

Tolko Industries Ltd.

Public Advisory Committee Meeting
Tuesday, December 4th 2007

Tolko Industries Ltd.

Representatives

Marcel LeCoure, *Woodlands Manager*

Mark Stevens, *Area Manager*

Tolko - High Level

- Three-line sawmill complex with capacity of 380,000 Mfbm per year (largest in Alberta);
- Direct employees – 225;
- Direct and indirect employees – 700;
- 2007 payroll – \$25 million

Background

- Permit to Operate Wood Waste Incinerator (Beehive Burner) expires on December 31st 2007;
 - 4.1.10 of the Code of Practice for Sawmill Plants (2006)
 - Environmental Protection & Enhancement Act
- Tolko has been actively seeking alternatives to the Beehive Burner since the purchase of the plant;

Alternate Options...

- Transalta and Epcor (independently) and Tolko on the construction of a wood waste fired cogeneration facility;
- Nexterra, FP Innovations, ARC and Tolko and the development of a gasification plant;
- Pacific Bioenergy and Tolko and the construction of a 95,000 tonne per year pellet plant;
- Kansai Electric Power and the construction of a pellet plant;
- Ensyn and Tolko on construction of a pyrolysis plant.

Since Mid-2007.....

- Wood Pellet Manufacturer partnership was disabled due to other commitments;
- Continued increase in Canadian dollar and decrease in market price;
- Curtailment of the sawmill operation in October resulting in shift reduction;

Short-Term Options & Long-Term Challenges

- Discussions held with DMI on the possibility of their taking some of the hog;
 - Volume & Existing Commitments are challenges
- Alternative facilities (Weyco & CanFor);
 - Distance (Costs & Logistics) and Capacity are challenges
- Stock-Piling & Land-Filling;
- Footner Forest Products;
 - Mill Closure
- Distance to Market (ex. Wood Pellets);
- Development of Technology...

Request of Government

Tolko is requesting:

- An extension of the permit to operate its High Level burner until December 31, 2010;
- A timely decision;
- A decision without material cost implications

Additional Information

Public Consultation Process

- Variance approval does require public consultation;
 - Meeting with Town Council (November 26)
 - Employee & Stakeholder notification (November 27)
 - Radio & Newspaper advertisements (November 28)
 - Public Advisory Committee (December 4)
- Application for the “Variance” to be submitted to Alberta Environment on December 5

Tolko Commitment

Tolko will report to Alberta Environment on:

- The effective operation of the burner;
- Efforts to reduce or eliminate the need to operate the burner during the period of extension;
- Plans for the decommissioning of the burner no later than December 31, 2010;
- The best technological and feasible solution to reduce air emissions and impact on the environment.

Questions?
