

GreenFirst Forest Products Files Year-end 2020 Financial Statements

VANCOUVER, BC, April 29, 2021 /CNW/ - GreenFirst Forest Products Inc. (TSXV: GFP) ("GreenFirst" or the "Company") today filed its audited consolidated financial statements for the year ended December 31, 2020, and the related management discussion & analysis, both of which are available under GreenFirst's profile on SEDAR at www.sedar.com. All amounts are in Canadian dollars unless indicated otherwise.

The Company reported net loss attributable to common shareholders of \$1.527 million, or \$0.07 loss per share, and total comprehensive loss of \$1.958 million in the fourth quarter of 2020, compared to net loss attributable to common shareholders of \$0.209 million, or \$0.01 loss per share, in the fourth quarter of 2020.

For the year ended December 31, 2020, Greenfirst reported net loss attributable to common shareholders of \$2.250 million, or \$0.11 loss per share, and total comprehensive loss of \$2.375 million, compared to net income attributable to common shareholders of \$0.047 million, or \$0.002 earnings per share, for the year ended December 31, 2019.

Significant events during 2020 included the following:

- On September 17, 2020, the Company announced that 1347 Investors LLC, an investee company of GreenFirst, had agreed to acquire (the "Acquisition") , a sawmill and related assets located in Kenora, Ontario for consideration of \$11,500,000 in cash from the court-appointed receiver of a resource-based vendor. The Acquisition was approved by a court vesting order of the Manitoba Court of Queen's Bench on September 9, 2020. The Acquisition closed on October 6, 2020. The assets purchased in the Acquisition are comprised of a sawmill and related equipment, and land of approximately 114 acres with approximately 1 km of shoreline, plus a 4-acre island. The sawmill operations occupy approximately 42 acres of the land with the remaining land surplus to the mill operations. The sawmill is located near major transportation routes, including the Trans-Canada Highway and the main Canadian Pacific rail line, providing easy access to the nearby Canadian-United States border and several key mid-west U.S. markets, including Minneapolis, Chicago, St. Louis and Dallas.
- In connection with the Acquisition, Company also completed a non-brokered private placement financing (the "Private Placement") of 2,000,000 units (the "Units") at a purchase price of \$0.50 per Unit and of 4,000 convertible debentures (the "Convertible Debentures") at a purchase price of \$1,000 per Convertible Debenture for aggregate gross proceeds of \$5,000,000. The Company closed the Private Placement on October 22, 2020. Concurrently with the closing of the Private Placement, each of Mr. Paul Rivett and Rick Doman were appointed to GreenFirst's Board of Directors.

Recent developments

On April 12, 2021, the Company announced that it had entered into an asset purchase agreement (the "Purchase Agreement") pursuant to which a newly formed, a wholly-owned subsidiary of the Company (the "Purchaser") will acquire six lumber mills and one newsprint mill located in Ontario and Quebec, for a purchase price of US\$140 million plus the value of the inventory on-hand at the time of closing of the transaction (the "Closing"), reflecting an aggregate purchase price expected to be approximately US\$214 million (the "Purchase Price"). The Purchase Price is payable approximately 85% in cash and approximately 15% in common shares in the capital of the Company (each a

"Common Share"). In addition, a chip offset credit note (the "Credit Note") will be issued by the Purchaser to the vendor in the amount amount of C\$7.9 million. The credit note is non-interest bearing and is payable in five equal annual installments on the anniversary of the closing. The Purchaser may elect to set-off the principal amount of the Credit Note against amounts owing by the vendor to the Purchaser or the Company under a chip purchase agreement.

In connection with entering into of the Purchase Agreement, and to satisfy a portion of the purchase price, the Company intends to conduct a rights offering (the "Rights Offering") for gross proceeds of at least US\$75 million. The Company intends to issue three rights (each a "Right") for each of its outstanding Common Shares with each Right being exercisable, at a subscription price of C\$1.50 (the "Exercise Price") to acquire a subscription receipt (each a "Subscription Receipt"). Each Subscription Receipt will, upon Closing and without any further consideration, automatically be exchanged into a Common Share. Senvest Management, LLC (including its related parties, "Senvest") has, pursuant to a binding backstop commitment, agreed to purchase, at the Exercise Price, all Subscription Receipts that are not otherwise subscribed for under the Rights Offering such that at least US\$75 million of Subscription Receipts are issued.

Certain directors and officers of the Company have agreed with Senvest that they will not exercise all or a portion of their Rights and will transfer their Rights to Senvest to the extent required to ensure that Senvest will hold a minimum of US\$50 million in the Company following completion of the Rights Offering. In consideration for providing the backstop commitment, Senvest will be granted warrants to acquire Common Shares equal to US\$18,750,000 at an exercise price equal to the lower of C\$3.18 and such other price as may be consented to by the TSX Venture Exchange and given customary nomination rights in respect of one independent director and customary registration rights for so long as Senvest holds at least 15% of the issued and outstanding Common Shares. The backstop commitment is subject to customary terms and conditions, which will be detailed in a formal backstop commitment agreement. Insiders of the Company and their families have likewise committed, either directly or indirectly, to exercising at least US\$4 million of Rights or other already outstanding convertible or exercisable securities of the Company and have agreed not to sell or transfer their Common Shares for a period of six months following closing other than under customary exceptions.

If the Rights are exercised in full, the gross proceeds to the Company from the Rights Offering are expected to be approximately C\$148 million.

The Purchaser has also entered into a Commitment Letter with a New York-based investment fund, on behalf of itself and certain of its affiliates and fund managed, sub-advised by its (the "Lenders") pursuant to which the Lenders have committed to make available to the Purchaser a US\$120 million senior secured term credit facility, conditional on the fulfilment of certain customary conditions (the "Debt Financing"). Completion of the Debt Financing is subject to certain conditions including, but not limited to, the completion of an equity financing, which is intended to be satisfied by the Rights Offering.

The Purchaser has also entered into a commitment letter with Royal Bank of Canada, pursuant to which it has committed to make available to the Purchaser a senior secured asset-based revolving credit facility, in an amount of \$50 million (which may be increased upon syndication) subject to the terms therein. The asset-based revolving credit facility is not intended to be used to finance the payment of any of the Purchase Price due on Closing.

Management Comments:

Larry G. Swets, Jr., Chief Executive Officer, stated, "We're excited to begin this new chapter with GreenFirst as we pursue our plans to focus on lumber and forestry opportunities. We began this transformation with the purchase of the Kenora sawmill in 2020 and continued into 2021, entering into an asset purchase agreement with Rayonier A.M. Canada G.P. and Rayonier A.M. Canada

Industries Inc. to acquire six sawmills and a newsprint mill in Ontario and Quebec, making us one of the largest companies in the North East focused in this space."

For more information, please contact:

Larry G. Swets, Jr.

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CAUTIONARY NOTE

Book value per share is a non-IFRS measure calculated as the total of shareholders' equity divided by the issued and outstanding shares of GreenFirst. The term "book value per share" does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS measure presented in GreenFirst's audited consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. GreenFirst believes that book value per share can provide information useful to its shareholders.

Forward Looking Information

Certain statements in this press release and in GreenFirst's oral and written public communications may constitute forward-looking statements that reflect management's expectations regarding GreenFirst's future growth, financial performance and business prospects and opportunities, including in respect of the proposed transaction, as of the date of this press release. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "plan", "forecast", "expect", "estimate", "predict", "intend", "would", "could", "if", "may" and similar expressions.

This press release includes, among others, forward-looking statements regarding GreenFirst's expectations regarding: the impact of the transaction on GreenFirst and its business; the anticipated timing for Closing the transaction; the nature, size and sources of financing available to GreenFirst; the timing, details and pricing of the Rights Offering; the replacement credit facility; timing for the satisfaction of closing conditions under the Purchase Agreement; and the expected date of the Closing. All such statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. These statements reflect current expectations of management regarding future events and operating performance, and speak only as of the date of this press release. In addition, forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

By their nature, forward-looking statements require management to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that management's assumptions may not be accurate and that actual results, performance or achievements may differ significantly from such predictions, forecasts, conclusions or projections expressed or implied by such forward-looking statements. We caution readers not to place undue reliance on the forward-looking statements in this press release as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, outlooks, expectations, goals, estimates or intentions expressed in the forward-looking statements.

These factors include, but are not limited to: general global economic, market and business conditions; governmental and regulatory requirements and actions by governmental authorities; relationships with employees, customers, business partners and competitors; and diversion of management time on the transaction. There are also risks that are inherent in the nature of the

transaction, including failure to satisfy the conditions to the completion of the transaction and failure to obtain any required regulatory and other approvals (or to do so in a timely manner). The anticipated timeline for Closing of the transaction may change for a number of reasons, including the inability to secure necessary regulatory or other approvals in the time assumed or the need for additional time to satisfy the conditions to the Closing of the transaction. As a result of the foregoing, readers should not place undue reliance on the forward-looking information contained in this news release concerning the timing of the transaction.

GreenFirst cautions that the foregoing list is not exhaustive of all possible factors, as other factors could adversely affect our results. When relying on our forward-looking statements to make decisions with respect to GreenFirst and its securities, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. GreenFirst does not intend, and disclaims any obligation, to update any forward-looking statements, whether written or oral, or whether as a result of new information or otherwise, except as may be required by law.

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.

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CO: GreenFirst Forest Product Inc.

CNW 07:45e 29-APR-21