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## NEWS RELEASE

February 17, 2006

### **Houston Pellet Limited Partnership Announced**

**Houston, BC** – Canadian Forest Products Ltd., Pinnacle Pellet Inc., and the Moricetown Band are pleased to announce the formation of a partnership for the development of a wood pellet production facility to be located adjacent to the Canadian Forest Products Ltd. sawmill in Houston, BC.

The wood pellet plant is part of a larger project that includes the installation of a new bark-fired energy system at the Houston sawmill. The combination of the wood pellet plant and the bark-fired energy system provides an economically viable, value-added alternative to the Tier 1 Beehive Burner currently operating at Canadian Forest Products' Houston Sawmill.

Pinnacle Pellet Inc. is a privately held company with a reputation for producing high quality wood pellets. Pinnacle Pellet Inc. is based in Quesnel and currently operates production facilities in both Williams Lake and Quesnel.

The Moricetown Band and Canadian Forest Products Ltd. have a long-standing mutually beneficial relationship. Kyahwood Forest Products is a profitable joint venture between the two parties that directly employs 75 people in Moricetown, BC for the purpose of lumber remanufacturing and finger jointing. Chief Warner William commented, "The investment and involvement in the pellet plant further solidifies the relationship and is a further step by the Moricetown Band to achieve economic self-sufficiency".

The combined wood pellet and bark energy system project has been under development for the past two years. Construction is scheduled to commence in the second quarter of 2006 with wood pellet production beginning in the fourth quarter. The bark-fired energy system will be commissioned in the second quarter of 2007. This timeline will ensure the closure of the Tier 1 Beehive Burner by the regulated December 31, 2007 phase out date.

The wood pellets produced at this facility will be suitable for both industrial and home heating consumption and will be sold into a combination of the North American, Asian and European markets.

To facilitate the offshore shipment of wood pellets, the Houston Pellet Limited Partnership's project also proposes the development of a wood pellet receiving and storage facility adjacent to Ridley Terminals Inc. in Prince Rupert, BC.

The bark-fired energy system will consume all of the bark produced at the Canadian Forest Products Ltd. Houston sawmill and will provide the heat required for both lumber and pellet production.

This project not only supports economic diversification within the region, but also supports the growing movement from fossil to renewable fuels.

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