

Interfor Corporation

Vancouver, B.C.

February 9, 2017

Interfor Reports Year-end and Q4'16 Results
Record EBITDA¹ of \$200 million in 2016; \$51 million in Q4'16
Strong Free Cash Flow/Debt Reduction of \$163 million in 2016; \$57 million in Q4'16

INTERFOR CORPORATION ("Interfor" or "the Company") (TSX: IFP) recorded net earnings in Q4'16 of \$26.6 million, or \$0.38 per share, compared to \$15.1 million, or \$0.22 per share in Q3'16 and a loss of \$3.5 million, or \$0.05 per share in Q4'15. Adjusted net earnings¹ (which takes into account the effects of share-based compensation expense and non-recurring items) in Q4'16 were \$17.7 million or \$0.25 per share, compared to \$20.7 million, or \$0.30 per share in Q3'16 and \$4.5 million, or \$0.06 per share in Q4'15.

Adjusted EBITDA was \$51.3 million on sales of \$442.3 million in Q4'16 versus \$58.1 million on sales of \$457.6 million in Q3'16.

For the year, net earnings were \$65.6 million, or \$0.94 per share, compared to a loss of \$30.4 million or \$0.44 per share in 2015. Adjusted EBITDA was a record \$199.6 million, eclipsing the previous record set in 2014.

Notable items in the quarter included:

- Strong Cash Flow and Proceeds from Tacoma Sale contributes to \$57.4 million in Net Debt Reduction
 - o Interfor generated \$49.0 million in cash from operations, after considering working capital changes in Q4'16.
 - The sale of the former sawmill property in Tacoma, WA closed in Q4'16 with cash proceeds of US\$31.5 million. The net proceeds are approximately US\$20.4 million after taking account of transaction costs and the US\$10.0 million due to the former owner that was paid in January, 2017.
 - o Capital spending was \$19.8 million in Q4'16.
 - The resulting free cash flow contributed to a reduction in net debt to \$289.6 million, or 26.9% of invested capital. For the year, net debt was reduced by \$162.8 million.
- Mixed Lumber Prices and Lower C\$
 - Key benchmark lumber prices were mixed in Q4'16. The Southern Pine Composite increased US\$11 to US\$393 per mfbm as stronger prices for 2x4 and 2x8 more than offset weaker prices for 2x6, 2x10 and 2x12. At the same time, the Western SPF Composite and KD H-F Stud 2x4 9' benchmarks declined US\$6 to US\$305 per mfbm and US\$18 to US\$318 per mfbm respectively.
 - The C\$ weakened by 2.2% to US\$0.750 quarter-over-quarter thereby offsetting, in part, the drop in SPF and H-F prices.

¹ Refer to Non-GAAP Measures section

- Seasonal Operating Schedules Impact Production and Sales Volumes
 - o In Q4'16, Interfor reduced its operating schedules across several regions in line with normal seasonal practice. Lumber production of 607 million board feet was 21 million board feet lower than the preceding quarter. Sales of Interfor-produced lumber were 598 million board feet in Q4'16 versus 627 million board feet in Q3'16.
 - o In Q4'16, the B.C. and Northwest regions accounted for 209 million board feet (which equated to operating rates of 92% in the B.C. Interior and 47% on the B.C. Coast) and 137 million board feet (which equated to an operating rate of 86%) of production respectively in Q4'16 compared with 238 million board feet and 141 million board feet respectively in Q3'16. Operating rates in the South region were up slightly in Q4'16, with production increasing to 260 million board feet (which equated to an operating rate of 78%) from 248 million board feet in the preceding quarter.
 - In addition, severe winter weather conditions adversely impacted operations in B.C. and the Northwest during late December and continued into January, impacting productivity and conversion costs in those regions.
- Progress on Optimization Initiatives Sets the Foundation to Capture Target EBITDA Gains
 - In early 2016, Interfor launched a Business Optimization Initiative to capture additional margin opportunities across the Company's operating platform, with a particular focus on the South region, where \$35 million in annualized EBITDA gains were targeted by year-end 2017.
 - Good progress was made during Q4'16 with productivity levels across the South region up 9% versus Q1'16 and lumber recovery up more than 5%. Good progress is being made as well on the initiative to improve product mix and grade recovery.
 - The Company believes the target uplift in EBITDA will be realized over the course of 2017, as operating rates in the South region increase to 90% or more, which is expected by Q4'17.

Summary of Quarterly Results(1)

				20	15				
	Unit	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Performance (Unaudited)									
Total sales	\$MM	442.3	457.6	458.8	433.9	411.4	430.8	429.7	415.4
Lumber	\$MM	363.5	374.8	371.1	348.9	325.0	343.3	352.2	340.7
Logs, residual products and other	\$MM	78.8	82.8	87.7	85.0	86.4	87.5	77.5	74.7
Operating earnings (loss)	\$MM	22.3	20.1	30.0	3.5	(6.3)	(11.6)	(25.8)	7.8
Net earnings (loss)	\$MM	26.6	15.1	23.2	0.8	(3.5)	(6.1)	(20.6)	(0.2)
Net earnings (loss) per share, basic and diluted	\$/share	0.38	0.22	0.33	0.01	(0.05)	(0.09)	(0.29)	(0.00)
Adjusted net earnings (loss) ⁽²⁾	\$MM	17.7	20.7	17.5	2.7	4.5	(16.6)	(10.3)	3.5
Adjusted net earnings (loss) per share, basic and diluted (2)	\$/share	0.25	0.30	0.25	0.04	0.06	(0.24)	(0.15)	0.05
Adjusted EBITDA ⁽²⁾	\$MM	51.3	58.1	56.9	33.4	35.8	11.5	12.7	31.8
Shares outstanding - end of period	million	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
Shares outstanding - weighted average	million	70.0	70.0	70.0	70.0	70.0	70.0	70.0	67.8
Operating Performance									
Lumber production	million fbm	607	628	637	618	568	618	672	639
Total lumber sales	million fbm	619	647	658	637	615	686	719	632
Lumber sales - Interfor produced	million fbm	598	627	634	609	586	663	688	607
Lumber sales - wholesale and commission	million fbm	21	20	24	28	29	23	31	25
Lumber - average selling price ⁽³⁾	\$/thousand fbm	588	580	564	548	529	500	490	539
Average USD/CAD exchange rate ⁽⁴⁾	1 USD in CAD	1.3341	1.3050	1.2886	1.3732	1.3354	1.3089	1.2297	1.2412
Closing USD/CAD exchange rate (4)	1 USD in CAD	1.3427	1.3117	1.3009	1.2971	1.3840	1.3394	1.2474	1.2683

Notes:

- (1) Figures in this table may not add due to rounding.
- (2) Refer to the Non-GAAP Measures section of this release for definitions and reconciliations of these measures to figures reported in the Company's consolidated financial statements.
- (3) Gross sales before export taxes.
- (4) Based on Bank of Canada foreign exchange rates.

Liquidity

Balance Sheet

Interfor strengthened its financial position throughout 2016, with strong cash flow generated from operations and proceeds received from the monetization of the Tacoma sawmill property used to repay debt and fund capital projects. Net debt at December 31, 2016 was \$289.6 million, or 26.9% of invested capital, representing a decrease of \$162.8 million from the level of net debt at December 31, 2015.

A strengthening of the Canadian Dollar against the U.S. Dollar by 3.0% contributed \$16.1 million to the net debt reduction in 2016 over 2015 as all debt held was denominated in U.S. Dollars.

	For the 3 mo	nths ended ember 31,		year ended cember 31,	
Thousands of dollars	 2016	2015		2016	2015
Net debt					
Net debt, period opening, CAD	\$ 346,929 \$	461,474	\$	452,303 \$	202,553
Net drawing (repayment) on credit facilities, CAD	(66,178)	(19,207)		(143,882)	182,949
Impact on U.S. Dollar denominated debt from (strengthening) weakening CAD	9,678	14,592		(16,056)	65,391
Decrease (increase) in cash and equivalents, CAD	 (878)	(4,556)		(2,814)	1,410
Net debt, period ending, CAD	\$ 289,551 \$	452,303	\$	289,551 \$	452,303
Net debt components by currency					
U.S. Dollar debt, period opening, USD	\$ 274,709 \$	345,957	\$	338,699 \$	190,000
Net drawing (repayment) on credit facilities, USD	 (44,709)	(7,258)		(108,699)	148,699
U.S. Dollar debt, period ending, USD	230,000	338,699		230,000	338,699
Spot rate, period end				1.3427	1.3840
U.S. Dollar debt expressed in CAD				308,821	468,759
Canadian Dollar debt, including bank indebtedness, CAD				-	-
Canadian Dollar operating line, CAD				-	
Total debt, CAD				308,821	468,759
Cash and cash equivalents, CAD				(19,270)	(16,456)
Net debt, period ending, CAD			\$	289,551 \$	452,303

Capital Resources

The following table summarizes Interfor's credit facilities and availability as of December 31, 2016:

	c	perating	Revolving Term	Senior Secured	(U.S. Operating	
Thousands of Canadian dollars		Line	Line	Notes		Line	Total
Available line of credit	\$	65,000	\$ 200,000	\$ 268,540	\$	67,135	\$ 600,675
Maximum borrowing available	\$	65,000	\$ 200,000	\$ 268,540	\$	65,627	\$ 599,167
Less:							
Drawings		-	40,281	268,540		-	308,821
Outstanding letters of credit included in line utilization		10,026	-	-		3,296	13,322
Unused portion of facility	\$	54,974	\$ 159,719	\$ -	\$	62,331	\$ 277,024
Add cash and cash equivalents							19,270
Available liquidity at Dec. 31, 2016			·	·		·	\$ 296,294

As of December 31, 2016, the Company had commitments for capital expenditures totaling \$7.9 million for both maintenance and discretionary capital projects.

Interfor continues to maintain its disciplined focus on monitoring discretionary capital expenditures, optimizing inventory levels and matching production with offshore and domestic demand.

As at December 31, 2016, the Company had net working capital of \$136.1 million and available liquidity of \$296.3 million, including cash and borrowing capacity on operating and term line facilities. These resources, in addition to cash generated from operations, will be used to support working capital requirements, debt servicing commitments and capital expenditures. We believe that Interfor will have

sufficient liquidity to fund operating and capital requirements for the foreseeable future.

Non-GAAP Measures

This release makes reference to the following non-GAAP measures: Adjusted net earnings (loss), Adjusted net earnings (loss) per share, EBITDA, Adjusted EBITDA, Pre-tax return on total assets and Net debt to invested capital, which are used by the Company and certain investors to evaluate operating performance and financial position. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

The following table provides a reconciliation of these non-GAAP measures to figures as reported in the Company's audited consolidated financial statements prepared (unaudited for interim periods) in accordance with IFRS:

For the 2 menths anded

This plane Thi				F	or the 3 n	nont	hs ended						
Maintain			Dec. 31							or t		ded	
Net maining (loss) 1,000	Thousands of Canadian dollars except number of shares and per share amounts		2016		2015		2016		2016		2015		2014
Net maining (loss) 1,000	Address of New Promisers (1 N(1)												
Machical Profession depital asset write-downs 2,281		_	26 550	_	(2 507)		15.003	_	65.642	_	(20, 200)	_	40.600
Restricturing costs and capital asset write-downs	3 \ ,	\$	26,550	\$	(3,507)	\$	15,093	\$	65,643	\$	(30,386)	\$	40,690
Description of parametritive compensation expense (recovery) 199 30.35 30.20 14.465 30.51 25.51													
Long term incentive compensation expense (recovery)	- · · · · · · · · · · · · · · · · · · ·				,						,		,
Description of the properties of the propertie	- · · · · · · · · · · · · · · · · · · ·												
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Table 1,000 1,00			. , ,		, ,						, ,		
Mone tax effect of above adjustments 4,895 2,564 1,408 2,008 2,011 1,015 2,00	·												1,083
Recognition of previously unrecognized deferred tax assets	Tacoma sawmill post-acquisition losses and closure costs		(13)		698		94		764		11,009		-
Margisted net earnings (loss) \$1,774" \$4,515 \$20,665 \$8,688 \$(18,895) \$60,670 \$0.000 \$70,030 \$70,030 \$70,030 \$70,030 \$69,488 \$66,005 \$60	Income tax effect of above adjustments		4,895		(2,564)		(1,408)		2,008		(9,311)		(10,951)
Meginted average number of shares - basic and diluted ('0000) \$0,030	Recognition of previously unrecognized deferred tax assets		(769)		(983)		(2,134)		(6,171)		1,136		(20,902)
Adjusted net earnings (loss) per share \$ 0.25	Adjusted net earnings (loss)	\$	17,747	\$	4,515	\$	20,665	\$	58,658	\$	(18,895)	\$	60,670
Adjusted EBITDA Adjusted EBITDA \$ 26,550 \$ (3,507) \$ 15,093 \$ 65,643 \$ (30,386) \$ 40,690 Add: Bereciation of plant and equipment 18,534 18,482 18,624 76,092 71,492 55,167 Depletion and amortization of timber, roads and other 7,833 10,734 9,441 34,895 37,478 28,912 Restructuring costs and capital asset write-downs 2,281 2,866 1,492 7,289 12,829 24,129 18,602 17,569 24,912 Restructuring costs and capital asset write-downs 2,281 2,866 1,492 7,289 12,829 24,129 16,931 16,943 1,445 7,207 18,602 17,569 8,915 0ther foreign exchange loss (gain) (1,072) 4,379 18,602 17,569 8,915 0ther foreign exchange loss (gain) 16,002 4,379 18,602 208,251 66,915 16,913 1,445 7,202 1,4,651 16,251 16,251 16,251 16,203 17,7 14,149 16,203 17,149 17,37 37 20,211 18	Weighted average number of shares - basic and diluted ('000)		70,030		70,030		70,030		70,030		69,488		66,005
Net aernings (loss) \$26,505 \$1,007 \$15,003 \$6,643 \$10,005 \$10	Adjusted net earnings (loss) per share	\$	0.25	\$	0.06	\$	0.30	\$	0.84	\$	(0.27)	\$	0.92
Net earnings (loss) \$26,50\$ \$(3,507) \$15,093 \$6,643 \$(30,308) \$40,000 Add: Depreciation of plant and equipment 18,534 18,842 18,624 76,092 71,492 55,167 Depletion and amortization of timber, roads and other 7,833 10,734 9,441 34,895 37,478 28,912 Restructuring costs and capital asset write-downs 2,286 1,492 4,760 11,602 17,503 8,915 Other foreign exchange loss (gain) (1,072) (6,943) 1,455 7,207 (24,07) 16,631 EBITDA 65,436 6,943 1,455 7,207 (24,07) 16,632 BCRITOA 65,436 6,943 1,455 7,207 (24,07) 16,632 BEITDA 7,833 1,468 1,468 1,65,131 18,303 1,41,452 BCRITOA 1,932 1,468 1,459 1,451 1,451 1,452 1,452 1,452 1,452 1,452 1,452 1,452 1,452 1,452 <													
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Depreciation of plant and equipment 18,534 18,682 18,624 76,092 71,492 55,167 Depletion and amortization of timber, roads and other 7,833 10,734 9,441 34,895 37,478 28,912 Restructuring costs and capital asset write-downs 2,281 2,866 1,492 18,602 17,569 8,915 Finance costs 4,074 5,459 4,379 18,602 17,569 8,915 Other foreign exchange loss (gain) (1,072) 4473 7,920 1,648 16,51 Income tax expense (recovery) 7,236 6,634 4,682 20,825 86,616 144,234 BEITDA 8,616 1,48,24 8,633 1,455 7,207 2,610 144,234 Beary sawnill post-dosure wind-down costs 1,99 9,335 8,321 4,551 1,563 3,775 3,775 Beaver sawnill post-dosure wind-down costs 1,32 5,579 8,93 9,93 8,94 7,64 10,92 1,69,27 1,69,27 1,69,27 1,69,27 1,	Net earnings (loss)	\$	26,550	\$	(3,507)	\$	15,093	\$	65,643	\$	(30,386)	\$	40,690
Depletion and amortization of timber, roads and other 7,833 10,734 9,441 34,895 37,488 28,912 Restructuring costs and capital asset write-downs 2,281 2,866 1,492 7,280 12,529 24,129 Finance costs 4,074 5,456 1,492 1,8602 17,559 8,915 Other foreign exchange loss (gain) 1,072 6,043 1,445 7,207 (24,017) 16,203 BEITDA 65,436 26,183 1,445 7,207 24,511 16,203 BEITDA 65,436 26,183 3,485 28,515 16,213 18,205 Degretin inceme (recovery) 19 9,335 8,211 4,551 5,543 23,933 Other income (14,452) 1,663 6 6 16 1,363 1,075 Beaver sawmill post-closure wind-down costs 13 8 9 9 1,362 1,094 1,092 1,092 1,092 1,092 1,092 1,092 1,092 1,092 1,092 <td< td=""><td>Add:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Add:												
Restructuring costs and capital asset write-downs 2,81 2,866 1,492 7,280 12,829 24,129 Finance costs 4,074 5,459 4,379 18,602 17,569 8,915 Other foreign exchange loss (gain) 6,232 6,943 1,445 7,207 (24,102) 16,203 EBITDA 65,36 26,618 3,968 20,815 86,612 16,612 16,203 16,20	Depreciation of plant and equipment		18,534		18,482		18,624		76,092		71,492		55,167
Finance costs	Depletion and amortization of timber, roads and other		7,833		10,734		9,441		34,895		37,478		28,912
Other foreign exchange loss (gain) (1,072) (473) (792) (1,468) 1,651 2,651 Income tax expense (recovery) 7,236 (6,943) 1,445 7,207 (24,017) (16,230) Add: EBITIOA 65,436 26,618 49,682 208,251 86,616 144,234 Add: Ung term incentive compensation expense (recovery) 19 9,335 8,321 4,551 (5,431) 23,933 Other income (14,452) (863) 7,07 (14,094) (75) 33,933 Beaver sawmill post-closure wind-down costs 128 6 6 145 363 1,075 Agiusted EBITDA \$1,209 \$3,579 \$5,099 94 764 10,928 -6 Pre-tax return on total assests Operating earnings (loss) shore restructuring costs 24,617 (3,461) \$1,310 \$8,170 \$2,111 \$6,192 Total assets ⁽²⁾ 1,326,792 1,337,569 1,335,792 \$3,375 \$3,375 \$3,385 \$1,486 <td>Restructuring costs and capital asset write-downs</td> <td></td> <td>2,281</td> <td></td> <td>2,866</td> <td></td> <td>1,492</td> <td></td> <td>7,280</td> <td></td> <td>12,829</td> <td></td> <td>24,129</td>	Restructuring costs and capital asset write-downs		2,281		2,866		1,492		7,280		12,829		24,129
Income tax expense (recovery)	Finance costs		4,074		5,459		4,379		18,602		17,569		8,915
EBITDA	Other foreign exchange loss (gain)		(1,072)		(473)		(792)		(1,468)		1,651		2,651
EBITDA	Income tax expense (recovery)		7,236		(6,943)		1,445		7,207		(24,017)		(16,230)
Add: 19 9,335 8,321 4,551 (5,431) 23,933 Other income (14,452) (863) (7) (14,094) (757) 37 Beaver sawmill post-closure wind-down costs 128 6 6 145 363 175 Tacoma sawmill post-acquisition losses and closure costs (13) 698 94 764 10,928 -60 19,729 10,928 -764 <td></td> <td></td> <td>65,436</td> <td></td> <td>26,618</td> <td></td> <td>49,682</td> <td></td> <td>208,251</td> <td></td> <td>86,616</td> <td></td> <td></td>			65,436		26,618		49,682		208,251		86,616		
Other income (14,452) (863) (7) (14,094) (757) 37 Beaver sawmill post-closure wind-down costs 128 6 6 145 363 1,075 Tacoma sawmill post-acquisition losses and closure costs (13) 698 94 764 10,928 - Adjusted EBITDA \$51,298 \$35,794 \$58,096 \$19,617 \$91,719 \$169,279 Pre-tax return on total assets Operating earnings (loss) before restructuring costs \$24,617 \$(3,461) \$21,610 \$83,170 \$(23,111) \$60,192 Total assets ⁽²⁾ 1,326,792 1,383,751 1,337,569 1,345,722 1,229,160 946,325 Pre-tax return on total assets 7,4% (1.0%) 6.5% 6.2% (1.9,10) 6.4% Net debt to invested capital Total debt \$308,821 \$468,759 \$365,321 \$38,821 \$468,759 \$220,419 Cash and cash equivalents (19,270) (16,456) (18,392) (19,270) (16,456) (17,866)	Add:		,		•		•		•		•		,
Other income (14,452) (863) (7) (14,094) (757) 37 Beaver sawmill post-closure wind-down costs 128 6 6 145 363 1,075 Tacoma sawmill post-acquisition losses and closure costs (13) 698 94 764 10,928 - Adjusted EBITDA \$51,298 \$35,794 \$58,096 \$19,617 \$91,719 \$169,279 Pre-tax return on total assets Operating earnings (loss) before restructuring costs \$24,617 \$(3,461) \$21,610 \$83,170 \$(23,111) \$60,192 Total assets ⁽²⁾ 1,326,792 1,383,751 1,337,569 1,345,722 1,229,160 946,325 Pre-tax return on total assets 7,4% (1.0%) 6.5% 6.2% 1,29,160 946,325 Pre-tax return on total assets 83,00 \$308,821 \$308,821 \$468,759 \$220,149 Net debt to invested capital Total debt \$308,821 \$468,759 \$35,321 \$308,821 \$468,759 \$220,419	Long term incentive compensation expense (recovery)		199		9.335		8.321		4.551		(5.431)		23.933
Pacient sawmill post-closure wind-down costs 128	- , , , , , , , , , , , , , , , , , , ,				,								,
Tacoma sawmill post-acquisition losses and closure costs (13) 698 94 764 10,928 - Adjusted EBITDA Pre-tax return on total assets Operating earnings (loss) before restructuring costs \$ 24,617 \$ (3,461) \$ 21,610 \$ 83,170 \$ (23,111) \$ 60,192 Total assets(2) 1,326,792 1,383,751 1,337,569 1,345,722 1,229,160 946,325 Pre-tax return on total assets(3) 7,4% (1.0%) 6.5% 6.2% (1.9%) 6.4% Net debt to invested capital Net debt to invested capital \$ 308,821 \$ 468,759 \$ 365,321 \$ 308,821 \$ 468,759 \$ 20,419 Total debt \$ 308,821 \$ 468,759 \$ 365,321 \$ 308,821 \$ 468,759 \$ 220,419 Cash and cash equivalents (19,270) (16,456) (18,392) (19,270) (16,456) (17,866) Total net debt \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Invested capital \$ 289,551 \$ 452,303 <td< td=""><td></td><td></td><td></td><td></td><td>, ,</td><td></td><td></td><td></td><td></td><td></td><td>, ,</td><td></td><td></td></td<>					, ,						, ,		
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Operating earnings (loss) before restructuring costs \$ 24,617 \ 1,326,792 \ 1,383,751 \ 1,337,569 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,722 \ 1,229,160 \ 946,325 \ 1,345,32													
Total assets(2) 1,326,792 1,337,569 1,337,569 1,345,722 1,229,160 946,325 Pre-tax return on total assets(3) 7.4% (1.0%) 6.5% 6.2% (1.9%) 6.4% Net debt to invested capital Net debt to invested capital \$308,821 \$468,759 \$365,321 \$308,821 \$468,759 \$220,419 Cash and cash equivalents (19,270) (16,456) (18,392) (19,270) (16,456) (17,866) Total net debt \$289,551 \$452,303 \$346,929 \$289,551 \$452,303 \$202,553 Invested capital \$289,551 \$452,303 \$346,929 \$289,551 \$452,303 \$202,553 Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$839,033	Pre-tax return on total assets												
Net debt to invested capital \$ 7.4% \$ (1.0%) \$ 6.5% \$ (1.9%) \$ 6.4% Net debt to invested capital \$ 308,821 \$ 468,759 \$ 365,321 \$ 308,821 \$ 468,759 \$ 220,419 Cash and cash equivalents \$ (19,270) \$ (16,456) \$ (18,392) \$ (19,270) \$ (16,456) \$ (17,866) Total net debt \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Invested capital \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Shareholders' equity \$ 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$ 1,076,218 \$ 1,177,557 \$ 1,092,262 \$ 1,076,218 \$ 1,177,557 \$ 839,033	Operating earnings (loss) before restructuring costs	\$	24,617	\$	(3,461)	\$	21,610	\$	83,170	\$	(23,111)	\$	60,192
Net debt to invested capital Net debt Sa08,821 \$ 468,759 \$ 365,321 \$ 308,821 \$ 468,759 \$ 220,419 Cash and cash equivalents (19,270) (16,456) (18,392) (19,270) (16,456) (19,270) (16,456) (19,270) (16,456) (19,270) (16,456) (19,270) (16,456) (19,270) (10,270	Total assets ⁽²⁾	1	1,326,792	1	,383,751	1,	,337,569	:	1,345,722	1	1,229,160		946,325
Net debt Sand debt Sand Rest Sand Rest <th< td=""><td>Pre-tax return on total assets⁽³⁾</td><td></td><td>7.4%</td><td></td><td>(1.0%)</td><td></td><td>6.5%</td><td></td><td>6.2%</td><td></td><td>(1.9%)</td><td></td><td>6.4%</td></th<>	Pre-tax return on total assets ⁽³⁾		7.4%		(1.0%)		6.5%		6.2%		(1.9%)		6.4%
Net debt Stand deb													
Total debt \$ 308,821 \$ 468,759 \$ 365,321 \$ 308,821 \$ 468,759 \$ 220,419 Cash and cash equivalents (19,270) (16,456) (18,392) (19,270) (16,456) (17,866) Total net debt \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Invested capital \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$ 1,076,218 \$ 1,177,557 \$ 1,092,262 \$ 1,076,218 \$ 1,177,557 \$ 839,033	•												
Cash and cash equivalents (19,270) (16,456) (18,392) (19,270) (16,456) (17,866) Total net debt \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Invested capital \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$ 1,076,218 \$ 1,177,557 \$ 1,092,262 \$ 1,076,218 \$ 1,177,557 \$ 839,033	Net debt												
Total net debt \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Invested capital 8 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$ 839,033	Total debt	\$		\$	468,759	\$	365,321	\$		\$		\$	
Invested capital \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$ 839,033	Cash and cash equivalents		(19,270)		(16,456)		(18,392)		(19,270)		(16,456)		(17,866)
Net debt \$ 289,551 \$ 452,303 \$ 346,929 \$ 289,551 \$ 452,303 \$ 202,553 Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$ 839,033	Total net debt	\$	289,551	\$	452,303	\$	346,929	\$	289,551	\$	452,303	\$	202,553
Shareholders' equity 786,667 725,254 745,333 786,667 725,254 636,480 Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$839,033	Invested capital												
Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$ 839,033	Net debt	\$	289,551	\$	452,303	\$	346,929	\$	289,551	\$	452,303	\$	202,553
Total invested capital \$1,076,218 \$1,177,557 \$1,092,262 \$1,076,218 \$1,177,557 \$ 839,033	Shareholders' equity		786,667		725,254		745,333		786 <u>,</u> 667		725,254		636 <u>,</u> 480
Net debt to invested capital ⁽⁴⁾ 26.9% 38.4% 31.8% 26.9% 38.4% 24.1%	Total invested capital	\$ 1	L,076,218	\$1	,177,557	\$1,	,092,262	\$ 1	1,076,218	\$1	,177,557	\$	839,033
	Net debt to invested capital ⁽⁴⁾		26.9%		38.4%		31.8%		26.9%		38.4%		24.1%

Notes:

- (1) Certain historical periods have been recast to exclude the recognition of previously unrecognized deferred tax assets from Adjusted net earnings.
- (2) Total assets at period beginning for three month periods; average of opening and closing total assets for twelve month periods.
- (3) Annualized rate.
- (4) Net debt to invested capital as of the period end.



CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(thousands of Canadian dollars except earnings per share)	3 Months		3 Months	Year	Ye	
	 Dec. 31, 2016	5 De	c. 31, 2015	Dec. 31, 2016	Dec. 31	l, 2015
Sales	\$ 442,308	\$	411,411	\$ 1,792,712	\$ 1,687,	375
Costs and expenses:						
Production	381,556		366,083	1,550,912	1,554,	975
Selling and administration	9,569		10,236	43,092	46,	756
Long term incentive compensation expense (recovery)	199		9,335	4,551	(5,	431)
Export taxes	-		2	-	5,	216
Depreciation of plant and equipment	18,534		18,482	76,092	71,	492
Depletion and amortization of timber, roads and other	7,833		10,734	34,895	37,	478
	417,691		414,872	1,709,542	1,710,	486
Operating earnings (loss) before restructuring costs	 24,617		(3,461)	83,170	(23,	111)
Restructuring costs	(2,281)		(2,866)	(7,280)	(12,	829)
Operating earnings (loss)	22,236		(6,327)	75,890	(35,	940)
Finance costs	(4,074)		(5,459)	(18,602)	(17,	569)
Other foreign exchange gain (loss)	1,072		473	1,468	(1,	651)
Other income	14,452		863	14,094		757
	11,450		(4,123)	(3,040)	(18,	463)
Earnings (loss) before income taxes	 33,786		(10,450)	72,850	(54,	403)
Income tax expense (recovery)						
Current	104		304	853		614
Deferred	7,132		(7,247)	6,354	(24,	631)
	7,236		(6,943)	7,207	(24,	017)
Net earnings (loss)	\$ 26,550	\$	(3,507)	\$ 65,643	\$ (30,	386)
Net earnings (loss) per share, basic and diluted	0.38			\$ 0.94	\$ (

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and years ended December 31, 2016 and 2015 (unaudited)

	3 Months Dec. 31, 2016	3 Months Dec. 31, 2015	Year Dec. 31, 2016	Year Dec. 31, 2015
Net earnings (loss)	\$ 26,550	s (3,507)	\$ 65,643	\$ (30,386)
Other comprehensive income (loss): Items that will not be recycled to Net earnings (loss): Defined benefit plan actuarial gains (losses), net of tax	4,497	(611)	1,509	(629)
Items that are or may be recycled to Net earnings (loss): Foreign currency translation differences for				
foreign operations (net of tax) Gain (loss) in fair value of interest rate swaps	8,359 (5)	10,451 347	(7,851) (51)	56,475 (71)
Total items that are or may be recycled to Net earnings (loss)	8,354	10,798	(7,902)	56,404
Total other comprehensive income (loss), net of tax	12,851	10,187	(6,393)	55,775
Comprehensive income	\$ 39,401	6,680	\$ 59,250	\$ 25,389



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months and years ended December 31, 2016 and 2015 (unaudited)
(thousands of Canadian dollars)

3 Months

Cash provided by (used in): Cash provided by (used in): Operating activities: Net earnings (loss) \$ 26,550 \$ (3,507) \$ 65,643 \$ (30,386) \$ 12	(thousands of Canadian dollars)	3 Months	3 Months	Year	Year
Net earnings (loss) \$ 26,550 \$ (3,507) \$ 65,643 \$ (30,385) Net earnings (loss) \$ 26,550 \$ (3,507) \$ 65,643 \$ (30,385) Items not involving cash:		Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Net earnings (loss) \$ 26,550 \$ (3,507) \$ 65,643 \$ (30,385) Net earnings (loss) \$ 26,550 \$ (3,507) \$ 65,643 \$ (30,385) Items not involving cash:	Cook associated by (seed in).				
Net earnings (loss) \$ 26,550 \$ (3,507) \$ 65,643 \$ (30,388) Items not involving cash: Depreciation of plant and equipment 18,832 18,482 7,6092 71,492 Depletion and amorization of timber, roads and other 7,833 10,734 34,985 37,748 Income tax expense (recovery) 7,236 (6,943) 7,207 (24,017) Finance costs 89 112 (217) 639 Reforestation liability (1,133) 1,172 559 1,612 Other liabilities and provisions (204) 4,388 789 (8,252) Stock options 104 34 334 189 Reversal of write-down of plant and equipment 1,154 2,622 2,172 2,812 Unrealized foreign exchange losses (gains) 596 64 596 (337) Other income (1,159) 4,581 18,095 (1,495) Trade accounts receivable and other 7,192 3,574 (2,666) 8,748 Investine 1,297 3,585 <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>					
Tems not involving cash: Depreciation of plant and equipment 18,534 18,482 76,092 71,492 Depletion and amortization of timber, roads and other 7,833 10,734 34,895 37,478 Income tax expense (recovery) 7,236 (6,943) 7,207 (24,017) Finance costs 4,074 5,459 18,602 17,569 Other assets 89 112 (217) 639 Reforestation liability (1,133) 1,472 559 1,612 Other liabilities and provisions (204) 4,388 789 (8,252) Stock options 104 34 334 189 Reversal of write-down of plant and equipment 1,154 2,672 2,172 2,812 Unrealized foreign exchange losses (gains) 596 4 596 (337) Other income 50,380 32,044 192,577 (66,846 Cash generated from (used in) operating working capital: 1,792 3,574 (2,666) 8,748 Inventories 7,192 3,574 (2,666) 8,748 Inventories 7,192 3,574 (2,666) 8,748 Inventories (2,077) 3,969 (2,338) 48,717 Prepayments and other 187 1,027 704 3,017 Prepayments and other 187 1,027 704 3,017 Trade accounts payable and provisions (6,725) 5,865 11,702 (24,986) Income taxes paid 48,981 46,149 199,272 101,377 Investing activities: Additions to property, plant and equipment (13,173) (20,114) (50,393) (33,832) Additions to property, plant and equipment (13,173) (20,114) (50,393) (36,382) Additions to property, plant and equipment (13,173) (20,114) (13,15) (11,204) (10,331) Additions to be optionable assets (5,910) (5,215) (24,631) (26,133) Additions to be optionable assets (5,910) (5,215) (3,625) (3,632) (1,632) Proceeds on disposal of investments (3,741) (4,871) (1,1,244) (1,033) Proceeds on disposal of property, plant and equipment (3,741) (4,871) (4,11) (2,92) Change in operating line components of long-term debt (2,867) (19,209) (11,663) (10,303) Investments and other assets (3,741) (4,871) (1,1,		# 36 FEO	¢ (2 E07)	¢ 65 643	¢ (20.296)
Depreciation of plant and equipment 18,534 18,482 76,092 71,492 Depletion and amortization of timber, roads and other 7,235 10,734 34,895 37,478 Income tax expense (recovery) 7,236 (6,943) 7,207 (24,017) Finance costs 4,074 5,459 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 17,569 18,602 18,60		\$ 20,550	\$ (3,507)	\$ 65,645	\$ (30,366)
Depletion and amortization of timber, roads and other 7,833 10,734 34,895 37,478 1,000 1		18 534	19 492	76 002	71 492
Income tax expense (recovery)		•	•	•	•
Finance costs		•	•	•	•
Other assets					
Reforestation liability (1,133) 1,472 559 1,612 Other liabilities and provisions (204) 4,388 789 (8,552) Stock options 104 34 334 189 Reversal of write-down of plant and equipment 1- 2- 2- (1,195) Write-down of plant and equipment 1,154 2,672 2,172 2,2812 Unrealized foreign exchange losses (gains) 596 4 596 (337) Other income (1,453) 360 32,044 192,577 66,846 Cash generated from (used in) operating working capital: Trade accounts receivable and other 7,192 3,574 (2,666) 8,748 Investing activations (2077) 3,969 (2,338) 48,717 704 3,017 Trade accounts payable and provisions (6,725) 5,865 11,702 (24,986) Income taxes paid 1187 1,027 704 3,017 Trade accounts payable and provisions (6,725) 5,865 11,702 (24,986)		•		•	•
Other liabilities and provisions (204) 4,388 789 (8,252) Stock options 104 34 334 189 Reversal of write-down of plant and equipment - - - - (1,155) Write-down of plant and equipment 1,154 2,672 2,172 2,812 Other income 596 4 596 (337) Other income 59,380 32,044 192,577 66,846 Cash generated from (used in) operating working capital: Trade accounts receivable and other 7,192 3,574 (2,666) 8,748 Inventories (2,077) 3,969 (2,338) 48,717 Prepayments and other 187 1,027 704 3,017 Trade accounts payable and provisions (6,725) 5,865 11,702 (24,986) Income taxes paid 48,981 46,149 199,272 101,377 Investing activities: 34,341 46,149 199,272 101,377 Investing activities: 45,250 (5,910) (5,215				` '	
Stock options 104	•		•		•
Reversal of write-down of plant and equipment 1, 15			•		
Write-down of plant and equipment Unrealized foreign exchange losses (gains) 1,154 Solution 2,672 Solution 2,172 Solution 2,812 Solution Unrealized foreign exchange losses (gains) 596 (337) (14,453) (863) (14,955) (758) Cash generated from (used in) operating working capital: Trade accounts receivable and other 7,192 (2,077) 3,564 (2,666) 8,748 Inventories (2,077) 3,569 (2,338) 48,717 Prepayments and other 187 1,027 704 3,017 Trade accounts payable and provisions (6,725) 5,665 11,702 (24,986) Income taxes paid 24 (330) (707) (965) Income taxes paid 13,173 (20,114) (50,393) (707) (965) Investing activities: 48,981 46,149 199,272 101,377 Investing activities: 48,981 46,149 199,272 101,377 Additions to logging roads (5,910) (5,215) (24,631) (26,133) (26,131) (26	·		-	-	
Unrealized foreign exchange losses (gains) 596 (14,453) 4 (863) (14,095) (758) (758) Cash generated from (used in) operating working capital: 50,380 32,044 192,577 66,846 Cash generated from (used in) operating working capital: 7,192 3,574 (2,666) 8,748 Inventories (2,077) 3,969 (2,338) 48,717 Prepayments and other 187 1,027 704 3,017 Trade accounts payable and provisions (6,725) 5,865 11,702 (24,986) Income taxes paid 24 (330) (707) (965) Income taxes paid 48,981 46,149 199,272 101,377 Investing activities: Additions to property, plant and equipment (13,173) (20,114) (50,393) (36,831) Additions to bigping roads (5,910) (5,215) (24,661) (24,613) Additions to timber and other intangible assets (694) (123) (1,682) (1,500) Acquisitions 1,000 (5,215) (4,684) (1,345)		1.154	2.672	2.172	
Other income (14,453) (863) (14,095) (758) Cash generated from (used in) operating working capital: Trade accounts receivable and other 7,192 3,574 (2,666) 8,748 Inventories (2,077) 3,969 (2,338) 48,717 Prepayments and other 187 1,027 704 3,017 Trade accounts payable and provisions (6,725) 5,865 11,702 (24,986) Income taxes paid 24 (330) (707) (965) Income taxes paid 48,981 46,149 199,272 101,377 Income taxes paid (13,173) (20,114) (50,393) (93,832) Additions to logging roads (5,910) (5,215) (24,631) (26,133) Additions to logging roads (5,910) (5,215) (24,631) (26,13		•	•	•	•
Cash generated from (used in) operating working capital: Trade accounts receivable and other	5 5 15 /				
Cash generated from (used in) operating working capital:	- Other meanic				
Trade accounts receivable and other 7,192 3,574 (2,666) 8,748 Inventories (2,077) 3,969 (2,338) 48,717 7174 717	Cash generated from (used in) operating working capital:	30,360	32,044	192,377	00,040
Inventories (2,077) 3,969 (2,338) 48,717 Prepayments and other 187 1,027 704 3,017 704 3,017 705 7		7 192	3 574	(2.666)	8 748
Prepayments and other 187 1,027 704 3,017 17ade accounts payable and provisions (6,725 5,865 11,702 (24,986) 1.000 (24,986) (24,98		•	•		•
Trade accounts payable and provisions 1,702 24,986 1,100 24 330 707 965 1,000 24 330 707 965 34,981 346,149 199,272 101,377 37 37 38 38 38 38 38			•		•
Income taxes paid 24 (330) (707) (965) 48,981 46,149 199,272 101,377 101			•		•
Name			•	•	
Nesting activities: Additions to property, plant and equipment (13,173) (20,114) (50,393) (93,832) (93,832) (15,910) (5,215) (24,631) (26,133)	Theome taxes paid				
Additions to property, plant and equipment Additions to logging roads Additions to logging roads Additions to timber and other intangible assets Acquisitions Acq		40,901	40,149	199,272	101,377
Additions to property, plant and equipment Additions to logging roads Additions to logging roads Additions to timber and other intangible assets Acquisitions Acq	Investing activities:				
Additions to logging roads Additions to timber and other intangible assets Additions to timber and other intangible assets Acquisitions Froceeds on disposal of property, plant and equipment Proceeds on disposal of investments All 1,21 7,867 41,437 12,509 Proceeds on disposal of investments All 1,21 7,867 41,437 12,509 Proceeds on disposal of investments All 1,345 (11,345) (11,324) (1,033) Additions to disposal of investments All 1,345 (11,324) (1,033) Additions to disposal of investments All 1,345 (11,324) (1,033) Additions to long term debt (3,741) (4,871) (17,174) (16,186) Additions to long term debt (2,867) (19,208) (11,663) (10,57) Additions to long term debt (92,285) - (189,193) (189,691) Foreign exchange gain on cash and cash equivalents held in a foreign currency Possible Additions to long term debt (3,741) (4,031) (1,612) (229,666) Foreign exchange gain on cash and cash equivalents held in a foreign currency Possible Additions to long term debt (3,741) (3,741) (1,741) (1,741) (1,741) Additions to long term debt (92,285) - (189,193) (189,691) Foreign exchange gain on cash and cash equivalents held in a foreign currency Possible Additions to long term debt (3,741) (3,741		(12 172)	(20.114)	(50.303)	(02 922)
Additions to timber and other intangible assets					
Acquisitions					
Proceeds on disposal of property, plant and equipment Proceeds on disposal of investments 41,121 7,867 41,437 12,509 Proceeds on disposal of investments - - 10,342 - Investments and other assets (424) (1,345) (11,324) (1,033) 20,920 (18,930) (36,251) (333,252) Financing activities: Issuance of capital stock, net of share issue expenses - - - 63,196 Interest payments (3,741) (4,871) (17,174) (16,186) Debt refinancing costs (103) (14) (1,112) (292) Change in operating line components of long-term debt (2,867) (19,208) (11,663) 10,057 Additions to long term debt (92,285) - (189,193) (189,691) Repayments of long term debt (92,285) - (189,193) (189,691) Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556		(094)	(123)	(1,062)	
Proceeds on disposal of investments 1		41 121	7 067	41 427	
Investments and other assets (424) (1,345) (11,324) (1,033) (20,920) (18,930) (36,251) (333,252) (333,252)		41,121	7,007	•	12,509
Transcring activities: Issuance of capital stock, net of share issue expenses - - - 63,196 Interest payments (3,741) (4,871) (17,174) (16,186) Debt refinancing costs (103) (14) (1,112) (292) Change in operating line components of long-term debt (2,867) (19,208) (11,663) 10,057 Additions to long term debt (28,974 - 56,974 362,582 Repayments of long term debt (92,285) - (189,193) (189,691) (70,022) (24,093) (162,168) (229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866		(424)	(1 245)		(1.022)
Issuance of capital stock, net of share issue expenses - - 63,196	Threstinents and other assets				
Issuance of capital stock, net of share issue expenses		20,920	(18,930)	(36,251)	(333,252)
Issuance of capital stock, net of share issue expenses	Financing activities				
Interest payments (3,741) (4,871) (17,174) (16,186) Debt refinancing costs (103) (14) (1,112) (292) Change in operating line components of long-term debt (2,867) (19,208) (11,663) 10,057 Additions to long term debt (28,974 - 56,974 362,582 Repayments of long term debt (92,285) - (189,193) (189,691) (70,022) (24,093) (162,168) 229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866		_	_	_	63 196
Debt refinancing costs	· · · · · · · · · · · · · · · · · · ·	(3.741)	(4.871)	(17 174)	•
Change in operating line components of long-term debt (2,867) (19,208) (11,663) 10,057 Additions to long term debt 28,974 - 56,974 362,582 Repayments of long term debt (92,285) - (189,193) (189,691) (70,022) (24,093) (162,168) 229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866				•	• • •
Additions to long term debt Repayments of long term debt (92,285) - (189,193) (189,691) (70,022) (24,093) (162,168) 229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 1999 1,430 1,961 799 Increase (decrease) in cash Repayments of long term debt (70,022) (24,093) (162,168) 229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 1999 1,430 1,961 799 Increase (decrease) in cash 18,392 11,900 16,456 17,866		• •			• •
Repayments of long term debt (92,285) - (189,193) (189,691) (70,022) (24,093) (162,168) 229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866			(19,200)		
(70,022) (24,093) (162,168) 229,666 Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866		•	-	•	•
Foreign exchange gain on cash and cash equivalents held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866	Repayments or long term debt				
held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866		(70,022)	(24,093)	(162,168)	229,666
held in a foreign currency 999 1,430 1,961 799 Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866	Foreign eychange gain on cash and cash equivalents				
Increase (decrease) in cash 878 4,556 2,814 (1,410) Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866		999	1 430	1 061	700
Cash and cash equivalents, beginning of period 18,392 11,900 16,456 17,866			•		
	Tilcicase (decrease) ili casii	8/8	4,550	2,814	(1,410)
	Cash and cash equivalents beginning of period	10 202	11 000	16 456	17 066
Cash and cash equivalents, end of period \$ 19,270 \$ 16,456 \$ 19,270 \$ 16,456	cash and cash equivalents, beginning of period	10,392	11,900	10,450	17,800
Lasii aliu Lasii equivalelits, eliu di peridu \$ 19,470 \$ 10,450 \$ 19,270 \$ 16,456	Cach and each equivalents, and of paried	£ 10.370	+ 16 AF6	£ 10.270	£ 16 456
	cash and cash equivalents, end of period	э 19,2/ 0	э 10,430	э 19,2/ U	\$ 10,450



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

thousands of Canadian dollars)	Dec. 31, 2016	Dec. 31, 2015
	2010	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,270	\$ 16,456
Trade accounts receivable and other Income taxes receivable	95,059 222	95,218
Inventories	154,535	459 155,740
Prepayments and other	14,016	15,512
Other investments and assets	2,911	,
Assets held for sale	, -	27,836
	286,013	311,221
mployee future benefits	2,471	1,570
Other investments and assets	2,341	3,191
Property, plant and equipment	730,981	777,590
ogging roads and bridges	20,739	20,611
imber licences	69,273	72,429
Other intangible assets	19,017	23,601
Goodwill	156,502	160,914
Deferred income taxes	14,311	18,669
	\$ 1,301,648	\$ 1,389,796
	\$ 1,501,040	\$ 1,505,750
iabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable and provisions	\$ 138,029	\$ 130,840
Reforestation liability	11,609	11,052
Income taxes payable	317 149,955	398 142,290
	149,955	142,290
teforestation liability	25,931	25,074
ong term debt	308,821	468,759
mployee future benefits	8,136	8,391
Provisions and other liabilities	21,290	20,028
Deferred income taxes	848	-
equity:		
Share capital	555,388	553,559
Contributed surplus	7,999	7,665
Translation reserve	69,574	77,425
Hedge reserve	11	62
Retained earnings	153,695	86,543
	786,667	725,254

Approved on behalf of the Board:

"*L. Sauder*" Director "D.W.G. Whitehead" Director

FORWARD-LOOKING STATEMENTS

This release contains information and statements that are forward-looking in nature, including, but not limited to, statements containing the words "believes", "will", "should", "expects", "annualized" and similar expressions. Such statements involve known and unknown risks and uncertainties that may cause Interfor's actual results to be materially different from those expressed or implied by those forward-looking statements. Such risks and uncertainties include, among other things: price volatility, competition, availability and cost of log supply, natural or man-made disasters, currency exchange sensitivity, regulatory changes, allowable annual cut reductions, Aboriginal title and rights claims, potential countervailing and anti-dumping duties, stumpage fee variables and changes, environmental impact and performance, labour disruptions, and other factors referenced herein and in Interfor's Annual Report available on www.sedar.com and www.interfor.com. The forward-looking information and statements contained in this release are based on Interfor's current expectations and beliefs. Readers are cautioned not to place undue reliance on forward-looking information or statements. Interfor undertakes no obligation to update such forward-looking information or statements, except where required by law.

ABOUT INTERFOR

Interfor is a growth-oriented lumber company with operations in Canada and the United States. The Company has annual production capacity of approximately 3 billion board feet and offers one of the most diverse lines of lumber products to customers around the world. For more information about Interfor, visit our website at www.interfor.com.

The Company's 2016 audited consolidated financial statements and Management's Discussion and Analysis are available at www.sedar.com and www.interfor.com.

There will be a conference call on Friday, February 10, 2017 at 8:00 a.m. (Pacific Time) hosted by **INTERFOR CORPORATION** for the purpose of reviewing the Company's release of its fourth quarter and fiscal 2016 financial results.

The dial-in number is **1-866-233-4795**. The conference call will also be recorded for those unable to join in for the live discussion, and will be available until March 12, 2017. The number to call is **1-888-203-1112**, **Passcode 4717817**.

For further information:

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