

General Development Plan

2006 – 2011

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INTRODUCTION

The 2006 General Development Plan (GDP) is submitted pursuant to Paragraph 18 of the Forest Management Agreement (FMA). The GDP covers FMA 0200040. This is a Joint Forest Management Agreement with Footner Forest Products Ltd. (FFP) and Tolko Industries Ltd. High Level Lumber Division (HLLD) (the companies). The GDP sets out the proposed harvest level, areas of operations and road building activities, and reclamation activities for the next five years from May 1, 2006 to April 30, 2011. The GDP outlines both companies wood supply, cut control, future harvesting activities and is guided by the Upper Hay Regional Operating Ground Rules Oct 25, 2005.

FFP is an Oriented Strand Board Facility that utilizes deciduous timber and HLLD is a dimensional lumber mill that utilizes coniferous timber. Other deciduous timber allocation holders within the FMA area are:

1. Daishowa-Marubeni International Ltd. (DTAF260006)
2. Netaskinan Development Corporation (DTAF260003, DTAF260004)
3. Precision Lumber Products Inc. (DTAF260001)
4. Ridgeview Mills Ltd. (DTAF260002)
5. Che K'li Enterprises Ltd. (DTAF260005)

LaCrete Sawmills (LCSM), Precision Lumber Products Inc. and Ridgeview Mills Ltd. receive timber from the companies through various wood supply agreements.

The FMA quadrant production has been included for the tenure holders previously listed. The companies have chosen a Forest Management Operating Year covering May 1 to April 30 and will be operating under the Detailed Forest Management Plan approved on March 1, 2004. The companies are continuing to work towards having the imbedded quota holders sign off on the AOP/GDP. The companies are working towards having the integrated AOP/GDP signed off by all imbedded quota holders by August 1st, 2006.

PUBLIC REVIEW

Public Review of the 2006 GDP and its associated operational plans takes place throughout the year in a variety settings and venues. One of those events is the referred to as the GDP roadshow. This years GDP road show will take place during the months of June and July 2006. During that time frame the companies will visit 13 communities in the general area and review the AOP/GDP. Furthermore, the various Final Harvest Plans will also be presented individually in nearby communities, as well as during community events where overall forest management plans are to be shown. Both FFP and HLLD keep hard copies of the GDP for public or stakeholder viewing at our respective woodlands offices, where woodlands personnel are available to aid in interpretation and respond to questions or concerns. Information viewed as sensitive or confidential (for example: mineral licks, trap line cabin locations, etc.) is kept on file for use in harvest planning. This information is not available for public review. Digital copies of the GDP can also be obtained through FFP and HLLD joint website at www.highlevelwoodlands.com.

The companies take a proactive approach concerning stakeholder notification and public input when preparing their operational plans. The companies are active participants in the local Public Advisory Committee (PAC), established in 1997 by HLLD with FFP joining in 2000. Prior to 2005 issues and concerns identified by the PAC would have been identified in the GDP. However, with the certification of both companies under CSA Z809, FFP and HLLD will now document public concerns and issues from 2005-2006 in the Annual Performance Report.

The companies have adopted a comprehensive Public Involvement Plan (PIP) as part of their approved Detailed Forest Management Plan. Through a series of open houses, workshops, working groups, and distribution of newsletters, members of the general public have an opportunity to provide direction in the development of strategies for the future management of the Upper Hay Forest Area. The companies' joint website is also used to solicit input from the public and as a method for presenting information.

FIBRE DELIVERY

The following assumptions were made when developing the companies' fibre delivery requirements.

- FFP is still currently in the ramp up phase of its mill production. The production of the mill directly affects the amount of deciduous volume harvested.
- If after the GDP submission there is significant forest fires or insect outbreaks the volume harvested and the area which it comes from may change to accommodate salvaging timber.
- HLLD is in the ramp up phase to increase sawmill production.
- Other facilities that are supplied fibre from the companies through volume supply agreements take their allotted volumes.

Projected Fibre Supply by Source

Table 1 shows the relative volumes to be delivered from the FMA by year.

Table 1. Five year fibre supply (m³)

Source	Wood Type	2006/07	2007/08	2008/09	2009/10	2010/11
FMA	Deciduous	1,085,960 ^a	1,059,544 ^a	970,317 ^a	1,016,256 ^a	1,016,256 ^a
	Coniferous	1,381,049 ^b	1,200,000 ^b	1,200,000 ^b	1,200,000 ^b	1,200,000 ^b

^a includes volume provided to LCSM, Precision and Ridgeview through Volume Supply Agreements

While the following table 2 is a rational analysis of future volume supply targets on the FMA during the 2006/07 year, the companies would like to add a disclaimer that much of the data contains inherent information that is not easily predictable and somewhat uncontrollable. This is due in part to the very nature of dealing on an integrated landscape with seven mills, multiple volume supply agreements, ramping up of mills, weather conditions and the future economic environment. Do date the companies are unaware of DMI's involvement in activities on the FMA during the 2006-07 season. Once known the companies will amend this information into Table 2 by August 1, 2006.

Table 2. FMA forecasted volumes (m³), by operator, by compartment for 2006/07.

Compartment	Tolko	FFP	DMI	Precision	Netaskinan	Che K'li	Ridgeview
	Conifer	Deciduous					
Bassett 3	20,000						
Bischo 2	190,000						
Hay 4	135,000						
Negus 5	80,000	180,000					
Bassett 4	133,000	165,000					
Rainbow 5	100,000	195,000					
Steen 2	80,000		As of June 5, 2006 this number is unknown.				Salvage
Steen 4	100,000						
Watt 1	100,000						
Wabasca 6	35,000			100,000			
Wadlin 5	120,000						
Watt 4	165,000	250,000			80,000		
Watt 6	30,000	27,000					
Zama 1	205,000						
Totals by Operator	1,493,000	817,000 ^c	Unknown	100,000	80,000	2,500	26,000

^c FFP may leave between 250,000m³ - 400,000m³ of aspen in cutblocks harvested during the 2006 - 07 season. This will be done in order to begin hauling earlier and minimize the effect of the shortage in trucking in this area. Blocks where volume may be left until the following year will be noted in the AOP.

Periodic Cut Control

Table 3 and 4 compare the actual and projected deliveries in relation to the AAC approved in the Detailed Forest Management Plan for the FMA for the variety of tenure holders on the FMA. The companies are unable to provide as built volumes for structure retention volumes for the most recent harvest season due to the fact that our methodology of calculating the volumes does not correspond to the submission dates of this plan or the AOP. As a result, the companies will submit the as built information for structure retention in the following year after the harvest within the Annual Performance Report.

Table 3. Periodic cut control volume (m³), (FMA Holders) quadrant 2003/08.

		2003/04	2004/05	2005/06	2006/07	2007/08	Total
F26 Deciduous	Quadrant Target FFP	701,357	701,357	701,357	701,357	701,357	3,555,737
	Production to Date	347,105 ^c	493,052 ^c	639,740 ^p	817,000	817,000	3,113,897
F26 Coniferous	Quadrant Target Tolko	1,117,484	1,117,484	1,117,485	1,117,485	1,117,485	5,587,423
	Production to Date	853,037 ^f	1,084,740 ^f	1,068,597 ^q	1,381,049	1,200,000	5,587,423

^c FFP is reconciling 7,929m³ in 2003/04 and an estimated, 5,000m³ in 2004/05 for structure retention in blocks. The values are included in the totals.

^f Tolko is reconciling 11,635m³ in 2003/04 and at least that amount in 2004/05 for structure retention within blocks. The values are included in the totals.

^p FFP still needs to reconcile for the 2005-06 structure retention

^q Tolko still needs to reconcile for the 2005-06 structure retention

Ridgeview Mills Ltd. will not have an area located on the GDP map for the operating year 2006/07 because of a business agreement with FFP. Deciduous salvage volume from the FMA will be charged to Ridgeview's quota on the FMA. To date there is no information as to where Che K'li will be charging volume for there quota for the 2006-07 season. This information should be available by August 1, 2006 and may be included in the AOP at that time.

Table 4. Periodic cut control volume (m³), (imbedded quota holders FMA) quadrant 2003/08.

		2003/04	2004/05	2005/06	2006/07	2007/08	Total 2003/06
DTAF260006	Quadrant Target DMI	235,438 ⁱ	235,438 ⁱ	235,439	133,898	133,898	539,511
	Production to Date	0	34,155	0	0	0	34,155
DTAF260002	Quadrant Target Ridgeview	26,416	26,416	26,416	26,416	26,416	79,248
	Production to Date	0	0	79,248 ^s	0	0	79,248
DTAF260003	Quadrant Target Netaskinan	33,838 ⁱ	33,838 ⁱ	33,838	30,000	30,000	101,514
	Production to Date	85,562	7,375	8,577 ^m	0	0	101,514
DTAF260004	Quadrant Target Netaskinan	50,503 ^k	50,503 ^k	50,504	50,000	50,000	151,510
	Production to Date	3,867	37,569	110,074 ⁿ	0	0	151,510
DTAF260001	Quadrant Target Precision	26,416	26,416	26,416	26,416	26,416	79,248
	Production to Date	0	28,218	0 ^v	0	0	28,218
DTAF260005	Quadrant Target Che K'li	3,716 ^l	3,717 ^l	3,717	2,230	2,230	11,150
	Production to Date	10,302	0	0	0	0	10,302

ⁱ DMI quota was changed from DTAF910001 to DTAF260006 effective May 1, 2003. An additional non-renewable 55,601m³ was allocated to DMI for this time frame. Revised quota for the 2003-2006 period is 706,315m³. There is no current volume data for the cut control for the 2005-06 harvest season. It will be updated August 1, 2006.

^j Netaskinan has a revised quota for the 2003 - 2006 period of 101,514m³. (as per e-mail received Jun 23, 2005 from PLFD).

^k Netaskinan has a revised quota for the 2003 - 2006 period of 151,510m³. (as per e-mail received Jun 23, 2005 from PLFD).

^l Che K'li quota was changed from DTAF250001 to DTAF260005 effective May 1, 2003. A revised quota for the 2003 - 2006 period is 11,150m³. (as per the e-mail received Jun 23, 2005 from PLFD).

^m 8,577m³ of volume will be charged to this quota from the MCSY when it crosses the FFP scale during the summer/fall of 2006.

ⁿ 110,074m³ of volume will be charged to this quota from the MCSY when it crosses the FFP scale during the summer/fall of 2006.

^v Precision Lumber will be seeking a carry over of 51,030m³ from the quadrant ending 2005/06 to the current one.

^s 79,248m³ of volume will be charged to this quota from the MCSY, NSY, MSY and Watt 6 when it crosses the FFP scale during the summer/fall of 2006

ROAD REQUIREMENTS

Main roads are to be constructed to Class 2, or 3 design speed standards. Class 2 and 3 winter roads are located, wherever possible, on summer upgradeable terrain. Existing access roads and linear disturbances (cut lines) may be utilized when location is appropriate. When using existing road and linear disturbances, upgrades may be needed to optimize haul costs, improve safety and reach design standard. All proposed permanent road development is outlined under the Road Plan. The companies require the use of short term access from cut blocks to existing infrastructure. This access is built to temporary road Class 4 or 5 specifications. Temporary roads are abandoned; stream crossings removed, and new cut roads are rolled back, as soon as operational activities are completed.

The companies are committed to monitoring and maintaining all dispositions that are under the legal liability of either company. All LOC's currently under disposition to either company can be viewed in Table 6. All areas identified for monitoring are inspected by company personnel along with, where appropriate, a representative from PLFD. When a site has been stable for five years or has been utilized by another industrial user, it is removed from the disturbance monitoring process.

SILVICULTURAL ACTIVITIES

All silvicultural activities on the FMA are outlined in the Silviculture Plan that was submitted in March 2006. If the general public raises any issues concerning the companies' silvicultural activities, the companies will deal with the issues through the Public Involvement Plan.

FIRE MANAGEMENT

The companies annually submit a Forest Protection Plan to Alberta Sustainable Resources. All summer operations will be conducted according to the companies approved Forest Protection Plan.

FOREST HEALTH

The companies are committed to maintaining a healthy forest ecosystem. Management of timber that is in imminent danger of being lost is prioritized for harvest. This includes stands damaged by insects, disease, fire, snow, flooding and wind. Forest health issues were one of the inputs used in determining which areas to target for harvest sequencing. The companies have developed a Spruce Budworm Management Plan (SBMP) to minimize and mitigate its potential destructiveness to the FMA and its conifer timber.

Two areas which have been sequenced for harvest in the first period to address Spruce Budworm issues are Steen 2 and Zama 1.

In recent years Aspen Tortrix (*Choristoneura conflictana*) and Forest Tent Caterpillar (*Malacosoma disstria*), have been appearing on the FMA in a variety of areas and continue to infest the deciduous trees in our region. The companies have not developed a regional strategy to address either of these pests. The companies will continue to monitor the infestations along with the PLFD until further notice.

FISH & WILDLIFE

The companies will follow the wildlife strategies as set out in the Detailed Forest Management Plan.

OUTSTANDING OBLIGATIONS

All outstanding operational issues pertaining to blocks harvested during the operational seasons from 2000-2006 are outlined in Table 5 of Appendix VIIa. There are a few outstanding obligations that have not been attended to recently (due to contractor equipment problems and snowloading) which has impeded the companies ability to effectively burn debris during the last two winters. However the companies are seeking approval for one more year to clear up all debris disposal activities that are more than 2 yrs old.

COMPANY LICENCE OF OCCUPATION MONITORING

All roads currently held or being pursued by either of the companies are outlined in Table 6 of Appendix VIIb, with any outstanding and anticipated reclamation activities to occur. After the submission of this document the LOC monitoring information will be detailed in the Road Plan between the companies in successive years.

VARIANCES FROM THE ROAD PLAN

Operationally, (during the 2004-05 winter operating season) there were no deviations from the original Access Management Plan submitted in November 2004. This plan has been updated to reflect an alternate access route into the Wabasca 6 compartment to create a more efficient access for the La Crete area sawmills. Watt 1 has also been updated to reflect the use of a more efficient route along an existing LOC. It should be noted that the GDP, AOP and FHP will be highlighting the need for all season operations and deliveries of fibre to the FFP mill facility. In realizing this goal FFP could potentially haul fibre, 9-10 months of the year from the FMA (in the appropriate compartments) to keep up with the fibre requirements of the mill.

SCHEDULED HARVEST SEQUENCE DEVIATIONS

FFP and Tolko will submit this part of the document upon completion of the Annual Performance Report process. This information will be available for September 1, 2006 unless otherwise notified.

POTENTIAL ISSUES ARISING FROM HARVEST ACTIVITIES AS IDENTIFIED BY OTHER STAKEHOLDERS OR USERS

To date the companies have no knowledge of any outstanding issues with the Alberta Sustainable Resource Development. Typically, issues are resolved as quickly as possible between the companies and the government. Localized issues with various stakeholders will be discussed in two other documents, the Annual Performance Report and the Final Harvest Plans.

SATELLITE YARD PLAN

This plan covers the operating period of May 1, 2006 until October 30, 2007 but also includes forecasted volumes for the next five years. The dates and volumes from this plan and concurrent plans will always allow for overlap between plans so as to allow for a consistent and continuous reporting mechanism that, stresses the fact the satellite yards are open for operations and deliveries all year round (weather permitting). This plan can be found in Appendix VIIId.

Endorsement

Authorized Signatory
Tolko Industries Ltd. (High Level Lumber Division)
Footner Forest Products Ltd.

Authorized Signatory
Netaskinan Development Corporation

Authorized Signatory
Ridgeview Mills Ltd.

Authorized Signatory
Daishowa-Marubeni International Ltd.

Authorized Signatory
Che K'li Enterprises Ltd.

Authorized Signatory
Precision Lumber Products Ltd.