Slocan-LP OSB Corp.

An Open Letter

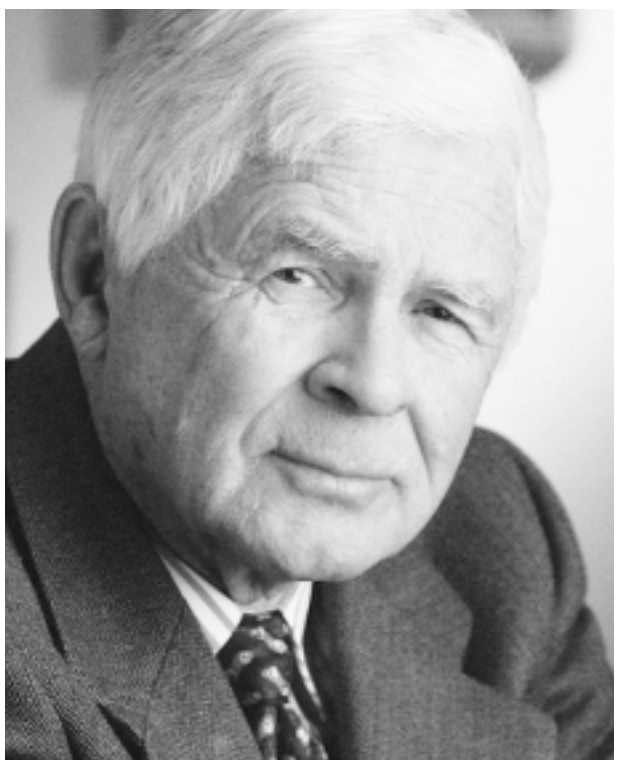
to the People of Fort St. John, the First Nations and the Surrounding Communities

Hello to you all once again! As I explained in my last Open Letter, we had committed ourselves to "exhaust all opportunities to find the best site possible for our new OSB plant - all things considered." I had also asked that if any of you had any ideas as to a location to please let us know - which in fact some of you have done.

We are now satisfied that we have fulfilled this commitment and we have come to a responsible conclusion that we want to communicate to you.

First, let me note that this process proved to be far more demanding in terms of time, effort and money than we had anticipated. We have looked at some 23 sites - stretching from Dawson Creek to the Blueberry River First Nations reserve beyond Mile 73 on the Alaska Highway. The key features we were looking for in our site selection process were:

- minimal impact of our air quality to the surrounding area;
- best traffic access;
- access to rail and power;
- proximity to an employee and service base;
- adequate site topography;
- ability to have agricultural land classified for industrial purposes.



We short-listed five sites that were the most promising, acquired options to purchase them and carried out detailed assessments of each. The Mile 73 area that many suggested to us has been assessed in this process several times. Our firm conclusion, once considering all the factors, is that it is simply not a practical site on which to build our OSB Plant.

As we also stated throughout the course of the site selection process, we have continued our work on the mill configuration aspect of the project, particularly the selection and configuration of the equipment to give us the best possible standard of air quality emissions.

We may now responsibly say that with the selection and configuration of the air processing equipment we intend to use inside the mill, the air emissions from our plant will have very little, if any, adverse impact on the quality of air at any of the sites we have considered. As we move forward in our planned public meetings and environmental assessment process, we will put forth the independent scientific assessments on which we have based this conclusion.

Therefore, in our thinking, once we were able to deal with air quality as a reason for concern in our site selection process, the next significant issue was the potential effect on traffic flows on the existing road systems. Essentially, we need to locate our facility where logging truck traffic will create the least potential congestion at the outset (i.e. year 2004) and where any necessary upgrades can be most reasonably made.

It is our carefully considered conclusion - "all things considered", that the best location for our facility is a modified and realigned version of the previously proposed BC Rail site adjacent to the Fort St. John city limits.

You will note that we use the word "modified". We have acquired options to purchase two properties adjacent to the east portion of the BC Rail site allowing us to situate our facility in a North/South direction along Swanson Road. Situating the mill to run along Swanson Road will permit a larger buffer between our facility and residential areas.

We recognize that the selection of a site is controversial; however, we are satisfied that we have reacted responsibly to this concern. The principal rationales for our recommendation are:

• our ability to demonstrate that adverse impacts from the plant on air quality and public health will not be an issue;

• routing log truck traffic unto the Alaska Highway, the West Bypass and Swanson Road will create the least impact in the near term and will provide the best opportunities for road upgrades in the future as required. There is also a commitment from the provincial Highways Department to pursue funding for any up-grades on the Alaska Highway that may become necessary;

• adverse impact to the Airport can be demonstrated to not be an issue.

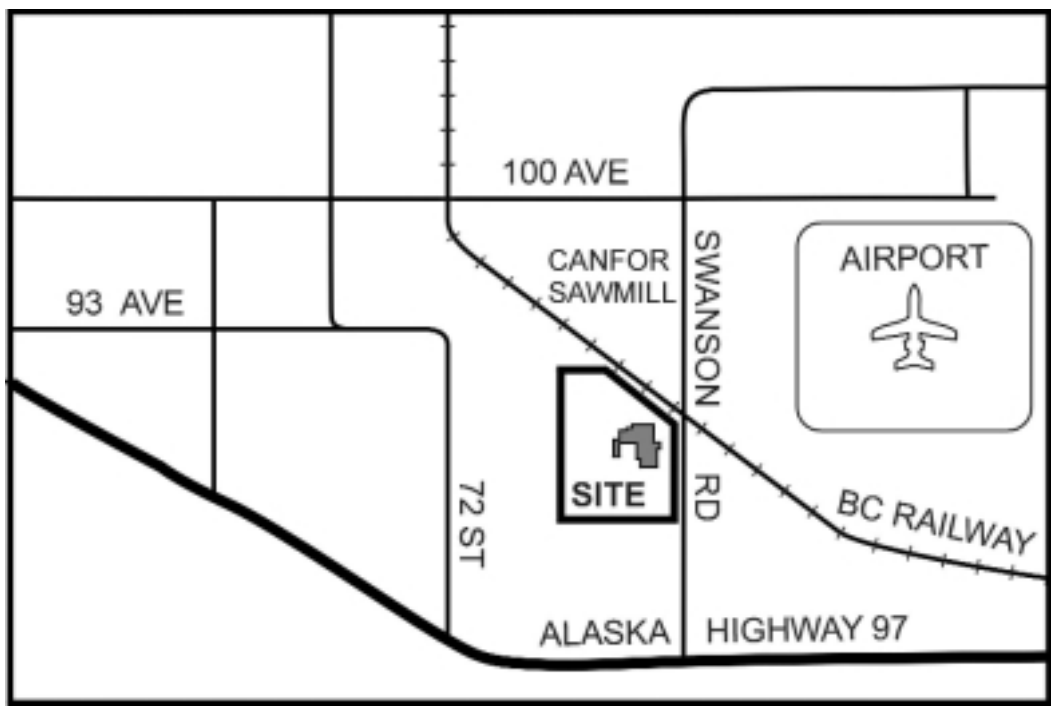
In conclusion, we believe our recommended site stands the "test of reasonableness" and we are now anxious to initiate a public information process that will further address all your concerns, as well as deal with any new issues that arise. We also respectfully request that the City of Fort St. John, the Peace River Regional District and the Land Reserve Commission act expeditiously to make the properties involved available to us.

Regards,

Slocan-LP OSB Corp.

Ike K. Barber

President



Slocan-LP OSB Corp.

Here's What You Wanted To Know

ROAD ACCESS & TRAFFIC IMPACTS

This is a matter of general concern that many people have raised. The following outlines the key aspects of the log handling and traffic patterns for the plant.

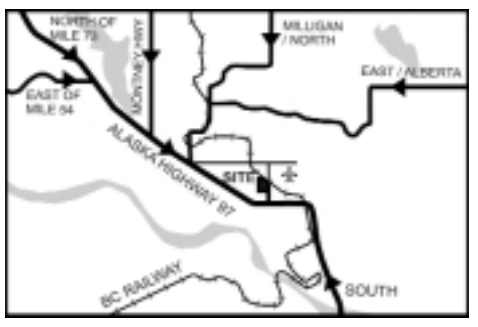
- The annual harvest volume of wood will be approximately one million cubic meters or the equivalent of 100 truckloads per day. This volume will be harvested from various locations throughout the Fort St. John Timber Supply Area (TSA).
- These are the expected traffic volumes when the mill reaches design production levels - which is not presently scheduled until the year 2004.
- Current traffic volume on the Alaska Highway (data from the City) is 6,000 cars and 2,000 trucks/day. The OSB plant will increase this by 5% for trucks and less than 2% of total vehicles.
- In the initial five-year period 2004 to 2009 (there will be a start up volume in 2003) the timber sources are projected to average the following over the year:

West of Mile 54	20 loads per day
East of Fort St. John	25 loads per day
North of Mile 73	45 loads per day
Milligan & North	5 loads per day
Local & South	5 loads per day
	100 loads per day

- Consistent with the common harvesting patterns in the North - the harvesting and hauling patterns will be increased in winter so as to maximize activities on frozen ground resulting in on average:

Nov - Mar	5 months	160 loads/day
Apr - Jun	3 months	0 loads/day
Jul - Oct	4 months	67 loads/day
Average over 12 mo.		**100 loads/day**

- In the first five years of operation, it is expected that some volumes will be delivered to the mill site by rail. The rail volume is expected to eventually increase to over 15 %, which will be a meaningful decrease to the initial five years of truck traffic.
- All logging truck traffic will either travel directly down the Alaska Highway, or be diverted to the Alaska Highway along the West Bypass Road. Trucks will then use Swanson Road to reach the facility. Truck traffic will therefore avoid main residential areas, and follow the same route already being used for deliveries to adjacent industrial facilities. The logic of this traffic routing is that if there is a consolidated corridor and if traffic congestion becomes a problem, solutions can be more focused.
- To this end, Slocan-LP has held discussions with senior provincial government officials regarding public concerns as to the location of our plant and its expected impact on traffic densities. They have responded positively to our concerns, and indicated that they would give a high priority to correct any deficiencies that may become apparent.
- We think that we have responsibly considered and managed any truck traffic issue our plant may create, and we are only too happy to discuss this issue further.
- The map below illustrates the main log haul traffic routing in the immediate Fort St. John area.



SITE SELECTION

In order to satisfy the concerns expressed by local residents, Slocan-LP OSB Corp. undertook a rigorous assessment of feasible sites for the location of its OSB facility.

The selection criteria included a mix of environmental, economic and social considerations, some of which were:

- Minimum impact on air quality.
- Best routing for truck traffic.
- Workable access for rail, power and services.
- Reasonable proximity to employee and service base.
- Site topography suitable for construction and environmental controls.
- Land use compatibility (i.e. industrial vs. agricultural use).
- Reasonable expectation of regulatory approval.

The site selection process was originally expected to conclude within a couple of months, but was significantly more complex and extended to nearly six months, at considerable expense to the company. A team of site engineers, design engineers and environmental experts was engaged. As well, a wide range of government agencies were consulted and in some cases, public input was sought.

Some twenty-three sites were identified for detailed evaluation, stretching from Dawson Creek to the Blueberry River First Nation Reserve beyond mile 73 of the Alaska Highway. A short list of sites was developed that included:

- Silverberry - Mile 73 Area
- Three sites at Montney
- A site 3 km north of BC Rail site
- BC Rail/Swanson Road site

To confirm availability, it was necessary to obtain options to purchase on five sites.

During the course of evaluation work, a number of things became very clear:

- The treatment of air emissions from the plant demonstrated that the plant location would not have an adverse impact on air quality in any community surrounding the plant. This eliminated air emissions as a restriction for site selection.
- There was a major reluctance to use agricultural land not already adjacent to industrial land and this resulted in uncertainty of regulatory approval.
- Log truck traffic routing was a major concern in all areas. In particular, most people expressed concerns about the ability of secondary roads to withstand the required level of use.

Slocan-LP OSB Corp. has responsibly fulfilled its obligation to review all the options, and has concluded that a modified version of the original BC Rail Site is the best site when one considers all the factors.

The site selected will run adjacent to the present Canfor industrial site south along the Swanson Road. This creates the maximum space between the facility and residential areas and is a logical extension of the present industrial area.

We have respectfully requested that the City of Fort St. John, the Peace River Regional District and the Land Reserve Commission work expeditiously to provide the necessary rezoning of the parcels of property involved. This is required to allow the company to move forward promptly with filing an Application for a Project Approval Certificate that starts the Environmental Review Process.

OPPORTUNITIES FOR PUBLIC INPUT

Overview

Throughout the early stages of the project, there will be many opportunities for public input. Some of these opportunities include:

- open house information meetings to be held by Slocan-LP OSB Corp.
- the rezoning process.
- the process to remove land from the Agricultural Land Reserve.
- the Environmental Review Process.

Slocan-LP OSB Corp continues to welcome input. It is our mandate to be open and up front with all issues that may affect the citizens of Fort St. John and the surrounding neighbours. To this end, we are committed to provide every opportunity to consult with all who may be impacted by our decision to invest in Fort St. John.

We have announced our choice for the site. This will start a process that provides opportunities for every concerned citizen to express their concerns or support for our project. Slocan-LP OSB Corp. has produced "Backgrounder Sheets" to provide more detailed information on the project and communicate our thoughts on the key questions that have been raised. Further, opportunities for discussion are possible through our Fort St. John office.

Public Meetings

Subsequent to the site selection announcement, public open house meetings will be held to provide the public with information relevant to the plant design, and the potential impacts on the community. We welcome feedback on all the information provided and on our proposal.

Rezoning for Industrial Use

The site will require consolidation and rezoning by the Peace River Regional District or the City of Fort St. John. There will be opportunities for input through the public consultations that are required by these processes.

Agricultural Land Reserve

A portion of the land where the plant will be located is currently classified farmland and a part of the Agricultural Land Reserve. For this to be used for industrial purposes, application will made for its removal. As part of this process, the Land Reserve Commission will hold a hearing to consider the application.

Environmental Review Process

The British Columbia Environmental Assessment Act (1995) places the onus on the project proponent to present the project to the public, and deal with all aspects that are in the interest of the community. This includes air emissions, vehicular traffic impact, effect on airport fogging, job creation, economic impact on the community, forest utilization and economic diversification.

Once the site zoning is confirmed, Slocan-LP OSB Corp. will make an application for a Project Approval Certificate to the Environmental Assessment Office. This will start the formal process whereby a project committee will be appointed by the Environmental Assessment Office to review all aspects of the project. The committee membership will include representatives from Federal, Provincial and Municipal Governments and agencies, as well as First Nations.

This process will provide further opportunities for public submissions.

BALANCING THE HARVEST OF ASPEN-SPRUCE MIXED WOOD FOREST

The Slocan-LP OSB Corp. project has long term significance and benefits in the utilization and management of the mixed wood forest that makes up the timber resource surrounding Fort St. John. This naturally occurring mix of deciduous (aspen/poplar) and coniferous species (spruce/pine) has not been fully utilized in the past and present harvesting has had to "work around" the aspen portion of the resource. This skewing of the forest profile should not go on indefinitely if sound sustainable forest practices are to be achieved and the full economic benefits of Fort St. John's forest resource realized.

The aspen portion of the resource represents approximately 50% of the annual harvest level set for the Fort St. John Timber Supply Area. The introduction of an aspen consuming facility (such as OSB) will enable balancing of the species utilized with the profile of the forest resource and will complement existing harvesting and forest management for the long term benefit of the community.

THE COMPANY & SOME OF THE PEOPLE BEHIND THE COMPANY

The Slocan-LP OSB Corp. is a joint venture company, equally owned by Slocan Forest Products Ltd. and Louisiana Pacific Corporation. Ike Barber, who is also Chairman of the Board of Slocan Forest Products, is the President of the joint venture.

Both parent companies have extensive operations and strong track records as contributing and responsible members of various communities in northern British Columbia. Slocan-LP OSB Corp., however, has been established as a stand-alone company and is not a direct subsidiary of either parent company. It has an express mandate to independently pursue its own business success, within the framework of environmental and social responsibility.

Slocan-LP OSB Corp. will be headquartered in Fort St. John. It will be a major contributor to economic diversification and stabilization within the North Peace region, and is committed to good corporate citizenship. The Company has now established an office in Fort St. John, which will be its home until the OSB facility is constructed. This office is located at 9912-100th Avenue.

The following people will soon be working out of our Fort St. John office:

- General Manager: this position will be filled in due course. He/She will be our Senior Representative responsible for all aspects of the operation.
- Project Manager: Don Butler, P. Eng. joined our Company as of November 1, 2000. For an interim period, he will work between the Fort St. John office and his office in Richmond. As the project progresses, he will move to Fort St. John.

  Don was an integral part of the team that built Slocan's Fort Nelson PolarBoard plant in 1994 and after startup became Maintenance Manager. He will blend together a wide variety of consulting technical expertise as well as the practical operating experience from both parent companies in order to make this a very successful operation.
- Woodlands Manager: Jeff Beale will be joining our Company on May 1 2001. He will be located in Fort St. John. Jeff had has many years experience with the Ministry of Forests, most recently as District Manager, and brings to us the necessary background to manage our forest resource planning and development phases. Jeff is a Registered Professional Forester.
- Resource Planner: John Dymond, a long time resident of the North Peace Region is well known to many of you. John will be joining us from his position as the Planning Forester with Slocan. John has a good working knowledge of the resource base in the Fort St. John timber supply area.
- Administrative Assistant: Brenda Dymond has also joined our Company and is working out of our new office. As Administrative Assistant she will have a diversity of administrative and coordination functions. Our intention is that our office will be a communication centre and a drop-in centre for people that want to get information and to ask questions. We look to Brenda to manage this process for us among other things.

IMPACT ON AIRPORT OPERATIONS

There has been an expressed concern that operation of our plant could result in additional days where the airport could not operate. We have actively addressed this concern:

- We are assured by Nav Canada and Transport Canada that the location and height of our building and our air exhaust stacks are such that they will not impede the landing and/or take off patterns of aircraft.
- There will be a "steam-plume" from our plant - this is due to exhausting the water vapour from the process of drying the wood from green to dry in the manufacturing process within the plant. The impact of this steam plume has been scientifically modelled and it has been demonstrated that it will not have any material adverse impact in terms of "fogging". Therefore, it will not affect the ability of aircraft to take off or land on the Fort St. John airport runways.

During the Company's public communication process and the subsequent environmental review process, we will provide the detailed modelling results, and communication from Nav Canada and Transport Canada confirming these points.

AIR QUALITY & EMISSION CONTROLS

Overview

We are aware that air quality, and any potential impact on public health, is probably the area of greatest concern to the general public when we talk of introducing an OSB Plant in the Fort St. John area. We are confident that we have provided measures to satisfy these concerns and we will outline the key aspects of these for you. They will also be discussed in more detail in the continuing public meetings and through the environmental assessment process,

Emission Controls

In the design of our Oriented Strand Board facility, particular attention was paid to the potential generation of two aspects of air emissions.

One is the extremely small air-borne particulate matter that is referred to as PM10. These are particles that measure no more than 10 microns in diameter - about the size of the period at the end of this sentence - and in the case of an OSB facility are made up mainly of small particles of wood fibre.

The other is formaldehyde, part of a family of organic substances found naturally in wood fibre and in the adhesives used in many manufacturing processes such as OSB as well as a multitude of other products unrelated to OSB.

Both forms of emissions are present in the air throughout B.C. - PM10, for example, can originate from road dust, from burning wood or straw or grain harvesting. Formaldehyde is present in many household items such as carpets, wall coverings, etc. These particles may cause irritation or health concerns if they occur in high enough concentrations.

In its plant design, Slocan-LP OSB Corp. is taking innovative steps to reduce these substances in emissions. A unique combination of state-of-the-art air treatment technologies will be put in place to ensure that emissions remain far below the levels that would lead to any health concerns. The specific treatments that will be used are described below.

1. PM10 Control at Drying Stage

The drying stage of OSB manufacturing is where the greatest potential for PM10 generation exists. Wood has a high moisture content and the green strands or flakes which the wood is cut into must be dried before further processing. This is generally done by introducing the green strands into a large rotating drum and injecting hot air through the drum. The trick is to now separate all the wood particles, big and small, from the air before it is exhausted from the plant. Most OSB facilities use various combinations of two stage processes to clean the air. Slocan-LP OSB Corp. will use a three-stage process so as to reduce particulate and emit very clean air.

i) A large single cyclone will be the first stage to separate the strands or larger pieces of fibre from the hot air mass. The usable strands will exit through the bottom of cyclone, and the hot air with smaller particulate matter will exit through the top of the cyclone.

ii) At the second stage, this air mixture is then fed through a bank of smaller cyclones, called multicones, designed to further separate the air and wood particles.

iii) Lastly, air from the multicones will pass through electrified filter beds (EFBs), where electrical charges are used to remove the extremely fine particles to very low concentrations.

This three-stage process will ensure peak EFB efficiency and extremely low PM10 levels emitted from the plant.

2. PM10 Control at Other Production Stages

Reduction of PM10 emissions can be done at other stages of OSB manufacture, including stranding, screening, blending, forming, sawing and sanding. All equipment used at these stages will be kept under a vacuum that will allow particulate matter and the air to be captured and ducted to one of four bag houses.

In each bag house, the air will pass through an array of sock-like bags that remove particulate matter, and then through a double filtration system. A continuous self-cleaning screen will act as a pre-filter, then the air will pass through high efficiency particulate air (HEPA) filters to remove very fine particulate matter. HEPA filters remove 99.97 per cent of PM10, and are used in hospitals and in other settings where extremely fine particulate matter must be controlled (like that for asthmatic patients).

3. Temperature Control for Formaldehyde

Formaldehyde emissions are generated when wood fibre and/or wood waste are dried and/or burned. These emissions will be reduced at our Fort St. John plant by installing the capacity in our single pass dryers to dry the strands at relatively low temperatures (800-900°F). This reduces the release of formaldehyde as wood strands are dried to very low levels.

Air Quality in the Community

Government-approved air-quality computer modeling has been conducted by specialists. These models use detailed meteorological data collected by Environment Canada at the airport on an hour-by-hour basis over a six-year period. They take into account the proposed plant design and location, and can predict the ground-level concentrations of PM10 and formaldehyde at hundreds of specific sites in and around Fort St. John.

The provincial air-quality guideline for maximum PM10 in outdoor air is 50 micrograms per cubic metre of air (on a 24-hour-average basis). This guideline reflects the level that the government has set to protect human health. Over the six-year period modeled, the projected contribution from our OSB facility to the community was in the order of 2.0 micrograms per cubic metre (and then only for a few days per year). The attached charts show the maximum projected PM10 concentration additions at four locations around Fort St. John, compared to the provincial air-quality guideline. Even these low maximum concentrations additions are projected to occur very infrequently.

Concentrations of formaldehyde with the plant in operation are also projected to be at a small fraction of the levels set out in provincial guidelines. Concentrations in residential areas are projected to be in the order of 10 per cent of the provincial guideline of 60 micrograms per cubic metre of air, and will average less than a few per cent of that.

Emissions resulting in concentrations at levels such as these can confidently be concluded to be without significance in terms of environmental or health impacts, even on a cumulative basis. The models used employ conservative assumptions and are generally found to over-estimate actual ambient levels.