News Release

For Immediate Release **October 28, 2019**

Canfor Agrees to Going Private Transaction at $16.00 per Share

Vancouver, BC, Canada — Canfor Corporation (TSX:CFP) ("**Canfor**") today announced that, based on the recommendation of an independent committee of Canfor's board of directors (the "**Special Committee**"), it has entered into an arrangement agreement (the "**Arrangement Agreement**") with Great Pacific Capital Corp. (and an affiliate of Great Pacific) ("**Great Pacific**"). Under the terms of the Arrangement Agreement, Great Pacific, which along with its affiliates owns approximately **51%** of the issued and outstanding common shares of Canfor (a "**Canfor Share**"), will acquire all of the Canfor Shares it does not already own for cash consideration of $16.00 per Canfor Share (the "**Consideration**") by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**Transaction**").

Benefits to Canfor Shareholders

In evaluating the Transaction, the Special Committee and Canfor's board of the directors (the "**Board**") considered a number of factors, including:

- **Significant premium to unaffected market price:** The Consideration represents a premium of approximately 81.8% to the closing price of the Canfor Shares on August 9, 2019 (the last trading day prior to the announcement by Great Pacific of its indicative offer for Canfor), and a premium of approximately 55.9% based on the 30-day VWAP prior to such announcement.

- **Transaction certainty:** All cash offer that is not subject to financing or due diligence conditions.

- **Compelling value proposition for minority shareholders:** Ongoing industry headwinds in the forestry sector, including high log costs due to supply constraints and significant declines in benchmark price for both lumber and pulp, have had negative impacts on Canfor's current financial results. It is unknown how long the challenging industry conditions may persist and uncertain when financial results may improve as a result of capacity rationalization in British Columbia. These challenging conditions have also led to volatility in the trading price of Canfor Shares. The Transaction provides holders of Canfor Shares, other than Great Pacific and its affiliates (the "**Shareholders**"), with immediate and certain value.

- **Independent valuation:** The Consideration is within the fair market value range of $14.24 to $19.38 per Canfor Share determined by Greenhill & Co. Canada Ltd. ("**Greenhill**"), an independent financial advisor and valuator.

- **Limited strategic alternatives:** Great Pacific and its affiliates currently own approximately 51% of the Canfor Shares and, as Great Pacific has indicated that it does not intend to sell any Canfor Shares, there are limited strategic alternatives available to Canfor.

Conrad Pinette, Chair of the Special Committee, said, "Over the last few months, with the assistance

of the Special Committee's independent financial and legal advisors, we have conducted a thorough evaluation of the best interests of Canfor and the fairness of Great Pacific's proposal to Shareholders. Following the conclusion of this evaluation, we are pleased to have reached an agreement with Great Pacific. The Special Committee believes that the transaction represents fair value for Shareholders and is the correct path forward for Canfor, Canfor employees, communities and Shareholders."

Independent Special Committee and Board of Directors Recommendations

The independent Special Committee, comprised of Conrad Pinette (Chair), Hon. John Baird, Barbara Hislop and J. McNeill (Mack) Singleton, was constituted to consider the Transaction, as well as to consider alternatives to the Transaction. The Special Committee, on behalf of the Board, obtained a formal valuation (the "**Valuation**") from Greenhill, as independent financial advisor and valuator, as required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Valuation was prepared under the supervision of the Special Committee and provides that in Greenhill's opinion, as at October 28, 2019, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the fair market value of the Canfor Shares is in the range of $14.24 to $19.38 per Canfor Share.

In addition, Greenhill has provided a fairness opinion to the Special Committee (the "**Fairness Opinion**"), stating that, in Greenhill's opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received by the Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view, to such Shareholders.

The Board, after receiving financial and legal advice, and following receipt of the Valuation and the Fairness Opinion, and the recommendation of the Special Committee, approved the Transaction, determined that the Transaction is in the best interests of Canfor and fair to Shareholders (other than Great Pacific and its affiliates) and resolved to recommend in the management information circular (the "**Circular**") to be sent to Shareholders that Shareholders vote in favour of the Transaction. Glen Clark and Ryan Barrington-Foote abstained from voting on the resolution of the Board as both are executives with the Jim Pattison Group. Barbara Hislop, a member of the Special Committee and a long-term shareholder, abstained from voting on both the resolution of the Special Committee and the resolution of the Board in respect of the Transaction. Ms. Hislop is supportive of the process followed by the Committee and the Board and believes that Shareholders should have an opportunity to consider and vote on the Transaction. However, Ms. Hislop is not prepared to commit to vote her shares in favour of the Transaction at this time.

In addition, all of the directors, other than Barbara Hislop, and certain senior officers of Canfor have entered into agreements to support the Transaction and vote their Canfor Shares in favour of the Transaction.

Transaction Conditions and Timing

The Transaction will be implemented by way of a Court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) and will require the approval of: (i) 66 2/3% of the votes cast by the holders of the Canfor Shares; and (ii) a simple majority of the votes cast by the Shareholders after excluding any votes of Great Pacific and certain other persons required to be excluded under MI 61-101, all at a special meeting of Canfor's shareholders to consider the Transaction (the "**Special Meeting**").

The completion of the Transaction will also be subject to obtaining required court and other approvals and satisfaction of closing conditions customary for a transaction of this nature. The Arrangement Agreement provides for customary deal protection provisions, including a non-solicitation covenant on the part of Canfor subject to customary "fiduciary out" provisions that entitle Canfor to consider and accept a Superior Proposal (as defined in the Arrangement Agreement) if Great Pacific does not match the Superior Proposal.

It is anticipated that the Special Meeting to consider the Transaction will be held in December 2019. The effect of Shareholders voting for the resolution to approve the Transaction and it becoming effective will be the cancellation of the Canfor Shares from trading on the TSX following closing of the Transaction. The Transaction is expected to close before year end.

Advisors and Counsel

In connection with the Transaction, Greenhill served as financial advisor to the Special Committee, DLA Piper (Canada) LLP served as legal counsel to Canfor and Osler, Hoskin & Harcourt LLP served as legal counsel to the Special Committee.

Additional Information about the Proposed Transaction

Copies of the Valuation and Fairness Opinion, and a description of the various factors considered by the Special Committee and the Board in their determination to approve the Transaction, as well as other relevant background information, will be included in the Circular to be sent to Canfor's shareholders at least 21 days in advance of the Special Meeting. The Circular, the Arrangement Agreement (including the plan of arrangement) and certain related documents will be filed with the Canadian securities regulators and will be available under Canfor's profile on SEDAR at www.sedar.com.

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. These forward-looking statements include, among others, statements relating to the rationale of the Special Committee and the Board for entering into the Arrangement Agreement, the anticipated benefits to Shareholders of the Transaction, the required court and other approvals, the satisfaction of closing conditions for the Transaction, the anticipated date of the Special Meeting, the anticipated timing of the closing of the Transaction and the delisting of the Canfor Shares from the TSX. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on current expectations and beliefs and actual events or results may differ materially.

Although Canfor believes that the forward-looking statements in this news release are based on information and assumptions that are current, reasonable and complete, these statements are by their nature subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements, including, without limitation, the following factors, many of which are beyond Canfor's control and the effects of which can be difficult to predict: the possibility that the Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be completed at

all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required Shareholder and regulatory approvals and other conditions of closing necessary to complete the Transaction or for other reasons; the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transaction; risks relating to Canfor's ability to retain and attract key personnel during the interim period; the possibility of litigation relating to the Transaction; credit, market, currency, operational, , liquidity and funding risks generally and relating specifically to the Transaction, including changes in economic conditions, interest rates or commodity prices; risks and uncertainties relating to information management, technology, supply chain, product safety, changes in law, competition, seasonality, commodity price and business; and (other risks inherent to Canfor's business and/or factors beyond its control which could have a material adverse effect on Canfor or the ability to consummate the Transaction.

Canfor cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause Canfor's actual results to differ from current expectations, please refer to the "Risk Factors" section of Canfor's Management's Discussion & Analysis for the year ended December 31, 2018 as well as Canfor's other public filings, available at www.sedar.com and at www.canfor.com.

The forward-looking statements contained in this news release describe Canfor's expectations at the date of this news release and, accordingly, are subject to change after such date. Except as may be required by applicable Canadian securities laws, Canfor does not undertake any obligation to update or revise any forward-looking statements contained in this news release, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

About Canfor

*Canfor is a leading integrated forest products company based in Vancouver, British Columbia ("**BC**") with interests in BC, Alberta, North and South Carolina, Alabama, Georgia, Mississippi and Arkansas, as well as in Sweden with its recent majority acquisition of Vida Group. Canfor produces primarily softwood lumber and also owns a 54.8% interest in Canfor Pulp Products Inc., which is one of the largest global producers of market northern bleached softwood kraft pulp and a leading producer of high performance kraft paper. Canfor shares are traded on The Toronto Stock Exchange under the symbol CFP.*

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