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FOR IMMEDIATE RELEASE **TSX: WEF**

Western Announces Second Quarter 2016 Results

August 3, 2016 – Vancouver, British Columbia, Western Forest Products Inc. (TSX: WEF) ("Western" or the "Company") reported adjusted EBITDA of $43.0 million in the second quarter of 2016, compared to adjusted EBITDA of $35.7 million reported in the previous quarter and $29.2 million reported in the second quarter of 2015. Improved specialty log and lumber pricing, a stronger commodity lumber market and increased lumber sales volumes delivered a 47% increase in second quarter adjusted EBITDA.

The Company successfully grew revenue to $301.8 million in the second quarter of 2016, as compared to $269.8 million in the previous quarter, and $289.2 million in the second quarter of 2015. Higher average log prices and record quarterly average lumber prices were realized through an improved sales mix, high demand for specialty products and the impact of stronger commodity lumber markets. The positive pricing environment combined with increased sales volumes enabled Western to achieve its highest quarterly lumber revenue in Company history.

Q2 2016 HIGHLIGHTS

- Delivered adjusted EBITDA of $43.0 million, a 47% increase from the same period last year
- Improved upon industry leading safety performance with a medical incident rate of 0.51
- Achieved Company-record quarterly average lumber price realizations
- Increased sawlog purchases by 52% to target high-value, high-margin specialty lumber production
- Returned $7.9 million to shareholders via the Company's quarterly dividend program, and invested an additional $17.6 million in capital improvements

"I'm pleased to report another quarter of strong financial results and impressive safety performance," said Don Demens, President and Chief Executive Officer. "We delivered increased profitability in the quarter thanks to robust demand for our specialty log and lumber products and by increasing our leverage to the improving global commodity lumber market."

Operating income prior to restructuring items and other income increased 60% to $33.7 million in the second quarter of 2016, compared to $26.3 million in the previous quarter and $21.0 million in the second quarter of 2015.

Net income of $23.8 million ($0.06 per diluted share) was reported for the second quarter of 2016, compared to $17.3 million ($0.04 per diluted share) in the previous quarter and $19.1 million ($0.05 per diluted share) for the second quarter of 2015.

FINANCIAL SUMMARY

(millions of dollars except where noted)	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue	$ 301.8	$ 289.2	$ 571.6	$ 537.8
Adjusted EBITDA	43.0	29.2	78.7	58.8
Adjusted EBITDA margin	14.2%	10.1%	13.8%	10.9%
Operating income prior to restructuring items and other income	33.7	21.0	60.0	41.1
Net income from continuing operations	23.8	19.1	41.1	37.6
Net income for the period	23.8	19.1	41.1	46.7
Basic and diluted earnings per share (in dollars)	$ 0.06	$ 0.05	$ 0.10	$ 0.12
Basic and diluted earnings per share (in dollars) - discontinued operations	$ -	$ -	$ -	$ 0.02
Net Debt at June 30,			64.1	70.7
Liquidity at June 30,			169.3	160.9

Second Quarter 2016

In the second quarter of 2016 we generated adjusted EBITDA of $43.0 million, an increase of 47% from adjusted EBITDA of $29.2 million in the same quarter last year. We achieved these results by improving our specialty log sales mix and increasing lumber shipments to capitalize on rising prices for our log and lumber products. These results and a continued focus on the production of high-margin specialty lumber products drove second quarter adjusted EBITDA margin to 14.2% in 2016 from 10.1% in the same period of 2015.

Second quarter lumber revenue increased 10% to $221.0 million as compared to the same quarter of 2015. This was achieved through rising price realizations and a 3% increase in lumber shipments to 234 million board feet. Strong specialty and commodity lumber markets and a relatively weaker Canadian dollar (“CAD”) combined to deliver a record quarterly average realized lumber price of $944 per thousand board feet. Higher overall shipment volumes were achieved through increases of 6% and 5% in Commodity and Niche lumber sales, respectively, as compared to the same period last year.

Log revenue was $64.2 million in the second quarter of 2016, a decrease of $6.8 million from the same period in 2015. An improved log sales mix and escalating pricing for selected specialty domestic log grades offset some of the impact of lower log shipments. Export log pricing benefited from improved demand and a comparatively weaker CAD compared to a year ago. Improved domestic and export log markets allowed us to deliver a 32% increase in average log pricing as compared to the second quarter of 2015 despite continued weakness in the pulp log market.

In the second quarter of 2016, a lower opening log inventory led to reduced log availability and a 30% decline in log sales volumes as compared to the same period last year. Opening log inventory was negatively impacted by a delayed first quarter log harvest, in contrast a record first quarter timberlands harvest in 2015 provided significantly greater opening log inventory which supported higher sales volumes.

By-products revenue was $16.6 million in the second quarter of 2016, as compared to $18.2 million in the same period in 2015. By-products revenue declined due to a 4% decrease in realized chip pricing and the timing of shipments of sawdust and hog fuel.

Second quarter lumber production of 232 million board feet represents a 2% decline from the same period of 2015, due primarily to a lower opening log inventory in the second quarter of 2016. Lumber production from our sawmills increased by 5% while we reduced the volume of production undertaken at third party facilities. A greater volume of secondary processing as a result of targeting production of higher-value finished products drove increased average lumber conversion costs as compared to the second quarter of 2015.

Timberlands harvest volume for the second quarter was 1.3 million cubic metres, down 6% from the second quarter of 2015. Harvest volumes were negatively impacted by an ongoing contactor dispute for which an interim agreement was reached subsequent to quarter-end. Average log harvest costs increased 8% driven by a doubling of higher cost helicopter logging volumes, and increased stumpage due to rising log prices.

We increased sawlog purchase volumes by 52% as compared to the second quarter of 2015 to support additional production of high-margin specialty lumber products, and to grow our log inventory in advance of third quarter when timber harvesting can be impacted by weather related curtailments. Our well positioned log inventory will allow us to capitalize on any improvements in our product markets as we enter the second half of 2016.

Second quarter freight costs were $23.6 million in 2016, an increase of 2% compared to the same period of 2015. Increased freight costs were the result of a weaker CAD on US dollar ("USD") denominated freight, offset by a greater portion of lumber shipments to North America and lower export log sales volume.

Selling and administration expenses in the second quarter of 2016 increased to $8.4 million from $7.0 million in the same period of 2015. Included in this increase were higher consulting costs and performance-based compensation. Incremental consulting expenses were incurred to facilitate information technology improvements and address certain legal and professional service requirements. In addition, the Company incurred costs associated with moving its corporate offices to reduce future period office expenses.

Net income for the second quarter of 2016 was $23.8 million, an increase from $19.1 million for the same period of 2015. An increase in operating income of 60% was partly offset by increased tax expense. Deferred income tax expense of $7.8 million was incurred in the second quarter of 2016 as compared to an expense of $0.1 million in the same period of 2015. In past quarters, the recognition of additional deferred income tax assets offset the deferred tax expense resulting in unusually low deferred tax expense.

The funded position of our defined benefit and other retirement benefit plans is estimated at the end of each quarter. A decrease in the discount rate used to calculate plan liabilities in the second quarter of 2016, partially offset by improved plan asset performance, resulted in a net after-tax actuarial loss of $3.5 million included in other comprehensive income.

Year to Date, June 30, 2016

Adjusted EBITDA for the first six months of 2016 was $78.7 million, a 34% improvement over the same period in 2015. Adjusted EBITDA margin improved to 13.8% as compared to 10.9% in the first half of 2015. Rising log and lumber pricing, a 7% increase in lumber sales volumes and a weaker average CAD to USD exchange rate period-over-period were primary drivers in these strong first half results.

Lumber revenue grew by 15% to $427.2 million in the first half of 2016 as compared to the same period last year. Improved pricing for our specialty and commodity lumber products, maintaining a sales mix heavy to specialty products and the benefits of a weaker CAD relative to USD have led to strong lumber revenue performance year-to-date.

First half log revenue decreased by 16% in 2016 to $110.5 million due to log availability as opening log inventory was lower than in the comparative period and we prioritized internal sawmill log consumption over external consumption and sales. A decline in external sales volumes of 34% was partly offset by significant increases in realized pricing for specialty domestic and export logs. Pulp log price realizations declined as the pulp market continues to be impacted by high pulp log inventories on the coast of BC. By-product sales remained flat period-over-period.

Lumber production in the first half of 2016 was 453 million board feet, up from 445 million board feet in 2015, despite a lower opening log inventory in 2016. Improved production from our Duke Point sawmill helped to offset downtime for strategic capital projects. Conversion costs have increased due to higher secondary processing volumes, and a heavier specialty production mix.

Total timberlands harvest volume was 2.3 million cubic metres in the first half of 2016, compared to 2.9 million cubic metres in the same period last year. We supplemented harvest by increasing sawlog purchases by 26% as compared to the first half of 2015. First half harvest was delayed in part by a more normal winter in our timberlands in the first quarter of 2016 and also as a result of a contractor dispute. An

8% increase in average log costs in the first half of 2016, was primarily driven by a greater proportion of higher-cost helicopter logging and a stumpage rate increase which became effective March 1, 2016.

Selling and administration expenses in the first half of 2016 increased to $16.2 million from $12.8 million in the same period of 2015. Included in this increase were higher consulting costs, including those expenses identified above, and performance-based and other compensation. In addition, movement in the Company's common share price as well as greater outstanding share unit balances resulted in a relative increase of $1.1 million in mark-to-market and share-based compensation expense over those periods.

Finance Costs

Second quarter finance costs were $1.1 million in 2016, $0.2 million lower than the same quarter of last year as a result of lower interest expense. The Company negotiated lower interest rates as part of amendments to its debt agreements in November 2015, and average outstanding debt in the second quarter was reduced from $73.8 million in 2015 to $59.0 million in 2016.

Income Taxes

During the second quarter of 2016, the Company recognized deferred income tax expense of $7.8 million on net income arising from continuing operations. An offsetting deferred income tax recovery of $1.2 million, from actuarial gains on the Company's defined benefit plans, was recognized through other comprehensive income.

Strategy and Outlook

In the second 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

We continue to be encouraged by the increasing level of demand for our log and lumber products.

In the United States, improved housing starts and continued strength in the Repair and Renovation market have supported higher consumption of wood products and improved pricing. In China, lumber inventories are in balance which is supporting pricing; and, while the Japanese market remains competitive, we see opportunity over the medium term to capture a greater share of North American imports into that market.

Commodity lumber markets performed as expected in the second quarter of 2016 as Benchmark 2x4 KD Western SPF prices closed the quarter 5% higher than in the same period last year and 15% higher than at December 31, 2015. We expect third quarter demand to continue to improve which should support increased commodity lumber consumption and pricing.

Our Western Red Cedar and Niche lumber products continue to benefit from the strength in the repair and renovation market. We expect the pricing environment to remain positive through the third quarter of 2016 as seasonal demand supports consumption.

We anticipate export and domestic sawlog markets to continue to perform well in the third quarter of 2016. Strong demand for specialty lumber products will support the domestic sawlog market through the third quarter. In Asian log markets, we believe balanced market conditions will lead to improved export log shipments and pricing over the second half of 2016 despite the usual seasonal slowdown. Pulp log prices are expected to remain depressed due to a combination of high log 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 United States, continues through October 11, 2016. Discussions regarding a replacement of the Softwood Lumber Agreement continue between Canadian and American government representatives. We are supportive of these efforts, but uncertainty remains regarding a solution. If there is no new agreement prior to the expiry of the standstill, there could be US government trade action against Canadian softwood lumber imports. We intend to maintain our strong balance sheet and diversified product and geographic mix as we await the outcome of the trade discussion.

Strategic Capital Program Update

We continue to implement a strategic capital program that 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 second quarter of 2016, we have implemented and capitalized $86.5 million under that program. Strategic capital invested in the second quarter of 2016 was $5.6 million.

In the second quarter of 2016, we advanced the Duke Point sawmill and planer modernization project, timberlands LiDAR mapping initiative, and information technology upgrades. These projects will continue through the end of 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 June 30, 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, with sales worldwide.

TELECONFERENCE CALL NOTIFICATION:

Thursday, August 4, 2016 at 9:00 a.m. PST / 12:00:00 p.m. EST

On Thursday, August 4, 2016, Western Forest Products Inc. will host a teleconference call at 9:00 a.m. PST (12:00 p.m. EST). To participate in the teleconference please dial 416-340-2218 or 1-866-223-7781. This call will be taped, available one hour after the teleconference, and on replay until August 15, 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: 3709782).

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