

For Immediate Release

May 9, 2024

Canfor Announces Permanent Closure of Polar Sawmill and Suspension of Planned Reinvestment in Houston, B.C.

Vancouver, BC — After thorough analysis of the persistent shortage of economically available timber and challenging operating conditions in northern British Columbia, Canfor Corporation (TSX:CFP) announced today the permanent closure of its Polar sawmill in Bear Lake, BC and the suspension of its planned reinvestment in Houston, BC. This follows the announcement by our subsidiary company, Canfor Pulp, that one line of production will be indefinitely curtailed at the Northwood Pulp Mill.

The Polar sawmill, with a production capacity of about 300 million board feet annually, has been curtailed since January 2024. The permanent closure will impact approximately 180 employees.

Don Kayne, President and CEO, Canfor Corporation made the following statement today:

“The ability to reliably access enough economic timber to run our manufacturing facilities is critical for our business. Unfortunately, while our province has a sufficient supply of timber available for harvest as confirmed by the Allowable Annual Cut set by BC’s Chief Forester, the actual harvest level has declined dramatically in recent years. In 2023 the actual harvest was 42 percent lower than the allowable cut, a level not seen since the 1960s.

While this decline is partly the result of natural disturbances – beetle infestations and wildfire particularly - it is also the result of the cumulative impact of policy changes and increased regulatory complexity. These choices and changes have hampered our ability to consistently access enough economic fibre to support our manufacturing facilities and forced the closure or curtailment of many forest sector operations, including our Polar sawmill.

With the policy and regulatory landscape in BC continuing to shift, it’s difficult to predict the operating conditions that we will face going forward. As such, we have made the difficult decision to suspend our plan to build a new state-of-the-art sawmill in Houston, as we are not confident that an investment of this magnitude can be successful at this time.

These decisions are heartbreaking for our company that has been proudly headquartered in BC for more than 85 years. More importantly, these decisions have a profound impact on our employees, First Nations partners, contractors, customers, suppliers, and communities that rely on a healthy forest industry.

In the weeks ahead, we will work with our union partners to develop a transition plan that considers severance provisions and other means to support our impacted employees. We will also seek opportunities to divest our associated tenure to support other local manufacturing operations who are facing the same challenges accessing fibre, in the hope of preventing another operation from being closed or curtailed.”

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 50 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. Canfor shares are traded on The Toronto Stock Exchange under the symbol CFP. For more information visit canfor.com.

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