INNOVATIVE BIOFUEL TECHNOLOGY

TRANSFORMATIVE CLIMATE CHANGE SOLUTION WHICH CREATES THE HIGHEST VALUE CHAIN FOR THE CANADIAN FOREST INDUSTRY

Canfor Pulp (CFX.TO)

Licella

Martin Pudlas VP Operations
Martin.Pudlas@canforpulp.com
• Eloquent Pathway
  • A global scan of technologies, led Canfor Pulp to form a Joint Venture with Licella

• More Value – Less Impact
  • Focus has been on assessing economics of integrating the Catalytic Hydrothermal Reactor (Cat-HTR) technology into Canfor Pulp’s Operations

• High Quality Product
  • Multiple large scale pilot plant trials have been successfully completed
  • Feasibility engineering phase in progress

• Carbon Intensity Reduction
  • Current modelling indicates significant reduction in GHG, four times less emissions than conventional – high value under US LCFS
  • Exploring the potential value creation associated with Federal Carbon Policy, Renewable Energy and Low Carbon Fuel Requirements in Canada

“NATURALLY REFINED SOLUTION”
Forward Thinking
“Partner of Choice in Community”

Innovative
Largest at Source Bio-energy Producer in NA (130 MW)

Operational Excellence
Solid Long-Term Performance in Pulp and Paper Business
Fifth Largest Producer of NSK Pulp Worldwide & Largest in NA
Historical Return on Capital Highest in Global P&P Industry and Canadian Manufacturing Sector

“NATURALLY REFINED SOLUTION”
PULP OPERATIONS

Pulp Mills
1. Intercontinental
2. Northwood
3. Prince George
4. Taylor
5. Canfor Pulp Ltd. Head Office
6. Canfor Pulp Innovation

Canada

Key Products
1. Pulp
2. Pulp
3. Pulp, Kraft Paper
4. BCTMP Pulp

Total Sales: $1 Billion
Direct jobs at Canfor Pulp: 1,117
Total Economic Impact of Canfor Pulp in 2014: $668 Million

“NATURALLY REFINED SOLUTION”
SUSTAINABLE ENTERPRISE

Social Values

• **Employer of Choice** in our communities and industry
• Responsible employer committed to safety and community development
• Support communities and educational institutions

Economic Values

• Maintain top quartile competitiveness through capital investment and *best practice* maintenance and operations
• Support regional suppliers including fibre, biomass, construction, service sector and transportation
• Ensure long-term economic viability to support our customers, suppliers and communities

Environmental Values

• Support responsible forest management supply chain
• Minimize environmental impact through responsible manufacturing
• Generate renewable energy and reduce GHG emissions
• Invest in best available technology to improve environmental performance

Habitat Protection

“NATURALLY REFINED SOLUTION”

2015 Canada Winter Games Pavilion

Renewable Energy
STRONG RECORD of ENVIRONMENTAL IMPROVEMENT

ODOUR AND PARTICULATE REDUCTION

Particulate Emissions Reduced by > 70%
Odour (TRS) Reduced > 90%

GREENHOUSE GAS REDUCTION

GHG Emissions Reduced by > 40%

“NATURALLY REFINED SOLUTION”
FINANCIALLY STABLE AND COMPETITIVE

Top Quartile Performance:

- Ongoing operational excellence focus
- Net debt to capitalization 6.7%
- Diversified sales including electricity
- Value added offerings in Premium Pulp and Specialty Paper
- Over $400 million of capital investment since 2010

- $190 million on odour and particulate reduction
- $102 million has been spent on continuing investments to maintain the mills
- $58 million to increase power generation and energy efficiency
- $53 million has to improve productivity

“NATURALLY REFINED SOLUTION”
WHAT IS THE OPPORTUNITY FOR CANADA?

Diversifies the Canadian economy, and encourages growth and opportunity to export clean technologies globally.

Increases focus on clean tech and green industry that supports Canada’s climate objectives and transition to a low-carbon economy – addresses GHGs emissions in transportation sector.

Highlights innovation in one of our country’s core industries.

Uses innovation to create near-term and long-term clean tech jobs.

Adds value to existing waste in economical and environmentally conscious way.

Demonstrates that strong environmental policy can enhance economic prosperity.
“It’s a sunrise industry, not a sunset industry. But there are some bumps in the road that we are trying to anticipate. That means innovation, it means putting wood into a broader range of uses. It means being the best in the world for coming up with new ideas where we put wood and exporting that.”

Premier Christy Clark – Sept. 2015

“To encourage economic growth, the Government will make strategic investments in clean technology, provide more support for companies seeking to export those technologies, and lead by example in their use.”

Federal Government Speech from the Throne – Dec 2015