

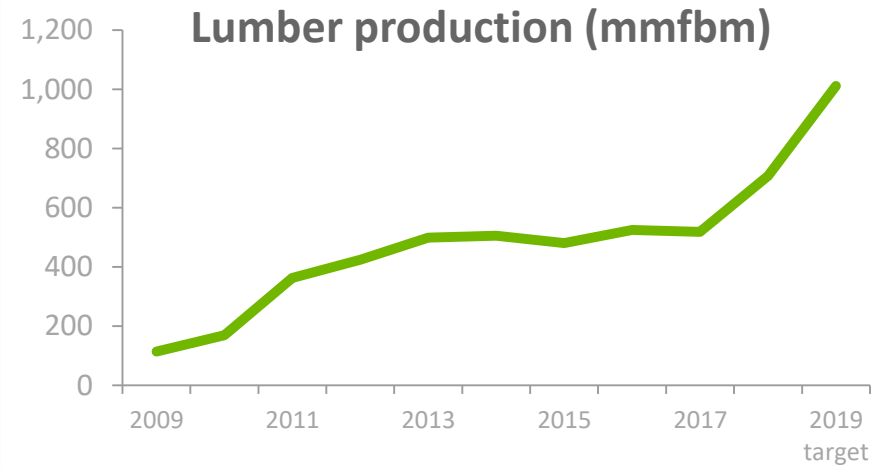
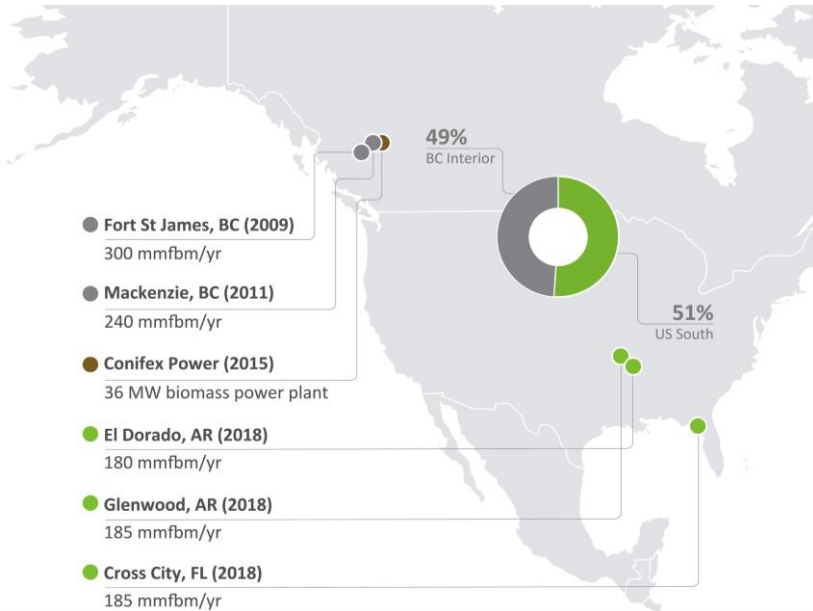


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Forest Bioeconomy Perspectives

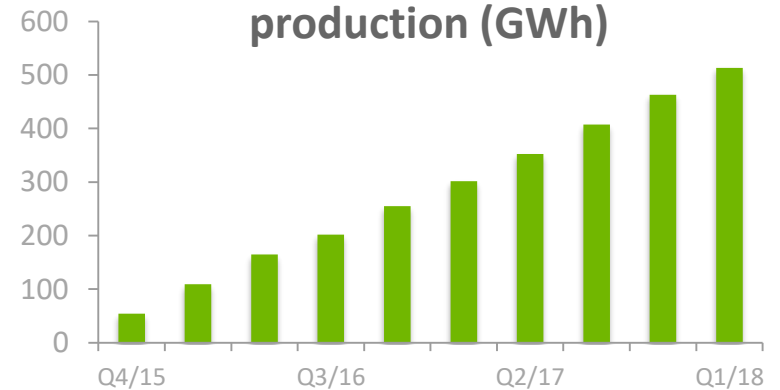
Sandy Ferguson VP Corporate Affairs and Business Development



EBITDA by segment (TTM)



Cumulative electricity production (GWh)





Overview

- Brownfield biomass power plant at Mackenzie sawmill site – operational May 2015
- Opportunity driven by good government policy and utilization of existing infrastructure

Fast Facts and Benefits

- 36 MW biomass ppt provides 230 Gwh of clean energy/yr ~ 20,000 BC homes
- Capital costs of \$103.5 million, CIBC led project finance
- Provides a stable and diversified source of revenue and EBITDA from the 20-year fixed price EPA
- Enhances the long-term competitiveness of our Mackenzie operations

Current Focus : Fuel supply optimization





Industry Investment Drivers

- Integration with existing operations
- Higher value markets for residual streams
- Revenue diversification and EBITDA
- Forestry leadership and partnerships
- Supportive public policy environment
 - CFS, Cdn Forest Bioeconomy Framework
 - BC Low Carbon Fuel Standard
 - Carbon Tax
 - Commercialization Support: IFIT, Clean Growth Fund

Industry Investment Challenges

- Forest biomass supply chains are complicated
 - pricing location dependent, quality variable
- Commercialization pace – need faster scale-up
- Competitiveness challenges impact risk tolerance
- Appealing and less risky opportunities in traditional business in US South

Needle Movers

- Gov't policy, regs, and programs
 - Long term, predictable, streamlined, and coordinated
- Derisk for faster scale-up
 - Toolkit of Taxes and Funding – ie ACCA and CRCE, Loan Guarantee
 - Creative Financing – ie Performance Insurance
- Crack the nut on accessing currently uneconomic biomass
- Ramp up Partnerships
 - with technology and end users
 - understand the customer
- Enhance Canadian forest sector competitiveness

