



September 8<sup>th</sup>, 2016

To our valued customer;

As was expected, on Sept 6<sup>th</sup> the CBSA imposed a provisional tariff on imported gypsum products from the USA in to Western Canada. As evidenced in the additional documents attached to this communication, the amount of the tariff, ranging from 105.2% to 276.5% depending on the manufacturer, is an amount well beyond what was anticipated.

The sheer magnitude of this amount will have an immediate impact on the construction industry as a whole, as it will be impossible for anyone in the channel to absorb these costs. As an industry we are now faced with a scenario that makes it cost prohibitive for manufacturers to import drywall into Western Canada, but yet we have domestic distribution that falls well short of keeping up with local demand. The local capacity that is available has also been impacted with an increase effective today.

We are working diligently to try and determine what the exact impact of this means relating to our sell prices at this moment and will communicate that in the very near future. Please be aware though, that as of Monday September 12<sup>th</sup> we will have no choice but to pass on a Surcharge due to the Government tariff on all affected products, on all shipments.

We regret the confusion and harm that this may cause you, our customer, as well as those down channel from you as these costs are passed along. We will be reaching out again shortly to talk about next steps and what you can do if you feel you have been negatively impacted by this decision. Keep in mind, this current Tariff is a "provisional" one and final determination will not be made until mid-December upon reviewing feedback, so please get involved.

Thank you for your support through these challenging and unprecedented times, please do not hesitate to reach out to myself or any of our team if you have any questions, comments, or concerns.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Shoemaker".

Ryan Shoemaker

WSB TITAN GROUP OF COMPANIES

