



GreenFirst Completes Acquisition of Rayonier Forest and Paper Product Assets

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VANCOUVER, BC, Aug. 30, 2021 /CNW/ - GreenFirst Forest Products Inc. (TSXV: GFP) ("**GreenFirst**" or the "**Purchaser**") is pleased to announce that on August 28, 2021 it closed the previously announced purchase of a portfolio of forest and paper product assets (the "**Purchased Assets**") from Rayonier A.M. Canada G.P. ("**RYAM GP**"), Rayonier A.M. Canada Industries Inc. ("**RYAM Industries**") and Rayonier A.M. Canada Enterprises Inc. (collectively with RYAM GP and RYAM Industries, "**RYAM**"), each a subsidiary of Rayonier Advanced Materials Inc. (NYSE: RYAM).

GreenFirst acquired the Purchased Assets for an aggregate purchase price of approximately US\$235 million (the "**Purchase Price**") which was comprised of a base amount of US\$140 million plus approximately US\$87.5 million which reflected the value of the inventory on-hand at the time of closing (the "**Closing**") and other adjustments. Approximately US\$193 million of the Purchase Price was paid in cash (the "**Cash Purchase Price**"), approximately US\$34 million was paid in common shares in the capital of GreenFirst (each a "**Common Share**") and C\$7.9 million was paid through the issuance of a chip offset credit note (the "**Set-off Note**").

Strategic Benefits to GreenFirst

The acquisition of the Purchased Assets establishes GreenFirst as a significant player in the Canadian forest products industry. The Purchased Assets include six lumber mills which are located in Chapleau, Cochrane, Hearst and Kapuskasing in Ontario and in Béarn and La Sarre in Québec as well as one newsprint mill located in Kapuskasing, Ontario. The Purchased Assets have an annual production capacity of 755 MMFbm and are capable of producing a wide range of forest products used in residential and commercial construction, including SPF lumber, wood chips and by-products. The newsprint mill has an annual production capacity of 205,000 MT/year. Collectively, the Purchased Assets rank as a top ten producer of lumber in Canada, based on recent publicly available industry rankings.

GreenFirst believes that there are significant operational efficiencies to be gained by optimizing operations and making capital investments, in the future, in the Purchased Assets. The Purchased Assets also include the rights to access approximately 3.29 million m³ of guaranteed fiber supply in Ontario and Québec and include a twenty year chip supply agreement with RYAM (the "**Chip Purchase Agreement**") and established chip supply agreements which will provide steady support and demand for the chips produced by the lumber operations.

Management Commentary

"We are excited to announce the closing of this transaction and to begin working to invest in and optimize the lumber mills," said Rick Doman, Chief Executive Officer of GreenFirst. "Our experienced management team has developed a plan which we believe will allow us to significantly reduce cash operating costs and potentially increase lumber capacity. We also intend to make improvements to the mills' management structure, sales processes and supply chains which we expect will generate

meaningful operational improvements."

Paul Rivett, Chairman of GreenFirst, commented that "The closing of this transaction is a significant milestone for GreenFirst representing the culmination of a year of hard work and tremendous effort by all those involved. GreenFirst is now well capitalized to begin the first chapter of its plan to become a premier lumber producer in North America. We would also like to thank our financial partners, Senvest and Blue Torch, and our external advisors, KPMG, Norton Rose Fulbright, NordStar Capital and RBC, for supporting us in this transformative acquisition."

Sustainability Commitment

Environmental, Social, and Governance (ESG) is central to everything GreenFirst does.

GreenFirst makes environmental stewardship a priority through leading sustainable forest management practices, while promoting energy efficiency and carbon reduction through the production of lumber. GreenFirst is also committed to sustainable forest management and to maximizing biodiversity and forest health as part of its operations. GreenFirst's operations are certified by the Forest Stewardship Council® (FSC®) (FSC-C167905).

Mr. Doman added, "GreenFirst is focused on being a responsible steward of forests and on playing a positive role in the communities that we operate in, through our commitments to sustainability."

Asset Purchase Agreement

The Common Shares issued to RYAM GP pursuant to the transaction are subject to a four month hold period in accordance with applicable Canadian securities laws. RYAM GP has agreed not to sell its Common Shares for a period of six months following the Closing.

The Set-off Note issued pursuant to the transaction is non-interest bearing and has a principal amount of C\$7.9 million. The principal amount is payable in five equal annual installments on the anniversary of the Closing and GreenFirst may elect to set-off the principal amount of the Set-off Note against amounts owing by RYAM under the Chip Purchase Agreement.

Conversion of Subscription Receipts

On July 30, 2021, the Company completed its offering of rights and issued 111,665,880 subscription receipts (the "**Subscription Receipts**") at an exercise price of C\$1.50 per right for gross proceeds of C\$167,498,820. In connection with the Closing, the Company delivered the release notice to Computershare Trust Company of Canada constituting confirmation of the satisfaction or waiver of all of the conditions to the completion of the transactions. As a result, each Subscription Receipt was automatically exchanged, without payment of additional consideration or further action by the holders thereof, for one Common Share on the Closing. The gross proceeds of the offering of rights less the expenses and costs relating to the offering of rights, and all interest thereon, was released to the Company with a portion directed to RYAM to pay a portion of the Purchase Price.

Following the exchange of the Subscription Receipts for Common Shares and the issuance of 28,684,433 Common Shares to RYAM G.P., GreenFirst has a total of 177,572,272 Common Shares issued and outstanding (or 209,324,892 on a fully-diluted basis, assuming the exercise of all outstanding warrants).

This press release is not an offer to sell or the solicitation of an offer to buy Common Shares or other securities of GreenFirst. Such securities may not be offered or sold in the United States absent registration under the United States Securities Act of 1933, as amended, or an applicable exemption from the registration requirements.

Debt Financing

Concurrently with the Closing, a wholly owned subsidiary of GreenFirst (the "**Borrower**") entered into a financing agreement among the subsidiary, as borrower, GreenFirst and its subsidiaries as guarantors, Blue Torch Finance LLC, as administrative agent and collateral agent and the lenders party thereto, pursuant to which the lenders made available to the Borrower a term loan in an aggregate principal amount of US\$100 million. On Closing, the Borrower borrowed the full amount of the facility, and used the proceeds to pay a portion of the Cash Purchase Price and certain transaction fees and expenses.

The Borrower also entered into a credit agreement, among the Borrower and Lumber Assets Holdings LP, as borrowers, GreenFirst and its subsidiaries as guarantors, Royal Bank of Canada ("**RBC**"), as administrative agent and collateral agent, and the lenders from time to time party thereto, pursuant to which the lenders have made available to the borrowers a senior secured asset-based revolving credit facility in the aggregate principal amount of C\$65 million. The credit facility is expected to be used to provide working capital, for capital expenditures and permitted investments and acquisitions from time to time and for other general corporate purposes (including the payment of fees and expenses related to the acquisition).

About GreenFirst

GreenFirst is a forest-first business, focused on environmentally sustainable forest management and lumber production. We believe that sustainable forest planting and harvesting, coupled with the long-term green advantage of lumber, provide GreenFirst with significant cyclical and secular advantages in building products. GreenFirst's long-term pursuit is to be a global leader in environmentally sustainable lumber. For more information, please visit: www.gffp.ca.

Advisors

Norton Rose Fulbright Canada LLP acted as legal counsel to GreenFirst, RBC Capital Markets acted as financial advisor to GreenFirst, NordStar Capital acted as transaction advisor to GreenFirst and KPMG Transaction Services provided due diligence assistance to GreenFirst.

Forward Looking Information

Certain statements in this press release may constitute forward-looking statements that reflect management's expectations regarding GreenFirst's future growth, financial performance and business prospects and opportunities. 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 anticipated benefits of and strategic rationale for the transaction (including the industry ranking and features of the Purchased Assets); the impact of the transaction on GreenFirst and its business; the expected operational efficiencies to be gained from GreenFirst making capital expenditures, if made, in the Purchased Assets; and the intended uses of the funds from the debt financing. 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; and relationships with employees, customers, business partners and competitors.

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.

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