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FOR IMMEDIATE RELEASE **TSX: WEF**

Western Announces Second Quarter 2017 Results

August 2, 2017 – Vancouver, British Columbia – Western Forest Products Inc. (TSX: WEF) ("Western" or the "Company") reported adjusted EBITDA of $47.1 million in the second quarter of 2017, compared to adjusted EBITDA of $43.0 million in the second quarter of 2016, and $34.0 million reported in the first quarter of 2017. Western leveraged its flexible operating platform to mitigate US softwood lumber duties, overcome log supply challenges and capitalize on improved market pricing.

Net income of $25.6 million ($0.06 per diluted share) was reported for the second quarter of 2017, as compared to $23.8 million ($0.06 per diluted share) for the second quarter of 2016 and $16.2 million ($0.04 per diluted share) in the previous quarter. Adjusted EBITDA and net income were reduced by $9.2 million of export duties expensed in the second quarter of 2017.

Q2 2017 HIGHLIGHTS

- Delivered Company record second quarter adjusted EBITDA of $47.1 million
- Achieved Company record quarterly average realized lumber price of $1,069 per thousand board feet
- Consolidated secondary processing at the modernized Duke Point planer facility
- Returned $7.9 million to shareholders via the Company's quarterly dividend program
- Increased cash balance to $51.1 million and grew liquidity to $285.1 million

The Company delivered revenue of $287.4 million in the second quarter of 2017, as compared to $301.8 million in the second quarter of 2016, and $287.7 million in the first quarter of 2017. Record second quarter average realized lumber pricing offset reduced log and lumber shipments which were constrained due to reduced coastal harvest and a low opening log inventory.

"We successfully targeted sales to mitigate US lumber duties and capitalize on global softwood lumber market opportunities. I'm encouraged by our positioning and the positive supply-demand market dynamics leading into the second half of the year," said Don Demens, President and Chief Executive Officer. "We are focused on managing log supply challenges, and realizing incremental cost reductions from margin improvement initiatives and the consolidation and optimization of our operating platform."

Western announced earlier today that it has received approval to purchase and cancel up to 19,778,383 common shares through a Normal Course Issuer Bid, beginning on or after August 8, 2017. The Company will purchase shares based on market conditions and share price to enhance value for Western's shareholders.

FINANCIAL SUMMARY

(millions of dollars except per share amount and where otherwise noted)	Three months ended June 30, 2017	Three months ended June 30, 2016	As at and for the six months ended June 30, 2017	As at and for the six months ended June 30, 2016
Revenue	$ 287.4	$ 301.8	$ 575.1	$ 571.6
Adjusted EBITDA	47.1	43.0	81.1	78.7
Adjusted EBITDA margin	16.4%	14.2%	14.1%	13.8%
Operating income prior to restructuring items and other income	37.7	33.7	61.6	60.0
Net income for the period	25.6	23.8	41.8	41.1
Basic and diluted earnings per share (in dollars)	$ 0.06	$ 0.06	$ 0.10	$ 0.10
Net Debt at June 30,			-	64.1
Liquidity at June 30,			285.1	169.3

Second Quarter 2017

We generated $47.1 million of adjusted EBITDA in the second quarter of 2017, a 10% increase from the same quarter of 2016, as we successfully levered our flexible operating platform to mitigate US softwood lumber duties by redirecting lumber production and sales to non-US markets. This strategy enabled Western to capitalize on improved lumber pricing and overcome log supply challenges.

Second quarter operating income prior to restructuring items and other income was $37.7 million compared to $33.7 million in the same period last year. Operating income and adjusted EBITDA were reduced by $9.2 million of export duties expensed in the second quarter of 2017.

Lumber revenue was $212.8 million, a decrease of 4% from the second quarter of 2016. Improved lumber price realizations largely offset a 15% decline in sales volumes. Average realized lumber pricing was $1,069 per thousand board feet, an increase of 13% from the same period in 2016, despite a higher proportion of commodity lumber sales. We directed lumber shipments to a strong China market, and focused our sales in the US market on targeted products where pricing largely offset softwood lumber duties.

Second quarter log revenue was $57.2 million in 2017, a decrease of $7.0 million from the same period in 2016. Improved log pricing offset a 16% decrease in log sales volumes. Lower log shipment volumes were due to reduced harvest volumes, combined with a lower opening log inventory and prioritizing internal log consumption.

By-product revenue was $17.4 million in the second quarter of 2017, as compared to $16.6 million in the same period in 2016. A 16% increase in chip price realizations more than offset reduced sales volumes, resulting from reduced lumber production.

Revenues were positively affected by a weaker Canadian dollar (“CAD”), which was 4% lower on average against the United States dollar (“USD”) as compared to the same quarter of 2016.

Lumber production was 207 million board feet, 11% lower than the second quarter of 2016 as limited coastal log supply impacted lumber production. We more than offset the margin impact of lower total lumber production by further consolidating our operating platform, increasing commodity production and reducing secondary processing. Since the second quarter of 2016, we have closed both the South Island Remanufacturing operation and Saltair planer, consolidating our secondary processing at the modernized Duke Point planer. We have also continued to internalize custom cut production at our modernized Duke Point sawmill. In February 2017, we temporarily curtailed production at the Somass sawmill, our highest cost manufacturing facility, and we have recently announced the indefinite curtailment of that operation.

Timberlands log production was 1,091,000 cubic metres, 17% lower than in the same period last year. Our log harvest was impacted by prolonged snow pack that limited access to higher elevation harvest areas, and the aforementioned train accident. Log harvest costs per cubic metre were comparable to the second quarter of 2016, as reduced helicopter logging and lower silviculture expense offset the impacts of lower production on fixed costs per unit. Log supply was supplemented by saw log purchases of 249,000 cubic metres, a decrease from 497,000 cubic metres in the same quarter last year as reduced coastal supply limited market log availability.

Freight expense increased by $2.8 million as compared to the second quarter of 2016, as we leveraged our flexible operating platform to drive higher lumber shipments to a strong China market. This strategy partly mitigated the impact of export duties on our margins. A weaker CAD period-over-period negatively impacted our shipping rates.

Second quarter selling and administration expense increased to $8.4 million in 2017, from $7.6 million in the same period of 2016. A significant increase in the Company's common share price resulted in an incremental $0.7 million mark-to-market adjustment on outstanding share units. The Company's common share price appreciated by 8%, as compared to depreciating by 12% in the second quarter last year.

Net income for the second quarter of 2017 was $25.6 million, as compared to $23.8 million for the same period of 2016. Improved operating income and lower finance costs were partially offset by increased tax expense.

Year to Date, June 30, 2017

Adjusted EBITDA for the first six months of 2017 was $81.1 million, an improvement of 3% from the same period in 2016. Rising log and lumber pricing and stable production costs per unit period-over-period more than offset lower sales volumes and the imposition of export duties in 2017.

Lumber revenue grew by 3% to $438.4 million in the first half of 2017, while shipments declined by 7%. By maintaining our specialty product mix and selling targeted products to selected customers, we more than overcame the challenge of reduced log inventories.

First half log revenue decreased by 7% in 2017 to $102.7 million as reduced harvest volume and lower opening log inventory limited log availability. Sales volumes have also decreased as we have prioritized internal log consumption over external sales. A decline in log sales volumes of 17% was partly offset by significantly higher saw log pricing. Pulp log prices remained flat period-over-period.

Lumber production in the first half of 2017 was 421 million board feet, down from 453 million board feet in 2016, as constrained log supply limited production. Manufacturing costs have decreased due to lower secondary processing volumes and the continued consolidation and modernization of our operations.

Coastal log production was significantly impacted by prolonged winter conditions in the first half of 2017, which limited our timberlands harvest and market log availability. We also experienced a temporary production capacity reduction from the aforementioned train accident. Timberlands log production was 1,999,000 cubic metres, a decrease of 15% from the first half of 2016, while overall coastal log production fell by 14% as reported by the Province of BC's Harvest Billing System. A stumpage rate increase which became effective March 1, 2016, contributed to a 3% increase in log production costs period over period.

Selling and administration expenses in the first six months of 2017 increased to $16.8 million from $14.4 million in the same period of 2016. Appreciation of the Company's common share price as well as a greater outstanding share unit balance resulted in a relative increase of $1.5 million in share-based compensation expenses, including mark-to-market adjustment, over those periods. Also reflected in 2017 are increased legal and related expenses arising from the US softwood lumber trade dispute.

Finance Costs

Second quarter finance costs were $0.7 million in 2017, a decrease from $1.1 million in the same quarter of 2016. All drawings on the Company's debt facilities were fully repaid in the first quarter of 2017, resulting in lower interest expense.

Other Income (Expense)

Included in other income of $0.5 million in the first quarter of 2017 was a $1.8 million gain on sale of non-core property in Sarita, BC to the Huu-ay-aht First Nation.

We incurred, and have recognized through other expense, $1.2 million in non-operating expenses, including compassionate pay, security, and other costs, related to the aforementioned train accident.

In June 2017, we closed the planer facility at our Saltair sawmill and recognized $0.2 million in related impairment through other expense. The success of the Duke Point planer modernization has enabled Western to meet its secondary lumber processing requirements without the Saltair planer. All Saltair planer employees affected by this closure have been offered roles as part of increased shifting at the Saltair sawmill.

Other Restructuring Items

On July 27, 2017, the Company announced the indefinite curtailment of its Somass sawmill, located in Port Alberni, BC. The Somass sawmill was temporarily curtailed in February 2017, prior to which it was operating on a single shift basis.

Included in operating restructuring items for the quarter ended June 30, 2017, are Somass curtailment related impairments of $2.0 million to property, plant and equipment and $0.5 million to supplies inventory.

We intend to offer voluntary severance to certain salaried and all hourly employees of the Somass sawmill. The total severance liability is estimated to be $8.0 million, and we will recognize a severance provision in operating restructuring items in the third quarter of 2017.

We are leveraging recently completed and activated strategic capital investments to consolidate our coastal manufacturing platform. We expect to deliver further cost reductions through consolidation.

Income Taxes

During the second quarter of 2017, current income tax recovery of $0.1 million and deferred income tax expense of $8.3 million were recognized in net income, primarily relating to operating earnings.

Strategy and Outlook

Western's long-term business objective is to create superior value for shareholders by building a margin-focused log and lumber business of scale to compete successfully in global softwood markets. We believe this will be achieved by maximizing the sustainable utilization of our forest tenures, operating safe, efficient, low-cost manufacturing facilities and producing high-value softwood lumber and logs for global markets. We seek to manage our business with a focus on operating cash flow and maximizing the value of our fibre resource through the production cycle, from the planning of our logging operations to the production, marketing and sale of our log and lumber products.

Market Outlook

We remain encouraged by the ongoing recovery in US lumber consumption, driven by improved US new home construction and growth in the repair and renovation markets. Over the mid- to long-term, we expect that growing demand from both the United States and China, combined with reduced supply from the BC Interior as a result of Mountain Pine Beetle, will deliver an improved pricing environment for our products. In the near-term we expect continued price volatility in the US, as rumours of a softwood lumber agreement and the upcoming countervailing duty gap period combine to increase market uncertainty.

The introduction of countervailing and anti-dumping duties in the US was expected to deliver reduced prices for commodity lumber in China; however, strong demand for softwood lumber in China and reduced supply from the BC Interior have delivered the strongest pricing for our products in that market in three years. Global demand trends should support firm commodity lumber prices for the balance of the year, despite the usual seasonal slowdown in China in the third quarter. Price realizations are likely to be impacted by the recent strength in the Canadian dollar.

Demand for our Western Red Cedar ("WRC") products remains strong despite the uncertainty caused by the US softwood lumber trade dispute. Limited WRC log supply and low inventory in the distribution channel will continue to support WRC prices. We expect WRC lumber supply to remain tight through the remainder of the year. Price realizations are likely to be positively impacted by the countervailing duty gap period and that may be partly mitigated by the recent strength in the Canadian dollar.

Demand for our Niche products remains strong however Niche product shipments may be lower in the second half of 2017 as we divert production capacity to capitalize on other market opportunities.

Improved housing starts has supported lumber demand in Japan and should maintain stable pricing through the remainder of the year.

Export and domestic saw log market demand remains strong which will support pricing through the second half of 2017. We anticipate modest improvements in the pulp log market as pulp log inventories remain low.

Update on Softwood Lumber Dispute

On November 25, 2016, a petition was filed by a coalition of US lumber producers to the US Department of Commerce ("DoC") and the US International Trade Commission ("ITC") requesting an investigation into alleged subsidies provided to Canadian lumber producers. On January 6, 2017, the ITC announced a preliminary determination that there is reasonable indication the US industry is materially injured by imports of softwood lumber products from Canada. The Canadian forest products industry and Canadian Federal and Provincial governments strongly deny these assertions which have previously been disproven in international courts.

On April 24, 2017, the DoC announced a preliminary countervailing duty of 19.88% for "all other" Canadian lumber producers including Western, effective April 28, 2017, and on June 26, 2017, the DoC announced a preliminary "all other" anti-dumping duty rate of 6.87% effective June 30, 2017. Western's results for the second quarter of 2017 include countervailing duty expense of $9.1 million and anti-dumping duty expense of $0.1 million.

The DoC also made preliminary determinations on critical circumstances in April that resulted in 90-day retroactive application of countervailing duty from January 28 to April 27, 2017, and anti-dumping duty from April 1 to June 29, 2017. Western's 90-day retroactive duty obligation is USD $8.8 million of countervailing duty and USD $2.9 million of anti-dumping duty. As we expect the preliminary critical circumstance determination to be reversed, consistent with the results of past softwood lumber disputes, we will recognize the retroactive duties as a deposit only upon payment.

The preliminary countervailing and anti-dumping duties are applicable until August 25, 2017 and December 26, 2017, respectively, after which duties are suspended pending final determinations by the DoC and the ITC. We expect revised duty rates to be applied following final determinations in the second half of 2017.

The final duty determinations may differ from the preliminary determinations and, as such, may change our duty obligations. Adjustments to our duty obligations resulting from changes in applicable rates or the critical circumstances determination will be made prospectively.

We intend to maintain our strong balance sheet and diversified product and geographic sales mix as we await the outcome of the trade discussions.

Strategic Capital Program Update

We are implementing 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 for global markets.

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 also allocate capital to strategic, high-return projects involving our information systems, timberlands assets, and forest inventories.

In the second quarter of 2017, we continued strategic investments at our Chemainus sawmill and Duke Point planer. The Chemainus sawmill timber deck expansion and Duke Point planer modernization are scheduled for completion in 2017. The success of recent strategic capital investments enabled us to continue to consolidate and rationalize our operating platform in the second quarter of 2017.

We have announced plans for $101.9 million of our $125 million strategic capital program. Through the second quarter of 2017, we have implemented and capitalized $91.8 million under that program. Uncertainty arising from the softwood lumber trade dispute has caused us to defer the commencement of additional potentially significant capital projects plans, however a number of high-return, low-cost strategic capital projects are in the late stages of planning or ready for implementation.

Non-Core Assets Update

On May 17, 2017, we completed the sale of three properties, including Western's dry land sort, located in Sarita Bay, BC to the Huu-ay-aht First Nation for a gross purchase price of $3.0 million. The transaction also involved a 99-year 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. A gain on disposition of $1.8 million was recognized in other income in the second quarter of 2017.

The sale of our former South Island Remanufacturing operation is expected to close on August 19, 2017. Net of closing costs, proceeds are estimated to be $3.0 million and we expect to recognize a gain on disposition in the third quarter of 2017.

We continue to pursue the marketing and disposition of certain non-core assets.

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 2016 Annual Report dated February 16, 2017. 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, 2017, 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 6.1 million cubic metres of timber, of which approximately 5.9 million cubic metres is from Crown lands. Western has a lumber capacity in excess of 1.1 billion board feet from seven sawmills and one remanufacturing plant. 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 3, 2017 at 9:00 a.m. PST/12:00 p.m. EST

On Thursday, August 3, 2017, 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 416-340-2217 or 1-800-806-5484 (passcode: 2730499#). This call will be taped, available one hour after the teleconference, and on replay until August 14, 2017 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: 5874180#).

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