THOMPSON RIVER IFM

ATTACHMENT J, V1.1

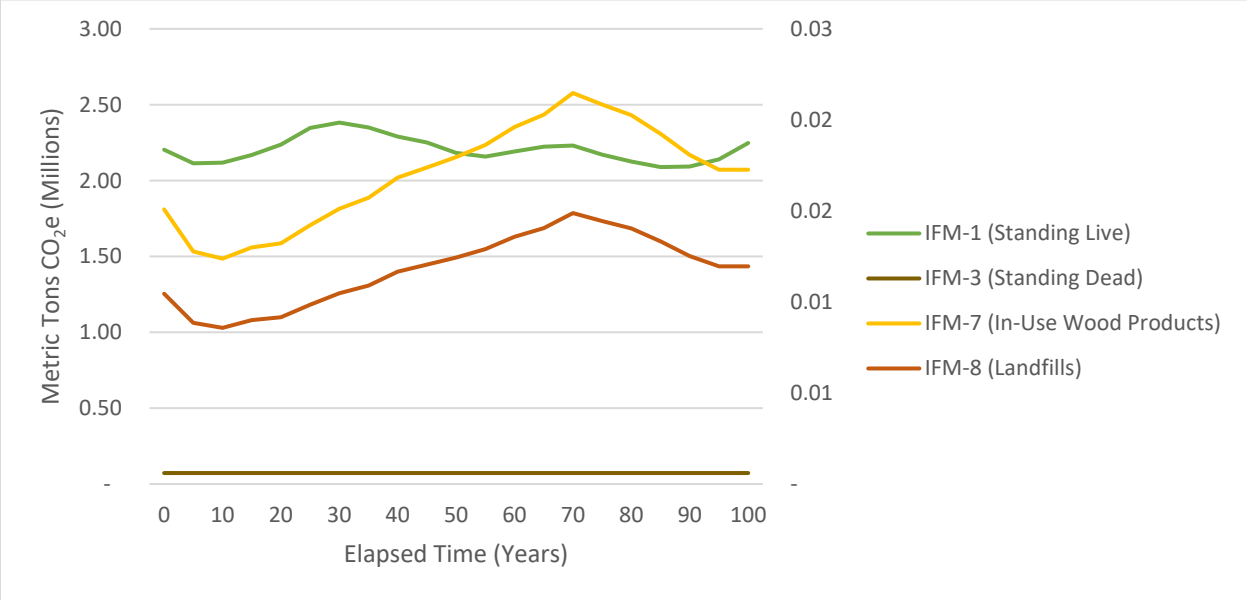
1 INTRODUCTION

The purpose of this document is to provide

- The final baseline incorporating all required carbon pools, which depicts time (100 years) in the x-axis and metric tons CO_2e in the y-axis and meets the requirements of Section 7.2.1(a)(24)(E) of the FOP.
- The required written characterizations that explain any annual changes in baseline carbon stocks over time.

2 FINAL BASELINE INCORPORATING ALL REQUIRED CARBON POOLS

See below. The carbon pools IFM-7 and IFM-8 are tracked on the secondary (right-hand) y-axis for clarity.



3 WRITTEN CHARACTERIZATIONS THAT EXPLAIN ANY ANNUAL CHANGES IN BASELINE CARBON STOCKS OVER TIME

Annual changes in baseline carbon stocks over time can be explained by the following:

- The minimum baseline level was set equal to the initial aboveground live carbon stock through application

of Section 5.2.1(d) of the FOP. (This is why the Initial Aboveground Live Carbon Stock and the Minimum Baseline Level are on the same line on the below graph.)

- The baseline was modeled with a net present value maximization objective at a 6% discount rate, with the following constraints:[1]
    - Average aboveground live carbon stock, over the 100-year modeling period, could not fall below the minimum baseline level (in practice, the average aboveground live carbon stock sat just above the minimum baseline level).
    - Harvest volume (in units of green tons) could not increase or decrease by than 5% (in absolute terms) between 5-year time-steps.
- The result was a harvest schedule that provided a high financial return while still being operationally feasible. Onsite carbon stocks and harvest levels exhibit a cyclical pattern, reflecting "waves" of higher harvest levels during periods in which a larger quantity of volume becomes available for harvest.

[1] More detail regarding the cost/revenue assumptions and discount rate used for the net present value calculation can be found in Attachment L.