

December 16, 2022

On May 13, 2022, Interfor completed the sale of its Acorn specialty sawmill located near Vancouver, British Columbia (BC). With this sawmill sale completed, Interfor no longer has any lumber manufacturing assets within the Coastal BC region. Interfor has been conducting a strategic review of its remaining Coastal BC operations, which consist solely of timber harvesting and sales related to its 1.57 million cubic meters of annual harvesting rights in primarily volume-based licences in the unceded and traditional territories of 43 First Nations.

Interfor has entered into non-binding term sheets for disposition of certain tenures related to the strategic review. In total, Interfor is proposing fifteen licence transfers to First Nations or First Nation owned companies and value-added companies based in BC. To enable these transfers, several Forest Licence subdivisions and one Tree Farm Licence subdivision are also proposed. The combined volume of annual harvesting rights proposed for transfer at this time is approximately 0.78 million cubic meters. Additional Coast tenure dispositions may occur as the strategic review progresses.

All dispositions of harvesting rights are subject to customary contractual conditions, consultation with First Nations, and approval from the Government of BC.

Interfor manages nearly 1.1 million hectares of forests on public lands within the Coastal BC region. These lands are 100% third-party certified to the globally recognized Sustainable Forestry Initiative® (SFI) Forest Management Standard and covered under forest stewardship plans that achieve government objectives for soils, timber, wildlife, water, fish, biodiversity, visuals, and culturally important areas. Interfor's Coastal operations range from Howe Sound to north of Prince Rupert, with operating areas along the remote Mainland Coast and West Coast of Vancouver Island, and non-remote areas along the East Coast of Vancouver Island.

In considering its strategy for Coastal Operations, Interfor focused on First Nations as part of our corporate commitment to reconciliation in Canada. The proposed tenure transfers to First Nations also support the shared objectives of Interfor and the Province of BC to work with First Nations to become real participants in land management and the forest economy, provide stability for rural communities and workers, and support a vibrant and diverse forest industry. The proposed transfers are to those Nations that Interfor has active business relationships with and are for licence volumes of 20,000m³/year or larger.

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Along with the harvesting rights transfers, Interfor and the intended recipients are reviewing all existing licences, leases, foreshore leases, special use permits, road permits, and associated assets in each associated operating area and are identifying which of those are to be transferred or assigned. Those that are not transferred or are no longer required for ongoing operations will properly be closed, deactivated, and deleted by Interfor. No liabilities will be transferred to the Province. Similarly, Interfor is discussing silviculture obligations in each operating area and will either transfer them to the new licence holder, maintain the obligation, or enter into agreements with 3rd parties to fulfill all legal obligations.

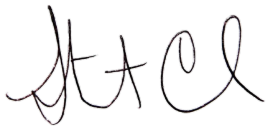
The Ministry will be reviewing the proposed tenure transfers and deciding if they meet the approval tests including consideration of the public interest, maintaining responsible sustainable forest management, and expanding access to timber resources through reduced concentration of tenure holdings. The tenure disposition plan is strategically structured to meet government objectives for First Nations, communities, workers, contractors, and high value producers.

Interfor and the recipients are actively working on tenure purchase and sale agreements with mutual intent to complete transactions by mid-2023. Our number one priority is to minimize the uncertainty for Interfor's employees, First Nations, communities, and our contractor base. As such, we are working with the Province to complete an efficient public and First Nation consultation process.

For further information, please contact stuart.card@interfor.com.

Yours truly,

Interfor Corporation

A handwritten signature in black ink, appearing to read 'Stuart Card', written in a cursive style.

Stuart Card, RPF
Vice President, Sustainability & Chief Forester