



Quarterly Mill Status Report - Q2 2018

The Quarterly Mill Status Report provides the latest information on mill openings, closures, disruptions, investments, and other mill events in British Columbia (B.C.). For the latest available list of active mills, please refer to the “Major Primary Timber Processing Facilities in British Columbia” report online at: <https://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/forest-industry-economics/fibre>

Mill Openings/Re-openings:

- In May, 4Leaf Corp, an Edmonton-based biomass company, was in the process of purchasing land in McBride, B.C. to build a \$90-million bio-coal¹ plant. This proposed facility is the key part of a larger project, which includes a power plant, a sawmill and a tree nursery. The proposed facility is expected to turn fibre to high-value fuel to create electricity in coal plants overseas. This plant is expected to generate 140,000 metric tonnes of bio-coal and 15 megawatts of power every year.
- In June, the Gitxsan Development Cooperation announced its plan to build a \$50-million bio-coal² plant in Hazelton, B.C. This project was driven by the fast-growing bio-coal demand in Japan. This plant is expected to manufacture 100,000 tonnes of pellets a year and create 90 direct and indirect jobs in the region. Gitxsan Forest Inc. and other area forest licensees (e.g. local sawmills) will supply fibre to this plant and its products will be shipped to Asian markets.
- In June, the Columbia Lake Technology Centre planned to turn the old Canal Flats sawmill (shut down in 2015) site into a high-tech data hub and training centre. The company is expected to hire 100 people working on location. This case set an example of how to use industrial space to create

economic opportunity in a rural area in B.C.

Mill Investments and Upgrades:

- In April/May, Domtar pulp mill in Kamloops announced a \$3.5-million investment for pollution reduction and safety improvements. Domtar planned to spend \$1 million on chemical recovery boiler and \$2.5 million on eliminating the use of sulfur dioxide. The mill shut down in the fourth week of May for annual maintenance and new upgrades.
- In early April, Tolko invested over \$1 million in its Soda Creek sawmill in Williams Lake to process fire-damaged timber and denser Douglas-Fir. This mill normally processes white wood (e.g. SPF) but it has changed to 70% of the feed being Douglas-fir after the 2017 wildfires. Douglas-fir provides a bigger log, meaning the mill has gone from processing two- to four-inch or eight-inch logs to ones that are 15 inches in diameter. The plant slowed down its machinery to process Douglas-Fir and installed a dual-ring debarker to manufacture fire-damaged timber.

Source¹: <https://www.therockymountangoat.com/2018/06/biomass-company-reveals-more-at-open-house>

Note: The process of creating the bio-coal pellets is called torrefaction and the wood fibre is heated up to a high temperature in an oxygen-less environment. The resulting blackened material is similar to coal.

Source²: <http://gitxsanbusiness.com/latestnews/momentum-growing-for-hazelton-pellet-plant-project>



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- In April, ROC Holdings' Skeena Sawmills postponed their \$10-million upgrade due to the poor condition of a number of old sawmill buildings, exposed in last winter's heavy snowfall. The company planned to conduct structural upgrades for existing buildings before moving forward with its modernization. The proposed upgrades included the installation of a \$7-million canter saw, a de-barker, and a cutoff saw. The rest of the budget would be used to upgrade its electrical systems, high voltage power supply, building repairs, and in-feed and out-feed equipment. The mill has considered purchasing a new scanner as well. FPInnovations is working with this mill to further assess the technology, which has not yet been used in the industry in B.C.³

Changes of Business Ownership:

- In May, Conifex reached an agreement with the BW Group (US) to purchase its Suwannee sawmill in Florida and Caddo River sawmill in Arkansas to produce Southern Yellow Pine softwood lumber and specialty products. Each mill has an annual capacity of 185 million board feet on a two-shift basis. As a result, Conifex's annual lumber production capacity is expected to increase by 50% to 1.1 billion board feet. Conifex's dimension lumber platform in the Southern U.S. to 550 million board feet, representing 50% of the Company's total lumber capacity.
- On May 30th, Catalyst⁴ reached an agreement with Hong Kong's Nine Dragons Paper to sell its

mills in Rumford, Maine, and Biron, Wisconsin, and its headquarters in Dayton in US for \$175 million USD. The company's US operations were purchased in 2015 for \$62.4 million USD. This transaction will help Catalyst repay its debt and focus on three mills remaining in operation at Crofton, Port Alberni and Powell River in B.C.

Contact: This report is prepared by the Economic Services Branch of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development. Please email your questions to mill.survey@gov.bc.ca.

Sources: Company news releases, media reports, analytical information, and government contacts. Please note this list is not comprehensive and may miss some events that occurred in small mills. Image courtesy of valli_mark / [CC BY 2.0](https://creativecommons.org/licenses/by/2.0/).

Source³: <https://www.terracestandard.com/news/skeena-sawmills-modernization-delayed-due-to-building-condition/>

Source⁴: <http://www.prpeak.com/business/catalyst-sells-us-assets-to-focus-on-canadian-operations-1.23318319>