

## Canfor Announces Filing of Management Information Circular for Proposed Arrangement with Great Pacific

**Vancouver, BC, Canada** — **Canfor Corporation** (TSX:CFP) (“**Canfor**”) announces that it has filed its management information circular and related voting materials (the “**Meeting Materials**”) for the special meeting (the “**Special Meeting**”) of Canfor shareholders (“**Shareholders**”) to be held in connection with the proposed plan of arrangement (the “**Arrangement**”) with 1227738 B.C. Ltd. (the “**Purchaser**”), a wholly-owned subsidiary of Great Pacific Capital Corp. (“**Great Pacific**”), as previously announced on October 28, 2019.

### The Arrangement

At the Special Meeting being held on Wednesday, December 18, 2019 at 9:00 a.m. (Vancouver time), at the Vancouver Marriott Pinnacle Downtown Hotel, 1128 West Hastings Street, Vancouver, British Columbia, Shareholders will be asked to consider and vote upon a resolution (the “**Arrangement Resolution**”) to approve the Arrangement. Under the terms of the Arrangement, the Purchaser will acquire all of the outstanding common shares of Canfor (each, a “**Canfor Share**”) not already held by Great Pacific or its affiliates, for cash consideration of CDN\$16.00 per Canfor Share (the “**Consideration**”) by way of a statutory plan of arrangement under the *Business Corporations Act* (British Columbia).

**Your vote is important regardless of the number of Canfor Shares you own.** As a Shareholder, it is very important that you carefully read the Meeting Materials and then vote your Canfor Shares. You are eligible to vote your Canfor Shares if you were a Shareholder of record at the close of business on November 12, 2019. Shareholders may vote online, by telephone or other methods listed on their form of proxy or voting instruction form.

The mailing of the Meeting Materials has commenced and Shareholders should receive them shortly. The Meeting Materials are also available on SEDAR under Canfor's profile at [www.sedar.com](http://www.sedar.com).

To ensure that your Canfor Shares will be represented at the Special Meeting, you should carefully follow the voting instructions provided in the Meeting Materials. The deadline for the receipt of proxies is 9:00 a.m. (Vancouver time) on December 16, 2019.

### Recommendation of the Board of Directors

The Board of Directors of Canfor (the “**Canfor Board**”) has determined that the Arrangement is in the best interests of Canfor and fair to Shareholders (other than Great Pacific and its affiliates). **The Canfor Board recommends that Shareholders vote FOR the Arrangement Resolution at the Special Meeting.**

### Reasons for and Benefits of the Arrangement

In recommending that Shareholders vote in favour of the Arrangement Resolution, the Canfor Board considered a number of factors, including those listed below:

- **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% to the 30-day VWAP prior to such announcement.

- **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 prices for both lumber and pulp, have had negative impacts on Canfor's recent 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 Arrangement provides holders of Canfor Shares, other than Great Pacific and its affiliates, with immediate and certain value upon completion of the Arrangement.
- **Independent Valuation and Fairness Opinion:** The Consideration is within the fair market value range determined by Greenhill & Co. Canada Ltd. ("**Greenhill**"), an independent financial advisor and valuator. Greenhill provided an opinion that, as of October 28, 2019, and based upon and subject to assumptions, limitations and qualifications set forth therein, the fair market value of the Canfor Shares is in the range of CDN\$14.24 to CDN\$19.38 per Canfor Share. Greenhill also provided an opinion that, as of October 28, 2019, and based upon and subject to assumptions, limitations and qualifications set forth therein, the Consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders, other than Great Pacific and its affiliates.
- **Limited Strategic Alternatives:** Great Pacific and its affiliates own approximately 51% of the Canfor Shares and, as Great Pacific has indicated that it and its affiliates do not intend to sell any Canfor Shares, there are limited strategic alternatives available to Canfor.
- **No Financing or Due Diligence Condition:** All cash offer that is not subject to financing or due diligence conditions.

### Shareholder Questions and Assistance

If you have any questions or require assistance voting your Canfor Shares, please contact Canfor's proxy solicitation agent, Laurel Hill Advisory Group, at 1-877-452-7184 toll-free in North America, or call collect outside North America at +1 416-304-0211, or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.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 mailing of the Meeting Materials, the anticipated date of the Special Meeting and the anticipated closing of the Arrangement. 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 Arrangement 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, Court and regulatory approvals and other conditions of closing necessary to complete the Arrangement or for other reasons;

the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Arrangement; risks relating to Canfor's ability to retain and attract key personnel during the interim period; the possibility of litigation relating to the Arrangement; credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Arrangement, 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 Arrangement.

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 "Risks and Uncertainties" 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](http://www.sedar.com) and at [www.canfor.com](http://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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