



Interfor Corporation

Burnaby, B.C.

October 3, 2022

Interfor to Acquire Chaleur Forest Products in New Brunswick, Canada

INTERFOR CORPORATION ("Interfor" or the "Company") (TSX: IFP) announced today that it has reached an agreement with an affiliate of the Kilmer Group ("Kilmer") to acquire 100% of the equity interests in the entities comprising Chaleur Forest Products ("Chaleur").

Chaleur owns two modern and well-capitalized sawmill operations located in Belledune and Bathurst, New Brunswick, with a combined annual lumber production capacity of 350 million board feet. Chaleur also operates a woodlands management division based out of Miramichi that manages approximately 30% of the total Crown forest in New Brunswick. This division provides a secure source of fibre supply for the sawmill operations as well as a stable, long-term stream of cash flow from third-party log sales, licence management fees and silviculture activities.

The purchase price is C\$325 million, on a cash and debt free basis, which includes approximately C\$31 million of net working capital. In addition, Interfor will assume Chaleur's countervailing ("CV") and anti-dumping ("AD") duty deposits at closing, for consideration equal to 55% of the total deposits on an after-tax basis. As of August 31, 2022, Chaleur had paid cumulative CV and AD duties of approximately US\$82 million.

"This acquisition is consistent with Interfor's growth-focused strategy as a pure-play lumber producer and builds upon our recent expansion into Eastern Canada with further geographic diversity" said Ian Fillinger, President & Chief Executive Officer. "New Brunswick has a secure, high quality and competitive log supply, a supportive investment environment and proximity to key eastern markets. These are well-managed and efficient mills with a desirable SPF product mix, which fit extraordinarily well within our existing portfolio. Chaleur's strong management team further bolsters our core lumber strength and we look forward to welcoming the team into our company."

On a proforma basis, Interfor's total annual lumber production capacity will increase to 5.1 billion board feet, of which 44% will be in the US South, 19% in Eastern Canada, 15% in the US Northwest, 15% in British Columbia and 7% in Atlantic Canada.

The acquisition will be immediately accretive to Interfor's earnings and is expected to provide attractive returns in both the near-term and over the long-term. Interfor estimates Chaleur's mid-cycle EBITDA to be approximately C\$50 million per year pre-synergies, taking into account mid-cycle lumber prices and current run-rate performance. Interfor expects to achieve synergies of C\$5 million per year from combined sales and marketing opportunities, shared purchasing programs and general and administrative expense reductions. These synergies are expected to be fully achieved within twelve months of closing, with no capital requirements.

Interfor intends to finance the acquisition with a combination of cash on hand and its existing credit facilities. Following the completion of this acquisition Interfor will continue to have significant financial flexibility to execute its strategic capital investment plans and consider additional value-creating capital deployment options. As of August 31, 2022 Interfor had net debt of approximately C\$48 million and a Net Debt to Invested Capital ratio of 2%. Proforma the Chaleur acquisition and proforma Interfor's C\$100 million Substantial Issuer Bid completed on September 12, 2022, Interfor's Net Debt to

Invested Capital ratio as of August 31, 2022 would remain below 20%¹. Similarly, proforma liquidity as of August 31, 2022 would be approximately C\$322 million, before consideration of significant additional borrowing capacity available under existing credit limits and continued near-term operating cash flows.

The completion of the acquisition is subject to Canadian and U.S. regulatory reviews and customary conditions for a transaction of this kind and is expected to close in the fourth quarter of 2022.

Chaleur's operations were not damaged or impacted by Hurricane Fiona in any way.

This release, including a French language version of this release, has been posted on www.interfor.com in the Investors section under News.

FORWARD-LOOKING STATEMENTS

This release contains forward-looking information about the Company's and Chaleur's business outlook, objectives, plans, strategic priorities and other information that is not historical fact. A statement contains forward-looking information when the Company uses what it knows and expects today, to make a statement about the future. Statements containing forward-looking information in this release, include but are not limited to, statements regarding production capacity, future growth, growing demand, synergies, proforma capacity, expected earnings and returns, proforma debt ratios, proforma liquidity, borrowing capacity, regulatory reviews and approvals and the expected closing date, and other relevant factors. Readers are cautioned that actual results may vary from the forward-looking information in this release, and undue reliance should not be placed on such forward-looking information. Risk factors that could cause actual results to differ materially from the forward-looking information in this release are described in Interfor's annual Management's Discussion & Analysis under the heading "Risks and Uncertainties", which is available on www.interfor.com and under Interfor's profile on www.sedar.com. Material factors and assumptions used to develop the forward-looking information in this report include volatility in the selling prices for lumber, logs and wood chips; the Company's ability to compete on a global basis; the availability and cost of log supply; natural or man-made disasters; currency exchange rates; changes in government regulations; Indigenous reconciliation; the Company's ability to export its products; the softwood lumber trade dispute between Canada and the U.S.; environmental impacts of the Company's operations; labour disruptions; information systems security; and the existence of a public health crisis. Unless otherwise indicated, the forward-looking statements in this release are based on the Company's expectations at the date of this release. Interfor undertakes no obligation to update such forward-looking information or statements, except as required by law. The Company's independent auditor, KPMG LLP, has not audited, reviewed or performed any procedures with respect to the interim financial results and other data included in this release, and accordingly does not express an opinion or any other form of assurance with respect thereto.

ABOUT INTERFOR

Interfor is a growth-oriented forest products company with operations in Canada and the United States. The Company has annual lumber production capacity of approximately 4.7 billion board feet and offers a diverse line of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

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¹ Proforma is based on C\$325 million purchase price and 55% of the tax-effected amount of Chaleur's August 31, 2022 countervailing ("CV") and anti-dumping ("AD") duties on deposit of US\$82 million, assuming an income tax rate of 29%.

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