

LOCK-UP AGREEMENT

THIS LOCK-UP AGREEMENT (the “**Agreement**”) is dated October 28, 2019.

TO: Great Pacific Capital Corp. (“**Great Pacific**”)

The undersigned shareholder (the “**Shareholder**”) of Canfor Corporation (“**Canfor**”) understands that Great Pacific proposes to enter into an arrangement agreement (the “**Arrangement Agreement**”) on or about the date hereof with 1287738 B.C. Ltd., a wholly-owned subsidiary of Great Pacific (the “**Purchaser**”), and Canfor pursuant to which, among other things, the Purchaser is proposing to acquire all of the issued and outstanding common shares in the capital of Canfor not already owned by Great Pacific and its affiliates (the “**Common Shares**”) in exchange for CAD \$16.00 in cash per Common Share.

This Agreement sets out the terms and conditions of the agreement of the Shareholder to take certain actions and to do certain things, including to vote or cause to be voted the Common Shares and all other securities of Canfor owned by the Shareholder over which the Shareholder has control or direction, in favour of the Arrangement Resolution approving, among other things, the Plan of Arrangement.

The Shareholder acknowledges that Great Pacific would not enter into the Arrangement Agreement but for the execution and delivery of this Agreement by the Shareholder.

As used herein, the term “**Securities**” means any securities of Canfor that may be voted at the Canfor Meeting. All capitalized terms used but not defined in this Agreement have the meaning given to such terms in the Arrangement Agreement. All references herein to the Arrangement Agreement or any portion thereof refer to the Arrangement Agreement as amended, modified or restated.

1. Shareholders Commitment in Favour of the Arrangement

1.1 Non-Solicitation. Subject to the provisions of Sections 1.6, 1.7 and 1.8 of this Agreement, the Shareholder covenants and agrees in favour of Great Pacific that the Shareholder will:

- (a) not, directly or indirectly, exercise any securityholder rights or remedies available to the Shareholder, whether arising under statute, at common law or otherwise, to impede, frustrate, nullify, hinder, prevent, delay, upset or challenge the Arrangement, including the exercise of any Dissent Rights or other rights of dissent provided under any applicable Laws or otherwise in connection with the Arrangement or any other corporate transaction considered at the Canfor Meeting;
- (b) not solicit, assist, initiate, encourage or otherwise facilitate, including by way of furnishing information or entering into any form of agreement, arrangement or understanding, any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

- (c) not enter into or otherwise engage or participate in, directly or indirectly, any discussions or negotiations with any Person (other than Great Pacific and its affiliates) regarding any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal.
- 1.2 Voting and Proxy. Subject to the provisions of Section 1.6 of this Agreement, the Shareholder covenants and agrees in favour of Great Pacific to vote, or cause to be voted, all Securities held by the Shareholder (including all Securities owned at the date hereof, whether held directly, or indirectly, or beneficially, and including all Securities acquired by the Shareholder, directly or indirectly, or beneficially, at any time prior to the Canfor Meeting and including all other Securities over which the Shareholder has control or direction) (the “**Subject Securities**”) in favour of the Arrangement Resolution (and any other matter reasonably necessary for the consummation of the transactions contemplated in the Arrangement Agreement) at the Canfor Meeting. The Shareholder further covenants and agrees in favour of Great Pacific to vote or cause to be voted the Subject Securities against any Acquisition Proposal and any proposed action by Canfor, its securityholders or any other Person or group of Persons, which action could reasonably be expected to prevent or materially delay the successful completion of the Arrangement or result in a Material Adverse Effect at any meeting of the securityholders of Canfor called for the purpose of considering the same. In furtherance of the Shareholder’s voting agreement in this Section, the Shareholder hereby revokes any and all previous proxies with respect to any of the Subject Securities and agrees that, no later than five (5) Business Days’ prior to the date of the Canfor Meeting, the Shareholder shall deliver or cause to be delivered a duly executed proxy or proxies appointing the individuals as may be designated by Canfor in the Circular (and may revoke such proxy or proxies without the prior written consent of Great Pacific) directing the holder of such proxy or proxies to vote in favour of the Arrangement Resolution and/or any other matter necessary for the consummation of the Arrangement and the other transactions contemplated by the Arrangement Agreement.
- 1.3 Change in Nature of Transaction. Subject to the provisions of Sections 1.6, 1.7 and 1.8 of this Agreement, the Shareholder covenants and agrees in favour of Great Pacific that if Great Pacific and Canfor mutually agree that it is necessary or desirable to proceed with another form of transaction whereby Great Pacific or any of its affiliates would effectively acquire 100% of the Securities not already owned by Great Pacific and its affiliates on economic terms and other terms and conditions (including, without limitation, any tax consequences to the Shareholder) which, in relation to Canfor and the Shareholder, are no less favourable from a financial point of view, on an after-tax basis, and otherwise substantially equivalent to or better than those contemplated by the Arrangement Agreement (an “**Alternative Transaction**”), the Shareholder will support the completion of such Alternative Transaction in the manner described in Section 1.4 of this Agreement.
- 1.4 Meeting of Holders of Securities of Canfor. Subject to the provisions of Sections 1.6, 1.7 and 1.8 of this Agreement, (a) if an Alternative Transaction involves a meeting or meetings of holders of Securities of Canfor, the Shareholder covenants and agrees in favour of Great Pacific to vote in favour of any matters necessary or ancillary to the completion of the transactions contemplated by the Alternative Transaction in the same manner, *mutatis mutandis*, as that referred to in section 1.2, and (b) if an Alternative Transaction includes

the making of an offer by Great Pacific or any of its affiliates to acquire the outstanding Securities, the Shareholder covenants and agrees in favour of Great Pacific to deposit or cause to be deposited the Subject Securities to such offer.

1.5 Transfer of Shares and Other Covenants. Subject to Sections 1.6 and 1.8 of this Agreement, the Shareholder covenants and agrees in favour of Great Pacific that the Shareholder will not from and after the date hereof:

- (a) directly or indirectly sell, transfer or assign or agree to sell, transfer or assign or grant to any Person any right or option to buy any of the Subject Securities or the voting rights attached thereto without the prior written consent of Great Pacific;
- (b) except as set out in section 1.2, grant or agree to grant any proxy, power of attorney or other right to vote the Subject Securities, or enter into any voting agreement, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approval of any kind with respect to any of the Subject Securities;
- (c) exercise the voting rights attaching to the Subject Securities to oppose any proposed action by Canfor, its shareholders or any other Person or group of Persons, which action could reasonably be expected to prevent or delay the successful completion of the Arrangement or result in a Material Adverse Effect;
- (d) requisition or join in any requisition of any meeting of holders of Securities;
- (e) tender or otherwise deposit the Subject Securities to any tender offer or take-over bid made by any Person other than Great Pacific or the Purchaser;
- (f) take any other action of any kind, directly or indirectly, which might reasonably be regarded as likely to reduce the success of, or materially delay or interfere with the completion of, the Arrangement; and
- (g) do indirectly that which the Shareholder may not do directly by the terms of this Section 1.5, including through any Person directly or indirectly owned, controlled or directed by the Shareholder.

1.6 Limits to Obligations of Shareholder. The obligations of the Shareholder pursuant to this Agreement will terminate at the time which is the earliest of:

- (a) the Effective Time;
- (b) the time at which the Arrangement Agreement is terminated in accordance with its terms; and
- (c) the Outside Date, unless extended in accordance with the terms of the Arrangement Agreement.

- 1.7 Exception. Notwithstanding any other provision hereof, if the Shareholder or its affiliate is a director or officer of Canfor, nothing contained in this Agreement will prevent the Shareholder or such affiliate from acting in his capacity as a director or officer of Canfor in accordance with the exercise of his or her fiduciary duties or other legal obligation to act in the best interests of Canfor or otherwise as permitted by the Arrangement Agreement.
- 1.8 Capacity. Notwithstanding any other provision of this Agreement, Great Pacific hereby agrees and acknowledges that the Shareholder is bound hereunder solely in its capacity as a shareholder of Canfor and that the provisions hereof shall not be deemed or interpreted to bind the Shareholder in its capacity as a director or officer of Canfor (if the Shareholder holds such office). For greater certainty, and to the extent applicable, nothing in this Agreement shall be deemed or interpreted to bind any representative or nominee of the Shareholder, if applicable, in his or her capacity as a director of the Company from engaging, in such person's capacity as a director of the Company, in discussions or negotiations with any Person in response to a *bona fide* Acquisition Proposal or as otherwise permitted by the Arrangement Agreement.

2. **General**

- 2.1 Representations, Warranties and Covenants. By executing this Agreement, the Shareholder represents, warrants and covenants to and with Great Pacific that:
- (a) the class and number of the Securities beneficially owned by the Shareholder at the date hereof, whether directly or indirectly, and all Securities over which the Shareholder has control or direction as of the date hereof, are as specified in Schedule 1 to this Agreement;
 - (b) the Shareholder has and will have the sole right to vote the Subject Securities at the Canfor Meeting and the Subject Securities set forth on Schedule 1 constitute all of the Securities owned beneficially and of record by the Shareholder and any of his, her, or its affiliates and all of the Securities over which the Shareholder and any of his, her or its affiliates has control or direction;
 - (c) no Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer from the Shareholder of any of the Subject Securities or any interest therein or right thereto, including without limitation any right to vote, except Great Pacific pursuant to this Agreement and the Arrangement Agreement;
 - (d) if the Shareholder is a corporation, the Shareholder is duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation;
 - (e) the Shareholder has the power and capacity to enter into, and to perform its obligations under, this Agreement, and the execution and delivery of this Agreement has been duly authorized by all necessary action on the part of the Shareholder;

- (f) this Agreement constitutes a valid and binding obligation of the Shareholder enforceable against the Shareholder in accordance with its terms, subject to the usual exceptions as to bankruptcy, insolvency and similar laws of general application and the availability of equitable remedies;
- (g) neither the entering into of this Agreement nor the performance by the Shareholder of his, her, or its obligations under this Agreement will contravene, breach or result in any default under any agreement, arrangement, understanding or other legally binding commitments to which the Shareholder is a party or by which the Shareholder may be bound or, if the Shareholder is a corporation, under its articles, by-laws, constating documents or other organizational documents; and
- (h) there are no legal proceedings in progress or pending before any Governmental Entity or, to the knowledge of the Shareholder, threatened against the Shareholder or the Shareholder's associates or affiliates that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform the Shareholder's obligations hereunder.

The representations, warranties and covenants of the Shareholder set forth in this section 2.1 will be true and correct on the date the Canfor Meeting is held.

2.2 Representations and Warranties of Great Pacific. By executing this Agreement, Great Pacific represents, warrants and covenants to and with the Shareholder that:

- (a) Great Pacific is duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation. The Purchaser has been duly incorporated and organized and is validly existing under the laws of its jurisdiction of incorporation. Great Pacific owns all of the issued and outstanding shares of the Purchaser;
- (b) Great Pacific has the power and capacity to enter into, and to perform its obligations under, this Agreement, and the execution and delivery of this Agreement has been duly authorized by all necessary action on the part of Great Pacific;
- (c) this Agreement constitutes a valid and binding obligation of Great Pacific, enforceable against Great Pacific in accordance with its terms, subject to the usual exceptions as to bankruptcy, insolvency and similar laws of general application and the availability of equitable remedies;
- (d) neither the entering into of this Agreement nor the performance by Great Pacific of its obligations under this Agreement will contravene, breach or result in any default under any agreement, arrangement, understanding or other legally binding commitments to which Great Pacific is a party or by which Great Pacific may be bound or under its articles, by-laws, constating documents or other organizational documents; and
- (e) there are no legal proceedings in progress or pending before any Governmental Entity or, to the knowledge of Great Pacific, threatened against Great Pacific or its

affiliates that would adversely affect in any manner the ability of Great Pacific to enter into this Agreement and to perform its obligations hereunder.

- 2.3 Time of the Essence. Time is of the essence in this Agreement.
- 2.4 Governing Law. This Agreement will be governed by and interpreted and enforced in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein. Each of the parties irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.
- 2.5 Specific Performance and Other Equitable Rights. The Shareholder recognizes and acknowledges that a breach by it of any of its covenants or agreements contained in this Agreement will cause Great Pacific to sustain injury for which Great Pacific would not have an adequate remedy at law for money damages. Therefore, the Shareholder agrees that in the event of such breach, Great Pacific will be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the parties may be entitled at law or in equity.
- 2.6 Counterparts. This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same instrument. The parties will be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy will be legally effective to create a valid and binding agreement between the parties.
- 2.7 Further Assurances. The Shareholder, on the one hand, and Great Pacific, on the other hand, will from time to time execute and deliver all such further documents and instruments and do all such acts and things as the other party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.
- 2.8 Severability. If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the matters contemplated hereby are fulfilled to the fullest extent possible.
- 2.9 Disclosure. The Shareholder consents to the details of this Agreement being set out in any proxy circular or other disclosure documents in respect of the Arrangement and any press

announcements to be made, or documents to be issued, in connection with the Arrangement and this Agreement being made publicly available, including, without limitation, by filing on SEDAR.

If the terms and conditions of this letter are acceptable to you, please indicate your acceptance by dating and signing the same as noted above.

Yours very truly,

John Baird

(Name of Shareholder)

(signed) John Baird

(Signature)

(Name and Title if Shareholder is a corporation)

The undersigned agrees with and accepts the terms of this letter Agreement.

GREAT PACIFIC CAPITAL CORP.

By: (signed) Nick Desmarais

Name: Nick Desmarais

Title: Director

SCHEDULE 1

Name of Shareholder	Number and Class of Subject Securities beneficially owned	Registered holder if different from beneficial owner	Total number of Subject Securities owned or controlled
John Baird	10,985 Common Shares		10,985 Common Shares