IMPORTANT INFORMATION FOR SHAREHOLDERS

Notice of the Annual General Meeting of Shareholders

and

Information Circular

March 18, 2010

International Forest Products Limited
P.O. Box 49114, 1055 Dunsmuir Street, Vancouver, BC, Canada V7X 1H7 Tel (604) 689-6800 Fax (604) 689-6825

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Information contained in this Information Circular is given as at March 18, 2010 unless otherwise stated. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

TO OUR SHAREHOLDERS

On behalf of the Board of Directors and Executive Officers of International Forest Products Limited ("**Interfor**"), we invite you to join us at Interfor's Annual General Meeting of shareholders. This year, the Annual General Meeting will be held on Thursday, April 22, 2010 at 2:00 p.m. in the Pacific Rim Suite 2 – R Level, Pan Pacific Hotel, 999 Canada Place, Vancouver, British Columbia.

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

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

We look forward to seeing you.

Sincerely,

E. Lawrence Sauder
Chair of the Board of Directors

Duncan Davies
President and Chief Executive Officer

March 18, 2010

NOTICE OF ANNUAL GENERAL MEETING

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

DATE: Thursday, April 22, 2010

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

PLACE: Pan Pacific Hotel
Pacific Rim Suite 2, R Level
999 Canada Place
Vancouver, BC

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

1. receiving the Consolidated Financial Statements for the fiscal year ended December 31, 2009;

2. electing the directors of the Company;

3. re-appointing the auditors of the Company for the ensuing year and authorizing the directors to fix the remuneration to be paid to the auditors; and

4. transacting such other business that may properly come before the Annual General Meeting.

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

Dated at Vancouver, British Columbia, this 18th day of March, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

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

VOTING

Who is soliciting my proxy?

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

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

Am I entitled to vote?

Shareholders registered as holders of Class "A" Subordinate Voting shares and shareholders registered as holders of Class "B" Common shares on the record date of March 18, 2010 are entitled to receive notice of and to attend and vote at the Annual General Meeting.

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

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

As of March 18, 2010, there were 46,101,476 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 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 81.94% and the Class "B" Common shares represent 18.06% of the aggregate voting rights attached to securities of the Company.

What am I voting on?

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

Am I a registered or non-registered shareholder?

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

How can I vote my shares?

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

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

The persons named as proxyholders in the enclosed form of proxy are directors of the Company. **You can appoint someone else to represent you at the Annual General Meeting; however, you must appoint that person in accordance with the instructions 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 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 Company for the ensuing year; and ii) appointing KPMG LLP as auditors for the ensuing year and authorizing the directors to fix their remuneration.**

Can I revoke a proxy?

Yes, a shareholder may revoke a proxy by:

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

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

3. in any other manner provided by law.

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

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

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

Is my vote by proxy confidential?

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

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

As of March 18, 2010, to the knowledge of the directors and executive officers of the Company, the following persons beneficially own, or control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to either class of voting securities of the Company:

Name	Number and Class of Shares	Percentage of Class
Fairfax Financial Holdings Limited(1)	9,968,500 Class "A" Subordinate Voting shares	21.62%
Sauder Industries Limited (2)	1,011,735 Class "B" Common shares 1,980,271 Class "A" Subordinate Voting shares	99.60% 4.30%

(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 E. Lawrence Sauder. E. Lawrence 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, E. Lawrence Sauder directly owns 5,000 Class "A" Subordinate Voting shares.

What if I have a question?

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

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

BUSINESS OF THE MEETING

1. RECEIVE THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended December 31, 2009 are contained in Interfor's 2009 Annual Report. The 2009 Annual Report was mailed to registered shareholders of the Company and to non-registered shareholders who requested the 2009 Annual Report. If you did not request a copy, you may view the Annual Report online at www.interfor.com or obtain a copy by sending your request for same to the Company's Corporate Secretary at 3500 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1H7.

2. ELECTION OF DIRECTORS

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

The Corporate Governance & Nominating Committee, in conjunction with the Chairman of the Board, recommends to the Board nominees to stand for election as directors. The Board proposes the persons listed below for nomination for election at the Annual General Meeting. The persons named in the enclosed form of proxy will vote in favour of the election of those persons listed below as nominees for directors.

The following table sets out the names, ages, places of residence and principal occupations of all persons proposed to be nominated for election as directors and other relevant information including the number of securities of the Company and deferred share units ("**DSUs**") held by each of them as at the date of this Information Circular and their market value. The table also sets out whether a nominee is independent or not independent.

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

<table>
<tr><td rowspan="6">LAWRENCE I. BELL
Age 72
Vernon, BC, Canada
Director Since:
April 1998
Independent
Lead Director</td><td colspan="5">Mr. Bell is a Corporate Director. He is currently a director of Goldcorp Inc., Capstone Mining, Silver Wheaton Corp. and Matrix Asset Management Inc. and was Chairman of the Canada Line (Rapid Transit Project) during that Project. From 2003 until his retirement in 2007, Mr. Bell served as the non-executive Chairman of British Columbia Hydro and Power Authority. From 2001 to 2003, he was Chairman and Chief Executive Officer of British Columbia Hydro and Power Authority. He has also served as the Chairman of the Board of Governors of the University of British Columbia, Chairman and President of the Westar Group and Chief Executive Officer of Vancouver City Savings Credit Union. In addition, he has served on the boards of a number of private and public companies, including Kimber Resources Inc., B.C. Gas, Canadian Hunter and Miramar Mining Corporation, and as a trustee of Hardwoods Distribution Income Fund. In the British Columbia public sector, Mr. Bell has served as Deputy Minister of Finance and Secretary to the Treasury Board. Mr. Bell holds a M.A. in Economics and has received numerous awards for his public service.</td></tr>
<tr><td colspan="5">Committee Memberships</td></tr>
<tr><td colspan="5">Corporate Governance & Nominating Committee
Audit Committee</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Shares [1]</td><td>Total DSUs [3]</td><td>Total of Class "A" Subordinate Voting Shares and DSUs</td><td>Value of Class "A" Subordinate Voting Shares and DSUs [4]</td><td>Has Minimum Share Ownership Requirement Been Met?[5]</td></tr>
<tr><td>35,300 Class "A"</td><td>12,930</td><td>48,230</td><td>$243,244</td><td>Yes</td></tr>
</table>

Nominees for Holders of Class "B" Common shares only

DUNCAN K. DAVIES Age 59 Vancouver, BC, Canada Director Since: November 1998 **Not Independent**	Mr. Davies has been the President and Chief Executive Officer 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 a director of the B.C. Lumber Trade Council, the Canadian Lumber Trade Alliance and the Binational Softwood Lumber Council. Mr. Davies holds a B.A. in Economics and a M.Sc. in Forestry Economics.

Committee Memberships

Mr. Davies is not a member of any Committee. He attends the Management Resources & Compensation Committee meetings in his capacity as President and Chief Executive Officer of the Company.

Shares and Share Equivalents Held:

Shares [1]	Total DSUs [3]	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs [4]	Has Minimum Share Ownership Requirement Been Met?[5]
112,000 Class "A"	161,355	273,355	$1,390,324	Mr. Davies has until December 31, 2011 to meet the requirement.

HAROLD C. KALKE Age 69 West Vancouver, BC, Canada Director Since: July 2000 **Independent**	Mr. Kalke is the founder and President of Kalico Developments Ltd., a real estate development and management company, since 1971. He has founded and operated several other companies in the real estate development business and oil and gas sector. Mr. Kalke is a past Chairman of the Board of Governors of the University of British Columbia. Mr. Kalke holds a B.Sc. in Engineering and a MBA from the University of Western Ontario.

Committee Memberships

Corporate Governance & Nominating Committee
Environment & Safety Committee

Shares and Share Equivalents Held:

Shares [1]	Total DSUs [3]	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs [4]	Has Minimum Share Ownership Requirement Been Met?[5]
5,300 Class "A"	27,060	32,360	$149,610	Yes

PETER M. LYNCH Age 59 Toronto, ON, Canada Director Since: October 2006 **Independent**	Mr. Lynch has been the Executive Vice President and a director of Grant Forest Products Inc. (and its predecessor), a producer of OSB and engineered wood products, since 1993. From 1982 he carried on the private practice of law as a sole practitioner; prior thereto he was a partner with the law firm of Field, Turner, Dunn & Lynch from 1979 to 1982. Mr. Lynch holds a LL.B from Osgoode Law School and is a member of the Law Society of Upper Canada, the Canadian Bar Association and the Ontario Bar Association.

Committee Memberships

Audit Committee
Environment & Safety Committee

Shares and Share Equivalents Held:

Shares [1]	Total DSUs [3]	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs [4]	Has Minimum Share Ownership Requirement Been Met?[5]
-	21,060	21,060	$97,367	Mr. Lynch has until December 31, 2011 to meet the requirement.

<table>
<tr><td rowspan="5">GORDON H. MacDOUGALL
Age 64
West Vancouver, BC, Canada
Director Since: February 2007
Independent</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. He previously served as lead director for Intrawest Corporation. Mr. MacDougall is currently the Chairman of the Investment Committee and a director of Vancouver Foundation. He holds a CFA from the University of Virginia, a MBA from the University of Pittsburgh and a B.Comm. in Finance from Sir George Williams University (now Concordia University).</td></tr>
<tr><td colspan="5">Committee Memberships
Management Resources & Compensation Committee
Audit Committee</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Shares [1]</td><td>Total DSUs [3]</td><td>Total of Class "A" Subordinate Voting Shares and DSUs</td><td>Value of Class "A" Subordinate Voting Shares and DSUs [4]</td><td>Has Minimum Share Ownership Requirement Been Met?[5]</td></tr>
<tr><td>15,000 Class "A"</td><td>21,060</td><td>36,060</td><td>$188,136</td><td>Yes</td></tr>
</table>

<table>
<tr><td rowspan="5">J. EDDIE McMILLAN
Perdido Key, Florida, USA
Age 64
Director Since: October 2006
Independent</td><td colspan="5">Mr. McMillan is an independent business consultant. From 1998 until his retirement in 2002, he was Executive Vice President – Wood Products Group of Willamette Industries Inc. Prior to 2002, Mr. McMillan held various management positions with Willamette Industries Inc. Over the years, he has served as a director of Forest Express, Inc. and has been associated with numerous industry association boards including the American Plywood Association, National Particleboard Association, Particleboard and MDF Institute, Southern Forest Products Association, Western Wood Products Association, National Association of Lumber Wholesalers and the American Forest and Paper Association. He has a B.Sc. in Accounting/Business Administration from Louisiana Tech University.</td></tr>
<tr><td colspan="5">Committee Memberships
Management Resources & Compensation Committee
Corporate Governance & Nominating Committee</td></tr>
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<tr><td>-</td><td>6,000</td><td>6,000</td><td>$32,140</td><td>Mr. McMillan has until December 31, 2011 to meet the requirement.</td></tr>
</table>

<table>
<tr><td rowspan="5">E. LAWRENCE SAUDER
Vancouver, BC, Canada
Age 57
Director Since: April 1984
Not Independent</td><td colspan="5">Mr. Sauder is Chairman of the Company. From 2004 until his appointment to Chairman in 2008, he was Vice Chairman of the Company. He is also the Chairman of Hardwoods Distribution Income Fund, a distributor of wood products, and Chairman and CEO of Sauder Industries Limited, a manufacturer and distributor of building products. From 1988 to 2004, he was President of Sauder Industries Limited. He is a member of the World Presidents Organization.</td></tr>
<tr><td colspan="5">Committee Memberships
Environment & Safety Committee</td></tr>
<tr><td colspan="5">Shares and Share Equivalents Held:</td></tr>
<tr><td>Shares [1]</td><td>Total DSUs [3]</td><td>Total of Class "A" Subordinate Voting Shares and DSUs</td><td>Value of Class "A" Subordinate Voting Shares and DSUs [4]</td><td>Has Minimum Share Ownership Requirement Been Met?[5]</td></tr>
<tr><td>5,000 Class "A" [2]</td><td>16,000</td><td>21,000</td><td>$120,986</td><td>Yes[6]</td></tr>
</table>

JOHN P. SULLIVAN

Vancouver, B.C., Canada

Age 65

Director Since: May 2001

Independent

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

Committee Memberships

Management Resources & Compensation Committee
Corporate Governance & Nominating Committee

Shares and Share Equivalents Held:

Shares (1)	Total DSUs (3)	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs (4)	Has Minimum Share Ownership Requirement Been Met?(5)
120,786 Class "A"	12,000	132,786	$613,910	Yes

DOUGLAS W.G. WHITEHEAD

Age 63

North Vancouver, B.C., Canada

Director Since: April 2007

Independent

Mr. Whitehead is currently the Chairman of Finning International Inc. ("Finning"), a distributor of Caterpillar products and support services. From 2000 to 2008, he was the President and Chief Executive Officer of Finning. Prior to joining Finning, Mr. Whitehead held a number of senior executive positions with Fletcher Challenge Canada, including President and Chief Executive Officer, Senior Vice President and Chief Operating Officer and Vice President of the Crown Packaging Division. Mr. Whitehead is also currently a director of Ballard Power Systems Inc., Belkorp Industries Inc. and Inmet Mining Corporation. Over the years, he has served as director of Terasen Inc., Fletcher Challenge Canada, Finlay Forest Industries and Timberwest Forest Limited. Mr. Whitehead holds a MBA from the University of Western Ontario and a B.Sc. in Engineering from the University of British Columbia.

Committee Memberships

Audit Committee
Management Resources & Compensation Committee

Shares and Share Equivalents Held:

Shares (1)	Total DSUs (3)	Total of Class "A" Subordinate Voting Shares and DSUs	Value of Class "A" Subordinate Voting Shares and DSUs (4)	Has Minimum Share Ownership Requirement Been Met?(5)
13,000 Class "A"	4,000	17,000	$81,826	Mr. Whitehead has until April, 2012 to meet the requirement.

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

(2) Sauder Industries Limited owns 1,011,735 Class "B" Common shares and 1,980,271 Class "A" Subordinate Voting shares of the Company (collectively the "Shares"). Sauder Industries Limited is indirectly owned by a holding company, which in turn, is indirectly owned in part by E. Lawrence Sauder. E. Lawrence 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 17 of this Information Circular.

(4) This value is calculated as the greater of: (i) actual cost of shares and the grant date market value of DSUs awarded; and (ii) the market value, using the weighted average trading price of the Class "A" Subordinate Voting Shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is $4.6233 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding March 18, 2010.

(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 Member Retainer i.e. $125,000, within 5 years of becoming a director, or by December 31, 2011, whichever is later. The Chief Executive Officer, Mr. Davies, is required to hold a minimum value of Class "A" Subordinate Voting shares, or DSUs, equal in value to three times his annual base salary in effect as of January 1, 2007 by December 31, 2011. In determining whether a director has met his minimum shareholding requirement, the total number of Class "A" Subordinate Voting shares and DSUs held by a director is valued at the greater of: (i) actual cost of shares and 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.

(6) The Board has taken into consideration Mr. Sauder's indirect shareholdings in determining that he has met his share ownership

requirement. See note (2) above regarding Mr. Sauder's indirect shareholdings.

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

(a) is, as at the date of this Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer or chief financial officer 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, chief executive officer or chief financial officer or issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the person was acting in that capacity;

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

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

Mr. Lynch is 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.

BOARD AND COMMITTEE MEETINGS HELD FOR THE YEAR ENDED DECEMBER 31, 2009

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

(1) The Board held 4 regular quarterly meetings.
(2) In addition to the 4 Board meetings, the directors attended a two-day strategic planning session in October 2009.

BOARD/COMMITTEE MEETING ATTENDANCE BY DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2009

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

(1) Mr. Davies attended the Management Resources & Compensation Committee meetings in his capacity as President and Chief Executive Officer of the Company.
(2) For the purposes of this table,
MRCC = Management Resources & Compensation Committee
ESC = Environment & Safety Committee
AC = Audit Committee
CGNC = Corporate Governance & Nominating Committee
(3) The table reflects the changes in Committee membership which became effective April 23, 2009.

3. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

The Company's Audit Committee annually reviews and recommends to the Board the appointment of the external auditors of the Company. Interfor's Board recommends the re-appointment of KPMG LLP, Chartered Accountants, Vancouver, as the auditors of the Company to hold office until the termination of the next annual 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. Unless otherwise instructed, the persons named in the enclosed form of proxy will vote in favour of the re-appointment of KPMG LLP, Chartered Accountants, Vancouver, British Columbia, as auditors of the Company to hold office until the next Annual General Meeting of the shareholders and to authorize the directors to fix the remuneration of the auditors so appointed.

In 2009, the Company engaged KPMG LLP as both financial and environmental certification auditors. Fees for financial audits, environmental certification audits and other services provided by KPMG LLP during the years ended December 31, 2008 and December 31, 2009 were as follows.

	2009 Fees	**2008 Fees**
Audit and audit-related fees:		
Audit of the consolidated financial statements	$ 290,000	$ 350,000
Quarterly reviews	90,000	96,000
Business acquisition related audits	-	250,000
Audit-related fees [(1)]	33,300	51,725
Total audit and audit-related fees	413,300	747,725
Tax fees [(2)]	17,875	41,613
All other fees - forestry certification audits	36,350	67,200
- internal control over financial reporting advisory fees	-	24,281
- due diligence advisory fees	12,500	-
TOTAL	$ 480,025	$ 880,819

(1) Audit-related fees consist principally of fees for professional services rendered with respect to audits of a defined benefit pension plan, subsidiary companies, and consultation related to accounting issues.

(2) Tax fees consist of fees for tax compliance services, professional services related to U.S. cross border transfer pricing and sales tax.

CORPORATE GOVERNANCE

Board of Directors

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

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

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

During 2009, the Board held four regular quarterly meetings and a two-day intensive strategic planning session. At every regular quarterly meeting, the Board discusses issues without the presence of management "in camera", and in addition, the independent directors meet "in camera" at each meeting with neither management nor the non-independent directors present.

Committees of the Board of Directors

Corporate Governance & Nominating Committee

The Corporate Governance & Nominating Committee is mandated with ensuring the Company develops and implements an effective approach to corporate governance which enables the business and affairs of the Company to be carried out with the objective of enhancing shareholder value. This Committee monitors the size, composition, independence and effectiveness of the Board, its members and committees, and makes recommendations with respect to directors' compensation. It ensures there is an orientation process for new directors and an ongoing education program to increase the directors' awareness of the Company's business and the issues it faces. The Committee reviews the nomination of new director candidates in consultation with the Chairman. The Committee may authorize the engagement of outside advisors to assist individual directors in fulfilling their responsibilities. The Corporate Governance & Nominating Committee met four times in 2009.

Effective April 23, 2009, the Corporate Governance & Nominating Committee consists of the following independent directors: J. E. McMillan (Chair), Lawrence I. Bell, Harold C. Kalke and John P. Sullivan.

Audit Committee

The Audit Committee is mandated with reviewing annual financial statements and certain other legally required financial documents before they are approved by the Board. In so doing, the Audit Committee meets independently with the Company's Auditors to review the adequacy of the Company's systems and procedures of internal control and to review the nature, scope and findings of the annual audit. The Audit Committee also ensures the Company has an effective strategy to manage its principal risks. The

Audit Committee also reviews the quarterly unaudited financial statements and the quarterly Management Discussion and Analysis before they are approved by the Board. The Audit Committee consults with the Company's Auditors as part of the review. 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. The Audit Committee met four times in 2009. Additional information relating to the Audit Committee is contained in the Company's Annual Information Form dated as at March 18, 2010.

Effective April 23, 2009, the Audit Committee consists of the following independent directors: Gordon H. MacDougall (Chair), Lawrence I. Bell, Peter M. Lynch and Douglas W.G. Whitehead.

Environment & Safety Committee

The Environment & Safety Committee ("**E&S Committee**") is mandated to monitor the Company's ongoing commitment to its principles, values and policies regarding environment and safety matters. The E&S Committee reviews the information systems, assessment procedures and, if necessary, remedial procedures to ensure the Company's operations are in compliance with environmental, health and safety laws and regulations and there is a pattern of continuous improvement in minimizing any adverse environmental, health and safety impacts. In addition to reporting its findings to the Board, the E&S Committee has arranged for a report to be included in the Company's Annual Information Form. The E&S Committee met four times in 2009.

Effective April 23, 2009, the E&S Committee consists of the following independent directors: Peter M. Lynch (Chair), Harold C. Kalke and E. Lawrence Sauder.

Management Resources & Compensation Committee

The Management Resources & Compensation Committee ("**MRCC**") is mandated to ensure that the Company develops and implements long range plans and programs for attracting, retaining, developing, motivating, evaluating and compensating management to provide the Company with a high level of strength, depth and continuity in its human resources. The MRCC reviews and approves the management succession plan, overall compensation, including short-term and long-term incentives, at the executive level (except in the case of the Chief Executive Officer, it reviews and recommends for approval by the Board), and monitors the competitiveness of compensation at all levels of management. The MRCC is also responsible for ensuring the goals and objectives and position description of the Chief Executive Officer are in alignment with the Mandate of the Board (a copy of the Mandate of the Board can be found on page 44 of this Information Circular). The MRCC monitors the objectives, form and performance of the Company's pension plans. The MRCC met three times in 2009.

Effective April 23, 2009, the MRCC consists of the following independent directors: Douglas W.G. Whitehead (Chair), Gordon H. MacDougall, J. Eddie McMillan and John P. Sullivan.

COMPENSATION

DIRECTOR COMPENSATION

Director compensation is paid to directors and includes annual retainers, meeting fees and equity-based incentive compensation in the form of deferred share units. The compensation is intended to provide an appropriate level of remuneration considering the responsibilities, time requirements and accountability of their roles on the Board. The Corporate Governance & Nominating Committee annually reviews and recommends to the Board the compensation of all Board members. The Corporate Governance & Nominating Committee uses comparative information to ensure that the compensation is competitive.

Annual Retainers and Meeting Fees

In April 2008, the Corporate Governance & Nominating Committee undertook a comprehensive review of director compensation. The Committee determined at that time that the Company's current director compensation, except the Chairman's compensation, was no longer competitive. However, given the economic conditions at that time, the Committee concluded that it would be inappropriate to increase director compensation.

In 2009, the Committee reaffirmed its decision that no changes should be made to director compensation. As a result, the annual retainers, meeting attendance fees, committee and chair retainers remained as set out in the following fee schedule, payable on a quarterly basis.

Annual Chairman Retainer (1)	$125,000
Annual Director Member Retainer, except CEO	$ 25,000
Lead Director Retainer (in addition to Annual Director Retainer)	$ 5,000
CEO – Total Director Compensation(2)	$ 6,000
Board Meeting Attendance Fee	$ 1,000
Board Teleconferencing Fee (less than 1 hr)	$ 500
Annual Committee Retainer	$ 2,000
Committee Chair Retainer, excluding Chair of the Audit Committee	$ 2,500
Audit Committee Chair Retainer	$ 7,500
Committee Meeting Attendance Fee	$ 1,000
Committee Teleconferencing Fee (less than 1 hr)	$ 500
Per Diem – for Company business, tours or strategy sessions on days other than meeting days	$ 1,000
Travel Time (if more than ½ day is required)	$ 1,000
Travel Fees and Other Significant Expenses	Actual

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

However, given the market conditions affecting the Company in 2009, all directors unanimously agreed to forego their Annual Director Member Retainer (in the case of the Chief Executive Officer, the CEO – Total Director Compensation, and in the case of the Chairman of the Board, $16,666 of his Annual Chairman Retainer) for the period from May 1, 2009 to December 31, 2009.

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**"). The 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 the non-executive directors in 2009.

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

(1) The Chief Executive Officer does not receive a grant of DSUs.

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

In addition, directors are entitled to elect to receive their Annual Director Member Retainer, or, in the case of the Chairman, the Annual Chairman Retainer, in DSUs, at the prior election of a 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 on the Toronto Stock Exchange during the last five trading days preceding the end of each calendar quarter. The 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 participated in the Company's Share Appreciation Rights Plan ("**SAR Plan**"). Prior to 2002, directors participated in the Share Option Plan.

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 Member Retainer i.e. $125,000, within five years of becoming a director, or by December 31, 2011, whichever is later. See page 29 for the share ownership requirement of the Chief Executive Officer.

The following table shows the actual and required Class "A" Subordinate Voting shares and DSUs holdings as of December 31, 2009 for the directors, except the Chief Executive Officer.

	Number of Class "A" Subordinate Voting Shares ("Shares") Held	**Number of Deferred Share Units Held**	**Total Shares and Deferred Share Units Held**	**Value of Shares and Deferred Share Units Held(1)**	**Value of Holdings Required**	**Date Required**
Lawrence I. Bell	35,300	12,930	48,230	$243,244	$125,000	Dec. 31, 2011
Harold C. Kalke	5,300	27,060	32,360	$159,341	$125,000	Dec. 31, 2011
Peter M. Lynch	-	21,060	21,060	$103,699	$125,000	Dec. 31, 2011
Gordon H. MacDougall	15,000	21,060	36,060	$188,136	$125,000	Feb. 28, 2012
J. Eddie McMillan	-	6,000	6,000	$32,140	$125,000	Dec. 31, 2011
E. Lawrence Sauder	5,000(2)	16,000	21,000	$120,986	$125,000	Dec. 31, 2011
John P. Sullivan	120,786	12,000	132,786	$653,838	$125,000	Dec. 31, 2011
Douglas W.G. Whitehead	13,000	4,000	17,000	$83,708	$125,000	April 30, 2012

(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 and the grant date market value of DSUs awarded; and (ii) the market value, using the weighted average trading price of the Class "A" Subordinate Voting Shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares and DSUs. The market value used for the comparison is $4.9240 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding December 31, 2009.

(2) For Mr. Sauder, only the Class "A" Subordinate Voting shares held directly by Mr. Sauder are included in this table. However, in determining whether Mr. Sauder has met his share ownership requirement, the Board has taken into consideration Mr. Sauder's indirect shareholdings. See note (2) on page 10 regarding Mr. Sauder's indirect shareholdings.

Director's Total Compensation

The following table sets out the total director compensation for the year ended December 31, 2009.

Name [(1)]	Fees Earned[(2)]	Share-based Awards[(3)]		Option-based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation [(5)]	Total
		Received in lieu of Annual Director Retainer	DSU Plan Awards					
	$	$	$	$	$	$	$	$
Lawrence I. Bell	31,653[(4)]	930	5,018	-	-	-	1,000	38,601
Harold C. Kalke	25,859[(4)]	4,224	5,018	-	-	-	1,000	36,101
Peter M. Lynch	23,359[(4)]	4,224	5,018	-	-	-	9,000	41,601
Gordon H. MacDougall	24,859[(4)]	4,224	5,018	-	-	-	1,000	35,101
J. Eddie McMillan	27,833	-	5,018	-	-	-	9,000	41,851
E. Lawrence Sauder	108,333	-	10,035	-	-	-	-	118,368
John P. Sullivan	29,583	-	5,018	-	-	-	1,000	35,601
Douglas W.G. Whitehead	26,583	-	5,018	-	-	-	1,000	32,601

(1) Duncan Davies' total compensation is set out in the Summary Compensation Table on page 30.
(2) Fees earned consist of annual retainer fees, committee, chair and meeting fees. For the period from May 1, 2009 to December 31, 2009, due to the then current market conditions affecting the Company, all directors agreed to forego their Annual Director Member Retainer (in the case of the Chairman, $16,666 of his Annual Chairman Retainer).
(3) The DSU Plan provides that DSUs awarded under the DSU Plan shall be awarded at a value equal to the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days prior to the date of the grant. The amount reflected in the table represents such value, which the Board has determined is the grant date fair value of such DSUs.
(4) Messrs. Bell, Kalke, Lynch and MacDougall elected to receive all or a portion of their Annual Director Member Retainer for 2009 in DSUs. Since the directors agreed to forego their Annual Director Member Retainer for the period from May 1, 2009 to December 31, 2009, Messrs. Bell, Kalke, Lynch and MacDougall only received DSUs in respect of that portion of their Annual Director Member Retainer payable in respect of the period prior to May 1, 2009.
(5) All Other Compensation consists of per diem rates (includes the strategic planning session) and travel time.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each director (except the Chief Executive Officer) all outstanding option-based (Share Appreciation Rights ("**SARs**") and Share Options) and share-based awards outstanding as at December 31, 2009.

	OPTION-BASED AWARDS(1)				SHARE-BASED AWARDS(2)	
Name	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price(3)**	**Option Expiration Date**	**Value of Unexercised In-the-money Options**	**Number of Shares or Units of Shares that have not Vested**	**Market or Payout Value of Share-based Awards that have not Vested**
	#	$		$	#	$
Lawrence I. Bell						
Stock Options	2,000	4.85	30-Jan-2010	-	-	-
Stock Options	3,000	3.65	18-Jan-2011	3,120	-	-
SARs	5,000	4.33	22-Jan-2012	2,822	-	-
SARs	5,000	6.45	30-Jan-2013	-	-	-
Harold C. Kalke						
Stock Options	5,000	3.65	18-Jan-2011	5,200	-	-
SARs	5,000	4.33	22-Jan-2012	2,822	-	-
SARs	5,000	6.45	30-Jan-2013	-	-	-
E. Lawrence Sauder						
Stock Options	5,000	4.85	30-Jan-2010	-	-	-
Stock Options	5,000	3.65	18-Jan-2011	5,200	-	-
SARs	5,000	4.33	22-Jan-2012	2,822	-	-
SARs	5,000	6.45	30-Jan-2013	-	-	-
John P. Sullivan						
Stock Options	100,000	4.94	30-Apr-2011	-	-	-
SARs	29,000	4.33	22-Jan-2012	16,365	-	-
SARs	22,800	6.45	30-Jan-2013	-	-	-

(1) Prior to 2002, the directors participated in the Company's Share Option Plan. In 2002 and 2003, the directors participated in the Company's Share Appreciation Rights Plan.
(2) The table does not include outstanding DSUs held by the directors because DSUs vest immediately upon grant. The number of DSUs currently held by directors and the value of same is shown in the table on page 18 of this Information Circular.
(3) Option Exercise Price for share appreciation rights represents the base price of the share appreciation rights.

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, 2009. The only share-based awards received by directors are DSUs, which vest immediately upon grant.

Share-Based Awards – Value Vested During the year [(2)]		
Name[(1)]	**Received in lieu of Annual Director Retainer[(3)]**	**DSU Plan Awards[(4)]**
	$	**$**
Lawrence I. Bell	930	5,018
Harold C. Kalke	4,224	5,018
Peter M. Lynch	4,224	5,018
Gordon H. MacDougall	4,224	5,018
J. Eddie McMillan	-	5,018
E. Lawrence Sauder	-	10,035
John P. Sullivan	-	5,018
Douglas W.G. Whitehead	-	5,018

(1) Information regarding incentive plan awards vested or earned during the year by the Chief Executive Officer of the Company is set out in the table on page 32.
(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 Member Retainer in 2009. These amounts are included in the Fees Earned column of the Director's Total Compensation Table. The value indicated is the amount of the Annual Director Retainer that was received in the form of DSUs. The number of DSUs received was equal to the dollar value of the retainer paid in DSUs divided by the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange during the last five trading days preceding the end of each calendar quarter.
(4) This column reflects the value of DSUs awarded to directors in 2009 as described on page 17. The value shown is the grant date fair value which is calculated at a value equal to the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days prior to the date of the grant.

EXECUTIVE OFFICER COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Objectives and Strategy

The Management Resources and Compensation Committee ("**MRCC**") is responsible for reviewing and approving the compensation arrangements of the Company's officers, other than the Chief Executive Officer. The MRCC reviews and recommends to the Board for approval the compensation arrangement of the Chief Executive Officer. 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 and business unit performance, and competitive market compensation data, are used to determine his/her actual compensation. The Company generally targets total compensation (base salary and all at-risk compensation) at or about the 75th percentile of the selected comparator group, taking into consideration compensation practices of regional and local companies from other industry sectors who may compete for executive talent, the employee's varying level of responsibilities, individual performance, market trends, and the 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 Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the two 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. The Company periodically selects for benchmarking purposes a comparator group comprised of other companies in the forest industry in Canada and in the U.S. who are similar in size, complexity, and geographic location. In 2009, the Company used the following western Canadian and Pacific Northwest U.S. based forest companies as its comparator group.

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

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

The Company may also engage and obtain advice from independent compensation consultants who provide benchmark market data and general market observations with respect to market trends and issues. In 2007 the MRCC retained an external independent compensation consultant to review the market competiveness of the total compensation arrangements for the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer and to provide benchmark data and general market observations with respect to market trends. In October 2008 the MRCC retained an external independent compensation consultant to review the total compensation arrangements for the Vice-President and Corporate Treasurer based on additional benchmarking information. During 2009 the Company did not engage the services of any independent compensation consultant to provide it with executive compensation advice. Although the MRCC did not obtain additional benchmark data in 2009, the MRCC believes that the Company's total compensation arrangements for the Named Executive Officers remain competitive and continue to be aligned with the Company's compensation strategy.

Elements of Total Compensation

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

The objective of the Company's executive compensation plan is to pay executives at the 75th percentile of the selected comparator group measured over a five year period. 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* • Short Term Achievement Rewards Plan ("**STAR Plan**")(1) • Discretionary Short-term Bonus Plan(2) • President's Award and Other Discretionary Bonuses *Long-term incentives* • Total Shareholder Return Plan ("**TSR Plan**") • Share Appreciation Rights Plan	40-60%

(1) The STAR Plan was suspended indefinitely in February 2009.
(2) In February 2010, the Board adopted the Discretionary Short-term Bonus Plan to replace the STAR Plan to be applicable commencing with the 2010 financial year.

Annual Base Salary

The MRCC reviews the base salaries of 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 officer, individual performance and the complexity and autonomous characteristics of the Company. The MRCC approves the annual base salary of the officers other than the Chief Executive Officer. The Board approves the Chief Executive's Officer's base salary based on the MRCC's recommendation.

In addition to his annual base salary, the Chief Executive Officer receives an annual retainer of $6,000 as a director of the Company (as described on page 16 under the heading "Annual Retainers and Meeting Fees").

Non-Equity Incentives

Short- and long-term incentive compensation primarily comes in the form of awards under the Company's non-equity incentive compensation plans which include the STAR Plan (prior to 2009), Discretionary Short-term Bonus Plan (for 2010 and subsequent years), discretionary "President's Awards" and other discretionary bonuses, the SAR Plan and TSR Plan.

a) STAR Plan and Discretionary Short-term Bonus Plan

The STAR Plan, a short-term incentive plan, is designed to directly align the compensation of the Company's salaried employees, including the Named Executive Officers, to their personal performance and the Company's short-term financial performance. The STAR Plan provides the Named Executive Officers with the potential to earn an annual cash award based on the financial performance of the region of the Company in which he or she works, and his/her personal performance. The STAR Plan recognizes the cyclical nature of the forest industry and can result in large swings in award levels from year to year. Awards under the STAR Plan to salaried employees, other than the Chief Executive Officer, are subject to the discretion and approval of the MRCC. The MRCC reviews and recommends to the Board for approval an award under the STAR Plan to the Chief Executive Officer.

In February 2009, the MRCC (and Board) suspended indefinitely the STAR Plan. As a result, no awards were made to employees, including the Named Executive Officers, under the STAR Plan for 2009.

In February 2010, the MRCC adopted a new discretionary short-term bonus plan, which will be applicable commencing with the 2010 financial year, to replace the STAR Plan. Under this new plan, the Company will accrue 6.5% of earnings before tax (excluding one-time gains or losses) for awards for the Company's salaried employees, including the Named Executive Officers. Nominations for such a bonus for executive officers other than the Chief Executive Officer will be made by the Chief Executive Officer and approved by the MRCC in its discretion. In the case of the Chief Executive Officer, the MRCC may recommend for approval by the Board a bonus to the Chief Executive Officer.

b) President's Awards and other Discretionary Bonuses

The President's Award, a short-term incentive plan, is a discretionary plan designed to reward salaried employees who have made a noteworthy contribution to the Company during the prior year. Nominations for a President's Award are made by the Chief Executive Officer and approved by the MRCC in its discretion. In respect of 2009, President's Awards in the aggregate amount of $180,000 were awarded to 20 employees, of which Messrs. Horning, Williams and Schulte received $25,000, $20,000 and $20,000 respectively.

In addition, the Board may from time to time grant discretionary short-term incentive bonuses to the Chief Executive Officer and other executive officers or employees, to reward them for significant contributions during the year. The Board determined that the Chief Executive Officer should be awarded a discretionary bonus in the amount of $25,000 in respect of 2009.

c) TSR Plan

Awards under the TSR Plan represent long-term non-equity incentive compensation designed to reinforce the connection between remuneration and interests of the shareholders by motivating and rewarding participants for improving the long-term value of the Company. In any year, a Named Executive Officer either receives a grant under the TSR Plan or the SAR Plan, but not both. The Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer participate in the TSR Plan. Effective January 1, 2009, the MRCC approved the Vice-President and Corporate Treasurer as a participant in the TSR Plan.

Under the terms of the TSR Plan, a target award is established each year for each participant to be earned over a three year performance period. The target award is expressed as a percentage of the annual base salary in effect at the beginning of the performance period and is earned depending upon whether a pre-determined compound annual growth rate in the market price of the Company's Class "A" Subordinate Voting shares is achieved during the performance period. The formula which determines the amount of the actual award received also sets a threshold level of increase in the Company's share price below which no award is made and caps the maximum award that would be made under the Plan at twice the target award. 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 below, the participant may receive all or a portion of their TSR Plan award 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 threshold, target and maximum compound annual growth rate is approved by the Board. The compound annual growth rate set out in the table below has been in effect since January 1, 2004. 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. The following table sets out the compound annual growth rate and the corresponding target award.

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

The MRCC annually, in its discretion, approves the target award for each eligible Named Executive Officer, other than the Chief Executive Officer, 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 of the Chief Executive Officer, which annually is determined by the Board in its discretion.

In February 2009, the MRCC (and, in the case of the target award for the Chief Executive Officer, the Board) approved target awards under the TSR Plan for the performance period ending December 31, 2011. In February 2010, the MRCC (and in the case of the target award for the Chief Executive Officer, the Board) approved target awards under the TSR Plan for the performance period ending December 31, 2012.

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 (EXPRESS AS A PERCENTAGE OF BASE SALARY)
Chief Executive Officer	3 Years ended Dec. 31, 2009	100%
	3 Years ending Dec. 31, 2010	100%
	3 Years ending Dec. 31, 2011	100%
	3 Years ending Dec. 31, 2012	100%
Chief Financial Officer	3 Years ended Dec. 31, 2009	90%
	3 Years ending Dec. 31, 2010	90%
	3 Years ending Dec. 31, 2011	90%
	3 Years ending Dec. 31, 2012	90%
Chief Operating Officer	3 Years ended Dec. 31, 2009	90% (1)
	3 Years ending Dec. 31, 2010	90%
	3 Years ending Dec. 31, 2011	90%
	3 Years ending Dec. 31, 2012	90%
Vice President & Corporate Treasurer(2)	3 Years ending Dec. 31, 2011	50%
	3 Years ending Dec. 31, 2012	50%

(1) The Senior Vice-President, U.S. Operations was appointed Chief Operating Officer in February 2007. For the performance period ended December 31, 2009, his target award was tripled and consistent with the first grant under the TSR Plan to the Chief Executive Officer and Chief Financial Officer to support the Company's retention objectives, the MRCC agreed that Mr. Fulton's target award for the performance period ended December 31, 2009 would be guaranteed.

(2) The Vice President and Corporate Treasurer did not become eligible to participate in the TSR Plan until January 1, 2009. As such, his first grant is for the performance period ending December 31, 2011.

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

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

There were no awards paid out under the TSR Plan for the performance period ended December 31, 2009 to the Chief Executive Officer and Chief Financial Officer. However, as a result of the guarantee of his target award (see Note (1) above), the Chief Operating Officer earned a total of $1,215,000 for the performance period ended December 31, 2009. The award was paid in March 2010 by crediting the amount earned to an interest bearing cash account under the DSU Plan.

The following table sets out the outstanding awards awarded to the Named Executive Officers under the TSR Plan, the only non-equity long-term incentive plan:

Name	Performance Period Until Payout	Estimated Future Payout Under Non-Equity Incentive Plans (4)		
		Threshold (1)	Target (2)	Maximum (3)
		$	$	$
Duncan K. Davies	3 Years ending Dec. 31, 2010	325,000	650,000	1,300,000
	3 Years ending Dec. 31, 2011	325,000	650,000	1,300,000
	3 Years ending Dec. 31, 2012	325,000	650,000	1,300,000
John A. Horning	3 Years ending Dec. 31, 2010	202,500	405,000	810,000
	3 Years ending Dec. 31, 2011	202,500	405,000	810,000
	3 Years ending Dec. 31, 2012	202,500	405,000	810,000
Sandy M. Fulton	3 Years ending Dec. 31, 2010	202,500	405,000	810,000
	3 Years ending Dec. 31, 2011	202,500	405,000	810,000
	3 Years ending Dec. 31, 2012	202,500	405,000	810,000
Stephen D. Williams	3 Years ending Dec. 31, 2011	68,750	137,500	275,000
	3 Years ending Dec. 31, 2012	68,750	137,500	275,000

(1) The Threshold is met if the compound average growth rate of the Company's Class "A" Subordinate Voting shares during the performance period is 5%. If the Threshold is not met, no award is paid to the participants.
(2) The Target is met if the compound average growth rate of the Company's Class "A" Subordinate Voting shares during the performance period is 7.5%.
(3) The Maximum is reached if the compound average growth rate of the Company's Class "A" Subordinate Voting shares during the performance period is 15% or more.
(4) See above discussion on TSR Plan for determining the amount payable if the Threshold, Target or Maximum is met. If a compound annual growth rate of more than 5% but less than 15% is achieved by the Company, the amount payable is interpolated.

Equity Incentives

Equity incentive plan compensation may take the form of DSUs, SARs and Share Options. To date, the Company has not granted DSUs to executive officers as compensation and stock options have not been granted by the Company since 2001. Currently, SARs are the only equity incentives granted by the Company to the executive officers as an element of total compensation.

a) Share Appreciation Rights Plan

The SAR Plan is a long-term incentive plan which is option-based. SARs are awarded to eligible Named Executive Officers to provide additional long-term incentives and reinforce the connection between remuneration and growth in shareholder value. In any year, a Named Executive Officer either receives a grant under the SAR Plan or the TSR Plan, but not both. Since the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and Vice-President & Corporate Treasurer participate in the TSR Plan, they do not participate in the SAR Plan. The Vice-President & Corporate Treasurer became a participant in the TSR Plan effective January 1, 2009. Prior to that, he participated in the SAR Plan.

Under the SAR Plan, SARs can be exercised for a cash payment equal to the number of rights exercised multiplied by the increase in market value of the Company's Class "A" Subordinate Voting shares between the time of the grant and the time of exercise. The market value of a SAR is the weighted average closing price of the shares on the Toronto Stock Exchange for the five consecutive trading days ended on the trading day immediately prior to the date of the grant or exercise, as the case may be. The SAR grant expires on the earlier of ten years after the date of the grant, thirty 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 Chief Executive Officer, 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 2009, 363,500 SARs were granted, of which 20,000 SARs were granted to Mr. Schulte. In February 2010, the MRCC approved a grant of 280,000 SARs, of which 20,000 SARs were granted to Mr. Schulte.

As of December 31, 2009, SARs granted that had not expired or been cancelled totaled 2,001,380, of which 268,800 had been exercised. At December 31, 2009, 297,420 of the outstanding SARs were held by the Named Executive Officers**.**

b) Deferred Share Unit Plan

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

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, participants are granted options to purchase Class "A" Subordinate Voting shares of the Company at a price established at the time of the grant. The MRCC or Board, as the case may be, has not granted any options under this Plan since 2001.

Under this Plan, 3,000,000 Class "A" Subordinate Voting shares were reserved on April 21, 1999 and, with the approval of the Toronto Stock Exchange on April 6, 2001, an additional 250,000 shares were reserved to facilitate the acquisition of Primex Forest Products Ltd. in 2001. As of December 31, 2009, options had been granted and not cancelled or expired on 1,846,400 shares, of which 1,095,060 shares had been exercised. Options that remain outstanding represent 1.6% of the Company's Class "A"

Subordinate Voting shares issued as at the date of this Information Circular. At December 31, 2009, 252,800 of the outstanding options were held by the Named Executive Officers**.**

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 ten years from the date they were granted. Share 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%

Indirect Compensation Benefits

Indirect compensation includes participation in the retirement plans described more fully on page 34, as well as benefits available to all salaried employees of the Company such as extended health and dental care, life insurance and disability benefits.

Executive Officer Shareholding Ownership Requirement

The Company's share ownership requirement was introduced for the executive officers to provide a further link between the interests of executive officers and shareholders, thereby demonstrating the ongoing alignment of the interests with the interests of shareholders. The Chief Executive Officer is required to hold a minimum number of Class "A" Subordinate Voting shares, or DSUs, equal in value to three times his annual base salary in effect as of January 1, 2007, by December 31, 2011. The Chief Financial Officer and Chief Operating Officer are each required to hold a minimum number of Class "A" Subordinate Voting shares or DSUs equal in value to two times their annual base salaries, in effect as of January 1, 2007, by December 31, 2011. The Vice-President and Corporate Treasurer is required to hold a minimum number of Class "A" Subordinate Voting shares or DSUs equal in value to one times his annual base salary as of January 1, 2009, by December 31, 2013. The following table shows the actual and required Class "A" Subordinate Voting shares and DSU holdings as of December 31, 2009 for the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Vice-President & Corporate Treasurer. Value for this purpose is the higher of (i) actual cost of shares and the grant date market value of DSUs awarded, and (ii) market value, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding the applicable valuation date for such shares or DSUs received in payment of TSR Plan awards.

	Minimum Ownership Requirement (as a multiple of base salary)	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
Chief Executive Officer	3 times	112,000	161,355	273,105	$1,390,324	$1,950,000	Dec. 31, 2011
Chief Financial Officer	2 times	140,000	80,000	220,000	$1,083,280	$900,000	Dec. 31, 2011

Chief Operating Officer	2 times	23,500	—	23,500	$140,864	$900,000	Dec. 31, 2013
Vice-President & Corporate Treasurer	1 times	39,500	—	39,500	$194,498	$275,000	Dec. 31, 2013

(1) Value determined as the higher of: (i) actual cost of shares and the grant date market value of DSUs awarded, and (ii) $4.9240 per share or DSU held, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding December 31, 2009.

SUMMARY COMPENSATION TABLE

The following table shows the total realized and target compensation awarded to the Company's Named Executive Officers for the fiscal years ended December 31, 2009 and December 31, 2008.

Name and Principal Position	Year	Salary	Share Based Awards	Option Based Awards (2)	Non-Equity Incentive Plan Compensation: Annual Incentive Plans	Non-Equity Incentive Plan Compensation: Long-term Incentive Plans(4)	Pension Value(5)	All Other Compensation(6)	Total Compensation
		$	$	$	$	$	$	$	$
Duncan K. Davies President & Chief Executive Officer	2009	652,000(1)	-	-	25,000(3)	-	67,250	-	744,250
	2008	656,000	-	-	-	-	67,750	54,865	778,615
John A. Horning Senior Vice President, Chief Financial Officer & Corporate Secretary	2009	450,000	-	-	25,000(3)	-	43,250	-	518,250
	2008	450,000	-	-	-	-	43,750	-	493,750
Sandy M. Fulton Senior Vice President & Chief Operating Officer	2009	450,000	-	-	-	404,630	43,048	-	897,678
	2008	450,000	-	-	-	405,740	44,369	-	900,109
Stephen D. Williams Vice President & Corporate Treasurer	2009	275,000	-	-	20,000(3)	-	22,250	-	317,250
	2008	250,000	-	35,400	8,500	-	22,810	-	316,710
Otto F. Schulte Vice President, Coastal Woodlands	2009	225,000	-	13,950	20,000(3)	-	16,250	-	275,200
	2008	225,000	-	35,400	5,000	-	20,194	-	285,594

(1) In addition to his annual base salary, Mr. Davies receives a CEO-Total Director Compensation in the amount of $6,000. However, in February 2009, all directors, including Mr. Davies, unanimously agreed that they would forego their Annual Director Member Retainer (in the case of the Chief Executive Officer, the CEO - Total Director Compensation) for the period from May 1, 2009 to December 31, 2009. As such, Mr. Davies received only $2,000 in respect of that portion of his CEO-Total Director Compensation payable for the period prior to May 1, 2009.

(2) Option-Based Awards include awards made under the SAR Plan. Messrs. Williams and Schulte participated in the SAR Plan in 2008. Effective January 1, 2009, Mr. Williams no longer participated in the SAR Plan as he became eligible to participate in the TSR Plan. The number of SARs to be awarded is based on the number of underlying Class "A" Subordinate Voting shares of the Company to which the SARs relate, rather than on a dollar value that the Company intends to award as compensation. The value of the awards has been calculated using a Black-Scholes model (2009 grant) and a standard binomial model used to value share-based awards (2008 grant).

(3) Annual Incentive Plans reflect President's Awards made to executives other than the President and Chief Executive Officer and a discretionary bonus awarded by the Board to the President and Chief Executive Officer for 2009. No awards were made under the STAR Plan for either 2008 or 2009 and the STAR Plan was indefinitely suspended in February 2009.
(4) 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 TSR payouts in 2009. In respect of Mr. Fulton, he was appointed Chief Operating Officer in February 2007. For the performance period ended December 31, 2009, his target award was tripled and consistent with the first grant under the TSR Plan to the Chief Executive Officer and Chief Financial Officer to support the Company's retention objectives, the MRCC agreed that Mr. Fulton's target award for the performance period ended December 31, 2009 would be guaranteed. These amounts represent the value earned in 2008 and 2009 on the guaranteed target award. The award matured on December 31, 2009 and was paid in March 2010 by crediting the amounts earned to an interest bearing cash account under the DSU Plan.
(5) Pension Value amounts include Company contributions to the Deferred Profit Sharing Plan for Canadian-based Named Executive Officers, Company contributions to the 401(k) Plan for the U.S.-based Named Executive Officer, plus Company notional contributions to the Supplementary Pension Plan.
(6) All Other Compensation includes perquisites and other personal benefits provided to a Named Executive Officer that are not generally available to all employees. Perquisites and other personal benefits are only included above if in aggregate they exceed the lesser of $50,000 and 10% of a Named Executive Officer's total salary.
(7) Total Compensation represents the sum of the amounts in the other columns. It includes the valuation of Option Based Awards for Messrs. Williams and Schulte which may or may not be realized over the life of the awards.

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, 2009.

	OPTION-BASED AWARDS(1)(2)				SHARE-BASED AWARDS	
Name	Number of Securities Underlying Unexercised Options	Option Exercise Price(3)	Option Expiration Date	Value of Unexercised In-the-money Options	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-based Awards that have not Vested
	#	$		$	#	$
Duncan K. Davies						
Stock Options	72,200	4.85	30-Jan-2010	-	-	-
Stock Options	103,900	3.65	18-Jan-2011	108,056	-	-
SARs	93,900	4.33	22-Jan-2012	52,988	-	-
John A. Horning						
Stock Options	27,500	4.85	30-Jan-2010	-	-	-
Stock Options	34,600	3.65	18-Jan-2011	35,984	-	-
SARs	44,000	4.33	22-Jan-2012	24,829	-	-
Stephen D. Williams						
Stock Options	3,800	4.85	30-Jan-2010	-	-	-
Stock Options	10,800	3.65	18-Jan-2011	11,232	-	-
SARs	2,120	4.33	22-Jan-2012	1,196	-	-
SARs	8,500	6.45	30-Jan-2013	-	-	-
SARs	5,600	6.07	27-Jan-2014	-	-	-
SARs	5,400	7.09	25-Jan-2015	-	-	-
SARs	5,000	7.03	6-Feb-2016	-	-	-
SARs	7,500	8.02	19-Feb-2017	-	-	-
SARs	20,000	5.21	19-Feb-2018	-	-	-
Otto F. Schulte						
SARs	23,900	6.45	30-Jan-2013	-	-	-
SARs	15,600	6.07	27-Jan-2014	-	-	-
SARs	13,400	7.09	25-Jan-2015	-	-	-
SARs	5,000	7.03	6-Feb-2016	-	-	-

SARs	7,500	8.02	19-Feb-2017	-	-	-
SARs	20,000	5.21	19-Feb-2018	-	-	-
SARs	20,000	1.38	24-Feb-2019	70,230	-	-

(1) Prior to 2002, executive officers participated in the Company's Share Option Plan.
(2) In 2002 and 2003 executive officers participated in the SAR Plan. Commencing in 2004, in any year, a Named Executive Officer receives a grant under the SAR Plan or the TSR Plan, but not both. Mr. Williams became a participant in the TSR Plan effective January 1, 2009. Prior to that, he participated in the SAR Plan.
(3) Option Exercise Price for SARs represents the base price of the SARs.

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, 2009.

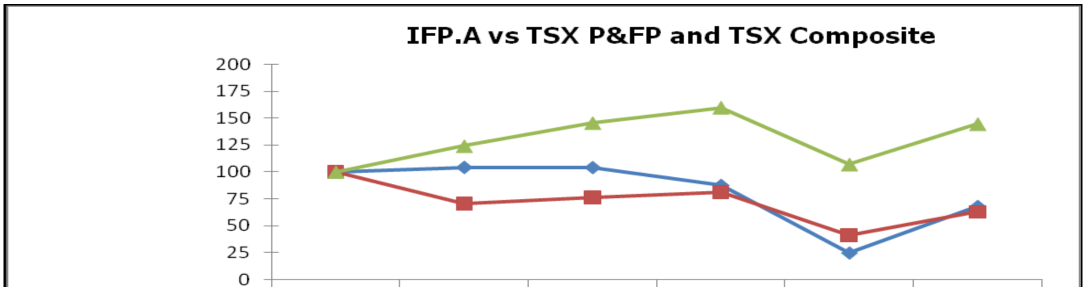
Name	Option Awards – Value Vested During the Year (1)	Share Based Awards – Value Vested During the Year(2)	Non-Equity Incentive Plan Compensation - Value Earned During the Year
	$	$	$
Duncan K. Davies	-	-	25,000(3)
John A. Horning	-	-	25,000(4)
Sandy M. Fulton	-	-	404,630(5)
Stephen D. Williams	-	-	20,000(4)
Otto F. Schulte	-	-	20,000(4)

(1) Messrs. Williams' and Schulte's SARs which vested during the year had an exercise price which exceeded the market price of the underlying securities at the vesting date.
(2) Named Executive Officers participating in the TSR Plan may elect to have payment of all or a portion of TSR Plan awards earned paid in the form of DSUs under the DSU Plan, which DSUs immediately vest. In 2009 there were no awards paid out under the TSR Plan except a guaranteed award paid to the Chief Operating Officer. The Board exercised its discretion and required that the award be credited to an interest bearing cash account under the DSU Plan, rather than be paid in the form of DSUs.
(3) The amount for Mr. Davies represents a discretionary bonus granted by the Board. This amount has been included in the Summary Compensation Table for 2009 as Non-Equity Incentive Plan Compensation.
(4) The amounts for Messrs. Horning, Williams and Schulte are their President's Awards. These amounts have been included in the Summary Compensation Table for 2009 as Non-Equity Incentive Plan Compensation.
(5) Non-equity Incentive Plan Compensation for Mr. Fulton represents the value earned in 2009 on his TSR award in respect of the three-year performance period ended December 31, 2009. The award matured on December 31, 2009 and was paid in March 2010 by crediting the amount earned to an interest-bearing cash account under the DSU Plan.

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.

<u>Performance Graph</u>



	2004	2005	2006	2007	2008	2009
Interfor	100.0	104.3	104.2	87.5	24.6	68.0
TSX P&FP Total	100.0	70.7	76.1	81.0	41.0	62.8
TSX Comp Total	100.0	124.1	145.6	159.9	107.1	144.6

The substantial decrease in the Company's share price in 2007 and 2008 directly impacted executive compensation. As a result, total compensation of the Named Executive Officers fell due to non-payment of the at-risk components of their compensation. Specifically, the decline of the Company's share price in 2007 and 2008 resulted in no awards under the TSR Plan in 2007 and 2008 and the financial performance of the Company during 2007 and 2008 resulted in no short-term incentive bonuses to the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer for those years. In addition, as a result of market conditions affecting the Company, reflected in the graph, in February 2009 the MRCC suspended the STAR Plan and, as a result, no awards were made under that plan in 2009. Further, other than a guaranteed target award that was agreed to by the Company in 2007 in connection with retaining the Chief Operating Officer and increasing his responsibilities, no awards were earned under the TSR Plan in 2009 as a result of the market conditions reflected in the graph.

EQUITY COMPENSATION PLAN INFORMATION

As at December 31, 2009, the Company has reserved the following Class "A" Subordinate Voting shares for possible issuance under its Share Option Plan:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity Compensation Plans Approved by Securityholders	501,340	$ 4.20	1,403,600
Additional Grant – Not Approved by Securityholders(2)	250,000	$ 4.94	—
Total	**751,340**	**$ 4.44**	**1,403,600**

(1) Securities reflected in the table are options to acquire Class "A" Subordinated Voting shares of the Company.
(2) The additional grant was approved by the Toronto Stock Exchange to facilitate the acquisition of Primex Forest Products Ltd. in 2001. The terms of the grant are the same as those of the approved Share Option Plan.

RETIREMENT PLANS

The Company has established a Group Registered Retirement Savings Plan/Deferred Profit Sharing Plan for all of its Canadian salaried employees. The Plan provides such employees with an opportunity to make voluntary regular 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 $10,750 in 2009. The Company equally matches employee regular contributions with contributions to a Deferred Profit Sharing Plan ("**DPSP**"). In Canada, the RRSP/DPSP combined limit in 2009 was $21,500. All Named Executive Officers except Mr. Fulton are eligible to participate in the RRSP and DPSP. All Company contributions to the DPSP vest immediately. If the employee terminates employment prior to age 55, he or she can roll the accumulated contributions and investment income to another registered plan, or take as taxable cash. If the employee terminates employment at or after age 55, in addition to the above options, he or she can also 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 the Chief Operating Officer, Mr. Fulton, may make voluntary contributions to the Company's 401(k) Plan up to a total maximum of $16,500 in 2009. Employees 50 and over may contribute a "catch-up" amount of $5,500 per year for a maximum deferral of $21,000 for 2009. The Company makes a matching contribution to participant accounts of up to 4% of an employee's compensation with a maximum match of $9,800 for 2009. 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. If the distributable amount exceeds $1,000, 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 or partial 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 in the U.S. for Mr. Fulton. 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 backed 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 Survey on Canadian Pension Plans' Investment Managers. For 2009, the resulting rate was 5.2%. 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 2009, the rate ranged from 5.2% to 34.3% 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	NON-COMPENSATORY	ACCUMULATED VALUE AT END OF YEAR
	$	$	$	$
Duncan K. Davies	812,840	56,500	43,737	913,077
John A. Horning	369,648	32,500	20,067	422,215
Sandy M. Fulton	143,042(1)	31,856(2)	9,810	184,708 (3)
Stephen D. Williams	77,003	11,500	4,303	92,806
Otto F. Schulte	154,752	5,500	8,190	168,442

(1) Mr. Fulton's amount has been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2008.
(2) Mr. Fulton's amount has been converted to Canadian dollars using the average foreign exchange rate for 2009.
(3) Mr. Fulton's amount has been converted to Canadian dollars using the Bank of Canada closing rate on December 31, 2009.

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 immediately vest and 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 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, each of the Named Executive Officers shall for a period of 30 days after the takeover have the right to exercise the SARs held by that executive, notwithstanding that under the terms a SAR does not become exercisable until a later date.

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 result if there had been a change of control as of December 31, 2009.

NAMED EXECUTIVE OFFICER	SEVERANCE PERIOD (MONTHS)	ANNUAL BASE SALARY ($)	CHANGE OF CONTROL PAYMENTS ($) (1)
Duncan K. Davies	36	650,000	2,227,525
John A. Horning	30	450,000	1,296,271(2)
Sandy M. Fulton	30	450,000	1,272,449(2)
Stephen D. Williams	24	275,000	671,098
Otto F. Schulte	24	225,000	552,311

(1) Based on trigger event having occurred December 31, 2009.
(2) Although the severance period and annual base salary are the same for Mr. Horning and Mr. Fulton, their annual pension contributions and average percentage bonus differ resulting in the difference in the change of control payment for each.

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 18th day of March, 2010.

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

APPENDIX A: STATEMENT OF INTERFOR'S CORPORATE GOVERNANCE PRACTICES

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

Board of Directors

Disclose the identity of directors who are independent.
The Corporate Governance & Nominating Committee has determined that all of the proposed directors, other than E. Lawrence Sauder and Duncan Davies, are independent. Biographies of each director, including their business experience and the names of other boards on whose board they serve, can be found in the "Election of Directors" on page 7 of this Information Circular.

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

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

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

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

If a director is presently a director of any other issuer that is a reporting issuer in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.
The directorships in other reporting issuers held by each director can be found in the "Election of Directors" on page 7 of this Information Circular.

Disclose whether or not independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of 2009.
At each of the regularly scheduled quarterly Board meetings, the Board meets "in-camera" without management other than the Chief Executive Officer present, followed by a "non-executive" session without the Chief Executive Officer or any other member of management present. The Chair 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 2009.

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director and describe his or her role and responsibilities.
The Chair of Interfor's Board is E. Lawrence Sauder and he is not independent. As such, the Board appoints a lead director who is independent following the Annual General Meeting to hold office until the next Annual General Meeting. The lead director is currently Lawrence Bell. The lead director provides independent leadership to the Board.

Disclose the attendance record of each director for all board meetings held in 2009.
See page 12 of this Information Circular for attendance records for each director. Directors are expected to attend all Board and committee meetings.

Board Mandate

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

Position Descriptions

Disclose whether or not the board has developed written descriptions for the chair and the chair of each board committee.
The Board has developed written position descriptions for the Chair of the Board and the Chair of each of the Board committees.

Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer.
The Board has developed a written position description for the Chief Executive Officer. The Management Resources & Compensation Committee reviews and recommends to the Board approval of the Chief Executive Officer's goals and objectives and his Position Description on an annual basis and ensures that they are aligned with the Mandate of the Board. The Board approves the Chief Executive Officer's goals and objectives. The Management Resources & Compensation Committee is also responsible for monitoring the Chief Executive Officer's performance relative to his goals and objectives and reports its conclusions to the Board.

Orientation and Continuing Education

Briefly describe what measures the board takes to orient new directors regarding i) the role of the board, its committees and its directors, and ii) the nature and operation of the issuer's business.
All new directors are provided with a handbook that contains the governance practices of the Company including the Terms of Reference and Policies for Directors and Executives, and lists the members of the Board and each of the Committees. New directors are also provided with an overview of the Company's business, management, financial reporting and accounting policies and procedures, strategic plan, risk management plan, and financial position and other topics. The orientation program also involves an extensive tour of the Company's manufacturing and forestry operations.

Briefly describe what measure, if any, the board takes to provide continuing education for its directors.
On an on-going basis, management updates the directors on industry developments, forest policy changes and regulatory changes pertaining to public companies. Tours are provided from time to time with a focus on capital expenditures, safety or the environment. The Board also participates annually in an extensive strategic planning session.

In 2009, management conducted or organized the education sessions noted in the table below.

Date	Subject	Attendees	Presented by
February 11 April 22 July 22 October 21	Quarterly updates on developments in securities regulation and best practices.	Corporate Governance & Nominating Committee	General Counsel
February 12 April 23 July 23 October 22	Update on industry developments and forest policy changes.	Environment & Safety Committee	Management
October 1, 2 and 20	Tour of new Adams Lake Mill	All Directors	Management & Mill Manager, Adams Lake
October 23 and 24	Strategy Session	All Directors	Management
July 22 and October 21	International Financial Reporting Standards	Audit Committee	Management

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

Ethical Business Conduct

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

The Board has adopted a written Code of Conduct, which applies to all of Interfor's directors, officers and employees. The Code of Conduct is distributed to its directors, officers and employees in a Policy Manual and on the Company's intranet site. For other interested parties it is available on SEDAR at www.sedar.com and at www.interfor.com. All salaried employees are required to annually review and confirm that they are aware of and understand the Company's Code of Conduct.

Divisional Managers, Vice Presidents and the Company's Corporate Secretary have an obligation to inform the Chief Executive Officer of any reported violations or suspected violations of the Code on a timely basis. The Chief Executive Officer is responsible for summarizing the violations and their resolution and reporting same to the Chair of the Audit Committee on a quarterly basis or if circumstances warrant, at the time the Chief Executive Officer becomes aware of the situation. Violations may also be reported directly to the Chair of the Audit Committee.

The Board has also established a Disclosure Policy, Whistleblower Policy, Financial Reporting Policy, Internet, Email and Computer Use Policy, Harassment Policy and Smoking, Drug and Alcohol Policy to promote ethical business conduct.

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

Nomination of Directors

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

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

Director and Officer Compensation

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

The Board has delegated to the Corporate Governance & Nominating Committee the responsibility for reviewing and recommending to the Board the compensation of Board members. The Corporate Governance & Nominating Committee annually reviews Board compensation. See Director Compensation on page 16 of this Information Circular for further information on directors' fees and equity ownership.

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

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

If a compensation consultant or advisor has, at any time since the beginning of 2009 been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained.
In 2009, the Company did not retain any consultant to assist in determining executive compensation.

Other Board Committees

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

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

Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.
The Corporate Governance & Nominating Committee carries out a comprehensive assessment of the Board every second year. By way of a questionnaire, directors, other than the Chairman and the Chief Executive Officer, are asked to rate the effectiveness of the Board and each committee ("**Board Effectiveness Assessment**").

In the following year, the Corporate Governance & Nominating Committee asks directors to complete a mini assessment which targets those areas which the Board Effectiveness Assessment indicated that the Board or a committee could improve its effectiveness. As an alternative to the mini assessment, 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 with the applicable director any low rankings given by a director. The Corporate Governance & Nominating Committee discusses the collated results of the Board Effectiveness Assessment and reports same to the Board.

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

APPENDIX B: MANDATE OF THE BOARD

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

Objective of the Board

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

General Duty of the Board

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

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

Stewardship Responsibilities of the Board

1. To establish an effective process of corporate governance, including principles and guidelines specific to the Company.
2. To ensure the Company has a strategic planning process in place and approve the strategies that evolve from this process.
3. To identify the principal risks facing the Company and ensure that systems are in place to manage these risks.
4. To appoint, assess and compensate officers, in particular the Chief Executive Officer ("**CEO**"), and to approve a plan for succession and training of Management.
5. To ensure the Company has an effective two-way communication policy with shareholders, other stakeholders and the public.
6. To ensure effective internal controls and information systems exist to provide reliable historical and forward-looking information with respect to financial matters, environmental matters and other regulatory compliance.
7. To ensure the integrity of the Company's reporting of its financial performance.
8. To satisfy itself of the integrity of the CEO and Management and to ensure that a culture of integrity exists throughout the Company.
9. To ensure that the Company complies with all health, safety and environmental legislation in all areas in which the Company operates.

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