INTERFOR®

IMPORTANT INFORMATION FOR SHAREHOLDERS

Notice of the Annual General Meeting of Shareholders

and

Information Circular

March 29, 2012

International Forest Products Limited
P.O. Box 49114, 3500-1055 Dunsmuir Street, Vancouver, BC, Canada V7X 1H7 Tel (604) 689-6800 Fax (604) 688-0313

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Information contained in this Information Circular is given as at March 29, 2012 unless otherwise stated. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

TO OUR SHAREHOLDERS

On behalf of the Board of Directors and Executive Officers of International Forest Products Limited ("**Interfor**"), we invite you to join us at Interfor's Annual General Meeting of shareholders. This year, the Annual General Meeting will be held on Thursday, May 3, 2012 at 2:00 p.m. in the Cristal Room, Lower Lobby, Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia.

At the Annual General Meeting, shareholders will be asked to approve the business items described in the accompanying Notice of Meeting and this Information Circular. We will also update you on the progress of the Company and comment on how Interfor is continuing to deliver on its strategy. At the end of the Annual General Meeting, a question and answer session will take place.

As a shareholder, your vote is important. We encourage you to participate by voting your shares either in person or by proxy. If it is not possible for you to be present to vote in person – or even if you plan to attend the Annual General Meeting – kindly complete and sign the enclosed form of proxy and return it as soon as possible in the envelope provided or by fax.

We look forward to your participation in this meeting.

Sincerely,

Lawrence Sauder
Chairman of the Board of Directors

Duncan Davies
President & Chief Executive Officer

March 29, 2012

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of International Forest Products Limited (the "**Company**" or "**Interfor**") will be held at the following time and place:

DATE: Thursday, May 3, 2012

TIME: 2:00 p.m. (Vancouver Time)

PLACE: Metropolitan Hotel
Cristal Room
Lower Lobby
645 Howe Street
Vancouver, British Columbia

The Annual General Meeting is being held for the following purposes:

1. To receive the Consolidated Financial Statements for the fiscal year ended December 31, 2011;

2. To set the number of directors;

3. To elect the directors of the Company;

4. To appoint the auditors of the Company for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors;

5. To consider and approve, on an advisory basis, Interfor's approach to executive compensation; and

6. To transact such other business that may properly come before the Annual General Meeting.

Shareholders of record at the close of business on March 29, 2012 will be entitled to vote at the Annual General Meeting and are encouraged to participate.

Registered shareholders who are unable to attend the Annual General Meeting in person are requested to complete the enclosed form of proxy. The completed form of proxy and, if applicable, the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy of the power of attorney, should be either faxed to 1-866-249-7775 or delivered to Computershare Investor Services Inc., Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Annual General Meeting or any adjournment thereof.

Dated at Vancouver, British Columbia, this 29th day of March, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

JOHN HORNING
Senior Vice President, Chief Financial Officer and Corporate Secretary

VOTING INFORMATION

Who is soliciting my proxy?

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the management and Board of Directors (the "**Board**") of Interfor for use at the Annual General Meeting of the shareholders of the Company to be held at the time and place (including any adjournment or postponement thereof) and for the purposes set out in the accompanying Notice of Annual General Meeting.

The cost of the solicitation of proxies is borne by the Company. The Company intends to primarily solicit proxies by mail, but proxies or votes or voting instructions may also be solicited personally or by telephone or other means of communication by directors and regular employees of the Company without special compensation.

Am I entitled to vote?

Shareholders registered as holders of Class "A" Subordinate Voting shares and shareholders registered as holders of Class "B" Common shares on the record date of March 29, 2012 are entitled to receive notice of and to attend and vote at the Annual General Meeting.

The authorized capital of the Company consists of 106,700,000 shares without par value divided into 100,000,000 Class "A" Subordinate Voting shares, 1,700,000 Class "B" Common shares and 5,000,000 Preference shares. Each Class "A" Subordinate Voting share carries the right to one vote either on a show of hands or on a poll. Each Class "B" Common share carries the right to one vote on a show of hands and to ten votes on a poll. There are no Preference shares issued or outstanding.

Class "B" Common shares will automatically convert into Class "A" Subordinate Voting shares in certain circumstances including any transfer thereof by certain shareholders, unless the purchaser acquires a majority of the outstanding Class "B" Common shares and makes an offer to purchase all outstanding Class "A" Subordinate Voting shares and all Class "B" Common shares at an equivalent price. See Share Capital — Rights on Take-over Bids and Conversion of Multiple Voting Shares in the Company's Annual Information Form, which can be found at www.sedar.com.

As of March 29, 2012, there were 54,847,176 Class "A" Subordinate Voting shares and 1,015,779 Class "B" Common shares outstanding. The holders of Class "A" Subordinate Voting shares have the exclusive right, voting separately as a class, to elect one director of the Company. The holders of the Class "B" Common shares have the exclusive right, voting separately as a class, to elect the remaining directors of the Company. If there are no holders of Class "B" Common shares, the holders of Class "A" Subordinate Voting shares have the right to elect all of the directors of the Company. Class "B" Common shares are exchangeable for Class "A" Subordinate Voting shares, share for share. The Class "A" Subordinate Voting shares represent 84.37% and the Class "B" Common shares represent 15.63% of the aggregate voting rights attached to the securities of the Company.

What am I voting on?

Shareholders will be voting on those matters which are described in the accompanying Notice of Annual General Meeting of shareholders. **The Notice includes all the matters to be presented at the Annual General Meeting that are presently known to management.**

Am I a registered or non-registered shareholder?

You are a registered shareholder if you have a share certificate in your name. You are a non-registered shareholder if your shares are registered in the name of an intermediary (for example, a bank, a trustee or an investment dealer) or the name of a clearing agency of which the intermediary is a participant.

How can I vote my shares?

You can either vote by attending and voting your shares at the Annual General Meeting or, if you cannot attend the Annual General Meeting, by having your shares voted by proxy. How you exercise your vote depends on whether you are a registered or non-registered shareholder.

If you are a ***registered shareholder*** of the Company and are unable to attend the Annual General Meeting in person, complete the enclosed form of proxy and either fax it to 1-866-249-7775 or deliver it to Computershare Investor Services Inc., Attention: Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Annual General Meeting or any adjournment or postponement thereof.

If you are a ***non-registered shareholder*** of the Company and receive these materials through your broker or through another intermediary, complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Annual General Meeting, either in person or by proxy.**

Who votes my shares?

Two directors of the Company, Lawrence Sauder and John P. Sullivan ("**Management Proxyholders**") have been named in the proxy to represent shareholders at the Annual General Meeting.

You can appoint someone else to represent you at the Annual General Meeting; however, you must appoint that person in accordance with the instructions given on the form of proxy.

For the proxy to be valid, it must be completed, dated and signed by the shareholder, or the shareholder's attorney authorized in writing, and then delivered to the Company's transfer agent, Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, fax number: 1-866-249-7775, and received no later than 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Annual General Meeting or any adjournment or postponement thereof.

How will my shares be voted if I return a proxy?

By completing and returning a proxy, you are authorizing the person named in the proxy to attend the Annual General Meeting and vote your shares on each item of business you are entitled to vote on according to your instructions. **If there are no instructions with respect to your proxy, your shares will be voted in favour of: i) setting the number of directors at eight; ii) electing as a director each person nominated by the Board for the ensuing year; iii) appointing KPMG LLP as auditors for the ensuing year and authorizing the directors to fix their remuneration; and iv) approving, on an advisory basis, Interfor's approach to executive compensation.**

Can I revoke a proxy?

Yes, a shareholder may revoke a proxy by:

1. an instrument in writing (a) signed by the shareholder, or by the shareholder's attorney authorized in writing, or where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation; and (b) delivered either to (i) the registered office of the Company, 3500-1055 Dunsmuir Street, Vancouver, B.C., Attention: Corporate Secretary, at any time up to and including the last business day preceding the day of the Annual General Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or (ii) the Chairman of the Annual General Meeting or any adjourned meeting at the meeting or adjourned meeting,

2. completing, dating and signing a proxy bearing a later date and delivering it in the manner described above, or

3. in any other manner provided by law.

Such revocation will have effect only in respect of those matters upon which a vote has not already been given pursuant to the authority conferred by the proxy.

Who has discretionary authority to vote on amendments or variations to any of the business items and on any other matter that may properly come before the meeting?

The enclosed form of proxy confers discretionary authority upon the proxyholder named by the shareholder with respect to amendments or variations to the matters identified in the accompanying Notice of Annual General Meeting and other matters which may properly come before the Annual General Meeting. If any such amendments or variations are proposed to the matters described in the Notice, or if any other matters properly come before the Annual General Meeting, your proxyholder may vote your shares as they consider best.

Is my vote by proxy confidential?

Yes, your vote by proxy is confidential. Proxies are received, counted and tabulated by our transfer agent, Computershare Investor Services Inc., in a way that preserves the confidentiality of individual shareholders' votes. Proxies are referred to the Company only in cases where a shareholder clearly intends to communicate with management, when it is necessary to do so to meet the requirements of applicable law, or in the event of a proxy contest.

Does any shareholder beneficially own 10 per cent or more of the voting securities of the Company?

As of March 29, 2012, to the knowledge of the directors and executive officers of the Company, the following persons beneficially own, or control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to either class of voting securities of the Company:

Name	Number and Class of Shares(1)	Percentage of Class
Fairfax Financial Holdings Limited	10,468,500 Class "A" Subordinate Voting shares	19.09%
Sauder Industries Limited (2)	1,011,735 Class "B" Common shares	99.60%
	1,980,271 Class "A" Subordinate Voting shares	3.61%

(1) This information is based on publicly available information filed by the person indicated.

(2) Sauder Industries Limited is indirectly owned by a holding company which, in turn, is indirectly owned in part by Lawrence Sauder, the Chairman of the Company. Mr. Sauder controls or directs the exercise of the voting rights attached to the voting securities of the Company held by Sauder Industries Limited with respect to routine matters such as the election of directors and appointment of auditors. In addition, Mr. Sauder directly owns 10,000 Class "A" Subordinate Voting shares.

What if I have a question?

If you have any inquiries, you can contact the Company's transfer agent, Computershare Investor Services Inc.:

- Email: service@computershare.com
- Toll-free: North America 1-800-564-6253
  International 514-982-7555
- Fax: 1-866-249-7775
- Mail: Computershare Investor Services Inc.
  Attention: Proxy Department
  9th Floor, 100 University Avenue
  Toronto, Ontario
  M5J 2Y1

BUSINESS OF THE MEETING

1. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended December 31, 2011 are contained in Interfor's 2011 Annual Report. The 2011 Annual Report was mailed to registered shareholders of the Company and to non-registered shareholders who requested the 2011 Annual Report. If you did not request a copy, you may view the Annual Report online at www.sedar.com or obtain a copy by sending your request for same to the Company's Corporate Secretary at P.O. Box 49114, 3500 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1H7.

2. NUMBER OF DIRECTORS

Interfor's Articles provide that the Company must have between three and fifteen directors. The number was last set by the shareholders at nine. The directors recommend that the number of directors be decreased to eight by approving the following resolution:

> BE IT RESOLVED THAT pursuant to Article 10.1 of the Articles of the Company, the number of directors be set at eight.

Unless otherwise instructed by you, the Management Proxyholders intend to vote FOR setting the number of directors at eight.

3. ELECTION OF DIRECTORS

The directors of the Company are elected each year at the Annual General Meeting of the Company and hold office until the close of the next Annual General Meeting or until he or she ceases to hold office, whichever is sooner.

The Corporate Governance & Nominating Committee, in conjunction with the Chairman of the Board, recommends to the Board nominees to stand for election as directors. The Board proposes the persons listed below for nomination for election at the Annual General Meeting. The following tables set out the name, age, place of residence and principal occupation of each person proposed to be nominated for election as a director and other relevant information including the number of securities of the Company and deferred share units ("**DSUs**") held by the person as at the date of this Information Circular and their market value. The table also sets out whether a nominee is independent or not independent.

Unless otherwise instructed by you, the Management Proxyholders intend to vote FOR the election of all eight nominees standing for re-election.

Nominee for Holders of Class “A” Subordinate Voting shares only

<table>
<tr><td rowspan="5">DOUGLAS W.G. WHITEHEAD
Lead Director
Independent
Age 65
North Vancouver, BC, Canada
Director since April 2007</td><td colspan="5">Mr. Whitehead is currently the Chairman of Finning International Inc. (“Finning”), a distributor of Caterpillar products and support services. From 2000 to 2008, he was the President and Chief Executive Officer of Finning. Prior to joining Finning, Mr. Whitehead held a number of senior executive positions with Fletcher Challenge Canada, including President and Chief Executive Officer, Senior Vice President and Chief Operating Officer and Vice President of the Crown Packaging Division. Mr. Whitehead is also currently a director of Ballard Power Systems Inc., Belkorp Industries Inc., Inmet Mining Corporation and Kal Tire. Over the years, he has served as director of Terasen Inc., Fletcher Challenge Canada, Finlay Forest Industries and Timberwest Forest Limited. Mr. Whitehead holds a MBA from the University of Western Ontario and a B.Sc. in Engineering from the University of British Columbia.</td></tr>
<tr><td colspan="5">Committee Memberships</td></tr>
<tr><td colspan="5">Audit Committee
Management Resources & Compensation Committee</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Shares (1)</td><td>Total DSUs (3)</td><td>Total of Class “A” Subordinate Voting Shares and DSUs</td><td>Value of Class “A” Subordinate Voting Shares and DSUs (4)</td><td>Has Minimum Share Ownership Requirement Been Met?(5)</td></tr>
<tr><td></td><td>17,000 Class “A”</td><td>8,000</td><td>25,000</td><td>$126,340</td><td>Mr. Whitehead has until December 31, 2015 to meet the requirement.</td></tr>
</table>

Nominees for Holders of Class “B” Common shares only

<table>
<tr><td rowspan="5">DUNCAN K. DAVIES
Not Independent
Age 61
Vancouver, BC, Canada
Director since November 1998</td><td colspan="5">Mr. Davies has been the President & Chief Executive Officer (“CEO”) of the Company since 2000. From 1998 to 2000, he was the President and Chief Operating Officer of the Company. Prior to joining the Company, Mr. Davies was a Vice President of an investment banking firm specializing in forest products transactions and activities, a principal in an independent forest products company and held senior positions in two other large forest products companies. He is active in a number of industry associations. He is Chairman of the BC Lumber Trade Council, Vice-Chair of the Softwood Lumber Board, director of the Canadian Lumber Trade Alliance and director of the Binational Softwood Lumber Council. Mr. Davies holds a B.A. in Economics and a M.Sc. in Forestry Economics.</td></tr>
<tr><td colspan="5">Committee Memberships</td></tr>
<tr><td colspan="5">Mr. Davies is not a member of any Committee. He attends the Management Resources & Compensation Committee meetings in his capacity as President & CEO of the Company.</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Shares (1)</td><td>Total DSUs (3)</td><td>Total of Class “A” Subordinate Voting Shares and DSUs</td><td>Value of Class “A” Subordinate Voting Shares and DSUs (4)</td><td>Has Minimum Share Ownership Requirement Been Met?(5)</td></tr>
<tr><td></td><td>241,100 Class “A”</td><td>161,355</td><td>402,455</td><td>$2,051,757</td><td>Yes</td></tr>
</table>

HAROLD C. KALKE **Independent** Age 71 West Vancouver, BC, Canada Director since July 2000	Mr. Kalke is the founder and President of Kalico Developments Ltd., a real estate development and management company, since 1971. He has founded and operated several other companies in the real estate development business and oil and gas sector. Mr. Kalke is a past Chairman of the Board of Governors of the University of British Columbia. Mr. Kalke holds a B.Sc. in Engineering and a MBA from the University of Western Ontario.

Committee Memberships

Corporate Governance & Nominating Committee
Environment & Safety Committee

Shares and Share Equivalents Held:

Shares [1]	Total DSUs [3]	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs [4]	Has Minimum Share Ownership Requirement Been Met?[5]
10,300 Class "A"	46,399	56,699	$286,534	Yes

PETER M. LYNCH **Independent** Age 61 Toronto, ON, Canada Director since October 2006	Mr. Lynch is a Corporate Director. From 1993 to 2010, he was an Executive Vice President and director of Grant Forest Products Inc. (and its predecessor), a producer of OSB and engineered wood products. Prior thereto, he practiced law. Mr. Lynch holds a LL.B from Osgoode Law School and is a member of the Law Society of Upper Canada, the Canadian Bar Association and the Ontario Bar Association.

Committee Memberships

Audit Committee
Environment & Safety Committee

Shares and Share Equivalents Held:

Shares [1]	Total DSUs [3]	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs [4]	Has Minimum Share Ownership Requirement Been Met?[5]
-	40,399	40,399	$204,160	Yes

GORDON H. MacDOUGALL **Independent** Age 66 West Vancouver, BC, Canada Director since February 2007	Mr. MacDougall is Vice Chairman and Partner of Connor, Clark & Lunn Investment Management Ltd., an asset management firm. From 1996 to 2006, he was a Partner at Connor, Clark & Lunn Investment Management Partnership and Director, Head of Portfolio Strategy Team and Head of Client Solutions Team of Connor, Clark & Lunn Investment Management Ltd. He previously served as lead director for Intrawest Corporation. Mr. MacDougall is currently the Chairman and a director of Vancouver Foundation. He holds a CFA from the University of Virginia, a MBA from the University of Pittsburgh and a B.Comm. in Finance from Sir George Williams University (now Concordia University).

Committee Memberships

Management Resources & Compensation Committee
Audit Committee

Shares and Share Equivalents Held:

Shares [1]	Total DSUs [3]	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs [4]	Has Minimum Share Ownership Requirement Been Met?[5]
15,000 Class "A"	40,399	55,399	$280,594	Yes

J. EDDIE McMILLAN

Independent

Pensacola, Florida, USA

Age 66

Director since
October 2006

Mr. McMillan is an independent business consultant. From 1998 until his retirement in 2002, he was Executive Vice President – Wood Products Group of Willamette Industries Inc. Prior to 2002, Mr. McMillan held various management positions with Willamette Industries Inc. Over the years, he has served as a director of Forest Express, Inc. and has been associated with numerous industry association boards including the American Plywood Association, National Particleboard Association, Particleboard and MDF Institute, Southern Forest Products Association, Western Wood Products Association, National Association of Lumber Wholesalers and the American Forest and Paper Association. He has a B.Sc. in Accounting/Business Administration from Louisiana Tech University.

Committee Memberships

Management Resources & Compensation Committee
Corporate Governance & Nominating Committee

Shares and Share Equivalents Held:

Shares (1)	Total DSUs (3)	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs (4)	Has Minimum Share Ownership Requirement Been Met? (5)
-	10,000	10,000	$54,181	Mr. McMillan has until December 31, 2015 to meet the requirement.

LAWRENCE SAUDER

Not Independent

Vancouver, BC, Canada

Age 59

Director since
April 1984

Mr. Sauder is Chairman of the Company. From 2004 until his appointment to Chairman in 2008, he was Vice Chairman of the Company. He is also the Chairman of Hardwoods Distribution Inc, a distributor of wood products, and Chairman and Chief Executive Officer of Sauder Industries Limited, a manufacturer and distributor of building products. From 1988 to 2004, he was President of Sauder Industries Limited. Mr. Sauder is a member of the World Presidents Organization and since 2011, a member of the Faculty Advisory Board at the Sauder School of Business at the University of British Columbia.

Committee Memberships

Environment & Safety Committee

Shares and Share Equivalents Held:

Shares (1)	Total DSUs (3)	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs (4)	Has Minimum Share Ownership Requirement Been Met? (5)
10,000 Class "A" (2)	24,000	34,000	$194,917	Yes

JOHN P. SULLIVAN

Independent

Vancouver, BC, Canada

Age 67

Director since
May 2001

Mr. Sullivan is a Corporate Director. From 2001 to 2003, he was Vice President of the Company. He joined the Company following the acquisition of Primex Forest Products Ltd. ("Primex"), where he was Vice President, Corporate Development from 1987 to 2001. Prior to 1987, he held various management positions at Primex. Over the past years, he has served on many boards including Primex, as well as several federal crown and private companies.

Committee Memberships

Management Resources & Compensation Committee
Corporate Governance & Nominating Committee

Shares and Share Equivalents Held:

Shares (1)	Total DSUs (3)	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs (4)	Has Minimum Share Ownership Requirement Been Met? (5)
220,786 Class "A"	16,000	236,786	$1,196,622	Yes

(1) The number of shares held include shares directly or indirectly beneficially owned or under the control or direction of such nominee. In respect of Mr. Sauder, see also note (2).

(2) Sauder Industries Limited owns 1,011,735 Class "B" Common shares and 1,980,271 Class "A" Subordinate Voting shares of the Company. Sauder Industries Limited is indirectly owned by a holding company, which in turn, is indirectly owned in part by

Mr. Sauder. Mr. Sauder controls or directs the exercise of the voting rights attached to these shares with respect to routine matters such as the election of directors and appointment of auditors. For Mr. Sauder, the total market value of Class "A" Subordinate Voting shares and DSUs does not include shares held by Sauder Industries Limited.

(3) For information on DSUs, see "Deferred Share Unit Plan" on page 18 of this Information Circular.

(4) This value is calculated as the greater of: (i) actual cost of shares or the grant date market value of DSUs awarded; and (ii) the market value, using the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is $5.05 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding March 29, 2012.

(5) All non-executive directors, including the Chairman of the Board, are required to own a minimum value of Class "A" Subordinate Voting shares and DSUs equal to five times the current Annual Director Retainer i.e. $200,000, within 5 years of becoming a director, or by December 31, 2015, whichever is later. The CEO, Mr. Davies, is required to hold a minimum value of Class "A" Subordinate Voting shares, or DSUs, equal in value to three times his annual base salary in effect as of January 1, 2007 by December 31, 2011. In determining whether a director has met his minimum shareholding requirement, the total number of Class "A" Subordinate Voting shares and DSUs held by a director is valued at the greater of: (i) actual cost of shares or the grant date market value of DSUs awarded; and (ii) the market value, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of the Company's directors and executive officers, none of the proposed nominees for director (nor any personal holding company of the proposed director):

(a) is, as at the date of this Information Circular, or has been, within 10 years before the date of the Information Circular, a director, CEO or Chief Financial Officer ("**CFO**") of any company (including the Company) that was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption order under securities legislation that was issued while the proposed director was acting in the capacity as director, CEO or CFO or issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the person was acting in that capacity;

(b) except as described in this Information Circular, is, as at the date of the Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within 10 years before the date of this Information Circular, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

From 1993 to 2010, Mr. Lynch was an executive officer and director of Grant Forest Products Inc. ("Grant Forest"). On June 25, 2009, Grant Forest and certain affiliated entities filed and obtained protection under the Companies' Creditors Arrangement Act in order to restructure its business affairs.

RETIREMENT

Mr. Bell, a member of the Board since 1998 and Lead Director since 2008, will be retiring from the Board as of the close of the 2012 Annual General Meeting and will not be standing for re-election. We thank Mr. Bell for his dedication and contributions to Interfor.

BOARD AND COMMITTEE MEETINGS HELD

The following table sets out a summary of the Board and Committee meetings held during 2011.

Board/Committee	Total number of meetings	In-camera sessions
Board of Directors (1)(2)	4	Yes
Audit Committee	4	Yes
Corporate Governance & Nominating Committee	3	Yes
Management Resources & Compensation Committee	3	Yes
Environment & Safety Committee	4	Yes

(1) The Board held four regularly scheduled quarterly meetings.
(2) In addition to the four regularly scheduled quarterly Board meetings, the directors attended three strategic planning/update sessions.

MEETING ATTENDANCE

The following table sets out the attendance of the directors at Board meetings and Committee meetings of which they were members during 2011. The attendance rate for these meetings was 100%.

Director	Board Meetings Attended	% Board Meetings Attended	Committee Meetings Attended(2)	% Committee Meetings Attended
Lawrence I. Bell	4 of 4	100%	CGNC – 3 of 3 AC – 4 of 4	100% 100%
Duncan K. Davies	4 of 4	100%	See Note (1) below	----
Harold C. Kalke	4 of 4	100%	CGNC – 3 of 3 ESC – 4 of 4	100% 100%
Peter M. Lynch	4 of 4	100%	ESC – 4 of 4 AC – 4 of 4	100% 100%
Gordon H. MacDougall	4 of 4	100%	MRCC – 3 of 3 AC – 4 of 4	100% 100%
J. Eddie McMillan	4 of 4	100%	CGNC – 3 of 3 MRCC – 3 of 3	100% 100%
Lawrence Sauder	4 of 4	100%	ESC – 4 of 4	100%
John P. Sullivan	4 of 4	100%	CGNC – 3 of 3 MRCC – 3 of 3	100% 100%
Douglas W.G. Whitehead	4 of 4	100%	MRCC – 3 of 3 AC – 4 of 4	100% 100%

(1) Mr. Davies attended the Management Resources & Compensation Committee meetings in his capacity as President & CEO of the Company.
(2) For the purposes of this table,
MRCC = Management Resources & Compensation Committee
ESC = Environment & Safety Committee
AC = Audit Committee
CGNC = Corporate Governance & Nominating Committee

DIRECTOR INDEPENDENCE

The following table describes the independence status of each member of the Board and, where applicable, the reasons for the Board's determination that a particular director is not independent. Six out of the eight directors nominated to stand for election are independent.

Name	Independent	Not Independent	Reason for Non-Independent Status
Duncan K. Davies		√	President & CEO of Interfor
Harold C. Kalke	√		
Peter M. Lynch	√		
Gordon H. MacDougall	√		
J. Eddie McMillan	√		
Lawrence Sauder		√	Material relationship with Interfor
John P. Sullivan	√		
Douglas W.G. Whitehead	√		

The Corporate Governance & Nominating Committee has considered, and the Board has approved, which of the Interfor Board members are "independent" for purposes of National Instrument 58-101. It concluded that all directors, other than Duncan K. Davies (who is the President & CEO of Interfor) and Lawrence Sauder (who is independent of management but not independent pursuant to National Instrument 58-101 as he controls or directs the exercise of the voting rights attached to the Class "A" Subordinate Voting shares and Class "B" Common shares owned by Sauder Industries Limited), are independent as at the date of this Information Circular.

In order to ensure that the Board can function independently from management, the Board has:

- kept the role of Chairman of the Board separate from the role of CEO;
- the Board has appointed an independent Lead Director (currently Mr. Bell; Mr. Whitehead is being proposed as the Lead Director following Mr. Bell's retirement as a director of Interfor as at the close of the 2012 Annual General Meeting), given that the Chairman of the Board is not independent; and
- ensured its independence by convening independent director-only sessions at every Board meeting and Committee meeting.

4. APPOINTMENT AND REMUNERATION OF AUDITORS

The Company's Audit Committee annually reviews and recommends to the Board the appointment of the external auditors of the Company. Interfor's Board recommends the re-appointment of KPMG LLP, Chartered Accountants, Vancouver, BC as the auditors of the Company to hold office until the close of the next Annual General Meeting of the Company. KPMG LLP has served as the auditors of the Company for more than five years. It is proposed that the remuneration to be paid to the auditors be determined by the directors of the Company.

In 2011, the Company engaged KPMG LLP as both financial and environmental certification auditors. Fees for financial audits, environmental certification audits and other services provided by KPMG LLP during the years ended December 31, 2010 and December 31, 2011 were as follows.

	2011 Fees	2010 Fees
Total audit fees	$588,987	$451,000
Audit-related fees (1)	43,000	9,300
Tax fees (2)	154,015	266,678
All other fees	64,400	50,500
TOTAL	$850,402	$777,478

(1) Audit-related fees consist principally of fees for professional services rendered with respect to audits of a defined benefit pension plan, subsidiary companies, and consultation related to accounting issues.
(2) Tax fees consist of fees for tax compliance services, professional services related to U.S. cross border transfer pricing and sales tax and tax credit contingency fees which are based on percentage of recoveries (e.g. indirect taxes, SR & ED, etc.)

Unless otherwise instructed by you, the Management Proxyholders intend to vote FOR the appointment of KPMG LLP, Chartered Accountants, Vancouver, BC as auditors for the Company to hold office until the next Annual General Meeting for the ensuing year and to authorize the directors to fix their remuneration.

5. ADVISORY VOTE ON EXECUTIVE COMPENSATION

At the 2012 Annual General Meeting our shareholders will have the opportunity to cast a non-binding advisory vote on the Board's approach to executive compensation ("**Say on Pay**"). The purpose of a Say on Pay advisory vote is to provide shareholders the opportunity to indicate their acceptance of the Board's overall approach to executive compensation at Interfor. To fully understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions, we encourage shareholders to read the executive compensation section starting on page 23. That section describes Interfor's compensation philosophy, the objectives and elements of the program and the measurement and assessment process used by Interfor. The form of resolution we are asking you to vote on is below:

> BE IT RESOLVED THAT, on an advisory basis only and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in Interfor's Information Circular delivered in connection with the 2012 Annual General Meeting of shareholders.

Since this is an advisory vote, the results will not be binding on the Board or Interfor. The Board remains fully responsible for its compensation decisions and it is not relieved of its responsibilities by either a positive or negative advisory vote. However, the Board will consider the outcome of the vote as part of its ongoing review of the executive compensation program of Interfor, together with the feedback received from shareholders in the course of regular communications.

Unless otherwise instructed by you, the Management Proxyholders intend to vote FOR Interfor's approach to executive compensation.

CORPORATE GOVERNANCE

Board of Directors

The Board is responsible for the stewardship of the Company on behalf of the shareholders. The Board has established guidelines on corporate governance issues which set out the manner in which it will discharge its stewardship responsibilities, in some cases with the assistance of Committees of the Board. See Statement of Interfor's Corporate Governance Practices set out in Appendix A to this Information Circular.

The Board is responsible for the overall strategic direction of the Company and approves the Strategic Plan, the Business Plan and all major developments related to the business of the Company, including major debt and equity financing, capital expenditures and dividend policies. The Board has adopted a Code of Conduct that governs the actions of its directors, officers and other employees of the Company. Interfor's Code of Conduct is attached as Appendix C to this Information Circular.

The objective of the Board is to ensure that the business and affairs of the Company are conducted in the best interests of the Company. Acting in the "best interests" of the Company involves a consideration of the long term best interests of the Company, while also giving consideration to the interests of the various stakeholders of the Company. The Board has delegated the day-to-day management responsibilities to the Company's management and expects them to fulfill this responsibility in a manner consistent with achieving this objective.

At each regularly scheduled quarterly Board meeting and strategic planning/update sessions, the Board meets "in-camera" without management other than the CEO present, followed immediately by a "non-executive" session without the CEO or any other member of management present. The Chairman of the Board presides over these sessions. Immediately thereafter, the Board holds an "independent director" session at which only independent directors are present. The Lead Director chairs the independent director session. In 2011, there were four regularly scheduled quarterly Board meetings and three strategic planning/update sessions.

Committees of the Board of Directors

Corporate Governance & Nominating Committee

The mandate of the Corporate Governance & Nominating Committee is to assist the Board in fulfilling its oversight responsibilities to ensure that the Company has an effective corporate governance regime. This Committee monitors the size, composition, independence and effectiveness of the Board, its members and committees, and makes recommendations with respect to directors' compensation. It ensures there is an orientation process for new directors and an ongoing education program to increase the directors' awareness of the Company's business and the issues it faces. The Committee reviews the nomination of new director candidates in consultation with the Chairman. The Committee may authorize the engagement of outside advisors to assist individual directors in fulfilling their responsibilities.

The Corporate Governance & Nominating Committee consists of the following four directors: J. E. McMillan (Chair), Lawrence I. Bell, Harold C. Kalke and John P. Sullivan. All Committee members are independent.

The Corporate Governance & Nominating Committee held three regularly scheduled meetings in 2011 and reported on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. All meetings included in-camera sessions without management present.

The Committee is currently conducting a search for additional director candidates, but it is unlikely to be completed before the 2012 Annual General Meeting. The Board is authorized under the Articles of the Company to appoint up to one additional director between the 2012 and 2013 Annual General Meeting.

Audit Committee

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, internal controls, legal and regulatory compliance, independence and performance of the Company's external auditors and the management of the Company's risks, creditworthiness and treasury plans. The Audit Committee recommends the appointment of the external auditor and approves their compensation and any non-audit services provided by the Company's auditors. Additional information relating to the Audit Committee is contained in the Company's Annual Information Form, which can be found at www.sedar.com.

The Audit Committee consists of the following four directors: Gordon H. MacDougall (Chair), Lawrence I. Bell, Peter M. Lynch and Douglas W.G. Whitehead. All Committee members are independent.

The Audit Committee held four regularly scheduled meetings in 2011 and reported on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. All meetings included in-camera sessions without management present. The Committee also met independently with each of management and the Company's auditors as part of its review.

Environment & Safety Committee

The Environment & Safety Committee ("**E&S Committee**") is mandated to monitor the Company's ongoing commitment to its principles, values and policies regarding environment and safety matters. The E&S Committee reviews the information systems, assessment procedures and, if necessary, remedial procedures to ensure the Company's operations are in compliance with environmental, health and safety laws and regulations and there is a pattern of continuous improvement in minimizing any adverse environmental, health and safety impacts. In addition to reporting its findings to the Board, the E&S Committee has arranged for a report to be included in the Company's Annual Information Form.

The E&S Committee consists of the following three directors: Peter M. Lynch (Chair), Harold C. Kalke and Lawrence Sauder. Two of the three E&S Committee members are independent.

The E&S Committee held four regularly scheduled meetings in 2011 and reported on its activities to the Board. All meetings included in-camera sessions without management present.

Management Resources & Compensation Committee

The Management Resources & Compensation Committee ("**MRCC**") is responsible for developing the compensation philosophy and guidelines on executive compensation, overseeing succession planning for the management team, determining CEO goals and objectives relative to compensation and evaluating CEO performance. The MRCC reviews and approves overall compensation, including short-term and long-term incentives, at the executive level (except in the case of the CEO, it reviews and recommends for approval by the Board), and monitors the competitiveness of compensation at all levels of management. The MRCC is also responsible for ensuring the goals and objectives and position description of the CEO are in alignment with the Mandate of the Board (a copy of the Mandate of the Board can be found in Appendix B to this Information Circular). The MRCC monitors the objectives, form and performance of the Company's pension plans.

The MRCC consists of the following four directors: Douglas W.G. Whitehead (Chair), Gordon H. MacDougall, J. Eddie McMillan and John P. Sullivan. All members of the MRCC are independent and possess the knowledge and experience in human resources and compensation matters to positively contribute to the MRCC. The following table describes the experience of the members of the MRCC.

	D. Whitehead	G. MacDougall	E. McMillan	J. Sullivan
Current or former CEO or executive officer of a company	√	√	√	√
Current or former Chair or Vice Chair of a company	√	√		
Current or former member of other compensation committees	√	√		
Current or former direct role in supervising a HR function	√	√	√	√

Mr. Whitehead has served as Chair of the MRCC since April 2009, having joined that committee in April 2008. Since 2009, he has also served as the Chair of Inmet Mining Corporation's compensation committee. Mr. Whitehead has been the Chair of Finning International Inc. ("Finning") for the past 4 years. Prior thereto, he had 16 years of experience in directly overseeing the HR function at Finning in his capacity as President and Chief Executive Officer of Finning and at Fletcher Challenge Canada in his capacity as President and Chief Executive Officer.

Mr. MacDougall has been a member of the MRCC since April 2009. He is also a member of the HR and Governance Committee of the Vancouver Foundation. While a director of Intrawest Corporation, Mr. MacDougall served as Chair of its compensation committee. Since the founding of Connor, Clark & Lunn in 1982, Mr. MacDougall has had direct oversight responsibility of the HR function in his various leadership roles, most recently as Vice Chairman and Partner.

Mr. McMillan has been a member of the MRCC since April 2009. Prior to his retirement in 2002, he had over 24 years experience in directly overseeing the HR function in his various senior leadership roles in the Wood Products Group of Willamette Industries Inc., ranging from General Manager of a division to Executive Vice President of the Wood Products Group. Mr. McMillan was also a director and member of the executive committee of the Particle Board Association.

Mr. Sullivan has been a member of the MRCC since April 2009. From 2001 to 2003, he was Vice President of the Company. Prior thereto, Mr. Sullivan held various senior leadership roles at Primex Forest Products Ltd. ("Primex") between 1974 and 2001, ranging from General Manager to Vice President, Corporate Development.

The MRCC held three regularly scheduled meetings in 2011 and reported on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. All meetings included in-camera sessions without management present.

In late 2011, the MRCC considered and recommended to the Board (who approved) the voluntary adoption of a non-binding advisory vote by shareholders on executive compensation, with the first vote to be held at the 2012 Annual General Meeting.

The MRCC intends to undertake a risk assessment in 2012 that will: examine the extent and nature of the MRCC's role in risk oversight of the Company's compensation programs; assess the practices used by the Company to identify and mitigate risk; and identify any risk stemming from its compensation programs that could have a material impact on the Company. The results of this assessment will be discussed in the Company's 2013 Information Circular.

COMPENSATION

DIRECTOR COMPENSATION

Director compensation includes annual retainers, meeting fees and equity-based compensation in the form of DSUs. The compensation is intended to provide an appropriate level of remuneration considering the responsibilities, time requirements and accountability of directors' roles on the Board. The Corporate Governance & Nominating Committee annually reviews and recommends to the Board the compensation for all Board members. As in the case with its executive compensation program, the Company does not target director compensation pay levels at a specific market percentile. Using informed and independent judgment, the Company seeks to provide broadly competitive compensation arrangements that attract and retain qualified and experienced directors. The Corporate Governance & Nominating Committee uses comparative information to ensure that the compensation is competitive.

Annual Retainers and Meeting Fees

In 2011, the Corporate Governance & Nominating Committee considered the compensation levels of directors. Having reviewed the compensation levels of directors of TSX traded forest products and other TSX traded companies, the Corporate Governance & Nominating Committee recommended for approval to the Company's Board adjustments to director compensation. The Board approved the following adjustments to director compensation effective June 1, 2011.

	As of June 1, 2011	**January 1, 2011 – May 31, 2011**
Annual Chairman Retainer (1)	$125,000	$125,000
Annual Director Retainer, except CEO	$ 40,000	$ 35,000
Annual Lead Director Retainer (in addition to Annual Director Retainer)	$ 10,000	$ 10,000
CEO – Annual Total Director Compensation(2)	$ 6,000	$ 6,000
Board Meeting Attendance Fee per meeting	$1,200	$1,100
Board Teleconferencing Fee (less than 1 hr) per teleconference	$ 500	$ 500
Annual Committee Retainer	$ 3,000	$ 2,000
Annual Committee Chair Retainer, excluding Chair of the Audit Committee	$ 6,000	$ 4,000
Annual Audit Committee Chair Retainer	$ 11,000	$ 10,000
Committee Meeting Attendance Fee per meeting	$ 1,200	$ 1,100
Committee Teleconferencing Fee (less than 1 hr) per teleconference	$ 500	$ 500
Per Diem – for Company business, tours or strategy sessions on days other than meeting days	$ 1,000	$ 1,000
Travel Time (if more than ½ day is required)	$ 1,000	$ 1,000
Travel Fees and Other Significant Expenses	Actual	Actual

(1) The Annual Chairman Retainer is inclusive of all retainers and travel, meeting attendance and teleconferencing fees.
(2) The CEO only receives the CEO – Annual Total Director Compensation; no additional meeting fees are paid to the CEO.

Deferred Share Unit Plan

In addition to annual retainers and meeting fees, the Board, upon the recommendation of the Corporate Governance & Nominating Committee, approved, in its discretion, an annual grant of DSUs to each non-executive director pursuant to the Company's Deferred Share Unit Plan ("**DSU Plan**"). DSUs awarded represent a notional number of Class "A" Subordinate Voting shares of the Company which the Board wishes to award to the directors to promote a greater alignment of interest between the directors and the shareholders of the Company and assist the directors in achieving their minimum share ownership requirement. DSUs are granted annually to the directors following the election of directors to the Board at the Company's Annual General Meeting and vest immediately. The following table shows the number of DSUs granted to non-executive directors in 2011.

Position	Number of DSUs Granted in 2011(2)
Chairman	4,000
Other non-executive directors(1)	2,000

(1) The CEO does not receive a grant of DSUs.
(2) Granted on May 28, 2011. The grant date fair value of $5.42 per DSU is included in the Director's Total Compensation Table on page 20.

DSUs granted can only be redeemed when a triggering event has occurred. If the triggering event is death, disability or retirement, DSUs may be exercised until December 31 of the year following the triggering event. If the triggering event is resignation or termination, the exercise period extends for only 30 days after the triggering event. DSUs can be exercised for a cash payment equal to the weighted average trading price of the Class "A" Subordinate Voting shares of the Company on the Toronto Stock Exchange for the five consecutive trading days ended on the trading day immediately prior to the exercise date.

When cash dividends are paid on Class "A" Subordinate Voting shares, dividend equivalent DSUs are credited under the DSU Plan. No dividends have been paid by the Company since the DSU Plan was established in 1994.

In addition, Interfor's non-executive directors have the option to elect to receive all or a portion of their Annual Director Retainer in the form of DSUs, at the prior election of the director. The actual number of DSUs granted to a director is calculated by dividing the dollar amount of the retainer elected to be paid in DSUs by the weighted average trading price of the Class "A" Subordinate Voting shares of the Company on the Toronto Stock Exchange for the five consecutive trading days ended on the trading day immediately prior to the end of each calendar quarter. DSUs vest immediately. DSUs count towards the achievement of a director's minimum share ownership requirement.

Share Appreciation Rights Plan and Share Option Plan

In 2002 and 2003, the directors received share appreciation rights ("**SARs**") under the Company's Share Appreciation Rights Plan ("**SAR Plan**"). Prior to 2002, non-executive directors participated in the Share Option Plan. Since 2004, non-executive directors have not participated in either of these plans.

Directors' Share Ownership Requirement

The Company has in place a share ownership requirement for directors to align the interests of directors with those of shareholders. All non-executive directors, including the Chairman of the Board, are required to own a minimum value of Class "A" Subordinate Voting shares and DSUs equal to five times the current Annual Director Retainer within five years of becoming a director, or by December 31, 2015, whichever is later. In 2011, the Annual Director Retainer was increased to $40,000 from $35,000 per year. As a result, the share ownership requirement is now $200,000. Non-executive directors have until

December 31, 2015 to meet their share ownership requirement. See page 32 for the share ownership requirement of the CEO.

The following table shows the actual and required Class "A" Subordinate Voting shares and DSUs holdings as of December 31, 2011 for the directors, except the CEO.

	Number of Class "A" Subordinate Voting Shares ("Shares") Held	Number of Deferred Share Units Held	Total Shares and Deferred Share Units Held	Value of Shares and Deferred Share Units Held(1)	Value of Holdings Required	Date Required
Lawrence I. Bell	38,300	32,269	70,569	$370,453	$200,000	Dec. 31, 2015
Harold C. Kalke	10,300	46,399	56,699	$259,279	$200,000	Dec. 31, 2015
Peter M. Lynch	-	40,399	40,399	$176,674	$200,000	Dec. 31, 2015
Gordon H. MacDougall	15,000	40,399	55,399	$280,594	$200,000	Dec. 31, 2015
J. Eddie McMillan	-	10,000	10,000	$54,181	$200,000	Dec. 31, 2015
Lawrence Sauder	10,000	24,000	34,000	$194,917(2)	$200,000	Dec. 31, 2015
John P. Sullivan	220,786	16,000	236,786	$1,146,058	$200,000	Dec. 31, 2015
Douglas W.G. Whitehead	17,000	8,000	25,000	$120,467	$200,000	Dec. 31, 2015

(1) In determining whether a non-executive director has met his minimum shareholding requirements, the total number of Class "A" Subordinate Voting shares and DSUs held by a non-executive director will be valued at the greater of: (i) actual cost of shares or the grant date market value of DSUs awarded; and (ii) the market value, using the weighted average trading price of the Class "A" Subordinate Voting Shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is $4.20 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding December 31, 2011.

(2) Sauder Industries Limited owns 1,011,735 Class "B" Common shares and 1,980,271 Class "A" Subordinate Voting shares of the Company. Sauder Industries Limited is indirectly owned by a holding company, which in turn, is indirectly owned in part by Mr. Sauder. Mr. Sauder controls or directs the exercise of the voting rights attached to these shares with respect to routine matters such as the election of directors and appointment of auditors. For Mr. Sauder, the total market value of Class "A" Subordinate Voting shares and DSUs does not include shares held by Sauder Industries Limited.

Director's Total Compensation

The following table sets out the total director compensation for the year ended December 31, 2011.

Name [1]	Fees Earned[2]	Share-based Awards[3]		All Other Compensation [5]	Total
		DSUs Received in lieu of Annual Director Retainer[4]	DSU Plan Awards		
	$	$	$	$	$
Lawrence I. Bell	28,866	37,917	10,831	4,000	81,614
Harold C. Kalke	18,866	37,917	10,831	4,000	71,614
Peter M. Lynch	25,233	37,917	10,831	12,000	85,981
Gordon H. MacDougall	29,549	37,917	10,831	4,000	82,297
J. Eddie McMillan	60,850	-	10,831	14,000	85,681
Lawrence Sauder	125,000	-	21,662	-	146,662
John P. Sullivan	55,683	-	10,831	4,000	70,514
Douglas W.G. Whitehead	62,050	-	10,831	4,000	76,881

(1) Duncan Davies' total compensation is set out in the Summary Compensation Table on page 33.
(2) Fees earned consist of annual retainer, committee, chair and meeting fees.
(3) The DSU Plan provides that DSUs awarded under the DSU Plan shall be awarded at a value equal to the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days prior to the date of the grant. The amount reflected in the table represents the value which the Board has determined is the grant date fair value of such DSUs and which is also the accounting fair value.
(4) Messrs. Bell, Kalke, Lynch and MacDougall elected to receive all of their Annual Director Retainer for 2011 in DSUs.
(5) All Other Compensation consists of per diem rates and travel time.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each director (except the CEO) all outstanding option-based and share-based awards outstanding as at December 31, 2011.

	OPTION-BASED AWARDS(1)				SHARE-BASED AWARDS(2)		
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price(3)	Option Expiration Date	Value of Unexercised In-the-money Options	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested	Market or Payout Value of vested Share-based Awards not paid out or distributed
	#	$		$	#	$	$
Lawrence I. Bell							
DSUs					-	-	135,630
SARs	5,000	4.33	22-Jan-2012	-			
SARs	5,000	6.45	30-Jan-2013	-			
Harold C. Kalke							
DSUs					-	-	195,020
SARs	5,000	4.33	22-Jan-2012	-			
SARs	5,000	6.45	30-Jan-2013	-			
Peter M. Lynch							
DSUs					-	-	169,801
Gordon H. MacDougall							
DSUs					-	-	169,801
J. Eddie McMillan							
DSUs					-	-	42,031
Lawrence Sauder							
DSUs					-	-	100,874
SARs	5,000	4.33	22-Jan-2012	-			
SARs	5,000	6.45	30-Jan-2013	-			
John P. Sullivan							
DSUs					-	-	67,250
SARs	29,000	4.33	22-Jan-2012	-			
SARs	22,800	6.45	30-Jan-2013	-			
Douglas W.G. Whitehead							
DSUs					-	-	33,625

(1) In 2002 and 2003, the directors participated in the Company's SAR Plan. Commencing in 2004, the directors participated in the Company's DSU Plan.
(2) DSUs vest immediately upon grant. The number of DSUs currently held by directors is shown on page 19 of this Information Circular.
(3) Option Exercise Price for SARs represents the base price of the SARs.

Director Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out incentive plan awards for each of the directors for the fiscal year ended December 31, 2011. The only share-based awards received by directors are DSUs, which vest immediately upon grant.

Name[1]	Option Awards – Value Vested during the year	Share-based Awards – Value Vested during the year [2]		Non-equity Incentive Plan Compensation – Value Earned during the year
		DSUs Received in lieu of Annual Director Retainer[3]	DSU Plan Awards[4]	
	$	$	$	$
Lawrence I. Bell	-	37,917	10,831	-
Harold C. Kalke	-	37,917	10,831	-
Peter M. Lynch	-	37,917	10,831	-
Gordon H. MacDougall	-	37,917	10,831	-
J. Eddie McMillan	-	-	10,831	-
Lawrence Sauder	-	-	21,662	-
John P. Sullivan	-	-	10,831	-
Douglas W.G. Whitehead	-	-	10,831	-

(1) Information regarding incentive plan awards vested or earned during the year by the CEO of the Company is set out in the table on page 36.
(2) DSUs vest immediately upon grant but can only be redeemed when a triggering event has occurred.
(3) This column reflects the value of DSUs received by directors in lieu of their Annual Director Retainer in 2011. These amounts are included in the Director's Total Compensation Table on page 20. The number of DSUs received was equal to the dollar value of the retainer paid in DSUs divided by the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange during the last five trading days preceding the end of each calendar quarter.
(4) This column reflects the value of DSUs awarded to directors in 2011 as described on page 18. The value shown is the grant date fair value which is calculated at a value equal to the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days prior to the date of the grant. These amounts are included in the Director's Total Compensation Table on page 20.

EXECUTIVE OFFICER COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Objectives and Strategy

The Management Resources and Compensation Committee ("**MRCC**") is responsible for reviewing and approving the compensation arrangements of the Company's executive officers, other than the CEO. The MRCC reviews and recommends to the Board for approval the compensation arrangement for the CEO. A key mandate of the MRCC is to maintain an executive compensation program that achieves two objectives: to advance the business strategy of the Company, and to attract and retain key talent necessary to achieve the business objectives of the Company. The Company also believes in the importance of encouraging executives to own Company shares to more fully align management with the interests of shareholders.

The Company creates a direct linkage between compensation and the achievement of business objectives in the short and long-term by providing an appropriate mix of fixed versus at-risk compensation. An executive's personal performance, together with corporate performance, and competitive market compensation data, are used to determine his/her actual compensation. The Company does not target total compensation (base salary and all at-risk compensation) at a specific market percentile of a select comparator group. Rather, the Company takes into consideration compensation practices and pay levels of companies in its industry and from other industry sectors where it competes for executive talent with consideration for the relative complexity and autonomous characteristics of the Company.

The Company puts the greatest emphasis on financial performance by placing a significant proportion of total compensation at-risk based on the Company's financial results. In the years of strongest financial performance more than half of the total compensation earned by the CEO, CFO, and the three other highest paid executive officers (collectively the "**Named Executive Officers**") would be expected to come from performance-related incentive compensation.

Benchmarking

The MRCC periodically reviews the total compensation arrangements for executive officers. To ensure that the Company provides competitive compensation, the MRCC considers benchmark data showing each component of compensation and total compensation levels benchmarked against the compensation of executive officers in the selected comparator group. In 2011, the Company used the following western Canadian and Pacific Northwest U.S. based forest companies as its comparator group.

COMPARATOR COMPANIES	CRITERIA FOR SELECTION
Canfor Corporation Catalyst Paper Corporation TimberWest Forest Corp. West Fraser Timber Co. Ltd. Western Forest Products Inc.	• 5 largest B.C. based forestry companies • geographical competitors for executive talent • traded on TSX; access to executive compensation information
Louisiana-Pacific Corporation Plum Creek Timber Potlatch Corporation Weyerhaeuser Company	• Pacific-Northwest based forestry companies • geographical competitors for executive talent • traded on NYSE; access to executive compensation information

In addition to considering benchmarking data, the MRCC considers other factors, including the advice and recommendations provided by the CEO, individual performance and the compensation practices of regional and local companies from other industry sectors who may compete with the Company for executive talent.

From time to time, the MRCC uses an independent consultant to provide expert, objective advice on executive compensation matters. In April 2010, Towers Watson (formerly Towers Perrin) was engaged as the MRCC's independent compensation advisor to assist the Company in developing its variable compensation strategy and in particular to redesign the Company's Total Shareholder Return Plan ("**TSR Plan**"). The Company paid Towers Watson approximately $47,000 and $32,000 for its services in 2010 and 2011, respectively. Towers Watson did not perform any other work for the Company in 2010 or 2011.

Elements of Total Compensation

The elements of the Company's total compensation program consist of annual base salary, annual cash incentive plans, and equity-based incentives. The Named Executive Officers also receive indirect compensation benefits.

The Company's executive compensation plan is designed to provide broadly competitive pay. The following chart depicts the components of total compensation, as well as the desired mix assuming at-target performance by an executive officer.

<table>
<tr><td>Fixed Compensation</td><td>40-60%</td></tr>
<tr><td>At-risk compensation

Short-term incentives
• Discretionary Short-term Incentive Plan
• President's Award
• Other Discretionary Bonuses

Long-term incentives
• TSR Plan
• SAR Plan</td><td>40-60%</td></tr>
</table>

Annual Base Salary

The MRCC reviews the base salaries of executive officers and from time to time makes adjustments that it considers appropriate to recognize compensation paid by companies in the selected comparator group, compensation practices of regional and local companies from other industry sectors who may compete for executive talent, varying levels of responsibilities of the executive officer, individual performance and the complexity and autonomous characteristics of the Company. The MRCC approves the annual base salary of the executive officers other than the CEO. The Board approves the CEO's base salary based on the MRCC's recommendation.

In addition to his annual base salary, the CEO receives an annual retainer of $6,000 as a director of the Company (as described on page 17 under the heading "Annual Retainers and Meeting Fees").

Non-Equity Incentives

Short and long-term incentive compensation primarily comes in the form of awards under the Company's non-equity incentive compensation plans which include Discretionary Short-term Incentive Plan Awards, discretionary "President's Awards" and other discretionary bonuses and awards under the TSR Plan.

a) Discretionary Short-term Incentive Plan Awards

The Company operates in a cyclical commodity industry, which poses budgeting challenges, and its ability to pay incentive awards is driven by its ability to generate positive earnings and cash flow. Within this context, in 2010, the MRCC adopted a discretionary short-term incentive plan. Under this new plan, the Company accrues 6.5% of earnings before tax (excluding one-time gains or losses and subject to a cap of two times aggregate target bonuses) into a bonus pool for additional discretionary awards and/or profit-sharing payouts to employees, including the Named Executive Officers. Nominations for such a bonus is made by the CEO and approved by the MRCC, in its discretion. In the case of the CEO, the MRCC may recommend for approval by the Board a bonus to the CEO.

As earnings before tax was negative in 2011, no accruals were made. As such, no awards were made under this plan in 2011.

b) President's Awards and Other Discretionary Bonuses

The President's Award, a short-term incentive plan, is a discretionary plan designed to reward employees who have made a noteworthy contribution to the Company during the prior year. Nominations for a President's Award are made by the CEO and approved by the MRCC, in its discretion.

In 2011, the MRCC authorized the Company to accrue $25,000 per month for potential President's Awards. In respect of 2011, President's Awards in the aggregate amount of $300,000 were awarded to 74 employees. Mr. Schulte received $20,000 in recognition of his hands-on leadership, and the progress made on the integrating of the Company's Coastal Operations as well as with the Hammond Improvement Project. Mr. Williams received $10,000 for the progress he made in the finance and administration area, particularly with regards to staff recruitment and the extension of the Company's credit agreements.

The Board may from time to time grant discretionary short-term incentive bonuses to the CEO and other executive officers or employees to reward them for significant contributions during the year. No discretionary bonuses were awarded in 2011.

c) TSR Plan

Awards under the TSR Plan represent long-term non-equity incentive compensation designed to reinforce the connection between remuneration and interests of the shareholders by motivating and rewarding participants for improving the long-term value of the Company. In any year, a Named Executive Officer may receive a grant under the TSR Plan or the SAR Plan, but not both. Beginning in January 1, 2012, all of the Named Executive Officers (other than Mr. Fulton, who retired on February 1, 2012) participated in the TSR Plan.

The MRCC annually, in its discretion, approves the target award for each eligible Named Executive Officer, (except in the case of the CEO) based on its review of the market competitiveness of the eligible Named Executive Officer's total compensation arrangements. The MRCC reviews and recommends to the Board for approval the target award for the CEO. The target award is expressed as a percentage of the annual base salary in effect at the beginning of a three year performance period. The award that is actually earned is dependent on the Company's performance against a predetermined compound annual growth rate during the performance period.

The following table sets out the target awards approved by the MRCC or the Board, as the case may be, for the performance periods indicated.

PARTICIPANT	PERFORMANCE PERIOD	TARGET AWARD (EXPRESSED AS A PERCENTAGE OF ANNUAL BASE SALARY)
Duncan K. Davies	3 years ending Dec. 31, 2011	100%
	3 Years ending Dec. 31, 2012	100%
	3 Years ending Dec. 31, 2013	100%
	3 Years ending Dec. 31, 2014	100%
John A. Horning	3 years ending Dec. 31, 2011	90%
	3 Years ending Dec. 31, 2012	90%
	3 Years ending Dec. 31, 2013	90%
	3 Years ending Dec. 31, 2014	90%
Sandy M. Fulton	3 years ending Dec. 31, 2011	90%
	3 Years ending Dec. 31, 2012	90%
	3 Years ending Dec. 31, 2013	90%
Stephen D. Williams	3 years ending Dec. 31, 2011	50%
	3 Years ending Dec. 31, 2012	75%
	3 Years ending Dec. 31, 2013	75%
	3 Years ending Dec. 31, 2014	75%
Otto F. Schulte(1)	3 Years ending Dec. 31, 2013	50%
	3 Years ending Dec. 31, 2014	50%

(1) Mr. Schulte became eligible to participate in the TSR Plan as of January 1, 2011.

*(i) Terms of TSR Plan up to December 31, 2010 ("**Pre-2011 TSR Plan**")*

Under the terms of the Pre-2011 TSR Plan, payouts are based on absolute TSR performance over three years. The threshold, target and maximum compound annual growth rate and the corresponding target award are set out in the table below. The target award under the TSR Plan is earned if an average increase in share value of 7.5% compounded annually is achieved over a three year performance period. One-half of the target award is earned if a minimum compound annual growth rate of 5% is achieved. If a compound annual growth rate of 15% or more is achieved by the Company, each participant can earn twice the target award. If a compound annual growth rate of more than 5% but less than 15% is achieved by the Company, the award is interpolated according to a formula.

COMPOUND ANNUAL GROWTH RATE ("CAGR")	TARGET AWARD(1)
Less than 5%	No award
5%	½ of Target Award ("**Threshold**")
7.5%	1 times Target Award ("**Target**")
15% and above	2 times Target Award ("**Maximum**")

(1) Awards will be interpolated on a straight-line basis between 5% and 7.5% and between 7.5% and 15%.

Following the end of a performance period, the award, if any, is paid in cash, or at the prior election of the participant, subject to the overriding discretion of the Board described in (iii) below, in DSUs. In the event of death, disability, retirement or involuntary termination, the award is determined at the end of the performance period as if employment had continued and then pro-rated for the period of actual employment.

The following table sets out the outstanding awards awarded to the Named Executive Officers under the terms of the Pre-2011 TSR Plan.

NAME	PERFORMANCE PERIOD UNTIL PAYOUT	ESTIMATED FUTURE PAYOUT UNDER THE PRE-2011 TSR PLAN (1)		
		THRESHOLD	TARGET	MAXIMUM
		$	$	$
Duncan K. Davies	3 Years ending Dec. 31, 2012	325,000	650,000	1,300,000
John A. Horning	3 Years ending Dec. 31, 2012	202,500	405,000	810,000
Sandy M. Fulton(2)	3 Years ending Dec. 31, 2012	140,738	281,475	562,950
Stephen D. Williams	3 Years ending Dec. 31, 2012	103,125	206,250	412,500

(1) See above discussion on TSR Plan for determining the amount payable if the Threshold, Target or Maximum is met. If a compound annual growth rate of more than 5% but less than 15% is achieved by the Company, the amount payable is interpolated.

(2) Mr. Fulton retired February 1, 2012. The estimated future payout has been pro-rated for the period of actual employment.

The following table shows a history of payouts under the Pre-2011 TSR Plan. For the 2009-2011 performance cycle, the Company achieved a compound annual growth rate of 44%, which resulted in the maximum payout (see page 33 for incumbent specific details).

PERFORMANCE PERIOD	PAYOUT
3 years ended 2009(1)	$0
3 years ended 2010	$0
3 years ended 2011	$3,195,000

(1) While the threshold was not met under the Pre-2011 TSR Plan in respect of the performance period ended December 31, 2009, Mr. Fulton's target award for this performance period was tripled and guaranteed to be consistent with the first grant under the Pre-2011 TSR Plan to the CEO and CFO.

*(ii) Terms of TSR Plan as at January 1, 2011 ("**Modified TSR Plan**")*

In mid 2010 and early 2011, the MRCC engaged Towers Watson to assist the Company in redesigning its TSR Plan to address:

- key executive retention through the next down cycle
- the provision of attractive long-term incentive opportunity for the next generation of executives
- industry-specific risk
- challenges associated with meeting the Company's share ownership requirement

After considering Towers Watson's recommendation, the MRCC recommended to the Board for approval, and the Board approved, a modification to the Company's TSR Plan. The Modified TSR Plan incorporates the concept of performance share units ("**PSUs**") into the calculation of awards due to a participant at the end of the performance period.

Under the terms of the Modified TSR Plan, at the beginning of each performance period commencing on or after January 1, 2011, a participant will receive a target number of PSUs. The number of PSUs received is determined by multiplying the participant's target award as indicated in the table on page 26 by the participant's annual base salary and then dividing same by the price of the Company's Class "A" Subordinate Voting share at the time of grant. For example, a $650,000 target award value for the CEO (100% times his annual base salary) divided by a $5.00 share price would result in 130,000 PSUs being granted to the CEO ($650,000/$5.00). At the end of the performance period, the Company's total shareholder return would be evaluated against minimum, target and maximum compound annual growth rates. The number of PSUs earned would be based on actual results to such minimum, target and maximum growth rates using the following pay-performance scale.

PAY-PERFORMANCE LEVEL	PERFORMANCE GOAL (TSR Growth over 3 years)	Payout[(1)] (% of Target)
Maximum	≥15.0% CAGR	150%
Target	7.5% CAGR	100%
Minimum	≤5.0 %CAGR	50%

(1) Payouts for performance between minimum and target, or target and maximum, will be interpolated on a straight line basis.

The value a participant ultimately receives would be determined by the number of PSUs earned, multiplied by the share price at the end of the performance period. For example, if the Company's Class "A" Subordinate Voting share price increased from $5.00 to $7.60 over the performance period, resulting in 15% annual TSR growth, the value the CEO would earn is $1,482,000 (130,000 PSUs x 150% (for maximum performance) x $7.60). If, however, the Subordinate Class "A" Voting share price declined to $4.00, resulting in negative TSR (or growth below the 5% annual minimum), the value the CEO would earn is $260,000 (130,000 PSUs x 50% (the minimum percentage) x $4.00).

The number of PSUs awarded annually will be based on the participant's target award. As described above, the target award for Named Executive Officers is assessed and approved based on a review of the market competitiveness of the eligible Named Executive Officer's total compensation arrangements. As part of that review, the MRCC may consider previous awards under the TSR Plan and the value of actual payouts received in relation to prior awards.

Following the end of a performance period, the award, if any, would be paid in cash, or at the prior election of the participant, subject to the overriding discretion of the Board described in (iii) below, in DSUs. In the event of death, disability, retirement or involuntary termination, the award would be determined at the end of the performance period as if employment had continued and then pro-rated for the period of actual employment.

The Modified TSR Plan is applicable to TSR Plan Awards for performance periods commencing on or after January 1, 2011. The following table sets out the number of PSUs that a Named Executive Officer may earn under the terms of the Modified TSR Plan.

NAME	PERFORMANCE PERIOD UNTIL PAYOUT	ESTIMATED FUTURE PSU AWARDS UNDER THE MODIFIED TSR PLAN		
		MINIMUM	TARGET	MAXIMUM
Duncan K. Davies	3 Years ending Dec. 31, 2013	62,142	124,283	186,425
	3 years ending Dec. 31, 2014	77,381	154,762	232,143
John A. Horning	3 Years ending Dec. 31, 2013	38,719	77,438	116,157
	3 years ending Dec. 31, 2014	48,215	96,429	144,644
Sandy M. Fulton(1)	3 Years ending Dec. 31, 2013	14,016	28,033	42,049
Stephen D. Williams	3 Years ending Dec. 31, 2013	19,718	39,436	59,154
	3 years ending Dec. 31, 2014	24,554	49,107	73,661
Otto F. Schulte	3 Years ending Dec. 31, 2013	11,951	23,901	35,852
	3 years ending Dec. 31, 2014	14,881	29,762	44,643

(1) Mr. Fulton retired February 1, 2012. The estimated future PSU Award has been pro-rated for the period of actual employment.

(iii) Election to Take DSUs

Participants in the TSR Plan may elect in advance to have payment of all or a portion of their TSR award in respect of a performance period paid in the form of DSUs under the DSU Plan. The Board, however, has the discretion to override such an election and require that all or any portion of a TSR award which a participant has elected to receive in DSUs be credited to an interest bearing cash account under the DSU Plan.

DSUs count toward the achievement of a Named Executive Officer's minimum share ownership requirement. DSUs received in lieu of a cash payment vest immediately. The number of DSUs received is determined by dividing the amount of the award by the weighted average trading price of the Class "A" Subordinate Voting shares of the Company on the Toronto Stock Exchange for the five consecutive trading days ended on the trading day immediately prior to the end of the three year performance period.

Equity Incentives

Equity incentive plan compensation may take the form of DSUs, SARs and share options. To date, the Company has not granted DSUs to executive officers as compensation and share options have not been granted by the Company since 2001. As of 2011, none of the Named Executive Officers receive SARs.

a) Share Appreciation Rights Plan

The SAR Plan is a long-term incentive plan which is option-based. SARs are awarded to eligible Named Executive Officers to provide additional long-term incentives and reinforce the connection between remuneration and growth in shareholder value. In any year, a Named Executive Officer may receive a grant under the SAR Plan or the TSR Plan, but not both. Effective January 1, 2011, all Named Executive Officers (other than Mr. Fulton who retired on February 1, 2012) participated in the TSR Plan.

Under the SAR Plan, SARs can be exercised for a cash payment equal to the number of rights exercised multiplied by the increase in market value of the Company's Class "A" Subordinate Voting shares between the time of the grant and the time of exercise. The market value of a SAR is the weighted average closing price of the shares on the Toronto Stock Exchange for the five consecutive trading days ended on the trading day immediately prior to the date of the grant or exercise, as the case may be. The SAR grant expires on the earlier of 10 years after the date of the grant, 30 days after termination other than retirement, or one year after death. SARs may be exercised, subject to the following vesting provisions.

TIME FROM DATE OF SAR GRANT	% EXERCISABLE
2 years	40%
3 years	60%
4 years	80%
5 years	100%

At the beginning of each year, the MRCC approves the number of SARs to be granted to eligible participants in the SAR Plan. In determining the number of SARs to be granted, the MRCC considers the recommendation of the CEO, the employee's position and base salary, the value of the underlying Class "A" Subordinate Voting shares, the number of SARs issued in previous years, both specifically for that employee as well as in aggregate under the SAR Plan, and the expected short-term incentive bonuses for that year. The number of SARs to be awarded is based on the number of underlying Class "A" Subordinate Voting shares of the Company to which the SARs relate, rather than on a dollar value that the Company intends to award as compensation.

In February 2011, the MRCC approved a grant of 296,500 SARs, none of which were granted to the Named Executive Officers.

As of December 31, 2011, SARs granted that had not expired or been cancelled totaled 2,533,480, of which 405,450 had been exercised. At December 31, 2011, 317,420 of the outstanding SARs were held by the Named Executive Officers.

b) Deferred Share Unit Plan

The DSU Plan is intended to enhance the Company's ability to attract and retain high quality individuals to serve as directors and executive officers and to promote a greater alignment of interests between participants and the shareholders of the Company. Under the DSU Plan, the Board may directly grant DSUs to directors, officers or employees of the Company and its subsidiaries. The terms of such direct grants are determined by the MRCC. Historically, no direct grants of DSUs have been awarded to the Named Executive Officers under the DSU Plan, other than through elections by the Named Executive Officers to receive payments in DSUs under the TSR Plan.

c) Share Option Plan

The Share Option Plan, a long-term incentive plan, is intended to enhance the Company's ability to attract and retain high quality employees and to promote a greater alignment of interests between participants and the shareholders of the Company. Under the Share Option Plan, the Board may grant options ("**Options**") to purchase Class "A" Subordinate Voting shares of the Company to directors, officers, employees and service providers of the Company or its subsidiaries. The terms of any such Option are determined by the Board but within the limitations set out in the Share Option Plan. The exercise price is determined by the Board provided it is not less than the closing price of the Class "A" Subordinate Voting shares of the Company on the last trading day preceding the date on which the Option is granted. Options are not assignable. The Board has not granted any Options under this Plan since 2001.

All Options granted under this Plan were granted at fair market value on the date of the grant, and may be exercised for a term of up to 10 years from the date they were granted. Options are subject to the following vesting requirements.

TIME FROM DATE GRANT	% EXERCISABLE
2 years	40%
3 years	60%
4 years	80%
5 years	100%

Under this Plan, 3,000,000 Class "A" Subordinate Voting shares were reserved on April 21, 1999 and, with the approval of the Toronto Stock Exchange on April 6, 2001, an additional 250,000 shares were reserved to facilitate the acquisition of Primex Forest Products Ltd. in 2001. As of December 31, 2011, there are no Options outstanding**.** As of the date of this Information Circular, a total of 1,631,740 Class "A" Subordinate Voting shares, representing approximately 2.98% of the Company's outstanding Class "A" Subordinate Voting shares, remain reserved for possible issuances under the Share Option Plan.

Indirect Compensation Benefits

Indirect compensation includes participation in the retirement plans described more fully on page 37, as well as benefits available to all salaried employees of the Company such as extended health and dental care, life insurance and disability benefits.

Executive Officer Shareholding Ownership Requirement

The Company's share ownership requirement was introduced for the executive officers to provide a further link between the interests of executive officers and shareholders, thereby demonstrating the ongoing alignment of their interests with the interests of shareholders. The following table shows the actual and required Class "A" Subordinate Voting shares and DSU holdings as of December 31, 2011 for all Named Executive Officers. Value for this purpose is the higher of (i) actual cost of shares or the grant date market value of DSUs awarded, and (ii) market value, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares or DSUs received in payment of TSR Plan awards.

	Minimum Ownership Requirement (as a multiple of base salary)(1)	Number of Class "A" Subordinate Voting Shares ("Shares") Held	Number of Deferred Share Units Held	Total Shares and Deferred Share Units Held	Value of Shares and Deferred Share Units Held(1)	Value of Holdings Required	Date Required
Duncan K. Davies	3 times	241,100	161,355	402,455	$2,051,757	$1,950,000	Dec. 31, 2011
John A. Horning	2 times	174,600	80,000	254,600	$1,236,286	$900,000	Dec. 31, 2011
Sandy M. Fulton(3)	2 times	23,500	-	23,500	$140,864	$900,000	Dec. 31, 2013
Stephen D. Williams	1 times	53,000	-	53,000	$222,764	$275,000	Dec. 31, 2013
Otto F. Schulte	1 times	10,900	-	10,900	$45,814	$250,000	Dec. 31, 2016

(1) Based upon the indicated multiple of annual base salary in effect as of January 1, 2007 in the case of Messrs. Davies, Horning and Fulton, as of January 1, 2009 in the case of Mr. Williams and as of January 1, 2011 in the case of Mr. Schulte.
(2) Value determined as the higher of: (i) actual cost of shares or the grant date market value of DSUs awarded, and (ii) $4.20 per share or DSU held, which is the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding December 31, 2011.
(3) Mr. Fulton retired February 1, 2012. Effective as at that date, he no longer has a share ownership requirement.

The Company does not have a policy which prohibits executive officers or directors from purchasing financial instruments for the purpose of hedging or offsetting a decrease in market value of the Company's equity securities. To the knowledge of the Company, none of the Named Executive Officers or directors has ever purchased any such instruments for such purpose.

SUMMARY COMPENSATION TABLE

The following table shows the total realized and target compensation awarded to the Company's Named Executive Officers for the fiscal years ended December 31, 2009, December 31, 2010 and December 31, 2011.

It should be noted that the Share Based Awards for 2011 relate to an award of PSUs under the Modified TSR Plan for the performance period which ends December 31, 2013. The amount shown represents the fair value of the award at the 2011 grant date and does not provide the actual value of the payout which will be received after the maturity date of the award. Conversely, the Non-Equity Incentive Plan Compensation for 2011 under Long-term Incentive Plans is the actual amount earned under the TSR Plan grant made in 2009 which matured December 31, 2011. The change from a cash plan to a plan that incorporates PSUs tied directly to the Company's share price means that for 2011, the table below shows both the cash payment associated with the 2009-2011 TSR award and the theoretical grant value of the 2011-2013 PSU award. Using the CEO as an example, the $1,300,000 value under the Long-term Incentive Plans column is the value earned based on achieving a compound annual growth rate exceeding 15% during the 2009-2011 period, while the $550,495 value under the Share Based Awards column represents the theoretical grant value for the PSU grant made in 2011 and is subject to performance and share price risk until December 31, 2013.

Name and Principal Position	Year	Salary	Share Based Awards (2)	Option Based Awards (3)	Non-Equity Incentive Plan Compensation		Pension Value(6)	All Other Compensation(7)	Total Compensation(8)
					Annual Incentive Plans(4)	Long-term Incentive Plans(5)			
		$	$	$	$	$	$	$	$
Duncan K. Davies President & CEO	2011	656,000(1)	550,495	-	-	1,300,000	66,775	15,877	2,589,147
	2010	656,000	-	-	-	-	69,775	25,726	751,501
	2009	652,000	-	-	25,000	-	67,250	25,726	769,976
John A. Horning Senior Vice President, CFO & Corporate Secretary	2011	450,000	343,001	-	-	810,000	42,775	10,554	1,656,330
	2010	450,000	-	-	-	-	45,775	15,760	511,535
	2009	450,000	-	-	25,000	-	43,250	15,760	534,010
Sandy M. Fulton Senior Vice President & COO(12)	2011	450,000	343,001	-	-	846,762	44,468	20,924	1,705,155
	2010	450,000	-	-	-	74,272(11)	43,920	21,796	589,988
	2009	450,000	-	-	-	404,630	43,048	24,159	921,837
Stephen D. Williams Vice President, Finance and Administration(9)	2011	275,000	174,676	-	10,000	275,000	24,175	-	758,851
	2010	275,000	-	-	20,000	-	24,175	-	319,175
	2009	275,000	-	-	20,000	-	22,250	-	317,250
Otto F. Schulte Vice President, Coastal Operations	2011	250,000	105,865	-	20,000	-	20,575	-	396,440
	2010	241,667(10)	-	51,703	15,000	-	20,175	-	328,545
	2009	225,000	-	13,950	20,000	-	16,250	-	275,200

(1) In addition to his annual base salary, Mr. Davies receives a CEO - Total Director Compensation in the amount of $6,000. However, in April 2009, all directors, including Mr. Davies, unanimously agreed that they would forego their Annual Director

Member Retainer (in the case of the CEO, the CEO - Total Director Compensation) for the period from May 1, 2009 to December 31, 2009. As such, Mr. Davies received only $2,000 in respect of that portion of his CEO - Total Director Compensation payable for the period prior to May 1, 2009.

(2) Share Based Awards consist of PSU awards made under the TSR Plan. The amount shown represents the fair value of the award at the grant date measured using a combination of call options which are valued using a Black-Scholes pricing model. The Black-Scholes pricing model was used as it is an established pricing methodology widely used by the financial industry and by public companies for securities valuations and is supported as an appropriate methodology by Section 3870 of the CICA Handbook. This is also the accounting fair value. The pricing model includes assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. **This value does not represent the actual value of the payout which will be received after the maturity date of the award.**

(3) Option-Based Awards include awards made under the SAR Plan. Mr. Schulte participated in the SAR Plan in 2009 and 2010. Effective January 1, 2011, Mr. Schulte no longer participated in the SAR Plan as he became eligible to participate in the TSR Plan. The number of SARs to be awarded is based on the number of underlying Class "A" Subordinate Voting shares of the Company to which the SARs relate, rather than on a dollar value that the Company intends to award as compensation. The value of the awards has been calculated using a Black-Scholes model. The Black-Scholes pricing model was used as it is an established pricing methodology widely used by the financial industry and by public companies for securities valuations and is supported as an appropriate methodology by Section 3870 of the CICA Handbook. This is also the accounting fair value. The pricing model includes assumptions on expected volatility, expected life, expected termination rate, expected dividend yield and risk-free interest rate. **This value does not represent the actual value of the payout which will be received upon the exercise of the award.**

(4) Annual Incentive Plans reflect President's Awards made to the Named Executive Officers other than the CEO and a discretionary bonus awarded by the Board to the President & CEO for 2009.

(5) Long-term Incentive Plans represent amounts earned under the Company's TSR Plan in the year plus aggregate payouts (in cash and DSUs) under the TSR Plan in excess of amounts earned in prior years. There were no payouts under the TSR Plan in respect of the performance period ended December 31, 2010. In respect of Mr. Fulton, he was appointed COO in February 2007. For the performance period ended December 31, 2009, his target award was tripled and consistent with the first grant under the TSR Plan to the CEO and CFO to support the Company's retention objectives, the MRCC agreed that Mr. Fulton's target award for the performance period ended December 31, 2009 would be guaranteed. These amounts represent the value earned in 2009 on the guaranteed target award. The award matured on December 31, 2009 and was paid in March 2010 by crediting the amounts earned to an interest bearing cash account under the DSU Plan.

(6) Pension Value amounts include Company contributions to the Deferred Profit Sharing Plan for Canadian-based Named Executive Officers, Company contributions to the 401(k) Plan for the U.S. resident Named Executive Officer, plus Company notional contributions to the Supplementary Pension Plan.

(7) All Other Compensation includes perquisites and other personal benefits provided to a Named Executive Officer that are not generally available to all employees. Amounts shown in All Other Compensation column represent premiums paid on top-up life insurance and long-term disability plans.

(8) Total Compensation represents the sum of the amounts in the other columns. It includes the valuation of Share Based and Option Based Awards which may or may not be realized over the life of the awards.

(9) Effective May 1, 2010, Mr. Williams was appointed Vice-President, Finance and Administration. Prior thereto, he held the position of Vice President & Corporate Treasurer.

(10) Effective May 1, 2010, Mr. Schulte's annual base salary increased to $250,000 from $225,000.

(11) The amount indicated represents the interest earned in Mr. Fulton's cash account under the DSU Plan. See note (5) above.

(12) Mr. Fulton retired February 1, 2012. The Share Based Awards for 2011 relate to an award of PSUs under the Modified TSR Plan for the performance period ending December 31, 2013. This Award will be prorated on the basis of Mr. Fulton's retirement date in accordance with the Modified TSR Plan.

INCENTIVE PLAN AWARDS

Outstanding Share-Based and Option-Based Awards

The following table sets out for each Named Executive Officer all option-based and share-based awards outstanding as at December 31, 2011.

	OPTION-BASED AWARDS(1)				SHARE-BASED AWARDS		
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price(2)	Option Expiration Date	Value of Unexercised In-the-money Options	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested(4)	Market or Payout Value of vested Share-based Awards not paid out or distributed(3)
	#	$		$	#	$	$
Duncan K. Davies							
PSUs					124,283	87,062	-
DSUs					-	-	678,191
SARs	93,900	4.33	22-Jan-2012	-			
John A. Horning							
PSUs					77,438	54,247	-
DSUs					-	-	336,248
SARs	44,000	4.33	22-Jan-2012	-			
Sandy M. Fulton							
PSUs					77,438(5)	54,247	-
Stephen D. Williams							
PSUs					39,436	27,626	-
SARs	2,120	4.33	22-Jan-2012	-	-	-	
SARs	8,500	6.45	30-Jan-2013	-	-	-	
SARs	5,600	6.07	27-Jan-2014	-	-	-	
SARs	5,400	7.09	25-Jan-2015	-	-	-	
SARs	5,000	7.03	6-Feb-2016	-	-	-	
SARs	7,500	8.02	19-Feb-2017	-	-	-	
SARs	20,000	5.21	19-Feb-2018	-	-	-	
Otto F. Schulte							
PSUs					23,901	16,743	-
SARs	23,900	6.45	30-Jan-2013	-	-	-	
SARs	15,600	6.07	27-Jan-2014	-	-	-	
SARs	13,400	7.09	25-Jan-2015	-	-	-	
SARs	5,000	7.03	6-Feb-2016	-	-	-	
SARs	7,500	8.02	19-Feb-2017	-	-	-	
SARs	20,000	5.21	19-Feb-2018	-	-	-	
SARs	20,000	1.38	24-Feb-2019	56,592	-	-	
SARs	20,000	4.77	23-Feb-2020	-	-	-	

(1) In 2002 and 2003 executive officers participated in the SAR Plan. Commencing in 2004, a Named Executive Officer either received a grant under the SAR Plan or the TSR Plan, but not both. Mr. Williams became a participant in the TSR Plan effective January 1, 2009. Mr. Schulte became a participant in the TSR Plan effective January 1, 2011. Prior to becoming participants in the TSR Plan, they participated in the SAR Plan.

(2) Option Exercise Price for SARs represents the base price of the SARs.

(3) This column reflects the value of DSUs held by the executive officers at December 31, 2011, calculated by multiplying the number of DSUs held by $4.20 being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding December 31, 2011. DSUs vest immediately upon grant. The number of DSUs held by the Named Executive Officers at December 31, 2011 is shown on page 32 of this Information Circular. Mr. Fulton did not hold DSUs. However, in 2010, the Board exercised discretion under the TSR Plan and required that the amount payable in respect of a TSR award of Mr. Fulton that matured on December 31, 2009 be credited to an interest

bearing cash account under the DSU Plan, rather than being paid in the form of DSUs. The balance of such cash account as at December 31, 2011 was $1,306,728.

(4) **This value does not represent the actual value of the payout which will be received after the maturity date of the award.**

(5) Mr. Fulton retired February 1, 2012. Effective that date, the number of PSUs that have not vested has been reduced to 28,033.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the incentive plan awards for each Named Executive Officer for the fiscal year ended December 31, 2011.

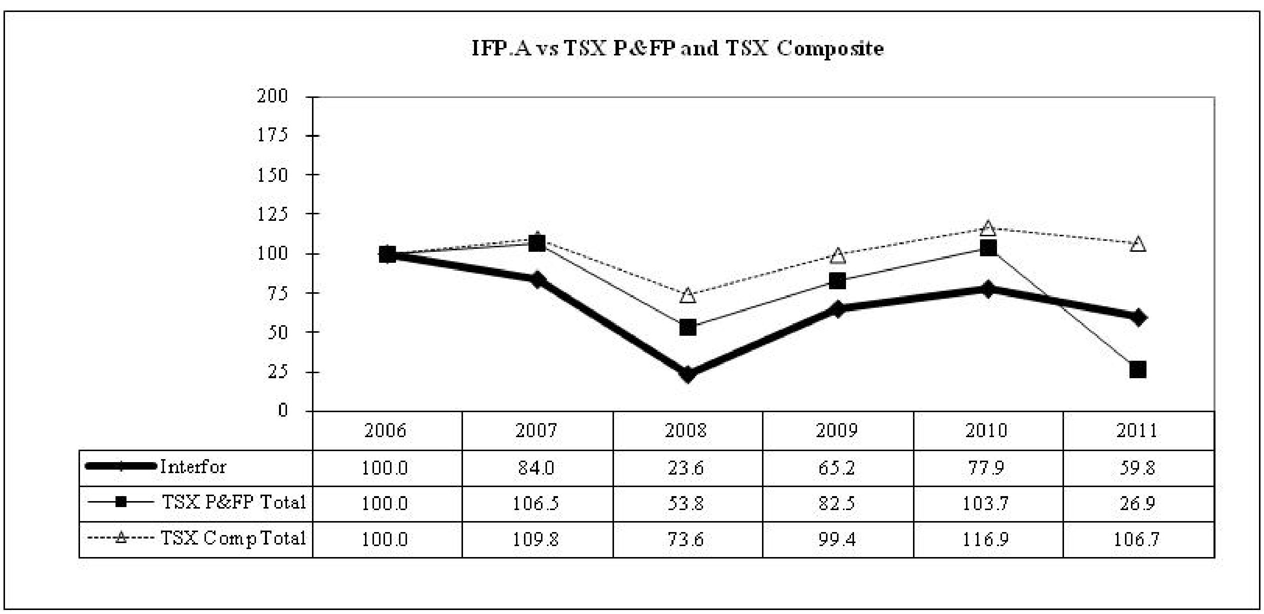
Name	Option Awards – Value Vested During the Year	Share Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation - Value Earned During the Year
	$	$	$
Duncan K. Davies	-	-	1,300,000
John A. Horning	-	-	810,000
Sandy M. Fulton	-	-	846,762 (1)
Stephen D. Williams	3,194	-	285,000
Otto F. Schulte	39,218	-	20,000

(1) In 2010, the Board exercised its discretion and required all of Mr. Fulton's TSR award for the performance period ended December 31, 2009 to be credited to an interest bearing cash account under the DSU Plan. $36,762 of the amount indicated represents the interest earned in Mr. Fulton's cash account.

TOTAL SHAREHOLDER RETURN COMPARISON

The following graph compares the cumulative changes over the last 5 years in the value of $100 invested in shares of the Company with $100 invested in the S&P/TSX Composite Total Return Index and $100 invested in the TSX Paper and Forest Products Total Return Index.

Performance Graph



The substantial decrease in the Company's share price in 2007 and 2008 directly impacted executive compensation. As a result, total compensation of the Named Executive Officers fell due to non-payment of the at-risk components of their compensation. Specifically, the decline of the Company's share price in 2007 and 2008 resulted in no awards under the TSR Plan in 2007 and 2008 and the financial performance of the Company during 2007 and 2008 resulted in no short-term incentive bonuses to the CEO, CFO and COO for those years. Other than a guaranteed target award that was agreed to by the Company in 2007 in connection with retaining the COO and increasing his responsibilities, no awards were earned under the TSR Plan in 2009 and 2010 as a result of the market conditions reflected in the graph. In 2011, Named Executive Officers pay increased due to a maximum payout under the TSR Plan for the 2009-2011 performance cycle based on compound annual shareholder return of 44% over the performance period.

EQUITY COMPENSATION PLAN INFORMATION

As at December 31, 2011, the Company has reserved the following Class "A" Subordinate Voting shares for possible issuance under its Share Option Plan. No Options have been issued by the Company since 2001. There are no Options currently outstanding.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity Compensation Plans Approved by Securityholders	-	-	1,631,740

(1) Securities reflected in the table are options to acquire Class "A" Subordinate Voting shares of the Company.

RETIREMENT PLANS

The Company sponsors a group Registered Retirement Savings Plan and a group Deferred Profit Sharing Plan for all of its Canadian salaried employees. The Plan provides such employees with an opportunity to make voluntary contributions to a group Registered Retirement Savings Plan ("**RRSP**"), which can include a spousal plan, of up to 6% of the employee's base salary and bonuses, up to a maximum of $11,225 in respect of 2011. The Company matches employee contributions up to 6% with contributions to the Deferred Profit Sharing Plan ("**DPSP**"). In Canada, the RRSP/DPSP combined limit in respect of 2011 was $22,450. All Named Executive Officers except Mr. Fulton are or were eligible to participate in the RRSP/DPSP. Mr. Fulton retired February 1, 2012. All Company contributions to the DPSP vest immediately. If the employee terminates employment he or she can transfer the accumulated contributions and investment income to another registered plan, take as taxable cash, or purchase an annuity or retirement income fund. If the employee dies while employed, the funds will be payable to his or her named beneficiary.

All eligible U.S. employees, including Mr. Fulton, the former COO, were entitled to make voluntary contributions to the Company's 401(k) Plan up to a total maximum of $16,500 in respect of 2011. Employees 50 and over may contribute a "catch-up" amount of $5,500 per year for a maximum deferral of $22,000 in respect of 2011. The Company makes a matching contribution to participant accounts of up to 4% of an employee's compensation with a maximum match of $9,800 in respect of 2011. All Company contributions to the 401(k) Plan vest immediately. If the employee terminates employment with an accrued benefit, the participant is entitled to a distribution of the non-forfeitable accrued benefit. The participant may defer payment until the mandatory benefit starting date. No tax consequences result with a direct rollover into a qualified plan. An employee who requests a lump sum withdrawal will be taxed and may incur an early withdrawal penalty. If an employee dies while employed, the funds will be payable to his or her named beneficiary.

No Named Executive Officers are members of a defined benefit retirement plan.

Named Executive Officers participate in a supplemental retirement plan ("**SERP Plan**"). There is a SERP Plan in Canada for the Canadian-resident Named Executive Officers, and a SERP Plan in the U.S. for U.S. resident Named Executive Officers. The SERP Plans were designed in light of the legislated limits on contributions to the RRSP/DPSP and 401(k) Plans which result in a portion of the Named Executive Officer's salary being excluded each year from contributions to these Plans. The SERP Plans assist the Company in attracting and retaining key employees by providing such employees with supplemental retirement benefits.

The SERP Plans are administered as unfunded plans, and "notional contributions" vest immediately. The Board may amend or terminate the SERP Plans at any time, and designate the eligible employees to participate in a SERP Plan for that year. For the Canadian SERP, the contribution is in the form of a notional contribution equal to six percent of the Named Executive Officer's compensation to the extent that it exceeds Income Tax Act limits for years up to and including 2001 and twelve percent thereafter. The accumulated value of the Canadian SERP is secured by bank letters of credit. For the U.S. SERP, the contribution is equal to twelve percent of the Named Executive Officer's compensation reduced by the Named Executive Officer's personal and employer contribution to the 401(k) for the year.

Benefits from the SERP Plans are paid on the first day of the calendar month that starts after the latter of the participant's 60th birthday or termination of employment, in one or a combination of (i) equal monthly or annual installments; or (ii) in a single lump sum. If the Named Executive Officer terminates employment with the Company before age 60, he or she will forfeit the entire value of their account if, before attaining age 60, they engage in competitive employment as determined in good faith.

For the Canadian SERP Plan, the rate of return is set by application of the 10-year median return achieved by Canadian Balanced Funds, as measured by the AON Hewitt Survey on Canadian Pension Plans' Investment Managers. For 2011, the resulting rate was 6.0%. The U.S. SERP Plan participants may select from five reference investment funds on an annual basis. The reference investment fund choices mirror actual fund choices in the Company's 401(k) Plan. In 2011, the rate ranged from 3.7% to (5.1)% depending on the fund(s) selected by the participant.

The following table sets out information regarding the SERP Plans.

NAME	ACCUMULATED VALUE AT START OF YEAR	COMPENSATORY	ACCUMULATED VALUE AT END OF YEAR
	$	$	$
Duncan K. Davies	1,027,226	55,550	1,146,076
John A. Horning	482,694	31,550	544,153
Sandy M. Fulton	229,433(1)	34,775(2)	264,144(3)
Stephen D. Williams	111,614	12,950	131,649
Otto F. Schulte	187,594	9,350	208,480

(1) Mr. Fulton's amount has been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2010.
(2) Mr. Fulton's amount has been converted to Canadian dollars using the average foreign exchange rate for 2011.
(3) Mr. Fulton's amount has been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2011.

CHANGE OF CONTROL AGREEMENTS

The Company has entered into agreements with each of the Named Executive Officers that provide them with certain rights in the event of an involuntary termination of employment after a Change of Control of the Company. "**Change of Control**" occurs when:

- An acquisition of more than 50% of the voting shares or control over more than 50% of the voting shares by a person or group of persons, other than the Controlling Shareholder Group, in one transaction or a series of transactions;
- An acquisition of more than 50% of the Class "B" Common shares or control over more than 50% of the Class "B" Common shares by a person or group of persons, other than the Controlling Shareholder Group, in one transaction or a series of transactions;
- More than one half of the slate of persons proposed by the Board to the Company's shareholders for election as directors of the Company is comprised of persons nominated by a holder of voting shares other than a member of the Controlling Shareholder Group, or by any group of holders of voting shares acting jointly or in concert, or more than one half of the directors elected as directors at a meeting of the Company's shareholders is comprised of persons who were not included in the slate for election as directors proposed by the Board;
- 50% or more of the net book value of the assets of the Company are sold by the Company; or
- A majority of directors determines that a change in control has occurred.

For the purposes of the above, "**Controlling Shareholder Group**" means any of William L. Sauder (deceased), members of his immediate family, their descendants, and any companies controlled by them.

If, on the date of or within 24 months after any Change of Control, the Named Executive Officer's employment with the Company is terminated, the Named Executive Officer is entitled to the following:

(a) a lump sum cash amount equal to the aggregate of the following:

i) a severance amount determined by multiplying the Annual Compensation (defined below) by the applicable severance period in years (see table below for the severance period applicable to each of the Named Executive Officers);
ii) any unpaid annual base salary up to and including the date of termination;
iii) an amount in lieu of bonus for the calendar year in which the date of termination occurs, determined by pro-rating the amount in item (ii) of the definition of Annual Compensation over the portion of the calendar year to and including the date of termination;
iv) in full satisfaction of the Company's obligations to the Named Executive Officer under the Company's SERP, an amount which, if there were deducted from the amount of income tax payable thereon calculated at the highest personal marginal rates for federal and provincial income taxes applicable to the Named Executive Officer, would equal the required amount that would have been applicable as at the end of the specified severance period if the Named Executive Officer's employment with the Company had continued to the end of the severance period; and
v) any other amounts the Named Executive Officer is entitled at law or under any other terms and conditions of the Named Executive Officer's employment with the Company;

less required statutory deductions and remittances;

(b) Continuation of all benefits and perquisites until the end of the specified severance period, unless otherwise agreed to in writing between the Named Executive Officer and the Company;

(c) All rights or options to purchase shares under the Company's Share Option Plan at the date of termination of employment will: (i) immediately vest; and (ii) immediately become exercisable to the extent they had not already become exercisable; and continue to be held, notwithstanding the terms of the Share Option Plan, on the same terms and conditions as if the Named Executive Officer continued to be employed by the Company, except that the rights or options shall be exercisable immediately; and

(d) Career counseling and relocation support comparable to senior executives of similar status.

The Named Executive Officer would also be entitled to such payments and benefits if their employment was terminated without cause in the case of a change of control of the Company if, prior to the termination, substantive discussions had commenced, or an agreement had been entered into that led to the change of control. In the event that a Named Executive Officer's employment is terminated for cause, no notice or pay in lieu of notice will be provided. Further, in the event that the Named Executive Officer retires or resigns, no payment will be provided.

For the purposes of the change of control agreements, "**Annual Compensation**" is defined as the aggregate sum of (i) annual base salary (defined as annual salary payable to the executive by the Company but excludes any bonuses and directors' fees paid to the Named Executive Officer by the Company) as at the end of the month immediately preceding the month of termination of employment with the Company, (ii) an amount determined by multiplying the annual base salary by the average percentage bonus for the three calendar years immediately preceding the calendar year in which termination of employment with the Company occurs, or for such fewer number of calendar years immediately preceding such calendar year that the Named Executive Officer was employed by the Company; and (iii) the annual amount of cash contributions payable by the Company to the Company's DPSP or to the Named Executive Officer's 401(k) Plan for the benefit of the Named Executive Officer based on the annual base salary, and (iv) the annual value of any car allowance to which the Named Executive Officer is entitled as a term of employment, as at the end of the month immediately preceding the month in which termination of the Named Executive Officer's employment with the Company occurs.

Under the SAR Plan, if (i) an offer made by a third party to purchase more than 50% of the outstanding Company's shares are taken up and paid for under the offer, or (ii) a corporate reorganization in which the holders of SARs do not otherwise participate as holders of SARs which, in the opinion of the Board results in an illiquid market for the Class "A" Subordinate Voting shares, is effected (each, a "**Takeover**"), each of the Named Executive Officers shall for a period of 30 days after the Takeover have the right to exercise that percentage of the outstanding Class "A" Subordinate Voting shares taken up and paid for under the offer (or such greater percentage as may be determined by the Board) or, in the case of a reorganization referred to in (ii), all SARs held by that executive, notwithstanding that under the terms a SAR does not become exercisable until a later date.

The value of unvested in-the-money SARs held by Mr. Schulte as at December 31, 2011 which would have become exercisable if a Takeover (which would have resulted in all unvested SARs becoming exercisable) had been completed on such date, valuing the Class "A" Subordinate Voting shares at the closing market price of such shares on such date, would have been $33,960, which value has, in part, been reported under "Option Based Awards" in the Summary Compensation Table (based on the grant date fair value of the SARs awarded) on page 33 and in Summary Compensation Tables in previous information circulars for previously completed financial years and, as a result, only in part would reflect any incremental payment. This does not represent the value of any SARs that vested before December 31, 2011 in accordance with the terms of the SAR Plan, or any value for SARs that were not in-the-money as at December 31, 2011. For more information on the SAR Plan, please see page 29.

Under the TSR Plan, if employment of a Named Executive Officer with Interfor or an affiliate is terminated following a Change of Control, and not for cause, the TSR award (if any) relating to any performance period during which such cessation of employment occurs shall be accelerated and paid on or about 60 days following the date of termination of employment based on the total shareholder return performance and compound annual growth rate measured over each such performance period and determined as if the applicable performance periods ended on the date of the Change of Control and then prorated to reflect the actual period(s) between the commencement of the performance period and the date of the Named Executive Officer's termination of employment not for cause. No incremental amount would have been payable to any Named Executive Officer in relation to TSR awards made under the Pre-2011 TSR Plan prior to January 1, 2011 following or in connection with any termination of employment, resignation, retirement or Change of Control or change in the Named Executive Officer's responsibilities, assuming the termination or triggering event took place on December 31, 2011. The amount that would have been payable to any Named Executive Officer under the TSR Plan in relation to any TSR awards under the Modified TSR Plan following or in connection with any termination of employment, resignation, retirement or Change of Control or change in a Named Executive Officer's responsibilities, assuming the triggering event took place on December 31, 2011, would have been less than the amount that has been reported under "Share Based Awards" (based on the grant date fair value of the TSR award) in the Summary Compensation Table for the most recently completed financial year, and, as a result, would not reflect any incremental payment. For more information on the TSR Plan, please see page 25.

As disclosed in the table on page 32, two of the Named Executive Officers hold DSUs. Such DSUs were received through elections by the Named Executive Officer to receive payments in DSUs under the TSR Plan. DSUs vest immediately. The table on page 35 sets out the market value of such DSUs as at December 31, 2011. In addition, as described in note 3 to the table on page 35, the Board required that a TSR award that Mr. Fulton elected to receive in DSUs be credited to an interest bearing cash account under the DSU Plan. The Named Executive Officers holding such DSUs, or entitled to such cash account, are entitled to payment under the DSU Plan in respect of such DSUs (and the balance of such cash account, as applicable) following termination of employment, regardless of the reason for termination. No incremental payments will be made under the DSU Plan in the event of termination of employment, resignation, retirement, Change of Control or change in a Named Executive Officer's responsibilities. For more information regarding the DSU Plan and the ability of participants in the TSR Plan to elect to have payment of TSR awards paid in the form of DSUs, please see page 29.

With effect from December 31, 2011, in response to governance trends in executive compensation, Interfor’s Chief Executive Officer and Chief Financial Officer voluntarily and proactively reduced the severance period of their change of control agreements from 36 and 30 months, respectively, to 24 months each. As it was anticipated that the Company’s Chief Operating Officer would retire in early 2012, his contract was left unchanged. As anticipated, the COO retired from the Company February 1, 2012.

The following table sets out the severance period specified in each of the Named Executive Officer’s change of control agreement and the estimated payments that would have resulted if there had been a change of control as of December 31, 2011.

NAMED EXECUTIVE OFFICER	SEVERANCE PERIOD (MONTHS)	ANNUAL BASE SALARY ($)	PAYMENT IN RESPECT OF SALARY, BONUSES AND BENEFITS ($)	PAYMENT IN RESPECT OF SUPPLEMENTARY PENSION ($)	TOTAL CHANGE OF CONTROL PAYMENTS ($) (1)
Duncan K. Davies	24	650,000	1,452,000	447,000	1,899,000
John A. Horning	24	450,000	1,028,000	232,000	1,259,000
Sandy M. Fulton(2)	30	450,000	1,280,000	198,000	1,478,000
Stephen D. Williams	24	275,000	660,000	66,000	726,000
Otto F. Schulte	24	250,000	613,000	72,000	685,000

(1) Based on trigger event having occurred December 31, 2011.
(2) Mr. Fulton retired on February 1, 2012. As a result, he ceased to have any entitlement in relation to termination following a change of control.

OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any such director, officer or proposed nominee, at any time during the most recently completed financial year has been indebted to the Company or any of its subsidiaries or had indebtedness to another entity which is, or has been, the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the directors or executive officers of the Company, no proposed nominee for election as director of the Company, no person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company (a "**10% Holder**"), no person who is a director or executive officer of a 10% Holder or subsidiary of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed fiscal year or in any proposed transaction which has or would materially affect the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than through the beneficial ownership of securities of the Company as described herein, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company at any time since the beginning of the Company's last financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Annual General Meeting other than the election of directors or the appointment of auditors.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and Management Discussion and Analysis for its most recently completed financial year. The Company will provide to any person, upon request to the Corporate Secretary of the Company, one copy of its Annual Information Form, its annual and interim financial statements and the Management Discussion and Analysis related thereto, and this Information Circular.

The contents and the sending of this Information Circular have been approved by the Board of the Company.

Dated at Vancouver, British Columbia, this 29th day of March, 2012.

JOHN HORNING
Senior Vice President, Chief Financial
Officer and Corporate Secretary

APPENDIX A: STATEMENT OF INTERFOR'S CORPORATE GOVERNANCE PRACTICES

Interfor is committed to effective and best practices in corporate governance. Interfor is in full compliance with Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices ("**Governance Disclosure Rules**"). The disclosure contained below follows the Governance Disclosure Rule.

Board of Directors

Disclose the identity of directors who are independent.
The Corporate Governance & Nominating Committee has determined that all of the proposed directors, other than Lawrence Sauder and Duncan K. Davies, are independent. Biographies for each director, including their business experience and the names of other boards on whose board they serve, can be found in the "Election of Directors" starting on page 6 of this Information Circular.

Disclose the identity of directors who are not independent and describe the basis for that determination.
The Corporate Governance & Nominating Committee annually determines independence using the independence test set out in the Governance Disclosure Rule.

Duncan Davies, as President & CEO of Interfor, is an executive officer of the Company and as such, is not an independent director pursuant to the Governance Disclosure Rules.

Lawrence Sauder, Chairman of the Board is independent of management, but not independent pursuant to the Governance Disclosure Rules.

Disclose whether a majority of directors are independent.
The Board requires that at least a majority of its Board be independent. Six of the eight nominees proposed to stand for election as directors at the Annual General Meeting are independent.

If a director is presently a director of any other issuer that is a reporting issuer in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.
The directorships in other reporting issuers held by each director can be found in the "Election of Directors" starting on page 6 of this Information Circular.

Disclose whether or not independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of 2011.
At each regularly scheduled quarterly Board meeting and strategic planning/update sessions, the Board meets "in-camera" without management other than the CEO present, followed immediately by a "non-executive" session without the CEO or any other member of management present. The Chairman of the Board presides over these sessions. Immediately thereafter, the Board holds an "independent director" session at which only independent directors are present. The Lead Director chairs the independent director session. In 2011, there were 4 regularly scheduled quarterly Board meetings and three strategic planning/update sessions.

If an issue should arise at any meeting where the interests of the controlling shareholder, i.e. Sauder Industries Limited, could be different from those of other shareholders, Mr. Sauder would leave the meeting. There were no such occasions in 2011.

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his or her role and responsibilities.
The Chairman of Interfor's Board is Mr. Sauder. While he is independent of management, he is not independent pursuant to the Governance Disclosure Rules.

Since the Chairman is not independent, the Board appoints a lead director who is independent following the Annual General Meeting to hold office until the next Annual General Meeting. The lead director is currently Mr. Bell. He provides independent leadership to the Board. Mr. Whitehead is being proposed as the Lead Director following Mr. Bell's retirement at the close of the 2012 Annual General Meeting. The Lead Director provides independent leadership to the Board by ensuring that the Board operates independently of management, the Board and its Committees fulfill their duties and responsibilities and the agenda for Board meetings is sufficient to enable the Board to successfully fulfill its Mandate.

Disclose the attendance record of each director for all board meetings held in 2011.
See page 11 of this Information Circular for attendance records for each director. Directors are expected to attend all Board and committee meetings.

Board Mandate

Disclose the text of the board's written mandate.
The Board's mandate is set forth in Appendix B to this Information Circular.

Position Descriptions

Disclose whether or not the board has developed written descriptions for the chair and the chair of each board committee.
The Board has developed written position descriptions for the Chairman of the Board and the Chair of each of the Board committees. It has also developed a written position description for the Lead Director.

The Chairman's duties include leading the Board in its management and supervision of the business and affairs of the Company, including ensuring that all matters relating to the Mandate of the Board are completely disclosed and discussed with the Board. The Chairman also leads the Board in its oversight of management.

The Lead Director provides independent leadership to the Board by ensuring that the Board operates independently of management, the Board and its Committees fulfill their duties and responsibilities and the agenda for Board meetings is sufficient to enable the Board to successfully fulfill its Mandate.

Disclose whether or not the board and CEO have developed a written position description for the CEO.
The Board has developed a written position description for the CEO. The MRCC annually reviews and, if appropriate, recommends to the Board approval of the CEO's goals and objectives and his Position Description and ensures that they are aligned with the Mandate of the Board. The Board approves the CEO's goals and objectives. The MRCC is also responsible for monitoring the performance of the CEO against his annual goals and objectives and reports its conclusions back to the Board.

Orientation and Continuing Education

Briefly describe what measures the board takes to orient new directors regarding i) the role of the board, its committees and its directors, and ii) the nature and operation of the issuer's business.

The Corporate Governance & Nominating Committee ensures orientation and continuing education programs are available for directors. All new directors receive a handbook that contains the governance practices of the Company including the Terms of Reference and Policies for Directors. New directors also receive an overview of the Company's business, management, financial reporting and accounting policies and procedures, strategic plan, risk management plan, financial position and other topics. The orientation program may also involve a tour of the Company's manufacturing and forestry operations.

To enable directors to deepen their familiarity with different areas of the Company, the Board rotates from time to time individual directors onto different Committees of the Board.

Briefly describe what measure, if any, the board takes to provide continuing education for its directors.

As part of on-going education, management updates the directors on industry developments, forest policy changes and legal, accounting and regulatory changes pertaining to public companies. Mill tours are provided from time to time with a focus on capital expenditures, safety and the environment. The Board also participates annually in extensive strategic planning sessions. In 2011, management conducted or organized the sessions noted in the table below.

Date	Subject	Attendees	Presented by
February 8 May 16 October 31	Quarterly governance updates, including emerging best practices and developments and proposed amendments to Canadian securities rules and regulation.	Corporate Governance & Nominating Committee	General Counsel
February 8 May 16 August 3 October 31	Quarterly updates on audit governance, regulatory compliance and major accounting policies	Audit Committee	External Auditors
February 9 May 17 August 4 October 31	Update on industry developments and forest policy changes.	Environment & Safety Committee	Management
February 8 May 16 August 3 October 31	International Financial Reporting Standards	Audit Committee	Management
August 3 October 31	Update on the Changes in Compensation Disclosure	Management Resources & Compensation Committee	General Counsel
July, 2011	Tour of Kootenay Operation Mills	Entire Board	Management
October 2011	Tour of PNW Operations	Mr. McMillan	Management
March 15 May 16 November 1	Strategy Planning Session	Entire Board	Management

The directors are encouraged and authorized to participate in continuing education relevant to their roles and responsibilities on the Board and Committees. The Company will pay for the costs of continuing education relevant to the directors' roles on the Board and Committees. Costs of more than $500 required prior approval of the Chairman of the Board.

Ethical Business Conduct

Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code: i) disclose how a person may obtain a copy of the code; ii) describe how the board monitors compliance with its code, and iii) provide a cross-reference to any material change report filed since the beginning of 2008 that pertains to any conduct of a director or executive officer that constitutes a departure from the code. Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in which a director or executive officer has a material interest. Describe any other steps the Board takes to encourage ethical business conduct.

The Board has adopted a written Code of Conduct (the "**Code**"), which applies to all of Interfor's directors, officers and employees. The Code is distributed to its directors, officers and employees in a Corporate Policy Manual and on the Company's internet and intranet sites. Each year, all salaried employees are asked to acknowledge that they have read and understand the Corporate Policy Manual including the Code and undertake to abide by all of the requirements of such policies. In 2011, 100% of all salaried employees provided their acknowledgement and agreement to abide by the policies. The Code of Conduct is set forth in Appendix C to this Information Circular. It is also available on SEDAR at www.sedar.com.

Pursuant to the Code, employees must promptly report any conduct or proposed conduct that they reasonably believe to be a violation of the Code. Employees may directly report a violation or suspected violation to: (i) his or her supervisor, (ii) his or her Divisional Manager, (iii) General Counsel, (iv) CEO, (v) Chair of the Audit Committee regarding questionable accounting or auditing matters; or (vi) Chair of the Corporate Governance & Nominating Committee regarding all non-accounting and auditing concerns. All reports will be promptly investigated and appropriate disciplinary actions will be taken if warranted by the investigation. The person receiving the report must inform the CEO of the report. The CEO will summarize the violations and their resolutions and report same to the Chair of the Audit Committee in the case of accounting and auditing complaints/concerns, and the Chair of the Corporate Governance and Nominating Committee in all other cases, on a quarterly basis or sooner if the situation so warrants.

The Board has also established a Disclosure Policy, Whistleblower Policy, Environment Policy, Financial Reporting Policy, Internet, Email and Computer Use Policy, Harassment Policy, Insider Trading Policy and Health and Safety Policy to promote ethical business conduct.

Finally, under the Business Corporations Act (British Columbia), the Company's Articles and the Board Terms of Reference, any director or executive officer who holds any office or possesses any property, right or interest that could result in the creation of a duty or interest that materially conflicts with the individual's duty or interest as a director or executive officer of the Company, must promptly disclose the nature and extent of that conflict. A director who holds a disclosable interest in a transaction or contract into which the Company has entered or proposes to enter may not vote on any directors' resolution to approve that contract or transaction.

Nomination of Directors

Describe the responsibilities, powers and operation of the nominating committee. Describe the process by which the board identifies new candidates for board nomination.

In conjunction with the Chairman of the Board, the Corporate Governance & Nominating Committee is responsible for assessing and making recommendations regarding Board effectiveness and establishing a process for identifying, recruiting, nominating and appointing new directors. The Chair of the Corporate Governance & Nominating Committee aims to identify impending vacancies on the Interfor Board as far in advance as possible to allow sufficient time for identification and recruitment of directors.

Disclose whether or not the board has a nominating committee composed entirely of independent directors.
The Corporate Governance & Nominating Committee is a nominating committee. The committee is comprised entirely of independent directors.

Director and Officer Compensation

Describe the process by which the board determines the compensation for the issuer's directors and officers.
The MRCC is responsible for reviewing and approving the compensation for all executive officers of the Company, with the exception of the CEO. In the case of the CEO, the MRCC reviews and recommends for approval by the Board the compensation of the CEO. This process is described on page 15 of this Information Circular.

The Board has delegated to the Corporate Governance & Nominating Committee the responsibility for reviewing and recommending to the Board the compensation of Board members. The Corporate Governance & Nominating Committee annually reviews Board compensation. See Director Compensation on page 17 of this Information Circular for further information on directors' fees and equity ownership.

Disclose whether or not the board has a compensation committee composed entirely of independent directors
All of the directors of the MRCC are independent in accordance with the Governance Disclosure Rule.

If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.
The responsibilities, powers and operation of the MRCC are described on page 15 of this Information Circular.

If a compensation consultant or advisor has, at any time since the beginning of 2011 been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained.
From time to time, the MRCC uses an independent consultant to provide expert, objective advice on executive compensation matters. In April 2010, Towers Watson (formerly Towers Perrin) was engaged as the MRCC's independent compensation advisor to assist the Company in developing its variable compensation strategy and in particular to redesign the Company's Total Shareholder Return Plan ("**TSR Plan**"). The Company paid Towers Watson approximately $47,000 and $32,000 for its services in 2010 and 2011, respectively. Towers Watson did not perform any other work for the Company in 2010 or 2011.

Other Board Committees

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.
In addition to the Corporate Governance & Nominating Committee, MRCC and the Audit Committee, the Board has established the E&S Committee. The mandate of the E&S Committee is set out on page 15 of this Information Circular.

Each Committee operates in accordance with Board-approved terms of reference. Committee members are appointed annually following the Company's Annual General Meeting. The Corporate Governance & Nominating Committee, in conjunction with the Chairman of the Board, recommends appointments to each of the Committees. All Committees have the authority, at Interfor's expense, to engage any external advisors it deems necessary to carry out their respective duties and responsibilities.

Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.

The Corporate Governance & Nominating Committee carries out a comprehensive assessment of the Board every second year. By way of a questionnaire, directors, other than the Chairman and the CEO, are asked to rate the effectiveness of the Board and each Committee ("**Board Effectiveness Assessment**").

In the following year, the Corporate Governance & Nominating Committee asks directors to complete a mini questionnaire. As an alternative to the mini questionnaire, the Corporate Governance & Nominating Committee may ask Management to prepare a report setting out how it has addressed certain areas of concern identified in the Board Effectiveness Assessment.

The Board Effectiveness Assessment is conducted confidentially. The Chair of the Corporate Governance & Nominating Committee reviews the individual assessments and discusses any low rankings given by a director with the applicable director. The Corporate Governance & Nominating Committee discusses the collated results of the Board Effectiveness Assessment and reports same to the Board.

The Chairman of the Board annually evaluates the effectiveness of individual directors through discussions with each director.

APPENDIX B: MANDATE OF THE BOARD

MANDATE OF THE BOARD OF DIRECTORS (the "Board")
OF
INTERNATIONAL FOREST PRODUCTS LIMITED (the "Company")

Objective of the Board

To ensure that the business and affairs of the Company are conducted in the best interests of the Company and in conformity with the law.

General Duty of the Board

To promote a strong, viable and competitive company operating with honesty and integrity and to supervise the Company's management ("**Management**") in the conduct of the affairs and business of the Company.

The Board delegates the responsibility for the day-to-day conduct of business to the Management of the Company.

Stewardship Responsibilities of the Board

1. To establish an effective process of corporate governance, including principles and guidelines specific to the Company.

2. To ensure the Company has a strategic planning process in place and approve the strategies that evolve from this process.

3. To identify the principal risks facing the Company and ensure that systems are in place to manage these risks.

4. To appoint, assess and compensate officers, in particular the Chief Executive Officer ("**CEO**"), and to approve a plan for succession and training of Management.

5. To ensure the Company has an effective two-way communication policy with shareholders, other stakeholders and the public.

6. To ensure effective internal controls and information systems exist to provide reliable historical and forward-looking information with respect to financial matters, environmental matters and other regulatory compliance.

7. To ensure the integrity of the Company's reporting of its financial performance.

8. To satisfy itself of the integrity of the CEO and Management and to ensure that a culture of integrity exists throughout the Company.

9. To ensure that the Company complies with all health, safety and environmental legislation in all areas in which the Company operates.

The Board may establish committees of the Board ("**Committees**") and delegate certain of the Board's responsibilities to such Committees. The Board is responsible for appointing the Chair and members of each Committee in accordance with the Terms of Reference for each Committee.

APPENDIX C: CODE OF CONDUCT

Business ethics and corporate social responsibility are issues that are extremely important to the ongoing success of any company. International Forest Products Limited's goal is to be a company that conducts itself to the highest standards. The reputation of International Forest Products Limited, including its subsidiaries, (collectively "Interfor") will be determined by the conduct of our employees. Therefore, Interfor has developed a Code of Conduct, including a set of Core Values and Guiding Principles (the "Code") to clearly lay out the standard of conduct expected of all directors, officers and employees of Interfor (collectively referred to as "We" or "Us").

CORE VALUES

We will conduct ourselves with honesty, integrity and professionalism.

- **People:** People are the foundation of our business.
- **Safety:** Safety is a prerequisite for work.
- **Environment:** Environmental integrity must be maintained in everything We do.
- **Customers:** Customers pay our way.
- **Shareholders:** Returns to our shareholders facilitate investment, employment, and public benefits.

We Are Responsible For Our Own Success.

GUIDING PRINCIPLES

While it is not possible to have a policy for everything We say or do, Interfor has adopted the following set of guiding principles and has outlined specific examples of how these principles are to be applied.

1. We will maintain a high level of ethical and lawful conduct in everything We do

- We are expected to follow appropriate ethical and lawful behavior pertaining to our roles and responsibilities.
- We will not act unethically or unlawfully, or knowingly help another person act in this manner, in the conduct of their affairs.
- We will obey all laws (e.g. environmental, labour, forestry, taxation, securities) that apply to Interfor and our operations.
- We will be committed to honesty and forthrightness in all our communications, including those with shareholders, customers, suppliers, media, regulatory bodies, government and the public.
- We will ensure that all people We deal with in carrying out our day-to-day roles and responsibilities are treated fairly, professionally and with respect.
- We will ensure that our accounting records, systems and practices, and financial communications are accurate, complete and conform to generally accepted accounting principles, as well as applicable laws and regulations. No asset, liability or transaction is to be concealed from management or Interfor's internal or external auditors.

- We will ensure that controls exist to protect Interfor's assets from fraud, theft or other losses.

- Information We receive in the conduct of our employment or responsibilities is deemed to be the exclusive property of Interfor and will be held in the strictest confidence.

- Interfor's Board of Directors (the "**Board**") has endorsed a Financial Reporting Policy, as contained in the Corporate Policy Manual, with which all employees are expected to comply.

- The Board has endorsed a Disclosure Policy for all employees, as contained in the Corporate Policy Manual, with which all employees are expected to comply.

2. Workplace safety is the uncompromised right and responsibility of all employees

- The safety of all employees, contractors and others who work for, or provide services to, Interfor is a core value of Interfor.

- Interfor is committed to providing a safe workplace and will follow operating practices that protect people from hazardous and unhealthy conditions.

- Employees will be committed to carrying out their day-to-day roles and responsibilities with safety as their overriding priority.

- Employees will avoid situations or conduct which jeopardize their safety or the safety of others.

- The Environment & Safety Committee of the Board regularly reviews safety incidents and issues, and holds Management accountable for providing and enforcing safe work practices.

- The Board has endorsed a Health and Safety Policy for all employees and contractors, as contained in the Corporate Policy Manual, with which all employees and contractors are expected to comply.

3. Responsible stewardship of the environment is the duty of all employees

- Meeting high standards of environmental responsibility is a core value of Interfor.

- Interfor and its employees will be committed to operating in compliance with all applicable environmental laws and regulations in carrying out their business activities.

- The Environment & Safety Committee of the Board regularly reviews environmental incidents and issues, and holds Management accountable for providing and enforcing sound environmental work practices.

- The Board has endorsed an Environment Policy for all employees and contractors, as contained in the Corporate Policy Manual, with which all employees and contractors are expected to comply.

4. We are committed to a workplace free from harassment and discrimination

- Offensive, demeaning or harassing communication or behavior is unacceptable and will not be tolerated.

- We will not permit discrimination against anyone based on race, religion, gender, marital status, language, age, disability or any grounds prohibited by law.

- The Board has endorsed a Harassment Policy for all employees, as contained in the Corporate Policy Manual with which all employees and contractors are expected to comply.

5. Interfor is committed to being a good community partner

- Interfor will support civic, educational, cultural, charitable and political organizations and events in the communities where We operate.

- Levels of support will be approved by the applicable divisional manager and Vice President.

- Political donations will be pre-approved by the President & CEO.

- Employees are encouraged to participate in activities that support their communities, however, activities that may conflict with day-to-day business responsibilities must be approved by the applicable Divisional Manager and/or Vice President.

Applying the Principles Generally

- Employees must read and comply with the Code.

- Interfor expects its executive, managers and supervisors to lead by example.

Applying the Principles to Specific Situations

1. Conflicts of Interest

- Any activity, investment, interest or association that interferes, or could be perceived to interfere, with our independent judgment or objectivity in performing our jobs is considered a conflict of interest.

- A conflict of interest most often occurs when an employee or immediate family members are in a position to obtain a personal benefit at the expense of Interfor.

- We are expected to avoid such conflicts of interest or even the appearance of such a conflict of interest.

- Where a situation arises where a conflict of interest exists or may exist, We will disclose the conflict of interest to our Supervisor and ensure that any decisions in this regard are made by others not in a position of conflict of interest.

2. Insider Information

- Employees are not to trade in securities of Interfor if they are in possession of material information that has not been generally disclosed to the marketplace. The Board has endorsed an Insider Trading Policy, as contained in the Corporate Policy Manual, with which all employees are expected to comply.

3. Giving and receiving gifts or entertainment

- Exchanges of nominal gifts and hospitality are generally an acceptable part of doing business.

- Nominal value generally means gifts that are relatively inexpensive, do not involve cash or negotiable instruments and that are unlikely to be perceived as unduly influencing the recipient.

- Employees and immediate family members must not accept any gift or entertainment greater than nominal value from any Interfor supplier, contractor, customer or competitor unless:

    - The exchange is consistent with accepted local business practices (such as foreign cultures);

    - A clear business purpose has been identified for the exchange; and

    - Prior approval has been obtained from Senior Management

- This guideline also applies to the giving of gifts or entertainment to suppliers, contractors, customers or competitors.

4. Abuse of Position

- Employees will not use their position to inappropriately influence or obtain a benefit from suppliers or customers of Interfor.

- Employees will not use their position to inappropriately influence or obtain a benefit from other employees.

- Employees will not override internal controls, Interfor policies or procedures and an employee must report any attempt by a Manager or Supervisor to do so, in line with the Whistleblower Policy, as contained the Corporate Policy Manual.

5. Protection of Interfor Assets

- Employees will not misappropriate Interfor assets for personal use.

- Employees will safeguard all assets and resources of Interfor.

- Employees will operate computer equipment and software applications in accordance with the standards outlined in the Internet, Email and Computer Use Policy contained in the Corporate Policy Manual.

6. Improper Payments/Corrupt Practices

- Employees are not to participate in or in any way be involved in corrupt practices including receiving or paying kickbacks or bribes or corrupting domestic or foreign public officials.

7. Alcohol and Drugs

- Any misuse of alcohol or prescription drugs, or the use of any illegal drugs, will jeopardize job safety and performance, and is not allowed in the Interfor workplace. Employees must not enter the workplace under the influence of alcohol or prescription drugs that impair safety and performance or illegal drugs.

Criteria for Individual Judgment

If you have questions about the implications of an intended action pertaining to any of the guidelines listed in the Code, ask yourself:

- Is anyone's life, health or safety endangered by this action (including your own)?

- Is the action legal? If legal, is it also the "right thing to do?"

- Does the action comply with Interfor policies and approved practices?

- Do I feel uncomfortable about doing this?

- Should I ask my Supervisor or Manager about this before I act?

- Would I, Interfor, or any other employee be compromised if this action was known by my Supervisor, Manager, Senior Management, co-workers, subordinates, customers, shareholders or regulatory authorities?

- Can I defend this action before my Supervisor, Manager and Senior Management?

- Is this action consistent with Interfor's stated Core Values?

- How would this action or situation appear to others if it were reported in the media or posted on an external website?

REPORTING CODE VIOLATIONS

Employees must promptly report any conduct or proposed conduct that they reasonably believe to be a violation of this Code in accordance with the Whistleblower Policy.

WAIVER OF CODE

In extraordinary circumstances and where it is clearly in the best interests of Interfor, the CEO or the Board may waive specific provisions of this Code. Any waiver of the Code for Directors or Officers of Interfor may only be granted by the Board, and will be promptly disclosed as required by law or stock exchange regulation.