MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

GREENFIRST FOREST PRODUCTS INC.

Dated: March 14, 2025

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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 audited consolidated financial statements and notes thereto for the year ended December 31, 2024 ("Financial Statements"), which have been prepared in accordance and in compliance with IFRS Accounting Standards("IFRS"), as issued by the International Accounting Standards Board ("IASB"),. This MD&A has been prepared as of March 14, 2025, 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 March 14, 2025, 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 results 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, 2025 available at www.sedarplus.com.

Our Sustainable Business and Strategy

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

GreenFirst has four sawmills, timber licenses on crown forests in Ontario. Its head office is located in Toronto, which is supported by its offices in North Bay and Timmins.

We aim to maximize value by achieving strong financial results while fostering a culture that emphasizes safe and responsible operations, along with a string awareness of cost-control. We are mindful that we operate in an industry prone to cyclicality and price volatility, as demonstrated by recent fluctuations in lumber prices. As a company, we are committed to being prudent and fiscally responsible in order to navigate these cycles and ensure long-term sustainability. Our capital allocation is carefully monitored by management and our Board of Directors to maintain a strong balance sheet and liquidity profile. Our goal is to strategically invest in our Ontario operations to enhance productivity, increase capacity, and lower production costs. Additionally, we aim to capitalize on growth opportunities with the right financial flexibility.

With a prudent focus on capital projects and mill productivity as part of the Company's objective to be top quartile, lumber production from our four Ontario sawmills is expected to see improvement in the foreseeable future. These productivity gains will be supported by the annual allowable cutting rights in Ontario, a stable, business-friendly jurisdiction, despite a shrinking Canadian lumber fibre basket. The

Company remains committed to maintaining its Forest Stewardship Council (FSC) certified forest licences.

GreenFirst is committed to the "Four Ps" value system ("Px4 Values") which puts in focus Principles, People, our Planet, and Progress. 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.

Principles
GreenFirst is guided by business practices that are aligned with principles of good governance, transparency, inclusivity and shared prosperity for our shareholders, employees, customers and communities.

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

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

Progress
GreenFirst prioritizes long-term values that create prosperity while making a positive impact on the environment, benefiting our employees, shareholders, customers 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

New Tariffs regarding Imports to United States from Canada
On February 1, 2025, the new U.S. administration issued an executive order directing the United States to impose a new tariffs on imports from Canada, which came into effect on March 4, 2025 and subsequently reversed on March 6, 2025. In addition, on March 1, 2025, the U.S. administration ordered a new trade investigation that could impose further tariffs of 25% specific to anti-dumping on imported lumber from Canada. The actual impact of these tariffs is unknown and indeterminable as it is subject to a number of factors including the effective date, duration of such tariffs, changes in the amount, scope and nature of the tariffs in the future, any countermeasures that the Canadian government may take, and any mitigating actions that may become available.

Extension of Asset-Based Lending Facility with Bank of Montreal
On December 19, 2024 the Company announced the extension of its asset-based lending facility with Bank of Montreal. The extension provides for a Senior Secured Facility of $60 million combined with an

accordion for up to $65 million providing GreenFirst with enhanced liquidity and financial flexibility to support its ongoing growth and strategic initiatives through to September 2028.

Agreement with Mahogany Investors for the Sale of Duties

On December 16, 2024 the Company entered into a strategic agreement with Mahogany Investors, LLC regarding the sale of its entitlements to refunds, including accrued interest, related to duties imposed on softwood lumber exported from Canada to the United States during the specified period 2021 and 2022. The agreed sale price for these entitlements is approximately US $17.4 million, with the potential for additional proceeds based on the timing and resolution of the ongoing trade dispute. The duties in question pertain to deposits totaling approximately US $60.0 million, made during the Company's ownership of six softwood lumber mills in Ontario and Quebec. Although the Quebec assets were sold in 2023, the Company retained the rights and obligations associated with the duties deposits, ensuring its entitlement to any potential refunds or benefits arising from the trade dispute resolution.The net proceeds of the Rights Offering will be used to support an off-cycle capital expenditure program that is expected to create operational productivity and future earnings.

Closing of Rights Offering

On December 13, 2024 the Company announced it has closed its the "Rights Offering" pursuant to which the Company issued rights (the "Rights") to the eligible holders of its common shares (the "Common Shares") at the close of business (Toronto time) on November 7, 2024. Each Right entitled the holder to purchase one (1) Common Share at a price of $5.47 per Common Share representing a 25% discount to the Company's five day VWAP ending on October 30, 2024. Including the Standby Commitment (as defined below) the Company received subscriptions for 4,718,886 Common Shares, resulting in aggregate net proceeds of $24.8 million. The net proceeds of the Rights Offering will be used to support an off-cycle capital expenditure program that is expected to create operational productivity and future earnings. In connection with the Rights Offering the Company entered in a standby purchase agreement dated October 31, 2024 (the "Standby Purchase Agreement"), with Ravenswood Investments III, L.P. ("RI3") and The Ravenswood Investment Company L.P., ("RIC") two funds managed by Robotti & Company Advisors, LLC (RI3 and RIC, collectively, the "Standby Purchasers" or the "Ravenswood Funds") pursuant to which the Standby Purchasers agreed to purchase up to an aggregate of 3,656,307 Common Shares not otherwise purchased under the Rights Offering for a commitment of up to $20.0 million. (the "Standby Commitment"). The Standby Purchasers acquired an aggregate of 3,656,307 Common Shares pursuant to the Standby Commitment for aggregate gross proceeds of $20.0 million and subscribed for an additional 3,640 Common Shares by exercising their basic subscription privilege and additional subscription privilege (the "Subscription Shares") in respect of the existing Rights they held. As consideration for the commitments contained in the Standby Purchase Agreement, the Company paid a cash fee of $1,000,000 to the Standby Purchasers and issued an aggregate of 161,454 Common Shares (the "Consideration Shares") to the Standby Purchasers. Collectively with the Standby Commitment, the Subscription Shares and the Consideration Shares, the Standby Purchasers acquired an aggregate of 3,821,401 Common Shares. The Standby Purchasers and the Company also entered into an investor rights agreement dated December 12, 2024 (the "Investor Rights Agreement") and a registration rights agreement December 12, 2024 (the "Registration Rights Agreement"). The Investor Rights Agreement provides the Standby Purchasers with the right to nominate one individual to the Company's board of directors, provided the Standby Purchasers' ownership interest in the Company is at least 5% (on a non-diluted basis). The Investor Rights Agreements also includes customary participation and top-up rights in favor of the Standby Purchasers, in the event of a proposed distribution or issuance of Common Shares or other securities convertible or exchangeable into Common Shares (other than stock options or other securities issued under security based compensation arrangements with respect to the participation right), in order that the Standby Purchasers may continue to maintain its pro rata equity ownership interest in Company. The Registration Rights Agreement provides the Standby Purchasers with customary prospectus qualification and registration rights, as well as piggyback distribution rights. The Standby Purchasers have nominated Bruce Berger to be a director of the Company and the Company is pleased to announce his appointment to the Company's board of directors.

Sale of Private Land Interest in Kenora, Ontario

On December 6, 2024 the entered into an agreement to sell its interest in approximately 118 acres of private forest land to Kenora Chiefs Advisory for a total cash consideration of $5 million. The Property is located within the City of Kenora, Ontario.

Completion of Kap Paper Spin-out

On November 8, 2024 the Company closed the Plan of Arrangement that has resulted in the distribution of the outstanding shares of Kap Corporation to the GreenFirst shareholders on the basis of one common share of Kap Corporation for each ten common shares of GreenFirst held.

The Spin-out of Kap is part of the natural progression of the decentralization and deconsolidation of the paper mill that was originally disclosed by GreenFirst in the Fall of 2023. It will enable the Company to focus on its core business of being a pure-play lumber producer, offering shareholders a stake in any future upside from the development of Kap. Under the new structure, Kap will be able to explore numerous possibilities that were not feasible under the original GreenFirst ownership structure. As a separate company, Kap will consider independent financing alternatives and partnerships in the future. Kap Paper is the only chip consuming facility in Northeastern Ontario and the Spin-out provides Kap Paper with the potential to pursue new opportunities to support the green economy as part of a broader Northern Ontario forest strategy.

Undertaking of 10 to 1 Substantive Consolidation

On October 7, 2024, announced that it is now proceeding concurrently with a substantive consolidation (the “Substantive Consolidation”) of its outstanding common shares (the “Common Shares”) on the basis of one post-consolidation Common Share for each ten (10) pre-consolidation common shares (the “Consolidation Ratio”).

Appointment of New CFO

On September 16, 2024, Peter Ferrante joined the Company as its new Chief Financial Officer. With over 25 years of finance and business experience, Mr. Ferrante has held a variety of senior roles across both publicly listed and private companies, across diverse industries including manufacturing, leasing and retail, overseeing all facets of accounting, financial management, corporate governance and M&A.

Buy-out Group Annuity De-Risking Certain Pension Plans

On August 9, 2024, the Company announced that, through one of its subsidiaries, it has purchased a buy-out group annuity that transfers $26.5 million of defined benefit pension obligations to a Canadian insurance company. The Company's prudent management of the pension fund allowed for the recognition of a net settlement gain of approximately $0.8 million during the third quarter ended December 31, 2024.

Production Records Achieved in 2024

During the first quarter of 2024, 19 new production records were established across the Company's sawmills. The Kapuskasing sawmill achieved its highest-ever Q1 production record and the Chapleau sawmill surpassed both its monthly and multi-week production records, further highlighting the Company's relentless pursuit of innovation and operational efficiency. The production records broken in the first quarter of this year highlight GreenFirst's ability to enhance operations while still driving down costs. With a focus on maximizing productivity while maintaining the highest standards of quality and safety, the Company continues to set new benchmarks for success.

Subsequently, the Company's sawmills achieved 15 new production records in 2024, primarily at its Chapleau sawmill. This exemplifies the continued operational focus through an ever challenging environment faced by the industry.

Overhead and Cost Reduction Initiatives

The Company continues to focus on decreasing cash production costs at its mills, improving its strategic sourcing and reducing selling, general and administrative ("SG&A") and overhead expenses. In April 2024, the Company undertook additional initiatives to reduce SG&A and overhead expenses. These initiatives, in conjunction with those implemented in the second half of 2023, are expected to decrease SG&A and overhead expenses by approximately $8 million on an annualized basis. These savings will start to materialize through 2024, with the targeted run rate to be achieved by the second half of 2025.

Changes to Duties Rate

The Company became eligible for a reduction in its softwood lumber duty deposit rate from 20.23% to 8.05%, which took effect on August 1, 2023. This was a significant impact on the Company's bottom line and free cash flow profile. During the third quarter ended September 28, 2024 The Company's duty deposit rate increased 14.40%, in line with its industry peers.

GreenFirst's Capital Allocation

As of March 14, 2025, the Company has total debt outstanding of $13.2 million, comprised of nil under the revolving portion of the credit facility and $13.2 million under the equipment financing portion of the credit facility.

During the fourth quarter and year ended ended December 31, 2024, the Company made net debt repayments of $25.7 million and $23.0 million, respectively, under the revolving portion of the credit facility.

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 potential expansion and to ensure compliance with existing debt agreements. The Company's seasonal harvesting activities require significant capital to build up log inventory during the first quarter. The Company defines capital as the sum of net debt and shareholder's equity.

As at		**December 31, 2024**
Total debt outstanding[1]	$	13,704
Less: cash and cash equivalents		(27,756)
Net debt		(14,052)
Shareholders' equity		145,616
Total capital	**$**	**131,564**

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 focus on capital projects and increased productivity, we believe our four mills in Chapleau, Cochrane, Hearst and Kapuskasing have the ability to potentially produce higher annual volumes of lumber in the coming years;

- **Abundant forests** with a dedicated 2.5 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;

- **Net over-funded pension** assets of approximately $10.5 million, which the Company has been able to protect from market volatility and preserve the asset surpluses;

- **Available non-capital and capital tax loss carryforwards** of $148.4 million and nil, respectively, which will shelter future taxable income; and

- **Long-term relationships** with leading companies in the home improvement segment.

Economic Outlook

The economic outlook for the lumber industry reflects a mix of challenges and opportunities. Overall macroeconomic concerns are starting to stabilize which may positively impact lumber demand and pricing. The North American housing market has started to show signs of stabilization after previous fluctuations. Mortgage rates remain comparable to a year ago and there is expectation that they may start easing in the near term providing relief for some homeowners supporting some demand for new construction, remodeling and renovation projects projected continued support for lumber demand. Lack of available housing inventory, aging of homes in the US and demographic driven demand could positively impact lumber markets in the near and long term.

Reduced lumber demand and low inventory maintenance continue to drive supply side pressures in the short-term. However, continued curtailment of lumber production in the Province of British Columbia, Quebec and some other regions of North America could have some positive support in lumber pricing.

Labour markets remain tight, which continues to impact cost and certain disruptions to flow of production in the industry. Inflationary pressures in North America have also raised the cost of many inputs required for our operations. Ongoing challenges with staffing and wood supply could negatively impact companies in the industry.

Continuous improvement in production and processing techniques are helping to improve efficiency and reduce costs, which could enhance competitiveness in the long term. Access to capital to purchase and install equipment that will drive operations strengthen competitiveness in the long term.

Increasing focus on sustainable practices is shaping the industry. Companies that invest in environmentally friendly practices may gain a competitive edge, particularly as consumers and regulators emphasize sustainability. To this effect, 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.

On February 1, 2025, the new U.S. administration issued an executive order directing the United States to impose a new tariffs on imports from Canada, which came into effect on March 4, 2025 and subsequently reversed on March 6, 2025. In addition, on March 1, 2025, the U.S. administration ordered a new trade investigation that could impose further tariffs of 25% specific to anti-dumping on imported lumber from Canada. The actual impact of these tariffs is unknown and indeterminable as it is subject to a number of factors including the effective date, duration of such tariffs, changes in the amount, scope and nature of the tariffs in the future, any countermeasures that the Canadian government may take, and any mitigating actions that may become available.

Financial Highlights

The following selected financial information is derived from the Company's annual financial statements for the years ended December 31, 2024 and December 31, 2023, and the interim financial statements for the third quarter and three quarters ended September 30, 2023:

For the quarter ended	**December 31, 2024**	September 28, 2024[(4)]	December 31, 2023[(4)]
Net sales from continuing operations[(3)]	**69,948**	70,806	73,763
Operating income (loss) from continuing operations	**(5,415)**	12,062	(14,301)
Net income (loss)	**(28,029)**	8,834	(21,588)
Net income (loss) from continuing operations	**(26,647)**	14,822	(13,393)
Basic income (loss) per share	**(1.47)**	0.50	(1.22)
Basic income (loss) per share from continuing operations	**(1.39)**	0.83	(0.75)
Diluted income (loss) per share	**(1.47)**	0.50	(1.21)
Diluted income (loss) per share from continuing operations	**(1.39)**	0.83	(0.75)
Adjusted EBITDA from continuing operations[(1)(2)]	**(913)**	15,673	(10,168)

For the year ended	**December 31, 2024**	December 31, 2023[(4)]
Net sales from continuing operations[(3)]	**282,851**	284,682
Operating loss from continuing operations	**(337)**	(38,231)
Net loss	**(47,074)**	(47,019)
Net loss from continuing operations	**(21,630)**	(39,438)
Basic loss per share	**(2.61)**	(2.65)
Basic loss per share from continuing operations	**(1.20)**	(2.22)
Diluted loss per share	**(2.61)**	(2.65)
Diluted loss per share from continuing operations	**(1.20)**	(2.22)
Adjusted EBITDA from continuing operations[(1)(2)]	**14,981**	(22,583)

As at	**December 31, 2024**	December 31, 2023
Total assets	**$ 220,466**	$ 277,944
Total liabilities	**74,851**	92,706
Total shareholders' equity	**145,616**	185,238

[1]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.

[2]Non-GAAP Adjusted EBITDA before one-time duties recoveries for the fourth quarter and year ended December 31, 2024 was negative $0.9 million and negative $4.2 million, respectively, compared to negative $10.2 million and negative $31.8 million, respectively, for the fourth quarter and year ended December 31, 2023.

[3]Includes net sales to external parties only.

[4]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.

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 income (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 impact of valuation changes on the Company's investments, loss 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.

Management has utilized net debt and net debt to invested capital as key indicators to monitor its debt levels and leverage. Net debt is defined as borrowings under the Company's credit facilities and term loans, less cash and cash equivalents. Invested capital is calculated as the sum of net debt and shareholders' equity. These are non-GAAP financial measures and are not intended to replace other measures of financial performance and liquidity reported in accordance with IFRS.

Adjusted EBITDA

For the quarter ended		**December 31, 2024**		September 28, 2024[3]		December 31, 2023[3]
Net income (loss) from continuing operations	**$**	**(26,647)**	$	14,822	$	(13,393)
Adjustments:						
Finance (income) costs, net		**1,082**		(1,924)		609
Income taxes		**4,072**		(836)		(2,488)
Depreciation and amortization		**4,502**		3,611		4,133
EBITDA		**(16,991)**		15,673		(11,139)
Loss on sale of assets		**16,078**		—		971
Adjusted EBITDA from continuing operations[(1)(2)]	**$**	**(913)**	$	15,673	$	(10,168)

For the year ended		**December 31, 2024**		December 31, 2023[3]
Net income (loss) from continuing operations	**$**	**(21,630)**	$	(39,438)
Adjustments:				
Finance costs, net		**1,315**		2,108
Income taxes		**4,454**		(1,586)
Depreciation and amortization		**15,318**		15,648
EBITDA		**(543)**		(23,268)
Gain on investment		**—**		(286)
Loss on sale of assets		**15,524**		971
Adjusted EBITDA from continuing operations[(1)(2)]	**$**	**14,981**	$	(22,583)

[1]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.
[2]Non-GAAP Adjusted EBITDA before one-time duties recoveries for the fourth quarter and year ended December 31, 2024 was negative $0.9 million and negative $4.2 million, respectively, compared to negative $10.2 million and negative $31.8 million, respectively, for the fourth quarter and year ended December 31, 2023.
[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.

As at December 31, 2024, the Company recorded an inventory valuation reserve related to log and lumber inventory of $0.02 million, which decreases the carrying value of inventory at period end. This was a decrease from the $4.3 million recorded as at December 31, 2023, driven primarily by lumber price changes.

Net Debt to Invested Capital

As at	December 31, 2024	September 28, 2024	December 31, 2023
Net debt			
Total debt[1]	**$ 13,704**	$ 39,858	$ 22,648
Cash and cash equivalents	**(27,756)**	(407)	(2,425)
Net debt	**$ (14,052)**	$ 39,451	$ 20,223
Invested capital			
Net debt	**$ (14,052)**	$ 39,451	$ 20,223
Shareholders' equity	**145,616**	163,684	185,238
Invested capital	**$ 131,564**	$ 203,135	$ 205,461
Net debt to invested capital	**(10.68)%**	19.42 %	9.84 %

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

Results of Operations for the Fourth Quarter and Year Ended December 31, 2024

Except for the fourth quarter the Company operates on a 13-week fiscal quarter.

The fourth quarter of 2024 comprises the results of operations from September 29, 2024 through December 31, 2024. The Company's results for the preceding third quarter of 2024 includes results of operations from June 30, 2024 through September 28, 2024. The results for the fourth quarter of 2023 include results of operations from October 1, 2023 through December 31, 2023.

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

During the fourth quarter and year ended December 31, 2024, the Company recorded a net loss from continuing operations of $26.6 million and $21.6 million, respectively (diluted loss per share from continuing operations of $1.39 and $1.20) and Adjusted EBITDA from continuing operations of negative $0.9 million and positive $15.0 million, respectively.

In the preceding third quarter of 2024, the Company recorded net income from continuing operations of $14.8 million (diluted income per share from continuing operations of $0.83) and Adjusted EBITDA from continuing operations of positive $15.7 million.

In the comparative fourth quarter and year ended December 31, 2023, the Company recorded net loss from continuing operations of $13.4 million and net loss of $39.4 million, respectively (diluted loss per share from continuing operations of $0.75 and $2.22) and Adjusted EBITDA from continuing operations of negative $10.2 million and $22.6 million, respectively.

Fourth Quarter of 2024 Highlights

In the fourth quarter of 2024, based on its continuing operations, the Company reported an operating loss of $5.4 million, including a positive contribution (net sales *less* cost of sales) of $2.7 million reflecting revenues of $69.9 million offset by cost of sales of $68.5 million from the lumber segment. The operating loss also includes the impact of duties paid ($6.2 million), selling, general & administrative expense ($2.8 million) and other operating gain ($2.1 million).

Net sales and shipments

During the fourth quarter ended December 31, 2024, the Company reported net sales of $69.9 million compared to $70.8 million in the third quarter ended September 28, 2024, a decrease of approximately 1%. The total volume shipped in the fourth quarter of 2024 was 93.5 million board feet at $680 mfbm compared to 105.9 million board feet in the third quarter of 2024 at $606 mfbm. The decrease in net sales was due to increase in pricing realized for the quarter, offset by lower volumes shipped. The industry continues to face lower demand as housing affordability continues to be significantly impacted by increased mortgage rates combined with an oversupply of lumber inventory, despite curtailments in North America.

In the comparative fourth quarter ended December 31, 2023 the Company reported net sales of $73.8 million, reflecting shipments of 111.9 million board feet at $587 mfbm. When compared to the fourth quarter of 2023, the fourth quarter of 2024 saw lower sales volumes driven by weaker buyer sentiment.

During the year ended ended December 31, 2024, the Company reported net sales $282.9 million compared to $284.7 million for the the year ended ended December 31, 2023, The total volume shipped in the year ended of 2024 was 408.8 million board feet at $631 mfbm compared to 422.5 million board feet at $589 mfbm in the year ended of 2023. The increase in net sales was due to the higher average pricing realized offset by lower volumes sold during the year ended ended December 31, 2024 when compared to the same period last year.

US housing starts were reported at 1.52 million units (SAAR) in December 2024, an increase from the 1.46 million seen in December 2023. US benchmark lumber prices for delivery to the Great Lakes region for 2x4 random length 2&better and studs are currently averaging US$570/Mfbm and US$535/Mfbm, respectively, for the first quarter of 2025 thus far. Demand for lumber remains heavily impacted by higher mortgage rates.

Manufacturing and Production

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

During the fourth quarter ended December 31, 2024, the Company reported cost of sales of $68.5 million compared to $69.8 million in the third quarter ended September 28, 2024, a decrease of approximately 2%. The decrease in cost of sales in the fourth quarter was primarily due to lower volumes shipped compared to the third quarter of 2024. During the fourth quarter of 2024, lumber production was 102.9 million board feet compared to 94.9 million board feet in the third quarter of 2024. This increase in production was due to planned curtailments in certain sawmills in the third quarter of 2024.

The comparative fourth quarter ended December 31, 2023 had cost of sales of $79.0 million. Lumber production in the fourth quarter of 2023 was 101.9 million board feet. The decrease in cost of sales in the fourth quarter of 2024 vs the fourth quarter in 2023 was primarily due to lower volumes sold.

During the year ended December 31, 2024, the Company reported cost of sales of $275.7 million compared to $291.0 million in the year ended December 31, 2023, a decrease of approximately 5%. This reduction was primarily driven by a lower volumes shipped. During the year ended of December 2024, lumber production was 414.2 million board feet compared to 411.8 million board feet compared to the same period last year.

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.

SG&A expenses were $2.8 million in the fourth quarter of 2024 compared to $3.5 million in the third quarter ended September 28, 2024 which is aligned with the Company's initiative to managing its SG&A.

For the fourth quarter and year ended December 31, 2023 the Company reported SG&A expenses were $4.9 million and $17.9 million, respectively. When compared to the prior period, the fourth quarter of December 31, 2024 saw a decrease of approximately 43% and the year ended December 31, 2024 was approximately 33%. For the year ended December 31, 2024, total SG&A expenses of $12.1 million included a recovery of $1.3 million related to the difference between accrued and actual incentive payout for 2023 and credits related to fringe benefits. For the year ended in 2023, a benefit related to the recovery of a previously written-off accounts receivable totaling $1.5 million was recorded. Excluding the impact of these benefits between the two periods and the gain on settlement of pension assets, SG&A expenses have reduced considerably and is aligned with the Company's announced initiative to reduce SG&A.

Other Operating Income (Loss)

Other operating income (loss) 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 fourth quarter and year ended December 31, 2024, the Company reported other operating income of $2.1 million and $2.7 million, respectively. This was driven by realized and unrealized foreign exchange gains due to the weakening of the Canadian dollar compared to the US dollar. In the comparative period of the fourth quarter and year ended December 31, 2023, the Company reported a other operating loss of $0.8 million and $0.6 million, respectively.

Duties

The Company's softwood lumber sales to US customers are subject to countervailing and anti-dumping duties as determined by the United States Department of Commerce ("US DOC"). The Company expenses all softwood lumber duties and includes the impact in profit and loss. The Company records duties as an expense at the cash deposit rate until an Administrative Review by the US DOC is finalized and has set a new applicable rate for each period of review. The difference between the cumulative cash deposits paid and cumulative export duty expense recognized for each period of review is recorded on our balance sheet as export duty deposits receivable or payable. During the fourth quarter and year ended December 31, 2024 the Company recorded a duties expense of $6.2 million and a recovery of $1.9 million, respectively related to its continuing operations.

On July 26, 2023, the US Department of Commerce's Final Determination of its Fourth Administrative Review with respect to imports of softwood lumber products from Canada for 2021 assessed a duty rate lower than what the Company was assessed in 2021. This Final Determination was subsequently amended on August 31, 2023. Based on this final rate, calculated to be 8.05%, the Company would stand to benefit from an approximate US$6.9 million (CAD$9.2 million) recovery on duties paid in 2021. During the year ended December 31, 2023, the Company recorded this benefit in its statement of earnings (loss). The Company continued to record accrued interest related to this recovery until the sale of such duties during the fourth quarter of 2024.

On August 12, 2024, the US Department of Commerce's Final Determination of its Fifth Administrative Review with respect to imports of softwood lumber products from Canada for 2022 assessed a duty rate lower than what the Company was assessed in 2022. Based on this final rate, calculated to be 14.40%, the Company would stand to benefit from an approximate US$14.2 million (CAD$19.2 million) recovery on duties paid in 2022. During the year ended December 31, 2024, the Company recorded this benefit, plus accrued interest of US$2.3 million and US$2.3 million respectively (CAD$3.1 million and CAD$3.5 million).

The Company will continue to reassess the duties deposit estimate at each quarter-end applying the US DOC's methodology to updated sales and cost data as this becomes available. Quarterly revisions to the duties deposit rate may result in a material adjustment to the condensed consolidated interim statement of loss and comprehensive loss while the Administrative Reviews are taking place. Changes to the US

DOC's existing countervailing duties and anti-dumping duties rates during the course of each administrative review may also result in material adjustments to the condensed consolidated interim statement of loss and comprehensive loss.

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 facility, including accretion of deferred financing costs. Net finance costs also include bank charges, net interest on the Company's pension assets and liabilities, interest income related to the duties deposits, and accretion expense related to lease liabilities and decommissioning obligations. During the fourth quarter and year ended December 31, 2024 net finance costs were $1.1 million and $1.3 million, respectively. In the prior period, for the fourth quarter and year ended December 31, 2023, net finance costs for the Company were $0.6 million and $2.1 million, respectively. The full year finance costs includes interest income related to the duties recovery during the year end December 31, 2024 and December 31, 2023 of $4.0 million and $0.9 million, respectively.

Loss on Sale of Assets

Kap Corporation

On November 4, 2024, the Company completed it's spin-out transaction of its paper operations as the next step of it's decentralization plan announced earlier in the year. As a result of the spin-out, the Company distributed the assets and liabilities associated with the Company's paper operations to Kap Paper Inc., a wholly owned subsidiary of Kap Corporation, at book value through an equity distribution. The Company closed the Plan of Arrangement that resulted in the distribution of the outstanding shares of Kap Corporation to the Company's shareholders on the basis of one common share of Kap Corporation for each ten common shares (post-consolidation) of the Company. The fair market value of these shares was equal to the equity distribution from the Company's share capital for the assets and liabilities distributed to the shareholders of Kap Corporation on November 4, 2024.

		November 4, 2024
Assets distributed to Kap Paper Inc		**61,682**
Liabilities distributed to Kap Paper Inc		**(55,427)**
Accumulated other comprehensive income distributed to Kap Paper Inc		**(1,104)**
Equity disbursements to Kap Paper Inc Spin-off		**(5,151)**
Loss on spin-off recorded in net loss from discontinued operations	**$**	**—**
Transactions related costs		**224**

Transaction related costs amounting to $0.2 million was incurred by the Company in continuing operations and have been included in the equity disbursement to Kap Paper Inc as part of the spin-off.

Sale of Kenora assets

On December 6, 2024 the Company entered into an agreement to sell its interest in approximately 118 acres of private forest land to the Kenora Chiefs Advisory ("KCA") for a total cash consideration of $5.0 million. On execution of the agreement the Company received $2.9 million cash net of legal fees with the remaining $2.1 million to be received in the form of an interest bearing vendor-take-back. In July 2025 KCA will pay the Company $0.6 million and $1.5 million in December 2034. The Company has present valued the vendor take back portion of the consideration at $1.4 million. As a result of this transaction the Company recognized a gain on the sale of the land of $2.3 million, transferred a portion of it's Kenora assets in property, plant and equipment to its existing sawmill for net book value of $1.4 million, and wrote-off the remaining net book value of $6.4 million.

Sale of Duty Deposit Receivable

On December 16, 2024 the Company entered into a strategic agreement with Mahogany Investors, LLC regarding the sale of its entitlements for refunds of cash duty deposits, including accrued interest, related to duties imposed on softwood lumber exported from Canada to the United States during the specified period of 2021 and 2022.

The agreed sale price for these entitlements was US$17.4 million ($24.8 million CAD), with the potential for additional proceeds based on the timing and resolution of the ongoing trade dispute. As a result of this transaction the Company incurred transaction related costs of $0.9 million and recorded a loss of sale of the duties receivables of $10.7 million.

Chantiers Chibougamau Ltée

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 year ended December 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)

Deferred Tax Expense

For the fourth quarter and year ended December 31, 2024, the Company recorded a deferred tax expense of $4.1 million and $4.5 million, respectively, a substantial portion of which was triggered by deferred tax recoveries on other comprehensive losses related to the Company's pension plans during period.

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):

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net sales from continuing operations(2)	**69,948**	70,806	69,650	72,447	73,763	67,993	78,011	64,915
Net earnings (loss) from continuing operations(2)	**(26,647)**	14,822	(9,946)	141	(13,393)	5,058	(10,247)	(19,073)
Net (loss) earnings from discontinued operations(2)	**(1,382)**	(5,987)	(4,583)	(13,492)	(8,195)	(2,401)	576	2,439
Basic earnings (loss) per share from continuing operations(2)	**(1.39)**	0.83	(0.56)	0.01	(0.75)	0.28	(0.58)	(1.07)
Basic earnings (loss) per share from discontinued operations(2)	**(0.07)**	(0.34)	(0.26)	(0.76)	(0.46)	(0.14)	0.03	0.14
Diluted (loss) earnings per share from continuing operations(2)	**(1.39)**	0.81	(0.56)	0.01	(0.75)	0.28	(0.58)	(1.07)
Diluted (loss) earnings per share from discontinued operations(2)	**(0.07)**	(0.34)	(0.26)	(0.76)	(0.46)	(0.14)	0.03	0.14
Operating metrics								
Lumber Sales Volume from continuing operations (MFBM)(2)	**93,489**	**105,904**	102,191	107,217	111,877	95,693	116,532	98,413
Lumber Produced from continuing operations (MFBM)(2)	**102,947**	**94,882**	112,375	103,968	101,879	95,942	103,354	110,662
Lumber - Average Selling Price (C$/ MFBM) from continuing operations(1)(2)(3)	**680**	**606**	627	618	587	620	577	574

1 Average gross price before duties and other deductions.
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 Average selling price is not inclusive of sales by-products and logs.

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 December 31, 2024, the Company had $27.8 million in cash on hand (December 31, 2023 - $2.4 million). In addition, as at December 31, 2024, net of nil (December 31, 2023 - $23.0 million) drawings, the Company had $39.3 million (December 31, 2023 - $28.9 million), less $8.3 million for standby letters of credit (December 31, 2023 - $5.4 million), of excess availability under the revolving portion of the credit facility. In addition, the Company also had access to $11.3 million (December 31, 2023 - $25.0 million) remaining under its equipment financing portion of the credit facility (or, "equipment financing agreement"). The Company had drawdown $13.7 million (December 31, 2023 - $nil million) under its equipment financing agreement as at December 31, 2024. As of the date of this MD&A, the Company had drawdown nil and $13.2 million under its ABL and equipment financing agreement, respectively.

Cash flow for the year ended December 31, 2024

During the year ended December 31, 2024 the Company increased its cash balance related to continuing operations by $19.6 million as compared to a decrease of $17.6 million for the year ended December 31, 2023, Ending cash on hand as at December 31, 2024 was a balance of $27.8 million as compared to $2.4 million as at December 31, 2023.

Cash Provided by (Used in) Operations

During the year ended December 31, 2024, the Company used cash in operations from continuing operations of $7.2 million, primarily reflecting losses from operations and net investments in working capital driven by cash use in seasonal harvesting activities offset by cash provided from extending certain accounts payable balances.

For the fourth quarter of 2024, cash provided by operating activities from continuing operations was $0.2 million. This primarily reflected losses from operations offset by net investments in working capital driven by cash generated from stronger accounts receivable turnover and lower investments in inventory.

Cash Provided by (Used in) Investing Activities

During the year ended December 31, 2024 the Company generated $20.1 million in cash for investing activities from continuing operations primarily related to the sale of its duties deposit receivables for $24.9 million offset by certain transaction related costs and purchases of custodial property, plant and equipment.

Cash Provided by (Used in) Financing Activities

During the year ended December 31, 2024 the Company generated $4.7 million in cash from financing related activities from continuing operations. This was primarily driven by proceeds of $24.8 million from the closing of the Company's rights offering in December 2024 and $15.6 million from the proceeds of the equipment financing agreement entered into in Q1 2024. This was offset by net repayment made during the year of $23.0 million on the revolving portion of the credit facility, of which $10.0 million was repaid by Kap Paper Inc in order to de-collateralize its asset, which were previously utilized under the Company's revolving portion of the credit facility and were subject to a general security agreement under the credit facility. The Company also incurred a cash disbursement of $2.6 million related to the portion of cash previous held under the Company spin-off subsidiary Kap Paper Inc. Repayments in the period also included amortizing payments related to the equipment financing agreement of $1.9 million.

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		**December 31, 2024**
Total debt outstanding[1]	$	13,704
Less: cash and cash equivalents		(27,756)
Net debt		(14,052)
Shareholders' equity		145,616
Total capital	**$**	**131,564**

[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 December 31, 2024.

As at December 31, 2024, the Company also has approximately $148.4 million and nil in non-capital and capital loss carryforwards, respectively, available to offset taxable income and capital gains.

Shareholders' Equity

For the year ended December 31, 2024, shareholders' equity decreased by $39.6 million, compared to December 31, 2023, primarily reflecting the following transactions during the period $47.1 million net loss, $11.3 million other comprehensive loss, $6.5 million equity distribution to Kap Paper as a result of the Spin-out, $0.3 million shares repurchased, $0.1 million share issue costs offset by $24.8 million shares issued under the rights offering and $0.8 million equity based payments.

Credit Facility

During the year ended December 31, 2024, the Company made a net repayment of $23.0 million respectively, on the revolving portion of the credit facility. Additionally, during the year ended December 31, 2024, the Company made an net aggregate $13.7 million draw under the equipment financing portion of the credit facility in the form of a term loan. The Equipment Term Loan has a 60-month term, with monthly amortizing repayments that include both principal and interest. The borrowing is based on select strategic capital expenditure projects and value of existing equipment.

As at December 31, 2024, the Company completed the renewal process related to the revolving portion of it's credit facility which extended the maturity to September 23, 2028. 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 December 31, 2024, the Company was in compliance with all covenants under the credit facility.

Under the amended and restated credit agreement, the Company's maximum borrowing capacity under the revolving portion of the credit facility is $60.0 million (December 31, 2023 - $75.0 million) and equipment financing portion of $25.0 million (December 31, 2023 - nil). The change did not have an impact on the Company's availability under the credit facility.

During the year ended December 31, 2024, $0.4 million (December 31, 2023 - $0.2 million) of deferred financing costs were amortized relating to the credit facility.

At December 31, 2024, there were $8.3 million (December 31, 2023 - $5.4 million) of outstanding standby letters of credit issued, which reduces the amounts available to draw under the revolving credit facility. Additionally, as at December 31, 2024, the Company also had $5.4 million (December 31, 2023 - $5.4 million) of outstanding standby letters of credit issued backstopped by another third party, thereby not impacting the amounts available to draw under the credit facility. The letter of credit as at December 31, 2024 issued to Kap Paper Inc. as the applicant was issued and guaranteed (December 31, 2023 - nil) by a financial institution for which the Company has indemnified the financial institution.

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 December 31 are summarized as follows:

	2025	2026	2027	2028	2029 and beyond	Total
Accounts payable	$ 34,508	$ —	$ —	$ —	$ —	$ 34,508
Other liabilities, excl. leases	13,977	—	—	—	2,126	16,103
Lease liabilities	1,670	1,362	1,330	673	3,590	8,625
Long term debt	2,816	3,041	3,283	3,545	1,019	13,704
Total	**$ 52,971**	**$ 4,403**	**$ 4,613**	**$ 4,218**	**$ 6,735**	**$ 72,940**

Pension Plans and Other Post-Retirement Benefits

As at December 31, 2024, the Company had net assets related to pension plans in asset positions of $2.3 million (December 31, 2023 - $23.2 million), and had recorded $4.7 million (December 31, 2023 - $8.1 million) of liabilities related to post-retirement obligations and pension plans in liability positions.

During the year ended December 31, 2024, the Company recorded a $12.4 million remeasurement loss from continuing operations, net of tax (December 31, 2023 - gain, net of tax $6.7 million) related to its pension plans in other comprehensive loss.

Buy-out Group Annuity of Certain Pension Plans

On August 9, 2024, the Company purchased a buy-out group annuity that transfers approximately $26.5 million of defined benefit pension obligations to a Canadian insurance company. The Company recognized a net settlement gain of approximately $0.8 million during the year.

Under the group annuity transaction, the Canadian insurance company will have the responsibility of paying pension benefits. This includes payments to current pensioners and beneficiaries already receiving payments, as well as former employees who are entitled to a deferred pension that will begin when they retire. The Canadian insurance company began administering the pensions covered by the group annuity in November 2024. The group annuity purchase will require no cash funding from the Company.

Pension Splitting

Effective January 1, 2024, a portion of the assets of the Company's defined contribution component and the full defined contribution component of it's pension plans were transferred to two new plans registered under the Pension Benefits Act, 1990 (Ontario). The asset transfer received FSRA approval on September 26, 2024 and processed on November 1, 2024. One of these new pension plans was registered under Kap Paper Inc. and transferred as part of spin-off of the Company's paper operations on November 4, 2024.

As part of the Kap Paper spin-off, a portion of the liability related to the post-retirement obligation was transferred to Kap Paper Inc. effective January 1, 2024 related to those employees.

Off Balance Sheet Arrangements

As of December 31, 2024, the Company had $8.3 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 $1.7 million and US$2.3 million outstanding as of December 31, 2024. 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 former director of GreenFirst are members of the Boreal board.

There was no change in the investment carrying value during the year ended December 31, 2024 (December 31, 2023 - gain of $0.3 million). 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 year ended	**December 31, 2024[(1)]**	December 31, 2023[(1)]
Fees incurred for services – officers and companies controlled by officers	**1,715**	2,881

(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. $75 of this was recorded as transaction costs as part of "Loss from Sale of Assets" during the year ended December 31, 2024 (December 31, 2023 - $757 in discounted operations).

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, 2025 available at www.sedarplus.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 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; 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

Except for the Company's investment asset, the fair value of all other financial instruments approximates the carrying value due to their short-term nature. Long-term debt and the vendor take-back mortgage are recorded at amortized cost based on the amount at initial recognition, less principal payments or receipts respectively, plus cumulative amortization using the effective interest rate method of the difference between initial amount and the maturity amount.

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.

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 December 31, 2024 is $27.8 million (December 31, 2023 - $2.4 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 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, 2024, a $0.2 million (December 31, 2023 - $0.3 million) allowance for expected credit losses was recorded.

The carrying amount of accounts receivable of $13.7 million, excluding value added tax, represents the maximum credit exposure for its accounts receivables as at December 31, 2024 (December 31, 2023 - $23.3 million).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity to fulfill its obligations when due and monitors cash flow requirements daily and projections weekly.

The Company can draw down on the revolving portion of the credit facility based on a prescribed percentage of accounts receivable and its inventory carrying value, less reserves. The facility matures on September 23, 2028. Drawings under the equipment financing portion are either project specific or based on a prescribed percentage of appraised equipment value.

The Company had drawn down nil on the revolving portion of the credit facility at December 31, 2024 (December 31, 2023 – $23.0 million). Additionally, the Company had excess liquidity of $39.3 million

(December 31, 2023 - $28.9 million) less open letters of credit of $8.3 million (December 31, 2023 - $5.4 million) backed by the credit facility, net of borrowings of nil (December 31, 2023 - $23.0 million). Additionally, as at December 31, 2024, the Company also had $5.4 million (December 31, 2023 - $5.4 million) of outstanding standby letters of credit issued backstopped by another third party, thereby not impacting the amounts available to draw under the credit facility. The letter of credit as at December 31, 2024 issued to Kap Paper Inc. as the applicant was issued and guaranteed (December 31, 2023 - nil) by a financial institution for which the Company has indemnified the financial institution. The Company also had $13.7 million drawn against the equipment financing portion of the credit facility at December 31, 2024 (December 31, 2023 - nil) with an additional $11.3 million (December 31, 2023 - $ 25.0 million) available to draw down.

Market Risk

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

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 Prime Rate plus a premium, currently at 5.95% annualized at December 31, 2024. The Equipment Term Loan portion of the credit facility bears a fixed rate of 7.70%.

As at December 31, 2024 a 100 basis point increase in the interest rate on the revolving portion of the credit facility would decrease the net earnings in the statement of loss and comprehensive loss by $0.3 million on an annual basis. Similarly, as at December 31, 2024 a 100 basis point reduction in the interest rate on the revolving portion of the credit facility would increase the net income (loss) by $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 and transportation, 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, 2024, the portion of the Company's monetary assets and liabilities held in US dollars are as follows:

As at (in thousands of US dollars)		**December 31, 2024**
Cash and cash equivalents	$	7,309
Accounts receivable		2,933
Accounts payable and other liabilities		(6,327)
Net monetary assets in US Dollars	**$**	**3,915**

Based on the US dollar statement of financial position exposure at December 31, 2024, with other variables unchanged, if the Canadian dollar were to weaken against the US dollar by 1%, relative to the rate at December 31, 2024, the net earnings in the statement of earnings (loss) would be approximately $0.1 million greater. If the Canadian dollar were to strengthen against the US dollar by 1%, relative to the rate at December 31, 2024, the net earnings in the statement of earnings (loss) would be approximately $0.1 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, 2024 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, 2024. Based on this evaluation, Management has concluded that as at December 31, 2024, 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 year ended December 31, 2024 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: 22,602,750 common shares outstanding (post share consolidation); 3,175,262 warrants (post share consolidation) to purchase common shares at prices ranging from $2.40 to $30.39 (post share consolidation) with expiry dates ranging from October 22, 2025 to July 30, 2026; 403,298 stock options (post share consolidation) to purchase common shares at prices ranging from $15.0 to $19.20 (post share consolidation) with expiry dates ranging from December 15, 2026 to January 2, 2028; 118,363 restricted share units (post share consolidation) with expiry dates ranging from November 14, 2027 to September 16, 2028; and 132,575 deferred share units (post share consolidation) which can be cash or equity-settled with an expiry date at the end of the subsequent fiscal year following the director's retirement.