

IN THE FACE OF ECONOMIC UNCERTAINTY, TEMBEC AND THE TAYKWA TAGAMOU NATION USE THEIR UNIQUE PARTNERSHIP TO CULTIVATE NEW GROWTH

Introduction

Cochrane, Ontario March 18, 2008. A Multinational Forestry Company and First Nation prove that even the most trying times the forest industry has seen in decades isn't enough to get in the way of determined innovation and their propensity to find success where it is least expected. Tembec Industries Inc. of Montreal Quebec and The Taykwa Tagamou First Nation of Cochrane, Ontario (TTN) have progressively chosen to use the trying times as motivation to succeed as opposed to justification for becoming defensive of each others interests. The two have combined each of their strengths to forge a ground breaking tenure (Timber Rights) sharing arrangement which not only helps each survive down turns in the economy like what we are living now, but provides each with increased long term viability as well.

Details

The arrangement sees Tembec take the bold move of sharing its timber licensing rights with TTN whenever there is a down turn in the economy which may be preventing their Mill(s) from utilizing the respective timber. This in turn allows TTN to market the timber at their discretion maintaining a \$22 Million dollar per year business venture for the Taykwa Tagamou Nation, while also maintaining a \$46 Million dollar per year local economy for the Town of Cochrane alone; much of which otherwise would have been negatively impacted or even shut down without the arrangement. Regionally (Cochrane, Timmins, Kapuskasing, Smooth Rock Falls and Iroquois Falls) the agreement can contribute \$54 Million to the economy each and every year. As a result, this arrangement provides economic stability when the region needs it most - during current and future economic crisis's.



The agreement sees the First Nation receive unfettered access 300,000 cubic meters of timber to harvest each and every year. This in turn enables some 75 workers to perform the work regardless of the usual mill's capacity to take the timber or to run at all. Tembec maintains the first right to purchase the timber in the arrangement effectively ensuring that the local milling facilities are the primary beneficiaries. The whole arrangement will take place in the form of a timber license issued directly to TTN satisfying a long historical interest to take a more direct role in the management and guardianship of their resources.

The unique partnership established by the two parties in March of 2000 is the pioneering force behind them embracing each others interests in a forest composed of many competing interests. The partnership continues to pioneer new and exciting examples of how parties with different interests can work together to find new successes where success is least expected.

Quotes

Chief Dwight Sutherland states, "This agreement sees TTN take a large step toward reaching its goal of equality and justification relating to industrial natural resource development and tenure sharing. I'm excited to see the hard work of generations of TTN members pay off for our children and future generations to come, as we will no longer have to sit idly by and watch others benefit from our resources". Sutherland goes on to say, "We're excited to continue the hard efforts of our forefathers in working with our



neighbours to build a mutually beneficial and collaborative relationship for all generations of all people to enjoy".

TTN's negotiator Peter Politis of [For Evergreen Innovative Strategies Inc.](#) states, "while Towns in Northern Ontario are being decimated and forced into economic ruin, Tembec and TTN have completely gone against the trend and forged a truly unique good news story. As a result of this inventive effort, the towns in this region are realizing an economic shot in the arm, at a time when most others are suffering a much worse set of circumstances". Politis goes on to say "It just goes to show that when two partners show the will to be innovative and get past historical differences, while concentrating on finding successes where they are least expected, there is no mountain too large to climb, no matter how different their general interests may be".

About The Taykwa Tagamou Nation

The Taykwa Tagamou Nation has a reserve located 14 km west of the Abitibi Canyon Hydro Generation Station between Cochrane and Moosonee. Due to the isolation of the reserve and lack of employment opportunities, the reserve was never occupied. In the early 1980's initiatives were taken by the TTN to find a new home for the Taykwa Tagamou Nation. In 1984, a new site was chosen and this has become the current location for Taykwa Tagamou. The community is located on a 177 hectare site in Bower Township, approximately 20 km west of Cochrane on Highway 574. Of the 335 members in the community, some 108 members live on reserve and while some 227 members live off reserve.

The Taykwa Tagamou Nation has aggressively pursued economic development since signing a pioneering relationship agreement with a large multinational forestry company in March of 2000. Currently, TTN owns a forestry company with an average annual sales of \$16 million and a series of Hydro development companies pursuing hydro development opportunities estimated at over \$5 billion.

About Tembec Inc.

Tembec is a large, diversified and integrated forest products company which stands as the global leader in sustainable forest management practices. With operations principally located in North America and in France, the Company employs approximately 8,000 people. Tembec's common shares are listed on the Toronto Stock Exchange under the symbol TBC. Additional information on Tembec is available on its website at www.tembec.com.