



huu ay aht

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Western Forest Products Inc.  
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FOR IMMEDIATE RELEASE

## Western Forest Products Inc. Announces Sale of Ownership Interests in TFL 44 LP and Alberni Pacific Division Sawmill to Huu-ay-aht First Nations

**March 16, 2020 – Port Alberni, British Columbia** – Western Forest Products Inc. (TSX: WEF) (“Western”) and Huumiis Ventures Limited Partnership (“Huumiis”), a limited partnership beneficially owned by Huu-ay-aht First Nations, (“Huu-ay-aht”), have reached an agreement whereby Huumiis will acquire a majority ownership interest in TFL 44 Limited Partnership and an ownership interest in a newly formed limited partnership that will own the Alberni Pacific Division Sawmill for total consideration of \$36.2 million (the “Transaction”). The key details of the Transaction are summarized below.

### TFL 44 Limited Partnership (“TFL 44 LP”)

- TFL 44 LP holds certain assets in Port Alberni, British Columbia, including Tree Farm Licence 44 (“TFL 44”) and other associated assets and liabilities
- Huumiis will acquire an incremental 44% ownership interest in TFL 44 LP from Western for \$35.2 million
- On completion of the Transaction, Huumiis will own 51% of TFL 44 LP and Western will own 49% of TFL 44 LP
- Western may sell other area First Nations, including Huumiis, a further incremental ownership interest of up to 26% in TFL 44 LP, under certain conditions
- Western and TFL 44 LP will enter into a long-term fibre agreement to continue to supply Western's British Columbia coastal manufacturing operations, which have undergone significant capital investment over the past several years

### Alberni Pacific Division Sawmill (“APD Sawmill”)

- Western will transfer its APD Sawmill into a newly formed limited partnership (“APD LP”) along with certain other assets and liabilities
- Huumiis will acquire a 7% ownership interest in APD LP from Western for \$1 million, and subject to further negotiations, Huumiis will have an option to purchase an incremental ownership interest in APD LP, which may include a majority interest

“This agreement is an example of how collaboration between First Nations and the private sector can contribute to reconciliation,” said Don Demens, Western’s President and Chief Executive Officer. “Western is committed to the long-term success of this partnership, and we look forward to continuing to work towards our shared goal of revitalization of a forest sector that benefits everyone in the Alberni Region.”

“This is an important step to gain more control over the ḥahuuḷi of the Huu-ay-aht Ḥawiiḥ (traditional territory of the Hereditary Chiefs),” explains Tayii Ḥawiiḥ Ḥiišiiḥ (Head Hereditary Chief Derek Peters). “Our sacred principles of ḥiisaak (utmost respect), ḥuuḥaḥuk (taking care of), and ḥiisuk ma ḥawak (everything is one), will guide us as we create more opportunities and wealth for our Nation in a way that protects our resources for present and future generations.”

“This is an historic announcement that is fundamentally about reconciliation and forestry revitalization,” said Chief Councillor Robert J. Dennis Sr. “This agreement will enable Huu-ay-aht to have more jurisdiction over our ḥahuuḷi (traditional territory), strengthen the long-term sustainability of the forest sector in the Alberni Region, provide strong environmental stewardship that aligns with Huu-ay-aht’s forestry guiding principles, and create more opportunities for First Nations, including our citizens.”

The completion of the Transaction is subject to satisfaction of customary closing conditions, financing, and certain third party consents, including approval by the British Columbia Provincial Government and the Huu-ay-aht First Nations People's Assembly. The Transaction is expected to close in the second quarter of 2020.

The agreement announced today builds on the Reconciliation Protocol Agreement between Huu-ay-aht and Western signed in March 2018 and the TFL 44 LP transaction completed in March 2019. It is a positive step towards the furtherance of Huu-ay-aht's and Western's framework for reconciliation and revitalization of the Alberni Region. The framework includes economic opportunities for increased participation of the other 13 area First Nations through increased engagement, tenure ownership, employment and business opportunities, sustained domestic manufacturing, increased training, effective marketing and value-added product innovation, and strong environmental stewardship – all in a manner consistent with the British Columbia *Declaration on the Rights of Indigenous Peoples Act*.

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## **Backgrounder**

Huu-ay-aht and Western have a successful track record of finding common ground to achieve reconciliation and forestry revitalization. This announcement continues the positive relationship that has grown, especially over the last three years. Certain milestones of the successful working relationship include:

### Sale of Sarita Bay Log Sort

On May 17, 2017, the parties announced the sale and purchase of three properties, including Western's dry land sort in Sarita, British Columbia for a purchase price of \$3 million. The transaction also involved a long-term lease back of the dry land sort to Western, an agreement to harvest 200,000 cubic metres of timber from Huu-ay-aht lands, and an employment and training agreement. For Huu-ay-aht, the Sarita River is the "Heart of the People" and the properties involved in the agreement with Western completed the reunification of Huu-ay-aht-owned lands at Sarita Bay.

### Signing of the Reconciliation Protocol Agreement

On March 20, 2018, the Huu-ay-aht and Western announced the signing of a Reconciliation Protocol Agreement which affirmed the parties' commitment to seek mutually-beneficial solutions to achieve their respective interests. The agreement marked an important milestone along the shared path to reconciliation and a joint vision for a safe, competitive and forward-looking forest sector. The agreement guided how Huu-ay-aht and Western would work collaboratively and explore opportunities to improve economic vibrancy while respecting the three sacred principles of the Huu-ay-aht people: hišuk ma ćawak (everything is one); ʔuuʔałuk (taking care of); and ʔiisaak (utmost respect).

### Further Work Together

On August 22, 2018, Western and the Huu-ay-aht jointly announced they were working together to explore potential alternative ownership structures in Huu-ay-aht's traditional territories. These discussions were pursuant to and consistent with the Reconciliation Protocol Agreement and reaffirmed the parties' desire to work together to bring benefits to the community, the entire Alberni Region and the forestry sector. The announcement also referenced a framework for reconciliation that includes exploring increased participation of area First Nations through tenure ownership, employment and business opportunities, sustained domestic manufacturing, increased training and jobs, effective marketing and value-added product innovation, and strong environmental stewardship.

### Creation of TFL 44 LP

On December 14, 2018, the parties announced the creation of a newly formed limited partnership between Western and Huumiis, whereby Huumiis acquired a 7% interest in TFL 44 LP. The agreement established a three person Board of Directors, two Western representatives and one Huumiis, to oversee the harvesting operations within TFL 44 LP. Following customary closing conditions and receiving approval from the Huu-ay-aht's Peoples Assembly, the transaction was completed on March 29, 2019. The operations of TFL 44 LP have an Allowable Annual Cut ("AAC") of 782,482 cubic metres and cover an area of 137,330 hectares.

### Engagement with First Nations

Huu-ay-aht, with the full support of Western, is committed to engagement with the other 13 area First Nations that have TFL 44 in their traditional territory, on an ongoing basis in accordance with traditional protocols.

## **About Huu-ay-aht First Nations and Huumiis Ventures Limited Partnership**

Huu-ay-aht is an indigenous community located on the west coast of Vancouver Island in British Columbia. It is a part of the Nuu-chah-nulth Nation, formerly called the Nootka. Huu-ay-aht is a party to the Maa-nulth Final Agreement, a modern treaty that grants its five member-nations constitutionally-protected self-government as well as ownership, control and law-making authority over their lands and resources. Huumiis is a limited partnership formed under the laws of British Columbia that is beneficially-owned by the Huu-ay-aht. For more information, visit [huuayaht.org](http://huuayaht.org).

## **About Western Forest Products Inc.**

Western is an integrated forest products company building a margin-focused log and lumber business to compete successfully in global softwood markets. With operations and employees located primarily on the coast of British Columbia and Washington State, Western is a premier supplier of high-value, specialty forest products to worldwide markets. Western has a lumber capacity in excess of 1.1 billion board feet from eight sawmills and four remanufacturing facilities. The Company sources timber from its private lands, long-term licenses, First Nations arrangements, and market purchases. Western supplements its production through a wholesale program providing customers with a comprehensive range of specialty products.

## Forward-Looking Statements and Information

*This press release contains statements that may constitute forward-looking statements under the applicable securities laws. Readers are cautioned against placing undue reliance on forward-looking statements. All statements herein, other than statements of historical fact, may be forward-looking statements and can be identified by the use of words such as “may”, “explore”, “will”, “expect”, “assure” and similar references to future periods. Forward-looking statements in this news release include, but are not limited to, statements relating to the potential benefits from the Transaction, the framework for reconciliation and revitalization in the Alberni Region forest sector, the timing or anticipated closing of the Transaction and the selling of additional incremental interest in TFL 44 LP or APD LP in the future. Although such statements reflect Western management’s current reasonable beliefs, expectations and assumptions as to, amongst other things, the reconciliation and revitalization framework, future supply and demand of forest products, global and regional economic activity and the consistency of the regulatory framework within which the Company currently operates, there can be no assurance that forward-looking statements are accurate, and actual outcomes, results and performance may materially vary. Many factors could cause our actual results or performance to be materially different including: general economic conditions; relations with First Nations groups; changes in annual allowable cut; changes in laws, regulations or public policy affecting the forest industry; and other factors referenced under the “Risks and Uncertainties” section of Western’s Management’s Discussion and Analysis in Western’s 2019 Annual Report dated February 11, 2020, which is available on Western’s website at [www.westernforest.com](http://www.westernforest.com). The foregoing list is not exhaustive, as other factors could adversely affect Western’s actual results and performance. Forward-looking statements are based only on information currently available to Western and refer only as of the date hereof. Except as required by law, Western undertakes no obligation to update forward-looking statements.*