



Western Forest Products Inc.
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Western Forest Products Inc.

Management's Discussion and Analysis
of Financial Conditions and Results of Operations

Three and nine month periods ended September 30, 2020

Management's Discussion & Analysis

The following MD&A reports and comments on the financial condition and results of operations of Western Forest Products Inc. (the "Company", "Western", "us", "we", or "our"), on a consolidated basis, for the three and nine months ended September 30, 2020, to help security holders and other readers understand our Company and the key factors underlying our financial results. This discussion and analysis should be read in conjunction with our unaudited condensed consolidated interim financial statements and the notes thereto for the three and nine months ended September 30, 2020, and our audited annual consolidated financial statements and the notes thereto and Management's Discussion and Analysis for the year ended December 31, 2019 (the "2019 Annual Report"), which can be found on SEDAR at www.sedar.com.

The Company has prepared the consolidated financial statements for the three and nine months ended September 30, 2020, in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Amounts discussed herein are based on our unaudited condensed consolidated interim financial statements and are presented in millions of Canadian dollars unless otherwise noted. Certain prior period comparative figures have been reclassified to conform to the current period's presentation.

Reference is made in this MD&A to adjusted EBITDA¹. Adjusted EBITDA is defined as operating income prior to operating restructuring items and other income (expenses), plus amortization of property, plant, and equipment and intangible assets, impairment adjustments, and changes in fair value of biological assets. Adjusted EBITDA margin is adjusted EBITDA as a proportion of revenue. Western uses adjusted EBITDA and adjusted EBITDA margin as benchmark measurements of our own operating results and as benchmarks relative to our competitors. We consider adjusted EBITDA to be a meaningful supplement to operating income as a performance measure primarily because amortization expense, impairment adjustments and changes in the fair value of biological assets are non-cash costs, and vary widely from company to company in a manner that we consider largely independent of the underlying cost efficiency of their operating facilities. Further, the inclusion of operating restructuring items which are unpredictable in nature and timing may make comparisons of our operating results between periods more difficult. We also believe adjusted EBITDA and adjusted EBITDA margin are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance.

Adjusted EBITDA does not represent cash generated from operations as defined by IFRS and it is not necessarily indicative of cash available to fund cash needs. Furthermore, adjusted EBITDA does not reflect the impact of certain items that affect our net income. Adjusted EBITDA and adjusted EBITDA margin are not measures of financial performance under IFRS, and should not be considered as alternatives to measures of performance under IFRS. Moreover, because all companies do not calculate adjusted EBITDA in the same manner, adjusted EBITDA and adjusted EBITDA margin calculated by Western may differ from similar measures calculated by other companies. A reconciliation between the Company's net income as reported in accordance with IFRS and adjusted EBITDA is included under the "Non-GAAP Measures" section herein.

Also in this MD&A, management uses key performance indicators such as net debt, net debt to capitalization and current assets to current liabilities. Net debt is defined as long-term debt less cash and cash equivalents. Net debt to capitalization is a ratio defined as net debt divided by capitalization, with capitalization being the sum of net debt and equity. Current assets to current liabilities ratio is defined as total current assets divided by total current liabilities. These key performance indicators are non-GAAP financial measures that do not have a standardized meaning and may not be comparable to similar measures used by other issuers. They are not recognized by IFRS; however, they are meaningful in that they indicate the Company's ability to meet its obligations on an ongoing basis, and indicate whether the Company is more or less leveraged than in prior periods.

This MD&A contains statements that may constitute forward-looking statements under the applicable securities laws. Readers are cautioned against placing undue reliance on forward-looking statements. All statements herein, other than statements of historical fact, may be forward-looking statements and can be identified by the use of words such as "will", "estimate", "expect", "anticipate", "plan", "intend", "believe", "seek", "should", "may", "likely", "continue" and similar references to future periods. Forward-looking statements in this MD&A include, but are not limited to, statements relating to our current intent, belief or expectations with respect to: domestic and international market conditions, demands and growth; economic conditions; our growth, marketing, product, wholesale, operational and capital allocation plans and strategies, including but not limited to payment of a dividend; fibre availability and regulatory developments; the impact of COVID-19; the timing or anticipated closing of the Transaction; and the selling of additional incremental ownership interest in TFL 44 LP and APD LP in the future. Although such statements reflect management's current reasonable beliefs, expectations and assumptions as to, amongst other things, the future supply and demand of forest products, global and regional economic activity and the consistency of the regulatory framework within which the Company currently operates, there can be no assurance that forward-looking statements are accurate, and actual results and performance may materially vary. Many factors could cause our actual results or performance to be materially different, including: economic and financial conditions, international demand for forest products, competition and selling prices, international trade disputes, changes in foreign currency exchange rates, labour disputes and disruptions, natural disasters, relations with First Nations groups, the availability of fibre and allowable annual cut, the ability to obtain operational permits, development and changes in laws and regulations affecting the forest industry including as related to old growth timber management and the Manufactured Forest Products Regulation, changes in the price of key materials for our products, changes in opportunities, future developments in the COVID-19 pandemic and other factors referenced under the "Risks and Uncertainties" section herein. The foregoing list is not exhaustive, as other factors could adversely affect our actual results and performance. Forward-looking statements are based only on information currently available to us and refer only as of the date hereof. Except as required by law, we undertake no obligation to update forward-looking statements. Unless otherwise noted, the information in this discussion and analysis is updated to November 5, 2020.

¹ Earnings Before Interest, Tax, Depreciation and Amortization

Summary of Selected Quarterly Results ⁽¹⁾

(millions of Canadian dollars except per share amounts and where otherwise noted)

	Q3 2020	Q3 2019	Q2 2020	YTD 2020	YTD 2019	
Summary Information						
Revenue						
Lumber	\$ 208.6	\$ 109.7	\$ 188.8	\$ 480.6	\$ 562.2	
Logs	73.7	27.4	60.5	147.0	131.9	
By-products	8.3	4.5	7.0	18.4	33.5	
Total revenue	\$ 290.6	\$ 141.6	\$ 256.3	\$ 646.0	\$ 727.6	
Freight	\$ 22.4	\$ 9.5	\$ 20.1	\$ 48.8	\$ 59.0	
Export tax	11.0	5.5	7.6	22.6	24.4	
Stumpage	11.4	-	10.0	22.4	26.4	
Adjusted EBITDA	\$ 33.7	\$ (16.6)	\$ 29.5	\$ 45.7	\$ 16.6	
Adjusted EBITDA margin	12%	-12%	12%	7%	2%	
Operating income (loss) prior to restructuring and other items	\$ 19.0	\$ (24.2)	\$ 14.6	\$ 5.2	\$ (17.1)	
Net income (loss)	11.5	(18.7)	8.5	(1.0)	(17.5)	
Basic and diluted earnings (loss) per share (in dollars)	0.03	(0.05)	0.02	-	(0.05)	
Operating Information						
Lumber⁽²⁾						
Lumber Shipments – millions of board feet						
Western Red Cedar	52	26	44	117	121	
Japan Specialty	23	19	31	69	89	
Niche	23	13	22	56	75	
Commodity	67	32	55	139	219	
Total	165	90	152	381	504	
Lumber Production – millions of board feet	192	48	143	396	457	
Lumber Price – per thousand board feet	\$ 1,264	\$ 1,219	\$ 1,242	\$ 1,261	\$ 1,115	
Wholesale Lumber Shipments - millions of board feet	8	11	11	29	25	
Logs⁽³⁾						
Log Shipments – thousands of cubic metres						
Export	129	2	78	207	64	
Domestic	346	193	358	804	814	
Pulp	204	51	151	395	262	
Total	679	246	587	1,406	1,140	
Net production – thousands of cubic metres ⁽⁴⁾	1,138	21	1,224	2,529	2,193	
Saw log purchases – thousands of cubic metres	235	84	236	613	530	
Log Price – per cubic metre ⁽⁵⁾	\$ 109	\$ 110	\$ 103	\$ 100	\$ 111	
Illustrative Lumber Average Price Data⁽⁶⁾						
Gm WRC #2 Clear & Btr 4x6W RL (\$C)	c.i.f. dest. N Euro	\$ 4,575	\$ 4,400	\$ 4,400	\$ 4,492	\$ 4,496
Gm WRC Deck Knotty 2x6 RL S4S	Net f.o.b. Mill	\$ 1,600	\$ 1,340	\$ 1,409	\$ 1,457	\$ 1,348
Gm WRC #2 & Btr AG 6x6 RL	Net f.o.b. Mill	\$ 2,471	\$ 2,246	\$ 2,381	\$ 2,400	\$ 2,245
Coast Gm WRC Std&Btr NH 3/4x4 RL S1S2E H&M	Net f.o.b. Mill	\$ 1,179	\$ 1,095	\$ 1,095	\$ 1,123	\$ 1,097
Gm Hem Baby Squares Merch 4-1/8x4-1/8 13' S4S	c.&f. dest. Japan	\$ 755	\$ 855	\$ 782	\$ 782	\$ 896
Gm Dfir Baby Squares Merch 4-1/8x4-1/8 RL S4S	c.&f. dest. Japan	\$ 910	\$ 1,072	\$ 943	\$ 953	\$ 1,116
KD White Fir Shop Moulding&Btr C&Btr 5/4 S2S	Net f.o.b. Mill	\$ 1,009	\$ 1,080	\$ 1,090	\$ 1,063	\$ 1,080
Gm Dfir (Portland) #1&Btr 100% FOHC 6x6 Rough	Net f.o.b. Mill	\$ 1,361	\$ 1,206	\$ 1,274	\$ 1,301	\$ 1,264
Hemlock Lumber 2x4 (40x90) Metric RG Utility	c.i.f. dest. Shanghai	\$ 468	\$ 401	\$ 460	\$ 451	\$ 413
Coast KD Hem-Fir #2 & Btr 2x4	Net f.o.b. Mill	\$ 785	\$ 370	\$ 393	\$ 545	\$ 372
Average Exchange Rate – CAD to USD		0.751	0.757	0.722	0.739	0.752
Average Exchange Rate – CAD to JPY		79.68	81.27	77.58	79.43	82.11

Figures in the table above may not equal or sum to figures presented elsewhere due to rounding.

- (1) Included in Appendix A is a table of selected results from the last eight quarters.
- (2) Includes Columbia Vista operations, acquired February 1, 2019, and wholesale lumber shipments.
- (3) British Columbia business only.
- (4) Net production is sorted log production, net of residuals and waste.
- (5) The log revenue used to determine average price per cubic metre has been reduced by the associated shipping costs arranged in the respective periods to enable comparability of unit prices.
- (6) Sourced from Random Lengths in USD/Mfbm, except Hemlock Lumber Metric RG Utility that is sourced from FEA China Bulletin.

Summary of Third Quarter 2020 Results

Adjusted EBITDA for the third quarter of 2020 was \$33.7 million, as compared to negative adjusted EBITDA of \$16.6 million in the same period last year. We capitalized on an improved market in North America by increasing our Western Red Cedar (“WRC”) shipments and by redirecting production from weaker export markets to North America. Increased log and lumber production drove cost efficiencies while higher prices reduced inventory provisions. Operating income prior to restructuring and other items was \$19.0 million, as compared to an operating loss of \$24.2 million in the same period last year. Prior year third quarter results include the impact of the United Steelworkers Local 1-1937 (“USW”) strike (the “Strike”) that ended in the first quarter of 2020.

We continue to strictly enforce enhanced health and safety protocols and regularly re-evaluate market conditions arising from the novel Coronavirus pandemic (“COVID-19”). Our near-term focus remains on ensuring the health and safety of our employees, managing our balance sheet, and servicing our customers.

Sales

Lumber and log sales benefitted from significantly improved North American lumber markets. Robust demand from the repair and renovation and new home building sectors combined with constrained supply to drive record pricing in North American commodity lumber markets in the quarter. Strong demand for our WRC products supported increased shipments and better pricing. As the quarter progressed, we levered our flexible operating platform by redirecting volumes from the relatively weak export markets to North America.

Lumber revenue in the third quarter was \$208.6 million, an increase of 90% from the same period last year, and an increase of 10% from the second quarter of 2020. Lumber shipment volumes of 165 million board feet were 83% higher than the same period last year and increased 9% from the second quarter of 2020. In comparison to the second quarter of 2020, we grew WRC lumber shipments by 19% and our North American lumber diversion strategy led to a 21% increase in commodity lumber shipments.

Our average realized lumber price of \$1,264 per thousand board feet increased 2% from the same period last year as price improvements were partly offset by a weaker sales mix. Despite increasing our WRC volumes, the percentage of specialty product shipments decreased to 59% from 64% in the third quarter last year as we grew our production of North American commodity lumber. Lower wholesale lumber shipments and a relatively weaker Canadian dollar partly offset improved third quarter lumber revenue in 2020.

Log revenue was \$73.7 million in the third quarter of 2020, an increase of 169% from the same period last year and a 22% increase from the second quarter of 2020. Log revenue growth resulted from increased shipments and was achieved despite a weaker sales mix and lower export log market pricing. We recently redirected export log inventory to our sawmills as a result of the strong North American lumber market.

By-product revenue was \$8.3 million, an increase of 84% as compared to the same period last year, and a 19% increase from the second quarter of 2020. Increased production led to higher by-product shipments, while pricing was negatively impacted by the weak NBSK pulp market.

Operations

Third quarter lumber production of 192 million board feet was 300% higher than the same period last year, and an increase of 34% from the second quarter of 2020. We achieved significantly higher production through increased operating hours and by an improved recovery that was influenced by higher domestic market production. We restarted production at our Cowichan Bay sawmill on May 4, 2020 and at our Ladysmith sawmill on August 4, 2020, with both operations having remained curtailed following the Strike. Our Columbia Vista sawmill was curtailed for 7 days due to power issues and poor air quality caused by forest fires.

Increased production of North American commodity lumber contributed to improved sawmill productivity but also increased our secondary processing requirements. We restarted planer operations at our Cowichan Bay and Alberni Pacific sawmills in the third quarter to supplement our processing capacity.

We produced 1,138,000 cubic meters of logs from our coastal operations in British Columbia (“BC”) in the third quarter of 2020, as compared to 21,000 cubic meters in the Strike-curtailed third quarter last year. We capitalized on favourable operating conditions to increase log harvest volumes, which drove lower

production costs despite an increase in helicopter operations. We continue to maintain modified operating procedures in our timberlands to mitigate COVID-19 risks.

BC coastal saw log purchases were 235,000 cubic metres, a significant increase over the same period last year and consistent with the second quarter of 2020. Market log availability remains constrained due to reduced BC coastal harvest activity.

Freight expense increased by \$12.9 million from the same period last year. Freight expense grew as the result of higher shipment volumes and the relative geographic mix of log and lumber sales, partly offset by lower fuel surcharges and ocean freight rates.

Third quarter adjusted EBITDA and operating income included \$11.0 million of countervailing duty (“CVD”) and anti-dumping duty (“AD”), as compared to \$5.5 million in the same period last year. Duty expense increased as a result of growth in US-destined lumber shipment volumes.

Selling and Administration Expense

Third quarter selling and administration expense was \$10.4 million in 2020 as compared to \$6.0 million in the Strike-curtailed third quarter last year. Improvements in financial results increased short-term performance-based compensation expense. Cost containment savings were offset by increased mark-to-market expense on long-term compensation liabilities.

Finance Costs

Finance costs were \$2.0 million in the third quarter of 2020, consistent with the third quarter last year. The cost impact of a moderately higher outstanding debt balance was offset by a lower applicable interest rate.

Income Taxes

Improved operating earnings led to income tax expense of \$4.4 million for the third quarter of 2020, as compared to a tax recovery of \$7.0 million arising from an operating loss in the same period last year.

Net Income (Loss)

Net income for the third quarter of 2020 was \$11.5 million, as compared to a net loss of \$18.7 million for the same period last year. Strong North American lumber and log markets drove higher price realizations and reduced inventory write-downs. Results in the same period last year were negatively impacted by the Strike in the majority of our BC operations.

Summary of Year to Date 2020 Results

Financial and operating results were significantly impacted by COVID-19, the Strike, and the gradual restart of Strike-curtailed BC operations in the first half of 2020. Despite financial impacts and significant uncertainty arising from COVID-19, we maintained employment and operating levels with support from the Canadian Emergency Wage Subsidy (“CEWS”) program.

On February 15, 2020, USW members voted in support of a 5-year agreement to replace the collective agreement that expired on June 14, 2019, resulting in the end of the Strike. Following the Strike, we performed the necessary safety and maintenance procedures before commencing a gradual restart of certain Strike-curtailed BC operations. Upon restart, our manufacturing productivity was impacted by the consumption of lower quality log inventory that had degraded during the Strike.

In late March 2020, as a result of COVID-19, we curtailed certain operations for one week to implement enhanced health and safety protocols and to re-evaluate market conditions. We then resumed operations except at our Ladysmith and Cowichan Bay sawmills. Operations resumed at our Cowichan Bay sawmill on May 4, 2020 and at our Ladysmith sawmill on August 4, 2020. Our US-based Columbia Vista division operations were unaffected by the Strike and took no COVID-19 related downtime.

Adjusted EBITDA for the first nine months of 2020 was \$45.7 million, as compared to \$16.6 million from the same period last year. Operating income prior to restructuring items and other income was \$5.2 million, as compared to an operating loss prior to restructuring items and other income of \$17.1 million in the same period last year. We capitalized on improvements in lumber and log markets, beginning in June 2020, to overcome operating losses incurred earlier in the year. COVID-19 initially reduced demand for our products and caused some customers to defer order shipments. Demand for our products began to recover soon after governments began to lift their shutdowns and other restrictions. Demand slowly began to return in

China early in the second quarter, followed by Europe and North America at the beginning of the third quarter. We levered our flexible operating platform to transition third quarter 2020 production and shipments to higher margin North American markets.

Sales

Lumber revenue was \$480.6 million in the first nine months of 2020, 15% lower than the same period last year due to the Strike and COVID-19. The Strike impacted BC based sawmill production in the first quarter of 2020. Government emergency measures instituted to combat COVID-19 significantly impacted demand as many customers suspended order activity in late March 2020 through mid-May 2020. We took this time to rebuild inventory depleted by the Strike, which allowed us to increase shipments as lumber markets gradually recovered through the period. Despite challenging market conditions, average lumber price realizations increased as we improved our specialty product mix and benefitted from a weaker CAD to USD. Though we produced and shipped more North American commodity lumber in the third quarter of 2020, specialty lumber represented 64% of year-to-date shipments compared to 57% in the same period last year.

Log revenue was \$147.0 million in the first nine months of 2020, an increase of 11% from the same period last year when log production was limited by the Strike. Average price realizations declined due to a weaker log sales mix caused by Strike-related log degradation and the impact of COVID-19 on global markets.

By-products revenue decreased to \$18.4 million in the first nine months of 2020, from \$33.5 million in the same period last year due to lower by-product production during the Strike, reduced chip purchase-and-resale volume, and temporary coastal pulp operating curtailments.

Operations

Despite significant uncertainty arising from COVID-19 through the majority of 2020, we have continued production. We maintained operating levels in order to support and maintain employment, rebuild inventories, and service our customers. By late May 2020, we had rebuilt log decks that were depleted from the Strike. Stable operating plans have driven improved productivity and operating cost metrics and enabled us to sustain shipments into strong lumber markets.

Lumber production in the first nine months of 2020 was 396 million board feet, 13% lower than the same period last year. Lumber production was negatively impacted in the first half of 2020 by the Strike and COVID-19. We partly mitigated the impact of the Strike on our customers by continuing to process logs at custom cut facilities and through our wholesale lumber activity. Upon returning from the Strike, production volume and grade recovery were impacted due to processing log inventory that had degraded during the Strike. By continuing to run our timberlands operations despite significant uncertainty arising from COVID-19, we rebuilt log inventories, which supported the resumption of operations at our Cowichan Bay sawmill on May 4, 2020. Log purchases and unprecedented North American commodity lumber pricing supported the resumption of our Ladysmith sawmill on August 4, 2020.

Log production for the first nine months of 2020 was 2,529,000 cubic metres, an increase of 15% from the same period last year. We capitalized on favourable operating conditions to deliver higher production. Lower production costs resulted from a favourable mix of operations and by aligning our road expenditures to harvest volumes. No significant fire-related downtime was taken in either period.

Logging operations were curtailed for most of the first quarter of 2020 due to the Strike, and subsequently impacted by actions taken to mitigate COVID-19 health and safety risks. Logging operations were also curtailed for the third quarter of 2019 as a result of the Strike.

BC coastal saw log purchases were 613,000 cubic metres, a 16% increase from the same period last year. Saw log purchases remain limited due to reduced BC coastal harvest activity.

Freight expense for the first nine months of 2020 was \$48.8 million, a reduction of 17% as compared to same period last year as a result of lower shipments and reduced shipping rates.

Adjusted EBITDA and operating income included \$22.6 million of CVD and AD expense, as compared to \$24.4 million in the same period of 2019. Duty expense declined as a result of reduced US-destined lumber shipments in the first half of 2020.

Due to the negative financial impact COVID-19 had on our business we applied for CEWS. Western's eligibility for CEWS prevented temporary operating curtailments, employee layoffs and offset the costs of enhanced health and safety protocols. We continued to operate despite uncertainty arising from COVID-19 to maintain employment, support contractors and communities, rebuild inventory and continue to service our

customers. In the first nine months of 2020, we recognized CEWS of \$11.6 million as an offset to cost of goods sold, and \$1.4 million as an offset to selling and administration expense.

Selling and Administration Expense

Selling and administration expense for the first nine months of 2020 was \$24.9 million as compared to \$23.1 million in the same period last year. Savings generated by cost containment measures were offset by expenses arising from COVID-19, including health and safety spending and incremental IT costs associated with remote work requirements. Improved financial performance and the appreciation of the Company's common share price increased short and long-term compensation liabilities.

Despite uncertainty arising from COVID-19, we have maintained staffing levels to support our business and communities, and to continue to service our customers.

Finance Costs

Finance costs were \$6.4 million, compared to \$5.6 million in the first nine months of 2019. Higher interest expense resulted from increased average debt balance offset by lower interest rates.

Income Taxes

Income tax recovery of \$0.5 million was recognized as compared to \$6.7 million in the same period last year. Despite COVID-19 market uncertainty and impacts of the Strike, greater losses and income tax recovery were offset in the first nine months of 2020 by CEWS and strong third quarter operating income.

Net Loss

Net loss for the first nine months of 2020 was \$1.0 million, as compared to net loss of \$17.5 million for the same period last year. COVID-19 market uncertainty, related incremental operating costs and impacts of the Strike created a challenging operating environment. We limited net loss by increasing third quarter production and shipments to capitalize on a surge in demand, and through the benefit of CEWS and reduced inventory write-downs.

Sale of Ownership Interests in Limited Partnerships

On March 16, 2020, Western announced it had reached an agreement whereby Huumiis Ventures Limited Partnership ("HVLP"), a limited partnership beneficially owned by the Huu-ay-aht First Nations, will acquire a majority ownership interest in TFL 44 Limited Partnership ("TFL 44 LP") and an ownership interest in a newly formed limited partnership that will own the Alberni Pacific Division Sawmill ("APD Sawmill") for total consideration of \$36.2 million (the "Transaction").

TFL 44 LP holds certain assets in Port Alberni, British Columbia, including Tree Farm Licence 44 and other associated assets and liabilities. HVLP will acquire an incremental 44% ownership interest in TFL 44 LP from Western for \$35.2 million. On completion of the Transaction, HVLP will own 51% of TFL 44 LP and Western will own 49% of TFL 44 LP. Western may sell other area First Nations, including HVLP, a further incremental ownership interest of up to 26% in TFL 44 LP, under certain conditions. Western and TFL 44 LP will enter into a long-term fibre agreement to continue to supply Western's British Columbia coastal manufacturing operations, which have undergone significant capital investment over the past several years.

Western will transfer its APD Sawmill into a limited partnership ("APD LP") along with certain other assets and liabilities. HVLP will acquire a 7% ownership interest in APD LP from Western for \$1.0 million, and subject to further negotiations, HVLP will have an option to purchase an incremental ownership interest in APD LP, which may include a majority interest.

The completion of the Transaction is subject to satisfaction of customary closing conditions, financing, and certain third-party consents. COVID-19 restrictions and other impacts have delayed the administration of certain closing conditions.

COVID-19

Western is committed to the health and safety of our employees, contractors and the communities where we operate. To help mitigate the spread of COVID-19, we have implemented strict health and safety protocols across our business that are based on guidance from health officials and experts, and in compliance with regulatory orders and standards.

Health and safety protocols currently being enforced include travel restrictions; self-isolation instructions for those who have travelled, are ill, exhibiting symptoms of COVID-19 or have come in direct contact with someone with COVID-19; implementing physical distancing measures; restricting site access to essential personnel and activities; increasing cleaning and sanitization in workplaces; and where possible, providing those who can work from home the ability to exercise that option. We continue to monitor and review the latest guidance from health officials and experts to ensure our protocols meet the current required standards.

In response to the impacts of the COVID-19 pandemic, the Company also curtailed its BC manufacturing facilities for up to a one-week period effective March 23, 2020. After implementing enhanced health and safety protocols and re-evaluating operating conditions, we resumed all previously active operations, except at our Ladysmith and Cowichan Bay sawmills. By continuing to operate timberlands operations and increasing saw log purchases despite uncertainty arising from COVID-19, we rebuilt sufficient log inventory to resume manufacturing operations at our Cowichan Bay sawmill on May 4, 2020 and at our Ladysmith sawmill on August 4, 2020.

State of Emergency declarations and other restrictions relating to travel, business operations and isolation have been made by governing bodies in the regions that Western operates and sells its products. Western's business activities have been designated an essential service in Canada and the US, and we will continue to monitor and adjust our operations as required to ensure the health and safety of our employees, contractors and the communities where we operate and to address changes in customer demand. In addition, governments in Canada and the US have announced various financial relief programs for businesses. In the nine months ended September 30, 2020, we recognized \$13.0 million in CEWS as a reduction to cost of goods sold and selling and administrative expense. Western's eligibility for CEWS concluded in early June 2020, but we continue to evaluate our eligibility for relief programs as they are announced to help mitigate the financial impacts of COVID-19.

With the potential negative impacts to the global economy from COVID-19 and with dynamic global economic conditions, in the near-term we remain focused on maintaining financial flexibility, protecting the health and safety of our employees and contractors, and servicing our customers. For more information on the risks relating to COVID-19, refer to "*Risks and Uncertainties*" in the notes to our condensed consolidated interim financial statements for the three and nine months ended September 30, 2020.

Operations Update

On August 4, 2020, we restarted production at our Ladysmith sawmill, which had remained curtailed after the end of the Strike due to limited log supply. We rebuilt log inventory to support this restart by continuing log harvest production through uncertainty arising from COVID-19 and by increasing saw log purchases. The ongoing operation of our Ladysmith sawmill is dependent on log supply and continued strong commodity market conditions.

Our Somass sawmill remains indefinitely curtailed as a result of a fibre supply deficit arising from years of tenure takebacks and government land use decisions, and rising costs associated with the US Softwood Lumber dispute. As of November 5, 2020, our other manufacturing and timberlands operations are actively operating.

BC Government Forest Policies Update

During 2019, the BC Provincial Government (the "Province") introduced various policy initiatives that will impact the BC forest sector regulatory framework as part of their Coastal Revitalization Initiative. For additional details on these policy initiatives please see "*Regulatory Risks*" in our MD&A for the year ended December 31, 2019 under the heading "*Risks and Uncertainties*".

On January 21, 2020, the Province announced changes to the Manufactured Forest Products Regulation ("Regulation"), which was intended to come into effect July 1, 2020. The amendments to the Regulation require lumber that is made from WRC or Cypress ("CYP") to be fully manufactured in BC to be eligible for export from Canada. Fully manufactured is defined as lumber that will not be kiln-dried, planed or re-sawn at a facility outside of BC.

On June 11, 2020, the Province announced the deferral of the implementation of the changes to the Regulation to September 30, 2020. The Province also updated the requirement to fully manufacture WRC and CYP to only apply to the BC coastal region.

On September 16, 2020, the Province provided additional information with respect to the implementation of amendments to the Regulation, including the application of a tax on WRC and CYP exported from BC to any location outside of Canada and within 3,000 miles. Requirements under the Regulation require provincial export permit applications and, where fully manufactured requirements are not met, payment of a tax in lieu of manufacture to be eligible for export. The amount of the tax factors in the extent of processing completed prior to export application, with the rate calculated as a proportion of the combined CVD and AD US export tax all others duty rate. For products shipped within the 3,000-mile export zone, the applicable BC export duty rate decreases by one third for each process performed prior to the export, with no fee applicable upon completing three processes. Certain other exemptions apply including rough appearance products ready for retail sale prior to export. These changes were effective September 30, 2020.

While the application of Provincial export tax was not effective until November 1, 2020, we were compliant with permitting requirements that became effective October 1, 2020 and continue to take steps to limit any potential financial impact and mitigate any potential unintended consequences of the amended Regulation. Our mitigating actions include the use of exemptions, maximizing our planer capacity utilization, pursuing additional market processing capacity, reducing mill operating hours and increasing our export log volumes where necessary to manage inventory risk.

Western will continue to sustainably harvest and manufacture lumber from the full BC coastal forest profile.

Timber Tenure Reduction

Approximately 89% of Western's 5,956,000 cubic metre sustainable allowable annual cut ("AAC") is in the form of Tree Farm Licenses ("TFL"). TFLs are granted for 25-year terms and are replaced by the Province every five to ten years with a new TFL with a 25-year term.

In the first half of 2021, we expect that the Province's Chief Forester to issue a final determination on the AAC in TFL 19, which is approximately 729,000 cubic metres. We expect that determination may reduce the AAC of TFL 19 by up to 18% or approximately 130,000 cubic meters. Provincial legislation requires the Chief Forester to routinely review sustainable harvesting levels of individual tenures at least every 10 years and to issue a determination which may result in an increase or decrease to AAC. The AAC determination reflects tree growth, ecology, regional and local economic and social interests, water and other environmental considerations that define how forests can be managed.

More information on our tenure rights and sustainable harvest practices can be found in the Company's Annual Information Form, which is available on SEDAR at www.sedar.com, and Western's 2019 Sustainability Report, which is available at www.westernforest.com.

Financial Position and Liquidity

	Q3 2020	Q3 2019	Q2 2020	YTD 2020	YTD 2019
<i>(millions of Canadian dollars except where otherwise noted)</i>					
Selected Cash Flow Items					
Operating Activities					
Net income (loss)	\$ 11.5	\$ (18.7)	\$ 8.5	\$ (1.0)	\$ (17.5)
Amortization	14.0	9.2	14.2	39.2	33.0
Income taxes refunded (paid)	5.3	6.1	11.4	16.7	(17.0)
Other	5.5	(12.5)	4.4	1.2	(9.9)
Subtotal	36.3	(15.9)	38.5	56.1	(11.4)
Change in non-cash working capital	4.0	38.2	(46.3)	(36.1)	15.1
Cash provided by (used in) operating activities	\$ 40.3	\$ 22.3	\$ (7.8)	\$ 20.0	\$ 3.7
Investing Activities					
Additions to property, plant and equipment	\$ (1.5)	\$ (2.4)	\$ (1.6)	\$ (3.9)	\$ (26.7)
Additions to capital logging roads	(3.2)	(1.3)	(2.9)	(6.8)	(8.9)
Acquisition of assets from Columbia Vista Corporation	-	-	-	-	(37.7)
Proceeds from non-controlling interest	-	0.8	-	-	7.0
Other	0.1	1.5	0.6	1.7	2.3
Cash provided by (used in) investing activities	\$ (4.6)	\$ (1.4)	\$ (3.9)	\$ (9.0)	\$ (64.0)
Financing Activities					
Draw on (repayment of) credit facility	\$ (32.8)	\$ (7.5)	\$ 14.9	\$ 5.6	\$ 105.8
Dividends	-	(8.4)	-	(8.4)	(25.5)
Share repurchases	-	(1.9)	-	-	(15.9)
Other	(3.1)	(3.3)	(3.3)	(8.4)	(7.4)
Cash provided by (used in) financing activities	\$ (35.9)	\$ (21.1)	\$ 11.6	\$ (11.2)	\$ 57.0
Increase (decrease) in cash	\$ (0.2)	\$ (0.2)	\$ (0.1)	\$ (0.2)	\$ (3.3)
Summary of Financial Position					
Cash and cash equivalents	\$ 1.9	\$ 5.1	\$ 2.1		
Current assets	295.4	222.4	286.2		
Current liabilities	138.1	57.8	116.8		
Total debt, net of deferred financing costs	121.3	112.0	154.2		
Net debt ⁽¹⁾	119.4	106.9	152.1		
Equity, excluding non-controlling interest	471.1	519.1	461.4		
Total liquidity ⁽²⁾	127.9	141.3	95.1		
Financial ratios:					
Current assets to current liabilities	2.14	3.85	2.45		
Net debt to capitalization ⁽³⁾	20%	17%	25%		

Figures in the table above may not equal or sum to figures presented elsewhere due to rounding.

- (1) Net debt is defined as the sum of long-term debt, less cash and cash equivalents.
- (2) Total liquidity comprises cash and cash equivalents, and available credit under the Company's credit facility.
- (3) Capitalization comprises net debt and equity.

Cash provided by operating activities before changes in non-cash working capital during the third quarter of 2020 was \$36.3 million as compared to cash used of \$15.9 million in the same period last year. Unprecedented demand from the North American lumber market drove improved cashflows from operations in the third quarter of 2020. In the same period last year, operating cashflow was limited and working capital reduced as the Strike limited BC-based production and limited sales to unencumbered inventory.

Through the nine months ended September 30, 2020, non-cash working capital has increased by \$36.1 million as compared to a reduction of \$15.1 million in the same period last year. We increased non-cash working capital utilization in 2020, as we continued to operate despite significant uncertainty arising from COVID-19 to reset our business post-Strike; support our employees, contractors and communities; and to service our customers. We rebuilt log inventories as we resumed operations at our Strike-curtailed BC operations, capitalizing on favourable harvest conditions. We grew lumber inventory by 33 million board feet in the three months ended September 30, 2020, due in large part to secondary processing constraints and the related transition to North American markets.

Cash used in investing activities was \$4.6 million during the third quarter of 2020, as compared to \$1.4 million during the same period last year. We continue to manage capital spending in order to address uncertainty caused by COVID-19. Capital expenditures were partially offset by cash proceeds from the sale of certain non-core assets.

Cash used in financing activities was \$35.9 million in the third quarter of 2020, as compared to \$21.1 million in the same period last year. In the third quarter of 2020, we reduced net drawings on our credit facility by \$32.8 million on the strength of operating cash flows. On May 6, 2020, we announced the suspension of our quarterly dividend to address uncertainty caused by COVID-19, and as a result we did not make a distribution in the third quarter of 2020. See “*Dividend & Capital Allocation Update*” for more information.

Total liquidity was \$127.9 million as of September 30, 2020, as compared to \$141.3 million at the end of 2019. Liquidity is comprised of cash and cash equivalents of \$1.9 million and unused availability under the credit facility of \$126.0 million. Based on our current forecasts, we expect sufficient liquidity will be available to meet our obligations in 2020. The Company was in compliance with all of its financial covenants as at September 30, 2020.

Dividend & Capital Allocation Update

Quarterly Dividend

In May 2020, in response to the global economic impacts of COVID-19 on our business and sector, and the financial impact of the Strike, Western suspended its quarterly dividend until further notice. We believe that this is a prudent decision in order to maintain financial flexibility and liquidity due to uncertainty resulting from COVID-19.

The Company’s Board of Directors will continue to review our dividend on a quarterly basis. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors, after considering our operating results, financial condition, cash requirements, financing agreement restrictions and other factors our Board may deem relevant.

Capital Expenditures

Due to COVID-19 and its impact on global markets and operating conditions, we plan to incur only safety, environmental, maintenance and committed capital expenditures in the near-term. Strategic and discretionary capital projects will remain on hold until there is greater operational certainty. We will continue to evaluate opportunities to invest strategic capital in jurisdictions that create the opportunity to grow long-term shareholder value, but in the near-term will be prioritizing liquidity and financial flexibility.

Normal Course Issuer Bid

On August 7, 2020, we renewed our Normal Course Issuer Bid (“NCIB”) permitting the purchase and cancellation of up to 18,759,858 of the Company’s common shares or approximately 5% of the common shares issued and outstanding as of August 6, 2020. The Company also entered into an automatic share purchase plan with its designated broker to facilitate purchases of its common shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its common shares due to regulatory restrictions or self-imposed blackout periods.

In the three months ended September 30, 2020, the Company did not repurchase any common shares. As at November 5, 2020, 18,759,858 common shares remain available to be purchased under the NCIB. The NCIB expires on August 10, 2021.

Strategy and Outlook

Western’s long-term business objective is to create superior value for shareholders by building a margin-focused specialty log and lumber business of scale to compete successfully in global softwood markets. We believe this will be achieved by maximizing the sustainable utilization of our forest tenures, operating safe, efficient, low-cost manufacturing facilities and augmenting our sales of targeted high-value specialty products for selected global customers with a lumber wholesale program. We seek to manage our business with a focus on operating cash flow and maximizing value through the production and sales cycle. We routinely evaluate our performance using the measure of Return on Capital Employed.

For more detail on our strategic initiatives and actions, refer to “*Strategy and Outlook*” in our Management’s Discussion and Analysis for the year ended December 31, 2019.

Sales & Marketing Strategy Update

We continue to make progress with the execution of our sales and marketing strategy that focuses on the production and sale of targeted, high-margin products of scale to selected customers. We supplement our key product offerings with purchased lumber to deliver the suite of products our customers require.

During the quarter we created a new product branding strategy that will differentiate our high-quality products in what is generally an unbranded sector. Our branding initiative is designed to drive increased demand for our products and increased sales for our customers, which we believe will bring more value to our products.

As the third quarter progressed, we redirected lumber production from relatively weak export markets to the improving North American market. We purposely targeted sales to selected customers in the treating sector where our product mix could provide the most value. In the near term we anticipate North American pricing to remain above trend levels and will look to grow our presence in the important treated lumber sector.

Market Outlook

Lumber pricing in North America reached all-time highs in the third quarter of 2020, driven by a combination of rising demand from new home construction and a very strong repair and renovation segment. Supply was constrained due to permanent mill closures in BC and temporary production disruptions resulting from COVID-19. Despite a recent correction we expect pricing to remain above trend levels in North America in the near term, as supply lags increased demand. We are anticipating lumber pricing to improve marginally in China as we enter the seasonally more active fall and early winter.

Demand and pricing for our WRC products in North America are expected to remain strong as buyers position their inventories for the first half of 2021. We are closely monitoring the resurgence of COVID-19 in Europe, which could temporarily impact the demand for high priced appearance WRC products.

In Japan, declining housing starts reduced demand for our products. Despite weaker demand and increased competition from lower priced, subsidized Japanese domestic species, inventories of North American sourced lumber in Japan have normalized and we expect pricing to improve.

Demand for Niche lumber products targeted to the treating segment in North America has been strong, while demand for timbers consumed in the industrial segment has remained weak. We expect continued strength in the treated segment, stable demand for our Niche appearance products and continued weakness in the industrial sector.

The domestic log market remains undersupplied and pricing is expected to remain strong through the end of the year. In contrast we expect the export log market to remain competitive and pricing to remain relatively weak. Due to the weak export markets we have re-directed some log volume to the domestic market.

Coastal pulp and paper operations have been negatively impacted by reduced demand for their products due to COVID-19. In turn, pulp and paper mill operating curtailments have led to reduced demand and a weaker price environment for coastal pulp logs. We expect pricing for pulp logs to remain relatively weak until demand for pulp and paper improves and the mills return to full production.

As we look forward, the potential resurgence in COVID-19 cases around the globe may lead to the reintroduction of government actions that could impact lumber demand and pricing. We plan to utilize our flexible operating platform to adjust to market conditions and will continue to align our production volumes to match market demand.

Softwood Lumber Dispute and US Market Update

The US application of duties on Canadian lumber imports continues a long-standing pattern of US protectionist action against Canadian lumber producers. We disagree with the inclusion of specialty lumber products, particularly WRC and Yellow Cedar products, in this commodity lumber focused dispute. As duties paid are determined on the value of lumber exported, and as our shipments to the US market are predominantly high-value, appearance grade lumber, we are disproportionately impacted by these duties. For a comprehensive history of the softwood lumber trade dispute and related North American Free Trade Agreement challenge proceedings, please refer to “*Risks and Uncertainties – Softwood Lumber Dispute*” in our Management’s Discussion and Analysis for the year ended December 31, 2019.

Western expensed \$11.0 million of export duties in the third quarter of 2020, comprised of CVD and AD at a combined rate of 20.23% on all lumber it sold into the US. On February 3, 2020, the US Department of Commerce (“DoC”) issued preliminary revised rates in the CVD and AD first administrative review of shipments for the years ended December 31, 2017 and 2018. The combined preliminary revised rates were 8.37% for 2017 and 8.21% for 2018. The DoC may revise these rates between preliminary and final determination. On July 22, 2020, the DoC again announced an administrative review extension that is expected to delay the final rate determination until late November 2020. Cash deposits continue at the current rate of 20.23% until the final determinations are published, at which time the 2018 rate will apply to US-destined lumber sales.

The tolling of all administrative reviews on July 22, 2020 also extended the DoC’s second administrative review for fiscal year 2019. Western was not selected as a mandatory respondent in the second administrative review and will therefore be subject to the “all others” rate once preliminary review findings are finalized.

At September 30, 2020, Western had USD \$85.5 million (CAD \$113.9 million) of cash on deposit with the US Department of Treasury in respect of these softwood lumber duties.

Including wholesale lumber shipments, our sales to the US market represented approximately 29% of our total revenue in 2020. Our distribution and processing centre in Arlington, Washington and our Columbia Vista division in Vancouver, Washington are expected to partially mitigate the damaging effects of duties on our products destined for the US market. We intend to leverage our flexible operating platform to continue to partially mitigate any challenges that arise from this trade dispute.

Non-GAAP Measures

Reference is made in this MD&A to the following non-GAAP measures: Adjusted EBITDA, Adjusted EBITDA margin, and Net debt to capitalization are used as benchmark measurements of our operating results and as benchmarks relative to our competitors. These non-GAAP measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These non-GAAP measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. The following table provides a reconciliation of these non-GAAP measures to figures as reported in our audited annual consolidated financial statements:

<i>(millions of Canadian dollars except where otherwise noted)</i>	Q3 2020	Q3 2019	Q2 2020	YTD 2020	YTD 2019
Adjusted EBITDA					
Net income (loss)	\$ 11.5	\$ (18.7)	\$ 8.5	\$ (1.0)	\$ (17.5)
Add:					
Amortization	14.0	9.2	14.2	39.2	33.0
Changes in fair value of biological assets, net	0.6	(1.4)	0.6	1.2	0.9
Operating restructuring items	0.5	0.3	0.6	1.5	1.4
Other (income) expense ⁽¹⁾	0.6	(0.7)	(0.2)	(1.2)	0.1
Finance costs	2.0	1.9	2.2	6.4	5.6
Current income tax expense (recovery)	-	(9.6)	-	(0.1)	(9.6)
Deferred income tax expense (recovery)	4.4	2.6	3.5	(0.4)	2.9
Adjusted EBITDA	<u>\$ 33.7</u>	<u>\$ (16.6)</u>	<u>\$ 29.5</u>	<u>\$ 45.7</u>	<u>\$ 16.6</u>
Adjusted EBITDA margin					
Total revenue	\$ 290.6	\$ 141.6	\$ 256.3	\$ 646.0	\$ 727.6
Adjusted EBITDA	33.7	(16.6)	29.5	45.7	16.6
Adjusted EBITDA margin	12%	-12%	12%	7%	2%
Net debt to capitalization					
Net debt					
Total debt, net of deferred financing costs	\$ 121.3	\$ 112.0	\$ 154.2		
Cash and cash equivalents	(1.9)	(5.1)	(2.1)		
Net debt	<u>\$ 119.4</u>	<u>\$ 106.9</u>	<u>\$ 152.1</u>		
Capitalization					
Net debt	\$ 119.4	\$ 106.9	\$ 152.1		
Add: Equity	471.1	519.1	461.4		
Capitalization	<u>\$ 590.5</u>	<u>\$ 626.0</u>	<u>\$ 613.5</u>		
Net debt to capitalization	20%	17%	25%		

Figures in the table above may not equal or sum to figures presented elsewhere due to rounding.

(1) Other (income) expense, net of changes in fair market value less costs to sell of biological assets.

Critical Accounting Estimates

For a review of significant management judgements affecting financial results and critical accounting estimates, please see our 2019 Annual Report, which can be found on SEDAR at www.sedar.com. There were no changes to critical accounting estimates during the nine months ended September 30, 2020.

Financial Instruments and Other Instruments

We use various financial instruments to reduce the impact of movement in foreign exchange rates on our net income. Please see our Management Discussion and Analysis for the year ended December 31, 2019 for a further discussion on our use of financial instruments. There were no changes to our use of financial instruments during the nine months ended September 30, 2020.

Off-Balance Sheet Arrangements

Other than short-term and low-value leases for which recognition exemptions are applied under IFRS 16, the Company does not have any off-balance sheet arrangements as at September 30, 2020.

Related Party Transactions

Other than transactions in the normal course of business with the Board of Directors and key management personnel, the Company had no transactions between related parties in the nine months ended September 30, 2020.

Risks and Uncertainties

The business of the Company is subject to several risks and uncertainties, including those described in the 2019 Annual Report which can be found on SEDAR at www.sedar.com. Any of the risks and uncertainties described in the above-noted document could have a material adverse effect on our operations and financial condition and cash flows and, accordingly, should be carefully considered in evaluating Western's business. Except as set forth in this MD&A, in the COVID-19 disclosure in our MD&A for the three months ended March 31, 2020, and the notes to our condensed consolidated interim financial statements, there were no additional risks and uncertainties identified during the nine months ended September 30, 2020.

Evaluation of Disclosure Controls and Procedures

There have been no changes in the Company's internal controls over financial reporting ("ICFR") during the three months ended September 30, 2020, that have materially affected, or are reasonably likely to materially affect, its ICFR.

Outstanding Share Data

As of November 5, 2020, there were 375,197,166 common shares of the Company issued and outstanding.

We have reserved 30,000,000 of our Shares for issuance upon the exercise of options granted under our incentive stock option plan. During the nine months ended September 30, 2020, 5,260,670 options were granted, no previously granted options were exercised and no options were forfeited. As of November 5, 2020, 18,317,799 options were outstanding under our incentive stock option plan.

Additional Information

Additional information relating to the Company and its operations, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

Management's Discussion and Analysis – Appendix A

Summary of Selected Results for the Last Eight Quarters

(millions of Canadian dollars except per share amounts and where noted)	2020			2019				2018	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Average Exchange Rate – USD to CAD	1.332	1.386	1.344	1.320	1.321	1.337	1.329	1.322	
Average Exchange Rate – CAD to USD	0.751	0.722	0.744	0.758	0.757	0.748	0.752	0.756	
Financial Performance⁽⁵⁾									
Revenue									
Lumber	\$ 208.6	\$ 188.8	83.2	66.1	109.7	233.6	218.9	\$ 230.9	
Logs	73.7	60.5	12.9	12.1	27.4	63.3	41.2	36.2	
By-products	8.3	7.0	3.0	1.9	4.5	13.4	15.6	17.7	
Total revenue	\$ 290.6	\$ 256.3	\$ 99.1	80.1	141.6	310.3	275.7	\$ 284.8	
Adjusted EBITDA	\$ 33.7	\$ 29.5	\$ (17.4)	\$ (18.1)	\$ (16.6)	\$ 15.1	\$ 18.1	\$ 18.0	
Adjusted EBITDA margin	12%	12%	-18%	-23%	-12%	5%	7%	6%	
Earnings (loss) per share:									
Net income (loss), basic and diluted	\$ 0.03	\$ 0.02	\$ (0.06)	\$ (0.09)	\$ (0.05)	\$ -	\$ -	\$ 0.02	
Operating Statistics									
Lumber^{(1),(2)}									
Production	mmfbm	192	143	61	34	48	206	202	200
Shipments - Total	mmfbm	165	152	64	44	90	211	203	218
Price	\$/mfbm	\$ 1,264	\$ 1,242	\$ 1,300	\$ 1,502	\$ 1,219	\$ 1,107	\$ 1,078	\$ 1,059
Logs⁽³⁾									
Net production	000 m ³	1,138	1,224	167	21	21	1,250	922	1,135
Saw log purchases	000 m ³	235	236	141	34	84	238	208	212
Log availability	000 m ³	1,373	1,460	308	55	105	1,488	1,130	1,347
Shipments	000 m ³	679	587	141	135	246	536	369	369
Price ⁽⁴⁾	\$/m ³	\$ 109	\$ 103	\$ 91	\$ 87	\$ 110	\$ 112	\$ 112	\$ 98
Share Repurchases and Dividends									
Shares repurchased (millions)		-	-	-	-	1.2	3.8	3.9	4.9
Shares repurchased	\$	\$ -	\$ -	\$ -	\$ -	\$ 1.9	\$ 6.6	\$ 7.4	\$ 9.1
Dividends paid	\$	\$ -	\$ -	\$ 8.4	\$ 8.5	\$ 8.4	\$ 8.5	\$ 8.6	\$ 8.7

Figures in the table above may not equal or sum to figures presented elsewhere due to rounding.

(1) Includes Columbia Vista acquired February 1, 2019.

(2) "mmfbm" = millions of board feet; "mfbm" = thousands of board feet.

(3) Coastal BC business only. Net production is sorted log production, net of residuals and waste. Log availability is net production plus saw log purchases.

(4) The log revenue used to determine average price per cubic metre has been reduced by the associated shipping costs arranged in the respective periods to enable comparability of unit prices.

(5) Results for the periods Q3 2019, Q4 2019 and Q1 2020 reflect the curtailment of coastal BC operations due to the Strike.

In a normal operating year there is seasonality to the Company's operations with higher lumber sales in the second and third quarters when construction activity, particularly in the US, has historically tended to be higher. Logging activity may also vary depending on weather conditions such as rain, snow and ice in the winter and the threat of forest fire in the summer. This seasonality generally results in the Company increasing working capital utilization through its second quarter as it builds log inventory during optimal harvest conditions and builds lumber inventory in advance of seasonally high lumber demand.