

Press Release

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START-UP OF SAWMILL IN UGANDA

At the end of 2015, Busoga Forestry Company (BFC), Green Resources' Ugandan subsidiary, started up a new sawmill in Bukaleba with 8,500m³/year/shift capacity. This will represent an important source of new revenue for the company. The project has been implemented by GR's own team, while the mill was installed by WoodMizer's engineers. Funding has been achieved from internal cash flow and local bank finance.

The sawmill will be supplied with logs from final fellings and thinnings from GR's own forest in Bukaleba, Eastern Uganda. The mill will be running two shifts within a couple of years, and provide an important diversification of revenues in addition to BFC's existing utility poles business. The mill is located close to the main markets, only 120 km from Kampala, Uganda's capital. The vertical integration is expected to generate strong cash flows, as is already the case for BFC's utility poles business. BFC has been returning capital to the holding company for more than a year, and the new mill will further strengthen BFC as a pillar within Green Resources.



While the Uganda sawmill is still relative small, this is GR's first important expansion into sawn timber outside of Tanzania (where it has two sawmills with a capacity that is almost 10x greater). In 2016, GR plans to start up a new sawmill in Lichinga, Mozambique, with 15,000m³/year/shift capacity, based on thinnings from its 17,000 ha forest estate in Lichinga.

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Company Summary

Green Resources is Africa's largest forestation company and a leader in East African wood manufacturing. The company has 44,000 ha of standing forest in Mozambique, Tanzania and Uganda, established through its own planting activities. It operates East Africa's largest sawmill in Tanzania and electricity pole and charcoal plants in Mozambique, Tanzania and Uganda, and is also one of the first companies globally to receive carbon revenue from its plantation forests.

Green Resources was established in 1995 and is a private Norwegian company with 80 shareholders. It employs 3,500 people in addition to engaging numerous contractors and suppliers. The companies currently making up Green Resources have invested close to USD 300m of equity in its African operations. Green Resources holds land enabling the company to establish close to 200,000 ha of additional plantations with an aim to serve the growing regional and global demand for wood products. Its strategy is based on growing wood for both traditional uses (sawn timber, panel board, packaging, tissue, etc.) and for the growing bio-chemical and energy sectors. It is a leader in carbon finance with four validated reforestation projects. Green Resources has probably planted more new forest than any other organization in Africa since 2000.

Green Resources harvests logs from its own plantations and will continue to do so at an increasing rate as the plantations mature, and revenues from harvesting is expected to increase sharply over the next few years. Green Resources aims to follow the highest international environmental standards by conserving natural forest and other valuable habitats.

The company has more than three-quarters of its planted forests certified according to the Forest Stewardship Council™ (FSC™) standard the world's leading standard for responsible forest management and is aiming for 100% certification. The currently certified area include Lurio Green resources (LRG) 7955.94ha with licence number FSC-C110223, Niassa Green resources (NGR) 5,709ha with licence number FSC-C107952, Green Resources Limited (GRL) 30,041ha with licence number FSC-C015169 and Busoga Forest Company (BFC) 9,134ha with licence number FSC-C107952. It is the only company with FSC™-certified plantations in three African countries and it owns more than two-thirds of the FSC™-certified plantation forest in Africa outside the Republic of South Africa (RSA) and Swaziland. As part of this sustainability policy, the company only harvests plantation forest, currently is planting at least ten new trees for every one tree that it harvests, and only plants on low value grassland or degraded forestland.

Green Resources' strategy is based on the sustainable development of the areas in which it operates. The company believes that forestation is one of the most efficient ways of improving social and economic conditions for people in rural areas and aims to be the preferred partner for local communities in these areas; it also wants to be the favoured African employer within its industry.

The prime objective of the industrial operations is to add value to the forest. Green Resources' main industrial operations, Sao Hill Industries (SHI), Tanzania, have been significantly upgraded in the past years. It now operates two line sawmills, a pole treatment plant and joinery facilities, including what is probably Africa's (ex-RSA) largest and most modern sawmill. It has several sales branches throughout Tanzania. It also operates an electricity pole plant in Uganda. During 2015/16, a new Ugandan sawmill and a Tanzanian wood briquetting factory will start up. The industrial operations generated USD 18m of annual revenues in the fiscal year 2013/2014.

For more information please visit: www.greenresources.no