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.

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.

<table>
<thead>
<tr>
<th>Coniferous Trees</th>
<th>Coniferous Area Site Prepped (ha)</th>
<th>Successfully Site Prepped (%)</th>
<th>Area Stand Tended Mechanical (ha)</th>
<th>Area Stand Tended Ground Based Herbicide (ha)</th>
<th>Area Stand Tended Aerial Herbicide (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grande Prairie 2003</td>
<td>1,891,059</td>
<td>3,683.7</td>
<td>97.2</td>
<td>788.6</td>
<td>2,071.5</td>
</tr>
<tr>
<td>Grande Prairie 2003</td>
<td>2,071.5</td>
<td>3,657.7</td>
<td>93.8</td>
<td>2,071.5</td>
<td>2,071.5</td>
</tr>
<tr>
<td>Hines Creek 2003</td>
<td>2,071.5</td>
<td>249.2</td>
<td>0</td>
<td>249.2</td>
<td>974.5</td>
</tr>
<tr>
<td>Hines Creek 2003</td>
<td>2,071.5</td>
<td>542.5</td>
<td>0</td>
<td>542.5</td>
<td>542.5</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 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 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.
Harvesting Statistics from FMA/Quota Area (by Fiscal Year)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Grande Prairie (FMA)</th>
<th>Grande Prairie (Quota)</th>
<th>Hines Creek (FMA)</th>
<th>Hines Creek (Quota)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1,054,584</td>
<td>1,054,584</td>
<td>1,054,584</td>
<td>1,054,584</td>
</tr>
<tr>
<td>2004</td>
<td>1,066,756</td>
<td>1,066,756</td>
<td>1,066,756</td>
<td>1,066,756</td>
</tr>
<tr>
<td>2005</td>
<td>1,078,928</td>
<td>1,078,928</td>
<td>1,078,928</td>
<td>1,078,928</td>
</tr>
</tbody>
</table>

Canfor is typically responsible for reforestation. Canfor participates in the implementation of land management programs through reforestation. Canfor operates under Forest Management Agreements (FMA) and forest industry agreements with the Province of Alberta to manage forest land, harvest timber, and conduct reforestation.

**OVERVIEW**

This report provides a general overview of Canadian Forest Products Ltd. (Canfor) activities within Alberta. The reporting period is from May 1, 2002 to April 30th, 2004.

Canfor Alberta Operations is comprised of 2 operating areas; Grande Prairie and Hines Creek. In Grande Prairie a dimension sawmill (below) and fingerjoint plant are located within the city limits. The sawmill produces roughly 205 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 215 employees.

Canfor also operates a stud mill approximately 8 km east of Hines Creek. It produces roughly 95 million board feet of studs and employs 113 employees.

The Alberta Government allocates timber through the tenurial 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) #9500037. 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 conduct the coniferous (Spruce, Pine and Fir) timber within the FMA area.

**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**

- **Coniferous (Spruce, Pine and Fir):** 757,356 ha (2003) and 787,746 ha (2002)
- **Deciduous (aspen, maple and birch):** 2,706.0 m³ (2003) and 2,374.6 m³ (2002)
- **Salvage wood:** 4,944 m³ (2003) and 7,704 m³ (2002)

**SAVAGE WOOD HARVESTED**

- **Total sawnwood harvested and sold:** 273,056 m³ (2003) and 279,064 m³ (2002)
- **Pulpwood harvested:** 794,055 m³ (2003) and 939,046 m³ (2002)
- **Salvage wood:** 4,944 m³ (2003) and 7,704 m³ (2002)

**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 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.

**VARIABLE RETENTION BLOCK**

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 the 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.