

ANNUAL INFORMATION FORM

Prepared as of February 4, 2021

In this Annual Information Form, the term "Company", "Interfor", "we" or "our" means Interfor Corporation together with its subsidiaries. The financial results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All information in this Annual Information Form is presented as at December 31, 2020, and all amounts are in Canadian Dollars, unless otherwise specified herein.

FORWARD LOOKING INFORMATION

This Annual Information Form contains forward-looking information about the Company's business outlook, objectives, plans, strategic priorities and other information that is not historical fact. A statement contains forward-looking information when the Company uses what it knows and expects today, to make a statement about the future. Forward-looking information is included under the headings "Recent Developments", "Manufacturing and Timber Supply", "Sales and Marketing", "Environment", "Research and Development" and "Risk Factors". Statements containing forward-looking information may include words such as: will, could, should, believe, expect, anticipate, intend, forecast, projection, target, outlook, opportunity, risk or strategy.

Readers are cautioned that actual results may vary from the forward-looking information in this report, and undue reliance should not be placed on such forward-looking information. Risk factors that could cause actual results to differ materially from the forward-looking information in this report are described in Interfor's annual Management's Discussion & Analysis under the heading "Risks and Uncertainties", which is available on www.interfor.com and under Interfor's profile on www.sedar.com. Material factors and assumptions used to develop the forward-looking information in this report include volatility in the selling prices for lumber, logs and wood chips; the Company's ability to compete on a global basis; the availability and cost of log supply; natural or man-made disasters; currency exchange rates; changes in government regulations; the availability of the Company's allowable annual cut ("AAC"); claims by and treaty settlements with Indigenous peoples; the Company's ability to export its products; the softwood lumber dispute between Canada and the U.S.; stumpage fees payable to the Province of British Columbia ("B.C."); environmental impacts of the Company's operations; labour disruptions; information systems security; and the existence of a public health crisis (such as the current COVID-19 pandemic).

Unless otherwise indicated, the forward-looking information in this report is based on the Company's expectations at the date of this report. Interfor undertakes no obligation to update such forward-looking information, except as required by law.

DESCRIPTION OF THE BUSINESS

Interfor is a growth-oriented forest products company with operations in Canada and the United States. The Company has annual production capacity of approximately 3.0 billion board feet and offers a diverse line of lumber products to customers around the world.

The Company has sawmilling operations in British Columbia in Canada and in Washington, Oregon, Georgia, South Carolina and Arkansas in the United States.

COMPANY HISTORY AND DESCRIPTION

Our business originated in the 1930's with a sawmill in Whonnock, about 48 kilometres east of Vancouver, B.C. Since that time, we have made significant investments to expand, upgrade and diversify our production facilities and timber base through capital programs and the acquisition of manufacturing plants and timber resources.

The Company was incorporated under the *Company Act* (British Columbia) on May 6, 1963 and, on December 1, 1979, was amalgamated with subsidiary Whonnock Forest Products Limited. On January 1, 1988, a change in name from Whonnock Industries Limited to International Forest Products Limited occurred. On February 10, 2006, we transitioned under the *Business Corporations Act* (British Columbia). Effective on May 6, 2014, the Company's name was changed to Interfor Corporation. Our head office, principal address and records office are located at Suite 1600, 4720 Kingsway, Burnaby, British Columbia, V5H 4N2.

Our significant indirectly wholly-owned subsidiary, Interfor U.S. Inc., is incorporated in the State of Washington and owns and operates our U.S. sawmills. Interfor U.S. Timber Inc. and Interfor Cedarprime Inc. (both incorporated in the State of Washington) are also indirectly wholly owned subsidiaries of Interfor. Directly wholly-owned subsidiaries include Interfor U.S. Holdings Inc. (incorporated in Washington), Interfor Sales & Marketing Ltd. (incorporated in British Columbia), and Interfor Japan Ltd. (incorporated in British Columbia).

RECENT DEVELOPMENTS

2018

On March 1, 2018, the Company renewed its Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 3,500,000 Shares. On December 21, 2018, the Company amended the NCIB, to increase the number of Shares to 6,934,356, or 10% of its public float as at March 1, 2018. Under this NCIB, which began on March 7, 2018 and expired on March 6, 2019, the Company purchased 2,792,640 Shares at a weighted average price of \$16.02 per Share. All repurchased Shares were cancelled.

On June 15, 2018, the Company extended the maturity of its U.S. Operating Line from May 1, 2019 to June 15, 2021, with no other significant changes.

On August 2, 2018, Interfor announced US\$240 million in large scale projects at its Thomaston, Eatonton and Georgetown sawmills with completion expected in various phases from 2019 to 2021. These projects are designed to add annual lumber production of approximately 275 million board feet and enhance operating margins at these operations.

On August 14, 2018, Interfor completed an agreement to extend US\$84 million of its 2021 to 2023 Senior Secured Note maturities to 2027 to 2029. As a result, Interfor's weighted average fixed interest rate on its term debt increased to 4.47%.

2019

On March 4, 2019, the Company renewed its NCIB to purchase for cancellation up to 6,652,006 Shares, or 10% of its public float as at March 4, 2019. This NCIB began on March 7, 2019 and expired on March 6, 2020. The Company purchased no Shares under this NCIB.

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On March 28, 2019, the Company completed a modernization of its credit facility. The new facility replaced the U.S. Operating Line, Canadian Operating Line, and Revolving Term Line with one consolidated facility. The new facility increased credit availability to \$350 million, reduced the security requirements, financial covenants and certain other restrictions and matures in March 2024.

On June 3, 2019, Interfor entered into a purchase agreement with Canadian Forest Products Ltd. ("Canfor") to acquire two replaceable timber licences with annual cutting rights of approximately 349,000 cubic metres, an interest in a non-replaceable forest licence and other related forestry assets in the Adams Lake area of the B.C. Interior and assume certain liabilities for total cash consideration of \$60 million.

On August 26, 2019, Interfor announced that Duncan Davies would step down from his role as President & CEO on December 31, 2019 and Ian Fillinger (at that time, the Company's Senior Vice President and COO) had been appointed President & CEO effective January 1, 2020.

On September 3, 2019, Interfor announced a plan to reconfigure its B.C. Coastal business, including the permanent closure of its Hammond sawmill, located in Maple Ridge, B.C., and the reorganization of its forestry and woodlands operations. Hammond ceased lumber production in early October 2019 and the Hammond site is no longer in use.

2020

On January 1, 2020, the appointment of Ian Fillinger as President & CEO of Interfor became effective. Mr. Fillinger also joined the Company's Board of Directors effective January 1, 2020.

On February 18, 2020, Interfor announced that it had priced US\$50 million in long-term debt financing with Prudential Private Capital. The senior secured notes carry an annual interest rate of 3.34% and have a final maturity in 2030. On March 20, 2020, Interfor announced that it had priced an additional US\$50 million in long-term debt financing with Prudential Private Capital, in the form of senior secured notes with an annual interest rate of 3.25% and a final maturity in 2030. The total US\$100 million financing closed on March 26, 2020.

On March 9, 2020, Interfor completed the purchase of two replaceable timber licenses from Canfor after receiving consent from the Government of B.C.

On March 11, 2020 the World Health Organization declared the COVID-19 outbreak a pandemic and to date, the pandemic and related government-imposed restrictions and quarantines have had an unprecedented impact on the global economy. As a result, industry-wide demand for lumber products declined substantially in Q1'20 and benchmark lumber prices weakened significantly through early April. In response, on March 18, 2020 Interfor announced a temporary reduction in lumber production by approximately 35 million board feet per week across its operations in British Columbia, the U.S. Northwest and the U.S. South for an initial two-week period, representing approximately 60% of Interfor's production capacity. On March 26, 2020 the Company announced a further production curtailment, resulting in a total reduction of approximately 50 million board feet for the week of March 30, 2020. By the end of Q2'20, the Company's lumber production had returned to rates typical for the period preceding the pandemic.

Effective April 30, 2020, Martin Juravsky resigned from the role of Senior Vice President & CFO. On August 6, 2020, Richard Pozzebon was appointed Senior Vice President & CFO of Interfor.

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On September 14, 2020, Interfor announced that it had entered into an agreement to sell its specialty sawmill located in Gilchrist, Oregon. The transaction closed on October 29, 2020.

On November 11, 2020, the Company commenced an NCIB for the twelve-month period ending on November 10, 2021, to purchase for cancellation up to 5,981,751 common shares, which represents 10% of the Company's public float as at November 5, 2020. During 2020, the Company purchased 1,327,420 Shares at a weighted average price of \$18.40 per share. All purchased Shares were cancelled.

See "Legal Proceedings" for a description of developments related to the softwood lumber dispute.

MANUFACTURING AND TIMBER SUPPLY

We operate four sawmills in B.C. and have U.S. operations comprising two sawmills in Washington, one sawmill in Oregon, one sawmill in South Carolina, one sawmill in Arkansas, and seven sawmills in Georgia. These operations produce a wide range of products for sale in North American and offshore markets. The products range from commodity structural lumber through to specialty products.

The mills can cut logs of various species and grades. Many of our manufacturing facilities have recently been upgraded and modified to improve the matching of timber resources with our customers' lumber requirements.

Rated capacity and production of lumber for each region is set out in the following table:

| Sawmills | Present Rated Capacity (1) | Production for years ended December 31, | | |
|-------------------------------------|-------------------------------------|---|--------------|--------------|
| | | 2020 | 2019 | 2018 |
| | | (millions of board feet) | | |
| B.C. Coast⁽²⁾⁽³⁾ | 140 | 59 | 125 | 148 |
| B.C. Interior | 750 | 625 | 650 | 683 |
| U.S. Northwest⁽⁴⁾ | 550 | 459 | 546 | 561 |
| U.S. South | 1,585 | 1,234 | 1,325 | 1,243 |
| Total | 3,025 | 2,377 | 2,646 | 2,635 |

(1) Based on two shifts per day and adjusted for regional operating parameters as of December 31, 2020.

(2) Volumes include lumber custom-cut at third party facilities under the direction of Interfor management amounting to 10, 9 and 4 million board feet in 2018, 2019 and 2020, respectively.

(3) On September 3, 2019, Interfor announced the permanent closure of its Hammond sawmill, located in Maple Ridge, B.C. The mill ceased lumber production in October 2019.

(4) On September 14, 2020, Interfor announced it had reached an agreement to sell its specialty sawmill, located in Gilchrist, Oregon. The mill ceased lumber production in July 2020.

CANADIAN OPERATIONS

B.C. Coast

We own and operate one sawmill operation on the B.C. Coast. Our Acorn operation is located on leased land in Delta, B.C. and consists of a log dewatering and merchandizing system, a sawmill, and a planer mill. This sawmill specializes in sizes and grades of lumber for use in Japanese traditional housing made primarily from hemlock logs.

B.C. Interior

We own and operate three sawmill operations within the B.C. Interior region with timber tenures having a total AAC of 1.95 million cubic metres. Our Adams Lake operation is located near Kamloops, B.C., while our Castlegar and Grand Forks operations are located in the southern interior of B.C. These mills manufacture kiln-dried lumber for the U.S. and Canadian construction markets as well as for offshore markets, and have the capability to cut Douglas-fir, spruce-pine-fir ("SPF"), fir-larch, western red cedar and hemlock dimension lumber. The Adams Lake and Castlegar operations include systems for transporting logs on Adams Lake and Arrow Lakes, respectively.

B.C. Timber Supply

In the Province of British Columbia, the government or "Crown" owns 94% of the land from which the majority of the timber the Company consumes is harvested. Forest and timber harvesting operations on Crown land in B.C. are regulated under the *Forest and Range Practices Act (British Columbia)* and the *Forest Act (British Columbia)*. The Government of B.C. is responsible for setting the harvest levels, approving forest stewardship plans and cutting permits, determining the stumpage system, and managing compliance and enforcement.

The Province provides for the use of Crown forest land through the granting of various forms of timber tenures. These tenure agreements provide timber harvesting rights in exchange for annual rent and stumpage fees payable to the Crown.

Interfor manages forest resources under our tenures in accordance with the requirements of the applicable laws and regulations. Forest management of our tenures is guided by a team of forest professionals that are engaged in a wide array of activities such as resource planning, forest development, road building and harvesting, reforestation, forest protection, and environmental certification.

We hold various Forest Licence ("FL"), Tree Farm Licence ("TFL") and Timber Licence tenures that currently provide for an AAC of approximately of 3.74 million cubic meters. The majority of Interfor's tenures are long term (15 and 25 year) renewable agreements that are generally replaced every five to ten years.

In March 2020, the Company received regulatory approval for the transfer of tenures in the Kamloops Region from Canfor with a combined AAC of 349,000 cubic meters.

Our timber supply needs are met by a combination of logs harvested from our own timber tenures, long term trade and supply agreements, and log purchases on the open market. When operating at normal capacity, our mills in B.C. currently acquire approximately one-third of their log supply from external sources.

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On the B.C. Coast, we harvest a variety of species consisting primarily of western hemlock, amabilis fir, western red cedar and Douglas-fir. In the B.C. Interior, the species mix consists primarily of spruce, pine, balsam fir, Douglas-fir, larch, hemlock, and western red cedar. Logging operations are seasonal due to several factors including weather, ground conditions, and fire season restrictions.

The following table shows the AAC under our tenures and other cutting rights as well as the volume of timber harvested in the periods specified. It also presents the volume of log purchases and sales during the periods.

| B.C. Timber Supply | Years ended December 31 | | |
|--|--------------------------------|--------------|--------------|
| | 2020 | 2019 | 2018 |
| | (^000 m3) | | |
| Allowable Annual Cut ⁽¹⁾ | | | |
| – Forest Licences | 2,503 | 2,503 | 2,566 |
| – Tree Farm Licences | 840 | 840 | 840 |
| – Discretionary Annual Harvest Levels ⁽²⁾ | 50 | 25 | 50 |
| Total AAC | <u>3,393</u> | <u>3,368</u> | <u>3,456</u> |
| Log Production | | | |
| – Coast ⁽³⁾ | 651 | 816 | 1,064 |
| – Interior | 1,465 | 1,297 | 1,642 |
| Total Log Production | <u>2,116</u> | <u>2,113</u> | <u>2,706</u> |
| Log Purchases | <u>1,141</u> | <u>1,176</u> | <u>1,564</u> |
| Log Sales | <u>1,107</u> | <u>819</u> | <u>1,157</u> |

(1) AAC status at the beginning of each year (includes a provision for non-recoverable fibre).

(2) Includes Timber Licence tenures.

(3) 2020 volumes include production volume of nil of third party timber sales managed by Interfor (2019 – 400 cubic metres, 2018 – 17,000 cubic metres).

Forest Health

The Mountain Pine Beetle (“MPB”) infestation has resulted in the mortality of a significant portion of the mature pine trees in the B.C. Interior. The greatest impact has been in the central interior region where there is a high percentage (over 60%) of pine in the forest. Interfor operations are in the southern interior which have a much lower percentage of pine (less than 30%) and are less affected by the MPB. The longer-term timber supply effects of the MPB are not expected to have a significant impact on the Company’s operating areas.

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Indigenous Peoples

Indigenous peoples have claimed title and rights over substantial portions of B.C. and across Canada. Both the provincial and federal governments have been seeking to negotiate settlements with Indigenous peoples to address these claims, which includes a duty to consult with, and where appropriate, accommodate the interests of Indigenous peoples.

In November 2019, the government of B.C. passed legislation to start the process to reconcile provincial laws with the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP"). This new legislation is a framework and commitment document that, over time through implementation, will provide mechanisms for consent-based decision making. While the Province retains authority for making decisions in the public interest, UNDRIP will result in an increased role of First Nations in resource-based activities.

Furthermore, in December 2020, the federal government introduced legislation respecting UNDRIP. This fulfills the commitment made to table legislation by the end of 2020 and to move to adopt and implement UNDRIP in accordance with the Canadian Constitution. This framework and commitment document will guide the work required for implementation of federal laws to be consistent with the Declaration.

Interfor tenures overlap with the traditional territories of over 60 different First Nations, and the Company has numerous agreements and initiatives in place to develop economic opportunities of mutual benefit. The Company is committed to working with Indigenous peoples and each applicable Indigenous group is notified prior to development activities as part of the Forest Stewardship Planning process. In addition, Interfor has developed a set of Objectives and Guiding Principles regarding our proactive approach in developing First Nations partnerships.

U.S. OPERATIONS

U.S. Northwest

We own and operate three sawmill operations in the U.S. Northwest ("NW"). These operations, located in Port Angeles, Washington, Longview, Washington and Molalla, Oregon, produce stud lumber for the U.S. construction market. Both the Port Angeles and Molalla sawmills produce kiln-dried stud lumber from Hemlock and Douglas-fir logs while the Longview sawmill produces green Douglas-fir stud lumber with a focus on servicing home centers. Port Angeles also produces lumber in 12 foot lengths for the U.S. market and can produce metric sizes for export.

We also own and operate a value-added cedar remanufacturing facility in Sumas, Washington.

U.S. South

We own and operate nine sawmill operations in the U.S. South. Seven of these sawmills are located in Georgia (Baxley, Eatonton, Swainsboro, Thomaston, Preston, Perry and Meldrim), one is located in Georgetown, South Carolina and another in Monticello, Arkansas. These sawmills produce southern yellow pine lumber in a range of dimensions from 2x4 through 2x12 products, with 4x4 products also produced at certain mills.

U.S. Timber Supply

U.S. Northwest

Timber supply in the NW is sourced from a broad distribution of forest land ownership (forest industrial lands, small private landowners and State and Federal lands). These sources represent a long term supply base from which mills purchase their timber supply.

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In 2020, approximately 60% of the log supply in the NW came from land that is owned by industrial and small private landowners, while the remainder was sourced from State, Federal and tribal lands.

Our timber supply requirements at the Port Angeles sawmill are weighted almost evenly to western hemlock and Douglas-fir. At our Molalla location, Douglas-fir is the prominent species, with smaller volumes of western hemlock and white fir. At our Longview location, we only purchase Douglas-fir. All three of these sawmills depend on industrial landowners and small private landowners for most of their supply. The remainder of their supply is comprised of timber from State, Federal, and tribal lands.

U.S. South

Timber in the U.S. South is sourced primarily from privately held timberlands with only minor volumes coming from publicly owned timberlands. Private timberland ownership includes non-industrial private owners, timber real estate investment trusts ("timber REITs") and various institutional investors such as pension funds, who are typically represented by a timberland investment management organization ("TIMOs"). Both timber REITs and TIMOs are considered industrial timberland owners. Interfor's sawmills in the U.S. South purchase timber comprised exclusively of southern yellow pine, originating from each of these sources.

The total 2020 log supply requirement for the mills in the U.S. was supplied from the following sources:

| Sources of Timber 2020 | U.S. Northwest | U.S. South |
|---------------------------------|---------------------------|-----------------------|
| State, Federal and tribal lands | 41% | 2% |
| Industrial lands | 49% | 8% |
| Private lands | <u>10%</u> | <u>90%</u> |
| | <u>100%</u> | <u>100%</u> |

SALES AND MARKETING

The following table shows our lumber sales by geographic area and total sales by product line for the past three years:

| | Years ended December 31, | | |
|---|---------------------------------|--------------------|--------------------|
| | 2020 | 2019 | 2018 |
| | (thousands of dollars) | | |
| Lumber | | | |
| — U.S.A. | \$1,583,217 | \$1,200,100 | \$1,430,579 |
| — Japan | 68,652 | 99,344 | 102,949 |
| — Canada | 108,785 | 139,840 | 144,468 |
| — China/HK/Taiwan | 36,067 | 40,564 | 62,838 |
| — Other export | 29,401 | 77,701 | 78,728 |
| Offshore transportation and handling | 12,315 | 18,574 | 21,538 |
| | <u>1,838,737</u> | <u>1,576,123</u> | <u>1,841,100</u> |
| Logs | 170,916 | 116,175 | 167,852 |
| Wood chips and other residuals | 154,571 | 174,107 | 165,855 |
| Ocean freight, contract services and other | 19,385 | 9,416 | 11,760 |
| Total sales | <u>\$2,183,609</u> | <u>\$1,875,821</u> | <u>\$2,186,567</u> |

Lumber Sales

Like other commodities, the demand for lumber is cyclical. It is affected by factors such as interest rates, foreign currency exchange rates, freight rates, government tariffs, import policies and weather.

In order to diminish the impact of rapid cyclical changes in any one market, we strategically target worldwide markets and offer a diverse range of lumber products. Interfor also has a specific customer and product base in various countries, providing a diversified sales profile. Many of our operations are strategically located close to ports which allow us to fully realize on the opportunities that are available to us in our overseas markets.

Product and market diversification is particularly important as the variability inherent in the log resource produces a much wider spectrum of product sizes and quality. A continuing priority for our Company is to develop products and markets that more fully realize the opportunity for higher grades, special dimensions and value-added items.

Lumber sales and marketing activities are organized into two sales groups to leverage global expertise: Export and North America. Interfor Japan Ltd., with an office in Tokyo, has developed niche markets and has increased sales directly to end-users in the Japan market. Additionally, we have an office in China to support that country's growing demand for wood.

In North America, we currently service our customer base from two sales locations. Our products produced by our sawmills in Canada and the U.S. Northwest are sold out of our office in Burnaby, B.C. Products produced by our sawmills in the U.S. South are sold out of our office in Peachtree City, Georgia.

Log Sales

We buy or trade logs through agreements and open market transactions and sell logs that are either unsuitable for cutting due to inappropriate size, grade, or species of log to suit market conditions and each mill's cutting profile or which are in excess of our manufacturing requirements.

Wood Chips and Other Residuals Sales

Our sawmills produce wood chips and other residuals as by-products of lumber production. Essentially all of our wood chips produced in B.C. are sold under short and long term contracts to pulp producers. In general, wood chips produced on the B.C. Coast are sold at prices related to current Northern Bleached Softwood Kraft pulp prices, while the wood chips produced in the B.C. Interior are sold at current market prices for chips.

Chips from our U.S. Northwest and U.S. South operations are sold to pulp and paper producers or fibre board manufacturers under short term arrangements, except for the Baxley, Georgetown, Meldrim, and Longview sawmills which each have a long term contract with a pulp and paper producer.

Other markets for our sawmill bark, sawdust and shavings residuals include mulch and garden products, biomass fibre fuel for heat and power, and growing feedstock requirements for the export wood pellet industry.

In total, one quarter of our sawmill residuals are sold in support of renewable fuel users and manufacturers as well as green power producers.

DISTRIBUTION

We use various modes of surface transportation to deliver our lumber products. Shipments to export markets are done by container vessels while shipments of lumber within North America are done by truck, rail and intermodal vans. Chips and logs are normally delivered by tug and barge or by truck. In Grand Forks, B.C. Interfor owns a short line railroad that connects to Class 1 railroads for shipping lumber

HUMAN RESOURCES

In B.C., we directly employ approximately 952 people in our logging and manufacturing operations and corporate offices. The Canadian United Steel Workers ("USW") is the certified bargaining agent for approximately 383 of these people. The agreement with the USW for the Southern Interior is in place and has an expiry date of June 30, 2023, while the B.C. Coast USW agreement has an expiry date of June 14, 2024. The Canadian Merchant Service Guild ("CMSG") represents 19 employees, and their collective agreement expires September 30, 2021.

In the U.S., we employ approximately 1,848 employees in our sawmill and remanufacturing operations in Washington, Oregon, Georgia, Arkansas, South Carolina and in our office located Peachtree City, Georgia. The International Association of Machinists ("IAM") is the certified bargaining agent for approximately 84 of these people employed in the Longview, Washington sawmill. The IAM collective agreement expires on November 15, 2024.

ENVIRONMENT

Interfor is committed to responsible stewardship of the environment. We maintain an Environmental Management System ("EMS") for all of our woodlands and manufacturing facilities. The EMS provides a structure for identifying, addressing and managing environmental issues. Audits are performed regularly in both the woodlands and manufacturing operations to verify its effectiveness.

Regulatory Compliance

Extensive provincial, state, federal or other laws and regulations apply to most aspects of our business activities. Interfor has incurred and will continue to incur, capital expenditures and operating costs to comply with environmental laws and regulations, including U.S. Maximum Achievable Control Technology and continuous monitoring requirements applicable to certain of our boilers. These costs have not and are not expected to have a material financial or operational effect on the Company or its competitive position.

Forest Management Certification

Interfor has achieved the internationally recognized Sustainable Forestry Initiative ("SFI") forest management certification for all of our B.C. woodlands operations. Independent third party certification audits are conducted by KPMG Performance Registrar Inc.

Chain of Custody and Responsible Purchasing

Interfor maintains SFI Chain-of-Custody certifications at certain mills that track logs coming from sustainably managed forests through the manufacturing process. In the US South, the mills are enrolled in the SFI Fibre Sourcing certification that promotes responsible forest practices from our log suppliers.

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Coast Forest Conservation Initiative

Interfor is a member of the Coast Forest Conservation Initiative ("CFCI") – a collaborative effort of four B.C. forest product businesses committed to finding new approaches to forest conservation and management in B.C.'s Great Bear Rainforest ("GBR"). CFCI companies participate in the GBR Ecosystem Based Management ("EBM") Implementation Working Group along with Coastal First Nations, Nanwakolas Council and the Province of B.C. to provide ongoing coordination and support for continued implementation of EBM in the GBR.

Reforestation and Other Forestry-related Liabilities.

Crown legislation requires the Company to complete reforestation activities on its forest and timber tenures. Accordingly, Interfor records the estimated liability for reforestation as timber is cut and includes these expenses in the cost of current production. The estimate of future reforestation costs is based on detailed prescriptions of reforestation as prepared by Registered Professional Foresters employed or contracted by the Company. Considerations include the specifics of the areas logged and the treatments prescribed for those areas, as well as the timing and success rates of the planned activities. Estimates of reforestation liabilities are reviewed annually or more frequently if required, and can be materially impacted by forest fires, wildlife grazing, unfavourable weather conditions, changing legislative requirements and standards, or inaccurate projections, which could result in a charge against operating earnings.

The Company also has a legal obligation to deactivate certain roads constructed for access to timber, once that access is no longer required. Accordingly, Interfor accrues the cost of road deactivation as related timber is cut, including those expenses in the cost of current production. The estimate of future road deactivation cost is based on comprehensive plans prepared by professional foresters and engineers employed by Interfor and includes such considerations as road structure and terrain. Estimates of road deactivation liabilities are reviewed annually or more frequently if required, and can be materially impacted by unfavourable terrain, changing legislative requirements and standards, or inaccurate projections, which could result in a charge against operating earnings.

Continual Improvement

Each year a formal management review of the Company's sustainable forest management program and performance is completed as part of the process of continual improvement.

Additional information about our environmental work and third party certification is available on our website at www.interfor.com and in our sustainability report at www.interfor-sustainability.com.

RESEARCH AND DEVELOPMENT

We contribute to and participate in industry research organizations that have made numerous technical developments beneficial to us in areas such as sawing technology, drying techniques and anti-sap stain applications. We are committed to applied research and development in the areas of environment, health and safety, forest management, and product and market development. We also conduct product and market research on our own in Canada and the U.S.

RISK FACTORS

Discussion of risk factors relating to the Company and its operations is included under the heading Risks and Uncertainties within Interfor's 2020 annual Management's Discussion and Analysis prepared as of February 4, 2021, which is incorporated by reference herein and available on SEDAR at www.sedar.com.

CAPITAL STRUCTURE

The authorized share structure of the Company consists of:

- 150,000,000 Common Shares without Par Value with Special Rights and Restrictions ("Common Shares"); and
- 5,000,000 Preference Shares without Par Value with Special Rights and Restrictions ("Preference Shares").

As at February 4, 2021, there were 65,964,153 Common Shares outstanding. There were no Preference Shares outstanding.

Common Shares

Each holder of a Common Share is entitled to receive notice of and to attend and vote in person or by proxy at all meetings of the shareholders of the Company and is entitled to one vote for each such share held.

Each holder of a Common Share is entitled to receive such dividends as the directors may in their sole discretion declare from time to time. No holder of a Common Share will be entitled to any dividend other than or in excess of the dividends declared by the directors. Subject to any special rights or restrictions as to dividends attached to any Preference Shares issued and outstanding from time to time, the directors have the discretion to declare dividends on the Common Shares.

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets for the purpose of winding up its affairs, holders of the Common Shares will not receive any amount, property or asset, until the holders of the Preference Shares and any other class or series of shares entitled to receive assets of the Company in priority to the holders of the Common Shares, have first received the amount to which they are entitled. Thereafter, the holders of the Common Shares will be entitled to all remaining property and assets of the Company on a share for share basis.

Preference Shares

The Preference Shares may be issued in one or more series. The directors may by resolution fix the number of Preference Shares in each series, determine the designation of the Preference Shares of each series, and attach special rights and restrictions to the Preference Shares of each series.

The Preference Shares rank in priority over the Common Shares and any other shares ranking junior to the Preference Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

The registered holders of the Preference Shares shall not be entitled as a class to receive notice of or to attend or to vote at any meeting of shareholders of the Company, except in the event of matters affecting the priority rights or any other rights or restrictions attaching to the Preference Shares.

MARKET FOR SECURITIES OF THE COMPANY

The Common Shares are listed on the Toronto Stock Exchange ("TSX") under the symbol IFP. The following table sets out the market price range and trading volumes of the Common Shares on the TSX for the periods indicated:

| Toronto Stock Exchange (TSX) | | | |
|-------------------------------------|---------------|----------------|---------------|
| 2020 Trading Volumes | | | |
| Ticker: IFP | | | |
| Month | \$ Low | \$ High | Volume |
| January | 13.50 | 16.05 | 4,648,449 |
| February | 11.34 | 16.35 | 6,137,052 |
| March | 4.75 | 12.56 | 16,779,053 |
| April | 5.71 | 8.85 | 7,081,444 |
| May | 7.34 | 10.42 | 5,516,847 |
| June | 9.05 | 11.78 | 6,305,157 |
| July | 11.42 | 15.85 | 8,944,452 |
| August | 15.02 | 19.00 | 8,765,540 |
| September | 14.50 | 17.91 | 7,333,430 |
| October | 14.46 | 17.04 | 7,784,329 |
| November | 15.03 | 20.56 | 10,450,434 |
| December | 19.43 | 24.36 | 6,749,633 |

TRANSFER AGENT

The transfer agent for our Common Shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia.

MATERIAL CONTRACTS

The following material contracts were entered into by the Company during or after 2020, or before 2020 but are still in effect:

1. Interfor 2019 Amended and Restated Credit Agreement, dated for reference March 28, 2019, between the Company and a syndicate of major banks co-led by RBC Capital Markets, TD Securities and Wells Fargo (as amended on March 26, 2020 and September 11, 2020). This facility replaced the Company's previous U.S. Operating Line, Canadian Operating Line, and Revolving Term Line with one consolidated facility. This facility increased credit availability to \$350 million, and matures in March 2024.
2. Fourth Amended and Restated Note Purchase Agreement dated as of March 26, 2020 between the Company and the purchasers named therein, pursuant to which the Company has issued US\$300 million of Senior Secured Notes with a weighted average interest rate of 4.08% and maturities that are primarily in the years 2024-2030.

Each of these contracts is available on www.sedar.com.

DIRECTORS AND OFFICERS

Directors of the Company

As of February 4, 2021, the directors of Interfor are as follows:

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| Name and Municipality of Residence | Director Since | Positions Held and Principal Occupations during the Past 5 Years | From | To ⁽¹⁾ |
|---|----------------|--|------|-------------------|
| IAN FILLINGER Kamloops, BC, Canada | January 2020 | President and Chief Executive Officer Interfor Corporation | 2020 | Present |
| | | Senior Vice President & Chief Operating Officer Interfor Corporation | 2018 | 2019 |
| | | Senior Vice President, Head of Operations Interfor Corporation | 2015 | 2018 |
| | | Senior Vice President, Canadian Operations Interfor Corporation | 2014 | 2015 |
| CHRISTOPHER GRIFFIN ⁽³⁾⁽⁵⁾ Chicago, IL, USA | August 2019 | President and Chief Executive Officer USG Corporation, private building products manufacturers and distributors | 2019 | Present |
| | | Chief Executive Officer Knauf Insulation | 2016 | 2019 |
| | | Chief Operating Officer USG Corporation | 2013 | 2015 |
| JEANE HULL ⁽²⁾⁽³⁾⁽⁴⁾ Rapid City, SD, USA | May 2014 | Director Trevalli Mining Corporation (TSX: TV) | 2021 | Present |
| | | Director Pretium Resources Inc. (TSX: PVG) | 2019 | Present |
| | | Director Epiroc AB (STO: EPI-A) | 2017 | Present |
| | | Director Cloud Peak Energy Inc. (NYSE: CLD) | 2016 | 2019 |
| | | Executive Vice President and Chief Technical Officer Peabody Energy Corporation, a private-sector coal company | 2011 | 2015 |
| RHONDA HUNTER ⁽³⁾⁽⁵⁾ Newhope, AR, USA | May 2019 | Director Schnitzer Steel Industries, Inc. (NASDAQ: SCHN) | 2017 | Present |
| | | SVP, Timberlands Weyerhaeuser Company (NYSE: WY), a producer of softwood lumber and building materials | 2013 | 2018 |
| GORDON H. MacDOUGALL ⁽³⁾⁽⁴⁾ West Vancouver, BC, Canada | February 2007 | Director IMANT, UBC Investment Management Trust | 2016 | Present |
| | | Director Connor, Clark & Lunn Financial Group, an asset management company | 2014 | 2020 |
| J. EDDIE McMILLAN ⁽⁵⁾⁽⁶⁾ Pensacola, FL, USA | October 2006 | Independent Business Consultant | 2002 | Present |
| THOMAS V. MILROY ⁽⁴⁾⁽⁵⁾ | February | Director | 2017 | Present |

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| Name and Municipality of Residence | Director Since | Positions Held and Principal Occupations during the Past 5 Years | From | To ⁽¹⁾ |
|---|----------------|---|------|-------------------|
| Toronto, ON, Canada | 2016 | API Group Corporation (NYSE: APG) | | |
| | | Director Generation Capital Limited, a private investment company | 2015 | Present |
| | | Director Restaurant Brands International Inc. (TSX/NYSE: QSR, TSX: QSP) | 2014 | 2018 |
| GILLIAN PLATT ⁽⁴⁾⁽⁶⁾ Kelowna, BC, Canada | October 2016 | Director CRH plc (LSE: CRH, ISE: CRG, NYSE: CRH), an Irish based building materials group | 2017 | Present |
| | | Executive Vice President and Chief Human Resources Officer Finning International Inc. (TSX: FTT), a distributor of Caterpillar products and support services | 2014 | 2016 |
| E. LAWRENCE SAUDER ⁽³⁾⁽⁶⁾⁽⁷⁾ Vancouver, BC, Canada | April 1984 | Director Metrie Canada Ltd. (formerly Sauder Industries Limited), a manufacturer and distributor of interior finishings | 2010 | Present |
| | | Chair Metrie Canada Ltd. (formerly Sauder Industries Limited), a manufacturer and distributor of interior finishings | 2010 | 2018 |
| | | Director Hardwoods Distribution Inc. (TSX: HWD), a distributor of wood products | 2008 | Present |
| | | Chair Hardwoods Distribution Inc. (TSX: HWD), a distributor of wood products | 2008 | 2018 |
| CURTIS M. STEVENS ⁽³⁾⁽⁵⁾ Portland, OR, USA | May 2018 | Director Quanex Building Products Corporation (NYSE: NX) | 2010 | Present |
| | | CEO and Director Louisiana-Pacific Corporation (NYSE: LPX), a building material manufacturer | 2012 | 2017 |
| DOUGLAS W.G. WHITEHEAD ⁽⁵⁾⁽⁶⁾ West Vancouver, BC, Canada | April 2007 | Director Belkorp Industries Inc. | 2000 | Present |
| | | Director Kal Tire | 2012 | Present |
| | | Director Finning International Inc. (TSX: FTT), a distributor of Caterpillar products and support services | 2000 | 2019 |
| | | Chair Finning International Inc. (TSX: FTT), a distributor of Caterpillar products and support services | 2008 | 2019 |

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- (1) The directors of the Company are elected each year at the annual general meeting of the Company and hold office until the close of the next annual general meeting, or until their successors are elected or appointed.
- (2) Ms. Hull was the Executive Vice President and Chief Technical Officer of Peabody Energy Corporation ("Peabody") from April 2011 to July 31, 2015. Peabody filed for Chapter 11 bankruptcy protection on April 13, 2016 and emerged from Chapter 11 protection on April 3, 2017. From July 6, 2016 to October 24, 2019, Ms. Hull was a director of Cloud Peak Energy Inc., which filed for Chapter 11 bankruptcy protection on May 10, 2019 and received court approval for its plan to exit bankruptcy on December 5, 2019.
- (3) Member, Environment & Safety Committee
- (4) Member, Corporate Governance & Nominating Committee
- (5) Member, Audit Committee
- (6) Member, Management Resources & Compensation Committee
- (7) Chair of Board

Officers of the Company

As of February 4, 2021, the officers of Interfor are as follows:

| Name and Municipality of Residence | Positions Held and Principal Occupations During the Past 5 Years | From | To |
|---|---|-------------|-----------|
| IAN FILLINGER Kamloops, BC, Canada | President & Chief Executive Officer Interfor Corporation | 2020 | Present |
| | Senior Vice President & Chief Operating Officer Interfor Corporation | 2018 | 2019 |
| | Senior Vice President, Head of Operations Interfor Corporation | 2015 | 2018 |
| RICHARD POZZEBON North Vancouver, BC, Canada | Senior Vice President & Chief Financial Officer Interfor Corporation | 2020 | Present |
| | Vice President & Corporate Controller Interfor Corporation | 2015 | 2020 |
| MARK W. STOCK North Vancouver, BC, Canada | Senior Vice President, Human Resources & IT Interfor Corporation | 2018 | Present |
| | Senior Vice President, Human Resources Interfor Corporation | 2014 | 2018 |
| BART BENDER West Vancouver, BC, Canada | Senior Vice President, Sales & Marketing Interfor Corporation | 2015 | Present |
| ANDREW HORAHAN Delta, BC, Canada | Vice President, Western Operations Interfor Corporation | 2017 | Present |
| | Vice President, BC Operations Interfor Corporation | 2015 | 2017 |
| BRUCE LUXMOORE Sharpsburg, GA, USA | Vice President, Southern Operations Interfor Corporation | 2017 | Present |
| | Vice President, Northwest Operations Interfor Corporation | 2016 | 2017 |
| | Regional General Manager, Coastal Operations Interfor Corporation | 2014 | 2016 |

As at February 4, 2021, the directors and officers of the Company as a group owned, directly or indirectly, or exercised control of or direction over 560,915 Common Shares representing approximately 0.85% of the outstanding Common Shares^[1].

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since the commencement of our current financial year, and for the three most recently completed financial years, no director or executive officer of the Company, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Company's voting securities or any associate or affiliate of such persons, has had any material interest in any transaction involving the Company.

LEGAL PROCEEDINGS

We are not a party to, and our property is not the subject of, any material legal or regulatory proceedings during 2020, which are currently underway, or which we know to be contemplated.

Softwood Lumber Dispute

The 2006 Softwood Lumber Agreement ("SLA") between Canada and the United States expired on October 12, 2015. Following expiry of the one year moratorium on trade sanctions following expiry of the SLA, in November 2016 a coalition of US lumber producers petitioned the U.S. Department of Commerce and the U.S. International Trade Commission to investigate alleged subsidies to Canadian producers and levy countervailing and antidumping duties against Canadian lumber imports.

In April 2017 the U.S. Department of Commerce made a preliminary determination of countervailing duties ("CVD"), and in June 2017 of antidumping duties ("AD"). In December 2017, the U.S. Department of Commerce published revised CVD and AD rates, and Interfor was subject to the "all others" CVD rate of 14.19% and AD rate of 6.04%.

On March 28, 2019, the U.S. Department of Commerce initiated the First Administrative Review ("AR1") of the AD and CVD investigations for the period of review April 28, 2017 through December 31, 2018. On February 3, 2020 the U.S. Department of Commerce issued preliminary revised combined rates of 8.37% for 2017, and 8.21% for 2018. On November 30, 2020, the U.S. Department of Commerce published the final results of the AD case for AR1 and Interfor is subject to the "all others" AD rate of 1.57%. On December 1, 2020, the U.S. Department of Commerce published the final results of the CVD case for AR1 and Interfor is subject to the "all others" CVD rate of 7.26% for 2017 and 7.42% for 2018. Interfor has appealed the AR1 final results and requested the suspension of liquidation of its duties.

On March 10, 2020, the U.S. Department of Commerce initiated the Second Administrative Review of the AD and CVD investigations for the period of review January 1, 2019 through December 31, 2019.

^[1] Based on Insider Reports filed on SEDI and holdings through the Interfor Employee Share Purchase.

On January 5, 2021, the U.S. Department of Commerce announced the Third Administrative Review of AD and CVD investigations for the period of January 1, 2020 through December 31, 2020.

INTEREST OF EXPERTS

KPMG LLP is the external auditor of the Company and has confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of Institute of Chartered Professional Accountants of British Columbia and the applicable rules and regulations thereunder.

AUDIT COMMITTEE INFORMATION

The Company's Audit Committee (the "Committee") is mandated to oversee the accounting and financial reporting processes of the Company and audits of its financial statements in accordance with the Board's objectives. The Committee's functions include:

- reviewing and, if appropriate, recommending approval by the Board of the Company's annual and quarterly financial statements, management's discussion and analysis and earnings press releases;
- reviewing and approving disclosures required to be included in the Company's Annual Information Form and Management Information Circular relating to the Audit Committee and audit and non-audit services and fees;
- reviewing the process for certification, and the certification, of the interim and annual financial statements by the Chief Executive Officer and Chief Financial Officer;
- reviewing all public disclosure containing financial results or financial information;
- reviewing matters related to internal controls over financial reporting of the Company and ensuring the Company has adequate internal controls procedures in place;
- reviewing the principal risks of the Company, other than the risks associated with the Company's compensation policies and practices, and ensuring that an effective risk management strategy is in place;
- reviewing the Company's derivatives policies and activities, including details of exposures to banks and other counterparties;
- overseeing the activities of and directly communicating with the Company's external auditor;
- satisfying itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing the adequacy of those procedures;
- establishing and periodically reviewing the policies and procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by the employees of the Company regarding questionable accounting or auditing matters;
- reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the former and present external auditor; and

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- reviewing the Company's insurance programs, including the Company's directors' and officers' insurance coverage, and making recommendations for their renewal or replacement.

The Committee's Terms of Reference, attached as Appendix "A" to this Annual Information Form, sets out its duties and responsibilities.

The Committee met four times in 2020, in conjunction with regularly scheduled Board meetings.

Members' Financial Literacy, Expertise and Simultaneous Service

The Board of Directors has determined that the members of the Audit Committee during 2020 were, and all current members of the Audit Committee are, financially literate and independent as defined in *National Instrument 52-110 – Audit Committees*. The table below indicates the relevant education and experience of each member of the Audit Committee:

Relevant Education and Experience

| Director | Past Occupation |
|--|--|
| Thomas V. Milroy Chair of the Audit Committee since May 2018 | Mr. Milroy is a director of APi Corporation (NYSE: APG) and serves as a member of the Audit Committee and as Chair of the Compensation Committee. He is also a director of Generation Capital Limited, a private investment company. Prior to that, Mr. Milroy served on the board of Restaurant Brands International Inc. (TSX/NYSE: QSR, TSX: QSP) and one of its predecessor companies, from 2013 to 2018. He worked for BMO Financial Group from 1993 to 2015, and served as Chief Executive Officer of BMO Capital Markets from 2008 to 2014, where he was responsible for all of BMO's business involving corporate, institutional and government clients globally. Mr. Milroy holds a Bachelor of Law and Master of Law from Cambridge University, an LLB from Dalhousie University, and a Bachelor of Arts from McGill University. He has completed the Advanced Management Program at the Harvard Business School. Mr. Milroy is a member of the Law Society of Upper Canada. |
| Christopher Griffin Member since August 2019 | Mr. Griffin is president and chief executive officer of USG Corporation. Mr. Griffin's previous roles with USG include chief operating officer; executive vice president, Operations; president, International; president of USG's Canadian subsidiary CGC and several other roles in sales, product management, manufacturing and operations. He also previously served as chief executive officer of Knauf Insulation North America. Mr. Griffin is a member of the Board of Directors of Chicagoland Habitat for Humanity and Make-A-Wish Illinois. He is a past member of the Board of Directors for the Construction Technology for Women association, a past member of the Board of Governors for George Brown Community College and has served volunteer roles with Junior Achievement. Mr. Griffin holds a bachelor's degree in economics from Wilfrid Laurier University in Ontario, Canada, and has completed the advanced management program at the Wharton School of the University of Pennsylvania. |

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| | |
|--|--|
| Rhonda Hunter Member since May 2019 | Ms. Hunter is currently a director of Schnitzer Steel Industries, Inc. (NASDAQ: SCHN). From 2013 to 2018, she was the Senior Vice President, Timberlands of Weyerhaeuser Company, after having held multiple operations, sales, logistics and finance roles at Weyerhaeuser since 1987. Ms. Hunter has been active in a number of industry organizations, including the American Forest Foundation (2014-2018), National Council for Air and Stream Improvement (2014-2018), Arkansas Forestry Association (2002-2013), and Nature Conservancy of Arkansas (2007-2014). She has a Bachelor of Science degree in Accounting from Henderson State University and completed executive education at Harvard Business School and Duke University. |
| Eddie McMillan Member since April 2016 | 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., a forest products company. Prior to 1998, 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 holds a Bachelor of Science (Accounting/Business Administration) from Louisiana Tech University. |
| Curtis M. Stevens Member since May 2018 | Mr. Stevens is a director of Quanex Building Products Corporation (NYSE: NX) and has served on that board since 2010. He served as the CEO and a director of Louisiana-Pacific Corporation (NYSE: LPX), a building materials manufacturer, from 2012 until his retirement in June 2017. Mr. Stevens served as Louisiana-Pacific's Chief Operating Officer and Executive Vice President (2011 to 2012), Chief Financial Officer (1997 to 2011) and Executive Vice President, Administration (2002 to 2011). Mr. Stevens served as Chair of the Forest Products Association of Canada (2015 to 2017) and as a board member of the Nashville Area Chamber of Commerce (2014 to 2017). Mr. Stevens holds a B.A. in Economics and an M.B.A. with a concentration in Finance from the University of California at Los Angeles. |
| Douglas W.G. Whitehead Member since April 2009 | Mr. Whitehead is currently a director of Kal Tire Ltd. and a director of Belcorp Industries Inc. From 2000 to 2019 Mr. Whitehead was a director of Finning International Inc. (TSX: FTT) ("Finning"). From 2008 to 2016 and from 2017 to 2019, Mr. Whitehead was Board Chair of Finning, and from 2000 to 2008 he was the President and Chief Executive Officer of Finning. Prior to joining Finning, Mr. Whitehead held a number of senior executive positions with Fletcher Challenge Canada, including President and Chief Executive Officer, Senior Vice President and Chief Operating Officer and Vice President of the Crown Packaging Division. Previously, he served as director of Inmet Mining Corporation, Ballard Power Systems Inc., Terasen Inc., Fletcher Challenge Canada, Finlay Forest Industries, Timberwest Forest Limited and Kinder Morgan, Inc. Mr. Whitehead holds a Bachelor of Applied Sciences degree (Civil Engineering) from the University of British Columbia and a Master of Business Administration from the University of Western Ontario. |

AUDIT FEES

The Committee annually recommends the appointment of the Company's external auditors and approves the annual audit plan and compensation of the external auditors for all audit, audit related and non-audit services. In the case of non-audit services, the services and compensation are approved by the Committee before the services commence.

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KPMG LLP, Chartered Professional Accountants, Vancouver, are the independent auditors of the Company. Fees paid or accrued to KPMG LLP for audit and other services for the years ended December 31, 2019 and 2020, were as follows:

| | 2020 | 2019 |
|---|------------------|------------------|
| Audit fees Fees billed for professional services rendered. | \$634,000 | \$596,500 |
| Audit-related fees Audit-related fees consist principally of fees for professional services rendered with respect to audits of a defined benefit pension plan and subsidiary companies. | 27,500 | 26,500 |
| Tax fees Tax fees consist of fees for tax compliance services, planning and related services, personal tax (foreign and domestic) compliance and planning advice, indirect tax recovery audit contingency fees which are based on percentage of recoveries. | 28,282 | 52,363 |
| All Other fees Forestry certification. | 56,888 | 73,791 |
| TOTAL | <u>\$746,670</u> | <u>\$749,154</u> |

CODE OF ETHICS

We have adopted a code of ethics that applies to our directors, officers and employees. A copy of the code, entitled "Code of Conduct & Ethics", can be found on our website at www.interfor.com.

ADDITIONAL INFORMATION

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's Information Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information about the Company is provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2020.

Copies of the documents referred to above and additional information relating to the Company are available on SEDAR at www.sedar.com, on the Company's website www.interfor.com and may also be obtained upon request from:

Interfor Corporation
General Counsel & Corporate Secretary
1600 - 4720 Kingsway
Burnaby, British Columbia
Canada, V5H 4N2
Telephone: 604 422 3400
E-mail: corporatesecretary@interfor.com

Appendix "A"

**AUDIT COMMITTEE
Terms of Reference**

PURPOSE

The Audit Committee has been established by the Board and under powers delegated to it by the Board is mandated to oversee the accounting and financial reporting processes of the Company and audits of its financial statements in accordance with the Board Objective.

COMPOSITION AND TERM OF OFFICE

1. The Audit Committee shall consist of four or more Directors.
2. All members of the Audit Committee shall be independent within the meaning of *National Instrument 52-110 ("NI 52-110")*.
3. All members must be financially literate within the meaning of NI 52-110 or become financially literate within a reasonable period following appointment and at least one member should have accounting or related expertise.
4. The Chair of the Audit Committee along with other Audit Committee members will be appointed annually by the Board following the AGM to hold office until the next AGM, unless any member becomes unable to serve or is removed by the Board. A casual vacancy may be filled and additional members may be appointed at any time by the Board to hold office until the next AGM.
5. A quorum shall consist of a simple majority.

DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the following functions, as well as any other functions specifically authorized by the Board:

Financial Disclosure, Risk Management and Internal Controls

1. Review the following documents before the public disclosure of same by the Company, and, if appropriate, recommend approval by the Board of the Company's:
 - a. annual and quarterly financial statements;
 - b. Management's Discussion and Analysis; and
 - c. annual and interim earnings press releases.

The review will involve direct discussions with Management and the Company's external auditor (the "**Auditor**"), including an opportunity for an in-camera meeting with the Auditor independent of Management.

2. Review and approve the disclosures required by applicable securities laws to be included in the Company's Annual Information Form and Management Information Circular relating to the Audit Committee and audit and non-audit services and fees.

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3. Review the process for certification of the interim and annual financial statements by the Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) and the certifications made by the CEO and CFO.
4. Review all news releases announcing financial results, containing financial information based on unreleased financial results or non-GAAP financial measures or providing earnings guidance, forward-looking financial information and future-oriented financial information or financial outlooks before the public disclosure of same by the Company.
5. Review financial information contained in any prospectus, take-over bid circular, issuer bid circular, rights offering circular and any other document that the Audit Committee is to review before the public disclosure of same by the Company, and, if appropriate, recommend approval by the Board.
6. Review matters related to internal controls over financial reporting of the Company and ensure the Company has adequate procedures in place in respect thereof. Ensure that the necessary measures are taken to follow up suggestions from the Auditor’s reports.
7. Review the principal risks of the Company, other than the risks associated with the Company’s compensation policies and practices, and ensure that an effective risk management strategy is in place.
8. Review the Company’s derivatives policies and activities, including details of exposures to banks and other counterparties.

External Auditor

9. Review and recommend to the Board the appointment of the Auditor to be nominated for the purposes of preparing or issuing an Auditor’s report and performing other audit, review or attest services for the Company.
 10. Establish the mandate of the Auditor, including the annual engagement, audit plan, audit scope and compensation for the audit services, subject to shareholder approval.
 11. Oversee the activities of the Auditor. The Auditor shall report directly to the Audit Committee.
 12. Directly communicate and meet with the Auditor, with and without Management present, to discuss the results of their examinations.
 13. Review the independence of the Auditor, any rotation of the partners assigned to the audit in accordance with applicable laws and professional standards, the internal quality control findings of the Auditor’s firm and peer reviews.
 14. Review the performance of the Auditor, including the relationship between the Auditor and Management and the evaluation of the lead partner of the Auditor.
 15. Resolve disagreements between Management and the Auditor regarding financial reporting.
 16. Review material written communications between the Auditor and Management.
-

Non-Audit Services

17. Pre-approve non-audit services. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services. The pre-approval of non-audit services by any member to whom authority has been delegated shall be presented to the Committee at its first scheduled meeting following such pre-approval.

Company Policies

18. Satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.
19. Establish and periodically review the policies and procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by the employees of the Company regarding questionable accounting or auditing matters.
20. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the former and present Auditor.

Insurance

21. Review the Company's insurance programs, including the Company's directors' and officers' insurance coverage, and make recommendations for their renewal or replacement.

MEETINGS AND PROCEDURES

1. The Audit Committee shall meet a minimum of four (4) times per year and, subject to these Terms of Reference and applicable law, otherwise establish its procedures and govern itself as the members of the Audit Committee may see fit in order to carry out and fulfill its duties and responsibilities hereunder. Extraordinary meetings of the Audit Committee may be called at the request of a member on the Audit Committee or the Chair of the Board to be held at such times and places as the person calling such meeting may determine.
2. A majority of members of the Audit Committee will constitute a quorum (provided that a quorum shall not be less than two (2) members). Decisions of the Audit Committee will be by an affirmative vote of the majority of those members of the Audit Committee voting at a meeting. In the event of an equality of votes, the Chair will not have a casting or deciding vote. The Audit Committee may also act by resolution in writing signed by all the members of the Audit Committee.
3. The Audit Committee shall appoint a Secretary who shall keep minutes or other records of its meetings and proceedings.
4. The Chair of the Audit Committee shall report to the Board at its next regular meeting the Audit Committee's deliberations and recommendations, if any, requiring the Board's approval.

OTHER MATTERS

1. The Audit Committee is authorized to engage any outside advisor it deems necessary to carry out its duties and responsibilities and to arrange payment of the advisor's compensation by the Company.
2. The Audit Committee may, at the request of the Board or at its own initiative, investigate such other matters as it considers appropriate in furtherance of the Audit Committee's purpose.

