



Wednesday August 31st, 2016

Dear Valued Customer;

As you are undoubtedly aware by now, the Gypsum industry in Western Canada is about to go through an unprecedented event in the way of a government tariff being applied to the vast majority of gypsum products being imported into Western Canada. Over the past several weeks we have tirelessly been communicating with the market place as much information as we have about the situation. Unfortunately we are in the same position as all others, and that is waiting for the government ruling on September 6th to determine the amount of the tariff. Having said that, the most recent information we have from our sources is leading us to believe the amount will be very significant and the implementation immediate.

As per our earlier communications, it is our understanding that, by law affected manufacturers will have no choice but charge, collect, and remit this tariff to the government. Given the foregoing there will be no choice except for the industry to pass this along through the channel.

Although there is domestic manufacturing in Western Canada from CertainTeed Gypsum that would not be affected by a tariff, they have announced for a price increase effective September 8th of 12% on all paper faced gypsum products. In addition to this, it is our understanding that the current maximum capacity of domestic manufacturing falls well short of current Western Canada demand. This seemingly leaves no choice but for projects to either be halted due to lack of domestic supply or for imported product taxed with the tariff to make up the gap in local production.

We are not naïve to the chaos this unexpected tax / cost pressure has put on our customers and the industry as a whole. As an industry we are scrambling to determine the impact, and that is impossible to understand until September 6th at which time we will be told the amount of the tariff. It is beyond unfortunate that the nature of the process provides no information until the actual date of the tariff being implemented, therefore allowing no ability to plan and strategize for a possible outcome.

You have our commitment that we will pass along any and all information we receive relating to this situation as soon as we have something to share. The below link is the official site for information pertaining to this matter.

<http://www.citt.gc.ca/en/node/7827>

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Shoemaker", is written over a light blue horizontal line.

Ryan Shoemaker

Servicing the West since 1974...