

## **The Futura Corporation and Arbutus Distributors announce Non-Binding Proposal to take Tree Island Steel private at \$2.25 per Common Share**

June 27, 2019. Vancouver, British Columbia. The Futura Corporation and Arbutus Distributors Ltd. (collectively the "Majority Shareholders") are pleased to announce that they have made a non-binding proposal to the Board of Directors of Tree Island Steel Ltd. (the "Company") to take the Company private at a price of \$2.25 per Common Share (the "Shares") payable in cash.

The Majority Shareholders, who are controlled by Company directors, Amar Doman and Peter Bull, respectively, collectively own approximately 14.7 million Shares, representing over 50% of the issued and outstanding Shares. Mr. Doman commented: "We believe the potential transaction offers fair value for the Shares and is a significant opportunity for the Company and its shareholders and in the best interests of the Company. Our ability to complete the potential transaction is not subject to financing and provides immediate liquidity for minority shareholders."

The Majority Shareholders have proposed that the potential transaction be structured by way of a court-supervised statutory plan of arrangement (the "Arrangement"). The Arrangement would require a special resolution of the holders of Shares to be approved by two-thirds of the Shares represented in person or by proxy at a meeting of shareholders of the Company (the "Meeting"). In addition, because the potential transaction would constitute a "business combination" for the purposes of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, the Arrangement would need to be approved by a simple majority of the Shares represented in person or by proxy at the meeting of the Shareholders, other than Shares owned by the Majority Shareholders. The Majority Shareholders understand that the Board of Directors of the Company have established a special committee of independent directors (the "Special Committee") which will engage an independent financial advisor to prepare a formal valuation of the Shares and deliver an opinion as to the fairness, from a financial point of view, of the potential transaction to minority holders of Shares. The Special Committee is expected to make a recommendation to shareholders as to whether or not to support the proposal.

Mr. Bull commented: "Together, Amar and I invested capital and provided a backstop to the Company's 2009 funding that allowed the Company to get through difficult times. We have continued to acquire shares through the business cycle, reflecting our commitment to the Company and our investment. We have long discussed the best interests of the Company, including its shareholders, employees, management, customers and suppliers, and often questioned the rationale for the Company remaining a public company at its size and scope of operations."

The Majority Shareholders believe that their non-binding proposal would be in the best interests of the Company and its shareholders for a number of reasons:

- The Company's Shares currently have limited liquidity:
  - The potential transaction would provide immediate liquidity and certainty to the minority holders of Shares;
- The potential transaction offers fair value for the Shares held by the minority holders;

- The thin trading and concentrated ownership of Shares has the result of impairing the Company's access to equity capital, which the Majority Shareholders believe will be needed, in the future, to properly capitalize the business of the Company:
  - The Shares are thinly traded, and it is unlikely that significant amounts of Shares could be offered on the public market without causing some downward pressure on pricing, and the sale of Shares on the open market is likely an unattractive alternative to the potential transaction for minority holders;
- It is in the best interests of the Company to eliminate the significant administrative expenses incurred in maintaining a listing in Canada, and be able to redirect these funds into stabilization of the business; and
- The degree of operating freedom available as a public company can restrict its long-term potential.

Any potential transaction would be subject to the satisfaction of customary conditions including completion of satisfactory due diligence, no material adverse changes in the business and operations of the Company, requisite shareholder approval, receipt of necessary third party and regulatory approvals and settlement, execution and delivery of definitive agreements.

The Majority Shareholders have indicated to the Board of Directors that they will not entertain an alternative transaction that would result in the sale of their interests in the Company or the distribution of the assets of the Company.

The Majority Shareholders wish to reiterate that there is currently no binding agreement in place with respect to their proposal. Until such time as the Special Committee completes its work and analysis and definitive agreements executed, there can be no assurance that a definitive transaction will be agreed or, if any such transaction is agreed, what terms that transaction will contain.

Fort Capital Partners and McCarthy Tétrault LLP are acting as advisors to the Majority Shareholders in connection with the proposal.

### **Forward-Looking Statements:**

This press release includes forward-looking information with respect to the Majority Shareholders and the Company. The use of forward-looking words such as, "may," "will," "expect" "anticipate" "potential" or similar variations generally identify such statements. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Although the Majority Shareholders believe that expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties. The forward-looking statements contained herein reflect the Majority Shareholders' current beliefs and are based upon certain assumptions that they believe to be reasonable based on the information currently available to them. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Readers are cautioned not to place undue reliance on this forward-looking information and the Majority Shareholders undertake no obligation to update publicly or revise any forward-looking

information, whether as a result of new information, future events or otherwise except as required by applicable securities laws.

### **Required EWR Information**

The Futura Corporation's head office is located at 2970 – 700 West Georgia Street, Vancouver, BC V7Y 1A1.

Arbutus Distributors Ltd.'s head office is located at Suite 200, 2780 Granville Street, Vancouver, BC V6H 3H3.

The Company's head office is located at 3933 Boundary Road, Richmond, BC V6V 1T8.

The Majority Shareholders have ownership and control over an aggregate of 14,699,100 Shares (8,834,850 Shares owned and controlled by The Futura Corporation and 5,864,250 Shares owned and controlled by Arbutus Distributors Ltd. representing 50.95% of the 28,847,297 issued and outstanding Shares as of June 20, 2019).

Should a transaction be completed, the Majority Shareholders intend to cause the Shares to cease to be listed on the Toronto Stock Exchange and to cause the Company to file an application to cease to be a reporting issuer under applicable Canadian securities laws and to otherwise terminate the Company's public reporting requirements.

Early warning reports will be filed by the Majority Shareholders, as applicable, with applicable Canadian securities regulatory authorities.