



huu ay aht

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Western Forest Products Inc.  
DEFINING A HIGHER STANDARD™

**FOR IMMEDIATE RELEASE**

## **Western Forest Products Inc. Announces Sale of Ownership Interest in Port Alberni Forest Operation to Huu-ay-aht First Nations**

**December 14, 2018 – Port Alberni, British Columbia** – Huu-ay-aht First Nations (“Huu-ay-aht”) and Western Forest Products Inc. (TSX: WEF) (“Western”) have reached an agreement whereby Huu-ay-aht will acquire a 7% interest from Western in a newly formed Limited Partnership for \$7.2 million, subject to closing adjustments (the “Transaction”).

The assets of the Limited Partnership will consist of certain Western assets in its Port Alberni Forest Operation, including TFL 44 and other associated assets and liabilities. The completion of the Transaction is subject to satisfaction of customary closing conditions, approval by the B.C. Provincial Government and Huu-ay-aht People’s Assembly, and is expected to close in the first quarter of 2019. As part of the agreement announced today, Western may sell Huu-ay-aht an incremental interest in the Limited Partnership subject to further negotiation.

This announcement is consistent with the goals of the parties’ March 2018 Reconciliation Protocol Agreement. Western will continue to source fibre from the Limited Partnership assets to support its B.C. manufacturing facilities.

“Today’s announcement is a positive step towards increasing First Nations participation in the forest sector, which will benefit the Nation, local communities, Western, and our employees,” said Don Demens, Western’s President and CEO.

“We are excited with today’s announcement and look forward to continuing to explore opportunities with Western, including aligning our interests in manufacturing and potentially involving other First Nations in a shared vision for forestry over the next several years,” said Huu-ay-aht Chief Councillor Robert J. Dennis Sr.

The shared vision of Huu-ay-aht and Western includes a framework for reconciliation and revitalization of the Alberni Valley forest sector. The framework includes opportunities for increased participation of area First Nations through tenure ownership, employment and business opportunities, sustained domestic manufacturing, increased training, effective marketing and value-added product innovation, and strong environmental stewardship.

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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. The announcement of a new Limited Partnership to operate TFL 44 is the latest chapter in the positive relationship that has grown, especially over the last year and a half.

### 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 Bay; the purchase price was \$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 complete 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 that improve economic vibrancy while respecting the three sacred principles of the Huu-ay-aht people: hišuk ma čawak – "everything is one"; ʔuuʔaluk – "taking care of"; and ʔiisaak – "greater 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 and consistent with the Reconciliation Protocol and reaffirmed the parties' desire to work together to bring benefits to the community, the entire Alberni Valley 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.

## About Huu-ay-aht First Nations

Huu-ay-aht First Nations 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. For more information, visit [huuayaht.org](http://huuayaht.org).

## About Western Forest Products

Western is an integrated Canadian forest products company and the largest coastal British Columbia timberlands operator and lumber producer. The Company has an annual available harvest of approximately 6 million cubic metres of timber, of which 5.8 million cubic metres is from Crown lands. Western has a lumber capacity of approximately 1.1 billion board feet from seven sawmills. Principal activities of the Company include timber harvesting, sawmilling logs into specialty lumber, and value added remanufacturing. With operations and employees primarily on the coast of British Columbia and one location in Washington State, Western is a premier supplier of high-value, specialty forest products to markets worldwide.

## Forward-Looking Statements and Information

*This news release contains statements and estimates 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", "expected" 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 Limited Partnership or the framework for reconciliation and revitalization in the Alberni Valley forest sector; the structure, timing or anticipated closing of the Transaction; and the selling of additional incremental interests in the Limited Partnership in the future. Although such statements reflect Western management's current reasonable beliefs, expectations and assumptions as to, amongst other things, the anticipated outcome of the Transaction, 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: an inability to close the Transaction (including, but not limited to, an inability to obtain the consents required to close the Transaction); 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 the factors discussed in Western's annual information form, 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.*