

28th May 2016

Canfor Pulp Products Inc. (“CPPI”) and Licella Fibre Fuels Pty. Ltd. (“Licella”) enter into a biofuels-biochemicals joint venture agreement.

Licella and CPPI, through its subsidiary Canfor Pulp Ltd., (“Canfor Pulp”) have signed an agreement to form a joint-venture under the name “Licella Pulp Joint Venture”.

Licella Pulp Joint Venture is a strategic relationship between the two companies that will investigate opportunities to integrate Licella’s unique Catalytic Hydrothermal Reactor (Cat-HTR) upgrading platform into Canfor Pulp’s kraft and mechanical pulp mills to economically convert biomass, including wood residues from Canfor Pulp’s kraft pulping processes, into biocrude oil, to produce next generation biofuels and biochemicals. This additional residue stream refining would allow Canfor Pulp to further optimise their pulp production capacity. Upon successful integration of the Cat-HTR technology, the Licella Pulp Joint Venture would look towards offering this solution to other third party Kraft and mechanical pulp mills.

This agreement follows a successful program of trials at Licella’s pilot plants located in New South Wales, Australia, conducted on feedstock from Canfor Pulp’s Prince George (British Columbia) pulp mill. In these trials, wood residue streams from Canfor Pulp’s kraft process were successfully converted into a stable biocrude oil.

“Biofuels and biochemicals represent the next frontier in the utilization of sustainable wood fibre to produce green energy and chemicals,” said Don Kayne, CEO of CPPI. “This initiative underscores Canfor Pulp’s commitment to innovation and the importance of green energy and chemicals in our future product mix, and we look forward to developing this potentially transforming technology with Licella.”

“The Cat-HTR process is a strong technical fit for the kraft process,” said Brett Robinson, President of CPPI. “The opportunity to directly produce advanced biofuels from our existing streams could transition Canfor Pulp from being strictly a pulp and paper manufacturer to a bio-energy producer as well. The Licella technology has significant similarities to our existing processes which makes this partnership a natural fit.”

“Licella’s Cat-HTR technology may add significant value to Canfor Pulp’s kraft process by creating new products from Canfor Pulp’s waste streams,” said Dr Len Humphreys, CEO of Licella. “What we are potentially building towards is a bio-refinery to utilise the entire tree, rather than part of the tree.”

About Licella Fibre Fuels Pty. Ltd. and Ignite Energy Resources Ltd. (IER)

Licella is a subsidiary of Licella Pty. Limited, which in turn is a subsidiary of Ignite Energy Resources Ltd. (IER), an Australian public unlisted natural resource and energy technology development company. IER has developed a proprietary lignite and biomass upgrading platform, the Catalytic Hydrothermal Reactor (Cat-HTR). Through the Cat-HTR technology, IER are re-energising resources and creating a bridge to a lower carbon future.

IER operates via three subsidiaries, Ignite Resources Pty. Ltd. (applying Cat-HTR to lignite), Licella Pty. Ltd. (applying Cat-HTR to biomass) and Gippsland Gas Pty. Ltd. (biogenic natural gas resource). Within IER’s resource division are the exploration rights to a 16 billion tonne lignite deposit, which represents 8% of the world’s economically recoverable lignite.

Licella uses the Cat-HTR platform to convert a variety of low-cost, non-edible biomass into a stable biocrude oil, which can be refined, in a conventional refinery, into next generation biofuels and biochemicals. Licella's Cat-HTR can theoretically process any form of ligno-cellulosic biomass, without the need to dry the feedstock prior to processing.

Over the past eight years Licella has invested AUD\$60 million in its technology development, conservatively yet progressively scaling up its Cat-HTR platform to its current generation three version. Licella is now on track to scale up to its generation four version (only a ten times scale up), aligned to be the commercial scale module of its now tried and tested reactor.

About CPPI

CPPI is a leading global supplier of pulp and paper products with operations in the central interior of British Columbia ("BC") employing approximately 1,300 people throughout the organization. Canfor Pulp owns and operates three mills in Prince George, BC with a total capacity of 1.1 million tonnes of Premium Reinforcing Northern Bleached Softwood Kraft Pulp and 140,000 tonnes of kraft paper, as well as one mill in Taylor, BC with an annual production capacity of 220,000 tonnes of Bleached Chemi-Thermo Mechanical Pulp ("BCTMP"). Canfor Pulp is the largest North American and one of the largest global producers of market NBSK Pulp. CPPI shares are traded on the Toronto Stock Exchange under the symbol CFX.

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", "theoretically", "potentially" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and CPPI and/or Licella assume no obligation to update such information to reflect later events or developments, except as required by law.

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