



For Immediate Release

May 31, 2013

## **CANFOR ENTERS INTO AGREEMENT WITH SCOTCH & GULF LUMBER, LLC**

Canfor Corporation (TSX: CFP) announced today that it has entered into a phased purchase agreement with Scotch & Gulf Lumber, LLC. Headquartered in Mobile, Alabama, Scotch Gulf's primary operations consist of three sawmills in Mobile, Fulton and Jackson, Alabama, producing Southern Pine dimension lumber products. With origins dating back 125 years, Scotch Gulf is one of the premier Southern Yellow Pine producers in the southern U.S. Reflecting planned near-term capital investments, the operation has a combined production capacity of 440 million board feet.

The transaction involves the phased purchase by Canfor of Scotch Gulf over a three-year period, at an aggregate purchase price, excluding working capital, of \$80 million. Canfor's initial 25% interest will increase over the three year period to 50% after 18 months and 100% at the end of the term.

"This agreement provides access to an exceptional fibre base, increases our Southern Pine production capacity to more than a billion board feet and will improve our ability to serve our valued US customers," said Canfor President and CEO Don Kayne. "Scotch Gulf's values and approach to the market are closely aligned with those of Canfor, and we are extremely pleased to have been given this opportunity to work with the Scotch Gulf management team to integrate that company's operating assets and extensive history with our broader North American operations."

The transaction is subject to standard closing conditions and is expected to close in the third quarter of 2013.

### **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. 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 management's current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and Canfor and the Purchaser assume no obligation to update such information to reflect later events or developments, except as required by law.

# News Release

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*Canfor is a leading integrated forest products company based in Vancouver, British Columbia (BC) with operations in BC, Alberta, Quebec and North and South Carolina. Canfor produces primarily softwood lumber, and also produces bleached chemi-thermo-mechanical pulp and specialized wood products. Canfor also owns a 50.2% interest in Canfor Pulp Products Inc., which is one of the largest producers of northern softwood kraft pulp in Canada 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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