Notice of the Annual General Meeting of Shareholders

and

Management Information Circular

April 4, 2013

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

International Forest Products Limited ("Interfor" or the "Company") is a leading global lumber supplier, with annual capacity of more than 2 billion board feet, and one of the most diverse lines of lumber products in the world. The Company has operations across North America and is headquartered in Vancouver, Canada. Our shares are traded on the Toronto Stock Exchange under the symbol of IFP.A.

What's inside:

April 4, 2013

Dear Shareholders,

You are invited to Interfor's 2013 Annual General Meeting of shareholders. This year, the Annual General Meeting will be held on Friday, May 10, 2013 at 2:00 p.m. in the Pacific Room, at the Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia.

This meeting is your opportunity to:

- Hear first-hand about our performance in 2012 and strategy for future growth
- Vote in person on the items of business brought before the meeting
- Meet our board of directors and senior management and fellow shareholders

The attached management information circular contains important information about voting, what the meeting will cover, the nominated directors, our board, our governance practices and how we compensate our directors and executives, including key decisions affecting executive compensation in 2012.

We would like to extend our sincere thanks to Harold Kalke and Shaun Sullivan who will be retiring from the Board as of the close of the 2013 Annual General Meeting, for their many years of dedicated service to Interfor and our shareholders. Mr. Kalke has served as a director for 13 years and Mr. Sullivan served for 12 years. Both have made significant contributions to the Board and its committees.

Interfor made progress on many fronts over the past year. You can read about it in our 2012 annual report. We have mailed a copy of our 2012 annual report along with this Information Circular to our registered shareholders and other shareholders who asked to receive it. You can also find all of our disclosure documents, including our annual report, on our website (www.interfor.com) and on SEDAR (www.sedar.com).

Your vote and participation are important to us. If you cannot attend the meeting in person, we encourage you to vote by proxy.

We look forward to seeing you on May 10, 2013.

Sincerely,

Lawrence Sauder
Chairman of the Board of Directors

Duncan Davies
President & Chief Executive Officer

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2013 Annual General Meeting of shareholders of International Forest Products Limited (the "**Company**" or "**Interfor**") will be held at the following time and place:

DATE: Friday, May 10, 2013

TIME: 2:00 p.m. (PDT)

PLACE: Metropolitan Hotel
Pacific Room
645 Howe Street
Vancouver, British Columbia

The 2013 Annual General Meeting is being held for the following purposes:

1. To receive the Consolidated Financial Statements and Auditor's Report for the fiscal year ended December 31, 2012;

2. To elect the directors of the Company;

3. 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;

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

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

You have the right to vote if you held shares of Interfor at the close of business on April 4, 2013.

Your vote is important. Registered shareholders who are unable to attend the Annual General Meeting in person can 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.

By Order of the Board,

Marilyn Loewen Mauritz
General Counsel & Corporate Secretary

Vancouver, British Columbia
April 4, 2013

MANAGEMENT INFORMATION CIRCULAR

You've received this management information circular because you owned Interfor shares on April 4, 2013, and Interfor's management and Board of Directors (the "**Board**") are asking for your vote (known as soliciting your proxy).

We're contacting shareholders by mail and we pay for the cost of soliciting your proxy.

Our Board has approved the contents of this Information Circular, and has authorized us to distribute it to each shareholder.

In this management information circular:

- *You* and y*our* mean holders of Interfor shares
- *We, us, our* and *Interfor* mean International Forest Products Limited
- *Shares* mean Interfor's Class "A" Subordinate Voting shares and Class "B" Common shares
- *Shareholder* means a holder of Interfor's shares
- *Information Circular* means this management information circular
- *Annual General Meeting* means the April 4, 2013 annual general meeting

All dollar amounts are in Canadian dollars, and information is as of April 4, 2013, unless otherwise stated.

VOTING INFORMATION

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 April 4, 2013 are entitled to 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. The Class "A" Subordinate Voting shares do not have a right to participate in a take-over bid made for the Class "B" Common shares, however if such take-over bid for the Class "B" Common shares does not include the Class "A" Subordinate Voting shares, then the Class "B" Common shares acquired in such take-over bid will automatically convert into Class "A" Subordinate Voting shares, as described above. 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 April 4, 2013, 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.

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.

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.

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) electing as a director each person nominated by the Board for the ensuing year;**
- **ii) appointing KPMG LLP as auditors for the ensuing year and authorizing the directors to fix their remuneration; and**
- **iii) approving, on an advisory basis, Interfor's approach to executive compensation.**

Can I revoke a proxy?

Yes, a shareholder may revoke a proxy by: (a) an instrument in writing 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 delivered either to (i) the registered office of the Company, 3500-1055 Dunsmuir Street, Vancouver, B.C. V7X 1H7 Attention: General Counsel & 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; (b) completing, dating and signing a proxy bearing a later date and delivering it in the manner described above, or (c) 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.

Who are the principal holders of Interfor shares?

As of April 4, 2013, the following person beneficially owns, or controls or directs, 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
Sauder Industries Limited (2)	1,011,895 Class "B" Common shares 1,980,271 Class "A" Subordinate Voting shares	99.62% 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 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 Ave. Toronto, Ontario, M5J 2Y1

The Shareholder Meeting

What you'll be voting on. The meeting will cover five items of business, and you'll be asked to vote on at least three of them.

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1. RECEIVING THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Our 2012 Audited Consolidated Financial Statements and Auditor's Report will be presented at the meeting. You'll find our Financial Statements and Management Discussion and Analysis in our 2012 Annual Report. The 2012 Annual Report was mailed to registered shareholders of the Company and to non-registered shareholders who requested the 2012 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. You will have an opportunity to ask questions about them at the meeting.

2. ELECTING THE DIRECTORS

The directors 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. Interfor's Articles (the "**Articles**") provide that the Board shall consist of a minimum of three and a maximum of 15 directors. At the 2012 Annual General Meeting, our shareholders set the number of directors to be elected at eight.

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 eight individuals listed below for nomination for election at the Annual General Meeting.

Class "A" Subordinate Voting shareholders will elect one director to the Board. Class "B" Common shareholders will elect seven directors to the Board.

The Board recommends that you vote FOR all the nominees standing for election to hold office until the next annual general meeting of shareholders.

Our Policy on Majority Voting

If a director receives more *withhold* than *for* votes, he will offer to resign after the Annual General Meeting. The Corporate Governance & Nominating Committee will consider the offer of resignation and, except in special circumstances, will recommend that the Board accept the resignation. The director in question will not participate in any Board or committee deliberations on the matter. The Board will make its decision and announce it in a press release within 90 days of the meeting. If the Board accepts the resignation, it may appoint a new director to fill the seat in accordance with the Company's Articles.

This policy only applies to uncontested elections where the number of nominated directors equals the number of directors to be elected.

Interfor's Board adopted this policy in November 2012 on the recommendation of the Corporate Governance & Nominating Committee, consistent with the recommended best practices of the Canadian Coalition of Good Governance.

Director Nominee Profiles

The table below tells you about the nominated directors, including their background and experience, meeting attendance, share ownership and other public company boards they sit on. Each director provided information about the Interfor shares they own or exercise control or direction over.

Nominee for Holders of Class "A" Subordinate Voting Shares only

DOUGLAS W.G. WHITEHEAD

Lead Director

Independent

Age 66

North Vancouver, BC, Canada

Director since April 2007

Mr. Whitehead is a Corporate Director. From 2000 to May 2008, he was the President and Chief Executive Officer of Finning International Inc. ("Finning"), a distributor of Caterpillar products and support services. 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 a director and Chair of Finning, and a director of Belkorp Industries Inc., Inmet Mining Corporation and KAL Tire. He is also a member of the Board of Directors of Vancouver General Hospital and University of British Columbia Hospital Foundation. Mr. Whitehead holds a Bachelor of Applied Science (Engineering) from the University of British Columbia and a Masters of Business Administration from the University of Western Ontario.

Areas of Expertise

Strategic Leadership	Industry Knowledge
Financial	International
Governance	Government Relations & Public Policy
HR & Compensation	Environment, Health & Safety

Board/Committee Memberships	Attendance	Overall Attendance
Board	7 of 7	100%
Management Resources & Compensation Committee (until May 2012)	1 of 1	
Corporate Governance & Nominating Committee (since May 2012)	1 of 1	
Audit Committee	4 of 4	

Shares and Share Equivalents Held:

Interfor shares held (1)	DSUs held (3)	Total shares and DSUs	Total value of shares and DSUs (4)	Meets share ownership guideline (5)
17,000 Class "A"	15,948	32,948	$338,046	Yes

Nominees for Holders of Class "B" Common Shares only

DUNCAN K. DAVIES

Not Independent

Age 62

Vancouver, BC, Canada

Director since November 1998

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 Bachelor of Arts (Economics) from the University of Victoria and a Masters of Science (Forestry Economics) from the University of British Columbia.

Areas of Expertise

Strategic Leadership	Industry Knowledge
Financial	Government Relations & Public Policy
Environment, Health & Safety	

Board/Committee Memberships	Attendance	Overall Attendance
Board	7 of 7	100%

Shares and Share Equivalents Held:

Interfor shares held (1)	DSUs held (3)	Total shares and DSUs	Total value of shares and DSUs (4)	Meets share ownership guideline (5)
241,100 Class "A"	161,355	402,455	$4,129,188	Yes

<table>
<tr><td rowspan="10">PETER M. LYNCH
Independent
Age 62
Toronto, ON, Canada
Director since
October 2006</td><td colspan="5">Mr. Lynch is a Corporate Director and provides business consulting services to Dieffenbacher North America Inc., a subsidiary of Dieffenbacher GMBH Maschinen-und Anlagenbau of Germany. 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 Bachelor of Laws from Osgoode Law School and is a member of the Law Society of Upper Canada, the Canadian Bar Association and the Ontario Bar Association.</td></tr>
<tr><td colspan="5">Areas of Expertise</td></tr>
<tr><td colspan="5">Strategic Leadership
Financial
Government Relations & Public Policy
Industry Knowledge
International
Environment, Health & Safety</td></tr>
<tr><td colspan="3">Board/Committee Memberships</td><td>Attendance</td><td>Overall Attendance</td></tr>
<tr><td colspan="3">Board
Audit Committee
Corporate Governance & Nominating Committee (since May 2012)
Environment & Safety Committee</td><td>7 of 7
4 of 4
1 of 1
4 of 4</td><td>100%</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Interfor shares held [(1)]</td><td>DSUs held [(3)]</td><td>Total shares and DSUs</td><td>Total value of shares and DSUs [(4)]</td><td>Meets share ownership guideline [(5)]</td></tr>
<tr><td>-</td><td>50,376</td><td>50,376</td><td>$516,858</td><td>Yes</td></tr>
</table>

<table>
<tr><td rowspan="10">GORDON H. MacDOUGALL
Independent
Age 67
West Vancouver, BC, Canada
Director since
February 2007</td><td colspan="5">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. Mr. MacDougall is the Chairman and a director of the Vancouver Foundation and the Chairman and director of the British Columbia Immigrant Investor Fund. He previously served as lead director for Intrawest Corporation. He holds a Bachelor of Commerce (Finance) from Sir George Williams University (now Concordia University), Chartered Financial Analyst designation from the University of Virginia and a Masters of Business Administration from the University of Pittsburgh.</td></tr>
<tr><td colspan="5">Areas of Expertise</td></tr>
<tr><td colspan="5">Strategic Leadership
Governance
Financial
HR & Compensation</td></tr>
<tr><td colspan="3">Board/Committee Memberships</td><td>Attendance</td><td>Overall Attendance</td></tr>
<tr><td colspan="3">Board
Audit Committee (until May 2012)
Corporate Governance & Nominating Committee (since May 2012)
Management Resources & Compensation Committee</td><td>7 of 7
2 of 2
1 of 1
3 of 3</td><td>100%</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Interfor shares held [(1)]</td><td>DSUs held [(3)]</td><td>Total shares and DSUs</td><td>Total value of shares and DSUs [(4)]</td><td>Meets share ownership guideline [(5)]</td></tr>
<tr><td>15,000 Class “A”</td><td>50,376</td><td>65,376</td><td>$670,758</td><td>Yes</td></tr>
</table>

J. EDDIE McMILLAN

Independent

Pensacola, Florida, USA

Age 67

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 Bachelor of Science (Accounting/Business Administration) from Louisiana Tech University.

Areas of Expertise

Strategic Leadership	Industry Knowledge
Financial	Governance
HR & Compensation	Environment, Health & Safety

Board/Committee Memberships	Attendance	Overall Attendance
Board	6 of 7	92%
Corporate Governance & Nominating Committee	3 of 3	
Management Resources & Compensation Committee	3 of 3	

Shares and Share Equivalents Held:

Interfor shares held (1)	DSUs held (3)	Total shares and DSUs	Total value of shares and DSUs (4)	Meets share ownership guideline (5)
-	12,000	12,000	$123,120	Mr. McMillan has until 2015 to meet the requirement

ANDREW K. MITTAG

Independent

Calgary, AB, Canada

Age 52

Director since October 2012

Mr. Mittag is Senior Vice President, Agrium Inc. and President, Agrium Advanced Technologies. In addition to being part of Agrium's senior leadership team, he is responsible for Agrium's enhanced efficiency fertilizer business and the development of that market internationally, especially China. Prior to joining Agrium in 2005, he was Co-founder, President and Chief Financial Officer of Rockland Capital Partners and held senior leadership roles at TXU Corp. and Koch Industries Inc. Mr. Mittag is a director of Lyndhurst Estate Homeowners Association. Previously, he was a director of Hanfeng Evergreen Inc., Alida LLC and Floralla LLC. Mr. Mittag holds a Bachelor of Arts (Economics and German) from Hamilton College, a Masters of Business Administration (Accounting and Finance) from Columbia University and ICD.D (Institute of Corporate Directors).

Areas of Expertise

Strategic Leadership	Financial
International	Governance

Board/Committee Memberships	Attendance	Overall Attendance
Board (since Oct. 2012)	3 of 3	100%
Environment & Safety Committee (since Nov. 2012)	1 of 1	
Management Resources & Compensation Committee (since Nov. 2012)	1 of 1	

Shares and Share Equivalents Held:

Interfor shares held (1)	DSUs held (3)	Total shares and DSUs	Total value of shares and DSUs (4)	Meets share ownership guideline (5)
6,000 Class "A"	-	6,000	$61,560	Mr. Mittag has until 2017 to meet the requirement

LAWRENCE SAUDER

Not Independent

Vancouver, BC, Canada

Age 60

Director since April 1984

Chairman since 2008

Mr. Sauder is 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. He 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.

Areas of Expertise

Strategic Leadership	Industry Knowledge
Financial	Governance
HR & Compensation	Environment, Health & Safety

Board/Committee Memberships	Attendance	Overall Attendance
Board	7 of 7	100%
Environment & Safety Committee	4 of 4	

Shares and Share Equivalents Held:

Interfor shares held (1)	DSUs held (3)	Total shares and DSUs	Total value of shares and DSUs (4)	Meets share ownership guideline (5)
10,000 Class “A” (2)	28,000	38,000	$389,880	Yes

L. SCOTT THOMSON

Independent

Calgary, AB, Canada

Age 43

Director since October 2012

Mr. Thomson is Executive Vice-President, Finance and Chief Financial Officer of Talisman Energy Inc., where he is responsible for finance, mergers and acquisitions, tax, treasury, investor relations, information technology, marketing and planning and is a key advisor on Talisman’s current strategic direction. Previously, he was Executive Vice President, Corporate Development and Planning, and Vice President, Head of Mergers and Acquisitions at Bell Canada Enterprises Inc. Mr. Thomson holds a Bachelor of Arts (Economics and Political Science) from Queen’s University and a Masters of Business Administration (Finance and Accounting) from the University of Chicago.

Areas of Expertise

Strategic Leadership	Financial
International	

Board/Committee Memberships	Attendance	Overall Attendance
Board (since Oct. 2012)	3 of 3	100%
Audit Committee (since Nov. 2012)	1 of 1	
Environment & Safety Committee (since Nov. 2012)	1 of 1	

Shares and Share Equivalents Held:

Interfor shares held (1)	DSUs held (3)	Total shares and DSUs	Total value of shares and DSUs (4)	Meets share ownership guideline (5)
40,000 Class “A”	-	40,000	$410,400	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 1,011,895 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 26 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 $10.26 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 April 4, 2013.

(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 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.

Board and Committee Meetings Held

Directors are expected to attend all Board and committee meetings. The following table sets out a summary of the Board and committee meetings held during 2012. The attendance record for each nominated director is set out in their director profile starting on page 8.

Board/Committee	Total number of meetings	In-camera sessions
Board of Directors (1)	7	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, two special meetings and one strategic planning session in 2012.

Board Independence

The Board requires that at least a majority of its Board be independent. Six of the eight nominated directors, as determined by the Board, are independent directors within the meaning of Canadian securities law, regulation and policy and the rules of the Toronto Stock Exchange. The table below describes the independence status of each nominated director.

Name	Independent	Not Independent	Reason for Non-Independent Status
Duncan K. Davies		√	President & CEO of Interfor
Peter M. Lynch	√		
Gordon H. MacDougall	√		
J. Eddie McMillan	√		
Andrew K. Mittag	√		
Lawrence Sauder		√	Independent of management but not independent 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.
L. Scott Thomson	√		
Douglas W.G. Whitehead	√		

To facilitate the ability of the Board to function independently of management, the Board has put into place the structures and processes set out on pages 16 and 17.

Director Interlocks

None of the directors nominated to stand for election as directors serve together on boards of other publicly traded companies as of the date of this Information Circular.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the proposed director nominees (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, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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.

3. APPOINTING THE AUDITORS

The Company's Audit Committee annually reviews and recommends to the Board the appointment of the external auditors of the Company. The 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. Representatives of KPMG LLP will be at the meeting and can respond to any questions.

The Board recommends that you vote FOR KPMG LLP as the Auditors of the Company and to authorize the directors to fix the Auditors' remuneration.

Auditor Independence

The independence of the auditor is essential to maintaining the integrity of our financial statements. We comply with Canadian securities laws relating to the independence of external auditors, services they can perform and fee disclosure.

The Audit Committee is responsible for overseeing the external auditor, and it meets with them every year to review their qualifications and independence. This includes reviewing formal written statements that set out any relationships with Interfor that can have an impact on their independence and objectivity.

The Audit Committee approves the terms of engagement and the auditors' fees, and pre-approves any non-audit services. Management works with the external auditor every year to develop a list of proposed non-audit services that the committee reviews and pre-approves. More information about the committee's terms of reference can be found in our Annual Information Form for the year ended December 31, 2012. It is available on our website (www.interfor.com) and on SEDAR (www.sedar.com).

Audit Fees

The table below shows the fees billed to Interfor for professional services rendered by KPMG LLP during the years ended December 31, 2011 and December 31, 2012:

	2012	**2011**
Audit fees Fees billed for professional services rendered by KPMG	$423,000	$588,987
Audit-related fees 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.	62,500	43,000
Tax fees 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	52,837	154,015
Other fees Advice regarding the application of International Financial Reporting Standards and certifications (2011); assistance with defining business requirements for a new ERP system selection, a related process re-design and certifications (2012)	174,800	64,400
TOTAL	**$713,137**	**$850,402**

4. HAVING A "SAY ON PAY"

The Board adopted a policy to hold an advisory vote on our approach to executive compensation at every annual general meeting of shareholders. The purpose of a "Say on Pay" advisory vote is to provide shareholders with 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 you to read the executive compensation section starting on page 31. That section describes Interfor's compensation philosophy, the objectives and elements of the program and the measurement and assessment process used by Interfor.

As a shareholder, you have the opportunity to vote *for* or *against* our approach to executive compensation through the following resolution:

> *"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 2013 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.

The Board recommends that you vote FOR the resolution.

5. OTHER BUSINESS

If there are changes to these items of business or other items that properly come before the meeting, you can vote on them as you see fit. As of the date of this circular, we're not aware of any other business that may come before the meeting.

GOVERNANCE

We believe that strong governance improves corporate performance and benefits all stakeholders. Honesty and integrity are vital to ensuring good corporate governance.

This section discusses our governance policies and practices, and the role and functioning of our Board.

Our Governance Practices

Interfor is a public company with its Class "A" Subordinate Voting shares listed on the Toronto Stock Exchange ("**TSX"**). We comply with corporate governance guidelines that apply to Canadian companies listed on the TSX.

Our corporate governance practices also meet or exceed the guidelines adopted by the Canadian Securities Administrators set out under:

- National Instrument 52-110 – *Audit Committee (Canadian audit committee rules);*
- National Instrument 58-101 – *Disclosure of Corporate Governance Practices*; and
- National Instrument 58-201 – *Corporate Governance Guidelines*.

(the "**Governance Disclosure Rules**").

We monitor regulatory developments and governance best practices as they evolve. We adopt regulatory changes which apply to us and incorporate best practices in governance which are appropriate to our circumstances.

BOARD CHARACTERISTICS

Operating Independently

Having an independent Board is critical to effective oversight and good governance. The Board requires that at least a majority of its Board be independent of the Company, the Chairman of the Board and any significant shareholders.

Our Corporate Governance & Nominating Committee is responsible for reviewing the independence of every Board member and nominated director. It uses the independence test set out in the Governance Disclosure Rules. Directors are asked annually to complete an independence questionnaire about their business and any other relationships they have with us (and our affiliates) and senior management (and their affiliates).

The Corporate Governance & Nominating Committee has determined that six of the eight nominated directors are independent directors. Lawrence Sauder, Chairman of the Board is independent of management, but not independent pursuant to the Governance Disclosure Rules. 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.

To facilitate the ability of the Board to function independently of management, the following structures and process are in place:

- the role of Chairman of the Board is separate from the role of CEO;
- the Board has appointed an independent lead director given that the Chairman of the Board is not independent;

- there are no members of management on the Board, other than the President & CEO;
- non-executive directors hold "non-executive" sessions where members of management, including the President & CEO are not present for the discussion and determination of certain matters at meetings of the Board;
- independent directors hold "independent director" sessions after each regularly scheduled Board meeting and strategic planning sessions;
- the President & CEO's compensation is considered, in his absence, by the Management Compensation & Resources Committee and by the Board at least once a year; and
- in addition to the standing committees of the Board, independent committees are appointed from time-to-time, when appropriate.

Chairman of the Board

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.

The Board has developed a written position description for the Chairman of the Board. 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.

Lead Director

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 Board has developed a written position description for the lead director. 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.

Mr. Whitehead is currently the lead director of Interfor.

Independent Director Sessions

At each regularly scheduled quarterly Board meeting and strategic planning session, 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. 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 2012.

Independent Advice

The Board and each of its four standing committees can retain independent advisors to assist them in carrying out its duties and responsibilities.

Serving on other Boards

We do not have a specific policy limiting the number of other public company boards our directors can sit on. We discuss the time commitment and duties and responsibilities with every director candidate so they have a full understanding of the role and our expectations of directors. The Corporate Governance & Nominating Committee monitors director relationships to ensure their business associations do not hinder their role as a director of Interfor or Board performance overall. The director profiles starting on page 8 tell you about the other public company boards the nominated directors serve on and their attendance record on Interfor's Board.

Share Ownership

We have share ownership requirements for our directors to align their interests with those of our shareholders. Ownership levels are significant, and directors must meet the requirements within five years of becoming a director, or by December 31, 2015, whichever is later. See page 26 for more information about the director's share ownership guidelines.

Skills and Experience

Directors are nominated if they have an appropriate mix of skills and experience to provide effective oversight and support our future growth. The Corporate Governance & Nominating Committee uses a skills matrix to assess the composition of the Board and for recruiting new director candidates based on our current and future needs including strategic leadership, industry knowledge, financial acumen, international, environment, health & safety, governance, and human resources & compensation experience.

ETHICAL BUSINESS CONDUCT

Code of Conduct

We have a written Code of Conduct (the "**Code**"), which incorporates the Whistleblower Policy of the Company. The Code applies to all of Interfor's directors, officers and employees. The Code is distributed to all directors, officers and employees and is available on the Company's intranet site. Compliance with the Code is a condition of employment, or term of office in the case of directors. The Code of Conduct and the Whistleblower Policy are set forth in Appendix B and C, respectively, to this Information Circular. The Code is also available on SEDAR at www.sedar.com and on our website (www.interfor.com).

Pursuant to the Code and the Whistleblower Policy, employees must promptly report any conduct or proposed conduct that they reasonably believe to be a violation of the Code. An employee 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 & Nominating Committee in all other cases, on a quarterly basis or sooner if the situation so warrants. Only in extraordinary circumstances and where it is clearly in the best interests of Interfor, the CEO or the Board may waive specific provisions of the Code. Any waiver of the Code for directors or officers of Interfor may only be granted by the Board, and will promptly be disclosed as required by law or stock exchange regulation.

Each year, all salaried employees are asked to acknowledge that they have read and understand the Corporate Policy Manual including the Code and Whistleblower Policy and undertake to abide by all of the requirements of such policies. In 2012, 100% of all salaried employees provided their acknowledgement and agreement to abide by the policies.

Disclosure Policy

We issue timely, fair and accurate disclosure of all material information relating to Interfor to keep shareholders and the public informed about our affairs. Respecting our Disclosure Policy is critical to maintaining our integrity, and each director, executive officer and employee has an obligation to make sure we conduct ourselves according to the policy and its objectives.

Insider Trading Policy

We maintain an insider trading policy that:

- regulates insider trading
- has established a regular black-out calendar
- communicates clearly that short-term, speculative or hedging transactions involving Interfor shares are prohibited
- fulfills our obligations to stock exchanges, regulators and investors

You can find our current policies on our website (www.interfor.com).

Conflicts of Interest

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.

DIRECTOR ORIENTATION, EDUCATION AND DEVELOPMENT

We believe that director education helps directors maintain skills, gain insights and increase their understanding of our operations and current and emerging issues that affect our business and governance practices. As part of on-going education, directors receive updates 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. To enable directors to deepen their familiarity with different areas of the Company, the Board rotates individual directors from time-to-time onto different committees of the Board.

Our orientation program helps familiarize new directors with our Company, the forestry industry and our expectations of 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. In 2012, our two new directors, Andrew Mittag and Scott Thomson, toured the Acorn, Hammond and Adams Lake mills as well as the Coastal Woodlands.

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 require prior approval of the Chairman of the Board.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for the stewardship of the Company on behalf of the shareholders. The Board's stewardship responsibilities are set out in the Mandate of the Board attached as Appendix A to this Information Circular. It discharges its responsibilities, in some cases with the assistance of the standing committees of the Board.

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 and in conformity with law. 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. Its general duty is to promote a strong, viable and competitive company operating with honesty and integrity and to supervise the Company's management in the conduct of the affairs and business 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 the Board's objective.

Overseeing the CEO

The CEO is appointed by the Board and is responsible for managing the Company's affairs. The Board has developed a written position description for the CEO. It is available on our website (www.interfor.com). His key responsibilities involve working with the Board to determine the strategic direction of the Company and its annual goals and objectives, and providing leadership to Management in achieving those goals and objectives.

The Management Resources & Compensation Committee ("**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.

Strategic Planning

We have a multi-year strategic plan that balances risk and reward. Management is responsible for developing our strategic plan, and holds an intensive strategic planning session with the Board every year. At the meeting, management provides an annual review and update of the prior year plan, revises our future multi-year strategic plan based on our progress and establishes annual corporate objectives and goals. At the 2012 strategic planning session a number of speakers attended to provide insights into the global economic outlook, prospects for the U.S. housing and lumber markets, the political and economic situation in China, and other topics relevant to our business. After significant discussion and input from the Board, and possible revisions, management presents the multi-year strategic plan to the Board at the next Board meeting for their review and approval. Management also presents strategic issues to the Board at quarterly Board meetings and as needed throughout the year.

Risk oversight

We face a variety of risks as part of our business activities including operating risk, financial risk, governance risk, health and safety risk, environmental risk, compensation risk, strategic risk and reputational risk.

The Board has overall responsibility for risk oversight and retains oversight for risks not assigned to a specific Board committee. Each committee is responsible for monitoring risks in a specific area.

Committee	Risk Responsibilities
Audit	Monitors certain financial risks
Management Resources & Compensation	Oversees compensation and succession risk
Corporate Governance & Nominating	Reviews overall governance
Environment & Safety	Reviews environment, health and safety risks

Internal controls

The Board and Board committees are responsible for monitoring the integrity of our internal controls and management information systems.

The Audit Committee is responsible for overseeing the internal controls, including controls over accounting and financial reporting systems. Management gives quarterly reports to the Audit Committee, and presents our financial results and forecasts to the Audit Committee and the Board quarterly.

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. This provides reasonable assurance that public reporting of our financial information is reliable and accurate, our transactions are appropriately accounted for and our assets are adequately safeguarded. KPMG audited our internal controls over financial reporting as of December 31, 2012 and provided an unqualified opinion thereon. In addition, KPMG provided an unqualified opinion on our consolidated financial statements for the year ended December 31, 2012.

Compensation risk

The Management Resources & Compensation Committee is responsible for overseeing compensation risk and mitigating risk as much as possible. In 2012, the committee considered the implications of the risks associated with the Company's compensation policies and practices. See page 32 for more information about how the committee manages compensation risk.

Succession Planning

The Management Resources & Compensation Committee reviews and approves on an annual basis the succession planning for management.

Assessing the Board and its Committees

The Board carries out a comprehensive assessment of the Board and its committees 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, directors are asked 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.

Board Renewal

The term of each director expires at the end of the next Annual General Meeting of shareholders, or when their successor is elected or appointed to the Board. We do not have a mandatory retirement policy.

In conjunction with the Chairman of the Board, the Corporate Governance & Nominating Committee is responsible for identifying recruiting, nominating and appointing new directors. It is also responsible for recommending to the Board for approval directors to be elected at the Annual General Meeting. 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 new directors.

The Corporate Governance & Nominating Committee uses a skills matrix to assess the composition of the Board and for recruiting new director candidates based on our current and future needs including strategic leadership, industry knowledge, financial acumen and international, environment health & safety, governance and human resources & compensation experience.

Access to management

The Board encourages the executive leadership team to include key managers in Board meetings so they can share their expertise on specific matters. This gives the Board an opportunity to meet individuals who have the potential to assume more senior positions in the future, and for these individuals to gain exposure with the Board.

Communicating with the Board

We're committed to shareholder engagement and communicating with our shareholders. Shareholders and other interested parties can communicate with members of the Board, including the Chair and other non-management directors.

Shareholders can contact the Board, the Chairman of the Board or any of the directors by writing to:

International Forest Products Limited
P.O. Box 49114, 3500-1055 Dunsmuir Street
Vancouver, BC, Canada
V7X 1H7

Or email: corporatesecretary@interfor.com

COMMITTEES OF THE BOARD

The Board established four standing committees to help it carry out its responsibilities more effectively:

- Corporate Governance & Nominating Committee
- Audit Committee
- Environment & Safety Committee
- Management Resources & Compensation Committee

The Board may also create special ad hoc committees from time-to-time to deal with other important matters.

Each Board committee must consist entirely of independent directors, except the Management Resources & Compensation Committee and the Environment & Safety Committee, which may have a majority of independent directors. Each committee has the authority, at Interfor's expense, to engage any external advisors it deems necessary to carry out their respective duties and responsibilities.

Each committee operates in accordance with Board-approved terms of reference. A written position description is in place for the committee Chairman. At least once a year, each committee reviews its terms of reference, and recommends any changes to the Corporate Governance & Nominating Committee and the Board. You can find the position description for the Committee Chairman and each committee's terms of reference on our website (www.interfor.com).

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 meetings have scheduled in-camera sessions when members can discuss the committee operations and responsibilities without management present.

Information about each committee, as of the date of this Information Circular, is set forth below. The committees will be reconstituted after the Annual General Meeting to take into account the retirement of Messrs. Kalke and Sullivan.

Corporate Governance & Nominating Committee

Members	J. E. McMillan (Chair) Peter M. Lynch Gordon H. MacDougall Douglas W.G. Whitehead
Meetings in 2012	3 regularly scheduled meetings. All meetings included in-camera sessions without management present.
Independent	4 members, 100% independent.

The Corporate Governance & Nominating Committee is responsible for assisting the Board in fulfilling its oversight responsibilities to ensure that the Company has an effective corporate governance regime, monitoring the size, composition, independence and effectiveness of the Board, its members and committees. The committee annually reviews and recommends for approval to the Board, director 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.

Audit Committee

Members	Douglas W.G. Whitehead (Chair) Harold C. Kalke Peter M. Lynch John P. Sullivan L. Scott Thomson
Meetings in 2012	4 regularly scheduled meetings. All meetings included in-camera sessions without management present. The committee also met independently with each of management and the Company's auditors at every meeting which they attended.
Independent	5 members, 100% independent and financially literate to meet the regulatory requirements of National Instrument 52-110 - *Audit Committees*.

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.

Environment & Safety ("E&S") Committee

Members	John P. Sullivan (Chair) Lawrence Sauder Peter M. Lynch L. Scott Thomson Andrew K. Mittag
Meetings in 2012	4 regularly scheduled meetings. All meetings included in-camera sessions without management present.
Majority Independent	5 members, 4 out of 5 of which are independent.

The 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.

Management Resources & Compensation Committee ("MRCC")

Members	Gordon H. MacDougall (Chair) Harold C. Kalke J. Eddie McMillan Andrew K. Mittag
Meetings in 2012	3 regularly scheduled meetings. All meetings included in-camera sessions without management present.
Independent	4 members, 100% independent.

The 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. This process is described starting on page 31 of this Information Circular.

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 A to this Information Circular). The MRCC monitors the objectives, form and performance of the Company's pension plans.

COMPENSATION

This section discusses compensation governance, our director and executive compensation programs, and the decisions affecting executive pay for 2012.

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 2012, 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 July 1, 2012.

	As of July 1, 2012	**June 1, 2011 – June 30, 2012**
Annual Chairman Retainer (1)	$125,000	$125,000
Annual Director Retainer, except CEO	$ 40,000	$ 40,000
Annual Lead Director Retainer (in addition to Annual Director Retainer)	$ 10,000	$ 10,000
CEO – Annual Total Director Compensation(2)	----	$ 6,000
Board Meeting Attendance Fee per meeting	$1,500	$1,200
Board Teleconferencing Fee (less than 1 hr) per teleconference	$500	$ 500
Annual Committee Member Retainer (except Audit Committee members)	$3,000	$ 3,000
Annual Audit Committee Member Retainer	$4,000	$3,000
Annual Committee Chair Retainer, excluding Chair of the Audit Committee	$6,000	$ 6,000
Annual Audit Committee Chair Retainer	$11,000	$ 11,000
Committee Meeting Attendance Fee per meeting	$1,500	$ 1,200
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, travel, meeting attendance and teleconferencing fees.
(2) Effective July 1, 2012, the Corporate Governance & Nominating Committee recommended to the Board, and the Board approved, the elimination of the annual Total Director Compensation 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 2012.

Position	Number of DSUs Granted in 2012(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 15, 2012. The grant date fair value of $4.35 per DSU is included in the Director's Total Compensation Table on page 27.

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 year of 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 TSX 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 TSX 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. The share ownership requirement is $200,000. See page 39 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, 2012 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
Harold C. Kalke[3]	10,300	55,393	65,693	$531,456	$200,000	Dec. 31, 2015
Peter M. Lynch	-	49,393	49,393	$399,589	$200,000	Dec. 31, 2015
Gordon H. MacDougall	15,000	49,393	64,393	$520,939	$200,000	Dec. 31, 2015
J. Eddie McMillan	-	12,000	12,000	$97,080	$200,000	Dec. 31, 2015
Andrew K. Mittag	-	-	-	$-	$200,000	Oct. 31, 2017
Lawrence Sauder	10,000	28,000	38,000	$307,420[(2)]	$200,000	Dec. 31, 2015
John P. Sullivan[4]	220,786	18,000	238,786	$1,931,779	$200,000	Dec. 31, 2015
L. Scott Thomson	40,000	-	40,000	$323,600	$200,000	Oct. 31, 2017
Douglas W.G. Whitehead	17,000	14,965	31,965	$258,597	$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 TSX for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is $8.09 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2012.

(2) Sauder Industries Limited owns 1,011,895 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) Mr. Kalke is not standing for re-election at the Annual General Meeting.

(4) Mr. Sullivan is not standing for re-election at the Annual General Meeting.

Director's Total Compensation

The following table sets out the total director compensation for the year ended December 31, 2012.

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[(6)]	15,200	20,000	-	-	35,200
Harold C. Kalke	23,700	40,000	8,700	2,000	74,400
Peter M. Lynch	29,700	40,000	8,700	10,000	88,400
Gordon H. MacDougall	29,000	40,000	8,700	2,000	79,700
J. Eddie McMillan	66,500	-	8,700	15,000	90,200
Andrew K. Mittag	16,500	-	-	4,000	20,500
Lawrence Sauder	125,000	-	17,400	-	142,400
John P. Sullivan	65,500	-	8,700	2,000	76,200
L. Scott Thomson	16,750	-	-	4,000	20,750
Douglas W.G. Whitehead	44,500	30,000	8,700	3,000	86,200

(1) Duncan Davies' total compensation is set out in the Summary Compensation Table on page 40.
(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 TSX 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, MacDougall and Whitehead elected to receive all or a portion of their Annual Director Retainer for 2012 in DSUs.
(5) All Other Compensation consists of per diem rates and travel time.
(6) Mr. Bell did not stand for re-election at the 2012 Annual General Meeting.

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, 2012.

	Option-based Awards[1]				Share-based Awards[2]		
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date[4]	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[3]							
DSUs					-	-	293,877
SARs	5,000	6.45	30-Jan-2013	8,200			
Harold C. Kalke							
DSUs					-	-	448,129
SARs	5,000	6.45	30-Jan-2013	8,200			
Peter M. Lynch							
DSUs					-	-	399,589
Gordon H. MacDougall							
DSUs					-	-	399,589
J. Eddie McMillan							
DSUs					-	-	97,080
Lawrence Sauder							
DSUs					-	-	226,520
SARs	5,000	6.45	30-Jan-2013	8,200			
John P. Sullivan							
DSUs					-	-	145,620
SARs	22,800	6.45	30-Jan-2013	37,392			
Douglas W.G. Whitehead							
DSUs					-	-	121,067

(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 27 of this Information Circular.
(3) Mr. Bell did not stand for re-election at the 2012 Annual General Meeting.
(4) As a result of the Option Expiration Date falling during Interfor's scheduled blackout period, the expiration date for these options were extended by 30 days from the last day of the scheduled blackout period to March 28, 2013, in accordance with the SAR Plan.

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, 2012. 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	-	20,000	-	-
Harold C. Kalke	-	40,000	8,700	-
Peter M. Lynch	-	40,000	8,700	-
Gordon H. MacDougall	-	40,000	8,700	-
J. Eddie McMillan	-	-	8,700	-
Lawrence Sauder	-	-	17,400	-
John P. Sullivan	-	-	8,700	-
Douglas W.G. Whitehead	-	30,000	8,700	-

(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 40.

(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 2012. These amounts are included in the Director's Total Compensation Table on page 28. 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 TSX 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 2012. 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 TSX 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 28.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Objectives and Strategy

The 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 2012, the Company used the following Western Canadian and U.S. Pacific Northwest based forest companies as its comparator group.

Comparator Companies	Criteria for Selection
Canfor Corporation Catalyst Paper Corporation West Fraser Timber Co. Ltd. Western Forest Products Inc.	• 4 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 $32,000 and $31,000 for its services in 2011 and 2012, respectively. Towers Watson did not perform any other work for the Company in 2011. In 2012, Towers Watson was also retained for non-executive compensation initiatives which amounted to approximately $20,000.

Risk Management

The MRCC has considered the implications of the risks associated with the Company's compensation policies and practices. The MRCC considered the balance between long-term objectives and short-term financial goals incorporated into the Company's executive compensation program and whether or not Named Executive Officers are potentially encouraged to expose the Company to inappropriate or excessive risks. Risks, if any, may be identified and mitigated through regular meetings of the MRCC and the Board. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging

The Company has 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. Specifically, executive officers or directors are prohibited from engaging in the following transactions with respect to the Company's shares: Short sales, monetization of equity awards (stock options, performance share units, deferred share units) before vesting, transactions in derivatives on Company shares such as put and call options, any other hedging or equity monetization transactions where the individual's economic interest and risk exposure in the Company's shares are changed such as collars or forward sale contracts.

To the knowledge of the Company, none of the Named Executive Officers or directors has ever purchased any such instruments for such purpose.

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.

Fixed Compensation	40-60%
At-risk compensation *Short-term incentives* • Discretionary Short-term Incentive Plan • President's Award • Other Discretionary Bonuses *Long-term incentives* • TSR Plan • SAR Plan	40-60%

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.

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 2012, no accruals were made. As such, no awards were made under this plan in 2012.

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 2012, the MRCC authorized the Company to accrue $50,000 per month for potential President's Awards. In respect of 2012, President's Awards in the aggregate amount of $435,000 were awarded to 74 employees. Mr. Schulte received $12,500 in recognition of leadership of the Coastal business. Mr. Hofer received $25,000 for his strong leadership of the Sales and Marketing group and progress on the Customer Commitment Initiative. Mr. Stock received $22,500 for progress made on HR initiatives in 2012.

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 2012.

TSR Plan

Awards under the TSR Plan represent long-term 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. In 2012, all of the Named Executive Officers 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, 2012	100%
	3 Years ending Dec. 31, 2013	100%
	3 Years ending Dec. 31, 2014	100%
	3 Years ending Dec. 31, 2015	100%
John A. Horning	3 Years ending Dec. 31, 2012	90%
	3 Years ending Dec. 31, 2013	90%
	3 Years ending Dec. 31, 2014	90%
	3 Years ending Dec. 31, 2015	90%
Steven Hofer(1)	3 Years ending Dec. 31, 2013	50%
	3 Years ending Dec. 31, 2014	50%
	3 Years ending Dec. 31, 2015	50%
Otto F. Schulte(1)	3 Years ending Dec. 31, 2013	50%
	3 Years ending Dec. 31, 2014	50%
	3 Years ending Dec. 15, 2015	25%
Mark W. Stock(2)	2.6 Years ending Dec. 31, 2014	50%
	3 Years ending Dec. 31, 2015	50%
Sandy M. Fulton(3)	3 Years ending Dec. 31, 2012	90%
	3 Years ending Dec. 31, 2013	90%

(1) Mr. Hofer and Mr. Schulte became eligible to participate in the TSR Plan as of January 1, 2011.
(2) Mr. Stock became eligible to participate in the TSR Plan as of May 24, 2012.
(3) Mr. Fulton retired on February 1, 2012. His TSR awards will be prorated to reflect his period of employment.

a) 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 final grant under the Pre-2011 TSR was made in 2010, with a Performance Period ending December 31, 2012.

The following table shows a history of payouts under the Pre-2011 TSR Plan. For the 2010-2012 performance cycle, the Company achieved a compound annual growth rate of 18.0%, which resulted in the maximum payout (see page 36 for incumbent specific details).

Performance Period	Payout
3 years ended 2010	$0
3 years ended 2011	$3,195,000
3 years ended 2012	$2,673,157

b) 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 36 by the participant’s annual base salary and then dividing same by the price of the Company’s Class “A” Subordinate Voting shares 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 compared 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 - 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
	3 Years ending Dec. 31, 2015	40,173	80,346	120,519
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
	3 Years ending Dec. 31, 2015	25,031	50,062	75,093
J. Steven Hofer	3 Years ending Dec. 31, 2013	11,951	23,901	35,852
	3 Years ending Dec. 31, 2014	14,881	29,762	44,643
	3 Years ending Dec. 31, 2015	9,271	18,541	27,812
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
	3 Years ending Dec. 31, 2015	3,863	7,726	11,589
Mark W. Stock	Period ending Dec. 31, 2014[1]	12,638	25,275	37,913
	3 Years ending Dec. 31, 2015	7,108	14,215	21,323
Sandy M. Fulton[2]	3 Years ending Dec. 31, 2013	14,016	28,033	42,049

(1) The performance period for Mr. Stock's award is May 24, 2012 to Dec. 31, 2014.
(2) Mr. Fulton retired February 1, 2012. The estimated future PSU Award has been pro-rated for the period of actual employment.

c) 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 TSX for the five consecutive trading days ended on the trading day immediately prior to the end of the three year performance period.

Other Equity Incentives

Other 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 ("SAR 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 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 TSX 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 2012, the MRCC approved a grant of 313,500 SARs, none of which were granted to the

Named Executive Officers.

As of December 31, 2012, SARs granted that had not expired or been cancelled totaled 2,566,560, of which 667,850 had been exercised. At December 31, 2012, 179,200 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 of 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 TSX 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, 2012, 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 45, 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 SHAREHOLDING OWNERSHIP REQUIREMENTS

The Company's share ownership requirement was introduced for certain 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, 2012 for 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 TSX 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(2)	Value of Holdings Required	Date Required
Duncan K. Davies	3 times	241,100	161,355	402,455	3,255,861	$1,950,000	Dec. 31, 2011
John A. Horning	2 times	174,600	80,000	254,600	2,059,714	$900,000	Dec. 31, 2011
J. Steven Hofer	1 times	1,220	-	1,220	9,870	$250,000	Dec. 31, 2016
Mark W. Stock	1 times	-	-	-	-	$230,000	Dec. 31. 2017

(1) Based upon the indicated multiple of annual base salary in effect as of January 1, 2007 in the case of Mr. Davies and Mr. Horning, as of January 1, 2011 in the case of Mr. Hofer, and as of May 24, 2012 in the case of Mr. Stock.

(2) Value determined as the higher of: (i) actual cost of shares or the grant date market value of DSUs awarded, and (ii) $8.09 per share or DSU held, which is the weighted average trading price of the Class "A" Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2012.

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, 2010, December 31, 2011 and December 31, 2012.

It should be noted that the Share Based Awards for 2011 and 2012 relate to awards of PSUs under the Modified TSR Plan for the performance periods which end December 31, 2013 and 2014. The amounts shown represent the fair value of the awards at the grant dates and do not provide the actual value of the payout which will be received after the maturity dates of the awards. Conversely, the Non-Equity Incentive Plan Compensation for 2011 and 2012 under Long-term Incentive Plans is the actual amount earned under the TSR Plan grants made in 2009 and 2010 which matured December 31, 2011 and 2012. The change from a cash plan to a plan that incorporates PSUs tied directly to the Company's share price means that for 2011 and 2012, the table below shows both the cash payments associated with the 2009-2011 and 2010-2012 TSR awards and the theoretical grant values of the 2011-2013 and 2012-2014 PSU awards. Using the CEO as an example, the $1,300,000 value for 2012 under the Long-term Incentive Plans column is the value earned based on achieving a compound annual growth rate exceeding 15% during the 2010-2012 period, while the $492,425 value under the Share Based Awards column represents the theoretical grant value for the PSU grant made in 2012 and is subject to performance and share price risk until December 31, 2014.

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	2012	653,000[1]	492,425	-	-	1,300,000	66,255	25,726	2,537,406
	2011	656,000	550,495	-	-	1,300,000	66,775	15,877	2,589,147
	2010	656,000	-	-	-	-	69,775	25,726	751,501
John A. Horning Senior Vice President & CFO	2012	450,000	306,819	-	-	810,000	42,255	15,760	1,624,834
	2011	450,000	343,001	-	-	810,000	42,775	10,554	1,656,330
	2010	450,000	-	-	-	-	45,775	15,760	511,535
J. Steven Hofer Vice President, Sales & Marketing	2012	250,000	94,697	-	25,000	-	22,391	-	392,088
	2011	247,151	105,865	-	20,000	-	21,779	-	394,795
	2010	219,735[9]	-	51,703	15,000	-	18,374	-	304,812
Otto F. Schulte Vice President, Coastal Operations	2012	250,000	94,697	-	12,500	-	20,655	-	377,852
	2011	250,000	105,865	-	20,000	-	20,575	-	396,440
	2010	241,667[9]	-	51,703	15,000	-	20,175	-	328,545
Mark W. Stock Vice President, Human Resources[11]	2012	139,474[10]	86,483	-	22,500	-	8,368	-	256,825
Sandy M. Fulton Senior Vice President & COO[12]	2012	39,300	-	-	-	750,101	5,023	88,193	882,617
	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

(1) In addition to his annual base salary, Mr. Davies received a CEO - Total Director Compensation in the amount of $6,000 annually until June 30, 2012. Effective July 1, 2012, the Corporate Governance & Nominating Committee recommended to the Board, and the Board approved, the elimination of the annual Total Director Compensation to the CEO.

(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. Hofer and Mr. Schulte participated in the SAR Plan in 2010. Effective January 1, 2011, Mr. Hofer and Mr. Schulte no longer participated in the SAR Plan as they 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 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.

(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.

(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 U.S. resident Named Executive Officers, 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. The amount shown for Mr. Fulton in 2012 includes holiday pay of $86,278.

(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. Schulte's annual base salary increased to $250,000 from $225,000.

(10) Mr. Stock was hired May 24, 2012 with an annual salary of $230,000. The amount reflects what he received in 2012.

(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, 2012.

	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					279,045	1,128,737	-
DSUs					-	-	1,305,362
John A. Horning							
PSUs					173,867	703,292	-
DSUs					-	-	647,200
J. Steven Hofer							
PSUs					53,663	217,067	-
SARs	5,200	7.09	25-Jan-2015	5,219	-	-	
SARs	5,000	7.03	6-Feb-2016	5,310	-	-	
SARs	7,500	8.02	19-Feb-2017	560	-	-	
SARs	20,000	5.21	19-Feb-2018	57,530	-	-	
SARs	20,000	1.38	24-Feb-2019	134,222	-	-	
SARs	20,000	4.77	23-Feb-2020	66,328	-	-	
Otto F. Schulte							
PSUs					53,663	217,067	-
SARs	15,600	6.07	27-Jan-2014	31,549	-	-	
SARs	13,400	7.09	25-Jan-2015	13,448	-	-	
SARs	5,000	7.03	6-Feb-2016	5,310	-	-	
SARs	7,500	8.02	19-Feb-2017	560	-	-	
SARs	20,000	5.21	19-Feb-2018	57,530	-	-	
SARs	20,000	1.38	24-Feb-2019	134,222	-	-	
SARs	20,000	4.77	23-Feb-2020	66,328	-	-	
Mark W. Stock							
PSUs					25,275	102,237	-
Sandy M. Fulton							
PSUs					28,033(5)	113,392	-

(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. Hofer and 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, 2012, calculated by multiplying the number of DSUs held by $8.09, being the weighted average trading price of the Class "A" Subordinate Voting shares on the

TSX for the five trading days preceding December 31, 2012. DSUs vest immediately upon grant. The number of DSUs held by the Named Executive Officers at December 31, 2012 is shown on page 32 of this Information Circular. Mr. Fulton did not hold DSUs. However, in 2010 and 2012, the Board exercised discretion under the TSR Plan and required that the amounts payable in respect of TSR awards of Mr. Fulton that matured on December 31, 2009 and 2012 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, 2012 was $2,281,187.

(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 had not vested was 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, 2012.

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
J. Steven Hofer	12,684	-	25,000
Otto F. Schulte	12,684	-	12,500
Mark W. Stock	-	-	22,500
Sandy M. Fulton	-	-	750,101 (1)

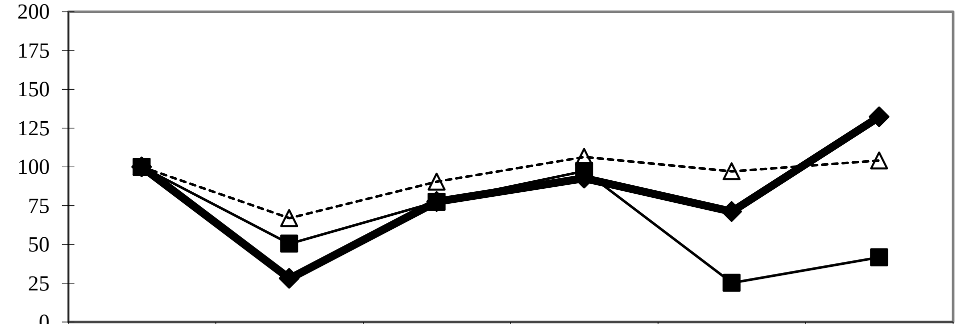
(1) In 2010 and 2012, the Board exercised its discretion and required all of Mr. Fulton's TSR award for the performance periods ended Dec. 31, 2009 and Dec. 31, 2012 to be credited to an interest bearing cash account under the DSU Plan. $186,944 of the amount indicated represents the interest earned 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

IFP.A vs TSX P&FP and TSX Composite



	2007	2008	2009	2010	2011	2012
Interfor	100.0	28.1	77.6	92.7	71.2	132.3
TSX P&FP Total	100.0	50.5	77.5	97.3	25.3	41.7
TSX Comp Total	100.0	67.0	90.5	106.4	97.1	104.1

The substantial decrease in the Company's share price in 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 2008 resulted in no awards under the TSR Plan in 2008 and the financial performance of the Company during 2008 resulted in no short-term incentive bonuses to the CEO, CFO and COO for that year. 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. Similarly, in 2012, the maximum payout under the TSR plan for the 2010 to 2012 performance cycle was achieved based on compounded annual shareholder return of 18% over the performance period.

EQUITY COMPENSATION PLAN INFORMATION

As at December 31, 2012, 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**
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 $11,745 in respect of 2012. 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 2012 was $22,970. All Named Executive Officers except Mr. Hofer and Mr. Fulton are or were eligible to participate in the RRSP/DPSP. 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. Hofer and Mr. Fulton, the former COO, were entitled to make voluntary contributions to the Company’s 401(k) Plan up to a total maximum of $17,000 in respect of 2012. Mr. Fulton retired February 1, 2012. Employees 50 and over may contribute a “catch-up” amount of $5,500 per year for a maximum deferral of $22,500 in respect of 2012. The Company makes a matching contribution to participant accounts of up to 4% of an employee’s compensation with a maximum match of $10,000 in respect of 2012. 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 2012, the resulting rate was 5.4%. 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 2012, the rate ranged from 15.7% to 18.3%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	1,146,076	54,510	1,263,946
John A. Horning	544,153	30,510	604,871
J. Steven Hofer	46,856(1)	12,395(2)	67,775(3)
Otto F. Schulte	208,480	8,910	228,889
Mark W. Stock	-	-	-
Sandy M. Fulton	264,144(1)	-	298,871(3)

(1) Mr. Fulton's and Mr. Hofer's amounts have been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2011.
(2) Mr. Hofer's amount has been converted to Canadian dollars using the average foreign exchange rate for 2012.
(3) Mr. Fulton's and Mr. Hofer's amounts have been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2012.

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. Hofer and Mr. Schulte as at December 31, 2012 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, is shown in the following table for each of Mr. Hofer and Mr. Schulte. The 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 40 and, in the case of Mr. Schulte, 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, 2012 in accordance with the terms of the SAR Plan, or any value for SARs that were not in-the-money as at December 31, 2012. No value has been ascribed to the acceleration of the payment of the benefit as the net present value of the accelerated benefit could potentially be offset by future increases in the value of the Class "A" Subordinate Voting shares. For more information on the SAR Plan, please see page 37.

Named Executive Officer	Payment in Respect of SAR Awards ($)	Amounts Reported in the Summary Compensation Table ($)	Incremental SAR Award Payments ($)
J. Steven Hofer	104,992	31,022	73,970
Otto F. Schulte	104,992	43,682	61,310

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 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, 2012. The incremental 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 not for cause, resignation, retirement or Change of Control or change in a Named Executive Officer's responsibilities, assuming the triggering event took place on December 31, 2012, would have been as shown in the following table. The value has, in part, been reported under “Share Based Awards” in the Summary Compensation Table (based on the grant date for value of the PSUs awarded under the Modified TSR Plan) on page 40 and, as a result, only part would reflect any incremental payment. No value has been ascribed to the acceleration of the payment of the benefit as the net present value of the accelerated benefit could potentially be offset by future increases in the value of the Class “A” Subordinate Voting shares. For more information on the TSR Plan, please see page 33.

Named Executive Officer	Payment in Respect of TSR Awards ($)(1)	Amounts Reported in the Summary Compensation Table ($)	Incremental TSR Award Payments ($)
Duncan K. Davies	1,633,063	1,042,920	590,143
John A. Horning	1,017,526	649,820	367,706
J. Steven Hofer	314,054	200,562	113,492
Otto F. Schulte	314,054	200,562	113,492
Mark W. Stock	62,126	86,483	-
Sandy M. Fulton	340,363	343,001	-

(1) The number of PSUs which would have been earned is based on the weighted average trading price of the Class “A” Subordinate Voting shares on the TSX for the five trading days preceding December 31, 2012. The value calculated has been prorated to reflect the actual period(s) between the commencement of the performance period and December 31, 2012.

As disclosed in the table on page 39, 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 39 sets out the market value of such DSUs as at December 31, 2012. In addition, the Board required that TSR awards 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 pages 37 and 38.

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, 2012.

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	1,436,282	466,438	1,902,720
John A. Horning	24	450,000	1,012,519	238,145	1,250,663
J. Steven Hofer	24	250,000	625,865	43,596	669,461
Otto F. Schulte	24	250,000	610,767	70,191	680,958
Mark W. Stock	24	230,000	608,694	12,623	621,318

(1) Based on trigger event having occurred December 31, 2012.

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 4th day of April, 2013.

MARILYN LOEWEN MAURITZ
General Counsel & Corporate Secretary

APPENDIX A: 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 B: 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.

APPENDIX C: WHISTLEBLOWER POLICY

SCOPE AND PURPOSE

Interfor's Code of Conduct ("**Code**") requires directors, officers and employees to observe high standards of business ethics and to comply with all applicable laws and regulations and the Company's policies in the conduct of their duties and responsibilities.

This Whistleblower Policy is intended to encourage and enable employees and others to raise concerns regarding violations or suspected violations of the Code within the Company rather than seeking resolution outside the Company, without fear of retaliation.

NO RETALIATION

No director, officer or employee who in good faith reports a violation or suspected violation of the Code shall suffer harassment, retaliation or adverse employment consequence. Anyone who retaliates against an individual who has reported a violation or suspected violation of the Code is subject to disciplinary action up to and including termination of employment.

CONFIDENTIALITY

Violations or suspected violations of the Code may be submitted on a confidential basis or may be submitted anonymously. The Company will treat all communications under this Whistleblower Policy in a confidential manner, except to the extent necessary to conduct a complete and fair investigation.

REPORTING VIOLATIONS

It is the responsibility of all directors, officers and employees to report violations or suspected violations of the Code in accordance with this Whistleblower Policy.

Reporting Violations Generally

If an employee reasonably believes that a violation of the Code has occurred or may occur, the employee is encouraged to speak to his or her supervisor or Divisional Manager. The person accepting the report will promptly contact Interfor's General Counsel who will assist in investigating the concern. If the employee is uncomfortable in talking to his or her supervisor or Divisional Manager or feels that a reported violation or suspected violation of the Code has not been properly acted upon, the employee may directly contact Interfor's CEO, General Counsel, or the Chair of the Corporate Governance & Nominating Committee.

Reporting Accounting and Auditing Complaints/Concerns

An employee with concerns about questionable accounting or auditing matters may report such concerns to the General Counsel or the Chair of the Audit Committee. The General Counsel will forward all complaints to the Chair of the Audit Committee. Following a review of the complaint or concern, the Audit Committee Chair, where appropriate, will take steps to have the matter investigated and, if warranted, will request that the Board and management implement disciplinary action.

HANDLING OF REPORTED VIOLATIONS

Anyone submitting a report of a violation or suspected violation of the Code will receive acknowledgement of their report on a timely basis. All reports will be promptly investigated and appropriate disciplinary action will be taken if warranted by the investigation.

Supervisors, Divisional Managers and the General Counsel have an obligation to inform the CEO of any reported Code violations or suspected violations on a timely basis. These violations and their resolutions will be collated, summarized and reported to the Chair of the Audit Committee in the case of accounting and auditing complaints/concerns, and the Chair of the Corporate Governance & Nominating Committee in all other cases, on a quarterly basis or if circumstances warrant, at the time the CEO becomes aware of the situation.

ACTING IN GOOD FAITH

Anyone filing a report concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations which prove to have been made maliciously or knowingly to be false may result in disciplinary action.

DISCIPLINARY ACTION

If it is determined that an employee has violated the Code, disciplinary action will be taken against the employee, and depending on the nature and severity of the violation, such action may include termination of employment. Certain violations may also require Interfor to refer the matter to criminal or civil authorities for investigation or prosecution.

Any supervisor, who directs or approves of conduct in violation of the Code, or who has knowledge of such conduct and does not promptly report it, is also subject to disciplinary action, up to and including employment termination.

In the case of an alleged violation by an executive officer or director, the Chair of the Board and the Board of Directors are responsible for determining whether a violation has occurred and, if so, what disciplinary measures are appropriate in the circumstances.