

British Columbia Mill Status Report

January to June 2016

The Mill Status Report provides updated information on openings, closures and investments of major timber processing facilities in British Columbia (BC).

For the latest available list of active mills, please refer to The Ministry of Forests, Lands and Natural Resource Operations (FLNR)'s "Major Primary Timber Processing Facilities in B.C." report. The latest report is available at:

<http://www2.gov.bc.ca/assets/download/B2DA71B7200E4F5194D28DA108581B73>

Overview

The mill scene in the first two quarters of 2016 has been a mix of investments in some areas as well as closures and shift reductions in others. This mix has reflected the uncertainty caused by the dwindling log supply, increased log costs, and downturn in foreign markets.

Mill Closures:

- In January, Catalyst closed its Crofton pulp and paper mill for 24 hours due to a fatal incident.
- In March, Tolko announced a curtailment of the 8-inch canter line at its Lakeview sawmill due to the degradation in log fibre quality, increasing log costs, and the continued downturn in the Chinese market.
- In March, West Fraser temporarily closed its Smithers sawmill for more than two weeks due to fire.
- On March 9, West Fraser shut down its WestPine MDF plant in Quesnel due to fire and explosion. The plant is expected to restart in October.
- On April 5, Viridis Energy ceased the operations of its pellet mill in Kelowna.
- In April, Mercer International shut down its Castlegar pulp mill for 28 days for maintenance.
- In May, Pinnacle Renewable Energy closed its Houston pellet plant due to fire and explosion.
- On May 31st, Pinnacle Renewable Energy curtailed its Quesnel pellet plant. This closure is expected to last less than 20 months.

Shift Reduction:

- In May, Canfor Houston sawmill reduced its lumber drying capacity due to fire.

Investments:

- In January, Western Forest Products hired 80 employees at its Duke Point sawmill. The employment number is expected to increase as its \$43 million investment strategy continues to be implemented.
- In April, Canfor completed the acquisition of the assets of Wynndel Box & Lumber Ltd. located in the Creston Valley, BC.

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SOURCES: The sources include company news releases, media reports, information provided by analysts and government contacts. Please note this list is not comprehensive and may miss some events that occurred at small mills.