PRODUITS FORESTIERS
GREENFIRST
FOREST PRODUCTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FIRST QUARTER ENDED APRIL 1, 2023

GREENFIRST FOREST PRODUCTS INC.

Dated: May 15, 2023

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Background

This Management's Discussion and Analysis ("MD&A") provides information on GreenFirst Forest Products Inc. ("GreenFirst", the "Company", "we", "us", "our" or similar terms referring to GreenFirst) and should be read in conjunction with the Company's condensed consolidated interim financial statements and notes thereto for the first quarter ended April 1, 2023 ("Financial Statements"), which have been prepared in accordance and in compliance with International Accounting Standards ("IAS 34"), Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), using the same accounting policies, including estimates and judgments and methods of application as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2022 ("Annual Financial Statements"), except as disclosed in note 3 of the Financial Statements. This MD&A should also be read in conjunction with the Company's Annual Financial Statements and the Annual Management's Discussion and Analysis for the year ended December 31, 2022 ("Annual MD&A"). This MD&A has been prepared as of May 15, 2023, and has been approved by the Company's Board of Directors.

In this MD&A, the Company uses a number of performance measures and indicators to monitor and analyze the financial results that do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar performance measures and indicators used by other issuers. Please refer to the "Non-GAAP Measures" section of this MD&A for details. All figures are stated in Canadian dollars, unless otherwise noted, and all references to "USD" or "US$" are to the United States dollar.

Forward-Looking Statements

This MD&A has been prepared taking into consideration information available as at May 15, 2023, and contains forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts should be considered forward-looking statements. Such forward-looking statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this MD&A, the words "may"," will", "anticipate, "believe, "estimate", "expect" and "intend" and words of similar import, are intended to identify forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements. These statements reflect management's current view of future events and are subject to certain risks and uncertainties as contained herein, and in the Company's other filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual result could differ materially from those anticipated in these forward-looking statements. Management undertakes no obligation to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that these expectations are based on reasonable assumptions, the Company can give no assurance that those expectations will materialize.

A comprehensive list of forward-looking statements the Company uses can be found in our Annual Information Form dated March 14, 2023 available at www.sedar.com.

Our Sustainable Business and Strategy

GreenFirst is a forest-first business, focused on sustainable forest management. Our business involves the manufacturing, selling, marketing and distributing of lumber and paper products. We believe that responsible forest practices, coupled with the long-term green advantage of lumber, provide GreenFirst with significant cyclical and secular advantages in building products. GreenFirst's long-term vision is to be an environmental leader in the global forestry industry.

The Company has chosen to focus its operations in the province of Ontario. Its Quebec sawmills and related forest operations were sold on March 14, 2023 for approximately $94.1 million in gross proceeds, subject to final adjustments (See *Sale of Quebec Sawmills and Related Operations*). GreenFirst has four operating sawmills, one paper mill, timber licenses on crown forests in Ontario and land parcels in Kenora. Its head office is located in Toronto, which is supported by its office in North Bay.

We aim to maximize value by achieving strong financial results while fostering a culture that emphasizes safe and responsible operations with cost-control awareness. We are conscious that we operate in an industry that is prone to cyclicality and price volatility, as demonstrated by recent swings in lumber prices. As a Company, we are committed to being prudent and fiscally responsible in order to manage through these cycles and ensure sustainable operations in the communities where we operate. Our capital allocation is carefully monitored by management and our Board of Directors to ensure that we maintain a strong balance sheet and liquidity profile. Our goal is to strategically invest in our Ontario operations to enhance productivity, capacity and lower our cost of production. We believe that a strong balance sheet also provides the financial flexibility to capitalize on growth opportunities.

GreenFirst is committed to maintaining and elevating high standards of sustainability throughout its operations. GreenFirst produces quality lumber and paper products in a safe and responsible manner to protect our employees and the environment, create long-term value for our stakeholders, and contribute positively to our collective future. We believe the Company's renewable building materials, which sequester carbon, are a natural solution in the fight against climate change.

GreenFirst is founded and its activities are built on our value system ("Px4 Values") which puts our Principles, our People, our Planet, and our Progress clearly focused in everything we do as a company. We intend to expand and intensify our sustainability practices throughout all our operations and activities by using our Px4 Values as a backdrop to ensure that we protect, revive and enrich the resources, the products and the communities on which we all depend on and thrive within. Action plans continue to be developed for each of our Px4 Values, moving us towards a comprehensive ESG plan.

Principles
GreenFirst promotes business practices that are aligned with principles of good governance, transparency, inclusivity and shared prosperity for our employees, stakeholders and communities.

People
Value our employees and stakeholders as our most important assets. Fostering diversity in the workplace with an environment that welcomes all people equally.

Planet
Strive to become a global leader in sustainability, complying with certified Forest Management practices, recognizing that trees are an integral part of addressing climate change.

Progress
Prioritizing long-term value and creating prosperity while making a positive impact on the environment, benefiting our employees, stakeholders and local communities from our success.

GreenFirst's ***environmental stewardship*** is rooted in our sustainable forest management practices which maximize biodiversity and forest health and promote efficient energy consumption, striving to use the whole tree. The green advantages of lumber include the fact it is carbon-negative and is the only renewable building material. Lumber building materials require less energy to produce and transport than alternatives. By-products from lumber production, such as wood chips, can be used to generate energy with net-zero carbon emissions.

The Company's ***social responsibility*** centres around our commitment to a safe workplace, promoting diversity and expanding long-standing relationships with indigenous and rural communities, while welcoming all people equally.

Recent Business Highlights

Strategic Sale of Quebec Sawmills and Related Operations for $94 million
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 $94.1 million in gross proceeds, subject to final adjustments.

This move focuses the Company's strategic vision on the province of Ontario, where it aims to increase productivity at its four operating sawmills.

Kenora Re-development Plans

The Company is nearing the finalization of decommissioning the Kenora sawmill and completing the move of some of the sawmill equipment to its operating sawmills. The fair value of the equipment being redeployed to other GreenFirst mills is estimated to exceed $25.0 million. This strategy has helped the Company's strategic capital expenditure plans in the four operating Ontario sawmills, especially given long lead times for new equipment purchases.

The Company continues to work on a potential relocation of its Kenora sawmill. The Company is evaluating a proposal by the Ontario Government to rebuild the sawmill at a different site in Kenora. The decision to relocate also depends on access to sufficient fibre supply.

The Company is also evaluating its options to potentially redevelop and sell the Kenora Property. We have been in prolonged discussions with various levels of government and private partners for the redevelopment of the Kenora Property, which includes potential healthcare, multi-family residential and commercial opportunities. To extract the most value from the potential sale of all or part of the Kenora Property, the Company has engaged a planning and design firm to prepare a master plan for developing the land and rezoning for non-industrial use. All equipment from this site, including restoration of the land, is estimated to be completed by end of summer. The values that may be realized from the monetization of the Kenora Property may be materially different than their respective current carrying values.

A non-binding letter of intent has been executed for the sale of approximately 30 of the 118 acres with an institution, which requires Ontario government funding approval. We believe that there will be further meaningful progress on this development later in 2023.

Refund of Duties

The Company's softwood lumber sales to US customers are subject to duties imposed by the US Department of Commerce currently totaling 20.23%, which is considerably higher than the duty rates charged to its Canadian competitors. The Company expects that it will be eligible for the rate applied to all other lumber exporters from August 2023 onward, preliminarily calculated by the US Department of Commerce to be 8.24%. This will result in the Company paying a lower duties rate compared to its current rate assessed by the US Department of Commerce. This will represent cash savings to the Company, benefiting the Company's EBITDA and earnings from the date on which the change takes effect by the differential between the new rate vs. the current assessed rate.

During the first quarter of 2023, the US Department of Commerce announced the preliminary results of its fourth administrative reviews with respect to imports of softwood lumber products from Canada for 2021. Although the results will not take effect until the final determination, the Company believes that it would stand to benefit from an approximate $9.0 million recovery of duties paid in 2021, plus interest, based on preliminary results of the fourth administrative reviews.

Since inception of its operations on August 28, 2021 up until April 1, 2023, the Company has recorded duties expense of $83.8 million.

Overhead and Cost Reduction Initiatives

With the sale of the Quebec sawmills, we are simplifying our organizational footprint in order to ensure we achieve a more streamlined, cost-effective operating platform. The Company is currently targeting significant cost reductions which will be implemented by the end of the second quarter of 2023. During the first quarter ended April 1, 2023, the Company made significant strides toward this goal. This included streamlining of shared services roles, headcount reductions, re-positioning key roles within the organization and critical review of expenditures, including deferral of non-core technology projects and initiatives. The Company is currently focused on decreasing cash production costs at its mills and improving its strategic sourcing.

GreenFirst's Track Record of Delivering

The Company purchased the idled Kenora sawmill for $11.5 million on October 6, 2020 and has plans to earn a return on its initial investment through the monetization of the Kenora Property, completion of moving its equipment to the Company's operating sawmills and potentially relocating the sawmill to an alternate site in the Kenora region, dependent on potential fibre supply.

The Company purchased the Canadian assets of Rayonier Advanced Materials ("RYAM") for approximately $296.1 million on August 28, 2021 ("RYAM Acquisition"). After initially onboarding and transitioning the inherited employees and mills from RYAM, the Company assembled its HR, Finance, Sourcing and IT functions in North Bay and Toronto. Management was pleased that the integration went smoothly and was seamless for its customers and the financial reporting at its mills. Management then set a course to optimize the business and unearth value from the existing assets.

The Company continues to systematically work on improving the efficiency and production of its Ontario mills. The Company believes getting smaller through asset dispositions in the short-term will allow for more sustainable and profitable growth in the future. With a prudent focus on capital projects and increased productivity, we believe our four sawmills in Chapleau, Cochrane, Hearst and Kapuskasing have the ability to potentially produce significantly higher levels of lumber in the coming years. Our recent efforts to improve operational efficiency have begun to yield positive results, and several cost-effective improvements to our manufacturing processes have reduced waste and improved productivity without sacrificing product quality.

The RYAM purchase was primarily financed by equity and a term loan of US$100.0 million. The sale of the Private Forest Lands for $48.7 million and the Quebec sawmills for an approximate $94.1 million, subject to final adjustments, is part of our strategic plan to optimize the business and ensure a clear focus on capital allocation and return on invested capital. This transaction has allowed the Company to repay a significant portion of its debt outstanding. As of May 15, 2023, the Company has total debt outstanding of $30.0 million. There was a net repayment of $19.0 million during the first quarter ended April 1, 2023, and a subsequent repayment of $5.0 million since then. The Company repaid the term loan portion of the Credit Facility during the first quarter and is no longer subject to the minimum fixed charge coverage ratio financial covenant under the Credit Facility. The new Credit Facility also provides the Company with increased financial flexibility.

The Company's objectives when managing capital are to maintain a strong financial position, to continuously improve its cost structure, to maintain liquidity throughout commodity price cycles, to support access to additional capital for expansion and to ensure compliance with existing debt agreements. The Company defines capital as the sum of net debt and shareholder's equity.

As at		**April 1, 2023**
Total debt outstanding[1]	$	34,492
Less: cash and cash equivalents		(24,881)
Net debt		9,611
Shareholders' equity		208,942
Total capital	**$**	**218,553**

[1] Total debt outstanding consists of the carrying amounts of the Company's credit facilities.

In addition to its prudent and solid financial position, the Company possesses valuable core assets and opportunities as follows:

- **Four uniquely positioned operating sawmills** in Ontario with over 510 million board feet of annualized production capacity. With a prudent focus on capital projects and increased productivity, we believe our four mills in Chapleau, Cochrane, Hearst and Kapuskasing have the ability to potentially produce more lumber in the coming years;

- **Abundant forests** with a dedicated 2.6 million cubic metres of annual allowable fibre supply in Ontario. The general fibre basket is shrinking in Canada and our allowable cut provides us with a competitive advantage in a stable, business-friendly jurisdiction;

- **Non-core parcels of land** with tracts of potential development-friendly property unrelated to our mill sites;

- **Redevelopment of the Kenora Property** for healthcare, multi-family residential and commercial opportunities;

- **Over-funded pension** assets of approximately $22.8 million (pre - asset ceiling test), which the Company was able to protect from some of the market volatility and preserve asset surpluses during 2022;

- Our current **duty rate of 20.23%** is expected to be reduced in August 2023;

- Available non-capital and capital **tax loss** carryforwards of $125.7 million and $14.3 million, respectively, which will shelter future taxable income;

- **Long-term relationships** with leading companies in the home improvement and printing segments.

Economic Outlook

The impacts of rising interest rates in response to ongoing inflation resulted in softened lumber demand since mid year 2022. This led to a decline in lumber market prices throughout the second half of 2022, with those levels persisting in the first quarter of 2023 and through early spring thus far. Further monetary tightening and interest rate rises would continue to put downward pressure on lumber market prices, which are expected to remain volatile over the near term. However, there is optimism amongst US homebuilders for growth during the balance of 2023.

Partially offsetting the negative impact is the tightening lumber supply, spurred on by the curtailment of lumber production in the province of British Columbia and in other regions of North America. There is an expectation that there could be further curtailments in British Columbia and the Pacific North West if the current low levels of pricing persist.

The Company continues to experience challenges with an ongoing tight labour market, with some residual impacts of COVID-19 in early 2023. This continues to cause disruptions in the flow of production at the Company's mills. From a logistics standpoint, disruptions in trucking and rail have only been limited since the second quarter of 2022.

Inflationary pressures in North America have raised the cost of many inputs required for our operations. Ongoing shortages of people, materials or equipment could negatively impact the Company, as well as the industry. Many of these pressures arose due to the COVID-19 pandemic, and they continue to be a significant factor affecting our business.

Financial Highlights

The following selected financial information is derived from the Company's interim financial statements for the quarters ended April 1, 2023, March 26, 2022 and the annual financial statements and MD&A for the fourth quarter and year ended December 31, 2022:

For the quarter ended		April 1, 2023[2]		December 31, 2022[1][2]		March 26, 2022[1][2]
Net sales from continuing operations						
Forest products[4]	$	**61,272**	$	69,628	$	105,033
Paper products		**37,845**		30,564		14,684
Total net sales from continuing operations		**99,117**		100,192		119,717
Operating (loss) earnings from continuing operations		**(19,510)**		(33,747)		26,675
Net (loss) earnings		**(18,417)**		(43,615)		35,314
Net (loss) earning from continuing operations		**(20,200)**		(25,876)		21,293
Basic (loss) earnings per share		**(0.10)**		(0.25)		0.20
Basic (loss) earnings per share from continuing operations		**(0.11)**		(0.15)		0.12
Diluted (loss) earnings per share		**(0.10)**		(0.25)		0.18
Diluted (loss) earnings per share from continuing operations		**(0.11)**		(0.15)		0.11
Adjusted EBITDA from continuing operations[3]	$	**(15,166)**	$	(27,385)	$	29,586

As at		April 1, 2023		December 31, 2022[1]
Total assets	$	**325,695**	$	371,504
Total liabilities		**116,753**		147,042
Total shareholders' equity	$	**208,942**	$	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, in the Company's Annual Financial Statements for further information.
[2]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 under IFRS. Please refer to Note 4 - Discontinued Operations, in the Company's Financial Statements for further information.
[3]Adjusted EBITDA is a Non-GAAP measure and does not have standardized meaning under GAAP or IFRS. As a result, it may not be comparable to information presented by other companies. For an explanation and reconciliation of Adjusted EBITDA to related comparable financial information presented in the Financial Statements prepared in accordance with IFRS, refer to the *Non-GAAP Measures* section in this MD&A.
[4]Includes net sales to external parties only.

Non-GAAP Measures

EBITDA and Adjusted EBITDA are used by the Company and its investors as a means of assessing the performance of its core operations in comparison to prior periods. EBITDA and Adjusted EBITDA are non-GAAP measures and are not intended to replace net earnings (loss), or other measures of financial performance and liquidity reported in accordance with IFRS.

References to EBITDA in this document are measures of earnings (loss) before interest and finance costs, income taxes, depreciation and amortization, while references to Adjusted EBITDA reflect EBITDA plus other non-operating costs such as acquisition and transaction-related costs, impact of valuation changes on the Company's investments, the impact of foreign exchange on the Company's long-term debt, loss on extinguishment of debt, gain on sale of assets and other non-operating losses. Management believes that certain lenders, investors, and analysts use EBITDA and Adjusted EBITDA as a common valuation measurement and to measure the Company's ability to service debt and meet other payment obligations.

Adjusted EBITDA

For the quarter ended		April 1, 2023[2]	December 31, 2022[1][2]	March 26, 2022[1][2]
Net (loss) earnings from continuing operations	**$**	**(20,200)** $	(25,876) $	21,293
Adjustments:				
Finance costs, net		**896**	1,162	3,619
Income taxes		**80**	(1,030)	3,264
Depreciation and amortization		**4,344**	6,362	2,911
EBITDA		**(14,880)**	(19,382)	31,087
Foreign exchange on long-term debt		**—**	—	(1,501)
Gain on investment		**(286)**		—
Gain on sale of assets		**—**	(8,003)	—
Adjusted EBITDA from continuing operations[3]	**$**	**(15,166)** $	(27,385) $	29,586

[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 the Company's Annual Financial Statements for further information.
[2]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 under IFRS. Please refer to Note 4 - Discontinued Operations, in the Company's Financial Statements for further information.

As at April 1, 2023, the Company recorded inventory valuation reserve from continuing operations related to log and lumber inventory of $11.9 million, which decreases the carrying value of inventory at period end. This was an increase from the $8.7 million recorded as at December 31, 2022. This was primarily due to the further decline in lumber prices seen during the period. For the comparative first quarter ended March 26, 2022, the inventory valuation reserve related to continuing operations were $nil.

Results of Operations for the Quarter Ended April 1, 2023

Except for the fourth quarter, the Company operates on a 13-week fiscal quarter and the first quarter of 2023 comprises the results of operations from January 1, 2023 through April 1, 2023, and reports balances as at April 1, 2023. The Company's results for the preceding fourth quarter of 2022 includes results of operations from September 25, 2022 through December 31, 2022. The results for the first quarter of 2022 include results of operations from January 1, 2022 through March 26, 2022.

For purposes of the following discussion on the results of operations, the Company has excluded results from its discontinued operations *(Please see Strategic Sale of Quebec Sawmills and Related Operations and Note 4 - Discontinued Operations in the Company's Financial Statements for further information).*

During the first quarter ended April 1, 2023, the Company recorded a net loss from continuing operations of $20.2 million (diluted loss per share from continuing operations of $0.11). During the first quarter ended April 1, 2023, the Company recorded Adjusted EBITDA from continuing operations of negative $15.2 million.

In the preceding fourth quarter of 2022, the Company recorded net loss from continuing operations of $25.9 million (diluted loss per share from continuing operations of $0.15) and Adjusted EBITDA from continuing operations of negative $27.4 million.

In the comparative first quarter ended March 26, 2022, the Company recorded net earnings from continuing operations of $21.3 million. For the first quarter ended March 26, 2022, the Company recorded Adjusted EBITDA from continuing operations of $29.6 million.

First quarter of 2023 Highlights

In the first quarter of 2023, based on its continuing operations, the Company reported an operating loss of $19.5 million, including a negative contribution (net sales *less* cost of sales) of $7.7 million reflecting revenues of $99.1 million offset by cost of sales of $106.9 million. The negative contribution includes a negative $9.6 million impact from the lumber segment and a positive $1.9 million impact from the paper segment. The operating loss also includes the impact of duties expenses (of $6.6 million), selling, general & administrative expense (of $5.2 million) and other operating losses (of $27 thousand).

Net sales and shipments

Forest Products

During the first quarter ended April 1, 2023, the Company reported net sales in its Forest Products segment of $61.3 million compared to $69.6 million in the fourth quarter ended December 31, 2022, a decrease of approximately 12%. The total volume shipped in the first quarter of 2023 was 93.3 million board feet compared to 99.7 million board feet in the fourth quarter of 2022. The decline in net sales was primarily driven by lower lumber prices experienced in the first quarter of 2023 in response to lower demand due to adverse market conditions and due to lower volumes. The underlying economic factors driving these market conditions continues to be related to the monetary tightening and sustained interest rate increases seen in recent quarters.

The comparative first quarter ended March 26, 2022 reported net sales in the Forest Products segment of $105.0 million, reflecting shipments of 80.2 million board feet. When compared to the first quarter of 2022, the current quarter saw a decline in net sales of approximately 42%. This was primarily driven by substantially lower lumber prices in the current period coupled with lower demand driven by the increase in interest rates in recent quarters. Partially offsetting the decline was higher volume sold in the first quarter of 2023, as there were substantially fewer logistics issues in the current period.

The average weekly volume shipped during the first quarter quarter of 2023 was 7.5 million board feet compared to 7.7 million board feet averaged in the fourth quarter quarter of 2022. Subsequent to Q1 2023 to date, the average weekly volume shipped is approximately 7.5 million board feet. After experiencing pandemic-related logistics disruptions and harsh winter weather in the first quarter of 2022, shipments notably improved through the remainder of the year, with significantly fewer logistics challenges faced by the Company since that time. Higher interest rates and inflation reduced demand for lumber products from the third quarter of 2022 onward. During the first quarter quarter of 2023, US benchmark lumber prices for delivery to the Great Lakes region averaged US$477/Mfbm for random length 2&better and US$417/Mfbm for studs, compared to US$520/Mfbm and US$410/Mfbm, respectively, during the fourth quarter quarter of 2022.

US housing starts were reported at 1.42 million units (SAAR) in March 2023, a decrease of 17% from March 2022 levels. Despite low lumber prices, the Company saw some market support as a result of mill curtailments in Western Canada, with more closures expected if prices hold. With field inventories being currently low and housing projects being deferred, there could be some positive support to lumber prices going forward. The Company also saw some support from an increase in the remodeling and renovation segment. 2x4 random length 2&better is currently averaging US$454/Mfbm for the second quarter of 2023 thus far. With fair weather and railway issues subsided since the first quarter of 2022, lumber shipments are forecasted to be in line with production levels for the first quarter of 2023, pending market conditions.

Paper Products

During the first quarter ended April 1, 2023, the Company reported net sales in its Paper Products segment of $37.8 million compared to $30.6 million in the fourth quarter ended December 31, 2022, an increase of approximately 24%. The total volume shipped in the first quarter of 2023 was 42,620 metric tonnes (MT) compared to 32,239 MT in the fourth quarter of 2022. Higher sales were primarily driven by higher production in the first quarter of 2023, as the second paper machine continues to increase productivity. Pricing remained relatively flat, with some downward pressures expected in subsequent quarters.

The first quarter ended March 26, 2022 had net sales in the Paper Products segment of $14.7 million, reflecting shipments of 18,391 MT. When compared to the first quarter of 2022, the current quarter saw an increase of approximately 158% in sales. This was primarily driven by the increased production from the restart of the second paper machine during the second half of 2022 and due to higher pricing.

Manufacturing and Production

Cost of sales includes labour, raw materials costs (including log costs), consumables, freight, depreciation, and energy costs.

Forest Products

During the first quarter ended April 1, 2023, the Company reported cost of sales related to Forest Products of $70.9 million compared to $85.5 million in the fourth quarter ended December 31, 2022, a decrease of approximately 17%. This is primarily driven by lower cost of sales realized as a result of lower shipments recorded in the current quarter and due to lower overall costs of production in the current quarter resulting from increased efficiencies. During the first quarter of 2023, lumber production was 110.7 million board feet compared to 97.2 million board feet in the fourth quarter of 2022. This increased production was primarily driven by better equipment reliability and efficiencies in the current period. As at April 1, 2023, Company recorded an inventory valuation reserve of $11.9 million to reflect net realizable value being lower than cost for lumber and logs, which was an increase from the $8.7 million recorded as at December 31, 2022.

The comparative first quarter ended March 26, 2022 had cost of sales related to Forest Products of $54.3 million, where lumber production was 90.6 million board feet. When compared to the first quarter of 2022, the current quarter saw an increase in cost of sales of approximately 30%. This increase was primarily due to higher production in the current quarter accompanied by higher sales volumes. Additionally, during the first quarter of 2023, the Company recorded inventory write-downs which further contributed to an increase in cost of sales compared to the first quarter in 2022. The increase in board feet produced was due to lower downtime in the current period as the first quarter of 2022 was impacted by severe winter conditions. The current period also saw improved equipment reliability compared to the prior period.

Paper Products

During the first quarter ended April 1, 2023, the Company reported cost of sales related to Paper Products of $36.0 million compared to $34.0 million in the fourth quarter ended December 31, 2022, an increase of approximately 6%. During the first quarter of 2023, paper production was 42,557 MT compared to 35,619 MT in the fourth quarter of 2022. Higher paper production was primarily due to the efficiencies gained on the Company's second paper machine, which continued to increase productive capacity during the current quarter, combined with the impact of having more working days as compared to the fourth quarter of 2022.

For the comparative first quarter ended March 26, 2022, cost of sales related to Paper Products was $20.0 million, relating to paper production of 21,341 MT in the quarter. When compared to the first quarter of 2022, the first quarter of 2023 saw an increase in cost of sales by approximately 80%. This was driven by the Company's restart of its second paper machine, including start-up and commissioning costings during the first quarter of 2022.

As noted, the Company restarted its second paper machine in the second quarter of 2022, which has contributed to higher production volumes in the Paper segment. During the first quarter of 2023, the second paper machine did reach the Company's target efficiency set for it, at approximately 80%. The Company continues to work on ensuring that the target efficiency levels are consistently achieved.

Entering Q2 2023, production at the sawmills is expected to be slightly higher than Q1 2023 levels due to improved efficiencies. Energy commodity prices and freight costs are expected to remain above normal, although at lower levels than the peaks seen in mid-2022.

Selling, General and Administration

The Company's selling, general and administrative ("SG&A") expenses primarily reflect corporate and administrative personnel costs, fees paid to consultants and external service providers, IT and infrastructure costs, public-company costs, and other shared back-office expenses.

During the first quarter ended April 1, 2023, the Company reported SG&A expenses of $5.2 million compared to $5.9 million in the fourth quarter ended December 31, 2022, a decrease of approximately 12%. This decrease mainly reflects lower business-development activities and expenses.

For the first quarter ended March 26, 2022 the Company reported SG&A expenses of $5.9 million. When compared to the first quarter of 2022, the current quarter saw a decrease of approximately 12%. This was primarily due to lower set-up related costs and costs related to transitional support services that the Company incurred in the comparative period. The decrease was partially offset by impacts of additional salaried staff hired by the Company during 2022.

Other Operating Income (Loss)

Other operating income mainly includes the impact of foreign exchange on the Company's US dollar-denominated net working capital. As the Company sells a substantial portion of its products to customers in the United Sales, those sales are denominated in US dollars.

For the first quarter ended April 1, 2023, the Company reported other operating gain of $27 thousand. The gain was driven by a relatively flat foreign exchange rate of the Canadian dollar compared to the US dollar. In the comparative period of the first quarter ended March 26, 2022, the Company reported losses of $0.8 million, driven by a strengthening of the Canadian dollar in the comparative period.

Duties

The Company's softwood lumber sales to US customers are subject to countervailing and anti-dumping duties as determined by the US Department of Commerce. The Company expenses all softwood lumber duties and includes the impact in profit and loss. During the first quarter ended April 1, 2023 the Company expensed duties of $6.6 million related to its continuing operations. The Company is initially subject to countervailing duties of 14.19% plus anti-dumping duties of 6.04%. The Company has challenged these levels by requesting that the US Department of Commerce undertake a Changed-Circumstances Review, aiming to recognize that GreenFirst's exports are a continuation of RYAM exports from same lumber mills before the acquisition, when RYAM was paying much lower combined duty rates.

On November 17, 2022 the US Department of Commerce initiated the Anti-Dumping Changed-Circumstances Review but continued to deny the Company's request for a Countervailing Duty Changed Circumstances Review. The Company is appealing this decision regarding Countervailing Duties. In November 2022, the US Court sided with the Company and remanded the matter to the US Department of Commerce. In February 2022, the US Department of Commerce filed its remand redetermination with the Court of International Trade, where it continued to refuse to initiate a review for the Company. The Company has commented to the US Court that the US Department of Commerce, in its remand determination regarding Countervailing Duty Changed-Circumstances Review, had not addressed the US Court's November 2022 Opinion.

The initial rate, totaling over 20.23%, remained in effect following the results of the US Department of Commerce Administrative Review, announced on August 3, 2022, which reduced duties generally applied to all other lumber exporters. Duties expense in the first quarter of 2023 decreased compared to the fourth quarter of 2022 mainly driven by the drop in realized lumber prices during the first quarter of 2023.

The Company expects that it will be eligible for the rate applied to all other lumber exporters from August 2023 onward, preliminarily calculated by the US Department of Commerce to be 8.24%.

On January 24, 2023, the US Department of Commerce announced the preliminary results of its fourth administrative reviews with respect to imports of softwood lumber products from Canada for 2021. Although the results do not take effect until the final determination, there are indications that the final rate will be lower than what the Company was assessed in 2021. Based on this estimated final rate, preliminarily calculated to be 8.24%, the Company would stand to benefit from an approximate $9.0 million recovery on duties paid, plus interest. However, the timing of this is not known.

Adjusted EBITDA before duties expensed for the first quarter ended April 1, 2023 was negative $8.5 million, compared to $41.6 million for the first quarter ended March 26, 2022.

Countervailing and anti-dumping duties and adjustments paid or incurred prior to the RYAM Acquisition were retained by the previous owner.

Net Finance Costs

Net finance costs primarily include interest on the Company's credit facilities, including accretion of deferred financing costs. Net finance costs also include bank charges, net interest on the Company's pension assets and liabilities and accretion expense related to lease liabilities and decommissioning obligations. During the first quarter ended April 1, 2023 net finance costs were $0.9 million.

In the prior year, for the first quarter ended March 26, 2022, net finance costs for the Company were $3.6 million, primarily related to interest on the Company's now extinguished term loan, including accretion of deferred financing costs.

Loss on Sale of Assets

On December 21, 2022, the Company signed a definitive agreement to sell its two Quebec sawmills and related forest operations to Chantiers Chibougamau. The transaction closed on March 14, 2023 for $94.1 million in gross proceeds, subject to final adjustments.

The following is the calculation of the loss on sale recorded in relation to this transaction during the first quarter ended April 1, 2023:

(in thousands of Canadian dollars)	**March 14, 2023**
Gross proceeds	94,092
Transaction-related costs	(2,553)
Net proceeds	91,539
Net assets sold	(94,995)
Loss on sale recorded in net earnings from discontinued operations	(3,456)

Selected Financial Information – Quarterly Highlights

The following table presents selected financial information related to the Company's eight most recent completed fiscal quarters (in thousands of Canadian dollars, except per share amounts and certain operating metrics):

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Net sales from continuing operations[3]	**99,117**	100,192	111,471	160,729	119,717	114,079	19,236	—
Net (loss) earnings from continuing operations[1][3]	**(20,200)**	(25,876)	(16,257)	16,708	21,293	6,108	(12,045)	21,293
Net (loss) earnings from discontinued operations[1][3]	**1,783**	(17,739)	(7,002)	13,942	14,021	2,938	(1,077)	—
Basic (loss) earnings per share from continuing operations[1][3]	**(0.11)**	(0.10)	(0.04)	0.08	0.08	0.02	(0.01)	0.00
Basic (loss) earnings per share from discontinued operations[1][3]	**0.01**	(0.15)	(0.09)	0.09	0.12	0.03	(0.15)	0.26
Diluted (loss) earnings per share from continuing operations[1][3]	**(0.11)**	(0.10)	(0.04)	0.07	0.07	0.02	(0.01)	0.00
Diluted (loss) earnings per share from discontinued operations[1][3]	**0.01**	(0.15)	(0.09)	0.09	0.11	0.03	(0.15)	0.26
Operating metrics								
Lumber Sales Volume from continuing operations (MFB)[3]	**93,294**	99,714	96,536	104,704	80,151	120,926	17,942	N/A
Lumber Produced from continuing operations (MFB)[3]	**110,662**	97,195	95,683	103,265	90,596	110,366	21,548	N/A
Lumber - Average Selling Price (C$/MFB) from continuing operations[2][3]	**605**	644	800	1,277	1,258	745	605	N/A

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 the Company's Annual Financial Statements for further information.
2. Average gross price before duties and other deductions.
3. 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 under IFRS. Please refer to Note 4 - Discontinued Operations, in the Company's Financial Statements for further information.

On a sustained basis, the Company's quarterly financial trends are impacted by typical industry-wide seasonality, levels of lumber production, log costs, market prices for lumber, the USD/CAD foreign currency exchange rate and business-development transactions.

Logging operations are seasonal due to several factors including weather and ground conditions that vary from winter freezing to spring snow melt.

Capital Resources and Liquidity

Liquidity

At April 1, 2023, the Company had total liquidity of $82.1 million comprising $24.9 million in cash on hand and $62.6 million, less $5.4 million for standby letters of credit, of excess availability under its Credit Facility. The Company has drawn down $35.0 million under the Credit Facility at April 1, 2023, and $30.0 million as of the date of this MD&A.

Cash flow for the first quarter ended April 1, 2023

During the first quarter ended April 1, 2023 the Company decreased its cash balance by $0.5 million and ended the quarter at a balance of $24.9 million (December 31, 2022 - $25.4 million).

Cash Provided by Operations

During the first quarter ended April 1, 2023, the Company used cash in operations of $67.4 million, reflecting the loss from operations during the quarter, net investments in working capital and interest paid, partly offset non-cash adjustments to net loss such as depreciation.

Non-cash working capital changes for the year ended April 1, 2023 include a $37.2 million cash use for increased inventory. The first quarter of the fiscal year generally consists of seasonal logging activity, which requires heavy investment in log inventories on behalf of the Company. The Company also used $4.4 million in cash for the build up of accounts receivable, reflecting normal variations in trade balances relating to operations. The Company used $4.0 million in cash to repay its accounts payable, accrued liabilities and other items.

Cash Used in Investing Activities

During the first quarter ended April 1, 2023 the Company generated $86.2 million from investing activities. This primarily reflects $94.1 million in proceeds from the sale of assets related to the Company's Quebec operations, partly offset by $5.4 million used for the purchase of property, plant and equipment and $2.6 million in transaction costs related to the sale of the Quebec assets. The Company continues to face inflationary cost pressures related to its capital expenditures program, impacting the cost and availability of equipment. The Company continues to assess the impact of these macro changes on its initial strategic capital expenditure plan and expects the actual expenditures and time frame for deployment to be greater and later than initial estimates. The execution of this plan will depend on realizing sufficient cash flows from operations and cash proceeds from the sale of non-core assets.

Cash Used in Financing Activities

During the first quarter ended April 1, 2023 the Company used $19.2 million in cash for financing related activities. This included total repayments made under its Credit Facility of $54.0 million, which included a full repayment of the term loan portion of the Credit Facility. This was partly offset by draw downs of $35.0 million during the quarter. Additionally, the Company made payments of $0.2 million related to its lease obligations during the first quarter ended April 1, 2023.

Capital Resources

The Company's objectives when managing capital are to maintain a strong financial position, to continuously improve its cost structure, to maintain liquidity throughout commodity price cycles, to support access to additional capital for expansion and to ensure compliance with existing debt agreements. The Company defines capital as the sum of net debt and shareholder's equity.

As at		**April 1, 2023**
Total debt outstanding[1]	$	34,492
Less: cash and cash equivalents		(24,881)
Net debt		9,611
Shareholders' equity		208,942
Total capital	**$**	**218,553**

[1.] Total debt outstanding consists of the carrying amounts of the Company's credit facilities.

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 test performed quarterly: a maximum annual capital expenditure amount relative to budget, 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 the covenants. The Company was in compliance with its covenants under the Credit Agreement as at April 1, 2023.

As at April 1, 2023, the Company also has approximately $125.7 million and $14.3 million in non-capital and capital loss carryforwards, respectively, available to offset taxable income and capital gains.

Shareholders' Equity

For the quarter ended April 1, 2023, shareholders' equity decreased by $15.5 million, compared to December 31, 2022, primarily reflecting net loss realized during the quarter.

Credit Facility

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").

During the first quarter ended April 1, 2023, the Company made net repayments of $19.0 million on the outstanding balance under the Credit Facility, which included the extinguishment of the term loan portion. As a result of this, the Company is no longer subject to the minimum fixed charge coverage ratio financial covenant under the Credit Facility. The Company remains subject to a maximum annual capital expenditure amount relative to budget, as these terms are defined in the Credit Agreement. 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 April 1, 2023, the Company was in compliance with all covenants under the Credit Facility.

During the first quarter ended April 1, 2023, $0.1 million (March 26, 2022 - $0.8 million related to the now extinguished Term Loan and ABL) of deferred financing costs were amortized relating to the Credit Facility.

At April 1, 2023, there were $5.4 million (March 26, 2022 - $13.7 million) of outstanding standby letters of credit issued, which reduces the amounts available to draw under the Credit Facility. Additionally, as at April 1, 2023, the Company also had $5.4 million (March 26, 2022 - nil) of outstanding standby letters of credit issued backstopped by another third party, thereby not impacting the amounts available to draw under the Credit Facility.

Contractual Obligations

The estimated cash payments (undiscounted) due in respect of contractual and legal obligations including debt principal payments and capital commitments for the one-year periods ending April 1 are summarized as follows:

	2024	2025	2026	2027	2028 and beyond	Total
Accounts payable	$ 39,814	$ —	$ —	$ —	$ —	$ 39,814
Other liabilities, excl. leases	28,234	1,580	1,580	1,580	5,043	38,017
Lease liabilities	944	464	173	176	252	2,009
Long term debt	—	—	35,000	—	—	35,000
Total	**$ 68,992**	**$ 2,044**	**$ 36,753**	**$ 1,756**	**$ 5,295**	**$ 114,840**

Under the Company's Credit Facility, additional principal repayments will be required of up to 50% of excess working capital (as defined in the respective credit agreement) annually.

Pension Plans and Other Post-Retirement Benefits

As at April 1, 2023, the Company had net assets related to pension plans in asset positions of $18.0 million (December 31, 2022 - $15.4 million), and had recorded $7.5 million (December 31, 2022 - $7.6 million) of liabilities related to post-retirement obligations and pension plans in liability positions.

During the first quarter ended April 1, 2023, the Company recorded a $2.3 million remeasurement gain, net of tax, (March 26, 2022 - net gain of $0.1 million) related to its pension plans and post-retirement obligations in other comprehensive loss.

Off Balance Sheet Arrangements

As of April 1, 2023, the Company had $5.4 million of outstanding letters of credit that are backed by a reserve against the revolving portion of the Company's Credit Facility, reducing maximum availability for borrowing. Additionally, the Company had a further $5.4 million of outstanding letters of credit backstopped by another third party, thus not impacting the amounts available under the Company's Credit Facility.

The Company also had surety bonds totaling $4.2 million and US$5.5 million outstanding as of April 1, 2023. These bonds are in support of the Company's obligations to the Ontario Ministry of the Environment for access to certain waste disposal sites, The Quebec Bureau de Mise en Marche Des Bois ("BMMB") in relation to timber cutting rights and the US Department of Commerce for countervailing and anti-dumping duties.

Related Party Transactions

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 12 – Financial Instruments and Risk Management.*

During the first quarter ended April 1, 2023 the Company recorded a gain on investment of $0.3 million (March 26, 2022 - $nil). The increase in the investment carrying value as at April 1, 2023 to $1.4 million (March 26, 2022 - $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. 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 periods noted below. Following are the aggregate values of such transactions (amounts are in thousands of dollars):

For the first quarter ended	**April 1, 2023**[(1)(3)]	March 26, 2022[(2)]
Fees incurred for services – officers and companies controlled by officers	**906**	60

(1) Includes fees for management services, administrative support, and reimbursement of expenses. These fees were paid to entities controlled by or affiliated with a director of the Company. $757 of this was recorded as transaction costs as part of "Loss from Sale of Assets".

(2) Includes fees paid to an entity controlled by the Company's former CFO pursuant to a consulting contract.

(3) There is $0.3 million outstanding related to these services as at April 1, 2023 ($nil outstanding as at December 31, 2021), representing normal course of business payment terms.

Risks and Uncertainties

There are certain risks inherent in an investment in securities and activities of the Company, which investors should carefully consider before investing in the Company. A comprehensive list of risks and uncertainties to which the Company is exposed can be found in our Annual Information Form dated March 14, 2023 available at www.sedar.com.

Use of Estimates and Judgments

The preparation of the 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 the 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; 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.

Financial Instruments and Risk Management

The fair value of the Company's financial instruments approximates the carrying value due to their short-term nature. Long term debt is recorded at amortized cost based on the amount at initial recognition, less principal payments, plus cumulative amortization using the effective interest rate method of the difference between initial amount and the maturity amount. The Company uses Level 3 inputs to assess the fair value of the investment in Boreal at the reporting date as there is no public information available regarding the value of Boreal's common shares.

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, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

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 April 1, 2023 is $24.9 million (December 31, 2022 - $25.4 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 April 1, 2023, a $2.3 million (December 31, 2022 - $1.5 million) allowance for expected credit losses was recorded.

The carrying amount of accounts receivable, excluding value added tax of $36.9 million represents the maximum credit exposure for its accounts receivables at April 1, 2023 (December 31, 2022 - $34.1 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 $62.6 million, less $5.4 million for standby letters of credit, of excess availability under the revolving portion of the Credit Facility as at April 1, 2023. 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 $35.0 million on the revolving portion of the Credit Facility at April 1, 2023 (December 31, 2022 – $39.0 million on the revolving portion of the Credit Facility and $15.0 million on the term loan portion). Additionally, the Company had open letters of credit of $5.4 million (December 31, 2022 - $13.9 million) backed by the Credit Facility, which reduces availability by the same amount.

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 revolving portion of the Credit Facility bears a variable rate of CDOR or Canadian Primate Rate plus a premium, currently at 6.78% annualized at April 1, 2023.

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 $0.3 million on an annual basis. Similarly, a 100 basis point reduction in the interest rate on the secured term debt loan would increase the net earnings (loss) by approximately $0.3 million on an annual basis.

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 April 1, 2023, the portion of the Company's monetary assets and liabilities held in US dollars are as follows:

As at (in thousands of US dollars)		**April 1, 2023**
Cash and cash equivalents	$	2,334
Accounts receivable		13,487
Accounts payable and other liabilities		(3,489)
Net monetary assets in US Dollars	**$**	**12,332**

Based on the US dollar statement of financial position exposure at April 1, 2023, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 1%, relative to the rate at April 1, 2023, the net earnings in the statement of earnings (loss) would be approximately $0.2 million greater. If the Canadian dollar were to strengthen against the US dollar by 1%, relative to the rate at April 1, 2023, the net earnings in the statement of earnings (loss) would be approximately $0.2 million less.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer are responsible for the establishment and maintenance of internal controls over financial reporting including disclosure controls and procedures. The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external reporting purposes in accordance with IFRS.

Management has evaluated the design and effectiveness of the Company's internal controls over financial reporting as of December 31, 2022 through inquiry, review and testing. Management has used The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework (2013) to evaluate the effectiveness of the Company's internal controls over financial reporting as of December 31, 2022. Based on this evaluation, Management has concluded that as at December 31, 2022, the Company's internal controls and disclosure controls and procedures over financial reporting were effective.

There have been no changes to the design of internal controls over financial reporting that occurred during the first quarter ended April 1, 2023 which have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Share Data

As of the date of this MD&A the Company has: 177,572,272 common shares outstanding; 16,060,118 warrants to purchase common shares at prices ranging from $0.25 to $3.18 with expiry dates ranging from October 22, 2025 to July 30, 2026; and 7,636,913 stock options to purchase common shares at prices ranging from $1.50 to $1.92 with expiry dates ranging from January 2, 2024 to January 2, 2028.