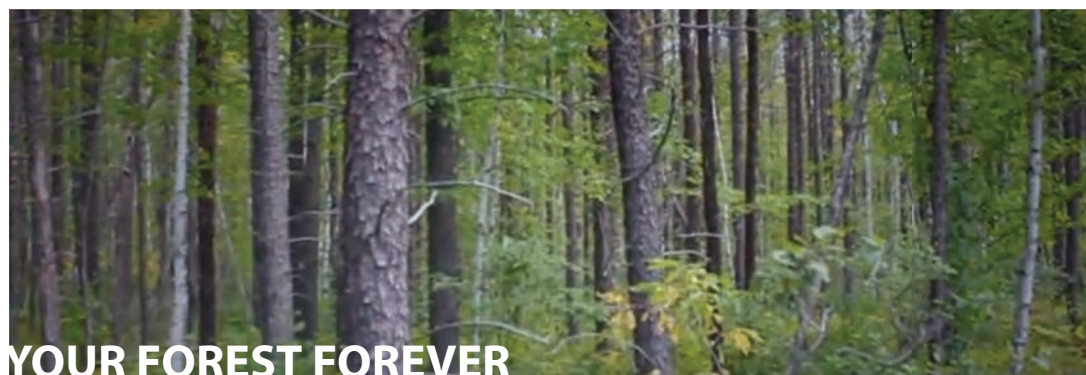


ONTARIO BIODIVERSITY AFFORESTATION PROJECT Landowner Information Package



The Ontario Biodiversity Afforestation Project (OBAP)

The objective of OBAP is to **plant trees** for the purpose of storing carbon. This involves renewing **Boreal or Great Lake St Lawrence Forest conditions** on inactive farmland in order to restore biodiversity and generate carbon credits.

If you are the owner of Inactive Land meeting this description you may be eligible to participate and have **trees planted at no cost to you.**



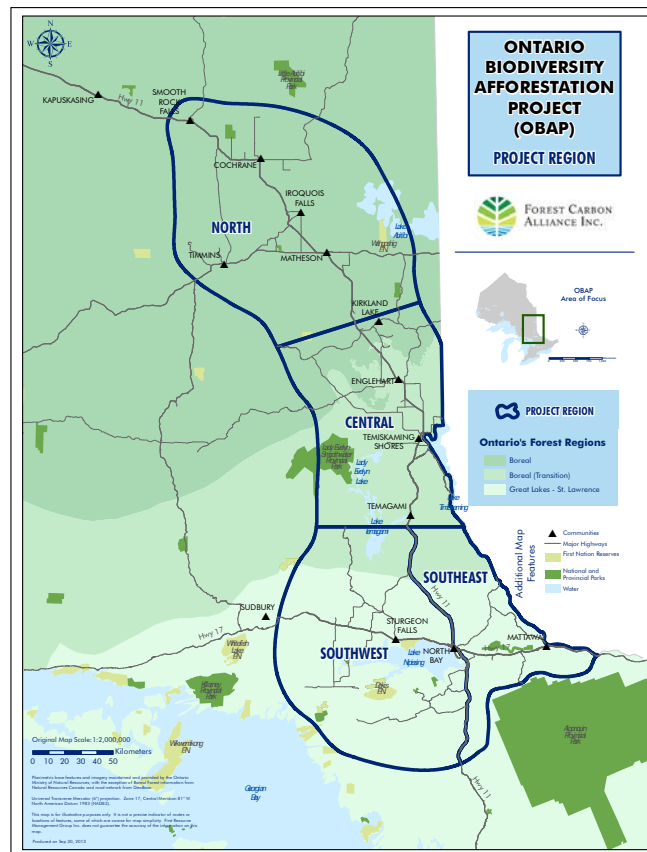
Who are we?

Forest Carbon Alliance (FCA) is a joint venture owned by First Resource Management Group Inc. and Carbon Offset Management Group Inc. FCA has launched the OBAP and is interested in land, which is qualified to plant trees for the purposes of developing environmental attributes for third parties. FCA is comprised of professional foresters that have managed over 50,000 square kilometers of Crown Forests in Ontario and have overseen the planting of over 25 million trees in the last three years.



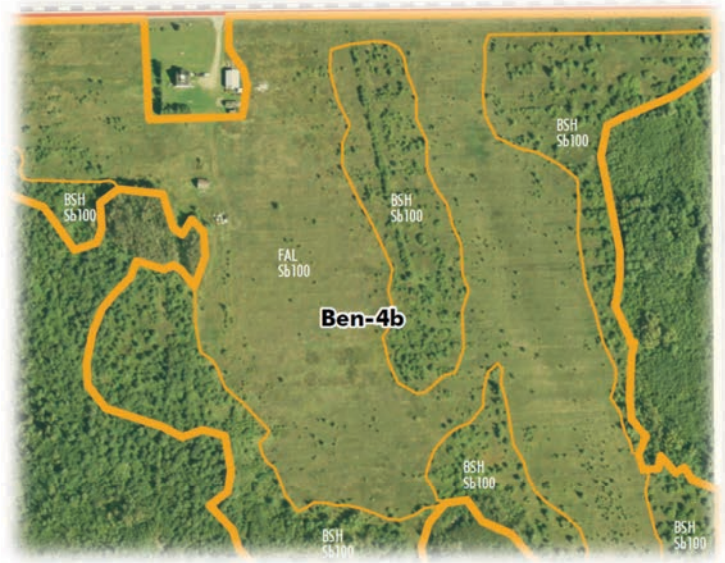
Where is the project located?

The project takes place within the Highway 11 corridor. It spans a large geographical area, which is most easily described by starting slightly south of North Bay to ending slightly north of Cochrane. Multiple landowners are participating across the region.



How does it work?

- We will consult with you to examine the eligibility of your property and then develop a plan that suits your objectives, timelines and values.
- You will receive a customized map of your property showing where your forest could be planted.
- We will estimate how much carbon can be stored within the trees of your forest based on the soil conditions and species.
- You will receive the forest as long as you agree to keep the forest for 100 years and provide us ownership of the carbon credits created during that time.



What will be planted and How?

- FCA will always plant the ecologically appropriate tree species given the conditions on your land, however it is the intention of FCA to promote the growth of a more diverse and aesthetically pleasing forest composed of

Red pine, Black Spruce, and White Spruce. White pine may be feasible if conditions allow.

- The site preparation work usually begins in the spring/summer once the site is prepared, we will plant the trees. We will follow-up the year after planting, and as needed until the trees are established.



How do I participate?

- If you are interested in moving forward, we will enter in a Memorandum of Understanding (MOU) with you. *A copy of the MOU is provided at the back of this information package.* This is not a commitment to the project, but it will allow us to do the additional assessment necessary to complete the eligibility in OBAP
- After sorting out all the details specific to your property, we provide you with the Carbon Transfer Agreement (CTA) and financial means to obtain independent legal advice from a lawyer of your choice before you sign.
- After signing the CTA, we will officially set aside the amount of seedlings required to plant your property and perform all the necessary work required to establish the forest on your property.
- We will prepare the Managed Forest Tax Incentive Program (MFTIP) forms for you so you can apply for the property tax credit offered through the Ontario Ministry of Natural Resources.

What is a MFTIP

The Managed Forest Tax Incentive Program (MFTIP) is a program managed by the MNR. It provides landowners of qualifying forest to obtain a reduction of municipal land taxes of up to 75%. Its made possible by preparing a plan, and having it approved. We will do this work for you.

What is a carbon credit?

- A carbon credit is the result of a process that, if documented correctly, results in the measurable decrease of greenhouse gases from the atmosphere (in this case CO₂).
- After an independent, third party, with the authority



to audit this type of documentation and process, conducts their review; they can then issue a statement confirming the amount of carbon credits.

- That statement is what is referred to as a “carbon credit”. In the case of the OBAP the process is the growth of trees on open, inactive land.

What happens to the CTA?

- Part of the documentation that must be provided to create a carbon credit is proof that the trees will store the carbon for a long time. Registering the CTA on title is the only way to ensure a future landowner does not remove the forest before they reach their life cycle.

What is in the CTA?

The Carbon Transfer Agreement allows us to proceed with the project along the following terms.

- We will help you obtain the 75% tax credit on your property taxes from the Managed Forest Tax Incentive Program run by the Ontario Ministry of Natural Resource.
- We agree to let us prepare the land and plant your trees
- You receive the new forest at no cost to you (the approximate benefit to you for us to prepare the land to plant seedlings is about \$1,000/acre).
- You agree to give FCA the right, title and interest to only the carbon and other environmental credits that result from growing trees on your land.
- You will own the trees.
- You agree not to cut the trees we plant for the full growth cycle of 100 years
- We will register the agreement on title to make sure future landowners conserve the trees



What treatments will be applied?

We want to ensure optimum forest regrowth in a way that ensures a high level of healthy tree growth, while ensuring aesthetic; wildlife and spiritual values are maximized. This means a few things.

- **Species Assessment**

We will only plant tree species that are ecologically sound and will grow to the best of their abilities. To do this we will need to visit your property and determine the suitability and treatments required.

- **Site Preparation**

While reforesting a site, we use practices intended to minimize any negative environmental impact of the planting and tending operations. This means that we favor methods like mechanical site preparation and careful species selection.

Existing grass vegetation will overgrow and suppress the newly planted tree seedlings.

- **Seedling establishment**

We will oversee the planting of the seedlings on your property. Our intent is to create a natural looking regeneration pattern that would be similar to what a natural regeneration pattern would look like.

- **Monitoring**

We will return in following years to perform follow-up visits and ensure the trees are growing properly. If they are not, we will apply the proper treatments to ensure they do. Once they are growing freely and expected to succeed without



any further attention, we will prepare the MFTIP documentation for you.

What about herbicide?

FCAI will use a MNR approved, industry standard herbicide to reduce competition from the existing vegetation and ensure the survival of the seedlings in the very early stages. We always minimize the application of herbicide as a renewal treatment where possible when establishing a new forest.

Planting trees is the easy part. Making trees grow is the hard part. It becomes especially challenging when the trees are shaded from the sun, or can't take up adequate nutrients or water during the first few years of growth. These situations arise when there is tall vegetation shading the seedlings or grasses and other low plants competing for water and nutrients. Much like removing weeds in a garden. Competing vegetation needs to be controlled to ensure the tree seedlings have access to the sun, water and nutrients needed for growth.

Old farmland often has a thick blanket of vegetation that would completely cover, and limit growth of the trees we plant.

The herbicide helps by suppressing the competing vegetation and weeds long enough for the trees to become firmly established. After that the trees outcompete the other vegetation.

- **How does herbicide work?**

The herbicide that FCA uses for controlling the competing vegetation is a salt-based herbicide named glyphosate. This herbicide only works on the leaves of plants. The Salt is diluted in



water and sprayed on the competing vegetation to be absorbed by leaves and green stems. Scientific studies have shown that it does not enter plants through roots or bark.

Simply put, the salt blocks a growth process specific only to plants. Within a few weeks the affected plants will wilt, and eventually die.

Any herbicide that lands on the ground binds to the soil, which essentially neutralizes it, and it begins to degrade naturally.

- **How much is used?**
The diluted glyphosate is applied at a rate of 3 liters per hectare. *A little less than 4 large coffees over a standard football field.* We use a tracking GPS and an ATV to apply the herbicide only where it needs to be applied, and to avoid specific plants that we want to keep.
- **How is it regulated?**
Health Canada's Pest Management Regulatory Agency (PMRA) is involved in the review and registration of all herbicides. Extensive research has been conducted on glyphosate, and its impacts on humans, fish, wildlife, and edible berries. No evidence has been found to suggest the herbicide causes harm to any of the above. The application is done under strict Provincial regulations, and best practices.





FOREST CARBON
ALLIANCE INC.

We invite you to find out if your land qualifies for the Ontario Biodiversity Afforestation Project (OBAP).

Forest Carbon Alliance Inc. is looking for inactive, cleared land on which to plant trees. Landowners will **receive a custom forest at no cost**. The purpose is to store carbon in trees for 100 years. The value to the landowner is about \$1,000 per acre.



FCA will look into the past use and ownership of your land to make sure it qualifies for this project and confirms its economic viability. This process will take FCA about a month to complete. If your land qualifies and you decide to participate in OBAP, we will sign a Carbon Transfer Agreement with you. The terms of Carbon Transfer Agreement are described on the reverse of this form.

Name: _____

Phone Number: _____ **Email:** _____

Address: _____

Postal Code: _____ **Lot Number:** _____

Approximate Area: _____ **GPS:** _____

Description of Area: _____

Your goals for your new forest: _____

If you are interested in participating in this project, and agree to allow us to confirm that your land qualifies, please sign this memorandum of understanding below. By signing below:

- You are under no obligation to participate in OBAP, and FCA is under no obligation to plant the trees.
- You agree not to sell your land or offer it for sale for one month while we qualify your land
- You agree to help us gather any information we need to qualify the land, including letting us visit it, take pictures and look into past ownership

Forest Carbon Alliance Inc.

Landowner (s)

Name

Name

Name

Signature

Signature

Signature

Dated _____, 2013