



Project No. 010186-04

March 7, 2007

Mr. Derrick Romain
ABITIBI-CONSOLIDATED COMPANY OF CANADA
Ontario-East Woodlands
1 Park Street
Iroquois Falls, Ontario
CAN, P0K 1E0

SUBJECT: REGISTRATION PROGRAM

Dear Mr. Romain,

Please find attached the Audit Report raised as a result of our 12 Month Surveillance Audit of your management system to the CAN/CSA - Z809-2002 standard conducted in your Ontario East woodlands during the period of February 27 to March 2, 2007

We thank you and your organization for the support and co-operation given during the audit.

Best Regards,

A handwritten signature in black ink, appearing to read 'Martin Litchfield', is written in a cursive style.

Martin Litchfield RPF
QMI Team Leader
Encls.

QMI Confidential



Accreditation number No.19/06
Validity of the accreditation
from 2007/01/16 to the
expiration date 2011/01/15

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MANAGEMENT SYSTEM AUDIT REPORT

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REPORT DISTRIBUTION

ABITIBI-CONSOLIDATED COMPANY OF CANADA
QMI File
Martin Litchfield

Statement of Confidentiality

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SECTION 1 - COMPANY INFORMATION

Company Name: ABITIBI-CONSOLIDATED COMPANY OF CANADA
Address: 1 Park Street
Iroquois Falls, Ontario
CAN, P0K 1E0
Client No.: 010186
Contact Person: Mr. Derrick Romain
Title: Biologist/Certification Coordinator

SECTION 2 - RESULTS OF DOCUMENT REVIEW

Audit Standard: CAN/CSA - Z809-2002
US SIC / NACE Codes: 0851 / A02.0

Scope of Registration

The Sustainable Forest Management system as it applies to all woodlands activities that fall under the direct control of Abitibi-Consolidated Company of Canada, Ontario-East Woodlands, within the 2 Sustainable Forest Licences (Iroquois Falls Forest, Nighthawk Forest) and the Smooth Rock Falls Freehold, which is considered to be the Defined Forest Area (DFA). The DFA does not include patent land, parks, conservation reserves, First Nation Lands and non-Abitibi land use permits.



SECTION 3 - AUDIT DETAILS

Type of Audit: 12 Month Surveillance Audit

Audit Dates: February 27, 2007 to March 2, 2007

Duration of Audit: **Person(s): 2 Day(s): 2**

Audit Team

<u>Position</u>	<u>Name</u>
Team Leader	Martin Litchfield RPF
Team Member	Fabrice Lantheaume

Purpose and Scope of this audit

To evaluate the suitability, adequacy and effectiveness of the organization's Management System in meeting the requirements of the CAN/CSA - Z809-2002 standard and the company's Management System Documentation, for the declared scope of registration.

Audit Coverage

The audit activities covered all of the organizational and functional units or processes and activities as identified in the Audit Plan.

Dependency Note

Not Applicable

Issue/Revision status of the Manual (documented system)

Manual Rev: Electronic version February 2007 **Date:** 2/27/2007



Statutory and Regulatory Requirements Referenced

The audit considered all the Federal, Provincial and Municipal statutory and regulatory requirements related to forestry operations in Ontario

Opening Meeting

The Opening meeting, where the scope and the method of performing the audit were explained, was attended by the persons listed in the Meeting Attendees form, which is maintained on file at QMI.

Closing Meeting

The persons listed in the Meeting Attendees form attended a Closing meeting.

SECTION 4 - AUDIT FINDINGS

All of the applicable requirements of the CAN/CSA - Z809-2002, as identified in the audit plan, were audited and considered to be adequately implemented.

Non-Conformances (NCR's):

NCR No.	Clause No.	Clause Description	Response Due Date:
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There were no non-conformances

Status of any previously recorded non-conformances (NCR's), OFI or system weaknesses.

No previously recorded or outstanding NCR's

All of the OFI's were reviewed and found to be adequately addressed

Positive Aspects of the Management System:

1. Effective implementation of standard operating procedures in Iroquois Falls North to achieve the forestry and environmental objectives. The operators were very cognizant of how to conduct their operations to achieve their environmental goals and how to address the needs of the next harvesting customer



2. The development of “Root Cause Analysis” training to investigate problem solving.
3. Heightened awareness of the forest policy and their role to achieve implementation
4. Effective implementation of procedures to handle hazardous waste, such as used oil.

Effectiveness of the Internal Audit System:

The annual audits were performed according to the procedure in verifying the effectiveness of the management system.

Opportunities for Improvement

Recommendations:

- 7.5.4 Consider formal external training for staff conducting internal audits

System Weakness:

- 7.4.6 Encourage the use of distinctive coloured and marked flagging tape for AOC protection in the Nighthawk forest. Standard pink ribbons are being used by other resource users, such as mining. It causes confusion when harvesting to a pink reserve line.
- 7.3.6 Expand the SFM Annual Report discussion of rationale and future plans where VOIT's have not achieved the designated target. VOIT's 5.1.2, 5.3.1, and 6.1.2 have not achieved targets because of the reduced harvesting activities.
- 7.5.1 Review the implementation of the monitoring requirements for fuel management to ensure that all fuel tanks conform to the legal expectations and that there are adequate fire extinguishers. One fuel tank on the Nighthawk Forest did not have ULC certification and one fire extinguisher in the Smooth Rock Freehold was not charged.
- 7.6 Ensure that scheduled completion dates for CAR's and PAR's are achieved. The December 2006 Management Review confirmed that two of the 2002 IFA Nagagami recommendations were still outstanding. The deadlines were changed three times: March 2006; September 2006; and December 2006.

Please note that these Opportunities for Improvement will be reviewed as part of the preparation for the next audit.



Indicators Assessed:

The following SFM Indicators were audited in the office and verified in the field locations:

Name of Contractor or Staff	Occupation /Location	Block ID	Indicators Verified (#'s as per 2005 SFM plan)
Derrick Romain & Kyle Aird	Abitibi-Consolidated staff	Block #104, 323,324,feehold	2.2.1, 3.1.1, 3.2.1, 3.2.2, 4.1.1, 5.1.3, 5.1.4, 5.1.5, 5.3.1,5.3.2, 5.3.3, 6.1.2, 6.3.1,6.3.2, 6.4.1, 6.4.3
Rob Tomchick	Woodlands Manager	Office	6.1.2,6.4.3
Nancy Daigle	Compliance Forester	MNR Compliance	5.1.3, 5.1.4, 5.3.3, 6.2.1,
Kees Stryland	Timmins LCC rep	LCC Interview	6.3.1, 6.4.1, 6.4.2
Tom Monahan	LCC Kirkland Lake	LCC Interview	6.4.1, 6.4.2, 6.3.1
Rob Neal	MNR Cochrane	MNR Interview	3.3.1,3.3.2.1,1.1.4, 5.1.3
Lorne Flood	Matachewan First Nation	LCC interview	6.1.1, 6.1.2, 6.2.1, 6.3.1, 6.4.2, ,
Roy Warne & Bouffard Logging	Nighthawk Forest	Block # 151 and 84	2.2, 3.1, 3.2.1, 3.2.2, 5.1.3, 5.1.4, 6.4

Conclusion

Based on the review of the company's Management System documentation, and the audit results, the following recommendation is made:

Surveillance Audit

The results of the Surveillance Audit indicate that the Management System of ABITIBI-CONSOLIDATED COMPANY OF CANADA is suitable and effective and will continue to be recommended for registration to CAN/CSA - Z809-2002.

An effective inter-action exists between all elements of the management system;
 The entire management system is effective in light of any changes
 Top management has demonstrated a commitment to maintain the effectiveness of the system



Next Scheduled Audit: June 25-26, 2008

Date(s): June 25-26, 2008

Type of Audit: 24 Month Surveillance Audit

No. of Persons: 2

No. of Audit Days Required: 4

Martin Litchfield
QMI Team Leader

Date: 03/07/2007