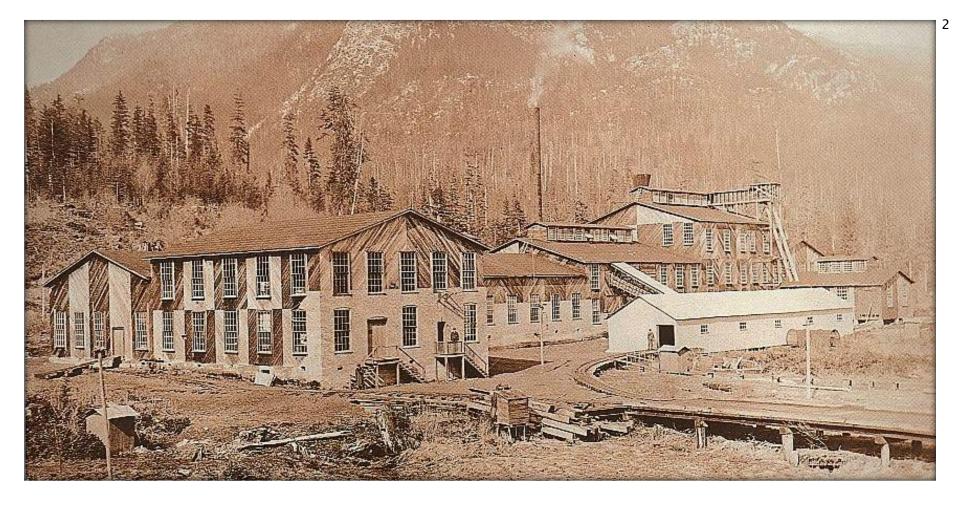




Howe Sound Community Forum Presentation

Brent Desrocher
Kraft Technical and Environmental Manager



Original Mill at Port Mellon



106 years of operations at the Port Mellon site

Ownership History

- ▶ 1908 British Canadian Wood Pulp & Paper Co.
- 1916 Rainy River Pulp & Paper Company
- ▶ 1920 WesternCanada Pulp & paper Co.
- ▶ 1925 Howe Sound Pulp & Paper Co. Ltd.
- ▶ 1927 Vancouver Kraft Mills Ltd.
- ▶ 1935 Port Mellon Operating Company Ltd.
- 1939 Vancouver Kraft Corporation Ltd.
- ▶ 1941 Sorg Pulp Company
- ▶ 1951 Howe Sound Pulp Company (CANFOR)
- ▶ 1988 Howe Sound Pulp and Paper (Canfor-Oji)
- 2010 HSPP Paper Excellence Canada





Aerial view of mill & town site in 1950s



The mill which produced 130 tonnes/day of unbleached Kraft pulp was purchased by Canfor in 1951.



Aerial view circa 1987

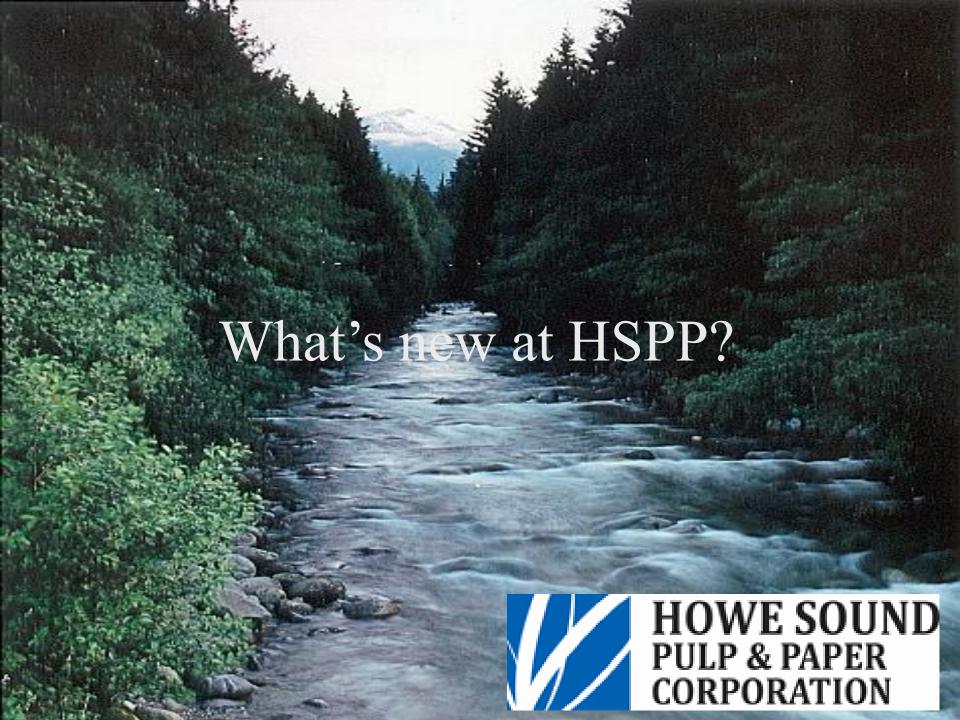


600 tonnes/day bleached Kraft pulp High operating cost, minimal environmental controls



Major Modernization Project

\$1.3 billion upgrade completed during 1988 to 1992. State of the art equipment and technology was utilized to replace every piece of major equipment in the Kraft Mill which also included utilization of modern environmental controls.





Newsprint Mill Closure



Facility closed permanently on July 24, 2015 after 25 years of operation. 171 Jobs were affected.



Newsprint Market

a Paper Excellence Company



Continued depressed Domestic and Export Newsprint Markets and future demand outlook was biggest factors in closure. Alternative products were explored as well. Drought conditions sped up decision process. © 2014 Howe Sound Pulp & Paper Corporation



Power Business

 HSPP sells 400,000 MWh of green electricity per year

The mill generates
 enough Power to supply
 32,000 homes



KRAFT PULP BUSINESS

- Major Capital Projects in progress to lower chemical consumption and increase efficiency of Kraft Mill to move HSPP into a more competitive position.
- Chloride Removal Plant
- Oxygen Delignification
- > 2nd Line of Evaporators



New Oxygen Delignification System

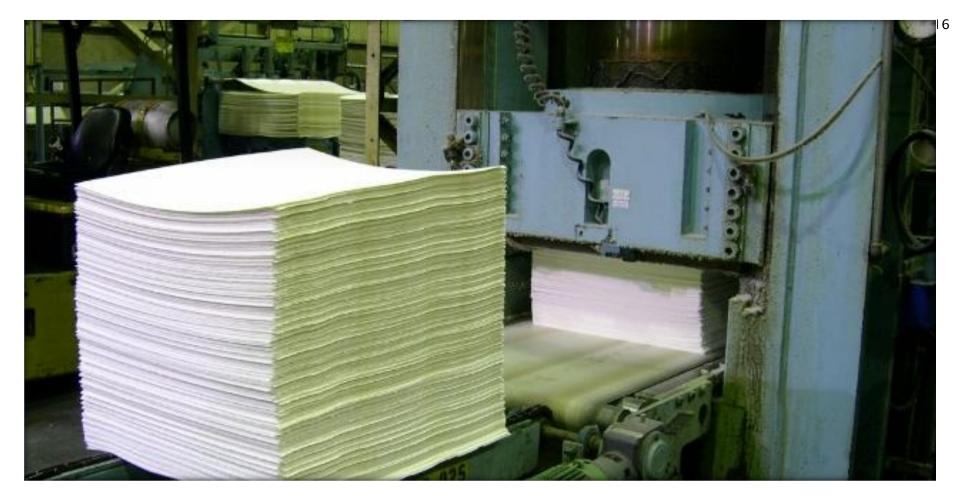




New Black Liquor Evaporators







Improvements to Quality and Yield of Product



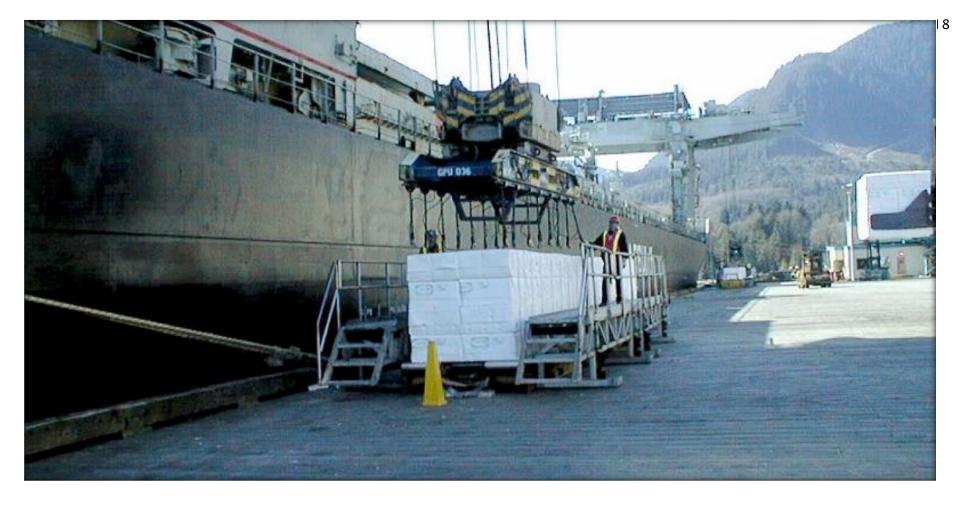
Lower chemical consumption will improve product quality and yield to further improve use of available fibre.



Future Projects



- Medium Consistency Bleaching to lower chemical consumption further.
- Pulp Machine Upgrades to lower energy and freight cost to overseas markets



Market Outlook





Rainy river upstream of mill looking North





