

ADVICE TO MINISTER

**CONFIDENTIAL
ISSUES NOTE**

**Ministry of Forests, Lands and Natural
Resource Operations**

Date: Oct. 24, 2013

Minister Responsible: Hon. Steve Thomson

Mill closures – Houston & Quesnel

ADVICE AND RECOMMENDED RESPONSE:

- My sympathies go to the workers and their families affected by these two closures.
- I understand the companies are taking steps to address workers' needs either through offering jobs elsewhere in the companies, or providing assistance in searching for other employment. Provincial and federal assistance is also available for workers affected.
- Unfortunately, given the mountain pine beetle infestation, this is not unexpected. This government has invested over \$884 million to mitigate the beetle's economic and environmental impacts, which includes supporting regional beetle action coalitions and economic diversification funding through the Northern Interior Development Initiative Trust.
- As well, both areas are seeing an increase in mining activity.

s.13, s.16

KEY FACTS REGARDING THE ISSUE:

On Oct. 24, 2013, Canfor announced it would be closing its Quesnel mill, affecting 209 employees, and West Fraser announced that it would be closing its Houston mill, affecting 225 employees. The mill closures are being attributed to the declining timber supply in the Interior due to the mountain pine beetle infestation. The closures will take effect March 17, 2014. At the same time, the companies announced they would be transferring forest licences to each other, subject to regulatory approvals.

In announcing the closure of the Houston mill, West Fraser also summarized its \$350 million in capital investments from 2012-2014, including major upgrades during 2014 for its sawmills in Smithers and 100 Mile House.

Houston impacts – About 3,600 people live within Houston's municipal boundaries with another 2,000 in surrounding areas. Canfor operates the other lumber mill in town. There is also a pellet plant (Houston Pellet Limited Partnership) and Pleasant Valley remanufacturing. The Huckleberry mine recently expanded, extending the life of the mine until 2021 and supporting 260 existing jobs and creating 70 new jobs. West Fraser has indicated that it has openings for about 70 employees in other operations and will provide short-term job search assistance for those who need to find employment elsewhere.

Quesnel impacts – About 10,000 people live within Quesnel’s municipal boundaries with another 13,000 in surrounding areas. Other lumber mills in Quesnel are operated by Tolko, C&C Wood Products and Tolko. There are also two pulp mills (Cariboo Pulp & Paper Co. Ltd. and Quesnel River Pulp), a pellet mill (Pinnacle), a veneer/plywood and panel plant (West Fraser) and log home manufacturers. However, mining activity in the area is picking up, at Barkerville Gold Mine’s Bonanza’s ledge, Taseko’s development of its Gibraltar Copper Mine and lots of exploration activity near Nazko.

s.13, s.17

s.13, s.16, s.17

s.13, s.16, s.17

Quesnel TSA

The Quesnel TSA has one of the largest proportions of pine and has been extremely hard hit by the mountain pine beetle. The current AAC, last set in June 2011 is 4 million cubic metres. Timber supply modelling shows that can be maintained until 2019, which it would then need to drop to 3.6 million cubic metres for five years before falling to 1.15 million cubic metres – as compared to a pre-beetle AAC of about 2.3 million cubic metres.

West Fraser currently has two replaceable forest licences totalling 575,020 cubic metres/year and holds another 216,667 cubic metres in short-term non-replaceable forest licences. s.13, s.17

s.13, s.17

s.13, s.17

Tolko has a replaceable licence of 259,704 cubic metres per year. Another 11 licensees hold over 1.8 million cubic metres in short-term licences.

Separate from the TSA, West Fraser’s TFL 52 has an AAC of 918,014 cubic metres/year near Quesnel.

ADVICE TO MINISTER

and the company holds another 216,667 cubic metres in short-term non-replaceable forest licences. Another 11 licensees hold over 1.8 million cubic metres in short-term licences.

Morice

s.13
s.13

Canfor has a forest licence of 940,424 cubic metres/year. There are six other licence holders with short-term licences totalling 281,871 cubic metres.

Communications Contact:	Vivian Thomas	250 213-2972
Program Area Contact:		

File Location: M:\PAB_NRO\OPERATIONS\Issues Notes\2013\Forests\Economics and Mills

Scharf, Rick FLNR:EX

From: Stewart, Doug B FLNR:EX
Sent: Thursday, October 24, 2013 5:59 PM
To: Greschner, Ron FLNR:EX; Harris, Brad M FLNR:EX; Rawluk, Rob FLNR:EX
Cc: Pigeon, Blair FLNR:EX; Neill, Emma FLNR:EX; Tromp, Lou K FLNR:EX; Graff, Peter M FLNR:EX; Finck, Kelly E FLNR:EX
Subject: Fwd: Notice of Permanent Closure of Canfor's Quesnel Sawmill
Attachments: IN_Houston and Quesnel mill closures_Oct 24.doc; ATT00001.htm

FYI - note it looks there will a subdivision and tenure transfer coming out if this

Doug

Begin forwarded message:

From: "Peterson, Dave FLNR:EX" <Dave.Peterson@gov.bc.ca>
Date: 24 October, 2013 5:52:05 PM PDT
To: FLNR TCI Leadership Team <LEADTEAM@Victoria1.gov.bc.ca>
Subject: **Fwd: Notice of Permanent Closure of Canfor's Quesnel Sawmill**

I have been tied up all afternoon and out of the communication. Not sure if you have heard any of this. See the attached Issues Note and the message from Canfor at the start of this email trail.

Dave Peterson, RPF
Chief Forester and Assistant Deputy Minister
Ministry of Forests, Lands and Natural Resource Operations
250-387-1057

Begin forwarded message:

From: "Thomas, Vivian P GCPE:EX" <Vivian.Thomas@gov.bc.ca>
Date: 24 October, 2013 4:32:03 PM PDT
To: "Manwaring, Richard G FLNR:EX" <Richard.Manwaring@gov.bc.ca>, "Peterson, Dave FLNR:EX" <Dave.Peterson@gov.bc.ca>
Cc: "Kriese, Kevin FLNR:EX" <Kevin.Kriese@gov.bc.ca>, "O'Donoghue, Eamon G FLNR:EX" <Eamon.ODonoghue@gov.bc.ca>, "Sheldan, Tim FLNR:EX" <Tim.Sheldan@gov.bc.ca>, "Goad, Jennifer FLNR:EX" <Jennifer.Goad@gov.bc.ca>
Subject: **RE: Notice of Permanent Closure of Canfor's Quesnel Sawmill**

Here's the issues note. I'm also working on Q&As.

From: Thomas, Vivian P GCPE:EX
Sent: Thursday, October 24, 2013 3:34 PM
To: Manwaring, Richard G FLNR:EX; Sheldan, Tim FLNR:EX; Peterson, Dave FLNR:EX; Goad, Jennifer FLNR:EX
Cc: Kriese, Kevin FLNR:EX; O'Donoghue, Eamon G FLNR:EX; Dean, Sharon GCPE:EX;

Clarke, Brennan GCPE:EX

Subject: RE: Notice of Permanent Closure of Canfor's Quesnel Sawmill

West Fraser has also announced it will be closing its Houston mill, but also investing \$350 million in smithers and 100 Mile House. West Fraser and Canfor are also exchanging tenures between Morice and Quesnel. I'll have a summary issues note in about ½ hour.

From: Manwaring, Richard G FLNR:EX

Sent: Thursday, October 24, 2013 2:52 PM

To: Sheldon, Tim FLNR:EX; Peterson, Dave FLNR:EX; Goad, Jennifer FLNR:EX; Thomas, Vivian P GCPE:EX

Cc: Kriese, Kevin FLNR:EX

Subject: Fwd: Notice of Permanent Closure of Canfor's Quesnel Sawmill

In case you hadnt received notice. This is the first I have heard.

Rick Manwaring, RPF
Assistant Deputy Minister
South Area, Regional Operations
Forests, Lands, and Natural Resource Operations
250-828-4449

Begin forwarded message:

From: "MacDougall, Gerry L FLNR:EX" <Gerry.MacDougall@gov.bc.ca>

Date: 24 October, 2013 2:43:52 PM PDT

To: "Kennedy, Christine" <Christine.Kennedy@canfor.com>

Cc: "Dodge, Steve J FLNR:EX" <Steve.Dodge@gov.bc.ca>, "Manwaring, Richard G FLNR:EX" <Richard.Manwaring@gov.bc.ca>

Subject: Re: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Thanks for the cc on this Christine.

Steve and I are meeting with Minister Oakes on other matters tomorrow morning. I expect this will come up.

Have you provided opportunity for briefing to her and Mayor Sjostrom? If not, I'm sure they'd appreciate it.

Thank you,

Gerry

Sent from my iPhone

On 2013-10-24, at 2:34 PM, "Kennedy, Christine" <Christine.Kennedy@canfor.com> wrote:

In a few moments, Canfor CEO Don Kayne will announce the permanent closure of our sawmill in

Quesnel, British Columbia, effective March 2014. Canfor will also be announcing an agreement to exchange our tenure rights in Quesnel for a portion of West Fraser's tenure rights in Houston, British Columbia.

There is simply not enough fibre in the Quesnel area to support all of the mills in the community. Since Canfor re-opened the Quesnel mill in June 2010, this facility had been able to produce lumber from some of the most heavily mountain pine beetle impacted fibre in British Columbia, 100% of which was shipped to China. We are extremely proud of what was achieved at this mill, and are saddened to see it come to an end.

Canfor has 209 employees at the Quesnel facility, all of whom will be offered a position elsewhere in the company. For those that prefer to remain in the community, we will be working with our regional competitors and other employers to find positions for as many of our Quesnel employees as possible. Labour demand in BC's forest industry remains high and we are confident that our people will be placed quickly.

We are extremely appreciative of all that the Ministries of Forests, Jobs and International Trade have done to support the BC forest industry in the wake of the mountain pine beetle. Your agencies have taken all possible steps to address the impacts of the mountain pine beetle epidemic while developing new offshore markets and ensuring a forest policy framework that allows our industry to be globally competitive. That our industry had the China market to support our companies, workers and communities through the US housing market collapse was largely the result of government policy and market development work of a decade ago. We think it is critical that this work continue.

Following the public announcement at 3:00 p.m. today, I would ask that you pass this e-mail on to other Ministry officials that should receive it. Canfor appreciates that there will be dimensions of this announcement that you may wish to discuss with us in further detail. We would be pleased to arrange a conference call or briefing within the next week.

Christine Kennedy | Vice President, Brand and External Relations

Canfor Corporation | Brand and External Relations Department

T: 604.661.5225 | F: 604.661.5429

Muir, Deanna CSNR:EX

From: O'Donoghue, Eamon G FLNR:EX
Sent: Monday, December 9, 2013 8:52 AM
To: Muir, Deanna CSNR:EX
Subject: FW: West Fraser/Canfor tenure exchange Q&A
Attachments: IN_Houston and Quesnel mill closures_Oct 30.doc

Eamon O'Donoghue

Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Pressey, Josh P FLNR:EX
Sent: Friday, November 8, 2013 9:46 AM
To: O'Donoghue, Eamon G FLNR:EX
Cc: Dobbins, Barry G FLNR:EX; Hanchard, Jevan FLNR:EX; Love, Bobby FLNR:EX; Pesklevits, Anthony FLNR:EX
Subject: FW: West Fraser/Canfor tenure exchange Q&A

Hi Eamon and RMT, here is the Q&A for the mill closure and tenure exchange for FLNRO if you are asked.

Any questions please call

s.13

s.13, s.16

s.13

s.13

Page 9 redacted for the following reason:

s.13

Vivian Thomas

Communications Director

Ministry of Forests, Lands and Natural Resource Operations

Tel: 250 356-2475 cell: s.17

Vivian.Thomas@gov.bc.ca

Muir, Deanna CSNR:EX

From: O'Donoghue, Eamon G FLNR:EX
Sent: Monday, December 9, 2013 9:08 AM
To: Muir, Deanna CSNR:EX
Subject: FW: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Eamon O'Donoghue

Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Stewart, Doug B FLNR:EX
Sent: Tuesday, October 29, 2013 11:59 AM
To: O'Donoghue, Eamon G FLNR:EX; Pressey, Josh P FLNR:EX; Whelan, Darrell J FLNR:EX
Cc: Baumbach, Rod FLNR:EX
Subject: RE: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

No, it looks like the transfer process will be significantly different than outlined below. I have a call with WF tomorrow to get the details.

Stay tuned.

Doug

From: O'Donoghue, Eamon G FLNR:EX
Sent: Friday, October 25, 2013 3:56 PM
To: Pressey, Josh P FLNR:EX; Whelan, Darrell J FLNR:EX
Cc: Stewart, Doug B FLNR:EX
Subject: RE: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Thanks very helpful. This was raised by Doug Stewart on a call this morning with West Fraser.

Doug does this line up with your thinking?

Eamon O'Donoghue

Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Pressey, Josh P FLNR:EX
Sent: Friday, October 25, 2013 2:33 PM
To: O'Donoghue, Eamon G FLNR:EX; Whelan, Darrell J FLNR:EX

Subject: FW: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Eamon, here is a rough plan and steps on the west Fraser and Canfor licence transfer process.

This will help if Canfor or West Fraser gives you a call.

Once it is confirmed I will send more details.

Josh

Sent from my iPad using [Mail+ for Outlook](#)

From: Baumbach, Rod FLNR:EX

Sent: 2013-10-25 1:07 PM

To: Pressey, Josh P FLNR:EX

Cc: Martin, Wayne FLNR:EX

Subject: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Hi Josh. I have prepared a rough action plan outline, which will be refined once I get input from Brad and George next Monday. Once George finalizes a plan do you want him to send it to just you first and leave it to you to distribute? Or should he also send it to Eamon and your Forestry Manager?

From: Baumbach, Rod FLNR:EX

Sent: Friday, October 25, 2013 12:58 PM

To: Harris, Brad M FLNR:EX

Cc: Halliday, George FLNR:EX

Subject: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Importance: High

Brad I have sketched out a rough action plan regarding these transfers. **Please review and advise if it is okay to list you as branch contact, estimated time lines (best guess) and any wording changes you would like to see in the summary.** My plan is to have George submit this information to Josh and Forestry Manager and Eamon next Monday. They will likely convey information in this action plan to the licensees.

Hi Josh/Eamon. The following is an action plan that provides information on the process, responsibilities and anticipated timelines to complete transfer of Forest Licences between Canfor and West Fraser within Maurice and Lakes TSAs. I

s.13, s.17

The following link and attachment provides more detailed information regarding transfer process and FN notifications. Please contact George if you have any questions regarding this information

Here is a link to the transfer webpage that includes lots of info on procedures/templates etc.

<http://www.for.gov.bc.ca/hth/timber-tenures/Tenure-Transfers.htm>

There is a good process map too.

Rod Baumbach
Tenures Team Leader,
North Area -Omineca, Skeena & Peace Forest Regions
Ministry of Forests, Lands, & Natural Resources Operations
Phone: (250) 565-7108
Fax: (250) 565-6671
Internet Address: Rod. Baumbach@gov.bc.ca
Intranet Homepage: <http://gww.for.gov.bc.ca/rni/>

Muir, Deanna CSNR:EX

From: O'Donoghue, Eamon G FLNR:EX
Sent: Monday, December 9, 2013 9:08 AM
To: Muir, Deanna CSNR:EX
Subject: FW: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA
Attachments: FN licence transfer guide Sept-2013 (3) ds.docx; transfer-procedures-Aug2013.doc

Eamon O'Donoghue

Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Pressey, Josh P FLNR:EX
Sent: Friday, October 25, 2013 2:33 PM
To: O'Donoghue, Eamon G FLNR:EX; Whelan, Darrell J FLNR:EX
Subject: FW: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Eamon, here is a rough plan and steps on the west Fraser and Canfor licence transfer process.

This will help if Canfor or West Fraser gives you a call.

Once it is confirmed I will send more details.

Josh

Sent from my iPad using [Mail+ for Outlook](#)

From: Baumbach, Rod FLNR:EX
Sent: 2013-10-25 1:07 PM
To: Pressey, Josh P FLNR:EX
Cc: Martin, Wayne FLNR:EX
Subject: fyi: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice and Lakes TSA

Hi Josh. I have prepared a rough action plan outline, which will be refined once I get input from Brad and George next Monday. Once George finalizes a plan do you want him to send it to just you first and leave it to you to distribute? Or should he also send it to Eamon and your Forestry Manager?

From: Baumbach, Rod FLNR:EX
Sent: Friday, October 25, 2013 12:58 PM
To: Harris, Brad M FLNR:EX
Cc: Halliday, George FLNR:EX
Subject: action requested: Steps involved in transfer of some forest licences between Canfor and West Fraser in Maurice

and Lakes TSA

Importance: High

Brad I have sketched out a rough action plan regarding these transfers. **Please review and advise if it is okay to list you as branch contact, estimated time lines (best guess) and any wording changes you would like to see in the summary.** My plan is to have George submit this information to Josh and Forestry Manager and Eamon next Monday. They will likely convey information in this action plan to the licensees.

Hi Josh/Eamon. The following is an action plan that provides information on the process, responsibilities and anticipated timelines to complete transfer of Forest Licences between Canfor and West Fraser within Maurice and Lakes TSAs. I

s.13, s.17

The following link and attachment provides more detailed information regarding transfer process and FN notifications. Please contact George if you have any questions regarding this information

Here is a link to the transfer webpage that includes lots of info on procedures/templates etc.

<http://www.for.gov.bc.ca/hth/timber-tenures/Tenure-Transfers.htm>

There is a good process map too.

Rod Baumbach
Tenures Team Leader,
North Area -Omineca, Skeena & Peace Forest Regions
Ministry of Forests, Lands, & Natural Resources Operations
Phone: (250) 565-7108
Fax: (250) 565-6671
Internet Address: Rod. Baumbach@gov.bc.ca
Intranet Homepage: http://gww.for.gov.bc.ca/rni/

Muir, Deanna CSNR:EX

From: O'Donoghue, Eamon G FLNR:EX
Sent: Monday, December 9, 2013 9:09 AM
To: Muir, Deanna CSNR:EX
Subject: FW: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Eamon O'Donoghue
Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Pressey, Josh P FLNR:EX
Sent: Friday, October 25, 2013 7:33 AM
To: O'Donoghue, Eamon G FLNR:EX; Illes, John S FLNR:EX; Whelan, Darrell J FLNR:EX
Subject: Re: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Hi Eamon, no we are not receiving this info. I will get a hold of Brendan? Today to make sure the we are connected.

Josh

Josh Pressey, RPF
District Manager
Nadina Resource District
Ministry of Forests, Lands & Natural Resource Operations
Office # (250) 692-2200
Cell # (250) 251-1048

From: O'Donoghue, Eamon G FLNR:EX
Sent: Thursday, October 24, 2013 10:09 PM Pacific Standard Time
To: Pressey, Josh P FLNR:EX; Illes, John S FLNR:EX; Whelan, Darrell J FLNR:EX
Subject: FW: Notice of Permanent Closure of Canfor's Quesnel Sawmill

I presume you guys are getting these and/or helping to draft.

From: Thomas, Vivian P GCPE:EX
Sent: October 24, 2013 7:55 PM
To: Manwaring, Richard G FLNR:EX; Peterson, Dave FLNR:EX
Cc: Kriese, Kevin FLNR:EX; O'Donoghue, Eamon G FLNR:EX; MacDougall, Gerry L FLNR:EX
Subject: RE: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Here's updated issues note that corrects the tenure related info in the Morice.

From: Thomas, Vivian P GCPE:EX
Sent: Thursday, October 24, 2013 4:32 PM
To: Manwaring, Richard G FLNR:EX; Peterson, Dave FLNR:EX

Cc: Kriese, Kevin FLNR:EX; O'Donoghue, Eamon G FLNR:EX; Sheldon, Tim FLNR:EX; Goad, Jennifer FLNR:EX
Subject: RE: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Here's the issues note. I'm also working on Q&As.

From: Thomas, Vivian P GCPE:EX
Sent: Thursday, October 24, 2013 3:34 PM
To: Manwaring, Richard G FLNR:EX; Sheldon, Tim FLNR:EX; Peterson, Dave FLNR:EX; Goad, Jennifer FLNR:EX
Cc: Kriese, Kevin FLNR:EX; O'Donoghue, Eamon G FLNR:EX; Dean, Sharon GCPE:EX; Clarke, Brennan GCPE:EX
Subject: RE: Notice of Permanent Closure of Canfor's Quesnel Sawmill

West Fraser has also announced it will be closing its Houston mill, but also investing \$350 million in smithers and 100 Mile House. West Fraser and Canfor are also exchanging tenures between Morice and Quesnel. I'll have a summary issues note in about ½ hour.

From: Manwaring, Richard G FLNR:EX
Sent: Thursday, October 24, 2013 2:52 PM
To: Sheldon, Tim FLNR:EX; Peterson, Dave FLNR:EX; Goad, Jennifer FLNR:EX; Thomas, Vivian P GCPE:EX
Cc: Kriese, Kevin FLNR:EX
Subject: Fwd: Notice of Permanent Closure of Canfor's Quesnel Sawmill

In case you hadnt received notice. This is the first I have heard.

Rick Manwaring, RPF
Assistant Deputy Minister
South Area, Regional Operations
Forests, Lands, and Natural Resource Operations
250-828-4449

Begin forwarded message:

From: "MacDougall, Gerry L FLNR:EX" <Gerry.MacDougall@gov.bc.ca>
Date: 24 October, 2013 2:43:52 PM PDT
To: "Kennedy, Christine" <Christine.Kennedy@canfor.com>
Cc: "Dodge, Steve J FLNR:EX" <Steve.Dodge@gov.bc.ca>, "Manwaring, Richard G FLNR:EX" <Richard.Manwaring@gov.bc.ca>
Subject: Re: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Thanks for the cc on this Christine.

Steve and I are meeting with Minister Oakes on other matters tomorrow morning. I expect this will come up.

Have you provided opportunity for briefing to her and Mayor Sjostrom? If not, I'm sure they'd appreciate it.

Thank you,

Gerry

Sent from my iPhone

On 2013-10-24, at 2:34 PM, "Kennedy, Christine" <Christine.Kennedy@canfor.com> wrote:

In a few moments, Canfor CEO Don Kayne will announce the permanent closure of our sawmill in Quesnel, British Columbia, effective March 2014. Canfor will also be announcing an agreement to exchange our tenure rights in Quesnel for a portion of West Fraser's tenure rights in Houston, British Columbia.

There is simply not enough fibre in the Quesnel area to support all of the mills in the community. Since Canfor re-opened the Quesnel mill in June 2010, this facility had been able to produce lumber from some of the most heavily mountain pine beetle impacted fibre in British Columbia, 100% of which was shipped to China. We are extremely proud of what was achieved at this mill, and are saddened to see it come to an end.

Canfor has 209 employees at the Quesnel facility, all of whom will be offered a position elsewhere in the company. For those that prefer to remain in the community, we will be working with our regional competitors and other employers to find positions for as many of our Quesnel employees as possible. Labour demand in BC's forest industry remains high and we are confident that our people will be placed quickly.

We are extremely appreciative of all that the Ministries of Forests, Jobs and International Trade have done to support the BC forest industry in the wake of the mountain pine beetle. Your agencies have taken all possible steps to address the impacts of the mountain pine beetle epidemic while developing new offshore markets and ensuring a forest policy framework that allows our industry to be globally competitive. That our industry had the China market to support our companies, workers and communities through the US housing market collapse was largely the result of government policy and market development work of a decade ago. We think it is critical that this work continue.

Following the public announcement at 3:00 p.m. today, I would ask that you pass this e-mail on to other Ministry officials that should receive it. Canfor appreciates that there will be dimensions of this announcement that you may wish to discuss with us in further detail. We would be pleased to arrange a conference call or briefing within the next week.

Christine Kennedy | Vice President, Brand and External Relations
Canfor Corporation | Brand and External Relations Department
T: 604.661.5225 | F: 604.661.5429

Muir, Deanna CSNR:EX

From: O'Donoghue, Eamon G FLNR:EX
Sent: Monday, December 9, 2013 9:09 AM
To: Muir, Deanna CSNR:EX
Subject: FW: West Fraser announces closure of its Houston Sawmill.

Eamon O'Donoghue

Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Pressey, Josh P FLNR:EX
Sent: Thursday, October 24, 2013 4:07 PM
To: Kriese, Kevin FLNR:EX; O'Donoghue, Eamon G FLNR:EX
Subject: Fw: West Fraser announces closure of its Houston Sawmill.

Josh Pressey, RPF
District Manager
Nadina Resource District
Ministry of Forests, Lands & Natural Resource Operations
Office # (250) 692-2200
Cell # ^{s.17}

From: Dodge, Steve J FLNR:EX
Sent: Thursday, October 24, 2013 03:57 PM Pacific Standard Time
To: FLNR Cariboo RMT; Kozuki, Steve FLNR:EX; Rawling, Greg FLNR:EX; Pressey, Josh P FLNR:EX; Trigg, Dirk FLNR:EX; Bubela, Dale M FLNR:EX
Subject: West Fraser announces closure of its Houston Sawmill.

Another news release that answers a few questions.

<http://www.westfraser.com/investors/news/news-releases/west-fraser-announces-mountain-pine-beetle-plan>

Steve Dodge RFT
District Manager
Quesnel Natural Resource District
Ministry of Forests, Lands and Natural Resource Operations

☎ (250) 992-4465 📠 Fax (250)992-4403
322 Johnston Avenue
Quesnel BC Canada
V2J 3M5

✉ steve.dodge@gov.bc.ca

From: Dodge, Steve J FLNR:EX
Sent: Thursday, October 24, 2013 3:00 PM
To: FLNR Cariboo RMT; Kozuki, Steve FLNR:EX; Rawling, Greg FLNR:EX; Pressey, Josh P FLNR:EX; Trigg, Dirk FLNR:EX; Bubela, Dale M FLNR:EX
Subject: Fw: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Sad day in Quesnel especially for the employees of Canfor. Before it was Canfor-Slocan-QFP it was Triangle Pacific (TRI-Pac Studs)^{s.22}

From: Kennedy, Christine [<mailto:Christine.Kennedy@canfor.com>]
Sent: Thursday, October 24, 2013 02:34 PM Pacific Standard Time
To: Sheldon, Tim FLNR:EX; Byng, Dave A JTST:EX; Baskerville, Shannon MIT:EX; Thomas, Vivian P GCPE:EX; Dodge, Steve J FLNR:EX; MacDougall, Gerry L FLNR:EX
Subject: Notice of Permanent Closure of Canfor's Quesnel Sawmill

In a few moments, Canfor CEO Don Kayne will announce the permanent closure of our sawmill in Quesnel, British Columbia, effective March 2014. Canfor will also be announcing an agreement to exchange our tenure rights in Quesnel for a portion of West Fraser's tenure rights in Houston, British Columbia.

There is simply not enough fibre in the Quesnel area to support all of the mills in the community. Since Canfor re-opened the Quesnel mill in June 2010, this facility had been able to produce lumber from some of the most heavily mountain pine beetle impacted fibre in British Columbia, 100% of which was shipped to China. We are extremely proud of what was achieved at this mill, and are saddened to see it come to an end.

Canfor has 209 employees at the Quesnel facility, all of whom will be offered a position elsewhere in the company. For those that prefer to remain in the community, we will be working with our regional competitors and other employers to find positions for as many of our Quesnel employees as possible. Labour demand in BC's forest industry remains high and we are confident that our people will be placed quickly.

We are extremely appreciative of all that the Ministries of Forests, Jobs and International Trade have done to support the BC forest industry in the wake of the mountain pine beetle. Your agencies have taken all possible steps to address the impacts of the mountain pine beetle epidemic while developing new offshore markets and ensuring a forest policy framework that allows our industry to be globally competitive. That our industry had the China market to support our companies, workers and communities through the US housing market collapse was largely the result of government policy and market development work of a decade ago. We think it is critical that this work continue.

Following the public announcement at 3:00 p.m. today, I would ask that you pass this e-mail on to other Ministry officials that should receive it. Canfor appreciates that there will be dimensions of this announcement that you may wish to discuss with us in further detail. We would be pleased to arrange a conference call or briefing within the next week.

Christine Kennedy | Vice President, Brand and External Relations
Canfor Corporation | Brand and External Relations Department
T: 604.661.5225 | F: 604.661.5429

Muir, Deanna CSNR:EX

From: O'Donoghue, Eamon G FLNR:EX
Sent: Monday, December 9, 2013 9:09 AM
To: Muir, Deanna CSNR:EX
Subject: FW: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Eamon O'Donoghue
Regional Executive Director
Ministry of Forest, Lands and Natural Resource Operations
Skeena Region
Ph: 250-847-7495
Fax: 250-847-7347
Email: Eamon.ODonoghue@gov.bc.ca

From: Pressey, Josh P FLNR:EX
Sent: Thursday, October 24, 2013 3:08 PM
To: O'Donoghue, Eamon G FLNR:EX
Subject: FW: Notice of Permanent Closure of Canfor's Quesnel Sawmill

This is interesting. This is why Larry wanted the licence separation done so quickly.

Sent from my iPad using [Mail+ for Outlook](#)

From: Dodge, Steve J FLNR:EX
Sent: 2013-10-24 3:00 PM
To: FLNR Cariboo RMT, Kozuki, Steve FLNR:EX, Rawling, Greg FLNR:EX, Pressey, Josh P FLNR:EX, Trigg, Dirk FLNR:EX, Bubela, Dale M FLNR:EX
Subject: Fw: Notice of Permanent Closure of Canfor's Quesnel Sawmill

Sad day in Quesnel especially for the employees of Canfor. Before it was Canfor-Slocan-QFP it was Triangle Pacific (TRI-Pac Studs)^{s.22}

From: Kennedy, Christine [<mailto:Christine.Kennedy@canfor.com>]
Sent: Thursday, October 24, 2013 02:34 PM Pacific Standard Time
To: Sheldon, Tim FLNR:EX; Byng, Dave A JTST:EX; Baskerville, Shannon MIT:EX; Thomas, Vivian P GCPE:EX; Dodge, Steve J FLNR:EX; MacDougall, Gerry L FLNR:EX
Subject: Notice of Permanent Closure of Canfor's Quesnel Sawmill

In a few moments, Canfor CEO Don Kayne will announce the permanent closure of our sawmill in Quesnel, British Columbia, effective March 2014. Canfor will also be announcing an agreement to exchange our tenure rights in Quesnel for a portion of West Fraser's tenure rights in Houston, British Columbia.

There is simply not enough fibre in the Quesnel area to support all of the mills in the community. Since Canfor re-opened the Quesnel mill in June 2010, this facility had been able to produce lumber from some of the most

heavily mountain pine beetle impacted fibre in British Columbia, 100% of which was shipped to China. We are extremely proud of what was achieved at this mill, and are saddened to see it come to an end.

Canfor has 209 employees at the Quesnel facility, all of whom will be offered a position elsewhere in the company. For those that prefer to remain in the community, we will be working with our regional competitors and other employers to find positions for as many of our Quesnel employees as possible. Labour demand in BC's forest industry remains high and we are confident that our people will be placed quickly.

We are extremely appreciative of all that the Ministries of Forests, Jobs and International Trade have done to support the BC forest industry in the wake of the mountain pine beetle. Your agencies have taken all possible steps to address the impacts of the mountain pine beetle epidemic while developing new offshore markets and ensuring a forest policy framework that allows our industry to be globally competitive. That our industry had the China market to support our companies, workers and communities through the US housing market collapse was largely the result of government policy and market development work of a decade ago. We think it is critical that this work continue.

Following the public announcement at 3:00 p.m. today, I would ask that you pass this e-mail on to other Ministry officials that should receive it. Canfor appreciates that there will be dimensions of this announcement that you may wish to discuss with us in further detail. We would be pleased to arrange a conference call or briefing within the next week.

Christine Kennedy | Vice President, Brand and External Relations

Canfor Corporation | Brand and External Relations Department

T: 604.661.5225 | F: 604.661.5429