

QUARRY AND LIME PLANT PROJECT

Giscome



GRAYMONT

QUALITY LIME & STONE PRODUCTS
THAT IMPROVE YOUR WORLD

December 2007 Newsletter



RECENT ACTIVITIES

Our August 2007 newsletter provided an overview of our proposed \$140 million lime plant and quarry project to be located near Giscome, British Columbia. The August newsletter also described our commitment to keeping neighbours informed about the project and our intent to hold public open house meetings in the Fall of 2007.

Since we announced the project in May 2007, we have been working on a number of fronts to bring the project forward. These include, for example, environmental baseline studies, land agreements, meetings with local economic development and regulatory agencies, discussions with neighbours in and around Giscome, discussions with the Lheidli T'enneh First Nation, and kiln design studies to support the use of a variety of fuel sources including wood. In a word, we have been busy bringing this project forward.

As a result of our fuel source and alternative plant design studies, Graymont has selected a vertical kiln plant design that would utilize the most energy efficient lime kiln technology in the world. This technology would have the flexibility to utilize waste pine beetle wood for up to 100% of its kiln fuel requirements.

The majority of our neighbours and local agencies have told us they are supportive of the project and even excited about the economic opportunities and diversification it would bring to the Giscome and greater Prince George area. Many people have said they would like to see a project that will replace the former lumber mills as an economic base in the Giscome area and a project that will respect the environmental integrity of Eaglet Lake, the environment and the local community. We appreciate this support. In response, Graymont has been working to design a modern, highly efficient project that will benefit the local community in environmental, social and economic terms.



CURRENT STATUS

You may be aware that the Government of British Columbia has recently joined the Western Climate Initiative and introduced legislation that commits the province to reducing greenhouse gas emissions. Details regarding regulation of greenhouse gases are being investigated by the provincial government but have not been determined at this time.

At this point Graymont has very serious concerns in going forward with the proposed plant due to uncertainty about the province's regulatory approach on greenhouse gases. Although the proposed Giscome Lime Plant would use the most energy efficient lime kiln technology in the world and would be able to accept alternative fuel sources, the very process of producing lime from limestone creates greenhouse gas emissions. **Therefore we have decided to put both our environmental assessment process and our public consultation on hold pending clarification of the government's regulatory approach.**

Graymont continues to believe the proposed Giscome plant is the right thing to do. The site is unique in North America and presents the best opportunity we have yet identified to burn wood as lime kiln fuel at a large scale in conjunction with traditional fuels. Producing lime in British Columbia using wood as a fuel source has the potential to lower greenhouse gas emissions by up to 40% when compared to lime produced outside of British Columbia using standard practices. There would also be the traditional socio-economic benefits associated with such an investment in the province, including stable long term jobs, an increased tax base, employment opportunities and economic spin-offs for the Lheidli T'enneh First Nation.

NEXT STEPS

We intend to work with the province to determine if a solution can be found to this complex issue - one that allows all parties to meet their objectives. We believe a path forward can be found.

A number of our neighbours have been asking us when there will be an open house meeting in the community. An open house meeting will not be scheduled until such time as the province's regulatory approach on

greenhouse gases has been set out in sufficient detail to alleviate the current uncertainty. We hope that this uncertainty can be addressed and that we will be able to announce an open house meeting date through a subsequent newsletter.

ABOUT GRAYMONT

Graymont is a Canadian company headquartered in Richmond, British Columbia with operations across North America. We are an innovative, lime industry leader in reducing greenhouse gas emissions. Through investment in modern, efficient lime kilns we have been able to reduce our energy related greenhouse gas emission intensity by 8% since 2002.

A lime plant produces "quicklime" by heating limestone and releasing the carbon dioxide (CO₂) out of the stone. This process will occur regardless of which fuels are used to fire the plant. This is why quicklime works so well for a broad range of environmental applications such as the removal of pollutants from air emissions (e.g. flue gas sulphur absorption), the treatment of sewage biosolids and municipal wastewater, and the treatment of industrial sludges, petroleum wastes and acidic drainage from active or abandoned mine sites. Graymont is constantly looking for new innovations in its production techniques and ways to protect the environment. This is a commitment that Graymont and its employees are proud of.

FOR FURTHER INFORMATION

Information about Graymont and the Giscome Lime Plant and Quarry project can be found on our web site at www.graymont.com. If you require further information please call our public consultation coordinator for the project, Brown and Associates Planning Group at 1-866-404-4763 or by email to LTipman@brownandassociates.com. Either Ron Wrigley or Liisa Tipman will be pleased to provide information or refer your questions to the appropriate specialists within Graymont's Giscome project planning team.