

Minutes of Meeting
Tolko Forest Resources Advisory Committee (FRAC)

Date: November 12, 2003
Time: 1:00 p.m.
Location: Tolko Woodlands Office

Attendance

See attachment. The following Tolko employees were also present: Fiona Donald, Inventory Forester; Barry Geddes, Supervisor/Planner, Saskatchewan River Forest Section/Interlake; Mike Paddock, Supervisor/ Planner, Saskatchewan River Forest Section; Don Aikman, Planner, Nelson River Forest Section; Andrew Forward, Supervisor/Planner, Highrock Forest Section; Doug Hunt, Divisional Forester.

Welcome and Introductions

Doug Hunt, FRAC Chairperson, welcomed those in attendance and participants around the table introduced themselves.

Review of Proposed Agenda

The agenda for the November 12, 2003 FRAC meeting was reviewed . It was noted that Fiona Donald would give the presentation on Forest Renewal instead of Paul Chapman; and that Barry Geddes would give a presentation on Tolko's activities in the Interlake.

Review of Minutes of March 6, 2003 FRAC Meeting

The minutes of the March 6, 2003 FRAC meeting were reviewed, and accepted as presented. Doug Hunt provided a brief update on the labour situation at Tolko's sawmill; a 3-year agreement with the IWA is now in place, with some issues still ongoing from the labour point of view. The anti-dumping and countervail duties totaling 27% imposed by the U.S. remain in place; this, together with a strong rise in the Canadian dollar, is significantly negatively impacting Tolko's operations. Two committees have been recently formed at Tolko to look at ways of improving the operating efficiency of the sawmill.

Hunt noted that Tolko will be meeting with representatives of the Snow Lake FRAC on November 26, 2003.

2004 Annual Operating Plan Presentation

Doug Hunt noted that Tolko held a series of public meetings in May and early June 2003 to present Tolko's planned operations for this year. Over the summer the 2004 Annual Operating Plan was drafted, and submitted to Manitoba Conservation in September. The 2004 plan has been presented to the Integrated Resource Management Teams in Thompson and The Pas, and was scheduled to be presented to Manitoba Conservation November 14, 2003. It's expected that Manitoba Conservation will approve the plan and/or provide direction on required/suggested changes in late December 2003. Once approved, the plan will be posted to the Tolko Web site www.tolkomanitoba.com, accessible to the public.

Highrock Forest Section

Andrew Forward, Supervisor/Planner for the Highrock Forest Section, provided an overview of Tolko's present and planned activities in this area which encompasses 6 Forest Management Units (FMU). Forward pointed out various areas and features on a map including reserves, TLE selections, highways, resource roads, proposed roads, cutblocks identified for 2004-2006, and contingency blocks. Forward indicated the AAC that had been determined by the province, and how much volume was allocated to quota holders, for FMU 60. Tolko has not completed its Caribou Strategy for the Wedge Lake area, and so is presently not allowed to harvest there. The Caribou Strategy is addressing issues related to movement of animals between summer and wintering areas. Dan Soprovich provided an update on caribou monitoring work he is doing on contract to Tolko in relation to the Caribou Strategy.

With respect to FMU 61, Tolko the Buzz Lake area is the only one proposed for harvest. Tolko does not have a contractor operating regularly in this area. In FMU 63, the Jungle Lake area, Tolko has identified 3 areas it proposes to operate in next year. With respect to FMU 65, discussion is ongoing with the community of Snow Lake regarding Tolko's proposed plans.

Nelson River Forest Section

Don Aikman, Planner for the Nelson River Forest Section, provided an overview of Tolko's present and planned activities in this area. With respect to FMU 66, operations will remain economical as long as the Lynn Lake railway line remains operating. Tolko works with some First Nations contractors in this area, and is open to discussing additional contracting opportunities.

Tolko is looking at 5 operations in FMU 62 this year. The company employs local contractors and works with long-established quota holders in this area. A caribou management plan has been produced for the Naosap Lake area and signed off by the provincial government.

Tolko had a meeting with Manitoba Hydro and Nisichiwayasihk Cree Nation with respect to Hydro's planned transmission line in the Birchtree Mine area. Aikman reviewed how the quota holder system works on the FMLA, and where various quota holders and different contractors will be operating in the Thompson/Wabowden areas. He noted that difficulties in obtaining DFO approval for a water crossing on Landing road may require the company to opt for winter logging in that area.

Tolko has applied to cut 150% of the AAC in FMU 84. It was noted that provincial regulations allow some flexibility in occasionally exceeding the AAC in one area in one year, so long as the volume taken is balanced out within 5 years.

Saskatchewan River Forest Section

Mike Paddock Supervisor/ Planner, Saskatchewan River Forest Section, noted Tolko has 4 operators in FMU 56 and reviewed where they will be operating. Some chipperwood for the pulp mill will be produced in the bush.

Present and future contractor operations in FMU 55 (Cormorant operating area) and 53 were reviewed. In FMU 53, Tolko will be cutting based on ecosystem based management that mimics natural disturbance. Manitoba Conservation has approved this plan. This will result in larger cuts, starting at the backs of blocks and closing access as operations go along.

The large Area of Special Interest that has been set aside by the provincial government, and its potential impact on Tolko's operations and its contractors in FMUs 51 and 53, was discussed. The importance of leave areas (e.g. snags, patches) within large cuts to provide wildlife habitat was raised.

Interlake

Barry Geddes, Supervisor/Planner, Saskatchewan River Forest Section/Interlake, updated activities in areas of FMUs 51, 52, 54 and 12 for which he's responsible. He identified areas where various contractors are operating.

Geddes also reviewed the current status of operations in FMUs 45, 46 and 47, areas in which Tolko ceased operating as of December 31, 2002. Tolko has established a partnership with Chemawawin Cree Nation and the provincial government to develop training and employment opportunities for band members. Extension of the partnership from the present one-year term to 3 years is being discussed.

Forest Renewal

Fiona Donald, Inventory Forester, gave a presentation on Tolko's forest renewal program. Donald explained the various features shown on a typical silvicultural planning map (e.g. different kinds of site preparation methods). She then reviewed the types of scarification employed in various stands, and the number of hectares planned for site preparation next year.

Tolko plans to plant about 6 million seedlings next year, with 61% of the planting program taking place in the Nelson River Forest Section. The majority will be white spruce and black spruce, with some jack pine. She noted that the entire current crop in the Saskatchewan River Forest section is grown from seed produced from a seed orchard.

Donald reviewed Tolko's planned chemical release program, which will include applications from fixed wing aircraft, helicopter and some ground-based application. Helicopter is being considered primarily for those areas that have not reached Free To Grow status. Any chemical release program planned for the Snow Lake area will be reviewed with the Snow Lake FRAC beforehand.

CSA (Canadian Standards Association) Sustainable Forest Management Process

Doug Hunt reviewed progress to date in drafting Tolko's Sustainable Forest Management Plan, required for the company to achieve certification under the Canadian Standards Association sustainable forest management standard. Tolko's CSA Public Advisory Committee, comprising a broad range of interested stakeholders, held working meetings in June, July, September and October of this year. The meetings have been facilitated by Sheldon McLeod of SLMcLeod Consulting.

The CSA standard sets out six broad criteria related to forest management: For example, Criterion 3 relates to conservation of soil and water resources. At each meeting participants first identified values relating to the criterion being discussed they felt were important. They then identified objectives for Tolko to work toward in addressing those values, and indicators that could be used in assessing whether Tolko was meeting the objectives. Finally, targets were set – specific actions to be taken to meet the requirements of the indicators. Attachment 2 is included as an example of this process. It illustrates a value, objective, indicators and targets agreed on by the committee relating to Criterion 2: Maintenance and Enhancement of Forest Ecosystem Conditions and Productivity.

To date, the committee has drafted values, objectives, indicators and targets for all 6 criteria. This material will be revisited at a future meeting(s). Once approved it will comprise the sustainable forest management plan that will guide Tolko in all its future operations, and Tolko's performance in following the plan will be regularly audited by an independent auditor. In addition, the committee has put together a list of items of concern and interest that it may wish to

approach the provincial government about for further discussion; e.g. revenues collected from stumpage fees staying in the north. Work continues on these outstanding items.

It's expected the committee's work will wrap up early in the new year.

Next Meeting

The next CSA advisory committee meeting is scheduled for January 21 and 22.

December 19, 2003

Dear FRAC Member:

Re: FRAC Meeting Minutes for November meeting

Please find attached the minutes for the FRAC meeting held on November 12, 2003 in The Pas. If you have a concern with the minutes please give me a call at 204-623-8542.

For your information there will be a CSA advisory committee meeting in The Pas on January 21 and 22. More details will be mailed out in the New Year.

Have a great holiday season.

Yours truly,

Doug Hunt
Divisional Forester