

**Form 51-10a2F4  
Business Acquisition Report**

**Item 1 Identity of Company**

**1.1 Name and Address of Company**

GreenFirst Forest Products Inc. (the “**Company**”)  
1800 - 510 West Georgia Street  
Vancouver, British Columbia  
V6B 0M3

**1.2 Executive Officer**

Michael Liggett  
Chief Financial Officer  
(847) 791-6817

**Item 2 Details of Acquisition**

**2.1 Nature of Business Acquired**

On April 10, 2021, the Company, as guarantor, GreenFirst Forest Products (QC) Inc. (the “**Purchaser**”), a wholly-owned subsidiary of the Company, and Rayonier A.M. Canada G.P., and Rayonier A.M. Canada Industries Inc. entered into an asset purchase agreement as amended on or about August 28, 2021 to include, inter alia, Rayonier A.M. Canada Enterprises Inc. (together with Rayonier A.M. Canada G.P. and Rayonier A.M., the “**Seller**”) as a party (the “**Asset Purchase Agreement**”) pursuant to which the Purchaser agreed to acquire a portfolio of forest and paper product assets (the “**Purchased Assets**”) from the Seller. The Purchased Assets include six lumber mills which are located in Chapleau, Cochrane, Hearst and Kapuskasing in Ontario and in Béarn and La Sarre in Québec as well as one newsprint mill located in Kapuskasing, Ontario. The Purchased Assets also include certain real property, machinery, inventory, permits, licenses and other related assets. On August 28, 2021, the Asset Purchase Agreement closed and the Purchaser acquired the Purchased Assets from the Seller.

**2.2 Date of Acquisition**

August 28, 2021 (the “**Closing Date**”).

**2.3 Consideration**

The aggregate consideration paid by Purchaser to the Seller for the Purchased Assets was approximately US\$235 million (the “**Purchase Price**”) which was comprised of a base amount of US\$140 million plus approximately US\$87.5 million which reflected the value of the inventory on-hand at the time of closing and other adjustments. Approximately US\$193 million of the Purchase Price was paid in cash, approximately US\$34 million was paid in common shares in the capital of GreenFirst and C\$7.9 million was paid through the issuance of a chip offset credit note which may be set off against amounts owing by the Seller to the Company for chip purchases over the next five years.

The Company funded the cash consideration paid under the Asset Purchase Agreement through a rights offering (the “**Rights Offering**”) and a senior secured term credit facility (the “**Debt Financing**”).

On July 2, 2021, the Company filed a prospectus for the Rights Offering pursuant to which shareholders of the Company received three rights (the “**Rights**”) for each Common Share held as of July 9, 2021. Each Right entitled the holder thereof to subscribe for one subscription receipt (“**Subscription Receipts**”) upon the payment of the exercise price of \$1.50 per Right. On July 30, 2021, the Company completed the Rights

Offering, which was over-subscribed, and issued 111,665,880 Subscription Receipts and received gross proceeds of C\$167,498,820. On the Closing Date, each Subscription Receipt was automatically exchanged, without payment of additional consideration, for one Common Share upon the delivery by the Company of a release notice to Computershare Trust Company of Canada, constituting confirmation of the satisfaction or waiver of all of the conditions to the completion of the Asset Purchase Agreement.

On the Closing Date, the Company entered into the agreements related to the Debt Financing and borrowed US\$100,000,000 from Blue Torch Capital LP (and certain of its affiliates and funds managed, advised or sub-advised by it) under a senior secured term facility.

## **2.4 Effect on Financial Position**

The Company does not presently plan or propose to make any material changes in its strategy, either generally or with respect to the Purchased Assets, that would reasonably be expected to have a significant effect on the financial performance or financial position of the Company. The acquisition of the Purchased Assets constituted a “Change of Business” of the Company (as such term is defined by the Policies of the TSX Venture Exchange).

## **2.5 Prior Valuations**

None.

## **2.6 Parties to Transaction**

The transactions completed pursuant to the closing of the Asset Purchase Agreement were not with an informed person, associate or affiliate (as each term is defined in the applicable securities legislation) of the Company.

## **2.7 Date of Report**

This report is dated September 2, 2021.

## **Item 3 Financial Statements**

For the purposes of this business acquisition report, the following financial statements from the final long form prospectus of the Company dated July 2, 2021 (the “**Prospectus**”) are specifically incorporated by reference herein:

- A. Audited Annual Carve-out Combined Financial Statements of the business comprising the Purchased Assets
  - a. Independent Certified Public Accountants’ Report as contained on pages C-4 to C-5 of the Prospectus;
  - b. Carve-out Combined Statements of Income and Comprehensive Income for the Years ended December 31, 2020 and 2019 as contained on page C-6 of the Prospectus;
  - c. Carve-out Combined Balance Sheets as at December 31, 2020 and 2019 and January 1, 2019 as contained on page C-7 of the Prospectus;
  - d. Carve-out Combined Statements of Changes in Invested Equity for the Years ended December 31, 2020 and 2019 as contained on page C-8 of the Prospectus;
  - e. Carve-out Combined Statements of Cash Flows for the Years ended December 31, 2020 and 2019 as contained on page C-9 of the Prospectus;
  - f. Notes to Carve-out Combined Financial Statements for the Years ended December 31, 2020 and 2019 as contained on pages C-10 to C-42 of the Prospectus; and
  - g. Management’s Discussion & Analysis for the Years ended December 31, 2020 and December 31, 2019 as contained on pages C-43 to C-47 of the Prospectus.

- B. Unaudited Interim Carve-out Combined Financial Statements of the business comprising the Purchased Assets
  - a. Unaudited Carve-out Combined Statements of Income and Comprehensive Income for the Three Months ended March 27, 2021 and March 28, 2020 as contained on page C-50 of the Prospectus;
  - b. Unaudited Carve-out Combined Balance Sheets as at March 27, 2021 and December 31, 2020 as contained on page C-51 of the Prospectus;
  - c. Unaudited Carve-out Combined Statements of Changes in Invested Equity for the Three Months ended March 27, 2021 and March 28, 2020 as contained on page C-52 of the Prospectus;
  - d. Unaudited Carve-out Combined Statements of Cash Flows for the Three Months ended March 27, 2021 and March 28, 2020 as contained on page C-53 of the Prospectus;
  - e. Notes to Unaudited Carve-out Combined Financial Statements for the Three Months ended March 27, 2021 and March 28, 2020 as contained on pages C-54 to C-64 of the Prospectus; and
  - f. Management's Discussion & Analysis for the Three Months ended March 27, 2021 and March 28, 2020 as contained on pages C-65 to C-68 of the Prospectus.
  
- C. Pro Forma Combined Consolidated Financial Statements of the Company
  - a. Pro Forma Combined Consolidated Balance Sheet as at March 31, 2021 as contained on page D-3 of the Prospectus;
  - b. Pro Forma Combined Consolidated Statement of Income and Comprehensive Income for the three months ended March 31, 2021 as contained on page D-4 of the Prospectus;
  - c. Pro Forma Combined Consolidated Statement of Income and Comprehensive Income for the year ended December 31, 2020 as contained on page D-5 of the Prospectus; and
  - d. Notes to the Pro Forma Consolidated Financial Statements as contained on pages D-6 to D-11 of the Prospectus.

The Company's auditor has had no involvement in the preparation and disclosure of the summarized information in this Business Acquisition Report.