

For Immediate Release

January 25, 2023

Canfor Restructuring B.C. Operations to Create a More Sustainable Footprint

Vancouver, BC, Canada – To better align manufacturing capacity in British Columbia with the available long-term fibre supply, Canfor Corporation (TSX:CFP) is restructuring its B.C. operations by permanently closing its Chetwynd sawmill and pellet plant and temporarily closing its Houston sawmill for an extended period to facilitate a major redevelopment on the site. The Company intends to build a new, modern, globally competitive manufacturing facility that employs state of the art technology to produce high value products from the sustainable timber supply in the region. Project planning, scoping, preliminary engineering and budgeting are underway. The Company will undertake a comprehensive evaluation of the availability of economic fibre and a thorough project financial analysis, supporting a final investment decision by the end of the second quarter of 2023. Both facilities will be closed following an orderly wind down of operations that is expected to conclude early in the second quarter of 2023 and will remove approximately 750 million board feet of annual production capacity.

Don Kayne, President and CEO made the following statement:

“We are making these difficult but necessary decisions to create a more sustainable operating footprint in B.C. Our goal is to match our mill capacity with the economically available fibre for harvest to enhance our ability to compete and to operate throughout the market cycles. This is what will ultimately create greater stability for our employees and communities, while ensuring we can continue to provide the high quality, low carbon products that are in demand by our customers around the world.

We recognize that today’s announcement will have both temporary and permanent impacts on employees, families, contractors and communities. That’s why we are putting in place a comprehensive set of support mechanisms to help minimize the impacts of this transition. In addition, we will be working with our industry partners and Indigenous Nations to ensure that fibre currently processed at the Chetwynd facility is utilized to support other local and regional manufacturing facilities, helping them to be more sustainable and to keep people working in the Peace Region.

Canfor has been proudly headquartered in British Columbia for more than 80 years and, while we have and will continue to look for opportunities to diversify our product offerings and reach to keep pace with our growing customers, we have also invested significantly here at home, spending approximately \$2.1 billion in our B.C. operations over the last 10 years. The Houston investment would represent another significant commitment and be amongst the largest capital expenditures in a new wood products manufacturing facility in B.C.’s interior in two decades.

While the near-term outlook in B.C. remains challenging given the mid-term fibre supply constraints, this province remains an important part of our diversified operating platform, allowing us to serve customers around the globe, while providing good family supporting jobs here. The changes we are announcing will help make us smaller but stronger in B.C. and help ensure we can continue to contribute to the economy and quality of life here in the Province for decades to come.”

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 assumes no obligation to update such information to reflect later events or developments, except as required by law.

About Canfor Corporation

Canfor is a global leader in the manufacturing of high-value low-carbon forest products including dimension and specialty lumber, engineered wood products, pulp and paper, wood pellets and green energy. Proudly headquartered in Vancouver, British Columbia, Canfor produces renewable products from sustainably managed forests, at more than 55 facilities across its diversified operating platform in Canada, the United States and Europe. The Company has a 70% stake in Vida AB, Sweden’s largest privately owned sawmill company 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. For more information visit canfor.com.

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