



PRESS RELEASE – For Immediate Distribution

**LONGLAC WOOD INDUSTRIES
TO INDEFINITELY SHUT DOWN PRODUCTION AT ITS MILLS**

Weak market conditions

Longlac (Ontario) July 6, 2006 – In view of weak market conditions, Longlac Wood Industries located in Longlac, Ontario, today announces it will shutdown its mills indefinitely, as of October 1st, 2006.

“For some time now, we have been struggling with very challenging market conditions for our products. While we have been able to offset this to some degree through continuous improvements in quality and efficiency, the forecast indicates a continued weak market ahead which will result in major financial losses”, said Paulo Gignac, General Manager, Ontario. “Unfortunately we will not be able to sustain this beyond October”.

“Obviously this is a difficult situation for everyone, and we wanted to give our employees, our customers and our suppliers as much notice as possible. We appreciate how important the mills are in the life of our community and we recognize the impact an indefinite shutdown will have”, added Mr. Gignac.

The production stoppage will affect approximately 350 employees. The majority of Longlac Wood Industries products are sold to the United States, where demand has slowed. At the same time, new mills into the market have added capacity and created a large oversupply in the wood products industry, with the result that many older manufacturing facilities are unable to operate profitably.

“We will continue to monitor market conditions for any indication of the fundamental, long-term structural changes in the sector that must happen before we would be in a position to restart the mills”, said Mr. Gignac. “We certainly do not see that happening soon enough for us to continue beyond October. Therefore we have directed our human resources group to be ready to help our employees as we prepare for an indefinite shutdown”.

Longlac Wood Industries Inc., a subsidiary of Kruger Inc., is a major manufacturer of high quality hardwood plywood, Multicore and Random Waferboard products.

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