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## **TimberWest offers support for a new specialty mill in Cowichan Valley**

Vancouver (B.C.) - TimberWest is prepared to work closely with the Cowichan Lake Community Forest Cooperative to explore the option of establishing a specialty mill in the Lake Cowichan area.

“We remain hopeful that CLCFC will come forward today with an offer to purchase the Cowichan Lumbermill and TFL 46 as a package, and that meets all of the requirements we have outlined,” said TimberWest President and CEO Paul McElligott. The Cowichan Lumbermill and TFL 46 are highly interdependent and the company is prepared to sell them as a package because the mill would only be viable if run with TFL 46 as a unified business.

“We recognize, however, that the financial resources of the CLCFC may not allow it to acquire the entire package of assets. So we are putting forward another option that would fulfill the desire of the community to retain a forest products manufacturing capability in the immediate area,” said McElligott.

In a letter to Cowichan Lake Mayor Jack Peake yesterday, the company offered to jointly develop a business plan for a smaller specialty mill, to be located at the Meade Creek industrial site. This investigation would identify market opportunities and then custom design a facility from the ground up that would be capable of successfully competing in world markets. In support of this project, TimberWest is prepared to:

- Contribute marketing and business expertise and resources to a value equal to that portion of the grant that CLCFC directs to this project from the grant CLCFC recently received from the Ministry of Forests and FRBC.
- Contribute a capital grant drawn from net funds received from the sale of the surplus machinery and equipment assets of the Cowichan Lumbermill.
- Negotiate a log supply agreement with CLCFC that would provide the facility with an opportunity to secure a portion of its needs.

McElligott said: “Should the CLCFC be interested in pursuing this specialty mill option, we are prepared to meet with them immediately to jointly design the project and to recommend suitable consultants to undertake any work that doesn’t fit with the expertise available inhouse at TimberWest. The business case developed for this project should be sufficiently strong to enable CLCFC to attract the support of potential partners already established in the specialty business as well as investment from either or both government and the private sector.”

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“If the CLCFC wants to pursue this option, I am personally committed to ensuring we put our best effort towards timely completion of the project,” McElligott said.

March 23 is the deadline for receipt of a proposal to buy the Cowichan Lumbermill and TFL 46. “It is imperative to develop a resolution to this issue,” McElligott pointed out. “These assets were originally offered for sale more than one and a half years ago. Employees have now been given their severance packages and work at the mill has ceased. To continue to delay our plans makes it difficult for us to operate effectively in our Honeymoon Bay Operation, given that we need to plan our harvesting activities so far in advance, and the uncertainty is hard on everyone who works there.”