FOR IMMEDIATE RELEASE **TSX: WEF**

Western Announces Second Quarter 2018 Results

August 2, 2018 – Vancouver, British Columbia – Western Forest Products Inc. ("Western" or the "Company") reported adjusted EBITDA of $50.2 million in the second quarter of 2018, compared to adjusted EBITDA of $47.1 million in the second quarter of 2017, and $43.0 million reported in the first quarter of 2018. Operating income prior to restructuring and other income was $39.7 million in the second quarter of 2018, compared to $37.7 million in second quarter of 2017, and $32.6 million reported in the first quarter of 2018. Increased lumber shipments and lower manufacturing costs in the second quarter of 2018 more than offset the impacts of $11.7 million of US export lumber duty expense and significantly higher stumpage costs.

Second Quarter Highlights

- Delivered improved second quarter adjusted EBITDA of $50.2 million
- Increased lumber shipments 21% over Q2 2017 and 9% from Q1 2018
- Commenced lumber distribution from the newly acquired Arlington, Washington facility
- Returned $8.9 million to shareholders via the Company's recently increased quarterly dividend
- Completed $4.1 million of share repurchases, cancelling 1.6 million common shares

Financial Results Summary

(millions of dollars except per share amounts and where otherwise noted)	Q2 2018	Q2 2017	Q1 2018	YTD 2018	YTD 2017
Total revenue	$ 327.8	$ 287.4	$ 291.6	$ 619.4	$ 575.1
Export tax	$ 11.7	$ 9.2	$ 9.7	$ 21.4	$ 9.2
Adjusted EBITDA	$ 50.2	$ 47.1	$ 43.0	$ 93.2	$ 81.1
Adjusted EBITDA margin	15.3%	16.4%	14.7%	15.0%	14.1%
Operating income prior to restructuring items and other income	$ 39.7	$ 37.7	$ 32.6	$ 72.3	$ 61.6
Net income for the period	27.1	25.6	21.7	48.8	41.8
Basic and diluted earnings per share (in dollars)	$ 0.07	$ 0.06	$ 0.05	$ 0.12	$ 0.10
Net debt (cash) - end of period	$ (42.1)	$ (51.1)	$ (46.9)		
Total liquidity - end of period	276.1	285.1	280.9		

"We capitalized on strong markets by increasing production and sales to deliver improved operating results," said Don Demens, President and Chief Executive Officer. "Our well positioned log inventory will support higher lumber production and sales volumes as we move into the seasonally challenging third quarter."

The Company generated revenue of $327.8 million in the second quarter of 2018, as compared to $287.4 million in the second quarter of 2017, and $291.6 million in the first quarter of 2018. The Company increased second quarter revenue despite a significant reduction in export log shipments in favour of supplying logs to its coastal sawmills.

Net income of $27.1 million ($0.07 per diluted share) was reported for the second quarter of 2018, as compared to $25.6 million ($0.06 per diluted share) for the second quarter of 2017 and $21.7 million ($0.05 per diluted share) in the first quarter of 2018.

Second Quarter 2018

Adjusted EBITDA for the second quarter of 2018 was $50.2 million, a 7% increase from the same period of last year. Higher lumber production and improved market pricing helped to offset the impacts of US lumber export duties, rising stumpage costs, and a stronger Canadian dollar. Operating income prior to restructuring items and other income increased to $39.7 million from $37.7 million in the same period last year.

Sales

Lumber revenue was $255.6 million, compared to $212.8 million in the second quarter of 2017, as sales volumes increased by 21%. Average lumber price realizations were similar to the second quarter of last year as improved market pricing offset a weaker sales mix and a stronger Canadian dollar ("CAD"). Commodity lumber volumes increased to 54% of our lumber shipments, from 46% in the same period last year. Furthermore, Western Red Cedar ("WRC") lumber shipments declined from 30% in the second quarter last year to 23% due to reduced availability of WRC logs on the open market. The CAD was 4% higher on average against the United States dollar ("USD").

Second quarter log revenue was $49.0 million in 2018, a decrease of $8.2 million from the same period last year. An 8% increase in log shipments was more than offset by the impacts of a weaker domestic log sales mix and the suspension of our export log sales program as we redirected logs to our mills. Our export log shipments in the period originated from a short-term First Nation timber purchase agreement managed by Western.

By-products revenue increased to $23.2 million in the second quarter of 2018, from $17.4 million in the same period in 2017. Improved pulp markets drove a 34% increase in chip sales price realizations over the same period last year.

Operations

Lumber production was 234 million board feet, a 15% increase over the second quarter of 2017 and 12% higher than the first quarter of 2018. Higher opening log inventory, increased sawmill operating hours and a heavier mix of commodity lumber production drove lower manufacturing costs quarter-over-quarter.

Second quarter log production was 1,348,000 cubic metres, 24% higher than the same period last year, as we capitalized on improved operating conditions. In contrast, coastal British Columbia ("BC") harvest increased 10% as reported by the Province of BC's Harvest Billing System. We increased closing log inventory by 60% year-over-year, bringing our inventory volume in line with more normalized mid-year levels.

Harvest costs increased by 10% from the second quarter of 2017. The impact of escalating stumpage rates was partly offset by timberlands margin improvement initiatives. Coastal stumpage inflation reflects recent rate equation changes and rising coastal log pricing, which has been influenced by improved lumber pricing and high coastal log export volumes.

Saw log purchases were 305,000 cubic metres, a 23% increase from the same quarter last year. Purchased log costs have increased due to higher market demand.

Freight expense decreased by $3.3 million as compared to the second quarter of 2017. Reduced export log sales and increased North American market shipments limited the impact of higher overall lumber volumes.

Our results for the second quarter of 2018 include $11.7 million of countervailing duty ("CVD") and anti-dumping duty ("AD"), compared to $9.2 million in the same quarter of 2017.

Selling and Administration Expense

Second quarter selling and administration expense was $9.3 million in 2018 as compared to $8.4 million in the same period last year. Incremental expense was primarily related to foundational system and process improvements in support of our growth strategy.

Net Income

Net income for the second quarter of 2018 was $27.1 million, as compared to $25.6 million for the same period of 2017. Increased revenue and lower operating restructuring items drove an increased net income that was partly offset by higher export lumber duties and income tax expense.

Summary of Year to Date 2018 Results

Adjusted EBITDA for the first six months of 2018 was $93.2 million, a 15% improvement from the same period in 2017. Operating income prior to restructuring items and other income increased to $72.3 million from $61.6 million in the same period last year.

Sales

Lumber revenue increased to $483.8 million, compared to $438.4 million in the first half of 2017 due to higher sales volumes and improved price realizations. Average lumber price realizations were 3% higher period-over-period despite proportionately higher commodity sales and the impact of a 4% stronger average CAD against the USD. Commodity lumber increased to 52% of total lumber shipments in the first half of 2018, from 44% in the same period last year. Conversely, WRC lumber shipments declined from 29% to 24% over those same periods.

Log revenue was $90.2 million in the first half of 2018, a decrease of $12.5 million from the same period of 2017. Log shipments increased by 4% over the same period last year, partly offsetting the impacts of a weaker domestic log sales mix and the suspension of our export log sales program in 2018 to supply our coastal sawmills.

By-products revenue increased to $45.4 million in the first six months of 2018, from $34.0 million in the same period in 2017. Lower shipments were offset by a significant increase in chip price realizations, resulting from improved pulp markets.

Operations

Western's results for the first six months of 2018 include $21.4 million of export duty expense, comprised of CVD and AD, compared to $9.2 million in 2017, when duties were not applied until the second quarter.

Lumber production was 443 million board feet, an 8% increase over the same period of 2017. In addition, we provided 14 million board feet equivalent of custom cut manufacturing services in the first quarter of 2018. Increased sawmill operating hours, a heavier mix of commodity lumber and an improved log inventory position which supported more efficient manufacturing drove lower operating costs year-over-year, partly offset by increased secondary processing volumes.

Log production for the first half of 2018 was 2,377,000 cubic metres, 19% higher than the same period last year, due to improved operating conditions. Escalating stumpage rates and increased production from higher cost operations drove an 8% increase in harvest costs. We partially offset the impact of rising stumpage through our simplified log sort and log flow optimization initiatives, which have led to faster delivery of logs from timberlands to our mills and external customers, reducing operating costs.

We supplemented our internal log supply with saw log purchases of 562,000 cubic metres, a 16% increase from the same period last year. Despite improved coastal harvest and log availability, strong demand and higher coastal export volumes have put significant upward pressure on pricing for purchased logs.

Freight expense decreased by $9.1 million as compared to the first six months of 2017, due primarily to reduced export log shipments.

Selling and Administration Expense

Selling and administration expense for the first half of 2018 was $17.9 million as compared to $16.8 million in the same period last year. Incremental expense was primarily related to foundational system and process improvements in support of our growth strategy.

Net Income

Net income for the first half of 2018 was $48.8 million, as compared to $41.8 million for the same period of 2017. Increased revenue and lower operating restructuring items drove an increased net income that was partly offset by higher export lumber duties and income tax expense.

Operating Restructuring Items

We incurred $1.3 million of operating restructuring items in the second quarter of 2018, with $0.6 million relating to the indefinite curtailment of our Somass sawmill and $0.3 million arising from our Englewood operation. We recognized $3.7 million in operating restructuring items in the second quarter of 2017, including Somass curtailment related impairments of $2.5 million.

Our Somass sawmill remains indefinitely curtailed as a result of rising costs associated with the US Softwood Lumber dispute and a fibre supply deficit arising from years of tenure takebacks and land use decisions. We are evaluating options to create a sustainable, long-term solution for the site, and we are considering the input of government, First Nations and other stakeholders.

Income Taxes

We have utilized our remaining non-capital loss carryforwards during the second quarter of 2018, which will result in cash taxes payable related to the tax year ending December 31, 2018. Accordingly, current and deferred income tax expense of $8.0 million and $2.6 million, respectively, were recognized in net income in the second quarter of 2018. Total income tax expense increased by $2.4 million from the same quarter of 2017 driven by higher operating earnings.

In May 2018, the Company received correspondence from the Canada Revenue Agency (“CRA”) regarding certain restructuring transactions, occurring in 2004 and 2007 to 2011, and the general anti-avoidance rule. Management believes the CRA’s position is without merit. Management is prepared to defend its position if a notice of reassessment is issued, and as such, the Company has not recognized any income tax provision at June 30, 2018 relating to this matter.

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 and selling high-value specialty products 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, sale and delivery of our log and lumber products. We routinely evaluate our performance using the measure Return on Capital Employed.

Market Outlook

Lumber demand remains strong across all our major markets. In North America rising lumber consumption is being driven by increased new home construction and a robust repair and renovation sector. Strong economic growth in China and a government commitment to housing is supporting increased demand for lumber, while in Japan demand for our products remains steady. Higher levels of worldwide lumber consumption has driven higher pricing. As we enter the second half of 2018 pricing in North America could become more volatile due to increased global trade uncertainty and the reduction of inventory that was built up by first half logistics challenges. In Asia we anticipate seasonal pricing weakness in China while pricing in Japan should remain steady.

North American demand for our WRC products remains strong driven by record repair and renovation spending. Recently pricing has become uneven as higher prices, partially the result of the imposition of US duties on Canadian WRC shipments have led to increased competition from non-traditional substitutes. Demand and pricing for our Niche products is expected to remain firm.

Higher second quarter log harvest on the coast of BC increased saw log supply to the domestic log market. Barring any significant seasonal supply impacts, current inventories should support demand and moderate domestic saw log pricing over the remainder of 2018. In contrast we expect to see slightly higher pricing for pulp logs as we move through the year as coastal pulp mills look to increase their log inventories ahead of the winter.

Softwood Lumber Dispute and US Market Update

During the second quarter of 2018, we expensed $8.2 million of CVD and $3.5 million of AD for a total of $11.7 million, as compared to $9.2 million in the second quarter of 2017. As at June 30, 2018, the balance of CVD and AD deposits was $39.6 million.

On January 3, 2018, US Department of Commerce ("DoC") published amended final determinations, resulting in reduced, final CVD and AD rates of 14.19% and 6.04% respectively for "all other" Canadian lumber producers including Western.

In May 2018, we filed a North American Free Trade Agreement ("NAFTA") challenge to contest the US International Trade Commission's ("ITC") finding that goods manufactured from Cedar (including WRC, Yellow Cedar and Redwood species) were not a separate product group from lumber manufactured from other softwood species.

We are seeking ITC recognition that appearance-grade Cedar lumber products and structural commodity lumber differ in end-use application. A successful challenge outcome could result in "separate like product" classification and separate duty rates for Cedar products, which would position Cedar for exclusion from future softwood lumber disputes and determinations.

Rebuttal briefs from the US Lumber Coalition and US International Trade Commission are anticipated in the fourth quarter of 2018. US-bound WRC products account for approximately 85% of our total duty expense since April 2017.

The US application of duties continues a long-standing pattern of US protectionist action against Canadian lumber producers. We disagree with the US trade determination and the inclusion of specialty lumber products in this commodity lumber focused dispute.

Our shipments to the US market are predominantly high-value, appearance grade lumber, representing less than 25% of Western's total revenue in 2017. Continued strong demand and a lack of supply has supported ongoing improvements in our specialty lumber product pricing, partly offsetting the impact of duties.

Our recent acquisition of a distribution and processing centre in Arlington, Washington is expected to assist in mitigating the damaging effects of duties on our products destined for the US market while increasing US market sales. We intend to preserve our strong balance sheet and leverage our flexible operating platform to continue to overcome any challenges that arise from this trade dispute.

Strategic Capital Program Update

We continue to implement a strategic capital program that is designed to position Western as the only company 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 technology that will deliver top quartile performance and improve our ability to manufacture targeted 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 2018, we completed the start-up of the timber deck upgrade project at our Chemainus sawmill. Our timber deck investments have resulted in incremental production of high-value, appearance-grade timbers.

In the second half of 2018, we expect to complete the latest phase of the Duke Point planer rebuild and auto-grading addition. In addition, we expect to complete approximately $12.0 million in small, high-return capital projects focused on debottlenecking our manufacturing operations.

Arlington Operation Update

In the second quarter of 2018, we implemented $2.2 million in infrastructure improvements at Arlington and began lumber distribution operations. In the third quarter of 2018, we plan to complete the infrastructure upgrades and begin equipment installation. We expect to launch secondary processing operations on schedule late in the fourth quarter of 2018.

The 18 acre Arlington operation has 170,000 square feet of covered storage with rail access and is ideally situated in close proximity to our major US sales markets.

Forward Looking Statements and Information

This press release contains statements 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 "estimate", "project", "expect", "anticipate", "plan", "intend", "believe", "seek", "should", "may", "likely", "pursue" and similar references to future periods. Forward-looking statements in this press release include, but are not limited to, statements relating to: our current intent, belief or expectations with respect to market and general economic conditions, future costs, future expenditures, available harvest levels and our future operating performance, objectives, capital expenditures and strategies. Although such statements reflect management's current reasonable beliefs, expectations and assumptions as to, amongst other things, the future supply and demand of forest products, global and regional economic activity, and the consistency of the regulatory framework, there can be no assurance that forward-looking statements are accurate, and actual results or performance may materially vary. Many factors could cause our actual results or performance to be materially different including: general economic conditions, international demand for lumber, competition and selling prices, international trade disputes, changes in foreign currency exchange rates, labour disruptions, natural disasters, relations with First Nations groups, changes in laws, the availability of annual allowable cut, changes in regulations or public policy, changes in opportunities and other factors referenced under the "Risks and Uncertainties" section of our MD&A in our 2017 Annual Report dated February 15, 2018. The foregoing list is not exhaustive, as other factors could adversely affect our actual results and performance. Forward-looking statements are based only on information currently available to us and refer only as of the date hereof. Except as required by law, we undertake no obligation to update forward-looking statements.

Reference is made in this press release 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, 2018, which is available under the Company's profile on SEDAR at www.sedar.com.

Also in this press release 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 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 in excess of 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.

TELECONFERENCE CALL NOTIFICATION:

Friday, August 3, 2018 at 9:00 a.m. PST/12:00 p.m. EST

On Friday, August 3, 2018, 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: 8612275#). This call will be taped, available one hour after the teleconference, and on replay until August 13, 2018 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: 5381166#).

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