

TORONTO, Sept. 13, 2013 /CNW/ - Cathay Forest Products Corp. (the "Company") announced today that it and others have entered into an agreement to settle the proposed class action litigation (the "Class Action") previously brought in the Ontario Superior Court of Justice by Mac Killoran and originally disclosed by the Company in a news release dated September 12, 2011. The settlement agreement is subject to approval by the Ontario Superior Court of Justice. If approved, the settlement will have a value of Cdn. \$1.9 million to class members, before deductions for legal fees and expenses to administer the settlement. The payment of such amount will be funded by the Company's insurer.

As previously disclosed by the Company, the Class Action advances a number of claims against the Company and six of its former directors and officers as named defendants, primarily relating to financial information disclosed by the Company in 2009 and 2010 that was the subject of the financial restatement announced by the Company in February 2011.

On September 13, 2013, the Ontario Superior Court of Justice issued an order certifying the Class Action solely for settlement purposes. The certification of the Class Action is conditional upon the Court's approval of the settlement agreement at a hearing scheduled to take place on November 22, 2013.

The proposed settlement is a compromise of disputed claims and is not an admission of liability, wrongdoing or fault on the part of any of the settling defendants, including the Company. Further information regarding the settlement and the settlement approval hearing may be found at <http://www.classaction.ca> from September 17, 2013.

SOURCE Cathay Forest Products Corp.