



Interfor Corporation

Vancouver, B.C.

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Interfor Enters into Agreement to Acquire BC Interior Cutting Rights from Canfor Purchase Price of \$60 million Solidifies Adams Lake's Long-Term Log Supply

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) today announced that it has entered into a purchase agreement to acquire cutting rights in the Adams Lake area of the BC Interior from Canfor Corporation ("Canfor").

Summary Purchase Agreement Terms

- Interfor to acquire two replaceable licenses with annual cutting rights of approximately 349,000 cubic meters, an interest in a non-replaceable forest licence and other related forestry assets in the BC Interior that were previously associated with Canfor's Vavenby sawmill (the "Forestry Assets").
- Cash purchase price of \$60 million, with Interfor to finance the acquisition from its available cash balance and/or borrowings under its existing bank credit facility.
- The transaction is subject to various consents, including that by the Province of British Columbia (the "Province"). Interfor and Canfor have notified the Province of the pending transaction and will begin the process of addressing the various approval considerations. The transaction is expected to close in the third quarter of 2019.

Transaction Rationale

- Solidifies Adams Lake's Log Supply and Operating Platform – By acquiring the Forestry Assets, Interfor will solidify Adams Lake's long-term log supply, supporting the continuation of a two-shift operating configuration at the mill in the face of declining allowable annual cuts in the region.
- Strong Geographic Fit Between Adams Lake and the Forestry Assets – The Forestry Assets are located adjacent to Adams Lake's woodlands' operations, with log production flowing logically to the Adams Lake sawmill from a transportation and logistics standpoint.
- Follow-on Investment at Adams Lake – Upon closing the transaction, Interfor will pursue a follow-on, high return investment opportunity at Adams Lake by adding a new dry kiln to support additional value-added processing at the mill.

In 2009, Interfor completed a four-year \$140 million modernization of the Adams Lake sawmill and has since invested more than \$40 million at the operation. The mill has been one of the most efficient and successful in the Interior region over the past decade.

"While business conditions in the Interior are currently challenging, we're in the business for the long-term and believe the capacity rationalization now underway will help reset the equation going forward", said Duncan Davies, Interfor's President & CEO. "This transaction materially enhances Adams Lake's log supply and sets the stage for its future success in much the same way the investments made ten years ago set the stage for its success over the last decade."

The transaction will also provide a basis for Interfor to engage more actively with local First Nations to explore a variety of forest stewardship and partnership opportunities in the region.

"We believe strongly that working with First Nations in a collaborative manner is an important step in the right direction for the B.C. forest industry," said Davies, "We have a number of successful partnerships with First Nations in B.C. and look forward to a constructive dialogue on how we can build on these arrangements in the Thompson/Okanagan region".

Interfor will also work closely with Canfor and the Province to help mitigate the impact of the Vavenby mill closure on the Clearwater/Vavenby community and on other affected parties, including the logging contractors and truckers who will play an important role supporting Adams Lake going forward.

FORWARD-LOOKING STATEMENTS

This release contains information and statements that are forward-looking in nature, including, but not limited to, statements about the consents required to implement the transaction, and the Company's log procurement, lumber production and potential future investments. A statement Interfor makes is forward-looking when it uses what is known today to make a statement about the future. Such forward-looking statements are based on Interfor's current expectations and certain assumptions, including assumptions regarding log and lumber prices, the availability and terms of the consents required to implement the transaction, changes in government regulations, the availability of the allowable annual cut ("AAC") under the Forestry Assets and the Company's tenures; claims by and settlements with First Nations, labour disruptions and natural or man-made disasters Risk factors that could cause Interfor's actual results to differ materially from the forward-looking information in this release, are described in Interfor's 2018 annual Management's Discussion & Analysis under the heading "Risks and Uncertainties", which is available on www.sedar.com and on www.interfor.com. Readers are cautioned not to place undue reliance on forward-looking information or statements. Interfor undertakes no obligation to update such forward-looking information or statements, except as required by law.

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ABOUT INTERFOR

Interfor is a growth-oriented lumber company with operations in Canada and the United States. The Company has annual production capacity of approximately 3.1 billion board feet and offers one of the most diverse lines of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

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