

**SECOND AMENDMENT TO
INTERFOR JANUARY 2010 AMENDED AND RESTATED CREDIT AGREEMENT**

THIS AMENDMENT AGREEMENT dated for reference June 30, 2011 is

AMONG:

INTERNATIONAL FOREST PRODUCTS LIMITED, a British Columbia company having its head office at 3500 - 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1H7

(the "**Borrower**")

AND:

EACH OF THE LENDERS NAMED ON THE SIGNATURE PAGES OF THE AMENDMENT AGREEMENT

(the "**Lenders**")

AND:

ROYAL BANK OF CANADA, a Canadian chartered bank having its head office in the City of Montreal, Quebec, Canada and a branch in Toronto, Ontario, Canada, in its capacity as Arranger

(the "**Arranger**")

AND:

ROYAL BANK OF CANADA, a Canadian chartered bank having its head office in the City of Montreal, Quebec, Canada and a branch in Toronto, Ontario, Canada, in its capacity as Agent

(the "**Agent**")

WHEREAS:

A. The Borrower, the Agent, the Arranger and the Lenders entered into the "Interfor 2010 Amended and Restated Credit Agreement" dated for reference January 14, 2010 (as amended by a first amendment dated for reference July 22, 2010 the "**Existing Credit Agreement**");

B. The Borrower, the Agent, the Arranger and the Lenders have agreed to amend the Existing Credit Agreement to (i) extend the maturity dates of the Tranche A and Tranche B Credit Facilities to July 28, 2015; (ii) adjust the pricing of the Credit Facilities; and (iii) make certain other amendments, all as provided in this Amendment Agreement.

WITNESSETH THAT in consideration of the mutual covenants and agreements herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. INTERPRETATION

1.1 General

- (a) Words with an initial capital letter which are not otherwise defined in this Amendment Agreement have the meanings set out in the Existing Credit Agreement.
- (b) Wherever the singular or the masculine are used in this Amendment Agreement, the same shall be deemed to include the plural or the feminine or vice versa and a body politic or corporate where the context or the parties so require.
- (c) Unless otherwise specified all statements of, or reference to, dollar amounts in this Amendment Agreement without currency specification shall refer to Canadian Funds.

1.2 Definitions

Where used in this Amendment Agreement, the following terms shall have the following meanings:

- (a) **"Amendment Agreement"** means this second amendment to the Existing Credit Agreement;
- (b) **"Effective Time"** means 13:00 hours, local Vancouver time on July 11, 2011.

1.3 Successors and Assigns

The Existing Credit Agreement, as amended by this Amendment Agreement, shall enure to the benefit of and be binding on each of the parties hereto and their respective successors and permitted assigns.

1.4 Applicable Law

This Amendment Agreement shall be construed in accordance with and governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.

2. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that the execution and delivery of this Amendment Agreement has been duly authorized by all necessary corporate action of the Borrower and will not contravene a provision of any regulation, order or permit applicable to it or cause a conflict with or contravention of its constating documents or cause a breach of or constitute a default under or require any consent under any instrument or agreement to which it

is a party or by which it is bound except such as have been obtained or waived, as the case may be.

3. AMENDMENTS TO THE EXISTING CREDIT AGREEMENT

If the conditions set forth in Section 4 of this Amendment Agreement have been met or waived at or prior to the Effective Time or such earlier or later time as may be agreed among the Borrower and the Agent, then, as of the Effective Time, the Existing Credit Agreement shall be amended as follows:

- (a) by deleting the definition of "Consolidated Net Income" and replacing it with the following:

“**Consolidated Net Income**” means the net income of the Borrower and the Restricted Subsidiaries, on a consolidated basis, determined in accordance with GAAP, excluding:

- (a) prior to January 1, 2011, extraordinary items as determined in accordance with GAAP;
- (b) gains resulting from any reappraisal, revaluation or write-up of assets, which write-up does not exceed the original capital cost of the asset;
- (c) undistributed income of Persons other than Restricted Subsidiaries,

but including the amount of any cash distribution of undistributed income received by the Borrower and previously deducted under (c);”;

- (b) by deleting the definition of "Consolidated Net Worth" and replacing it with the following:

“**Consolidated Net Worth**” means shareholders’ equity which, on a consolidated basis, is determined to be shareholders’ equity of the Borrower and the Restricted Subsidiaries in accordance with GAAP, excluding non-controlling interests and deferred income taxes, plus Subordinated Debt, all calculated in accordance with GAAP, but, from January 1, 2011, excluding up to a maximum of \$20,000,000 of aggregate cumulative non-cash asset revaluations (write-downs and write-ups providing, that any write-up does not exceed the original capital cost of the asset);”;

- (c) by deleting the definition of "EBITDA" and replacing it with the following:

“**EBITDA**” means, for any period, earnings of the Borrower and the Restricted Subsidiaries on a consolidated basis before finance costs, income taxes, depreciation, depletion, amortization and any non cash asset revaluations (write-downs or write-ups) from January 1, 2011, all in accordance with GAAP for such period;”;

- (d) by deleting the definition of "Excluded Intangibles" and replacing it with the following:

"**Excluded Intangibles**" means intangibles characterized as such in accordance with GAAP, but not including Timber Harvesting Rights and Specialty Computer Software;"

- (e) by deleting the definition of "Future Tax Limit" and replacing it with the following:

"**Future Tax Limit**" means, at the time of calculation, the lesser of:

(a) the actual net amount of deferred income taxes of the Borrower and Restricted Subsidiaries;

(b) ten per cent of Consolidated Net Worth; and

(c) \$35,000,000;"

- (f) by deleting the definition of "GAAP" and replacing it with the following:

"**GAAP**" means the generally accepted accounting principles as generally applied by the Borrower as at December 31, 2010, and thereafter the generally accepted accounting principles in effect from time to time of the Canadian Institute of Chartered Accountants, including those set out in the Canadian Institute of Chartered Accountants Handbook and the International Financial Reporting Standards ("**IFRS**") and its interpretations adopted by the International Accounting Standards Board, as the same are generally applicable to public companies in the same industry as the Borrower in Canada;"

- (g) by deleting the definition of "Guarantee Letters" and replacing it with the following:

"**Guarantee Letters**" means letters of guarantee issued by a Lender pursuant to §3.45 and also includes the guarantee letters previously issued and listed in Schedule J;"

- (h) by deleting the definition of "Intercorporate Loans" and replacing it with the following:

"**Intercorporate Loans**" means loans:

(a) by the Borrower, a member of the Interfor US Group or Interfor Trading to any member of the Interfor US Group or to any Restricted Subsidiary;

(b) by any Restricted Subsidiary to the Borrower; or

(c) by either of SSCL and SISCO to the other or to a Restricted Subsidiary, which are fully subordinated to the Credit Facilities;"

- (i) by deleting the definition of “Interfor Trading” and replacing it with the following:

“**Interfor Trading**” means Interfor Sales & Marketing Ltd., its successors and permitted assigns;”;

- (j) by deleting (k) and (l) from the definition of “Permitted Encumbrances” and adding the following:

“(k) liens or security interests in favour of commodity trading brokers engaged by the Borrower or a Restricted Subsidiary against the assets and margin and deposit accounts of the Borrower or Restricted Subsidiaries held by or with such commodity trading brokers, not to exceed, in aggregate, \$1,500,000 in asset value encumbered;

(l) any lien permitted by the Lenders or pursuant to any encumbrance permitted by the security referred to in (j) above;

(m) security given by Restricted Subsidiaries which is outstanding at the time of the Borrower’s acquisition of the Restricted Subsidiary or which is granted by the Borrower or a Restricted Subsidiary from time to time, not to exceed in the aggregate \$10,000,000 in outstanding aggregate principal amount;”;

- (k) by adding the following definitions:

“**SISCO**” means Seaboard International Shipping Company Limited, a Barbadian company, its successors and permitted assigns;”;

“**Specialty Computer Software**” means computer software which the Borrower or a Restricted Subsidiary has developed or adapted for use in its business;”;

“**SSCL**” means Seaboard Shipping Company Limited, a British Columbia corporation, its successors and permitted assigns;”;

- (l) by deleting the definition of “Tranche A Maturity Date” and replacing it with the following:

“**Tranche A Maturity Date**” means July 28, 2015 and thereafter such date as the Agent and all of the Tranche A Lenders may from time to time determine following written notice from the Borrower requesting a Tranche A Maturity Date extension, subject to the provisions of §3.26, §3.28 and §3.29;”;

- (m) by deleting the definition of “Tranche B Maturity Date” and replacing it with the following:

“**Tranche B Maturity Date**” means July 28, 2015 and thereafter such date as the Agent and all of the Tranche B Lenders may from time to time determine following written notice from the Borrower requesting a Tranche B Maturity Date extension, subject to the provisions of §3.28 and §3.29;”;

- (n) by deleting §7.1(ss);
- (o) by deleting §7.1(y) and replacing it with the following:
- “(y) that, without the prior written consent of the Lenders, it will not, and it will cause each Restricted Subsidiary not to, borrow money or otherwise incur, create or assume any debt or enter into any credit agreement, except for:
- (1) normal day-to-day trade credit arrangements;
 - (2) Borrowings pursuant to the Agreement;
 - (3) normal indebtedness incurred in the ordinary course of business in respect of amounts due or accruing due to Government Bodies;
 - (4) the Intercorporate Loans, provided that the aggregate outstanding principal amount of all Intercorporate Loans from the Borrower and the other Restricted Subsidiaries to SISCO and SSCL shall not at any time exceed \$10,000,000;
 - (5) other unsecured indebtedness of the Borrower and the Restricted Subsidiaries not exceeding \$10,000,000 in aggregate outstanding principal amount;
 - (6) other secured indebtedness of the Borrower and the Restricted Subsidiaries not exceeding \$10,000,000 in aggregate principal amount, as permitted by (m) of the definition of Permitted Encumbrances in §1.1; and
 - (7) additional Current Debt or Consolidated Total Debt or indebtedness which would be characterized as Current Debt or Consolidated Total Debt in the consolidated financial statements of the Borrower, and not otherwise permitted by (1) through (6) above, provided that the EBITDA Interest Ratio for the immediately preceding four consecutive fiscal quarters of the Borrower at the time of incurrence of such additional Current Debt or Consolidated Total Debt has been not less than 1.5 to 1.0 and the Agent, with the approval of the Lenders’ Majority, has provided its consent;”;
- (p) by deleting §7.3 and replacing it with the following:

“7.3 IFRS

By letter dated May 12, 2011 the Borrower advised the Agent on behalf of the Lenders that effective January 1, 2011 the Borrower adopted IFRS in the calculation and presentation of its financial statements and provided a calculation

of its financial covenants on the basis of GAAP prior to and after adoption of IFRS. For all purposes of the Agreement the Agent and the Lenders agree that the Borrower will calculate its compliance with the financial covenants in the Agreement on the basis of GAAP, prior to the adoption of IFRS for the financial quarters prior to January 1, 2011 and thereafter on the basis of IFRS.”;

- (q) by deleting Schedule B to the Existing Credit Agreement and replacing it with Appendix 1 to this Amendment Agreement.

4. CONDITIONS PRECEDENT TO EFFECTIVENESS

Section 3 of this Amendment Agreement shall not become effective unless and until the Agent shall have received:

- (a) the duly executed Amendment Agreement;
- (b) certificates of status or of good standing issued by the appropriate Governmental Body, for each of the Borrower, Interfor Trading and the Interfor U.S. Group;
- (c) an officer's certificate and certificate confirming the status of the authorizing resolutions of the board of directors of the Borrower authorizing the execution and delivery of this Amendment Agreement in form and content satisfactory to the Agent and its counsel;
- (d) an acknowledgment by the Borrower, Interfor Trading and the Interfor U.S. Group confirming the ongoing validity of the Lenders' Security;
- (e) a favourable opinion from counsel to the Borrower in form and content satisfactory to the Agent and its counsel;
- (f) payment to each of the Tranche A Lenders of an extension fee of 35 Basis Points on the amount of that Tranche A Lender's Commitment with respect to the Tranche A Credit Facility; and
- (g) payment to each of the Tranche B Lenders of an extension fee of 25 Basis Points on the amount of that Tranche B Lender's Commitment with respect to the Tranche B Credit Facility.

5. GENERAL

5.1 Deemed Borrowing

Any amount owing by the Borrower under each of the Credit Facilities under the Existing Credit Agreement is deemed to be a Borrowing under such facility under the Existing Credit Agreement, as amended by this Agreement.

5.2 Further Assurances

The Borrower will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including certificates, acknowledgements, declarations, affidavits, reports and opinions) and things as the Agent may reasonably require for the purpose of giving effect to this Amendment Agreement.

5.3 Amendment

This Amendment Agreement shall from the Effective Time be read and construed along with the Existing Credit Agreement and be treated as a part thereof and, for such purposes and so far as may be necessary to effectuate these presents, the Existing Credit Agreement shall be regarded as being amended by this Amending Agreement, and the Existing Credit Agreement as so amended together with all of the covenants, clauses, agreements, provisos, stipulations, conditions, powers, matters and things whatsoever contained in the Existing Credit Agreement shall continue in full force and effect.

5.4 Counterparts


This Amendment Agreement and all documents contemplated hereby or delivered hereunder or in connection herewith may be executed and delivered in any number of counterparts or facsimile counterparts with the same effect as if all parties had all signed and delivered the same document and all counterparts when executed and delivered (by facsimile or otherwise) will be construed together to be an original and will constitute one and the same agreement.

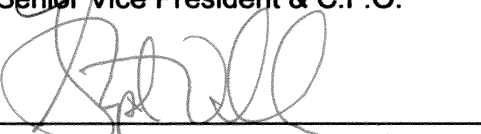
5.5 Reference Date

This Amendment Agreement is dated for reference June 30, 2011 notwithstanding its actual date of execution.

IN WITNESS WHEREOF the parties hereto have caused this Amendment Agreement to be duly executed on JULY 11, 2011.

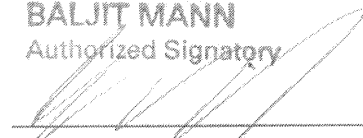
**THE CORPORATE SEAL of
INTERNATIONAL FOREST
PRODUCTS LIMITED** was hereunto
affixed in the presence of:

By: 
John Horning, C.A.
Senior Vice President & C.F.O.

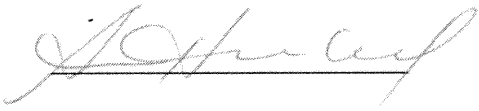
By: 
Stephen Williams, C.A.
Vice President, Finance and
Administration

ROYAL BANK OF CANADA
Arranger

By: 
BALJIT MANN
Authorized Signatory

By: 
GLEN BARISOFF
Authorized Signatory

ROYAL BANK OF CANADA
Agent


By: 

Ann Hurley
Manager, Agency


LENDERS:

ROYAL BANK OF CANADA

By: 
BALJIT MANN
Authorized Signatory


By: 
GLEN BARISOFF
Authorized Signatory

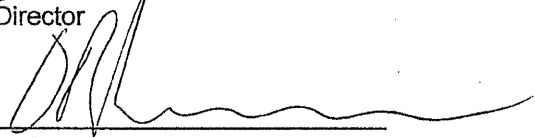
THE TORONTO-DOMINION BANK

By: 
Adam Newman
Managing Director

By: _____

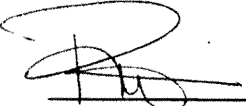
THE BANK OF NOVA SCOTIA

By: 
Kurt Foellmer
Director

By: 
D. R. Loewen
Director

HSBC BANK CANADA

By: 
Doug Brandes
Assistant Vice President,
Commercial Financial Services


By: 
Rowena Gill
Senior Account Manager,
Commercial Banking

BANK OF MONTREAL

By:  _____
Jerry Kaye, Director

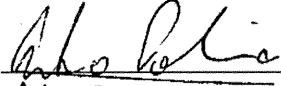
CANADIAN WESTERN BANK

By:

A handwritten signature in black ink, appearing to read 'Don Morrison', written over a horizontal line.

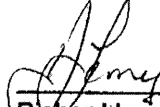
Don Morrison
Assistant Vice President
Industry Banking

EXPORT DEVELOPMENT CANADA

By: 

Arturo Polisena
Asset Manager

By: _____



Richard Leong
Asset Manager

APPENDIX 1

SCHEDULE B

INTEREST RATES AND FEES

(§3.6, 3.38, §3.56 and §4.12)

Pursuant to §3.6, §3.38 §, 3.56 and §4.12, the following interest rates and fees shall be effective and payable in respect of the **Tranche A Credit Facility** and the **Tranche B Credit Facility**:

For Tranche A Credit Facility and Tranche B Credit Facility

Ratio of Consolidated Total Debt to EBITDA:	<2.0	≥2.0 but <3.0	≥3.0 but <4.0	≥4.0
	(bps)	(bps)	(bps)	(bps)
Bankers' Acceptances	225	250	300	350
LIBOR Advances and LIBOR Equivalent Advances	225	250	300	350
Letters of Credit/Guarantee Letters	225	250	300	350
Canadian Advances –Prime Rate Plus	125	150	200	250
U.S. Advances – US Base Rate (Canada) Plus	125	150	200	250

Commitment Fees for Tranche A Credit Facility

Ratio of Consolidated Total Debt to EBITDA:	<2.0	≥2.0 but <3.0	≥3.0 but <4.0	≥ 4.0
	(bps)	(bps)	(bps)	(bps)
	56.25	62.50	75.00	87.50

Commitment Fees for Tranche B Credit Facility

Ratio of Consolidated Total Debt to EBITDA:	<2.0	≥2.0 but <3.0	≥3.0 but <4.0	≥4.0
	(bps)	(bps)	(bps)	(bps)
	56.25	62.50	75.00	87.50