>
<td>2,095,098</td>
</tr>
<tr>
<td>Coniferous Area – Mechanical (ha)</td>
<td>3,658</td>
<td>2,874</td>
<td>1,388</td>
<td>2,096</td>
</tr>
<tr>
<td>Coniferous Area – Aerial Herbicide (ha)</td>
<td>768</td>
<td>548</td>
<td>216</td>
<td>282</td>
</tr>
<tr>
<td>Coniferous Area – Natural (ha)</td>
<td>100</td>
<td>70</td>
<td>84</td>
<td>77</td>
</tr>
<tr>
<td>Area Stand Tended – Mechanical (ha)</td>
<td>2,072</td>
<td>1,478</td>
<td>0</td>
<td>125</td>
</tr>
<tr>
<td>Area Stand Tended – Ground Based Herbicide (ha)</td>
<td>543</td>
<td>619</td>
<td>362</td>
<td>161</td>
</tr>
<tr>
<td>Area Stand Tended – Aerial Herbicide (ha)</td>
<td>2,017</td>
<td>1,181</td>
<td>1,104</td>
<td>610</td>
</tr>
</tbody>
</table>

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).

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 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 110 – 9411-108 Street
Grande Prairie, Alberta
T8V 3A5

Hines Creek Operations
Box 110
Hines Creek, Alberta
T0H 2A0

Woodlands Administration
780-538-7750

Woodlands Administration
780-544-4003

Worley & Associates
780-526-7700

Advisory Committee
780-526-7763

www.canfor.com
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 CoPower 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 (AAC) (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 confers (Spruce, Pine and Fir) timber within the FMA area.

**Grande Prairie Landbase Information**

Tolko Forest Industries Ltd. has a Deciduous Timber Allocation (DTA) and Ainsworth Lumber Ltd. has a Letter of Agreement with the Province of Canada for access blocks.

Tolko Forest Industries Ltd. has a Deciduous Timber Allocation (DTA) and Ainsworth Lumber Ltd. has a Letter of Agreement with the Province of Alberta for access blocks. 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 companies 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)**

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<tbody>
<tr>
<td>Approved Confiserous (FMA)</td>
<td>630,400</td>
<td>212,381</td>
<td>451,726</td>
<td></td>
</tr>
<tr>
<td>Approved Coniferous (AAC)</td>
<td>630,400</td>
<td>212,381</td>
<td>451,726</td>
<td></td>
</tr>
</tbody>
</table>

**Wood Sources (by Fiscal Year)**

<table>
<thead>
<tr>
<th></th>
<th>Grande Prairie</th>
<th>Grande Prairie</th>
<th>Hines Creek</th>
<th>Hines Creek</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm acquired</td>
<td>278,746</td>
<td>217,713</td>
<td>217,713</td>
<td></td>
</tr>
<tr>
<td>Conifer Purchase</td>
<td>368,093</td>
<td>226,325</td>
<td>353,451</td>
<td></td>
</tr>
<tr>
<td>Private Purchase</td>
<td>77,258</td>
<td>100,429</td>
<td>113,761</td>
<td>113,761</td>
</tr>
<tr>
<td>Canfor Incidental</td>
<td>973</td>
<td>15,183</td>
<td>15,183</td>
<td></td>
</tr>
<tr>
<td>Salvagewood (ch)</td>
<td>11,746</td>
<td>1,153</td>
<td>1,153</td>
<td>1,153</td>
</tr>
<tr>
<td>Tons delivered to Mill (CH)</td>
<td>860,439</td>
<td>788,850</td>
<td>384,122</td>
<td>384,625</td>
</tr>
</tbody>
</table>

**View of Harvested Blocks**

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.

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

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

**Log HAUL**

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

**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.