

# INTERNATIONAL FOREST PRODUCTS LIMITED

## INFORMATION CIRCULAR

Information contained in this Information Circular is given as at March 12, 2008 unless otherwise stated. Except where otherwise noted, all dollar amounts are stated in Canadian dollars.

### PART I - VOTING

#### **Solicitation of Proxies**

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 International Forest Products Limited (the "Company") for use at the annual general meeting (the "Meeting") of the shareholders of the Company to be held at the time and place (including any adjournment or postponement thereof) and for the purpose set out in the accompanying Notice of Annual General Meeting of Shareholders.

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.

#### **Matters to be Voted on at the Meeting**

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 Meeting that are presently known to management.** The persons named in the enclosed form of proxy will on any ballot vote or withhold from voting the shares in respect of which they are appointed in the manner specified in the form of proxy. **Where no choice is specified in the form of proxy with respect to a matter identified therein, the shares will be voted in favour of any ballot that may be called for that matter.**

#### **Voting Shares and Principal Holders Thereof**

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 12, 2008 are entitled to receive notice of and to attend and vote at the 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. The Preference shares do not carry the right to vote except as provided in Article 21.3(h) of the Articles of the Company.

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](http://www.sedar.com).

As of March 12, 2008, there were 46,089,076 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.

As of March 12, 2008, to the knowledge of the directors and officers of the Company, based on the information filed by them, the following persons beneficially own or exercise control or direction over, 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
Mountclair Investment Corporation (1)	1,011,735 Class "B" Common shares 1,079,271 Class "A" Subordinate Voting shares	99.60% 2.34%
Howson Tattersall Investment Counsel Limited	6,982,294 Class "A" Subordinate Voting shares	15.15%
CCM Master Qualified Fund Ltd. (2)	5,556,300 Class "A" Subordinate Voting shares	11.80%

- (1) Mountclair Investment Corporation is indirectly owned by a holding company owned by the beneficiaries of the late W.L. Sauder, including E.L. Sauder. E.L. Sauder controls or directs the exercise of the voting rights attached to the voting securities of the Company held by Mountclair Investment Corporation with respect to routine matters such as the election of directors and appointment of auditors. In addition, E.L. Sauder directly owns 5,000 Class "A" Subordinate Voting shares.
- (2) CCM Master Qualified Fund Ltd. is managed by Coghill Capital Management LLC, a Chicago based money management firm.

### **Appointing a Proxyholder**

The persons named as proxyholders in the enclosed form of proxy are directors of the Company. **A shareholder desiring to appoint some other person to attend and act on their behalf at the Meeting may do so 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, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, fax number: 1-866-249-7775, and received no later than 48 hours, excluding Saturdays and holidays, before the time of the Meeting or any adjournment or postponement thereof.

### **Revoking a Proxy**

A shareholder may revoke a proxy by 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 Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or (ii) the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof,

or in any other manner provided by law.

### **Exercise of Discretion by Proxyholders**

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 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 Meeting, your proxyholder may vote your shares as they consider best.

**Counting of Votes**

The Company's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies. This is done independently of the Company to preserve confidentiality in the voting process. Proxies are referred to the Company only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

## PART II - BUSINESS OF THE MEETING

### 1. RECEIVE THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended December 31, 2007 are included in the Company's Annual Report, and will be tabled at the Meeting.

### 2. FIX THE NUMBER OF DIRECTORS

Article 10.1 of the Articles of the Company provides that the number of directors is to be fixed by an ordinary resolution of the shareholders. The number was last fixed by the shareholders at ten. The directors recommend that the number of directors be decreased to nine by approving the following resolution: "Be it resolved that pursuant to Article 10.1 of the Articles of the Company, the number of directors be fixed at nine." Unless otherwise instructed, the persons designated in the enclosed form of proxy will vote in favour of this resolution.

### 3. ELECTION OF DIRECTORS

The directors of the Company are elected each year at the annual general meeting of the Company and hold office until the close of the next annual general meeting or until he or she ceases to hold office, whichever is sooner. The persons listed below are being proposed for nomination for election as a director of the Company at the Meeting. The persons named in the enclosed form of proxy will vote in favour of the election of those persons listed below as directors. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names, ages and places of residence of all the persons to be nominated for election as directors and other relevant information including the number of shares and deferred share units held by each of them as at December 31, 2007 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

<b>LAWRENCE I. BELL</b> (Lead Director)  Age 70  Vernon, B.C., Canada  Director Since: April 1998  <b>Independent</b>  <b>Lead Director</b>	Mr. Bell is currently the Chairman of the Canada Line (Rapid Transit Project), a director of Goldcorp Inc., Miramar Mining Corporation and Silver Wheaton Corp, and a trustee of Hardwoods Distribution Income Fund. He served as the non-executive Chairman of British Columbia Hydro and Power Authority until December 2007. From August 2001 to November 2003, Mr. Bell 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 board of a number of private and public companies, including Kimber Resources Inc., B.C. Gas and Canadian Hunter. In the B.C. private sector, Mr. Bell has served as Deputy Minister of Finance and Secretary to the Treasury Board. He holds a M.A. in Economics and has received numerous awards for his public service.			
<b>Committee Memberships</b>				
Management Resources and Compensation Committee Environment and Safety Committee				
<b>Shares and Share Equivalents Held:</b>				
<b>Shares (1)</b>	<b>Total DSUs (3)</b>	<b>Total of Class "A" Subordinate Voting Shares and DSUs</b>	<b>Total Market Value of Class "A" Subordinate Voting Shares and DSUs (4)</b>	
6,000 Class "A"	8,000	14,000	\$84,595	

**Nominees for Holders of Class “B” Common shares only**

<p><b>DUNCAN K. DAVIES</b> Age 57 Vancouver, B.C., Canada Director Since: November 1998 <b>Not Independent</b></p>	<p>Mr. Davies is the President and Chief Executive Officer of the Company. He has experience as the Chairman of several industry organizations and was a principal in an independent forest products company. He was a Vice President of an investment banking firm and subsequently held senior positions in two other large forest products companies. He has a B.A. in Economics and a M.A. in Forestry Economics.</p>			
	<p><b>Committee Memberships</b></p> <p>Mr. Davies is not a member of any Committee. He attends the MRCC Committee meetings in his capacity as President and Chief Executive Officer.</p>			
	<p><b>Shares and Share Equivalents Held:</b></p>			
	<p><b>Shares (1)</b></p> <p>11,500 Class “A”</p>	<p><b>Total DSUs (3)</b></p> <p>161,355</p>	<p><b>Total of Class “A” Subordinate Voting Shares and DSUs</b></p> <p>172,855</p>	<p><b>Total Market Value of Class “A” Subordinate Voting Shares and DSUs (4)</b></p> <p>\$1,044,476</p>

<p><b>HAROLD C. KALKE</b> Age 67 West Vancouver, B.C., Canada Director Since: July 2000 <b>Independent</b></p>	<p>Mr. Kalke is the President of Kalico Developments Ltd., a real estate development and management company. He has founded and operated several companies in the real estate development business and in the oil and gas sector. He has a B.Sc. in Engineering and a MBA from the University of Western Ontario, and has served as Chairman of the Board of Governors of the University of British Columbia.</p>			
	<p><b>Committee Memberships</b></p> <p>Audit Committee Management Resources and Compensation Committee</p>			
	<p><b>Shares and Share Equivalents Held:</b></p>			
	<p><b>Shares (1)</b></p> <p>5,300 Class “A”</p>	<p><b>Total DSUs (3)</b></p> <p>10,613</p>	<p><b>Total of Class “A” Subordinate Voting Shares and DSUs</b></p> <p>15,913</p>	<p><b>Total Market Value of Class “A” Subordinate Voting Shares and DSUs (4)</b></p> <p>\$96,154</p>

<p><b>PETER M. LYNCH</b> Age 56 Toronto, ON, Canada Director Since: October 2006 <b>Independent</b></p>	<p>Mr. Lynch is currently Executive Vice President and a director of Grant Forest Products Inc., a producer of OSB and engineered wood products. He spent most of his career as a lawyer practicing in the firm of Field, Turner, Dunn &amp; Lynch. He has 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.</p>			
	<p><b>Committee Memberships</b></p> <p>Corporate Governance Committee Environment and Safety Committee</p>			
	<p><b>Shares and Share Equivalents Held:</b></p>			
	<p><b>Shares (1)</b></p> <p>-</p>	<p><b>Total DSUs (3)</b></p> <p>4,613</p>	<p><b>Total of Class “A” Subordinate Voting Shares and DSUs</b></p> <p>4,613</p>	<p><b>Total Market Value of Class “A” Subordinate Voting Shares and DSUs (4)</b></p> <p>\$27,874</p>

<b>GORDON. H. MacDOUGALL</b> Age 62 West Vancouver, B.C., Canada Director Since February 2007 <b>Independent</b>	Mr. MacDougall is Vice Chairman of Connor, Clark & Lunn Investment Management Ltd., an asset management firm. He has spent most of his career in the investment management business. He has served most recently as lead director for Intrawest Corp. and was previously a director for Highfield Properties Ltd. and Tangent Oil & Gas. Mr. MacDougall holds a CFA from the University of Virginia (1976), a MBA from the University of Pittsburgh (1969) and a B.Comm. in Finance from Sir George Williams University (now Concordia University)(1968).			
	<b>Committee Memberships</b>			
	Audit Committee Corporate Governance Committee			
	<b>Shares and Share Equivalents Held:</b>			
		<b>Shares (1)</b>	<b>Total DSUs (3)</b>	<b>Total of Class "A" Subordinate Voting Shares and DSUs</b>
	15,000 Class "A"	4,613	19,613	\$118,512

<b>J. EDDIE McMILLAN</b> Perdido Key, Florida, U.S.A. Age 62 Director Since: October 2006 <b>Independent</b>	Mr. McMillan is an independent business consultant. He retired as Executive Vice President – Wood Products Group of Willamette Industries in April 2002. He has served as a director of Forest Express, Inc. and on 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.Comm. in Accounting from Louisiana Tech University.			
	<b>Committee Memberships</b>			
	Audit Committee Environment and Safety Committee			
	<b>Shares and Share Equivalents Held:</b>			
		<b>Shares (1)</b>	<b>Total DSUs (3)</b>	<b>Total of Class "A" Subordinate Voting Shares and DSUs</b>
	-	2,000	2,000	\$12,085

<b>E. LAWRENCE SAUDER</b> Vancouver, B.C., Canada Age 55 Director Since: April 1984 <b>Not Independent</b>	Mr. Sauder is Chairman of the Company. Prior to his appointment in February 2007, he was Vice Chairman of the Company. He is also the Chairman of Hardwoods Distribution Income Fund, a distributor of wood products, and Chairman of Sauder Industries Limited, a manufacturer and distributor of building products. He was previously the Vice Chairman, and President of Sauder Industries Limited. He is a member of the World Presidents Organization.			
	<b>Committee Memberships</b>			
	Management Resources and Compensation Committee			
	<b>Shares and Share Equivalents Held:</b>			
		<b>Shares (1)</b>	<b>Total DSUs (3)</b>	<b>Total of Class "A" Subordinate Voting Shares and DSUs</b>
	5,000 Class "A" See also Note (2)	8,000	13,000	\$78,553

<b>JOHN P. SULLIVAN</b> Vancouver, B.C., Canada Age 63 Director Since: May 2001 <b>Independent</b>	Mr. Sullivan retired in 2003 from his position as a 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. He served in various management capacities during his 30 years with Primex. He also served on the Board of Directors of Primex for 25 years, as well as several federal crown and private companies.			
	<b>Committee Memberships</b>			
	Audit Committee Corporate Governance Committee Environment and Safety Committee			
	<b>Shares and Share Equivalents Held:</b>			
		<b>Shares (1)</b>	<b>Total DSUs (3)</b>	<b>Total of Class "A" Subordinate Voting Shares and DSUs</b>
	80,786 Class "A"	8,000	88,786	\$536,489

<b>DOUGLAS W.G. WHITEHEAD</b> Age 61 North Vancouver, B.C., Canada Director Since: April 2007 <b>Independent</b>	Mr. Whitehead is President and Chief Executive Officer of Finning International Corporation, a distributor of Caterpillar products and support services. He was elected to the Finning Board of Directors in 1999. Prior to joining Finning, Mr. Whitehead was President and CEO of Fletcher Challenge Canada. Mr. Whitehead is also currently a director of Ballard Power Systems Inc., Belkorp Industries, Inmet Mining Corporation and the Conference Board of Canada. He was previously a director of Terasen Incorporated, 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.			
	<b>Committee Memberships</b>			
	Corporate Governance Committee Management Resources and Compensation Committee			
	<b>Shares and Share Equivalents Held:</b>			
		<b>Shares (1)</b>	<b>Total DSUs (3)</b>	<b>Total of Class "A" Subordinate Voting Shares and DSUs</b>
	7,000 Class "A"	-	7,000	\$42,298

- (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.L. Sauder, see also note (2).
- (2) Mountclair Investment Corporation owns 1,011,735 Class "B" Common shares and 1,079,271 Class "A" Subordinate Voting shares of the Company (collectively the "Shares"). Mountclair Investment Corporation is indirectly owned by a holding company owned by the beneficiaries of the late W.L. Sauder, including E.L. Sauder. E.L. 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. The market value of the Class "A" Subordinate Voting shares is \$6,521,495. For the purposes of this valuation only, the market value of the Class "B" Common shares is \$6,113,409 based on the calculation set out in note (4).
- (3) For information on Deferred Share Units, see "Compensation of Directors" on page 13.
- (4) This value is calculated using \$6.0425, 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, 2007. The market value of the Class "B" Common shares have been calculated on the same basis as the Class "A" Subordinate Voting shares.

To the knowledge of the Company, none of the directors and officers or any nominee as director is as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, either personally, or as a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity was subject to bankruptcy or similar proceedings or securities regulatory penalties or sanctions as described in *National Instrument 51-102 Continuous Disclosure Obligations*.

### Summary of Board and Committee Meetings Held

For the 12 month period ended December 31, 2007

Board of Directors (1)(2) .....	8
Audit Committee .....	4
Corporate Governance Committee .....	4
Management Resources and Compensation Committee .....	3
Environment & Safety Committee .....	4

- (1) The Board held four regular quarterly meetings and four special meetings primarily for the purposes of considering acquisitions or capital expenditures.
- (2) In addition to the eight Board meetings, the Board attended a two-day strategic planning session in September 2007.

Information on the attendance of directors at meetings held in 2007 is set out in the following table.

### Summary of Attendance of Directors at Board and Committee Meetings

For the 12 month period ended December 31, 2007

Director	Board Meetings Attended	Committee Meetings Attended
L.I. Bell	8 of 8	7 of 7
D.K. Davies (1)	8 of 8	n/a
R.E. Kadlec (2)	2 of 2	6 of 6
H.C. Kalke	8 of 8	7 of 7
C.C. Laval III (2)	1 of 2	2 of 4
P.M. Lynch	8 of 8	4 of 4
G.H. MacDougall (3)	8 of 8	4 of 4
J.E. McMillan	7 of 8	4 of 4
J.A. Milroy (2)	2 of 2	6 of 6
E.L. Sauder	7 of 8	3 of 3
W.L. Sauder	7 of 8	3 of 3
J.P. Sullivan	7 of 8	9 of 12
D.W.G. Whitehead (4)	5 of 6	1 of 3

- (1) Mr. Davies attended the Management Resources and Compensation Committee meetings in his capacity as President and Chief Executive Officer of the Company.
- (2) Messrs. Kadlec, Laval and Milroy ceased to be directors on April 26, 2007.
- (3) Mr. MacDougall became a director on February 8, 2007.
- (4) Mr. Whitehead became a director on April 26, 2007.

#### 4. RE-APPOINTMENT AND REMUNERATION OF AUDITORS

The directors of the Company recommend 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 5 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 2007, 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, 2007 and December 31, 2006 were as follows.

	2007 Fees	2006 Fees
Audit and audit-related fees:		
Audit of the consolidated financial statements .....	\$ 337,000	\$ 387,500
Quarterly reviews .....	96,000	90,000
Audit-related fees (1) .....	79,700	51,500
Total audit and audit-related fees .....	512,700	529,000
Tax fees (2) .....	223,981	160,992
All other fees - forestry certification audits .....	60,800	65,980
- internal control over financial reporting advisory fees .....	1,913	145,000
- due diligence advisory fees .....	8,250	12,800
TOTAL .....	<u>\$ 807,644</u>	<u>\$ 913,772</u>

- (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.

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

Other than through the beneficial ownership of securities of the Company, none of the directors or officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or 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 Meeting other than the election of directors or the appointment of auditors.

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the directors or officers of the Company, no proposed nominee for election as director of the Company, no person or company who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company or a combination of both carrying not less than 10% of the voting rights (a "10% Holder"), no person who is a director or officer of a 10% Holder 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.

## **PART III - CORPORATE GOVERNANCE**

### **The 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 disclosure of Corporate Governance Practices set out in Schedule "A" to this Information Circular.

The Board is responsible for the overall strategic direction of the Company and approves the Strategic Plan, the Annual 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 maximize shareholder value in a manner which is consistent with good corporate citizenship, including maintaining the quality of the natural environment and fair treatment of the Company's 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 2007, the Board held four regular quarterly meetings, a two-day strategic planning session, and four special meetings primarily for the purposes of considering acquisitions or capital expenditures.

### **Committees of the Board of Directors**

#### ***The Corporate Governance Committee***

The Corporate Governance 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. The Corporate Governance Committee monitors the size, composition, independence and effectiveness of the Board, its members and committees, and makes recommendations with respect to directors' compensation. The Corporate Governance Committee 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 Corporate Governance Committee reviews the nomination of new director candidates in consultation with the Chairman. The Corporate Governance Committee may authorize the engagement of outside advisors to assist individual directors in fulfilling their responsibilities. The Corporate Governance Committee met four times in 2007.

The Corporate Governance Committee consists of the following independent directors:

J. P. Sullivan (Chairman)	L. I. Bell (ceased as of April 25, 2007)
P.M. Lynch (as of April 26, 2007)	R.E. Kadlec (ceased as of April 25, 2007)
G.H. MacDougall (as of April 26, 2007)	J.A. Milroy (ceased as of April 25, 2007)
D.W.G. Whitehead (as of April 26, 2007)	

#### ***The 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 2007. Additional information relating to the Audit Committee is contained in the Company's Annual Information Form dated as at February 6, 2008.

The Audit Committee consists of the following independent directors:

H.C. Kalke (Chairman)	C.C. Laval III (ceased as of April 25, 2007)
G.H. MacDougall (as of April 26, 2007)	J.A. Milroy (ceased as of April 25, 2007)
J.E. McMillan (as of April 26, 2007)	
J.P. Sullivan	

#### ***Environment and Safety Committee***

The Environment and Safety Committee ("E&S") is mandated to monitor the Company's ongoing commitment to its principles, values and policies regarding environment and safety matters. The Environment and Safety 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 2007.

The E&S Committee consists of the following independent directors:

J.E. McMillan (Chairman) (as of April 26, 2007)	R.E. Kadlec (ceased as of April 25, 2007)
L.I. Bell (as of April 26, 2007)	J.A. Milroy (ceased as of April 25, 2007)
P.M. Lynch (as of April 26, 2007)	C.C. Laval III (ceased as of April 25, 2007)
J.P. Sullivan	

#### ***Management Resources and Compensation Committee***

The Management Resources and Compensation Committee ("MRCC") is mandated to review the strength and depth of the Company's human resources. In so doing, it reviews executive appointments and reassignments in the context of a management succession plan. The MRCC reviews overall compensation, including short-term and long-term incentives, at the executive level and monitors the competitiveness of compensation at all levels of management (see Report on Executive Compensation on page 15). The Chief Executive Officer provides advice and recommendations regarding compensation and individual performance and development. The MRCC is responsible for ensuring the objectives and activities of the Chief Executive Officer are in alignment with the expectations of the Board. The MRCC is also mandated to monitor the objectives, form and performance of the Company's pension plans. The MRCC met three times in 2007.

The MRCC consists of the following directors, the majority of whom are independent and all of whom are independent of management:

L.I. Bell (Chairman)	R.E. Kadlec (ceased as of April 25, 2007)
H.C. Kalke	W.L. Sauder (ceased as of December 19, 2007)
E.L. Sauder	
D.W.G. Whitehead (as of April 26, 2007)	

**Statement of Corporate Governance Practices**

A description of the Company's governance practices is set forth in Schedule "A" to this Information Circular.

**Board Mandate**

The Board's mandate is set forth in Schedule "B" to this Information Circular.

**Shareholder Communications**

In addition to all regulatory disclosure requirements, the Company provides briefing sessions, including conference calls following the release of quarterly results and opportunities for executive interviews or operational tours for shareholders or their representatives at a mutually agreed time. These occasions are well suited to obtain feedback from shareholders. The management of the Company invites its shareholders to express their suggestions or concerns and will ensure that such information is brought to the attention of the Corporate Governance Committee or the Board. All of these communications are subject to the Company's Disclosure Policy and to securities regulatory requirements including rules relating to selective disclosure.

The annual and quarterly financial statements and Management Discussion and Analysis as well as the Annual Information Form and Information Circular are reviewed by the Management Disclosure Committee before the documents are approved by the Board.

**Company's Policies**

The Company's directors, officers and employees are governed by a Policy Manual, including a Code of Conduct, Environment Policy, Health and Safety Policy, Disclosure Policy, Whistleblower Policy, Financial Reporting Policy, Internet, Email and Computer Use Policy, Harassment Policy and Smoking, Drug and Alcohol Policy. The Code of Conduct may be found on the Company's website at [www.interfor.com](http://www.interfor.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

## PART IV – COMPENSATION

### COMPENSATION OF DIRECTORS

#### Introduction

Director’s compensation is paid to directors and is made up of annual retainers, meeting fees and deferred share units (“DSUs”).

#### *Annual Retainers and Meeting Fees*

During the year ended December 31, 2007, annual retainers and meeting fees were paid to the directors of the Company based on the following fee schedule:

Annual Retainer for Chairman of the Board (1)	\$125,000
Annual Director Retainer, except the Chief Executive Officer	\$ 25,000
Lead Director Retainer (in addition to Annual Director Retainer)	\$ 5,000
Annual Retainer for the Chief Executive Officer	\$ 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 Chairman of the Board receives the Annual Retainer for Chairman of the Board, as well as the Annual Director Retainer; no additional meeting fees are paid to the Chairman of the Board.
- (2) The Chief Executive Officer receives the Annual Retainer for Chief Executive Officer only; no additional meeting fees are paid to the Chief Executive Officer.

#### *Deferred Share Units*

Each year, the Chairman is granted 10,000 DSUs and all other directors, except the Chief Executive Officer, are granted 2,000 DSUs. The DSUs granted vest immediately. In 2007, the DSUs were granted at a market value of \$7.9520 per unit. Individuals who became directors after February 8, 2007 were not eligible for the 2007 DSU grant. In April 2007, the Board approved a change to the date of the grant of the DSUs. Effective January 1, 2008, DSUs are granted to eligible directors following the election of the directors at the annual general meeting.

The following table sets out what each director received by way of annual retainers, meeting fees and DSUs for the year ended December 31, 2007.

Director	Total Annual Retainers	Board Attendance and Tele-conferencing Fees	Committee Attendance and Tele-conferencing Fees	Committee Chair Retainers	Travel and Per Diem Fees	Value of Deferred Share Units Granted (1)	Total Compensation
L.I. Bell	\$29,000	\$10,000	\$7,000	\$7,500	\$3,000	\$15,904	\$72,404
D.K. Davies	\$6,000	-	-	-	-	-	\$6,000
R.E. Kadlec (2)	\$15,500	\$2,000	\$6,000	-	-	\$15,904	\$39,404
H.C. Kalke	\$29,000	\$9,000	\$7,000	\$7,500	-	\$15,904	\$68,404
C.C. Laval III (2)	\$14,500	\$1,000	\$2,000	\$1,250	\$1,000	\$15,904	\$35,654
P.M. Lynch	\$28,000	\$10,000	\$8,000	-	\$11,000	\$15,904	\$72,904
G.H. MacDougall (3)	\$28,000	\$9,000	\$8,000	-	-	\$15,904	\$60,904
J.E. McMillan	\$28,000	\$9,500	\$8,000	\$1,875	\$11,000	\$15,904	\$74,279
J.A. Milroy (2)	\$15,500	\$2,000	\$6,000	-	\$1,000	\$15,904	\$40,404
E.L. Sauder	\$27,000	\$9,500	\$3,000	-	\$1,000	\$15,904	\$56,404
W.L. Sauder	\$150,000	-	-	-	-	\$79,520	\$229,520
J.P. Sullivan	\$31,000	\$8,000	\$9,000	\$2,500	\$1,000	\$15,904	\$67,404
D.W.G. Whitehead (4)	\$21,750	\$7,000	\$1,000	-	\$2,000	-	\$31,750
<b>TOTAL</b>	<b>\$423,250</b>	<b>\$77,000</b>	<b>\$65,000</b>	<b>\$20,625</b>	<b>\$31,000</b>	<b>\$238,560</b>	<b>\$855,435</b>

- (1) This value is calculated using \$7.9520 per unit, being the weighted average trading price of the Class "A" Subordinate Voting shares on the Toronto Stock Exchange for the five trading days preceding February 20, 2007.
- (2) Messrs. Kadlec, Laval and Milroy ceased to be directors as of April 25, 2007.
- (3) Mr. MacDougall became a director on February 8, 2007.
- (4) Mr. Whitehead became a director on April 26, 2007.

### Directors' Minimum Shareholding Requirements

The Company has in place share ownership guidelines for directors to align the interests of directors with those of shareholders. In 2006, the guideline was revised to provide that directors, other than the Chief Executive Officer, are required to own a minimum number of Class "A" Subordinate Voting shares or DSUs equal to \$125,000, representing five times the current Annual Director Retainer, within five years of becoming a director, or by December 31, 2011, whichever is later.

### Election to Receive Fees in Deferred Share Units

In April 2007, the Board approved the payment of a director's Annual Director 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. DSUs count towards the achievement of a director's minimum shareholding requirements.

## REPORT ON EXECUTIVE COMPENSATION

### Management Resources and Compensation Committee on Executive Compensation

The Management Resources and Compensation Committee (“MRCC”) of the Board of Directors is charged with the responsibility for compensation matters in respect of executive officers. As of the date of this Information Circular, the MRCC consists of four members: L.I. Bell, H.C. Kalke, E.L. Sauder and D.W.G. Whitehead. Except as noted in this paragraph, none of the members of the Committee is, or was during the most recently completed financial year, an officer or employee of the Company or any of its subsidiaries, was formerly an officer of the Company of any of its subsidiaries, has any indebtedness to the Company or any of its subsidiaries, or has any material interest, or any associates or affiliates which have a material interest, direct or indirect, in any actual or proposed transaction since the commencement of the Company’s most recently completed financial year which has materially affected or would materially affect the Company or any of its subsidiaries. As of February 8, 2008, Mr. E.L. Sauder became the non-executive Chairman of the Board; prior to that he was the non-executive Vice Chairman of the Board. In the fiscal year ended December 31, 2007, Mr. W.L. Sauder was the non-executive Chairman of the Board until he ceased to be a director on December 19, 2007.

As part of its mandate, the MRCC reviews and approves the remuneration for the Company’s executive officers, with the exception of the Chief Executive Officer’s remuneration. The MRCC reviews and recommends to the Board for approval the Chief Executive Officer’s remuneration. In reviewing the remuneration for executive officers, the MRCC considers advice and recommendations provided by the Chief Executive Officer regarding compensation, individual performance and development. The MRCC also uses comparative data obtained from third party sources to measure the competitiveness of each component of compensation and total compensation levels. The Company uses a comparator group comprised of other companies in the forest industry in Canada and in the U.S. In addition, the MRCC reviews competitive data from other industry sectors reflecting autonomous companies of similar size and complexity.

The MRCC will also periodically obtain advice from independent consultants regarding levels of compensation for executive officers. In February 2007, the MRCC retained Towers Perrin HR Services (“Towers Perrin”) to review the market competitiveness of the Chief Executive Officer’s, the Chief Financial Officer’s and the Chief Operating Officer’s total compensation arrangement. The results were reviewed by the MRCC and the Board in April 2007. In its report, Towers Perrin provided benchmark data and general market observations with respect to market trends. Based on the report received from Towers Perrin, the total compensation of these executive officers were positioned, on average, below the median and averages of the comparator group. Effective January 1, 2007, changes were made to the Chief Executive Officer’s, the Chief Financial Officer’s and the Chief Operating Officer’s compensation arrangements as further described below.

In 2007, Towers Perrin’s fees to the Company for advice regarding executive compensation was approximately \$20,500.

### Executive Compensation Policy

#### *Philosophy and Objectives*

The Company’s total executive compensation policy is designed to provide competitive compensation to enable the Company to attract and retain experienced, highly qualified and high performance executives who will significantly contribute to the Company achieving its strategic objectives. The Company places emphasis on the Company’s financial performance by placing a significant proportion of compensation at risk based on 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 and the Chief Operating Officer and the two other highest paid executive officers (collectively the “Named Executive Officers”) may come from variable performance related cash and equity based compensation.

## ***Total Compensation***

The Company's compensation for executive officers is comprised of three components: Base Salary, Annual Cash Incentive and Long Term Incentive.

### **(a) Base Salary**

The MRCC reviews base salary guidelines and salary adjustments for the executive officers. In 2007, a review conducted by the MRCC of the market competitiveness of the Chief Executive Officer's, Chief Financial Officer's and Chief Operating Officer's total compensation arrangement resulted in an increase in each of such officer's base salaries as shown in the Summary Compensation Table on page 21. See page 15 for discussion on the 2007 compensation review under the heading "Management Resources and Compensation Committee on Executive Compensation".

### **(b) Annual Cash Incentive**

#### **(i) Short Term Achievement Rewards Plan**

The Company's Short Term Achievement Rewards ("STAR") Plan was established in 2004 and is designed to provide a direct link between personal and short term corporate performance. This Plan provides a salaried employee with the potential to earn an annual cash award based on the financial performance of the region in which an employee works and the employee's personal performance. Under the STAR Plan, a portion of the pretax profits for each region of the Company above a threshold return on assets, expressed as a percentage, ("ROA") may be awarded to salaried employees in that region. The annual STAR bonus is calculated using the following:

- The employee's pre-set target bonus. The target bonus is a percentage of annual base salary which reflects the employee's position and ability to impact results. Target bonuses range from 5% to 50%;
- The employee's personal performance based on ratings from 0.0 (unsatisfactory) to 1.5 (outstanding). No STAR award is paid to an employee with a rating of less than 0.5; and
- The financial performance of the region in which the employee works. There are three regions: B.C. Coast, B.C. Interior, and U.S. Corporate employees participate in the Plan based on a weighted average of all three regions.

This Plan recognizes the cyclical nature of the forest industry and can result in large swings in award levels from year to year. In years when regional profits are below the threshold ROA of 3.75%, no awards are paid. If the target ROA of 15% is achieved by a region, an employee may earn his/her target bonus. If a region achieves an ROA of 25% or more, an employee may earn two times his/her target bonus. Awards under the STAR Plan remain subject to the discretion and consent of the Board.

In respect of the fiscal period ended December 31, 2007, a total amount of \$562,100 was allocated to salaried employees on a regional basis under the STAR Plan. Of this amount \$120,500 was allocated to the Named Executive Officers. The Chief Executive Officer's, the Chief Financial Officer's and the Chief Operating Officer's awards under the Plan were \$43,300, \$24,000 and \$24,000, respectively. However, in light of the Company's financial results for the fiscal year ended December 31, 2007, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer voluntarily waived their respective rewards under the STAR Plan for 2007.

In February 2008, the STAR Plan was amended effective January 1, 2008 to provide that the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer shall only be entitled to an award under the STAR Plan if the Company reports positive net earnings in the applicable fiscal year.

#### **(ii) President's Award**

The President's Award is a discretionary plan designed to reward salaried employees who have made a

significant 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 respect of 2007, a total of \$245,000 was paid in discretionary awards, of which \$25,000 was paid to the Named Executive Officers.

**(c) Long Term Incentives**

The Company provides senior management, including the Named Executive Officers, with long term incentives through a Share Option Plan, a Share Appreciation Rights Plan or a Total Shareholder Return Plan. These plans are designed to reinforce the connection between remuneration and the growth in shareholder value. In any given year, an eligible employee may only receive grants under one of the long term incentive plans.

**(i) The Share Option Plan**

The Share Option Plan, established upon shareholder approval in 1988, and amended in 1999 and 2006, grants participants options to purchase Class "A" Subordinate Voting shares at a price established at the time of the grant. Under this Plan, 3,000,000 shares were reserved in 1999 and, with the approval of the Toronto Stock Exchange, a further 250,000 shares were reserved to facilitate the acquisition of Primex Forest Products Ltd. in 2001. As of December 31, 2007, options had been granted and not cancelled or expired on 2,492,500 shares, of which 1,082,660 share options had been exercised. All share options granted under this Plan were granted at fair market value on the date of the grant. No options have been granted since 2001 and the options remaining outstanding represent approximately 3.1% of the Class "A" Subordinate Voting shares issued as at the date of this Information Circular. Share options may be exercised for a term of up to ten years from the date they are granted, subject to the following vesting requirements:

**Schedule of Vesting Provisions for Stock Options and Share Appreciation Rights**

Time From Date of Grant	% Exercisable
2 years	40%
3 years	60%
4 years	80%
5 years	100%

**(ii) The Share Appreciation Rights Plan**

The Share Appreciation Rights ("SAR") Plan was approved by the Board of Directors in January 2002. The share appreciation rights ("SAR") 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. SARs are granted taking into consideration the employee's position and salary, and the value of the underlying Class "A" Subordinate Voting shares. SARs may be exercised for a term of up to ten years from the date they are granted, subject to the same vesting provisions shown in the table above for options. 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 ending on the trading day immediately prior to the date of the grant or exercise, as the case may be.

At the beginning of each year, the Board determines the number of SARs to be granted to senior managers eligible to participate in the SAR Plan based on the recommendation of the Chief Executive Officer. Since the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer participate in the Total Shareholder Return Plan, they do not participate in the SAR Plan. In February 2008, 352,000 SARs were granted to 37 employees, of which 40,000 SARs were granted to the Named Executive Officers.

As of December 31, 2007, SARs had been granted and not cancelled or expired representing 1,491,620 Class "A" Subordinate Voting shares, of which 264,900 had been exercised.

### **(iii) The Total Shareholder Return Plan**

The Total Shareholder Return (“TSR”) Plan was approved by the Board in January 2003. Only the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer are eligible to participate in this 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 if a pre-determined increase in the market price of the Company’s Class “A” Subordinate Voting shares is achieved during a 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. The award, if any, at the end of the performance period is paid in cash, or at the prior election of the participant, in DSUs (see below – Election to Receive Payment from TSR Plan in DSUs).

Effective 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 could 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.

**2005 – 2007 Performance Period.** For the three year performance period beginning January 1, 2005 (“2005 – 2007 Performance Period”), target awards of 100%, 75% and 75% were set for the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer, respectively. On December 31, 2007, the 2005 – 2007 Performance Period ended with a compounded average annual change in the share value of -3.2% resulting in no awards to the participants.

**2006 – 2008 Performance Period.** For the three year performance period beginning January 1, 2006 (“2006 – 2008 Performance Period”), target awards of 100%, 75% and 75% were set for the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer, respectively.

**2007 – 2009 Performance Period.** The Board revised the target awards for the three year performance period beginning January 1, 2007 (the “2007 – 2009 Performance Period”) based on its review of the market competitiveness of the Chief Executive Officer’s, Chief Financial Officer’s and Chief Operating Officer’s total compensation arrangement (see discussion on 2007 review on page 15 under the heading “Management Resources and Compensation Committee on Executive Compensation”). The target awards for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer are 100%, 90% and 90%, respectively. The Senior Vice President, U.S. Operations was appointed Chief Operating Officer in February 2007 and, for the 2007 - 2009 Performance Period his target award was tripled and guaranteed to be consistent with the first grant made under the TSR Plan to the Chief Executive Officer and Chief Operating Officer in 2003.

**2008 – 2010 Performance Period.** For the three year performance period beginning January 1, 2008 (“2008 – 2010 Performance Period”), target awards of 100%, 90% and 90% were set for the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer, respectively.

### **Deferred Share Unit Plan**

Under the DSU (“DSU”) Plan, the Board may, in addition to DSU grants to directors (see page 13), grant DSUs to officers or employees of the Company and its subsidiaries. The terms of such a grant is determined by the MRCC. In 2007, no grants or DSUs were made to officers or employees of the Company under the DSU Plan.

### **Election to Receive Payment from TSR Plan in Deferred Share Units**

Under the DSU Plan, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer may elect in advance to receive all or a portion of their TSR award as DSUs. DSUs received as a payment vest immediately. The number of DSUs is determined by dividing the amount of the award by the weighted average

trading price of the Class “A” Voting shares of the Company on the Toronto Stock Exchange for the five consecutive trading days ending on the trading day immediately prior to the end of the three year performance period. DSUs count towards the achievement of the Chief Executive Officer’s, Chief Financial Officer’s and Chief Operating Officer’s minimum shareholding requirements.

### **Minimum Shareholding Requirements**

The Company has minimum shareholding requirements for certain of its executive officers of the Company to align the interests of executive officers with those of shareholders. The Chief Financial Officer and the Chief Operating Officer are required to hold a minimum number of Class “A” Subordinate Voting shares or DSUs, equal in value to two times their base salaries. In 2007, the minimum shareholding requirement for the Chief Executive Officer was increased from two times to three times his base salary. Value for this purpose is the higher of actual cost and market value. The Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer are required to meet their minimum shareholding requirements by December 31, 2011 based on their respective base salaries in effect as at January 1, 2007.

The following table shows the actual and required Class “A” Subordinate Voting shares and DSU holdings as of December 31, 2007 for the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer under the TSR Plan based on the higher of actual cost and 2007 year end value of the Class “A” Subordinate Voting shares.

	<b>Minimum Ownership Requirements (as a multiple of base salary)</b>	<b>Number of Class “A” Subordinate Voting Shares (“Shares”) Held</b>	<b>Number of Deferred Share Units Held</b>	<b>Total Shares and Deferred Share Units Held</b>	<b>Value of Shares and Deferred Share Units Held (1)</b>	<b>Value of Holdings Required</b>	<b>Date Required</b>
<b>Chief Executive Officer</b>	3 times	11,500	161,355	172,855	\$1,219,744	\$1,950,000	Dec 31, 2011
<b>Chief Financial Officer</b>	2 times	40,050	80,000	120,050	\$ 834,017	\$900,000	Dec 31, 2011
<b>Chief Operating Officer</b>	2 times	19,500	—	19,500	\$ 134,327	\$900,000	Dec 31, 2011

(1) Value determined as the higher of: (i) actual cost, and (ii) \$6.0425, 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, 2007.

### **Chief Executive Officer Compensation**

The total compensation for the Chief Executive Officer is comprised of the following three components.

#### **(a) Base Salary**

The Chief Executive’s Officer’s base salary is targeted at competitive levels for the forest sector, taking into account the complexity and autonomous characteristics of the Company. Further to a review process conducted by the MRCC in 2007, the Board approved an increase in the Chief Executive Officer’s base salary from \$500,000 per year to \$650,000 per year effective January 1, 2007 (see discussion on 2007 review on page 15 under the heading “Management Resources and Compensation Committee on Executive Compensation”). The Chief Executive Officer also receives the Annual Director Retainer of \$6,000 (as described on page 13 under the heading “Compensation of Directors”).

#### **(b) Annual Cash Incentive**

The Chief Executive Officer participates in the Company’s STAR Plan as described on page 16 of this Information Circular. His target award is set at 50% of his base salary.

In February 2008, the Board reviewed the Chief Executive Officer’s performance and the corporate performance of the Company. Based on the corporate and personal performance achieved in 2007, the Chief Executive Officer was entitled to an award under the Company’s STAR Plan in the amount of \$43,300. However, in light of the Company’s financial performance for the fiscal year ended December 31, 2007, he voluntarily waived

his award under the STAR Plan.

***(c) Long Term Incentive***

The Chief Executive Officer participates in only one of the Company's Long Term Incentive Plans in any particular year. Since January 1, 2003, he has participated in the TSR Plan as described on page 18 of this Information Circular.

**Minimum Shareholder Requirements**

As indicated on page 19 of this Information Circular, the Chief Executive Officer is required to hold a minimum number of Class "A" Subordinate Voting shares or DSUs equal to three times his base salary in effect as at January 1, 2007.

Report submitted by the Management Resources and Compensation Committee:

L.I. Bell (Chair)  
H.C. Kalke  
E.L. Sauder  
D.W.G. Whitehead

## EXECUTIVE COMPENSATION

### Summary Compensation

The following table sets forth a summary of compensation paid during or in respect of the last three fiscal years to each Named Executive Officer who had the highest aggregate salary and bonus during 2007.

**Summary Compensation Table**

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation			All Other Compensation
		Salary	Bonus	Other Annual Compensation	Awards		Payouts	
					Securities Under Options/SARs Granted	Shares or Units Subject to Resale Restriction	LTIP Payouts	
		\$	\$(4)	\$(5)	#	\$	\$(6)	\$(7)
<b>Duncan K. Davies</b> (1) President & Chief Executive Officer	2007	656,000	waived	—	—	—	—	9,750
	2006	506,000	500,000	150,495	—	—	250,004	9,250
	2005	506,000	—	999,760	—	—	917,819	8,750
<b>John A. Horning</b> (2) Senior Vice President, Chief Financial Officer and Corporate Secretary	2007	450,000	waived	—	—	—	—	9,750
	2006	350,000	287,500	66,791	—	—	143,471	9,250
	2005	350,000	100,000	503,441	—	—	503,288	8,750
<b>Sandy M. Fulton</b> (3) Senior Vice President and Chief Operating Officer	2007	US\$421,517(8)	waived	—	—	—	—	US\$9,000
	2006	US 275,000	US 219,880	—	—	—	—	US\$8,800
	2005	US 271,667	US 87,340	—	—	—	—	US\$5,500
<b>Otto F. Schulte</b> Vice President, Coastal Woodlands	2007	223,125	28,700	—	7,500	—	—	9,750
	2006	210,000	125,000	—	5,000	—	—	9,250
	2005	210,000	20,000	—	13,400	—	—	8,750
<b>Stephen D. Williams</b> Vice President and Corporate Treasurer	2007	201,667	25,500	—	7,500	—	—	9,750
	2006	183,750	107,500	—	5,000	—	—	9,250
	2005	170,000	15,000	—	5,400	—	—	8,750

- (1) Mr. Davies' salary includes an Annual Director Retainer of \$6,000.
- (2) Mr. Horning was appointed Corporate Secretary on July 26, 2007.
- (3) Mr. Fulton was appointed Senior Vice President and Chief Operating Officer on February 7, 2007. Prior to this appointment, he was Senior Vice President, U.S. Operations.
- (4) The Bonus is comprised of the annual incentives granted under the STAR Plan and any President's Award. In light of the Company's financial performance in 2007, Messrs. Davies, Horning and Fulton voluntarily waived their respective rewards under the STAR Plan (see page 15 under the heading "Short Term Achievement Rewards Plan").
- (5) Other Annual Compensation represents the value of long term incentive plan payouts under the TSR Plan that was deferred during the year by conversion to DSUs. Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of total compensation for any of the Named Executive Officers.
- (6) LTIP (long term incentive plan) payouts represent the value under the TSR Plan that was earned during the year and was payable in cash.
- (7) All Other Compensation includes Company payments to either a Canadian or U.S. defined contribution retirement plan available to all salaried employees.
- (8) Mr. Fulton's annual salary is CAD\$450,000 payable in US\$ using the Bank of Canada noon rate applicable on each pay period date.

## Long-Term Incentives

The following table sets forth the long term incentive granted to the Named Executive Officers during 2007 under the TSR Plan.

### Long-Term Incentive Awards During the Most Recently Completed Financial Year

	Securities Units or Other Rights	Performance Period Until Payout	Estimated Future Payout Under Non-Securities-Price Based Plans (5)		
			Threshold (1)	Target (2)	Maximum (3)
Name	(#)		\$	\$	\$
Duncan K. Davies	n/a	3 Years ended Dec. 31, 2009	325,000	650,000	1,300,000
John A. Horning	n/a	3 Years ended Dec. 31, 2009	202,500	405,000	810,000
Sandy M. Fulton (4)	n/a	3 Years ended Dec. 31, 2009	1,215,000	1,215,000	2,430,000
Otto F. Schulte	n/a	n/a	n/a	n/a	n/a
Stephen D. Williams	n/a	n/a	n/a	n/a	n/a

- (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%.
- (4) For the three year performance period beginning on January 1, 2007 Mr. Fulton's target award under the TSR Plan was set at 270% of annual salary and guaranteed to be consistent with the first grant made under the TSR Plan to the Chief Executive Officer and Chief Operating Officer in 2003.
- (5) See discussion on TSR Plan on page 18 for determining the amount payable if the Threshold, Target or Maximum is met.

## Stock Option and SARs

The following table sets forth information concerning options and SARs granted to Named Executive Officers during 2007, all of which were granted on February 20, 2007.

### Stock Option/SAR Grants During the Most Recently Completed Financial Year (1)

	Securities Under Options/SARs Granted	% of Total Options/SARs Granted to Employees in Financial Year	Exercise (2) or Base Price	Market Value of Securities Underlying Options/SARs on the Date of Grant	Expiration Date
Name	(#)		(\$/Security)	(\$/Security)	
Duncan K. Davies	— / —	— / —	— / —	— / —	— / —
John A. Horning	— / —	— / —	— / —	— / —	— / —
Sandy M. Fulton	— / —	— / —	— / —	— / —	— / —
Otto F. Schulte	— /7,500	— /4.4	— /8.02	— /8.02	— /Feb. 19, 2017
Stephen D. Williams	— /7,500	— /4.4	— /8.02	— /8.02	— /Feb. 19, 2017

- (1) For details regarding the terms of the SAR Plan see page 17 under the heading "The Share Appreciation Rights Plan."
- (2) The price range of the underlying Class "A" Subordinate Voting Shares in the 30 day period preceding the grant was \$7.08 to \$8.10.

The following table sets forth information concerning the value realized upon the exercise of options during 2007 and the value of unexercised options held by Named Executive Officers as at December 31, 2007.

**Aggregated Option/SAR Exercises during the Most Recently Completed Financial Year  
and Financial Year-End Option/SAR Values**

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at December 31, 2007 (#)		Value of Unexercised in-the-Money Options/SARs at December 31, 2007 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Duncan K. Davies	—	—	470,000	—	813,174	—
John A. Horning	—	—	116,100	—	201,231	—
Sandy M. Fulton	—	—	—	—	—	—
Otto F. Schulte	OPTS 8,000 SARS 6,580	24,463 24,578	33,840	31,560	—	—
Stephen D. Williams	—	—	34,040	19,680	39,167	—

#### Retirement Plans

Retirement benefits for the Named Executive Officers are provided under Company's sponsored defined contribution plans. In Canada, the plan provides all salaried employees, including four of the Named Executive Officers, with the opportunity to make voluntary contributions to a Group Registered Retirement Savings Plan of up to 6% of earnings to a maximum of \$9,750 in 2007. The Company equally matches employee contributions with contributions to a Deferred Profit Sharing Plan. In the U.S., the plan provides all salaried employees, including one of the Named Executive Officers, the opportunity to make voluntary contributions of up to 4% of earnings to a 401K Plan, towards which the Company also matches up to a maximum of US\$9,000 in 2007.

The Named Executive Officers are entitled to a pension supplement calculated as a notional extension of the Company's Deferred Profit Sharing Plan or 401K Plan. To the extent that it exceeds regulatory maximums, 6% of each of their earnings for years before 2002 and 12% for years thereafter is accrued and accumulated with an investment return approved by the Board until retirement. For this purpose, earnings include profit sharing payments up to a maximum of 50% of salary. No benefits are payable under the plan before age 60. The notional contributions for 2007 and the total amount accrued for each of the Named Executive Officers as at December 31, 2007 under the plan was as follows.

Name	Notional Contribution in 2007 \$	Amount Accrued To December 31, 2007 \$
Duncan K. Davies	88,500	698,607
John A. Horning	55,500	310,613
Sandy M. Fulton	US 49,082	US 113,769
Otto F. Schulte	19,875	133,970
Stephen D. Williams	15,725	59,326

**Termination Arrangements**

In order to encourage the continuity of senior management in the event of a change of control, the Board has approved agreements with the Named Executive Officers that would provide certain benefits if their employment was terminated without cause or for constructive dismissal within two years following a change of control of the Company. Under these circumstances, all Named Executive Officers would be entitled to compensation equal to his salary plus short-term incentives for a stipulated period following the date of termination. Other employee benefits would be continued during the period. The stipulated period for the Chief Executive Officer is 36 months, 30 months for each of the Chief Financial Officer and Chief Operating Officer, and 24 months for the other two Named Executive Officers.

**Indebtedness of Directors and Executive Officers**

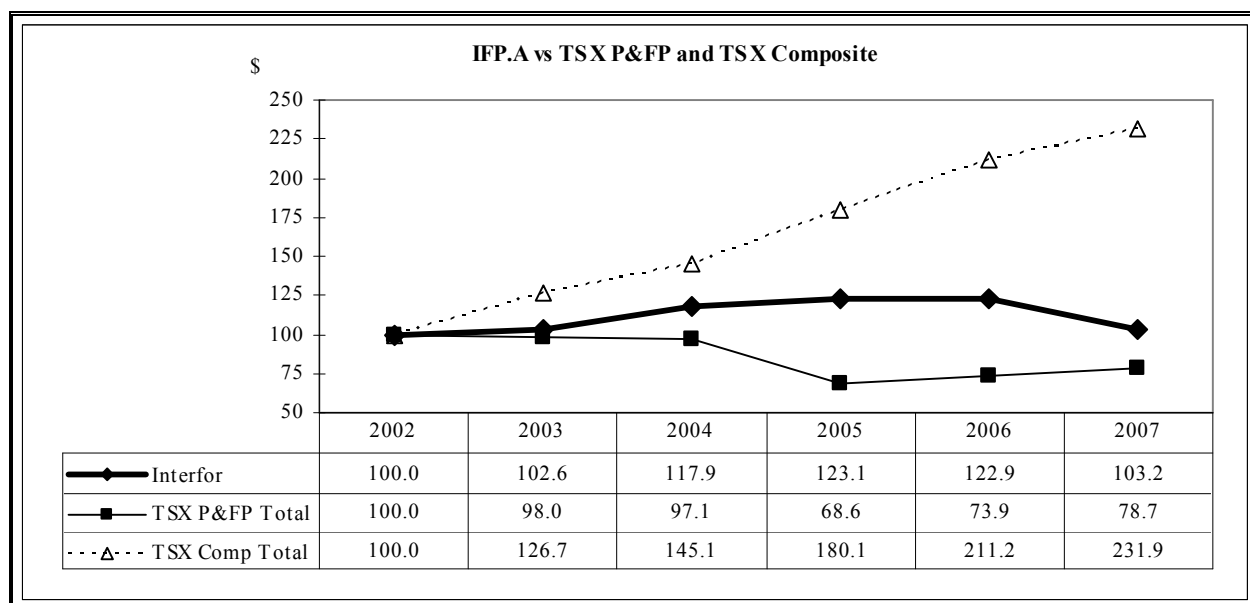
No directors or officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any such director, officer or proposed nominee, at any time during the most recently completed financial year has been indebted to the Company or any of its subsidiaries or had indebtedness 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.

## PART V – OTHER INFORMATION

### TOTAL SHAREHOLDER RETURN COMPARISON

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

Performance Graph



### EQUITY COMPENSATION PLAN INFORMATION

As at December 31, 2007, 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	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Share Option Plan – Approved by Shareholders	1,159,840	\$ 4.42	757,500
Additional Grant – Not Approved by Shareholders	250,000	\$ 4.94	—
<b>Total</b>	<b>1,409,840</b>	<b>\$ 4.51</b>	<b>757,500</b>

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.

### NORMAL COURSE ISSUER BID

On January 3, 2008, the Company received approval to conduct a normal course issuer bid (the "Bid") under which the Company is entitled, but not obligated, to purchase up to 1,300,000 Class "A" Subordinate Voting shares through the facilities of the Toronto Stock Exchange, representing approximately 2.8% of the 46,089,076 Class "A" Subordinate Voting shares that were issued and outstanding on December 31, 2007 and 3.9% of its public float, comprised of 33,333,975 Class "A" Subordinate Voting shares. Any Class "A" Subordinate Voting shares purchased by the Company will be cancelled. The program commenced on January 8, 2008 and will terminate on the earlier of the date on which it has acquired 1,300,000 Class "A" Subordinate Voting shares and January 7, 2009. As of March 12, 2008, no shares have been purchased under the Bid.

### ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://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 Directors of the Company.

Dated at Vancouver, British Columbia, this 12th day of March, 2008.



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

SCHEDULE "A"CORPORATE GOVERNANCE PRACTICESNATIONAL INSTRUMENT 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

**National Instrument 58-101** requires issuers to disclose certain governance practices that they have adopted and **National Policy 58-201** provides guidance as to what is considered best practices in corporate governance. **National Policy 58-201** states that there are issues in these guidelines for controlled corporations but these issues have not yet been identified. In the absence of guidance in this area, the Company, as a controlled corporation, has made reasonable efforts to meet the current guidelines as disclosed in the following table.

Guideline	Company
<p><b>1. Board of Directors</b></p> <p>(a) Disclose the identity of directors who are independent.</p>	<p>The following directors have been determined to be independent. Lawrence I. Bell, Robert E. Kadlec (ceased to be a director as of April 25, 2007), Harold C. Kalke, Claude C. Laval III (ceased to be a director as of April 25, 2007), John Milroy (ceased to be a director as of April 25, 2007), John P. Sullivan, J. Eddie McMillan, Peter M. Lynch, Gordon H. MacDougall (director as of February 8, 2007) and Douglas W.G. Whitehead (director as of April 26, 2007).</p>
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>Duncan K. Davies is the President and Chief Executive Officer of the Company and as such is the only director who is not independent of management. W. L. Sauder (ceased to be a director as of December 19, 2007) was independent of management but was not determined to be independent of the Company because of his control position. E. Lawrence Sauder is related to William L. Sauder and directs or controls the exercise of the voting shares attached to the shares owned by Mountclair Investment Corporation. Therefore, E. Lawrence Sauder is not considered to be independent of the Company.</p>
<p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>Seven of the nine current directors are independent and seven of the nine nominees as director for the ensuing year are independent.</p>
<p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>The directorships in other reporting issuers held by the nominees as director are listed in the table beginning on page 4 of this Information Circular.</p>

Guideline	Company
<p>(e) Disclose whether or not the 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 the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p>At each of the regularly scheduled quarterly meetings of the Board, there is a separate meeting of non-management directors and also a separate meeting of independent directors. The meeting of independent directors is chaired by the lead director.</p> <p>If an issue should arise at any meeting where the interests of the controlling shareholder could be different from those of other shareholders, the former Chairman, W. L. Sauder and E. L. Sauder, would also leave the meeting. There were no such occasions in 2007.</p>
<p>(f) 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. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>The former Chairman of the Board, W.L. Sauder, was not independent but he was independent of management. If an issue arose where the interests of the controlling shareholder could be different from those of other shareholders, the lead director would chair that portion of the meeting. LI. Bell is the independent lead director of the Board.</p>
<p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The attendance record of each of the directors is shown in a table on page 8 of this Information Circular.</p>
<p><b>2. Board Mandate</b></p> <p>Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The Board's written Mandate is contained in Schedule "B" to this Information Circular.</p>
<p><b>3. Position Descriptions</b></p> <p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p>	<p>The Board has developed written position descriptions for the Chairman of the Board and the Chair for each of the Committees.</p>

Guideline	Company
<p>(b) Disclose whether or not the board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the board and Chief Executive Officer have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the Chief Executive Officer.</p>	<p>The Board and Chief Executive Officer have developed a written Chief Executive Officer position description which is reviewed annually. In addition, the Management Resources and Compensation Committee annually reviews a set of goals and objectives for the Chief Executive Officer and his performance against the goals and objectives for the previous year.</p>
<p><b>4. Orientation and Continuing Education</b></p> <p>(a) Briefly describe what measures the board takes to orient new directors regarding:</p> <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its directors; and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul>	<p>Each new director is 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 management, strategic plan, risk management plan, and financial position and are provided with a tour of typical manufacturing and forestry operations.</p>
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>On an on-going basis, the committees of the Board and management update 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 participates annually in an extensive strategic planning session. The Company also pays for the costs of continuing education relevant to the directors' roles on the Board and Committees.</p>
<p><b>5. Ethical Business Conduct</b></p> <p>(a) 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:</p> <ul style="list-style-type: none"> <li>(i) disclose how a person or company may obtain a copy of the code;</li> <li>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul>	<p>The Board has adopted a written Code of Conduct for Directors, officers and employees of the Company.</p> <p>The Code of Conduct is available 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 <a href="http://www.sedar.com">www.sedar.com</a> and the Company's web site.</p> <p>Management is required to report violations of the Code of Conduct and any actions it has taken to the Corporate Governance Committee.</p> <p>There were no violations of the Code reported in 2007 with respect to any directors or officers.</p>

Guideline	Company
(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	If there is a conflict of interest or the perception of a conflict of interest, officers or directors with a material interest do not participate in the negotiations or approvals pertaining to such a matter. In the case of decisions of the Board, any director with a material interest in a matter will abstain from voting.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	The Board has established an Environment and Safety Committee to monitor the Company policy of continuous improvement in standards and expectations for protecting the health and safety of the employees and the environment in which they work. 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.
<b>6. Nomination of Directors</b>	
(a) Describe the process by which the board identifies new candidates for board nomination.	The Corporate Governance Committee, together with an advisor established a process to assess the skills and experience represented on the Board. From this they developed a succession plan for the orderly replacement of retiring directors.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	The Corporate Governance Committee is composed entirely of independent directors. In the process of director nominations, the Corporate Governance Committee reviews the nomination of new director candidates in consultation with the Chairman. The Corporate Governance Committee, together with an advisor, has established a process to assess the skills and experience represented on the Board to assist in establishing a succession plan for the orderly replacement of retiring directors.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The Corporate Governance Committee has a role in the nomination process. This Committee is described on page 10 of this Information Circular.
<b>7. Compensation</b>	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Corporate Governance Committee is responsible for recommending the compensation of the Chairman and the directors. The Committee uses comparative information to ensure that the compensation is competitive considering the scope of the responsibilities. The Management Resources and Compensation Committee is responsible for recommending the compensation of Executive Officers. This process is described in their report beginning on page 15 of this Information Circular.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The majority of the members of the Management Resources and Compensation Committee are independent and those members who are not, are independent of management.

Guideline	Company
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Management Resources and Compensation Committee is described on page 11 of this Information Circular.
(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, 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. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	Towers Perrin HR Services was retained in 2007 to review the market competitiveness of the Company's compensation arrangements for the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer. See discussion on 2007 review on page 15 of this Information Circular under the heading "Management Resources and Compensation Committee on Executive Compensation".
<p><b>8. Other Board Committees</b></p> <p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	The Company has a Corporate Governance Committee and an Environment and Safety Committee as described on pages 10 and 11 of this Information Circular.
<p><b>9. Assessments</b></p> <p>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. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	Every second year, a comprehensive questionnaire is completed by each director other than the Chairman and the Chief Executive Officer which assesses the effectiveness of the Board and its committees. In the following year a follow-up questionnaire is completed to assess the progress made in areas where the questionnaire indicated the Board or a committee could improve its effectiveness. The Chairman of the Board discusses with individual directors their participation in the activities of the Board and Committees.

**SCHEDULE “B”****MANDATE OF THE BOARD****Objective of the Board**

To enhance shareholder value.

**General Duty of the Board**

To promote a strong, viable and competitive company operating with honesty and integrity and to supervise the management of the affairs and business 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 that 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 those risks.
4. To appoint, assess and compensate executive officers (particularly the Chief Executive Officer) and approve a plan for their succession and training.
5. To ensure that the Company has an effective two-way communication policy with shareholders, other stakeholders and the public.
6. To ensure that 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 Chief Executive Officer and other executive officers and to ensure that a culture of integrity exists throughout the Company.
9. To ensure that the Company complies with the Health and Safety provisions of the Workers Compensation Act.

The Board may delegate certain of its responsibilities to a committee.