PRODUITS FORESTIERS GREENFIRST FOREST PRODUCTS

GREENFIRST FOREST PRODUCTS INC.

Consolidated Financial Statements

(In thousands of Canadian dollars unless otherwise stated)

For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GreenFirst Forest Products Inc.

Opinion

We have audited the consolidated financial statements of GreenFirst Forest Products Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of earnings (loss) and comprehensive earnings (loss) for the years then ended
- the consolidated statement of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flow for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor’s report.

Assessment of inventory net realizable value

Description of the matter

We draw attention to Notes 2, 3, and 9 to the financial statements. At December 31, 2022, the inventory carrying amount is $78,294 thousand. Inventory is valued at the lower of cost and net realizable value. Net realizable value is the estimated selling prices less costs of completion, applicable duties, transportation costs and disposal costs.

Why the matter is a key audit matter

We identified the assessment of the inventory net realizable value as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of inventory. Significant auditor judgment was required to evaluate the estimated selling prices, costs to complete and sell the inventory, and applicable duties used to estimate the year end net realizable value.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We compared the estimated selling prices used in the year end net realizable value to industry publications for the period immediately following year end.

We evaluated the estimates of costs to complete and sell the inventory by comparing the estimates to the relevant historical actual conversion and selling costs.

We compared the duty rate for U.S. sales to the duty rates being paid on sales subsequent to the measurement date, and the estimated volumes of U.S. sales to historical actual sales.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors’ report is William J. Stephen.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 14, 2023
Vaughan, Canada

GREENFIRST FOREST PRODUCTS INC.

Consolidated Statements of Financial Position
(In thousands of Canadian Dollars)

As at	Note(s)	December 31, 2022	December 31, 2021[1]
Assets			
Current assets			
Cash and cash equivalents		**$ 25,353**	$ 36,173
Trade and other receivables	8	**40,732**	36,040
Inventory	9	**78,294**	107,204
Prepaid expenses and other current assets		**1,289**	3,353
Assets held for sale	5	**79,034**	—
		224,702	182,770
Non-current assets			
Property, plant and equipment	10	**116,058**	182,657
Biological assets	10	**—**	5,165
Timber licences	11	**11,420**	11,716
Right of use assets	13	**2,569**	3,382
Investment	19, 20	**1,143**	500
Deferred financing charges	15	**—**	1,431
Pension plans in asset positions	14	**15,410**	29,773
Deferred tax asset	16	**202**	—
Total assets		**$ 371,504**	$ 417,394
Liabilities			
Current liabilities			
Accounts payable		**$ 51,952**	$ 27,481
Other current liabilities	12	**22,567**	20,220
Long-term debt, current	15	**7,500**	6,339
Liabilities associated with assets held for sale	5	**4,016**	—
		86,035	54,040
Non-current liabilities			
Long-term debt	15	**45,934**	108,882
Post-retirement obligations	14	**7,595**	10,043
Lease liabilities, long-term	13	**1,521**	2,132
Other long-term liabilities	12	**5,957**	7,363
Deferred tax liability	16	**—**	4,318
Total liabilities		**$ 147,042**	$ 186,778
Shareholders' equity			
Share capital		**$ 254,728**	$ 254,728
Equity reserves		**10,572**	9,577
Accumulated other comprehensive (loss) earnings		**(5,206)**	1,033
Retained earnings (accumulated deficit)		**(35,632)**	(34,722)
Total shareholders' equity		**224,462**	230,616
Total liabilities and shareholders' equity		**$ 371,504**	$ 417,394

[1] Certain prior period amounts have been restated as a result of the Company finalizing its purchase price accounting related to the Rayonier Asset Acquisition, as allowed under IFRS. Please refer to Note 4 - *Acquisition of Sawmills and Paper Mill*.

Note 23 - Subsequent Events

Approved and authorized by the Board of Directors on March 14, 2023:

"Paul Rivett"	"William G. Harvey"
Interim CEO & Director	**Director**

The accompanying notes are an integral part of these consolidated financial statements.

GREENFIRST FOREST PRODUCTS INC.

Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss)
(In thousands of Canadian Dollars, except per share amounts)

Year ended	Note(s)	December 31, 2022	December 31, 2021[1][2]
Net sales	22	**$ 492,109**	$ 133,315
Cost of sales		**(403,184)**	(109,908)
Duties		**(45,850)**	(10,708)
Selling, general and administrative expenses	6	**(24,253)**	(8,220)
Other operating income		**4,956**	195
Operating earnings		**23,778**	4,674
Finance costs, net	7	**(12,796)**	(6,173)
Gain on revaluation of investment	19, 20	**643**	—
Loss on extinguishment of debt	15	**(11,187)**	—
Transaction costs	4	**—**	(9,877)
Gain on sale of assets	10	**8,003**	—
Other non-operating loss	4	**(5,320)**	—
Foreign exchange on long-term debt	15	**(7,896)**	(678)
Net loss, before income taxes		**(4,775)**	(12,054)
Deferred tax recovery	16	**643**	2,031
Net loss from continuing operations		**(4,132)**	(10,023)
Net earnings from discontinued operations	5	**3,222**	1,861
Net loss		**$ (910)**	$ (8,162)
Other comprehensive earnings (loss)			
Items that will not be reclassified to earnings in future periods:			
Defined benefit pension plans adjustments, net of tax recovery of $2,256 from continuing operations (2021 - net of tax expense of $404)	14,16	**(6,257)**	1,118
Defined benefit pension plans adjustments, net of tax expense of $6 from discontinued operations (2021 - net of tax expense of $14)	14,16	**18**	40
Comprehensive loss		**$ (7,149)**	$ (7,004)
Basic earnings (loss) per share	17	**$ —**	$ (0.10)
Basic loss per share from continuing operations	17	**(0.02)**	(0.13)
Basic earnings per share from discontinued operations	17	**0.02**	0.03
Diluted earnings (loss) per share	17	**—**	(0.10)
Diluted loss per share from continuing operations	17	**(0.02)**	(0.13)
Diluted earnings per share from discontinued operations	17	**0.02**	0.03

[1] Certain prior period amounts have been restated as a result of a change in presentation of the Company's Financial Statements for continuing and discontinued operations for assets held for sale under IFRS. Please refer to Note 5 - *Assets held for Sale and Discontinued Operations.*
[2] Certain prior period amounts have been restated as a result of the Company finalizing its purchase price accounting related to the Rayonier Asset Acquisition, as allowed under IFRS. Please refer to Note 4 - *Acquisition of Sawmills and Paper Mill.*

The accompanying notes are an integral part of these consolidated financial statements.

GREENFIRST FOREST PRODUCTS INC.

Consolidated Statements of Cash Flow
(In thousands of Canadian Dollars)

Year ended	Note(s)		December 31, 2022		December 31, 2021(1)(2)
Cash provided by (used in):					
Operating activities:					
Net loss		**$**	**(910)**	$	(8,162)
Adjustments for:					
Depreciation and amortization	10,11,13		**20,372**		6,043
Income taxes			**(2,271)**		(2,031)
Foreign exchange loss			**2,957**		536
Stock option expense	18		**995**		249
Finance costs, net	7		**12,810**		6,177
Loss on extinguishment of debt	15		**11,187**		—
Gain on revaluation of investment	19		**(643)**		—
Gain on sale of assets	10		**(8,003)**		—
Other non-operating loss	4		**5,320**		—
Inventory net realizable value adjustments			**25,621**		—
Bad debt expense			**1,298**		—
Other			**—**		171
Changes in non-cash working capital and other:					
Trade receivables and other receivables			**(5,922)**		(24,681)
Inventory			**(27,574)**		(8,269)
Accounts payable, accrued liabilities and other			**31,851**		38,404
Interest paid	15		**(9,225)**		(4,502)
Total cash provided by operating activities			**57,863**		3,935
Investing activities:					
Acquisitions			**—**		(245,062)
Investment			**—**		(500)
Purchase of property, plant and equipment	10		**(33,603)**		(6,092)
Net proceeds from sale of assets	10		**48,668**		—
Total cash provided by (used in) investing activities			**15,065**		(251,654)
Financing activities:					
Shares and warrants issued under rights offering	17		**—**		167,499
Share issue costs	17		**—**		(3,662)
Borrowings under Term Loan	15		**—**		126,103
Borrowings under Credit Facility	15		**84,000**		—
Repayment of Term Loan	15		**(133,092)**		(1,585)
Repayment of Credit Facility	15		**(30,000)**		—
Prepayment premium related to Term Loan	15		**(2,471)**		—
Deferred financing costs	15		**(642)**		(12,533)
Exercise of options	18		**—**		1,449
Exercise of warrants	18		**—**		1,830
Repayment of lease obligations	13		**(1,543)**		(491)
Total cash (used in) provided by financing activities			**(83,748)**		278,610
(Decrease) increase in cash		**$**	**(10,820)**	**$**	**30,891**
Cash, beginning of the year			**36,173**		5,282
Cash, end of the year		**$**	**25,353**	$	36,173
Interest paid		**$**	**9,225**	$	4,502
Cash taxes paid		**$**	**—**	$	—

(1) Please refer to Note 5 - Assets Held for Sale and Discontinued Operations for details related to the cash flow from discontinued operations.
(2) Certain prior period amounts have been restated as a result of the Company finalizing its purchase price accounting related to the Rayonier Asset Acquisition, as allowed under IFRS. Please refer to Note 4 - *Acquisition of Sawmills and Paper Mill.*

The accompanying notes are an integral part of these consolidated financial statements.

GREENFIRST FOREST PRODUCTS INC.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian Dollars)

	Share Capital	Equity Reserves	Accumulated Other Comprehensive (Loss) Earnings	Retained Earnings (Accumulated Deficit)[1]	Total
Balance, January 1, 2021	**$ 38,362**	**$ 498**	**$ (125)**	**$ (26,560)**	**$ 12,175**
Net loss	—	—	—	(8,162)	(8,162)
Other comprehensive earnings, net of tax	—	—	1,158	—	1,158
Shares issued on exercise of options	1,449	—	—	—	1,449
Shares issued on conversion of debentures	4,075	(302)	—	—	3,773
Shares issued on conversion of warrants	1,923	—	—	—	1,923
Shares issued under rights offering	158,367	—	—	—	158,367
Share issue costs under rights offering	(3,662)	—	—	—	(3,662)
Backstop warrants issued under rights offering	—	9,132	—	—	9,132
Shares issued in consideration for acquired business	54,214	—	—	—	54,214
Equity-based payments	—	249	—	—	249
Balance, December 31, 2021	**$ 254,728**	**$ 9,577**	**$ 1,033**	**$ (34,722)**	**$ 230,616**
Net loss	**—**	**—**	**—**	**(910)**	**(910)**
Other comprehensive loss, net of tax	**—**	**—**	**(6,239)**	**—**	**(6,239)**
Equity-based payments	**—**	**995**	**—**	**—**	**995**
Balance, December 31, 2022	**$ 254,728**	**$ 10,572**	**$ (5,206)**	**$ (35,632)**	**$ 224,462**

[1] Certain prior period amounts have been restated as a result of the Company finalizing its purchase price accounting related to the Rayonier Asset Acquisition, as allowed under IFRS. Please refer to Note 4 - *Acquisition of Sawmills and Paper Mill.*

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

GreenFirst Forest Products Inc. ("GreenFirst", or the "Company") began operating as a forest products business on August 28, 2021 with the acquisition of six sawmills and one paper mill collectively located in Ontario and Quebec. The Company also previously owned an idled sawmill in Kenora, Ontario, which was acquired on October 6, 2020. Prior to the 2020 acquisition of the Kenora sawmill, the Company had no operations and held cash and marketable securities through its subsidiary 1347 Investors LLC.

The Company operates in two business segments, Forest Products and Paper Products. Through its Forest Products segment, the Company manufactures and markets a wide range of spruce-pine-fir ("SPF") lumber products for use in residential and commercial construction with by-products from production sold to pulp-producers and the Company's Paper Products segment. The Paper Products segment manufactures and markets paper grade products used to print newspapers, advertising materials, food service bags and other publications.

The Company's head office and registered records office is Suite 1000 – 401 The West Mall, Toronto, Ontario, M9C 5J5. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "GFP".

The Company's fiscal year end is the last day of the calendar year. For interim (quarterly) reporting periods, the Company defines interim period-end dates as the last Saturday of the interim quarter.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements ("Financial Statements") are prepared in accordance and in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were approved by the Company's Board of Directors ("Board") on March 14, 2023.

Basis of Measurement

These Financial Statements have been prepared under the historical cost basis, except where otherwise stated in the applicable accounting policies.

Basis of Consolidation

These Financial Statements include the accounts of the Company and the subsidiaries over which the Company exercises control. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in these Financial Statements from when control commences until the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period and apply the same accounting policies as the Company. All transactions between consolidated entities are eliminated in the consolidation of these Financial Statements. Set out below is a list of significant subsidiaries of the Company:

(In thousands of Canadian dollars unless otherwise stated)

Subsidiary	Jurisdiction	Direct or Indirect Ownership	Date of control and consolidation
1347 Investors LLC [(1)]	Delaware, USA	100%	November 19, 2019
Lumber Assets Holding L.P.[(2)]	Ontario, Canada	100%	September 8, 2020
2776034 Ontario Inc.	Ontario, Canada	100%	September 8, 2020
GreenFirst Forest Products (QC) Inc.[(3)]	Quebec, Canada	100%	March 16, 2021

[(1)] Effective March 25, 2022, 1347 Investors LLC was voluntarily dissolved, with the assets and liabilities assumed by GreenFirst Forest Products Inc.
[(2)] Effective December 15, 2022, Lumber Assets Holding L.P. was voluntarily dissolved, with the assets and liabilities assumed by GreenFirst Forest Products Inc.
[(3)] Formerly 9437-6001 Quebec Inc.

Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and disclosures at the date of these Financial Statements. It also requires management to exercise judgment in the process of applying accounting policies. Significant areas requiring estimation and judgment include: assessing the net realizable value of inventory based on estimated selling prices, costs of completion, applicable duties, transportation costs and disposal costs; estimated useful lives of property, plant and equipment; recoverability of long-lived assets; fair value of the consideration paid and of the acquired assets and liabilities assumed on acquisitions; decommissioning obligations; and employee future benefits. Actual amounts could differ materially from these and other estimates, the impact of which would be recorded in future periods.

Functional and Presentation Currency

These Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

Reclassification

Certain amounts in prior periods have been reclassified to conform with the presentation for the current year.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts and time deposits and other investments that are highly liquid with original maturities of three months or less when purchased.

Accounts Receivable and Allowance for Expected Credit Losses

Trade accounts receivable are stated at the net amount expected to be collected. All customers are granted credit on a short-term basis. The Company maintains an allowance for expected credit losses resulting from the inability of its customers to make required payments. The Company's allowance is established based on historical patterns of accounts receivable collections and expected losses, including consideration of general economic conditions. Outstanding accounts receivable balances are reviewed frequently or when circumstances indicate a review is warranted, for example, if there is a significant change in the aging of a customer's receivables or a customer's financial condition.

Inventory

Raw materials inventories are valued at the lower of cost and net realizable value, where the cost is determined as the weighted average production cost. Net realizable value is the estimated selling price of the inventory at the period-end less duties, transportation, disposal costs and reasonably predictable costs of completion. Finished goods and work-in-process are valued at lower of cost and net realizable value, on a first-in, first-out basis. Manufacturing and maintenance supplies are valued at average cost. Inventory costs include material, transportation, labor and manufacturing overhead. The need for a provision for estimated losses from obsolete, excess or slow-moving inventories is reviewed periodically. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in inventories recognized as an expense in the period in which the reversal occurs.

Property, Plant, and Equipment and Depreciation

Property, plant and equipment is recorded at cost, including applicable freight, capitalized borrowing costs, construction and installation costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The production-related plant and equipment are depreciated using the straight-line method over 1 to 14 years. The Company depreciates its non-production assets, including office, lab and transportation equipment, using the straight-line depreciation method over 3 to 25 years. Buildings and land improvements are depreciated using the straight-line method over 10 to 35 years and 5 to 30 years, respectively. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where required. Gains and losses on the retirement of assets are included in net earnings (loss).

Logging roads and bridges with a useful life greater than one year are capitalized at construction costs less any government assistance, accumulated depreciation and impairment losses. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company. Depreciation of roads and bridges is based on estimated period that the Company will access the road or bridge to obtain harvestable timber.

Leases

At lease commencement date, the Company recognizes a right of use ("ROU") asset and a lease liability on the statement of financial position. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Company also assesses the ROU asset for impairment when such indicators exist. On the statement of financial position, right of use assets and non-current lease liabilities have been disclosed separately and short-term lease liabilities have been included in other liabilities.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. After its initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or in net earnings (loss) if the right of use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients allowed under IFRS 16, *Leases*. Instead of recognizing a ROU asset and lease liability, the payments in relation to these are recognized in net earnings (loss) on a straight-line basis over the lease term.

Business Combinations

The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill recognized is measured by the excess fair value of the consideration over the fair value of the identifiable net assets on the acquisition date. The determination of the fair value of the assets acquired and liabilities assumed requires management to use estimates that contain uncertainty, assumptions and judgment. The Company engages valuations experts to assist in the assessment of the fair values of property, plant and equipment, and intangible assets. Transaction costs in connection with the business combination are expensed as incurred.

Assets Held for Sale

The Company designates a disposal group, comprising assets and liabilities, as held-for-sale if it is highly probable that they will be recovered primarily through a sale rather than through continuing operations. The Company evaluates the following conditions to assess whether a disposal group meets the definition of an asset held for sale: a) management has committed to a plan to sell the disposal group; b) the asset is available for immediate sale in its current condition; c) an active process to seek a buyer, or a buyer has been sought for the disposal group; d) the sale is highly probable to be executed within twelve months of the disposal group's classification as held for sale; e) the asset is being marketed at a price that is reasonable compared to its fair value; f) it is unlikely that the plan to sell the disposal group will be altered significantly or withdrawn.

Upon classification as held for sale, the disposal group is generally measured at the lower of their carrying amount and fair value less costs to sell. The disposal group is assessed for impairment, where impairment losses and subsequent gains and losses on remeasurement are recognized in net earnings (loss). Upon classification as held-for-sale, property plant and equipment and right-of-use assets are no longer depreciated.

Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale. Classification as discontinued operations occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale or distribution.

When an operation is classified as a discontinued operation, the comparative statements of earnings (loss) and comprehensive earnings (loss) are re-presented as if the operation had been discontinued from the start of the comparative year.

The Company's discontinued operations are excluded from the results of continuing operations and are presented as a single amount, after income taxes, as net earnings from discontinued operations in the consolidated statements of earnings (loss). The consolidated statements of cash flows include cash flows of the discontinued operations, and has not been restated to reflect discontinued operations. The details of the cash flows from discontinued operations are presented in the notes to the financial statements. The consolidated balance sheets have not been restated to reflect discontinued operations.

Impairment of Non-Financial Assets

The Company reviews non-financial assets, including property, plant and equipment and timber licenses, for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Cash generating units ("CGUs") are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. The recoverable amount is the greater of its value in use and its fair value less cost to sell. Value in use is based on estimates of discounted future cash flows expected to be recovered from a CGU, CGU group or asset through its use. Management develops its cash flow projections based on past performance and its expectations of future market and business developments. Once calculated, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Fair value less cost to sell is the amount obtainable from the sale of an asset, CGU or CGU group in an arm’s-length transaction between knowledgeable, willing parties, less the costs to sell. Costs to sell are incremental costs directly attributable to the disposal or sale of an asset or CGU, excluding financing costs and income tax expense.

An impairment charge is recognized in net loss when the carrying amount of any asset, CGU, or CGU group exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs or CGU group are allocated, first to reduce the carrying amount of any goodwill allocated to the CGU or CGU group, and then to reduce the net carrying amount of the other assets in the CGU or CGU group on a pro rata basis.

Impairment losses related to non-financial assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no previous impairment loss had been recognized.

Maintenance Costs

The Company performs scheduled inspections, repairs and maintenance of plant machinery and equipment at the Company’s manufacturing facilities during a full plant shutdown. When each major inspection is performed, its related cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is derecognized. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed.

Biological Assets

Timber on owned timberlands is accounted for as a biological asset and is recognized at fair value less costs to sell at each reporting date. Any change in fair value less costs to sell are recorded in net earnings (loss).

Timber Licences

Timber licences include tree farm licences, forest licences and timber licences. Timber licences are carried at cost less accumulated amortization and any impairment losses. Timber licences are depreciated using the straight-line method over the period of the licence and expected renewal periods. The Company deems renewable timber licences to have a useful life of 40 years.

Income Taxes

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

The Company follows the asset and liability method of accounting for deferred income taxes. Under this method deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in net loss in the period that includes the substantive enactment date. Deferred income tax assets are only recognized to the extent that they are considered probable to be realized.

Revenue Recognition and Measurement

Revenue is recognized when performance obligations under the terms of a contract with a customer are satisfied. The majority of the Company’s contracts have a single performance obligation to transfer products. Accordingly, the Company recognizes revenue when control has been transferred to the customer. Generally, control passes upon delivery to a location in accordance with terms and conditions of the sale. Changes in customer contract terms and conditions as well as the timing of orders and shipments, may have an impact on the timing of revenue recognition.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring its products and is generally based upon contractual arrangements with customers or published indices. Revenue includes amounts charged to customers for shipping and handling. The Company sells its products both directly to customers and through distributors and agents, typically under agreements, with payment terms typically less than 15 days for lumber sales and less than 60 days for by-products and paper products sales.

The Company has excluded from net sales any value-add, sales and other taxes which are collected concurrently with its revenue-producing activities.

The nature of the Company’s contracts may give rise to variable consideration, which may be constrained, including sales volume-based rebates to customers. The Company estimates the level of sales volumes based on anticipated purchases at the beginning of the period and records a rebate accrual for each purchase toward the requisite rebate volume. These estimated rebates are included in the transaction price as a reduction to net sales.

Contract liabilities primarily relate to prepayments received from customers before revenue is recognized and sales volume rebates payable to customers. These amounts are included in other liabilities (Note 12).

Decommissioning Obligations

Decommissioning obligations relate to the Company’s responsibility under various timber licences and obligations related to landfill closure and other site remediation costs. The Company records the present value of a liability for decommissioning obligations in the period that a reasonable estimate can be made. The present value of the liability is added to the carrying amount of the associated asset and amortized over its useful life or, if there is no associated asset, it is expensed in net earnings (loss). Decommissioning obligations are reviewed annually and changes to estimates result in an adjustment of the carrying amount of the associated asset or, where there is no asset, they are credited or charged to net loss.

Decommissioning obligations are discounted at the risk-free rate at the reporting date and accreted over time through periodic charges to net earnings (loss). The liabilities are reduced by actual costs of settlement.

Employee Benefit Plans

The determination of expense and funding requirements for the Company's defined benefit pension and post-retirement health care and life insurance plans are largely based on actuarial assumptions. The key assumptions include discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees.

Changes in the funded status of the Company's plans are recorded through other comprehensive earnings (loss) in the year in which the changes occur. Actuarial gains and losses, which occur when actual experience differs from actuarial assumptions, are reflected in accumulated other comprehensive earnings (loss), net of taxes. When the calculation results in a net benefit asset, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan (the "asset ceiling"). To calculate the present value of economic benefits, consideration is given to minimum funding requirements that apply to the plan. Where it is anticipated that the Company will not be able to recover the value of the net defined benefit asset, after considering minimum funding requirements for future services, the net defined benefit asset is reduced to the amount of the asset ceiling. The impact of the asset ceiling is recognized in other comprehensive earnings (loss).
The Company's obligations for contributions to employee defined contribution pension plans are recognized in net earnings (loss) in the periods during which services are rendered by employees.

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based compensation

Stock options

Under the Company's Omnibus Equity Incentive Plan, the Company may grant stock options to directors, officers, employees and contractors. The Company measures equity settled share-based payments based on their fair value at the grant date using the Black-Scholes option pricing model and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in net earnings (loss) such that the cumulative expense reflects the revised estimate. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

Performance Share Units ("PSUs")

Under the Company's Omnibus Equity Incentive Plan, the Company may grant PSUs to select employees. The PSUs are cash-settled instruments and are accounted for as a financial liability. The liability is remeasured at each reporting period based on the performance criteria specified for each grant. The fair value of the PSUs is recognized as an expense over the vesting period using the cliff vesting approach, with changes resulting from fair value remeasurements recognized at each reporting period in net earnings (loss). The PSUs are automatically settled upon the vesting date of the grant.

Deferred Share Units ("DSUs")

Under the Company's Omnibus Equity Incentive Plan, the Company may grant DSUs to members of its Board. The DSUs are cash-settled instruments and are accounted for as a financial liability. The liability is remeasured at each reporting period based on the Company's common share price, with changes resulting from fair value remeasurements recognized in net earnings (loss). The DSUs vest immediately on the grant date and are automatically settled upon the departure of the beneficiary from the Company's Board.

Earnings (Loss) Per Share

Earnings (loss) per share is calculated by dividing the net loss for the period attributable to the common shareholders by the weighted average number of common shares issued and outstanding during the year.

The diluted weighted average number of shares is calculated using the treasury stock method. When earnings available to common shareholders for diluted earnings per share are greater than earnings available to common shareholders for basic earnings per share, the calculation is anti-dilutive and diluted earnings per share are deemed to be the same as basic earnings per share.

Provisions

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in net earnings (loss).

Financial Instruments

All financial assets and liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method, except for the Company's investment, which is subsequently measured at fair value through profit and loss.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, *Revenue from Contracts with Customers,* all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy that prioritizes the inputs used to measure fair value was established as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flows methodologies and similar techniques that use significant unobservable inputs.

Foreign Exchange

Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of the transactions or at average rates of exchange. At the end of each reporting period, monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in the foreign currency are only translated at the date of the transaction and not re-translated at a subsequent period-end. The Company translates the assets and liabilities of foreign operations from US dollars to Canadian dollars using the closing foreign exchange rate at the end of the reporting period. Income and expenses are translated at the average exchange rate for the reporting period. The foreign exchange gains and losses are recorded in net earnings (loss) and foreign currency translation differences are recorded in other comprehensive earnings (loss).

Changes in Accounting Policies Adopted

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract and amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* to specify which costs to include in determining the "cost of fulfilling" a potential onerous or loss-making contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after the effective date. The adoption of these amendments did not have a material financial impact on the Company.

Amendment to IAS 16, Property, Plant and Equipment

In May 2020, the IASB issued an amendment to IAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*. The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be ready for its intended use. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in net earnings (loss). The amendment is effective for annual periods beginning on or after January 1, 2022. The adoption of this amendment did not have a material financial impact on the Company.

Future Changes in Accounting Policies

Amendments to IAS 1, *Presentation of Financial Statements*

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* to clarify the definition of 'material' in the context of applying IFRS. The amendments require an entity to disclose their material accounting policies information rather than their significant accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not expect any changes to the disclosure of its accounting policies from the adoption of these amendments.

In January 2020, the IAS issued amendments to IAS 1, *Presentation of Financial Statements,* to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. The amendments specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least 12 months, provided that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability. The amendments also clarify when a liability is considered settled. The amendments are effective for annual periods beginning on or after January 1, 2023, and are to be applied retrospectively upon adoption. The Company does not expect any material financial impact from the adoption of these amendments.

Amendments to IAS 12, *Income Taxes*

On May 7, 2021, the IASB issued amendments to IAS 12, *Income Taxes* ("IAS 12") – *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*. The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company does not expect any significant financial impact from the adoption of these amendments.

4. ACQUISITION OF SAWMILLS AND PAPER MILL

Acquisition of Rayonier mills

On August 28, 2021, the Company acquired a business consisting of six sawmills and one paper mill, all located in either Ontario or Quebec, from certain Canadian subsidiaries of Rayonier Advanced Materials Inc. ("RYAM") (the "Rayonier Asset Acquisition"), for aggregate consideration of $296.1 million consisting of $245.1 million in cash (US$193.5 million), $54.2 million in common shares, partially offset by net receivables and estimated final adjustment balances of $3.1 million, which includes a $7.9 million credit note ("Rayonier Credit Note") issued to the vendor to be paid in five equal annual installments. Following the Rayonier Asset Acquisition, the Company and RYAM together engaged a third-party arbitrator to finalize adjustments relating to inventory valuation.

The Company has measured and recorded the identifiable assets acquired and the liabilities assumed at management's estimates of their acquisition-date fair values. The estimated fair values of assets acquired and liabilities assumed are based on the information available as of and since the acquisition date, up until the measurement period end, which the Company believes provides a reasonable basis for estimating the fair values. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date. As such, the Company has finalized its acquisition-date fair values based on information as of August 28, 2022.

As at December 31, 2021, the Company had previously recorded a $7.7 million receivable related to estimated final inventory adjustments at closing, to be paid by the seller. As a result, the purchase price was also reduced by $7.7 million and the Company included this within trade and other receivables. During the year ended December 31, 2022, the Company adjusted this amount to $5.3 million, which reflected the latest estimate (prior to the arbitration decision) of the amount subject to the arbitration process, as of the conclusion of the acquisition measurement period. As a result of this change, and other net adjustments of $0.3 million, the Company revised the estimated net final adjustment amounts receivable, with a corresponding decrease in the total consideration of $2.1 million.

Subsequently in the fourth quarter of 2022, post acquisition measurement period, the Company received the arbitrator's final and binding written determination pertaining to the aforementioned $5.3 million receivable, as a result of which the Company revised the carrying value of this receivable to $nil. The Company has recorded a loss of $5.3 million for the year ended December 31, 2022, under "Other non-operating loss" in net earnings (loss).

The common share consideration resulted in the issuance of 28,684,433 common shares of the Company with a fair value of $1.89 per common share. The Rayonier Credit Note consideration is non-interest bearing, is payable in five equal annual installments on the anniversaries of the closing and has been discounted to its net present value. The Company intends to set-off the principal amount of the Rayonier Credit Note against amounts owing by the vendor to the Company under a chip purchase agreement. Acquisition costs of $7.7 million, specifically related to the Rayonier Asset Acquisition, were expensed as part of acquisition and transaction related costs on the statements of earnings (loss) in prior periods.

(In thousands of Canadian dollars unless otherwise stated)

The Company has determined that the transaction represents a business combination under IFRS 3, *Business Combinations* ("IFRS 3"), with the Company identified as the acquirer and accordingly the transaction has been accounted for using the acquisition method of accounting in accordance with IFRS 3.

Property, plant and equipment is valued using the cost approach, where the value of an asset is based on an estimate of the cost to purchase or replace the asset, adjusted for the estimated useful lives and physical condition, and functional and economic obsolescence at the date of acquisition. Inventory is valued based on the estimated selling price at the date of acquisition, less estimated costs to complete and sell, including duties and transportation, and a reasonable profit allowance for the completion and selling effort.

As the acquisition occurred on August 28, 2021, the Company and its external valuation experts continued to assess acquisition date fair value adjustments up until the measurement period end. This included assessment of fair values of property, plant and equipment and related depreciation charges, leases and estimated final purchase price adjustments related to inventory. During the year ended December 31, 2022, the Company adjusted the purchase price by $2.1 million compared to the estimated amount as at December 31, 2021, as discussed above. The Company also finalized the allocation of fair value to the net assets acquired and liabilities assumed during the year ended December 31, 2022. This reassessment resulted in a revision to acquired land, biological assets related to private timberlands and values of certain plant and equipment assets, as outlined below. As a result of this revision, the Company recalculated the amount of depreciation related to the acquired assets based on the revised purchase price allocation. The Company has adjusted prior period balances to reflect this change.

The Company's final purchase and its allocation to net assets is as follows:

Purchase price consideration:	December 31, 2021 (Preliminary)	**August 28, 2022 (Final)**
Cash	$ 245,062	**$ 245,062**
Common shares of the Company	54,214	**54,214**
Indebtedness and estimated final adjustments	(5,166)	**(3,139)**
Total consideration	$ 294,110	**$ 296,137**

(In thousands of Canadian dollars unless otherwise stated)

Fair value of net assets acquired:		December 31, 2021 (Preliminary)		August 28, 2022 (Final)
Inventory	$	98,935	$	**98,935**
Property, plant and equipment		171,634		**170,517**
Timber licenses		11,814		**11,814**
Other assets		9,089		**12,233**
Pension plans in asset positions		30,186		**30,186**
Other non-current liabilities		(4,654)		**(4,654)**
Other liabilities		(5,598)		**(5,598)**
Post-retirement obligations		(11,365)		**(11,365)**
Deferred tax liabilities		(5,931)		**(5,931)**
Total fair value	$	294,110	$	**296,137**

The Company's final estimate of fair values has the following impact on prior period figures:

As at December 31, 2021

Consolidated statement of financial position		Previous Stated		Restated		Net Impact
Property, plant and equipment	$	182,317	$	182,657	$	**340**
Trade and other receivables		38,067		36,040		**(2,027)**
Biological assets		2,021		5,165		**3,144**
Accumulated deficit		(36,179)		(34,722)		**1,457**

For the year ended December 31, 2021

Consolidated statement of comprehensive loss		Previous Stated		Restated		Net Impact
Cost of sales (depreciation)	$	(162,233)	$	(160,776)	$	**1,457**

The estimates of the fair values of net identifiable assets acquired and liabilities assumed reasonably approximate the fair value of the consideration, and therefore it has been determined that there is no goodwill.

As part of the Rayonier Asset Acquisition, the Company entered into a Transaction Services Agreement ("RYAM TSA"), under which RYAM would provide services to the Company in the areas of IT support, general accounting, treasury, and other day-to-day operations for a period of time. During the year ended December 31, 2022, the fees related to services provided under the RYAM TSA were $1.4 million (December 31, 2021 - $1.1 million).

Additionally, the Company has ongoing sales transactions with RYAM, the terms and conditions for which are the same as those entered into by other parties transacting with the Company.

(In thousands of Canadian dollars unless otherwise stated)

5. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On December 21, 2022, the Company signed a definitive agreement to sell its two Quebec sawmills and related forest operations to Chantiers Chibougamau Ltée ("Chantiers Chibougamau"). The transaction closed on March 14, 2023 for approximately $94.0 million, subject to final adjustments (please see *Note 23 - Subsequent Events*). The comparative consolidated statement of comprehensive income (loss) and other relevant notes have been restated to separately show the discontinued operations from the Company's continuing operations.

Assets held for sale		**December 31, 2022**
Inventory	$	30,864
Prepaid expenses and other current assets		853
Property, plant and equipment		45,946
Pension plans in asset positions		1,371
Total	**$**	**79,034**

Liabilities associated with assets held for sale		
Other current liabilities	$	(4,016)
Total	**$**	**(4,016)**

Year ended		**2022**		2021
Net sales	**$**	**187,427**	$	57,165
Cost of sales		**(168,611)**		(50,868)
Duties		**(16,411)**		(4,199)
Selling, general and administrative expenses		**(797)**		(234)
Operating earnings		**1,608**		1,864
Finance costs, net		**(14)**		(3)
Net earnings from discontinued operations, before income taxes		**1,594**		1,861
Deferred tax recovery		**1,628**		—
Net earnings from discontinued operations	**$**	**3,222**	$	1,861
Other comprehensive earnings				
Items that will not be reclassified to earnings in future periods:				
Defined benefit pension plans adjustments, net of tax expense of $6 from discontinued operations (2021 - net of tax expense of $14)		**18**		40
Comprehensive earnings from discontinued operations	**$**	**3,240**	$	1,901

Year ended		**2022**		2021
Total cash provided by (used in) operating activities	**$**	**17,195**	$	(4,246)
Total cash used in investing activities	**$**	**(4,860)**	$	(2,044)

(In thousands of Canadian dollars unless otherwise stated)

During the year ended December 31, 2022, the Company recorded a deferred tax recovery from discontinued operations of $1.6 million (December 31, 2021 - $nil) and deferred tax expense in other comprehensive income related to its defined pension plan adjustments of $6 (December 31, 2021 - $14).

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended		**December 31, 2022**		December 31, 2021[1]
Salaries and benefits	**$**	**10,546**	$	1,347
Third party fees and other services		**8,717**		4,521
Administration, office and facility costs		**4,990**		2,352
Total selling, general and administrative expenses	**$**	**24,253**	$	8,220

[1] Certain prior period amounts have been restated as a result of a change in presentation of the Company's Financial Statements for continuing and discontinued operations for assets held for sale under IFRS. Please refer to Note 5 - *Assets held for Sale and Discontinued Operations*.

7. FINANCE COSTS, NET

For the year ended		**December 31, 2022**		December 31, 2021[1]
Interest on Credit Facility	**$**	**1,284**	$	—
Interest on Term Debt		**8,701**		4,502
Accretion of Term Debt financing costs (Note 9)		**2,318**		932
Amortization of Credit Facility capitalized fees (Note 9)		**76**		196
Amortization of capitalized ABL fees (Note 9)		**390**		—
Interest on convertible debentures		**—**		178
Accretion expense for lease liabilities		**125**		43
Accretion expense related to Rayonier Credit Note		**433**		—
Interest income		**(661)**		(22)
Net interest income on pension plans and post-retirement obligations		**(748)**		(80)
Bank charges and other		**878**		424
Finance costs, net	**$**	**12,796**	**$**	**6,173**

[1] Certain prior period amounts have been restated as a result of a change in presentation of the Company's Financial Statements for continuing and discontinued operations for assets held for sale under IFRS. Please refer to Note 5 - *Assets held for Sale and Discontinued Operations*.

8. TRADE AND OTHER RECEIVABLES

As at December 31		**2022**		2021[1]
Accounts receivable, trade	$	20,957	$	21,605
Value added tax receivable		6,609		5,406
Accounts receivable, other (Note 4)		14,623		9,187
Allowance for expected credit losses		(1,457)		(158)
Total trade and other receivables	**$**	**40,732**	$	36,040

[1] Certain prior period amounts have been restated as a result of the Company finalizing its purchase price accounting related to the Rayonier Asset Acquisition, as allowed under IFRS. Please refer to Note 4 - *Acquisition of Sawmills and Paper Mill.*

(In thousands of Canadian dollars unless otherwise stated)

9. INVENTORY

As at		December 31, 2022		December 31, 2021
Finished goods	**$**	**27,759**	$	31,495
Work-in-process		**14,450**		20,902
Raw materials		**30,645**		49,751
Manufacturing and maintenance supplies		**5,440**		5,056
Total inventory	**$**	**78,294**	**$**	107,204

During the year ended December 31, 2022, the Company recorded an inventory valuation write-down of $11.4 million (December 31, 2021 - $nil) in cost of sales to reflect net realizable value being lower than cost.

10. PROPERTY, PLANT AND EQUIPMENT

		Land & Buildings		Machinery & Equipment		Roads & Bridges		Furniture & Fixtures		Construction-in-progress		Total
Gross carrying amount:												
Balance, January 1, 2021	$	6,749	$	4,778	$	—	$	—	$	—	$	11,527
Additions from acquisition		65,787		83,429		11,710		479		9,112		170,517
Additions		—		169		—		—		5,923		6,092
Transfers		—		1,781		—		—		(1,781)		—
Balance, December 31, 2021	**$**	**72,536**	**$**	**90,157**	**$**	**11,710**	**$**	**479**	**$**	**13,254**	**$**	**188,136**
Accumulated depreciation:												
Balance, January 1, 2021	$	(10)	$	—	$	—	$	—	$	—	$	(10)
Depreciation		(602)		(4,091)		(769)		(7)		—		(5,469)
Balance, December 31, 2021	**$**	**(612)**	**$**	**(4,091)**	**$**	**(769)**	**$**	**(7)**	**$**	**—**	**$**	**(5,479)**
NBV, January 1, 2021	$	65,777	$	83,429	$	11,710	$	479	$	9,112	$	170,507
NBV, December 31, 2021	**$**	**71,924**	**$**	**86,066**	**$**	**10,941**	**$**	**472**	**$**	**13,254**	**$**	**182,657**

(In thousands of Canadian dollars unless otherwise stated)

	Land & Buildings	Machinery & Equipment	Roads & Bridges	Furniture & Fixtures	Construction-in-progress	Total
Gross carrying amount:						
Balance, January 1, 2022	$ 72,536	$ 90,157	$ 11,710	$ 479	$ 13,254	$ 188,136
Additions	—	—	—	—	33,603	33,603
Transfers	—	10,527	5,418	—	(15,945)	—
Disposals	(35,233)	(697)	(478)	—	—	(36,408)
Reclassified to assets held for sale	(9,069)	(29,012)	(8,719)	(47)	(4,753)	(51,600)
Balance, December 31, 2022	**$ 28,234**	**$ 70,975**	**$ 7,931**	**$ 432**	**$ 26,159**	**$ 133,731**
Accumulated depreciation:						
Balance, January 1, 2022	$ (612)	$ (4,091)	$ (769)	$ (7)	$ —	$ (5,479)
Depreciation	(1,672)	(14,847)	(1,992)	(52)	—	(18,563)
Disposals	—	592	123	—	—	715
Reclassified to assets held for sale	420	4,086	1,148	—	—	5,654
Balance, December 31, 2022	**$ (1,864)**	**$ (14,260)**	**$ (1,490)**	**$ (59)**	**$ —**	**$ (17,673)**
NBV, January 1, 2022	$ 71,924	$ 86,066	$ 10,941	$ 472	$ 13,254	$ 182,657
NBV, December 31, 2022	**$ 26,370**	**$ 56,715**	**$ 6,441**	**$ 373**	**$ 26,159**	**$ 116,058**

Sale of Private Forest Land

On November 7, 2022, the Company announced the sale of its 203,000 acres of private forest land south of Kapuskasing, Ontario, to a third party for net cash proceeds of $48.7 million. This resulted in the Company recording a gain of $8.0 million, which is the excess over the book value of biological assets of $5.2 million and land and other assets of $35.5 million, related to the disposed assets.

11. TIMBER LICENCES

Cost	**2022**	2021
Balance, January 1	$ 11,814	$ —
Acquisition	—	11,814
Balance, December 31	**$ 11,814**	$ 11,814
Accumulated Amortization		
Balance, January 1	$ (98)	$ —
Amortization	(296)	(98)
Balance, December 31	**$ (394)**	$ (98)
Net book value, December 31	**$ 11,420**	$ 11,716

The Company’s timber licences were acquired as part of the Rayonier Asset Acquisition and relate to licences in connection with the acquired assets.

(In thousands of Canadian dollars unless otherwise stated)

12. OTHER LIABILITIES

As at		**December 31, 2022**		December 31, 2021
Accrued payroll and benefits	**$**	**9,392**	$	7,675
Advances payable		**175**		2,319
Customer prepayments		**837**		684
Lease liabilities, current portion		**1,165**		1,272
Accrued utilities charges		**3,752**		885
Stumpage liabilities		**4,783**		4,961
Holdbacks		**15**		592
Rayonier Credit Note, current portion (Note 4)		**1,580**		1,580
Accrued interest		**848**		—
Other liabilities		**20**		252
Total other current liabilities	**$**	**22,567**	$	20,220

At December 31, 2022, the Company's other long-term liabilities consisted of $4.1 million (December 31, 2021 - $5.0 million) of the long-term portion of the Rayonier Credit Note (see *Note 4 – Acquisition of Sawmills and Paper Mill*) and $1.9 million (December 31, 2021 - $2.4 million) related to obligations for decommissioning activities.

13. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company's leases are primarily for corporate offices, warehouse space, rail cars and equipment. As of December 31, 2022, the Company's leases have remaining lease terms of 1 year to 6 years with standard renewal and termination options available at the Company's discretion. Certain equipment leases have purchase options at the end of the term of the lease, which are not included in the lease liabilities or right of use assets as it is not reasonably certain that the Company will exercise such options. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company uses its incremental borrowing rate in determining the present value of lease payments unless the lease provides an implicit or explicit interest rate.

The Company's lease liabilities balance is comprised of the following:

Lease liability		**2022**		**2021**
Balance, January 1	**$**	**3,404**	$	—
Additions from acquisitions		**—**		3,516
Additions		**700**		336
Accretion expense for lease liabilities		**125**		43
Repayment of lease obligations		**(1,543)**		(491)
Total lease liability		**2,686**		3,404
Less: Current portion		**(1,165)**		(1,272)
Balance, December 31	**$**	**1,521**	$	2,132

(In thousands of Canadian dollars unless otherwise stated)

The following sets forth commitments related to the lease liabilities:

	Lease payments	Interest	Lease Liability
2023	$ 1,245	$ 80	$ 1,165
2024	693	49	644
2025	410	31	379
2026	232	18	214
2027 and after	296	12	284
	$ 2,876	**$ 190**	**$ 2,686**

The Company's ROU asset balance is comprised of the following:

ROU assets	**2022**	**2021**
Balance, January 1	**$ 3,382**	$ —
Additions from acquisitions	**—**	3,517
Additions	**700**	341
Depreciation for ROU assets	**(1,513)**	(476)
Balance, December 31	**$ 2,569**	$ 3,382

14. PENSION AND OTHER POST-RETIREMENT BENEFITS

Defined Benefit Plans

As part of the Rayonier Asset Acquisition the Company assumed certain defined benefit pension and other post-retirement plans covering certain union and non-union employees in Canada. Benefits under the defined pension plans are based on years of service and compensation levels. The defined benefit pension plans are closed to new participants. New participants are enrolled in the Company's defined contribution plan.

Defined benefit pension and other post-retirement plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

The following tables set forth the changes in the accrued benefit obligation and plan assets and reconciles the funded status and the amounts recognized in the consolidated statement of financial position for the defined benefit pension and post-retirement plans as at December 31, 2022:

(In thousands of Canadian dollars unless otherwise stated)

Plan assets		2022 Pension		2022 Post-retirement		2021 Pension		2021 Post-retirement
Fair value of plan assets								
Fair value of plan assets, January 1	**$**	**107,100**	**$**	**—**	$	106,452	$	—
Interest income		**3,178**		**—**		1,100		—
Remeasurements - actuarial loss		**(29,908)**		**—**		655		—
Employer contributions (transfers)		**(608)**		**—**		(178)		—
Plan participants' contributions		**7**		**—**		3		—
Costs met from plan		**(157)**		**—**		(95)		—
Benefits paid		**(3,392)**		**—**		(837)		—
Reclassified to assets held for sale		**(7,730)**		**—**		—		—
Fair value of plan assets, December 31		**68,490**		**—**		107,100		—
Benefit obligation								
Benefits obligation upon acquisition, January 1		**(81,683)**		**(5,687)**		(81,856)		(5,775)
Current service cost		**(2,456)**		**(45)**		(874)		(15)
Interest expense		**(2,271)**		**(160)**		(708)		(55)
Plan participant contributions		**(7)**		**—**		(3)		—
Remeasurements:								
Change in membership experience		**691**		**—**		1,491		—
Changes in financial assumptions		**19,560**		**1,168**		(570)		—
Benefits paid		**3,392**		**464**		837		158
Reclassified to assets held for sale		**6,359**		**—**		—		—
Benefit obligation, December 31	**$**	**(56,415)**	**$**	**(4,260)**	$	(81,683)	$	(5,687)
Net defined benefit asset (liability), December 31	**$**	**12,075**	**$**	**(4,260)**	**$**	**25,417**	**$**	**(5,687)**

Recognized on the statement of financial position		Pension		Post-retirement		Total
Pension plans in asset positions	**$**	**15,410**	**$**	**—**	**$**	**15,410**
Post-retirement obligations and pension plans in liability positions		**(3,335)**		**(4,260)**		**(7,595)**
Net asset (liability), December 31, 2022	**$**	**12,075**	**$**	**(4,260)**	**$**	**7,815**

Recognized on the statement of financial position		Pension		Post-retirement		Total
Pension plans in asset positions	$	29,773	$	—	$	29,773
Post-retirement obligations and pension plans in liability positions		(4,356)		(5,687)		(10,043)
Net asset (liability), December 31, 2021	$	25,417	$	(5,687)	$	19,730

Non-pension, post-retirement plans are unfunded and the Company's contributions are made as required.

(In thousands of Canadian dollars unless otherwise stated)

Recognized in other comprehensive earnings (loss)		**Pension**	**Post-retirement**
Remeasurement gains/(losses) from continuing operations	**$**	**(9,590) $**	**1,168**
Remeasurement gains/(losses) from discontinued operations		**(67)**	**—**
Other comprehensive earnings (loss) for the period, December 31, 2022	**$**	**(9,657) $**	**1,168**

Recognized in other comprehensive earnings (loss)		**Pension**	**Post-retirement**
Remeasurement gains/(losses) from continuing operations	$	1,486 $	—
Remeasurement gains/(losses) from discontinued operations		90	—
Other comprehensive earnings (loss) for the period, December 31, 2021	$	1,576 $	—

Components of net periodic benefit cost		**Pension**	**Post-retirement**
Service cost	**$**	**2,456 $**	**45**
Administrative costs paid from plan		**157**	**—**
Interest expense		**2,271**	**160**
Interest income		**(3,178)**	**—**
Net pension cost, December 31, 2022	**$**	**1,706 $**	**205**

Components of net periodic benefit cost		**Pension**	**Post-retirement**
Service cost	$	874 $	15
Administrative costs paid from plan		95	—
Interest expense		708	55
Interest income		(1,100)	—
Net pension cost, December 31, 2021	$	577 $	70

The estimation of post-retirement benefit obligations involves the use of judgment for matters such as discount rate, return on assets, salary increases, health care cost trends, mortality rates, longevity and service lives of employees. These estimates are determined by management with the assistance of independent actuaries. The significant weighted average actuarial assumptions used to determine our statement of financial position date post-retirement assets and liabilities and our post-retirement benefit plan expenses are as follows:

Pension and other postretirement benefit assumptions for 2022	**Pension**	**Post-retirement**
Benefit obligations:		
Discount rate	**5.05% to 5.06%**	5.10 %
Future compensation rate increases	**2.50%**	—
Net periodic benefit cost assumptions:		
Discount rate	**3.00% to 5.05%**	5.10 %
Compensation rate increases	**2.50%**	**—**

(In thousands of Canadian dollars unless otherwise stated)

Pension and other postretirement benefit assumptions for 2021	Pension	Post-retirement
Benefit obligations:		
Discount rate	2.66% to 3.00%	2.90 %
Future compensation rate increases	2.50%	—
Net periodic benefit cost assumptions:		
Discount rate	2.66% to 2.75%	2.90 %
Compensation rate increases	2.50%	—

Health-care benefit costs, shown under other post-retirement benefit plans, are funded on a pay-as-you-go basis. The actuarial assumptions for extended health-care costs are estimated to increase 6.25%, grading down to 5.00% by 0.25% per year thereafter.

The impact of a 1% change in certain assumptions used in the estimates of pension and post-retirement benefits are as follows:

Sensitivity to a 1% change in certain assumptions for 2022	Pension Obligations	Post-retirement Obligations
Discount rate increase	**$ (6,965)**	**$ (385)**
Discount rate decrease	**8,491**	**466**
Health-care cost trend rate increase	**n/a**	**27**
Health-care cost trend rate decrease	**n/a**	**(25)**

Sensitivity to a 1% change in certain assumptions for 2021	Pension Obligations	Post-retirement Obligations
Discount rate increase	$ (10,613)	$ (615)
Discount rate decrease	13,426	768
Health-care cost trend rate increase	n/a	33
Health-care cost trend rate decrease	n/a	(30)

Weighted average duration of defined benefit obligations in years	2022	2021
Pension	**13.2**	15.3
Post retirement	**10**	13.8

Pension plan asset category allocation	2022	2021
Canadian equity	**3 %**	2 %
Foreign equity	**8 %**	6 %
Bonds	**89 %**	91 %
Real estate	**— %**	1 %
	100 %	100 %

The next regulatory prescribed actuarial valuation date for the defined benefit plans is December 31, 2023. Contributions to the unfunded plans, which are part of the defined benefit plans, and other post-retirement obligations in 2023, based on the most recent actuarial reports, are expected to amount to $633 (December 31, 2021 - $770).

(In thousands of Canadian dollars unless otherwise stated)

Defined Contribution Plan

New participants in the Company's pension plans are enrolled in the defined contribution plans. Under the defined contribution plans, the Company is required to make contributions to the plan equal to 5% of the member's remuneration for the pay period of $464 (December 31, 2021 - $158).

15. CREDIT FACILITIES AND LONG-TERM DEBT

The Company's outstanding debt is as follows:

As at		**December 31, 2022**		December 31, 2021
Term debt - senior secured term credit facility	**$**	**—**	$	125,196
Unamortized deferred financing charges		**—**		(9,975)
Credit Facility		**84,000**		—
Unamortized deferred financing charges on Credit Facility		**(642)**		—
Amortization of deferred financing charges for Credit Facility		**76**		—
Repayment of Credit Facility		**(30,000)**		—
Carrying value of Credit Facility		**53,434**		115,221
Less: current portion		**(7,500)**		(6,339)
Long-term debt	$	**45,934**	$	108,882

The amounts related to the Company's term debt and Credit Facility for the year ended December 31, 2022 are:

Term debt and Credit Facility		
Balance, January 1, 2022	$	115,221
Amortization of deferred financing charges for extinguishment Term Loan		2,318
Repayment of extinguished Term Loan		(133,092)
Write-off of deferred financing charges of extinguishment Term Loan		7,657
Foreign exchange on extinguished Term Loan		7,896
Proceeds from Credit Facility		84,000
Deferred financing charges on Credit Facility		(642)
Amortization of deferred financing charges for Credit Facility		76
Repayment of Credit Facility		(30,000)
Carrying value of Credit Facility, September 24, 2022	**$**	**53,434**
Less: current portion		(7,500)
Long-term debt	**$**	**45,934**

Contractual minimum principal repayments related to the Credit Facility are due as follows:

Less than 1 year	$	7,500
1 - 3 years		46,500
Thereafter		—
Total	$	**54,000**

On September 23, 2022, the Company extinguished its US$100.0 million (CAD$126.1 million at initial closing) senior secured term credit facility (the "Term Loan" or term debt) with a term of four years. The balance outstanding at the time of extinguishment was US$87.3 million (CAD$118.7 million). In addition, the Company extinguished its $65.0 million asset backed revolving loan (the "ABL") with a term of three years. Concurrently, the Company entered into a credit agreement with a Tier 1 Canadian Bank (the “Credit Agreement”) for $140.0 million consisting of a term loan of $15.0 million (24-month term, with a 1-year extension available) and a revolving facility of up to $125.0 million (36-month term, with a 1-year extension available) (collectively, the “Credit Facility”). The Company is required to make quarterly repayments of principal of $1.9 million on the term loan portion of the Credit Facility, with the balance of the principal due upon its maturity. Subsequent to the initial draw from the Company’s Credit Facility, the Company made a voluntary repayment of $30.0 million during the fourth quarter of 2022.

The Company is subject to certain financial covenants under the Credit Facility, including a minimum fixed charge coverage ratio (only while the term loan portion of the Credit Facility is outstanding) and a maximum annual capital expenditure amount relative to budget, as these terms are defined in the Credit Agreement. The Credit Agreement requires the Company to meet a minimum fixed charge coverage ratio of 1.1:1 (only while the term loan portion of the Credit Facility is outstanding). The fixed charge coverage ratio is calculated on a trailing twelve-month basis. The Company monitors these ratios and is required to report them to the lender. The Company can draw down on the facility based on a prescribed percentage of accounts receivable and its inventory carrying value, less reserves.

As at December 31, 2022, the Company was in compliance with all covenants under the new Credit Facility.

In connection with the extinguishment of the Term Loan and the ABL facility, the Company recognized a loss of $11.2 million, which primarily relates to the write-off of $7.7 million and $1.0 million of remaining capitalized fees related to the Term Loan and ABL facility, respectively. In addition, there was a $2.5 million prepayment premium related to the early extinguishment of the Term Loan. The Company capitalized a total of $0.6 million of deferred financing costs related to the new Credit Facility.

During the year ended December 31, 2022, the Company made total repayments of principal of $133.1 million in relation to the extinguished Term Loan and ABL.

During the year ended December 31, 2022, $2.3 million (December 31, 2021 - $0.9 million) of deferred financing costs were amortized relating to the extinguished Term Loan. During the year ended December 31, 2022, $0.4 million of deferred financing costs were amortized relating to the ABL (December 31, 2021 - $nil). As noted, the balance of these capitalized financing costs were written off upon the extinguishment of the Term Loan and ABL facility. During the fourth quarter and year ended December 31, 2022, $0.1 million of deferred financing costs were amortized relating to the Credit Facility (December 31, 2021 - $nil).

At December 31, 2022, there were $13.9 million (December 31, 2021 - $13.7 million) of outstanding standby letters of credit issued, which reduces the amounts available to draw under the Credit Facility. As at December 31, 2022, the Company was also in the process of transitioning certain of its outstanding letters of credit from the previous lender to the new Credit Facility. Subsequent to the period end, the Company received necessary approvals from the respective beneficiaries of the letters of credit to complete the transition.

(In thousands of Canadian dollars unless otherwise stated)

16. INCOME TAXES

The provision for income taxes is comprised of the following:

Year ended December 31		2022		2021
Current income tax recovery	$	—	$	—
Deferred income tax recovery		(643)		(2,031)
Total	$	(643)	$	(2,031)

The reconciliation of income tax recovery computed at statutory tax rates to income tax recovery, using a 26.5% (2021 - 27%) statutory rate is:

Year ended December 31		2022		2021
Earnings loss before income taxes from continuing operations	$	(4,775)	$	(12,054)
Statutory tax rate		26.5%		27%
Tax recovery at statutory tax rate	$	(1,265)	$	(3,257)
Non-taxable income/non-deductible expenses		754		(789)
Effect of revised purchase price allocation		(7,338)		(686)
Change in unrecognized deferred tax assets		7,207		2,702
Deferred income tax recovery	$	(643)	$	(2,031)

In addition to the deferred tax recovery recorded in net income, a $2,256 deferred tax recovery was recorded in other comprehensive earnings (loss) for the year ended December 31, 2022 (December 31, 2021 - $404) in relation to the remeasurement of the pension plan assets.

Significant components of the Company's recognized deferred tax assets and liabilities are shown below:

As at December 31		2022		2021
Deferred tax assets				
Loss carryforwards	$	19,291	$	—
Capital assets		—		113
Decommissioning obligations		499		630
Other tax assets		695		167
Recognized deferred tax assets	$	20,485	$	910
Deferred tax liabilities				
Capital assets	$	(18,212)	$	—
Pension assets & liabilities		(2,071)		(5,228)
Recognized deferred tax liabilities	$	(20,283)	$	(5,228)
Net deferred tax asset recognized	$	202	$	(4,318)

The Company has deductible temporary differences and other items for which no deferred tax assets are recognized in the statement of financial position as shown below:

(In thousands of Canadian dollars unless otherwise stated)

As at December 31		**2022**		2021
Non-capital loss carryforwards	**$**	**49,528**	$	28,255
Capital loss carryforwards (deductible portion)		**7,144**		7,593
Resource pools		**5,397**		5,397
Capital assets		**1,888**		1,094
Other items		**1,620**		3,028
Unrecognized deferred tax assets	**$**	**65,577**	$	45,367

As at December 31, 2022, the Company has Canadian non-capital losses carried forward in the amount of $128.4 million. The non-capital losses expire as follows:

Expiry		**Loss**
2029	$	652
2030		458
2031		240
2040		270
2041		115,076
2042		11,717
Total	**$**	**128,412**

17. SHAREHOLDERS' EQUITY

Share Capital

Authorized

- Unlimited number of common voting shares with no par value.
- 100,000,000 preferred shares with no par value, none of which are outstanding for the reporting periods presented.

Issued and outstanding

Changes to common shares and share capital issued and outstanding are as follows:

	Number of Common Shares		**Amount**
Balance, January 1, 2021	23,810,626	$	38,362
Conversion of debentures	8,000,000		4,075
Exercise of options (Note 13)	2,206,000		1,449
Shares issued under the rights offering	111,665,880		158,367
Share issue costs during the period	—		(3,662)
Exercise of warrants	3,205,333		1,923
Rayonier Asset Acquisition consideration	28,684,433		54,214
Balance, December 31, 2021	177,572,272		254,728
Balance, December 31, 2022	**177,572,272**	**$**	254,728

(In thousands of Canadian dollars unless otherwise stated)

Convertible Debentures

On June 24, 2021, all of the outstanding Convertible Debentures were converted into 8,000,000 Units at a price of $0.50 per unit with each unit consisting of one common share and one warrant. The issued common shares were recorded at the carrying value of the convertible debenture.

Rights Offering

On July 9, 2021, the Company initiated a rights offering (the “Rights Offering”), by issuing three rights (“Rights”) for each common share outstanding to shareholders of record at that date. Each Right entitled the holder to subscribe for one subscription receipt for an exercise price of $1.50 per subscription receipt for a period up to July 30, 2021. Each subscription receipt entitled the holder thereof to receive, upon satisfaction of certain escrow release conditions, and without payment of additional consideration or further action, one common share. On July 30, 2021, the Rights Offering closed resulting in the issuance of 111,665,880 subscription receipts (the “Subscription Receipts”) for gross proceeds of $167.5 million which was deposited in escrow pending the completion of the escrow release conditions, primarily the completion of the Rayonier Asset Acquisition discussed in *Note 4 – Acquisition of Sawmills and Paper Mill*.

The Company allocated $9.1 million of the gross proceeds to backstop warrants issued as part of the Rights Offering to a party in consideration for providing a backstop commitment, further described below.

On August 28, 2021, each Subscription Receipt was automatically exchanged, without payment of additional consideration or further action by the holders thereof, for a total of 111,665,880 common shares of the Company.

Warrants

Changes in outstanding common share purchase warrants were as follows:

	Number of Warrants	Weighted Average Exercise Price[1]	Carrying Amount in reserves
Balance, January 1, 2021	2,000,000	$ 0.60	$ 89
Issued upon conversion of debentures	8,000,000	0.60	—
Exercised	(3,205,334)	(0.60)	(89)
Adjustments as a result of anti-dilution provisions:			
Number of warrants subject to adjustment	(6,794,666)	(0.60)	—
Warrants outstanding after adjustment	16,060,118	0.25	—
Issued in connection with Rights Offering	15,692,500	3.18	9,132
Balance, December 31, 2021	31,752,618	1.70	9,132
Balance, December 31, 2022	31,752,618	$ 1.70	$ 9,132

[1] In dollars per common share.

On July 2, 2021, 3,205,334 warrants were exercised for proceeds of $1.9 million.

As a result of the Rights Offering closing on July 30, 2021, anti-dilution provisions were triggered for warrants outstanding at the time of closing. These warrants had been issued as part of the exchange of the convertible notes to Units consisting of common shares and warrants. By triggering the anti-dilution provisions, the number of warrants outstanding increased to 16,060,118 with a new exercise price of $0.2538. These warrants expire October 22, 2025.

(In thousands of Canadian dollars unless otherwise stated)

In consideration for providing a backstop commitment in connection with the Rights Offering, on July 30, 2021, Senvest Management, LLC (together with its affiliates and funds of which Senvest Management, LLC acts as investment manager, the “Standby Purchaser”) was issued 15,692,500 warrants to acquire Common Shares for a period of five years at an exercise price of $3.18. The Standby Purchaser has been granted nomination rights in respect of one independent director for so long as it beneficially holds at least 5% of the issued and outstanding Common Shares of the Company. In addition, registration rights were granted to the Standby Purchaser, whereby it can require the Company to file a prospectus to qualify for trading the Common Shares issuable under the warrants, for so long as it holds at least 15% of the issued and outstanding Common Shares.

The issuance date fair value of the backstop warrants of $9.1 million was determined using the Black-Scholes model with the following inputs:

		July 30, 2021
Expected life		5 years
Exercise price	$	3.18
Volatility		33%
Underlying price of common share on the grant date	$	2.57
Risk free rate		0.81%

Rayonier Asset Acquisition Consideration

On August 28, 2021, as part of the Rayonier Asset Acquisition, the Company issued 28,684,433 common shares, representing an acquisition date fair value of $54.2 million as part of the total consideration for the assets acquired.

Private Placement

On October 22, 2020, the Company completed a non-brokered Private Placement financing of 2,000,000 Units at a purchase price of $0.50 per Unit and of 4,000 Convertible Debentures at a purchase price of $1 thousand per Convertible Debenture, for aggregate gross proceeds of $5.0 million. Each Unit is comprised of one common share and one common share purchase warrant of the Company (the “Warrant”). Each Warrant entitles the holder thereof to purchase one common share at a purchase price of $0.60 until the date that is five years after the date that the Warrant is issued. Each Unit is immediately separable into one common share and one warrant upon issuance.

The transaction was accounted for as a compound financial instrument in accordance with IAS 32, *Financial instruments: presentation*. The proceeds were allocated between the common shares and the warrants based on their relative fair values as outlined below. The fair value of the common shares was based on the market value as of the date of issuance of the units. The fair value of the warrants was determined using the Black-Scholes model with the following inputs:

(In thousands of Canadian dollars unless otherwise stated)

		October 22, 2020
Expected life		5 years
Exercise price	$	0.60
Volatility		10%
Underlying price of common shares on the grant date	$	0.60
Risk free rate		0.39%

Following the private placement, two of the subscribers to the private placement became directors of the Company. The two directors subscribed for, in aggregate, $3.6 million of the convertible debentures and 1,800,000 Units.

Earnings (Loss) Per Share

For the year ended		December 31, 2022		December 31, 2021[1]
Net earnings (loss)	$	(910)	$	(8,162)
Basic weighted average number of common shares outstanding		177,572,272		78,721,554
Basic loss per share		**0.00**		**(0.10)**
Basic earnings per share from discontinued operations		**0.02**		**0.03**
Basic loss per share from continuing operations	**$**	**(0.02)**	**$**	**(0.13)**

[1] Prior period figures have been restated due to the finalization of purchase price accounting related to the Rayonier Asset Acquisition during the year ended December 31 , 2022. Please see *Note 4 - Acquisition of Sawmills and Paper Mill.*

For the year ended		December 31, 2022		December 31, 2021[1]
Net earnings (loss)	$	(910)	$	(8,162)
Basic weighted average number of common shares outstanding		177,572,272		78,721,554
Dilutive effect of exercisable warrants outstanding		—		—
Dilutive effect of exercisable stock options outstanding		—		—
Diluted weighted average number of common shares outstanding		177,572,272		78,721,554
Diluted loss per share		**0.00**		**(0.10)**
Diluted earnings per share from discontinued operations		**0.02**		**0.03**
Diluted loss per share from continuing operations	**$**	**(0.02)**		**(0.13)**

[1] Prior period figures have been restated due to the finalization of purchase price accounting related to the Rayonier Asset Acquisition during the year ended December 31 , 2022. Please see *Note 4 - Acquisition of Sawmills and Paper Mill.*

The 15,692,500 warrants issued to the Standby Purchaser on July 30, 2021, to acquire Common Shares for a period of five years at an exercise price of $3.18 were non-dilutive for the year ended December 31, 2022. For the year ended December 31, 2022, 6,462,663 stock options, granted by the Company were either not vested or not in-the-money and therefore non-exercisable (See *Note 18 – Equity-Based Compensation*).

There were no shareholder dividends declared during the year ended December 31, 2022 and December 31, 2021.

(In thousands of Canadian dollars unless otherwise stated)

18. EQUITY-BASED COMPENSATION

Omnibus Equity Incentive Plan

In 2021, the Company established the 2021 Omnibus Equity Incentive Plan ("Omnibus Plan") for directors, officers, employees and contractors. Under the Omnibus Plan, the Company may grant stock options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Deferred Share Units ("DSUs") and Dividend-Equivalent Rights. The maximum number of common shares which can be reserved for issuance under the Plan is 10% of the prevailing issued and outstanding shares of the Company.

Stock Options
During the year ended December 31, 2022 the Company granted 2,406,413 stock options under the Omnibus Plan (December 31, 2021 - 4,766,858). During the year ended December 31, 2022 the Company forfeited 710,608 stock options due to terminations under the Omnibus Plan (December 31, 2021 - nil). As at December 31, 2022, 6,462,663 stock options to directors, officers, employees and contractors were outstanding (December 31, 2021 - 4,766,858), of which 1,147,967 stock options were vested and exercisable (December 31, 2021 - 302,000).

	Number of Options		Weighted Average Exercise Price[(1)]		Years Before Expiration
Outstanding, January 1, 2021	—	$	—	$	—
Granted	4,766,858		1.80		3.96
Outstanding, December 31, 2021	4,766,858	$	1.80	$	3.96
Granted	2,406,413		1.56		4.90
Forfeited	(710,608)		1.80		3.96
Outstanding, December 31, 2022	6,462,663	$	1.71	$	4.31

(1) In dollars per option.

The Company recorded an expense related to the stock options granted under the Omnibus Plan for the year ended December 31, 2022 of $1.0 million (December 31, 2021 - $0.3 million).

The fair value of the stock options granted during the year ended December 31, 2022 was determined using the Black-Scholes model with the following inputs:

		Inputs
Expected life		3 years
Term		5 years
Exercise price	$	1.50 - 1.92
Volatility		31% - 53%
Underlying price of common share on the grant date	$	1.50 - 1.92
Risk free rate		2.51% - 3.42%

Performance Share Units
During the year ended December 31, 2022, the Company did not grant any Performance Share Units ("PSUs") under the Omnibus Plan (December 31, 2021 - 277,000). As at December 31, 2022 the Company had nil PSUs outstanding (December 31, 2021 - 277,000). PSUs have a performance-based criteria based on various metrics. The PSUs are cash-settled instruments and are accounted for as a financial liability. During the year ended December 31, 2022, the Company recorded a recovery of $7 (December 31, 2021 - expense of $7) as all outstanding PSUs were cancelled.

(In thousands of Canadian dollars unless otherwise stated)

Deferred Share Units
During the year ended December 31, 2022, the Company granted 435,091 DSUs, respectively (December 31, 2021 - nil). As at December 31, 2022, the Company had 435,091 DSUs outstanding (December 31, 2021 - nil). During the year ended December 31, 2022, the Company recorded an expense of $0.7 million (December 31, 2021 - $nil) related to the DSUs granted under the Omnibus Plan. As at December 31, 2022, the liability related to DSUs is $0.7 million (December 31, 2021 - $nil).

Rolling Stock Option Plan

Stock Options

The Company established a rolling stock option plan (the "Rolling Plan") effective on June 2, 2003, which was amended June 20, 2012, to reflect the TSX Venture Exchange policies and practices. The maximum number of common shares which can be reserved for issuance under the Plan is 10% of the prevailing issued and outstanding shares of the Company. Stock options granted under the Plan are exercisable for a period no longer than ten years, although the vesting terms, if any and expiry period are at the discretion of the Company's Board of Directors.

Changes to stock options granted under the Plan were as follows:

	Number of Options	Weighted Average Exercise Price(1)	Years Before Expiration
Outstanding, January 1, 2021	2,206,000	0.66	6.67
Exercised	(2,206,000)	0.66	—
Outstanding as of December 31, 2021	—	—	—

(1) In dollars per option.

During the year ended December 31, 2022, the Company recorded an expense of $nil (December 31, 2021 - $nil), respectively, related to the stock options granted under the prior Rolling Plan. All outstanding options held by officers and directors under the Plan were exercised during the year ended December 31, 2021 for cash proceeds of $1.4 million.

19. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company's key management personnel is comprised of its Board of Directors and members of the senior leadership team. The Company's key management personnel compensation comprised of the following:

For the year ended	**December 31, 2022**	December 31, 2021
Salaries, benefits and fees	**1,625**	511
Equity-based payments(1)	**1,364**	44
Total	**2,989**	555

(1) Please refer to Note 18 – Equity-based Compensation for further information on such benefits.

Investment in Boreal Carbon Corporation

On November 30, 2021, the Company purchased 1,428,571 common shares in Boreal Carbon Corporation ("Boreal") for $0.5 million. Boreal is an entity focused on acquiring and managing forestry projects in North America to generate carbon credits. The Chairman and a director of GreenFirst are members of the Boreal board. See *Note 20 – Financial Instruments and Risk Management.*

(In thousands of Canadian dollars unless otherwise stated)

During the year ended December 31, 2022 the Company recorded a gain on investment of $0.6 million (December 31, 2021 - $nil). The increase in the investment carrying value as at December 31, 2022 to $1.1 million (December 31, 2021 - $0.5 million) was due to a fair value adjustment supported by a revaluation of Boreal's common share price based on the pricing in an equity financing by Boreal completed during the year. This investment is accounted for at fair value with changes in fair value recorded in earnings (loss).

Management Services Agreements

Certain directors of the Company, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies. Some of these companies transacted with the Company during the years ended December 31, 2022 and December 31, 2021. Following are the aggregate values of such transactions:

For the year ended	**December 31, 2022**	December 31, 2021
Fees incurred for services – officers and companies controlled by officers (1)(2)(3)	**859**	650

(1) Includes fees for management services, administrative support, and reimbursement of expenses. These fees were paid to entities controlled or affiliated with the Company's interim CEO and Director, Paul Rivett.
(2) Includes fees paid to an entity controlled by the Company's former CEO, Larry Gene Swets Jr., who was engaged as a contractor pursuant to a management service agreement effective January 31, 2019, which was subsequently terminated effective August 28, 2021. Also includes fees paid to an entity controlled by the Company's former CFO pursuant to a consulting contract.
(3) There is $0.2 million outstanding related to these services as at December 31, 2022 ($nil outstanding as at December 31, 2021), representing normal course of business payment terms.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2022, the Company's financial instruments categorization and values are as follows:

	Category		**Carrying and fair value**
Cash and cash equivalents	Amortized cost	$	25,353
Trade and other receivables, excluding value added tax	Amortized cost		34,123
Accounts payable and other current liabilities, excluding lease liabilities	Amortized cost		74,519
Long-term debt	Amortized cost		53,434
Lease liabilities	Amortized cost		2,687
Investment	Fair value		1,143

Except for the Company's investment, the fair value of all other financial instruments approximates the carrying value due to their short-term nature. Long term debt fair value approximates its carrying value due to the short period between initial recognition and period end.

The Company has classified its investment in Boreal as fair value through profit and loss. The Company uses Level 3 inputs to assess the fair value of the investment at the reporting date as there is no public information available regarding the value of Boreal's common shares.

The Company's financial instruments expose the Company to credit, liquidity and market risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash deposits and receivables from customers.

The Company's maximum exposure to credit risk attributable to cash deposits as at December 31, 2022 is $25.4 million (December 31, 2021 - $36.2 million). The Company holds these deposits with a Canadian Schedule 1 financial institution.

The Company's exposure to credit risk with respect to accounts receivable is dependent upon individual characteristics of each customer. Each new customer is assessed for creditworthiness before payment and delivery terms and conditions are offered, with such review encompassing any external ratings, and bank and other references. Purchase limits are established for each customer and are regularly reviewed. The Company does not require specific credit guarantees for its customers and mitigates the risk of potential losses through the active monitoring of its receivables, considering past experience with its customer base, current economic conditions and any known specific customer issues.

The Company regularly reviews the collectability of its accounts receivable and establishes an allowance for expected credit losses based on its best estimate of expected credit losses. At December 31, 2022, a $1.5 million (December 31, 2021 - $0.2 million) allowance for expected credit losses was recorded.

The carrying amount of accounts receivable, excluding value added tax of $34.1 million represents the maximum credit exposure for its accounts receivables at December 31, 2022 (December 31, 2021 - $32.7 million).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity to fulfill its obligations when due and monitors cash flow requirements daily and projections weekly. In addition to the Company's cash and cash equivalent balances, it has access to $46.9 million under the revolving portion of the Credit Facility as at December 31, 2022. The Company can draw down on the facility based on a prescribed percentage of accounts receivable and its inventory carrying value, less reserves. The facility matures on September 23, 2025. The Company had drawn down $39.0 million on the revolving portion of the Credit Facility and $15.0 million on the term loan portion of the Credit Facility at December 31, 2022 (December 31, 2021 – $115.2 million outstanding under the now extinguished Term Loan). Additionally, the Company had open letters of credit of $ $13.9 million (December 31, 2021 - $13.7 million), which reduces availability by the same amount.

Under the Credit Facility, additional principal repayments will be required of up to 50% of excess working capital (as defined in the Credit Agreement) annually.

Market Risk

The Company is exposed to market risk primarily through changes in commodity prices, the US dollar to Canadian dollar exchange rate and interest rates.

Commodity Prices

The Company's products are commodities that are widely available from other producers; because these products have few distinguishing qualities from producer to producer, competition is based primarily on price, which is determined by supply relative to demand. The Company attempts to minimize the economic impact of these changes through continuously looking for cost reductions in its operations and employing flexible manufacturing schedules that can increase or decrease in response to supply and demand fluctuations. The Company currently does not hedge its exposure to commodity prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has borrowings under its Credit Facility which creates interest rate risk exposure for the Company. The term loan portion of the Credit Facility bears variable interest based on the CDOR or Canadian Prime Rate plus a premium, currently at 8.15% annualized at December 31, 2022. The revolving portion of the Credit Facility bears a variable rate of CDOR or Canadian Primate Rate plus a premium, currently at 6.44% annualized at December 31, 2022.

A 100 basis point increase in the interest rate on the secured term debt loan would decrease the net earnings in the statement of profit and loss by approximately $0.1 million. Similarly, a 100 basis point reduction in the interest rate on the secured term debt loan would increase the net earnings (loss) by approximately $0.1 million.

Currency Risk

The Company is exposed to foreign exchange risk on revenues and expenditures denominated in foreign currencies, principally US dollars. The Company's US dollar denominated sales accounts for a significant volume of its sales. Except for duties, the majority of the Company's expenditures are in Canadian dollars.

The Company is exposed to currency risk on US dollar cash and cash equivalents, accounts receivable and accounts payable balances.

As at December 31, 2022, the portion of the Company's monetary assets and liabilities held in US dollars are as follows:

As at (in thousands of US dollars)		**September 24, 2022**
Cash and cash equivalents	$	1,469
Accounts receivable		10,873
Accounts payable and other liabilities		(3,454)
Net monetary assets in US Dollars	**$**	**8,888**

Based on the US dollar statement of financial position exposure at December 31, 2022, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 1%, relative to the rate at December 31, 2022, the net earnings in the statement of earnings (loss) would be approximately $0.1 million less. If the Canadian dollar were to strengthen against the US dollar by 1%, relative to the rate at December 31, 2022, the net earnings in the statement of earnings (loss) would be approximately $0.1 million greater.

21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain a strong statement of financial position and to continuously improve its cost structure to maintain liquidity throughout commodity price cycle and to support access to additional capital for expansion. The Company defines capital as net debt and shareholders' equity.

(In thousands of Canadian dollars unless otherwise stated)

As at		**December 31, 2022**
Total debt outstanding[1]	$	53,434
Less: cash and cash equivalents		(25,353)
Net debt		28,081
Shareholders' equity		224,462
Total capital	**$**	**252,543**

[1]Total debt outstanding consists of the carrying amounts of the Company's borrowings under the Credit Facility.

The Company manages its capital through detailed operating and capital expenditure budgeting combined with frequent forecasting. The Company's strategic capital expenditure decisions are predicated on adequate cash flow from operations and through sale of non-core assets to support those expenditures.

The Company's Credit Facility contains restrictive covenants that limit the Company's ability to undertake certain actions without the lender's consent, and it also includes the following financial covenant tests performed quarterly: a minimum fixed-charge coverage ratio and a maximum annual capital expenditure amount relative to budget, all as defined in the Credit Agreement. The Company monitors its performance monthly as well as its future performance expectations, adjusting as required, so it remains in compliance with these covenants. The Company was in compliance with its covenants under the Credit Agreement as at December 31, 2022.

22. SEGMENT AND GEOGRAPHICAL INFORMATION

The Company operates in two business segments, Forest Products and Paper Products, based on factors that include similarities in products, production processes and economic characteristics. Through its Forest Products segment, the Company manufactures and markets a wide range of forest products for use in residential and commercial construction, including SPF lumber, wood chips and by-products. The Paper Products segment manufactures and markets paper-grade products used to print newspapers, advertising materials, food service bags and other related paper products. Corporate activities consist primarily of senior management, accounting, information systems, human resources, treasury, tax and legal administrative functions that provide support services to the operating business segments. The Company does not allocate the cost of maintaining these support functions to its operating units. Transactions between segments are at market prices and on standard business terms.

For the year ended December 31, 2022, there were no customers that represent 10% or more of total net sales for the Company (December 31, 2021 - none).

Statement of earnings (loss) from continuing operations for the year ended December 31, 2022(1)

		Forest Products		**Paper Products**		**Corporate**		**Total**
Net sales	**$**	**398,098**	**$**	**94,011**	**$**	**—**	**$**	**492,109**
Operating earnings (loss)	**$**	**61,840**	**$**	**(19,086)**	**$**	**(18,976)**	**$**	**23,778**
Finance costs, net	**$**	**110**	**$**	**39**	**$**	**12,647**	**$**	**12,796**
Depreciation and amortization		**12,297**		**2,487**		**822**		**15,606**
Capital expenditures	**$**	**28,319**	**$**	**5,013**	**$**	**271**	**$**	**33,603**

(In thousands of Canadian dollars unless otherwise stated)

Statement of earnings (loss) from continuing operations for the year ended December 31, 2021[(1)(2)]

	Forest Products	Paper Products	Corporate	Total
Net sales	$ 108,612	$ 24,703	$ —	$ 133,315
Operating earnings (loss)	$ 16,373	$ (5,520)	$ (6,179)	$ 4,674
Finance costs, net	$ 11	$ 20	$ 6,142	$ 6,173
Depreciation and amortization	3,973	363	167	4,503
Capital expenditures	$ 4,917	$ 1,175	$ —	$ 6,092

Statement of financial position as at December 31, 2022

	Forest Products	Paper Products	Corporate	Total
Total assets	**$ 228,056**	**$ 92,394**	**$ 51,054**	**$ 371,504**
Total liabilities	**$ 57,878**	**$ 21,657**	**$ 67,507**	**$ 147,042**

Statement of financial position as at December 31, 2021[(2)]

	Forest Products	Paper Products	Corporate	Total
Total assets	$ 252,404	$ 90,017	$ 74,973	$ 417,394
Total liabilities	$ 71,737	$ 11,748	$ 103,293	$ 186,778

Geographical net sales from continuing operations for the year ended December 31, 2022[(1)]

	Forest Products	Paper Products	Total
Canada	**$ 160,776**	**$ 16,616**	**$ 177,392**
United States	**236,911**	**77,806**	**314,717**
Total net sales	**$ 397,687**	**$ 94,422**	**$ 492,109**

Geographical net sales from continuing operations for the year ended December 31, 2021[(1)]

	Forest Products	Paper Products	Total
Canada	$ 53,888	$ 4,117	$ 58,005
United States	54,725	20,585	75,310
Total net sales	$ 108,613	$ 24,702	$ 133,315

(1) Certain prior period amounts have been restated as a result of a change in presentation of the Company's Financial Statements for continuing and discontinued operations for assets held for sale under IFRS. Please refer to Note 5 - *Assets held for Sale and Discontinued Operations.*
(2) Certain prior period amounts have been restated as a result of the Company finalizing its purchase price accounting related to the Rayonier Asset Acquisition, as allowed under IFRS. Please refer to Note 4 - *Acquisition of Sawmills and Paper Mill.*

23. SUBSEQUENT EVENTS

Sale of Two Quebec Sawmills and Related Forestry Operations

During the fourth quarter of 2022, the Company announced the planned sale of its two Quebec sawmills and related forestry operations to Chantiers Chibougamau. The Company has presented the assets and liabilities related to these operations as held for sale, with the impact on profit and loss presented as discontinued operations. Subsequent to period end, the Company received approval for all customary closing conditions, including receipt of applicable regulatory approvals and Competition Act approval. On March 14, 2023, the Company announced the closing of this sale for proceeds of approximately $94.0 million, subject to final adjustments.

Issuance of Stock Options

On January 2, 2023 the Company issued 1,000,000 stock options at an exercise price of $1.75 with immediate vesting and one year expiration date. The Company also issued 174,250 stock options at an exercise price of $1.53 with three year vesting period and five year expiration date.