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FOR IMMEDIATE RELEASE **TSX: WEF**

Western Announces First Quarter 2016 Results

May 5, 2016 – Vancouver, British Columbia, Western Forest Products Inc. (TSX: WEF) ("Western" or the "Company") reported adjusted EBITDA of $35.7 million in the first quarter of 2016, compared to adjusted EBITDA of $29.6 million reported in both the same period last year and the previous quarter. Improved log and lumber pricing, higher lumber production and increased lumber sales volumes delivered a 21% increase in adjusted EBITDA.

The Company successfully grew revenue to $269.8 million in the first quarter of 2016, as compared to $248.6 million in the same period last year, and $265.6 million in the fourth quarter of 2015. Strong demand for our specialty lumber products and improving commodity markets delivered higher lumber pricing. The positive pricing environment combined with higher sales volumes enabled Western to achieve its highest quarterly lumber revenue result since 2007.

Q1 2016 HIGHLIGHTS

- Increased lumber production by 6% while accelerating the implementation of strategic capital
- Grew lumber shipments by 11% from the same quarter last year to 225 million board feet
- Achieved a Company record quarterly average realized lumber price of $916 per thousand board feet
- Maintained an industry leading safety performance with a medical incident rate of 0.78
- Returned $7.9 million to shareholders via the Company's quarterly dividend program
- Reduced net debt by $5.9 million to $49.7 million and increased liquidity to $183.9 million

"In the first quarter, we capitalized on improved markets for our products by increasing both lumber production and sales volumes. I am encouraged by our continued ability to deliver robust financial performance while accelerating the implementation of our strategic capital program," said Don Demens President and Chief Executive Officer. "Looking ahead, we will focus on carrying this momentum forward, executing on our strategy and continuing to deliver strong returns to our shareholders."

First quarter operating income prior to restructuring items and other income increased 31% to $26.3 million in 2016, compared to $20.1 million in the same period of 2015. Net income of $17.3 million ($0.04 per diluted share) was reported for the first quarter of 2016, compared to $27.6 million ($0.07 per diluted share) for the first quarter of 2015. Improved operating income was offset by current and deferred income tax expense of $6.9 million, as compared to a deferred expense of $0.1 million in the same period of 2015. In addition, net income for the first quarter of 2015 included income from discontinued operations of $9.1 million arising from the sale of the former Squamish pulp mill site.

FINANCIAL SUMMARY

(millions of dollars except where noted)	Three months ended March 31, 2016	2015
Revenue	$ 269.8	$ 248.6
Adjusted EBITDA	35.7	29.6
Adjusted EBITDA margin	13.2%	11.9%
Operating income prior to restructuring items and other income	26.3	20.1
Net income from continuing operations	17.3	18.5
Net income for the period	17.3	27.6
Basic and diluted earnings per share (in dollars)	$ 0.04	$ 0.07
Basic and diluted earnings per share (in dollars) - discontinued operations	$ -	$ 0.02
Net Debt at March 31,	47.9	53.8
Liquidity at March 31,	183.9	177.9

First Quarter 2016

In the first quarter of 2016 we generated adjusted EBITDA of $35.7 million, an increase of 21% from adjusted EBITDA of $29.6 million in the same quarter last year. We achieved these results by increasing lumber shipments and maintaining a favourable product mix. A continued focus on high-margin, high-value specialty products drove total revenue growth of 9% as compared to the first quarter of 2015.

Lumber revenue was $206.2 million in the first quarter of 2016, a 20% increase from the same quarter of 2015. We successfully increased lumber sales volumes by 11% to 225 million board feet, and achieved a record quarterly average realized lumber price of $916 per thousand board feet. Increased price realizations were the result of a strong sales mix, including a 15% increase in WRC volumes, an improving commodity market and a weaker CAD relative to the USD. The average CAD-USD exchange rate in the period declined by 11%, as compared to the same period of 2015, but the CAD strengthened significantly late in the first quarter of 2016 to close 6% higher than at December 31, 2015.

First quarter log revenue was $46.3 million, a decrease of $14.9 million from the same period in 2015. Average log pricing increased by 20% due to an improved sales mix and the influence of a constrained coastal log supply on domestic log prices. Log sales volumes declined by 37% due to a lower first quarter harvest and our strategy to increase log consumption in our sawmills.

By-products revenue was $17.3 million in the first quarter of 2016, as compared to $15.6 million in the same period in 2015. By-product revenue growth was driven by increased lumber production and additional chips purchased for resale.

First quarter lumber production was 221 million board feet, an increase of 6% from the same period of 2015. Increased production was achieved despite three weeks of downtime at our Duke Point sawmill and one week of downtime at our Ladysmith sawmill for strategic capital installations. Our Duke Point and Saltair sawmills realized significant productivity improvements as we began to see the benefits of recently completed capital installations. Lumber production costs rose as compared to the first quarter of 2015 due to higher WRC lumber production volumes and increased secondary processing volume.

Timberlands harvest volume for the first quarter was 1.0 million cubic metres, down 30% from the record first quarter harvest in 2015. Harvest was delayed in part due to more typical winter weather in the first quarter of 2016 compared to the mild conditions experienced in the same period last year. In addition, harvest volumes were impacted by an ongoing contractor dispute and permitting consultation. Average log harvest costs increased by 8% in comparison to the first quarter of 2015, driven primarily by lower harvest volume and a proportionate increase in heli-logging and associated costs.

Well positioned opening mill log inventories supported an overall increase in lumber production. Total sawlog purchases declined slightly compared to the first quarter of 2015, as winter conditions constrained coastal sawlog supply, but greater specialty log volume purchases facilitated an increase in the production of certain specialty lumber products.

First quarter freight costs were $22.0 million in 2016, an increase of 6% compared to the same period of 2015. Increased freight costs were the result of a weaker CAD on USD-denominated freight, and an 11% increase in lumber shipments as compared to the same period of last year. Rising freight costs were offset by a 40% reduction in export log shipments due to a lower log harvest and the redirecting of log volume to our mills to take advantage of improved North American lumber markets.

Selling and administration expenses in the first quarter of 2016 increased to $7.8 million from $5.8 million in the same period of 2015. Reflected in this increase were higher legal expenses in the first quarter of 2016 arising from contractor disputes and compensation discussions with the Government of British Columbia ("BC"), regarding the 2011 tenure take-back in TFL 44 as a result of the Maa'nulth First Nations Final Agreement Act. In addition, a year-over-year 17% increase in the Company's common share price resulted in a net increase of $0.8 million over that period to the mark-to-market share based compensation expense.

Net income for the first quarter of 2016 was $17.3 million, a decrease from $27.6 million for the same period of 2015. An increase in operating income of 27% was offset by increased tax expense. Current and deferred income tax expense of $6.9 million was incurred in the first quarter of 2016 as compared to an expense of $0.1 million in the same period of 2015. In past quarters, the recognition of deferred income tax assets offset the deferred income tax expense resulting in unusually low deferred tax expense. In addition, net income for the first quarter of 2015 also included income from discontinued operations of $9.1 million arising from the sale of the former Squamish pulp mill site.

Finance Costs

First quarter finance costs were $1.1 million in 2016, $0.2 million lower than the same quarter of 2015. This decrease was primarily the result of lower interest expense as average first quarter outstanding debt was reduced from $74.0 million in 2015 to $60.5 million in 2016.

Income Taxes

During the first quarter of 2016, the Company recognized income tax expense of $6.9 million through net income arising from continuing operations, and $0.4 million through other comprehensive income related to actuarial gains on its defined benefit plans.

Strategy and Outlook

In the first quarter we continued to implement our strategy of optimizing our operations and investing in our mills to improve margins and grow our business through increased production.

Key operational priorities in support of our strategy include:

1) Implementing strategic capital to position our mills as the most competitive in the region;
2) Improving productivity and further improving margins through increased capital utilization; and,
3) Utilizing our competitive advantage to access additional log volume on the open market to increase lumber production.

Market Outlook

The combination of improved lumber consumption from an active United States ("US") new home construction market and greater demand from China supported increased pricing for commodity lumber in the first quarter of 2016. Benchmark KD SPF 2X4 prices closed the quarter 7% higher than in the same period last year and 11% higher than at December 31, 2015. Commodity lumber pricing should see further improvements in the near-term as seasonal demand in North America drives increased lumber consumption. Improving price realizations may be mitigated by recent CAD-USD exchange rate volatility. We expect to increase production of commodity lumber in the near term as we increase operating hours at our commodity mills.

Continued growth in North American repair and renovation market spending should benefit our North American specialty business. Recent market consolidation in the WRC segment is anticipated to support increases in our share of the WRC market. We expect pricing to improve for both our WRC and Niche product lines as distributors build inventory ahead of the peak building season. While we expect pricing to improve, price realizations could be negatively impacted by the recent strength in the CAD relative to the USD.

Japan lumber market demand is expected to accelerate ahead of the proposed 2017 consumption tax increase. Improved demand is expected to drive USD price improvements while growth in realized pricing may be limited by the recent CAD appreciation.

We expect sawlog markets to continue to perform well in the second quarter of 2016. In the domestic market, the favourable combination of limited supply and strong demand will support pricing. More balanced inventories in China are expected to keep export log market prices firm. Pulp log prices are expected to remain weak due to increased inventories and lower consumption levels from coastal BC pulp mills.

The twelve-month standstill period of the Softwood Lumber Agreement, which precludes trade action by the US, continues through October 11, 2016. Discussions between Canada and the US regarding a replacement of the Softwood Lumber Agreement are underway. Uncertainty remains regarding a resolution.

On March 1, 2016, the Government of BC updated coastal stumpage rates. We expect the update to lead to an increase in stumpage costs for specialty log grades and species reflecting the current market price for those logs.

Strategic Capital Program Update

We continue to accelerate the implementation of our strategic capital program, which is designed to position Western as the only company on the coast of BC capable of sustainably consuming the complete profile of the coastal forest and competitively manufacturing a diverse product mix.

Our strategic capital program is focused on the installation of proven technology that will deliver top quartile performance and improve our ability to manufacture the products that yield the best margin. In addition to investments in our manufacturing assets, we will also invest capital into strategic, high-return projects involving our information systems, timberlands assets, and forest inventories.

We have announced plans for $97.7 million of our $125.0 million strategic capital program. Through the end of the first quarter of 2016, we have implemented and capitalized $82.4 million under that program. In the first quarter of 2016, we had multiple projects in ramp-up including the modernization of our Duke Point sawmill and planer; our new timber deck at our Chemainus sawmill; and the single-line conversion at our Ladysmith sawmill. In total, our first quarter strategic capital investment was $7.5 million.

The Duke Point sawmill and planer modernization project are the primary focus for the second quarter of 2016, as we commence the installation of a new timber deck at the sawmill and commence planer production of kiln-dried lumber. We will also begin to map our timberlands utilizing LiDAR technology and expect to complete the data gathering phase of this project in 2016.

Forward Looking Statements and Information

This press release contains statements which constitute forward-looking statements and forward-looking information within the meaning of applicable securities laws. Those statements and information appear in a number of places in this document and include statements and information regarding our current intent, belief or expectations primarily with respect to market and general economic conditions, future costs, expenditures, available harvest levels and our future operating performance, objectives and strategies. Such statements and information may be indicated by words such as "estimate", "expect", "anticipate", "plan", "intend", "believe", "should", "may" and similar words and phrases. Readers are cautioned that it would be unreasonable to rely on any such forward-looking statements and information as creating any legal rights, and that the statements and information are not guarantees and may involve known and unknown risks and uncertainties, and that actual results and objectives and strategies may differ or change from those expressed or implied in the forward-looking statements or information as a result of various factors. Such risks and uncertainties include, among others: general economic conditions, competition and selling prices, changes in foreign currency exchange rates, labour disruptions, natural disasters, relations with First Nations groups, changes in laws, regulations or public policy, misjudgements in the course of preparing forward-looking statements or information, changes in opportunities and other factors referenced under the "Risks and Uncertainties" section of our MD&A in our 2015 Annual Report dated February 17, 2016. All written and oral forward-looking statements or information attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. Except as required by law, Western does not expect to update forward-looking statements or information as conditions change.

Reference is made in this report to adjusted EBITDA which is defined as operating income prior to operating restructuring items and other income, plus amortization of property, plant, equipment, and intangible assets, impairment adjustments, and changes in fair value of biological assets. Adjusted EBITDA margin is EBITDA presented as a proportion of revenue. Western uses adjusted EBITDA and adjusted EBITDA margin as benchmark measurements of our own operating results and as benchmarks relative to our competitors. We consider adjusted EBITDA to be a meaningful supplement to operating income as a performance measure primarily because amortization expense, impairment adjustments and changes in the fair value of biological assets are non-cash costs, and vary widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of their operating facilities. Further, the inclusion of operating restructuring items which are unpredictable in nature and timing may make comparisons of our operating results between periods more difficult. We also believe adjusted EBITDA and adjusted EBITDA margin are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Adjusted EBITDA does not represent cash generated from operations as defined by International Financial Reporting Standards ("IFRS") and it is not necessarily indicative of cash available to fund cash needs. Furthermore, adjusted EBITDA does not reflect the impact of a number of items that affect our net income. Adjusted EBITDA and adjusted EBITDA margin are not measures of financial performance under IFRS, and should not be considered as alternatives to measure performance under IFRS. Moreover, because all companies do not calculate adjusted EBITDA and adjusted EBITDA margin in the same manner, these measures as calculated by Western may differ from similar measures as calculated by other companies. A reconciliation between the Company's net income as reported in accordance with IFRS and adjusted EBITDA is included in the Company's Management's Discussion & Analysis for the quarter ended March 31, 2016, which is available under the Company's profile on SEDAR at www.sedar.com.

Also in this report management uses key performance indicators such as net debt, net debt to capitalization and current assets to current liabilities. Net debt is defined as long-term debt less cash and cash equivalents. Net debt to capitalization is a ratio defined as net debt divided by capitalization, with capitalization being the sum of net debt and shareholder's equity. Current assets to current liabilities is defined as total current assets divided by total current liabilities. These key performance indicators are non-GAAP financial measures that do not have a standardized meaning and may not be comparable to similar measures used by other issuers. They are not recognized by IFRS, however, they are meaningful in that they indicate the Company's ability to meet their obligations on an ongoing basis, and indicate whether the Company is more or less leveraged than the prior year.

Western is an integrated Canadian forest products company, and is the largest coastal British Columbia woodland operator and lumber producer. The Company has an annual available harvest of approximately 6.3 million cubic metres of timber, of which approximately 6.1 million cubic metres is from Crown lands. Western has a lumber capacity in excess of 1.1 billion board feet from seven sawmills and two remanufacturing plants. Principal activities conducted by the Company include timber harvesting, reforestation, sawmilling logs into lumber and wood chips, and value-added remanufacturing. Substantially all of Western's operations, employees and corporate facilities are located in the coastal region of British Columbia, while its products are sold in more than 25 countries worldwide.

TELECONFERENCE CALL NOTIFICATION:

Friday, May 6, 2016 at 12:00 p.m. PST/3:00 p.m. EST

On Friday, May 6, 2016, Western Forest Products Inc. will host a teleconference call at 12:00 p.m. PST (3:00 p.m. EST). To participate in the teleconference please dial 416-340-8527 or 1-800-355-4959. This call will be taped, available one hour after the teleconference, and on replay until May 17, 2016 at 8:59 p.m. PST (11:59 p.m. EST). To hear a complete replay, please call 905-694-9451 / 1-800-408-3053 (passcode: 4673711).

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