



WESTERN FOREST PRODUCTS INC.

Suite 510-700 West Georgia Street
T D Tower, PO Box 10032
Vancouver, British Columbia
Canada V7Y 1A1
Telephone: 604 665 6200

FOR IMMEDIATE RELEASE

TSX: WEF

**Western Forest Products Announces
\$100 million Substantial Issuer Bid and Initiates Regular Dividend**

July 2, 2013 – Vancouver, British Columbia. Western Forest Products Inc. (TSX: WEF) (“Western” or the “Company”) announced today a substantial issuer bid (the “Bid”) to repurchase up to \$100 million of its outstanding voting common and non-voting shares (“Shares”), and the commencement of a regular quarterly dividend of initially \$0.02 per Share.

“Western’s operating and financial performance has continued to improve as our business strategies have driven strong results. Since January, 2011, Western has generated significant cash flow from operations and proceeds from non-core asset sales. The Company has invested in growth and productivity initiatives and repaid all of its outstanding debt. Our end markets continue to strengthen and our team continues to execute our operating plan, leading to the Company’s strong financial footing and enabling this return of capital to our shareholders,” said Don Demens, President and Chief Executive Officer.

The Bid will be an all-cash offer made by way of a modified “Dutch Auction” and the range of Bid prices will be from \$1.30 to \$1.50 per Share. The maximum purchase price under the Bid represents a premium of approximately 15% over the daily volume weighted average trading price of the Company’s common shares on the TSX for the 30 trading days preceding the date of this announcement.

Details of the Bid, including instructions for tendering Shares, will be included in the formal offer to purchase and issuer bid circular and other related documents (collectively, the “Offer Documents”) to be filed with the applicable securities regulators and made available shortly on SEDAR at www.sedar.com. The Bid will not be conditional on any minimum number of Shares being tendered to the Bid. The Offer Documents will be mailed to shareholders and the Bid will remain open for acceptance until Monday, August 12, 2013, unless withdrawn or extended by the Company. The Company will fund purchases of Shares pursuant to the Bid from a draw on the Company’s revolving term loan with GE Capital, Canada.

Western expects the regular quarterly dividend to commence in the Company’s third fiscal quarter and to be funded from operating cash flow.

In conjunction with these distributions, Western completed certain amendments of its revolving term loan and credit facility, which had total combined availability of \$197 million as of March 31, 2013. Adjusting for the Bid, the Company’s net debt at March 31, 2013 would have been \$95 million, or 1.3x trailing twelve month EBITDA as of March 31, 2013. In addition, the revolving term loan has been extended to 2017. The Company anticipates repaying the debt from operating cash flow and the sale of non-core assets.

"These distributions demonstrate our commitment to providing strong shareholder returns, as well as our confidence in the outlook for our business. Western continues to have a strong balance sheet with ample liquidity to fund our operations going forward. We appreciate the confidence and support of our principal lender, GE Capital, Canada, as we continue to execute our long term strategies to position Western for the future," said Mr. Demens.

The Offer Documents will be available on the Company's website no later than July 5, 2013.

Western Forest Products

Western is an integrated Canadian forest products company and the largest coastal British Columbia woodland operator and lumber producer with an annual available harvest of approximately 6.4 million cubic metres of timber, of which approximately 6.2 million cubic metres is from Crown lands and lumber capacity in excess of 1.1 billion board feet from eight 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 over 25 countries worldwide.

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, misjudgments 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 2012 Annual Report dated February 21, 2013. 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.

Contacts:

For further information, please contact:

**Brian Cairo (250) 734-4710
CFO and Corporate Secretary**