INTERFOR 2013
AMENDED AND RESTATED CREDIT AGREEMENT

Dated for reference February 27, 2013

AMONG:

INTERNATIONAL FOREST PRODUCTS LIMITED

AND:

Each of the Lenders Named on the Signature Pages of this Agreement

AND:

ROYAL BANK OF CANADA
As Arranger

AND:

ROYAL BANK OF CANADA
As Agent

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INTERFOR 2013 AMENDED AND RESTATED CREDIT AGREEMENT

THIS INTERFOR 2013 AMENDED AND RESTATED CREDIT AGREEMENT dated for reference February 27, 2013

AMONG:

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

AND:

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

AND:

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

AND:

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

WHEREAS:

A. The parties entered into the Existing Credit Agreement;

B. The parties have agreed to amend and restate the Existing Credit Agreement in its entirety.

WITNESSETH THAT in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree each with the other that as of the Effective Date the Existing Credit Agreement shall be amended and restated as follows:

1. INTERPRETATION

1.1 Definitions

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

"**Accelerated Payment Date**" has the meaning ascribed thereto in §8.2(b);

"**Acceptance Fee**" means the fee to be paid by the Borrower pursuant to §4.12 in consideration for a Lender accepting a Bankers' Acceptance or in consideration for a Non-BA Lender making a BA Equivalent Loan;

"**Adams Lake Sawmill**" means those certain fee simple lands, together with the sawmill operations and all other buildings, structures, equipment, fixtures, and improvements located thereon, located within the Kamloops Assessment Area, British Columbia at on or about the Lands described in Schedule G, Part I and used in connection with the operations of the Adams Lake Sawmill;

"**Additional Amount**" has the meaning ascribed thereto in §3.19;

"**Advances**" means Canadian Advances, U.S. Advances, LIBOR Advances and LIBOR Equivalent Advances including a Swingline Advance;

"**Adjusted Consolidated Net Worth**" means, as at the time of determination, the sum of $285,000,000 plus 50% of Positive Cumulative Net Income, provided that Positive Cumulative Net Income is not a negative amount;

"**Agent**" means Royal or any other Lender who from time to time is appointed by Lenders' Majority pursuant to §9.18;

"**Agent's Branch of Account**" means in the case of the Tranche A Credit Facility or the Tranche B Credit Facility, the Loan Syndications office of the Agent located at 4th Floor, 20 King Street West, Toronto, Ontario, M5H 1C4, Fax: (416) 842-4023, or such other office or branch of the Agent in Canada as the Agent may from time to time advise the Borrower and the Lenders in writing;

"**Agent's Canadian Account for Payments**" means the following accounts maintained by the Agent at its Toronto main branch, to which payments and transfers in respect of the Tranche A Credit Facility and the Tranche B Credit Facility shall be made, in the case of Canadian Funds:

Royal Bank of Canada,
Swift Address: ROYCCAT2
Favour:/00002-266-760-8
RBCCM Agency Services
Toronto, Ontario
Ref: Interfor

and in the case of U.S. Funds:

JP Morgan Chase Bank
New York, New York
ABA 021000021, Swift Code: CHASUS33
Swift Address: ROYCCAT2
Beneficiary: Favour:/00002-408-919-9
RBCCM Agency Services
Toronto, Ontario
Ref: Interfor

or such other places or accounts as the Agent may at any time notify in writing to the Borrower and the Lenders;

"**Agent's Prime Rate**" means the annual rate of interest publicly announced from time to time by Royal as its reference rate then in effect for determining interest rates on Canadian dollar commercial loans made by Royal in Canada;

"**Agent's U.S. Base Rate (Canada)**" means, at any time, the annual rate of interest publicly announced from time to time by Royal as its reference rate then in effect for determining interest rates on US$ commercial loans made by Royal in Canada;

"**Agreement**" means this Interfor 2013 amended and restated credit agreement dated for reference February 27, 2013, as amended, restated, modified, supplemented, extended, renewed or replaced from time to time;

"**Applicable Laws**" means, with respect to any Person, property, transaction or event, all present and future laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any Governmental Body;

"**Arranger**" means Royal in its capacity as arranger of the Credit Facilities;

"**BA Discount Rate**" means with respect to an issue of Bankers' Acceptances with the same maturity date, (a) for a Lender which is a Schedule I Lender, (i) the average B/A discount rate for the appropriate term as quoted on Reuters Screen CDOR Page determined at or about 10:00 a.m. (Toronto time) on the first day of the applicable Bankers' Acceptance term or, (ii) if the discount rate for a particular term is not quoted on Reuters Screen CDOR Page, the arithmetic average of the actual discount rates for Bankers' Acceptances for such term quoted by the Schedule I Reference Banks at or about 10:00 a.m. (Toronto time) on the first day of the applicable Bankers' Acceptance term provided that such arithmetic average shall not be greater than 10 Basis Points per annum above the actual rate of discount applicable to Bankers' Acceptances quoted by the Agent (as Lender) for the same Bankers' Acceptance issue, and (b) for a Lender which is not a Schedule I Lender, the lesser of (i) the arithmetic average of the actual discount rates for Bankers' Acceptances for such term quoted by the Schedule II/III Reference Banks at or about 10:00 a.m. (Toronto time) on the first day of the applicable Bankers' Acceptance term and (ii) the actual rate of discount applicable to Bankers'

Acceptances as determined for Schedule I Lenders in (a) above for the same Bankers' Acceptance issue plus 10 Basis Points per annum;

"**BA Equivalent Loan**" means a Borrowing under the Tranche A Credit Facility or the Tranche B Credit Facility from a Non-BA Lender, evidenced by a Discount Note;

"**Bankers' Acceptances**" means, as applicable, bills of exchange within the meaning of the *Bills of Exchange Act* (Canada) denominated in Canadian Funds or U.S. Funds drawn by the Borrower and accepted by a Lender, and includes a Discount Note and a depository bill issued in accordance with the DBNA, in each case in multiples of not less than $100,000 or US$100,000, as the case may be, as the Face Amount, each for periods of one, two, three or six months (excluding in each case days of grace) and also includes the Bankers Acceptances previously issued and listed in Part 2 of Schedule J;

"**Banking Day**" means a day which is both a Business Day and a day on which dealings in U.S. Funds by and between banks in the London, England interbank market may be conducted;

"**Basis Point**" or "**bps**" each mean one hundredth (1/100) of one per cent, or 0.01%;

"**Baxley Mill**" means those certain fee simple lands, together with all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Baxley, Georgia, and described in Schedule G, Part II and used in connection with the operations of the Baxley Mill;

"**Beaver Mill**" means certain fee simple lands, together with a lumber manufacturing facility and all other buildings, structures, equipment, fixtures, and improvements located thereon, located in or near the community of Beaver, within the County of Clallam, Washington, at on or about the Lands described in Schedule G, Part II and used in connection with the operations of the Beaver Mill;

"**Borrower**" means International Forest Products Limited, its successors and permitted assigns;

"**Borrowing**" means a utilization by the Borrower of the Tranche A Credit Facility or the Tranche B Credit Facility by way of Canadian Advances or U.S. Advances, LIBOR Advances, LIBOR Equivalent Advances or Bankers' Acceptances, a utilization by the Borrower of the Tranche A Credit Facility by way of Guarantee Letters or Letters of Credit, and "**Borrowings**" means the aggregate of such utilizations;

"**Borrowing Base**" means that amount which the Chief Financial Officer certifies from time to time in a Borrowing Base Report as the Current Asset Value;

"**Borrowing Base Report**" means the report in substantially the form of Schedule I provided by the Chief Financial Officer to the Agent pursuant to §7.1(nn);

"**Borrowing Option**" means any of the borrowing options available to the Borrower pursuant to §3.34;

"**Branch of Account**" means the address of each Lender set out under each Lender's name on Schedule A, or such other branch in Canada as a Lender may advise the Borrower, and the Agent in writing;

"**Breakage Cost Amount**" means, with respect to Treasury Contracts between a Lender and the Borrower or any Restricted Subsidiary, the aggregate net losses, costs, expenses or liabilities across all such Treasury Contracts which the Borrower and any Restricted Subsidiary would be required to pay to such Lender if all such Treasury Contracts are terminated on the date of calculation. For greater certainty, if the Breakage Cost Amount in respect of a Lender is determined to be a positive amount owing by such Lender, the Breakage Cost Amount shall be deemed to be zero;

"**Business Day**" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in Toronto, Ontario, Canada and Vancouver, British Columbia, Canada and, in respect of any payments hereunder in U.S. Funds, a day on which banking institutions are also open for business in New York, New York, U.S.A.;

"**Business Plan**" means the business plan to be prepared by the Borrower for each fiscal year which business plan shall include: a forecast of operating results and of cash flow for the relevant fiscal year; details of the Borrower's interest rate management strategy for such period; a pro forma consolidated balance sheet for the Borrower as at the fiscal year end of the forecast period and a separate forecast including pro forma balance sheets and capital expenditure plans for the Interfor U. S. Group;

"**Calculation Date**" means that day which is the first day of the third month following a fiscal quarter end;

"**Canadian Advance**" means any advance or conversion under the Tranche A Credit Facility or the Tranche B Credit Facility requested by the Borrower in Canadian Funds and advanced by a Lender in Canadian Funds or determined as such pursuant to §4.4;

"**Canadian GSA**" has the meaning ascribed to it in Schedule L;

"**Canadian Branch of Account**" means the address of the branch of each Lender set out under each Lender's name on Schedule A or such other branch in Canada as a Lender may advise the Borrower and the Agent in writing;

"**Canadian Funds**" and "**Cdn$**" means lawful currency of Canada;

"**Canadian Security Amending Agreement**" means the agreement, entitled as such, dated for reference January 14, 2010, amending the following security:

(i) the Significant Agreements Assignments;
(ii) the Environmental Indemnity Agreement (Canada); and
(iii) the Section 427 Security;

"**Canadian Security Second Amending Agreement**" means the agreement, entitled as such, dated for reference February 27, 2013, amending the following security:

(i) the Canadian GSA;

(ii) Interfor Trading GSA;

(iii) the Significant Agreements Assignments;

(iv) the Environmental Indemnity Agreement (Canada); and

(v) the Section 427 Security;

"**Capex Plan**" means the financial plan prepared by the Borrower each fiscal year for the next ensuing fiscal year and presented in form satisfactory to the Agent, which plan shall be prepared on a consolidated basis covering planned capital expenditures for the Borrower and its Subsidiaries for the ensuing fiscal year in sufficient detail to discriminate between normal maintenance capital expenditures and discretionary capital expenditures and contingency allowances presented in a manner so that capital expenditures are allocated to each of the logging and lumber operations of the Borrower and its Subsidiaries together with such details as the Agent may reasonably request including the proposed sources of financing for such capital expenditures;

"**Capital Lease**" means a lease of which all or a portion of the rents payable thereunder would be included in total liabilities on a balance sheet prepared in accordance with IFRS;

"**Cash Collateral**" means Canadian Funds, U.S. Funds, term deposits or investments rated either R1 high or R1 mid (the two highest rating categories) by DBRS or A-1+ (the highest rating) by Standard & Poors or a Banker's Acceptances (issued by a corporation and guaranteed by a bank), treasury bills (issued by the Canadian and the U.S. governments) and commercial paper (issued by a corporation);

"**Castlegar Site**" means certain fee simple lands, together with all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Castlegar, British Columbia and described in Schedule G, Part I;

"**CDOR Rate**" means, on any day, the annual rate of interest which is the arithmetic average of the "BA 1 month" rates applicable to bankers' acceptances in Canadian Funds identified as such on the Reuters Screen CDOR Page at approximately 10:00 a.m. (Toronto time) on such day (as adjusted by the Agent after 10:00 a.m. to reflect any error in any posted rate or in the posted average annual rate). If the rate does not appear on the Reuters Screen CDOR Page as contemplated above, then the CDOR Rate on any day shall be calculated as the arithmetic average of the discount rates applicable to one month bankers' acceptances in Canadian Funds of, and as quoted by, any two of the Schedule I Lenders, chosen by the Agent in its discretion, as of 10:00 a.m. on the day, or if the day is not a Business Day, then on the immediately preceding Business Day. If fewer than two Lenders quote the aforementioned rate, the CDOR Rate shall be the rate quoted by the Agent, quoted by three major Canadian Schedule I Banks as of 10:00 a.m. local time at Toronto, Ontario on such day, or if such day is not a Business Day, then on the immediately preceding Business Day. The three major Canadian Schedule I Banks shall, unless the Borrower and the Agent otherwise agree, be The Bank of Nova Scotia, Royal and TD;

"**Cedarprime**" means CEDARPRIME Inc., a Washington State corporation, its successors and permitted assigns;

"**Charter**" means, as the context requires, the constating or organizational documents of a Person, and includes all amendments thereto;

"**Chief Financial Officer**" means that person responsible for reporting to the board of directors of the Borrower on the financial condition and performance of the Borrower, or any person designated as such;

"**Chip and Pulplog Supply Agreement**" means the "Chip and Pulplog Supply Agreement (Coastal Division)" dated December 30, 1991, made between Fletcher Challenge Canada Limited ("**Fletcher**") and Crown Forest Industries Limited ("**Crown**") of the one part and the Borrower of the other part, the interest of Crown having been assigned by Crown to Elk Falls Forest Industries Limited ("**EFFI**") on September 25, 2000, then assigned by EFFI to Catalyst Paper Corporation (formerly Norske Skog Canada Limited) ("**NSC**") on January 1, 2001, and subsequently assigned by NSC to NorskeCanada, a British Columbia general partnership of NSC and Norske Skog Canada Pulp Operations Limited ("**NSC Pulp Operations**") on October 1, 2001, pursuant to which the Borrower is obligated to sell and NSC Pulp Operations is obligated to acquire "Available Chips" and "Pulplogs" (each as defined in the Chip and Pulplog Supply Agreement) produced from "Interfor Facilities" or harvested from "Interfor Tenures" (as defined therein) as amended by an Amendment Agreement dated June 18, 1997 among the Borrower, Fletcher and EFFI but effective January 1, 1997;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"**Commitment**" means the obligation of a Lender to make available to the Borrower by way of Advances, Bankers' Acceptances, Guarantee Letters and Letters of Credit, an aggregate principal amount of Canadian Funds or U.S. Funds at any given time outstanding or determined or deemed to be utilized, of up to but not exceeding the amounts set opposite its name on Schedule A under the headings "Tranche A Commitment" and "Tranche B Commitment", to the extent not cancelled, increased, reduced or terminated pursuant to this Agreement; for greater certainty, Schedule A sets out under the heading "Tranche B Commitment" the pre-Rayonier Acquisition and post-Rayonier Acquisition amounts since the increase in the Tranche B Credit Facility is to be made available on the closing of the Rayonier Acquisition;

"**Commitment Fee**" means the commitment fees payable by the Borrower to the Agent as set forth in §3.38;

"**Compensation Amount**" means an amount equal to any loss, expense or costs incurred by a Lender as a direct result of prepayment of a LIBOR Advance, whether by way of repayment or conversion, prior to the LIBOR Maturity Date, including any costs incurred in maintaining or redeploying deposits obtained by a Lender to fund such LIBOR Advance;

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

(a) gains resulting from any reappraisal, revaluation or write-up of assets, in excess of the original capital cost of the asset; and

(b) 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 (b);

"**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 IFRS, excluding non-controlling interests and deferred income taxes, plus Subordinated Debt, all calculated in accordance with IFRS, but, from January 1, 2012 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);

"**Consolidated Total Assets**" means the total assets of the Borrower and the Restricted Subsidiaries determined on a consolidated basis in accordance with IFRS, less any Excluded Intangibles;

"**Consolidated Total Debt**" means, without duplication, all Indebtedness determined on a consolidated basis of the Borrower and the Restricted Subsidiaries in accordance with IFRS (i) which by its terms matures more than one year from the date of creation thereof or which is renewable at the option of the obligor for a period of more than one year, plus (ii) Current Debt;

"**Contaminant**" means any pollutant, dangerous substance, liquid waste, industrial waste, hauled liquid waste, toxic substance, hazardous waste, hazardous material, hazardous substance or contaminant, including any of the foregoing as defined in any Environmental Law;

"**Contingent Obligation**" means any agreement, undertaking or arrangement by which a Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person, against loss, including any comfort letter, operating agreement, take-or-pay contract or application for letter of credit (except for Letters of Credit or Guarantee Letters issued under the Tranche A Credit Facility);

"**Contribution, Indemnity and Subrogation Agreement**" has the meaning ascribed to it in Schedule L;

"**Corporate Distribution**" means:

(a) dividends or other distributions on capital stock of a Person (except for dividends or other distributions payable solely in shares of capital stock);

(b) the redemption, retirement or acquisition of such stock or of warrants, rights or other options to purchase such stock (except when solely in exchange for such stock); and

(c) distributions or other amounts payable to partners of a partnership;

"**Credit Facilities**" means, collectively, the Tranche A Credit Facility and the Tranche B Credit Facility;

"**Credit Facility Documents**" means this Agreement and the Lenders' Security;

"**Currencies**" means Canadian Funds or U.S. Funds;

"**Current Account**" means the Cdn$ and US$ bank accounts established and maintained by the Borrower at Royal's main branch in Vancouver, British Columbia or elsewhere as may be agreed between the Borrower and the Lenders;

"**Current Assets**" mean those assets which, on a consolidated basis, are determined to be current assets of the Borrower and the Restricted Subsidiaries in accordance with IFRS;

"**Current Asset Value**" means the aggregate of:

(a) 90% of all EDC Insured Receivables;

(b) 75% of all Good Accounts Receivable (Canadian $),

(c) 75% of the Equivalent Amount in Canadian Funds of all Good Accounts Receivable (Non-Cdn), and

(d) 66 2/3% of Eligible Inventory,

minus the aggregate amount of Potential Preferred Claims;

"**Current Debt**" means, without duplication, all Indebtedness of the Borrower and the Restricted Subsidiaries determined on a consolidated basis in accordance with IFRS, including short-term Borrowings under this Agreement, commercial paper issued by either of them, or Indebtedness which is not otherwise classified as Consolidated Total Debt, minus the amount of cash or cash equivalents of the Borrower determined on a consolidated basis in accordance with IFRS;

"**Current Liabilities**" mean those liabilities which, on a consolidated basis, are determined to be current liabilities of the Borrower and the Restricted Subsidiaries in accordance with IFRS which shall include the current portion of Long Term Debt but shall be reduced by the available amount of the Tranche B Credit Facility not utilized by the Borrower at the time the calculation is made;

"**Current Ratio**" means the ratio of Current Assets to Current Liabilities;

"**DBNA**" means the *Depository Bills and Notes Act*, S.C. 1998 c. 13 and regulations issued pursuant to that act, as from time to time amended;

"**Declared Amount**" has the meaning ascribed thereto in §5.4;

"**Discount Note**" means a non-interest bearing promissory note denominated in Canadian Funds issued by the Borrower to a Non-BA Lender to evidence a BA Equivalent Loan, substantially in the form of Part 4 Schedule D;

"**Discount Proceeds**" means, with respect to any Bankers' Acceptance required to be accepted and purchased by a Lender hereunder, an amount (rounded up, if necessary, to the nearest whole cent) calculated on the applicable Drawdown Date by multiplying:

(a) the Face Amount of such Bankers' Acceptance by

(b) the quotient obtained by dividing:

(1) one, by

(2) the sum of one plus the product of:

(A) the BA Discount Rate applicable to the Bankers' Acceptance; and

(B) a fraction, the numerator of which is the term of the Bankers' Acceptance and the denominator of which is 365 days,

with the quotient as so determined being rounded up or down to the fifth decimal place and .000005 being rounded up;

"**Disposal**" has the meaning ascribed thereto in §7.1(cc) of this Agreement;

"**Dividends**" means dividends paid on capital stock (cash or property) but does not include stock dividends;

"**Drawdown Date**" means with respect to a LIBOR Advance or a LIBOR Equivalent Advance a Banking Day, and in all other respects, a Business Day, on which a Borrowing is advanced to or converted by the Borrower or renewed by a Lender;

"**Eatonton Mill**" means those certain fee simple lands, together with all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Eatonton, Georgia, and described in Schedule G, Part II and used in connection with the operations of the Eatonton Mill;

"**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) for such period, all in accordance with IFRS for such period;

"**EBITDA Interest Coverage Ratio**" means, for any period, the ratio of EBITDA to the amount of interest expense in respect of Indebtedness of the Borrower and the Restricted Subsidiaries on a consolidated basis reported by the Borrower for such period;

"**EDC**" means Export Development Canada;

"**EDC Insured Receivables**" means all Good Accounts Receivable (Canadian $) and Good Accounts Receivable (Non-Cdn) which are insured by Export Development Canada;

"**Effective Date**" means February 27, 2013, or such later date on which all of the conditions precedent specified in Section 6 are satisfied or otherwise waived by the Lenders;

"**Eligible Inventory**" means the value determined in Cdn$ (as determined by the Borrower) of all Inventory located in Canada or in the U.S. that (i) is not subject to any Lien (other than in favour of the Agent or any of the Lenders) that ranks in priority to or pari passu with the Lenders' Security and (ii) is subject to a perfected first priority security interest in favour of the Agent;

"**Environmental Activity**" means any past, present or proposed future activity, event or circumstance in respect of a Contaminant, including, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil, surface water or groundwater;

"**Environmental Indemnity (Canada)**" has the meaning ascribed to it in Schedule L;

"**Environmental Indemnity (U.S.)**" has the meaning ascribed to it in Schedule L;

"**Environmental Law**" means any and all applicable federal, provincial, state, municipal or local laws, statutes, regulations, treaties, orders, judgements, decrees, ordinances, official directives and authorizations of any Governmental Body relating to the environment, or any Environmental Activity;

"**Equivalent Amount**" means at any time on any date, the amount in a currency other than Canadian Funds or in Canadian Funds, as the case may be, which would result from the conversion of Canadian Funds to a given amount of that other currency or of that other currency to a given amount of Canadian Funds, as the case may be, determined on the basis of the Spot Buying Rate for that other currency against Canadian Funds or Canadian Funds against that other currency, as the case may be. If the date for determination of an Equivalent Amount is not a Business Day, the applicable rate shall be the Spot Buying Rate quoted for the immediately preceding Business Day;

"**ERISA**" means the *Employee Retirement Income Security Act of 1974* (U.S.A.), as amended from time to time, and any successor statute;

"**Event of Default**" means any event set forth in §8.1 of this Agreement;

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

"**Existing Credit Agreement**" means the credit agreement entitled "Interfor April 2010 Amended and Restated Credit Agreement" dated for reference January 14, 2010 among the Borrower, Royal, as arranger and agent, and the lenders named on the signatures pages thereof, as amended by a first amendment agreement dated for reference July 22, 2010 and a second amendment agreement dated for reference June 30, 2011;

"**Face Amount**" means the amount at maturity for which a Bankers' Acceptance is drawn;

"**Federal Funds Effective Rate**" means, for any day, the rate of interest per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the United States Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Banking Day next succeeding such day; provided that (a) if such day is not a Banking Day, the Federal Funds Effective Rate for such day will be such rate on such transactions on the next preceding Banking Day as so published on the next succeeding Banking Day; (b) if no such rate is so published on such next succeeding Banking Day, the Federal Funds Effective Rate for such day shall be the average of the quotations for such transactions received by the Agent from three federal funds brokers of nationally recognized standing selected by the Agent; and (c) if three such quotations are not available the Federal Funds Effective Rate shall be the rate quoted by the Agent;

"**Fee Simple Mortgage**" has the meaning ascribed to it in Schedule L;

"**Forest Act**" means the *Forest Act* (British Columbia) in effect on the Effective Date and all amendments and supplements thereto and all regulations and rules made pursuant thereto and all Ministry of Forests policy statements, guidelines, orders or decisions relating thereto;

"**Forks Mill**" means certain leasehold lands, together with a planer mill and all other buildings, structures, equipment, fixtures, and improvements located thereon, located in or near the City of Forks, within the County of Clallam, Washington and described in Schedule G, Part II;

"**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;

"**Gilchrist Mill**" means those certain fee simple lands, together with all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Gilchrist, Oregon, and described in Schedule G, Part II and used in connection with the operations of the Gilchrist Mill;

"**Gilchrist Mill Deed of Trust**" means the deed of trust more particularly described in Schedule L providing for, inter alia, the mortgage and charge of the Gilchrist Mill;

"**GL Fee**" means the fee for Guarantee Letters charged by a Lender as set out in §3.45 and §3.56;

"**Good Accounts Receivable (Australian $)**" means the Australian$ trade accounts receivable of the Borrower and its Restricted Subsidiaries which meet the same criteria set out in the definition of Good Accounts Receivable (Canadian $) except for the currency denomination qualifications;

"**Good Accounts Receivable (Canadian $)**" means trade accounts receivable of the Borrower and its Restricted Subsidiaries determined in Canadian Funds, excepting therefrom:

(a) all trade accounts receivable from account debtors any portion of which is outstanding more than 60 days after the due date thereof unless the unpaid portion is being disputed by such debtor in good faith and relates to specific sales where the account debtor alleges that the Borrower or its Restricted Subsidiary has failed to meet the terms of the disputed sale in which case only the amount in dispute shall be excepted, or

(b) all trade accounts receivable from account debtors which are Subsidiaries of the Borrower;

(c) all trade accounts receivable which are subject to a material claim or written assertion of a right of set-off by an account debtor to the extent of such claims or assertions;

(d) all trade accounts receivable which are subject to any Lien (other than in favour of the Agent or the Lenders) that ranks in priority to or pari passu with the Lenders' Security;

(e) all trade accounts receivable which would be required to be treated as bad or doubtful accounts in accordance with IFRS including receivables from account debtors which are bankrupt, insolvent or have suspended payments;

(f) that portion of all trade accounts receivable subject to a contracted right on the part of the account debtor to refuse payment on all or part of such receivables; and

(g) all accounts receivable sold pursuant to a receivables securitization program;

"**Good Accounts Receivable (Euro)**" means the Euro trade accounts receivable of the Borrower and its Restricted Subsidiaries which meet the same criteria set out in the definition of Good Accounts Receivable (Canadian $) except for the currency denomination qualifications;

"**Good Accounts Receivable (New Zealand $)**" means the New Zealand$ trade accounts receivable of the Borrower and its Restricted Subsidiaries which meet the same criteria set out in the definition of Good Accounts Receivable (Canadian $) except for the currency denomination qualifications;

"**Good Accounts Receivable (Non-Cdn)**" means the aggregate of Good Accounts Receivable (Euro), Good Accounts Receivable (U.K. Pounds), Good Accounts Receivable (US$), Good Accounts Receivable (Yen), Good Accounts Receivable (Australian$) and Good Accounts Receivable (New Zealand$);

"**Good Accounts Receivable (U.K. Pounds)**" means the U.K. Pounds trade accounts receivable of the Borrower and its Restricted Subsidiaries which meet the same criteria set out in the definition of Good Accounts Receivable (Canadian $) except for the currency denomination qualifications;

"**Good Accounts Receivable (US$)**" means the US$ trade accounts receivable of the Borrower and its Restricted Subsidiaries which meet the same criteria set out in the definition of Good Accounts Receivable (Canadian $), except for the currency denomination qualifications;

"**Good Accounts Receivable (Yen)**" means the Japanese Yen trade accounts receivable of the Borrower and its Restricted Subsidiaries which meet the same criteria set out in the definition of Good Accounts Receivable (Canadian $), except for the currency denomination qualifications;

"**Governmental Approval**" means any authorization, permit, approval, grant, licence, consent, right, privilege, registration, filing, order, commitment, judgement, direction, ordinance, decree or like instrument or affirmation issued or granted by any Governmental Body;

"**Governmental Body**" means, as the context requires, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board or court or other law, regulation or rule making entity (including a Minister of the Crown) having or purporting to have jurisdiction on behalf of Canada or the U.S.A., or any province, state, municipality, region, district, or subdivision thereof, in any case having jurisdiction over the parties;

"**Grand Forks Site**" means certain fee simple lands, together with all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Grand Forks, British Columbia at on or about the Lands described in Schedule G, Part I;

"**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;

"**Hammond Sawmill**" means certain fee simple lands, together with the sawmill and all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Maple Ridge, British Columbia and described in Schedule G, Part I;

"**IFRS**" means the international financial reporting standards applied by the Borrower as at December 31, 2012, and thereafter the IFRS 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 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;

"**Indebtedness**" means, without duplication:

(a) all obligations for borrowed money (including the present value of capitalized lease obligations) which in accordance with IFRS would be included in determining total liabilities as shown on the liability side of a balance sheet as of the date at which Indebtedness is to be determined;

(b) obligations for borrowed money secured by any Lien upon property or assets owned by the Borrower or any Restricted Subsidiary;

(c) obligations created or arising under any conditional sale, deferred purchase price agreements or other similar agreements; and

(d) guarantees of Indebtedness (in the case of guarantees of operating credits of a Restricted Subsidiary, limited to the amount of the credit outstanding at the time of the calculation, and in the case of other guarantees, means the maximum amount for which the Borrower or any Restricted Subsidiary is liable from time to time) and the face amount of letters of credit to support Indebtedness for borrowed money of others,

and all renewals, extensions or refunding thereof;

"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;

"**Interest and Fee Rate Adjustment Date**" means that date which is the first day of the month which immediately follows the relevant fiscal quarter end;

"**Interest Determination Date**" means, with respect to LIBOR Advance or a LIBOR Equivalent Advance a Banking Day which is the second immediately preceding Banking Day prior to a Drawdown Date;

"**Interfor General Security Agreements**" has the meaning ascribed to it in Schedule L;

"**Interfor Guarantee**" has the meaning ascribed to it in Schedule L;

"**Interfor US**" means Interfor U.S. Inc., a Washington State corporation, its successors and permitted assigns;

"**Interfor US Pledge**" has the meaning ascribed to it in Schedule L;

"**Interfor Pledge**" has the meaning ascribed to it in Schedule L;

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

"**Interfor Trading GSA**" has the meaning ascribed to it in Schedule L;

"**Interfor US Holdings**" means Interfor U.S. Holdings Inc., a Washington State corporation, its successors and permitted assigns;

"**Interfor US Group**" means, collectively, Interfor US Holdings, Interfor US, KNRC and Cedarprime;

"**Interfor US Pledge**" has the meaning ascribed to it in Schedule L;

"**Inventory**" means the consolidated inventory of the Borrower and its Restricted Subsidiaries, wherever located, including without limitation those in transit or otherwise, and which inventory includes finished goods (including lumber and chips), work-in-progress (including logs), raw materials, supplies and spare parts;

"**ISP 98**" means the International Standby Practices ISP 98, as published by the International Chamber of Commerce and in effect from time to time;

"**Issuance**" means the issuance of one or more Guarantee Letters or Letters of Credit made pursuant to a request for a Borrowing by way of Guarantee Letter or Letter of Credit.

"**Issue Date**" means any Business Day fixed in accordance with the provisions of this Agreement for an Issuance;

"**Issuing Lender**" means TD or Royal, as the case may be;

"**Judgement Currency**" has the meaning ascribed thereto in §10.11 of this Agreement;

"**KNRC**" means Klamath Northern Railway Company, an Oregon corporation, its successors and permitted assigns;

"**KNRC Deed of Trust**" means the deed of trust more particularly described in Schedule L providing for, inter alia, the mortgage and charge of the KNRC Easement and Assets;

"**KNRC Easements and Assets**" means collectively the:

(i) Railroad Easement Agreement dated October 4, 1991 between Crown Pacific Lumber Limited Partnership and KNRC;

(ii) the Railroad Easement Agreement dated October 4, 1991 between Crown Pacific (Oregon) Limited Partnership and KNRC, and

(iii) the Railroad Easement Agreement dated October 2, 1991 between Gilchrist Timber Company and KNRC,

together with all assets and personal property located at, on or about or used in connection with the operations of KNRC on or related to those easements.

"**Lands**" means the real property and interests therein described in Schedule G, Part I, in the Province of British Columbia;

"**LC Fee**" means the fee for Letters of Credit charged by a Lender as set forth in §3.56;

"**L/C Sub-Facility**" means the sub-facility provided by TD under the Tranche A Credit Facility, in the amount of $2,000,000, to be used in respect of the issuance of Guarantee Letters and Letters of Credit;

"**Leasehold Mortgage**" has the meaning ascribed to it in Schedule L;

"**Lenders**" means all of the lenders named on the signature pages of this Agreement which have made Commitments in respect of the Tranche A Credit Facility or the Tranche B Credit Facility, together with any successor, replacement or additional lender signing a counterpart of this Agreement, and their respective successors and permitted assigns, and "**Lender**" means any one of them;

"**Lenders' Majority**" means at any time that number of Lenders whose respective Commitments in Canadian Funds together equal more than two-thirds of the aggregate of the Commitments of the Lenders;

"**Lender's Proportion**" means, with respect to each Lender, the percentage of the Total Commitment represented by such Lender's Commitment;

"**Lender's Proportion Outstanding**" means, with respect to each Lender, such Lender's percentage of Borrowings outstanding at the time a distribution is made pursuant to §9.7 of this Agreement;

"**Lenders' Security**" means all of the items of security referred to in Schedule L;

"**Lending Branch**" means, in respect of a particular Lender, the branch whose address is set forth in Schedule A, or such other branch as such Lender may designate from time to time by notice given to the Agent and the Borrower;

"**Letters of Credit**" means letters of credit issued by a Lender pursuant to §3.45 and §3.47 and also includes the letters of credit previously issued and listed in Part I of Schedule J;

"**LIBOR Advance**" means any advance, renewal or conversion under a Credit Facility requested by the Borrower in or to LIBOR Funds and advanced, renewed or made in LIBOR Funds by a Lender and also includes the LIBOR Advance previously advanced and listed in Part 2 of Schedule J;

"**LIBOR Equivalent Advance**" means any advance, renewal or conversion under a Credit Facility requested by the Borrower in or to LIBOR Funds and advanced, renewed or made in U.S. Funds by a Non-LIBOR Lender and bearing interest at the same rate as a LIBOR Advance made by the other Lenders;

"**LIBOR Funds**" means U.S. Funds for which London Interbank Offered Rates are quoted by leading banks in the London, England interbank market;

"**LIBOR Interest Period**" means, with respect to a LIBOR Advance or a LIBOR Equivalent Advance, that period, commencing on the Drawdown Date and ending on the LIBOR Maturity Date, selected by the Borrower for a LIBOR Advance or a LIBOR Equivalent Advance to be outstanding (if the Borrower fails to select a period it shall be deemed to be for a period of one month) which period shall be for not less than one month and no more than three months but shall not extend to a date later than the Tranche A Maturity Date or the Tranche B Maturity Date, as the case may be;

"**LIBOR Maturity Date**" means the last day of a LIBOR Interest Period;

"**Lien**" means any mortgage, lien, charge, pledge, hypothecation, security interest or other encumbrance or title retention agreement and any other agreement or arrangement having substantially the same economic effect;

"**London Interbank Offered Rate**" or "**LIBOR**" means, for any LIBOR Interest Period with respect to any LIBOR Advance:

(a) the rate of interest per annum, expressed on the basis of a year of 360 days, determined by the Agent, which is equal to the offered rate that appears on the page of the Reuters LIBOR01 screen (or any successor thereto as may be selected by the Agent) that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. Funds with a term equivalent to such LIBOR Interest Period, determined as of approximately 11:00 a.m. (London time) two Banking Days prior to the first day of such Interest Period; or

(b) if the rates referenced in (a) are not available, the rate per annum determined by the Agent as the rate of interest, expressed on a basis of 360 days, at which deposits in U.S. Funds for delivery on the first day of such LIBOR Interest Period in same day funds in the approximate amount of the LIBOR Advance being made, continued or converted by the Agent and with a term and amount comparable to such LIBOR Interest Period and principal amount of such LIBOR Advance as would be offered by the Agent's London branch to major banks in the offshore U.S. Funds market at their request at approximately 11:00 a.m. (London time) two Banking Days prior to the first day of such LIBOR Interest Period;

"**Long Term Debt**" means those liabilities which, on a consolidated basis, are determined to be long term debt of the Borrower in accordance with IFRS;

"**Mill Mortgage**" means collectively, the Fee Simple Mortgage and the Leasehold Mortgage, as more particularly described in Schedule L;

"**Minister of Forests**" means the Minister of Forests of British Columbia or a representative thereof;

"**Molalla Mill Site**" means certain fee simple lands and all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near the community of Molalla, Oregon, and described in Schedule G, Part II;

"**Molalla Deed of Trust**" means the deed of trust more particularly described in Schedule L providing for, inter alia, the mortgage and charge of the Molalla Mill Site;

"**Multiemployer Plan**" means a multi-employer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, a Subsidiary, or any Restricted Subsidiary is making or accruing an obligation to make contribution, or has made or accrued an obligation to make contributions or otherwise has any liability;

"**Net Lender Breakage Cost Amount**" means the aggregate net of all losses, costs, expenses and liabilities that would be payable by the Borrower to those Lenders which are counterparties under Treasury Contracts with the Borrower, and by those Lenders to the Borrower, if such Treasury Contracts are terminated on the date of calculation, calculated on an aggregate net basis among all such Lenders;

"**Non-BA Lender**" means a Lender that cannot, or does not as a matter of policy, issue Bankers' Acceptances;

"**Non-Core Assets**" means the lands located in Courtenay, British Columbia, related to the Field Sawmill and legally described as: (i): PID 028-006-089, Lot A, Sections 11 and 12, Comox District and District Lot 2074; (ii) PID 028-006-097, Lot B Section 11 Comox District and District Lot 2075; (iii) PID 028-006-101, Lot C Sections 10 and 11 Comox District and District Lot 2076; and (iv) PID 028-006-119, Lot D Section 10 Comox District and District Lot 2077, all within Nanaimo District Plan VIP86827;

"**Non-LIBOR Lender**" means a Lender that cannot, or does not as a matter of policy, make LIBOR Advances;

"**Oregon Mill Sites**" means collectively, the Gilchrist Mill, the KNRC Easements and Assets and the Molalla Mill Site;

"**Oregon Deed of Trust**" means collectively, the Gilchirst Mill Deed of Trust, the KNRC Deed of Trust and the Molalla Deed of Trust, as each may be amended, extended, renewed, replaced and in effect from time to time as described in Schedule L;

"**Permitted Encumbrances**" means:

(a) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested at the time by the Borrower or any of its Subsidiaries in good faith provided that the Lenders are satisfied and have been provided with such security as they may have required to ensure that such contestation will involve no forfeiture of any property of the Borrower or any of its Subsidiaries and provided further that if the aggregate amount of such liens, assessments or charges is not in excess of $1,000,000 the Lenders need not be so satisfied and security need not be provided;

(b) the lien of any judgement rendered or claim filed against the Borrower or any of its Subsidiaries which it shall be contesting in good faith, provided that the Lenders are satisfied or security has been provided to ensure that contestation will involve no forfeiture of any of the property of the Borrower or any of its Subsidiaries, and provided further that if the aggregate amount of any such judgement or claim is not in excess of $1,000,000, the Lenders need not be so satisfied and security need not be provided;

(c) undetermined or inchoate liens and charges, including construction liens, liens under the *Woodworker Lien Act*, liens incidental to current operations of the Borrower or any of its Subsidiaries which have not at such time been filed pursuant to law against the Borrower or any of its Subsidiaries or which relate to obligations neither due nor delinquent;

(d) restrictions, including land use contracts and covenants, easements, rights-of-way and mortgages thereof, servitudes, undersurface rights or other similar rights in land granted to or reserved by any Persons or minor defects or irregularities in title, all of which in the aggregate do not, in the opinion of the Lenders, materially impair the usefulness of the property to the business of the Borrower or any of its Subsidiaries, as the case may be, subject to any such restriction, easement, right-of-way, servitude or other similar rights in land;

(e) security given to a public utility or any Governmental Body in connection with the operations of the Borrower or any of its Subsidiaries in the ordinary course of their respective businesses;

(f) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(g) Purchase Money Obligations;

(h) lease obligations which are not Capital Leases entered into by the Borrower or any of its Subsidiaries with arm's length third parties in respect of helicopters and machinery and equipment (including motor vehicles, office equipment, telecommunication equipment, photocopiers, telephones, telecopier machines, electrical transformers and load break switches) used in the ordinary course of business by the Borrower or any of its Subsidiaries;

(i) security for a receivables securitization program;

(j) security granted pursuant to the Lenders' Security;

(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.

"**Permitted Guarantees**" means:

(a) guarantees by the Borrower in respect of purchases of assets by Unrestricted Subsidiaries not exceeding in the aggregate $10,000,000;

(b) guarantees by the Borrower of obligations of a Restricted Subsidiary;

(c) guarantees by the Borrower or any Subsidiary of the Borrower in respect of Purchase Money Obligations;

(d) the Interfor Guarantee;

(e) guarantees and indemnities granted by any Restricted Subsidiary incorporated or otherwise established or organized under the laws of a State in the United States of any of the indebtedness of any Restricted Subsidiary incorporated or otherwise established or organized under the laws of a State in the United States; and

(f) guarantees by the Borrower for other contingent obligations not exceeding in the aggregate $10,000,000;

"**Person**" means and includes an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity or a Governmental Body or any agency or political subdivision thereof;

"**Plan**" means an employee pension benefit plan (other than a Multiemployer Plan) maintained by the Borrower, a Subsidiary or any Restricted Subsidiary and covered by Title IV of ERISA, Section 302 of ERISA or Section 4021 of ERISA;

"**Port Angeles Mill Site**" means certain fee simple lands, together all other buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Port Angeles, Washington, and described in Schedule G, Part II;

"**Port Angeles Deed of Trust**" means the deed of trust more particularly described in Schedule L providing for, inter alia, the mortgage and charge of the Port Angeles Mill Site;

"**Positive Cumulative Net Income**" means the aggregate amount of positive net income of the Borrower and the Restricted Subsidiaries, calculated in accordance with IFRS, on a consolidated basis, from October 1, 2009 to December 31, 2009, and for each fiscal year after 2009, from January 1 of that fiscal year to the date of determination, less the aggregate amount of cash dividends (but not including special cash dividends) paid to the shareholders of common shares of the Borrower from October 1, 2009 to the date of determination;

"**Potential Preferred Claims**" means the aggregate of any rights, claims or preferences whether statutory in nature or otherwise and whether secured or unsecured including any right or claim which any unpaid supplier of inventory may have pursuant to the *Bankruptcy and Insolvency Act* (Canada) or the *Bankruptcy Code* (U.S.A.), which rights, claims or preferences rank in priority to the Lenders' Security;

"**Prime Rate**" means in the case of the Tranche A Credit Facility and the Tranche B Credit Facility, the rate of interest per annum in effect from time to time that is equal to the greater of:

(1) the Agent's Prime Rate, and

(2) the CDOR Rate plus 1.0% per annum;

"**Purchase Money Obligations**" means:

(a) any Lien existing and assumed at the time of acquisition by the Borrower or any of its Subsidiaries on any property acquired from arm's length third parties after the date hereof;

(b) any Lien on any property owned by the Borrower or any of its Subsidiaries on the Effective Date or acquired by the Borrower or any of its Subsidiaries from arm's length third parties after the Effective Date to secure the whole or any part of the purchase price of such property or moneys borrowed to pay such purchase price;

(c) any security interest in respect of any property acquired from arm's length third parties by the Borrower or any of its Subsidiaries after the date hereof; and

(d) any extensions, renewals, replacements, substitutions or refinancing of any Lien or other security interest described in (a), (b) and (c) above provided that the principal amount of the indebtedness secured thereby outstanding on the date of the extension, renewal, replacement, substitution or refinancing is not increased to an amount greater than the amount outstanding on the date the Lien or other encumbrance or title retention agreement was first granted or assumed on the property,

provided that any such Liens are secured only by the property so owned or acquired and not by any other assets and may be discharged or caused to be discharged upon payment in full of the amount permitted to be secured under (a) to (c) inclusive above;

"**Ratio of Consolidated Total Debt to EBITDA**" means the ratio of Consolidated Total Debt (calculated on the date of the applicable fiscal quarter end) to EBITDA (calculated by reference to the four fiscal quarters immediately preceding the applicable fiscal quarter end);

"**Rayonier Assets**" means the assets of Rayonier Wood Products, LLC to be acquired by Interfor US pursuant to the Rayonier Asset Purchase Agreement;

"**Rayonier Acquisition**" means the acquisition of the Rayonier Assets by Interfor US pursuant to the Rayonier Asset Purchase Agreement;

"**Rayonier Asset Purchase Agreement**" means the asset purchase agreement dated as of January 21, 2013 by and among Rayonier Wood Products, LLC as seller and Interfor US as buyer, as the same may be amended, restated, modified, supplemented, extended, renewed or replaced from time to time;

"**Rayonier Mills**" means collectively, the Baxley Mill, Swainsboro Mill and the Eatonton Mill;

"**Rayonier Mills Deed of Trust**" means the deed of trust, assignment of rents and leases, security agreement and fixtures filings to be dated for reference March 15, 2013, to be made by Interfor US in favour of Fidelity National Title Insurance Company and Royal Bank of Canada as Agent for and on behalf of the Lenders, or in favour of Fidelity National Title Insurance Company and the Lenders, or a combination of the Fidelity National Trust Insurance Company, the Agent and the Lenders, as determined by counsel acting for the Agent and Lenders, granting a mortgage and charge on all estate, rights, title and interest of Interfor US;

"**Release**" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust;

"**Residual Fibre Supply Agreement**" means the "Residual Fibre Supply Agreement (Coastal Division)" dated December 30, 1991, made between Fletcher Challenge Canada Limited ("**Fletcher**") and Crown Forest Industries Limited ("**Crown**") of the one part and the Borrower of the other part, the interest of Crown having been assigned by Crown to Elk Falls Forest Industries Limited ("**EFFI**") on September 25, 2000, then assigned by EFFI to Catalyst Paper Corporation (formerly Norske Skog Canada Limited) ("**NSC**") on January 1, 2001, and subsequently assigned by NSC to NorskeCanada, a British Columbia general partnership of NSC and Norske Skog Canada Pulp Operations Limited ("**NSC Pulp Operations**") on October 1, 2001, as amended by a letter amendment dated March 21, 2007, pursuant to which the Borrower will sell to NSC Pulp Operations, Hog Fuel and Sawdust (each as defined in the Residual Fibre Supply Agreement);

"**Restricted Investment**" means, as at the date of determination, the aggregate of any investments in or advances to any Person (valued at historic costs) made or incurred by the Borrower or a Restricted Subsidiary after the Effective Date except advances made to contractors and suppliers in the ordinary course of business and net of any reductions by repayment or otherwise and after deducting the aggregate of any investments in or advances to a Person which becomes a Restricted Subsidiary;

"**Restricted Payment**" means any payment by the Borrower or any Restricted Subsidiary which:

(a) is used to make a Restricted Investment,

(b) is used to pay Dividends, or

(c) is used to repurchase or redeem shares of the Borrower;

"**Restricted Subsidiary**" means the Interfor US Group, Interfor Trading and any other Subsidiary of the Borrower which is not an Unrestricted Subsidiary. The Board of Directors of the Borrower may change the designation of an Unrestricted Subsidiary to that of a Restricted Subsidiary by officially declaring such change of designation to the Agent. No such change of designation shall be effective unless immediately following official notification by the Board of Directors of the Borrower to the Agent of a proposed change of designation of a Subsidiary from Unrestricted Subsidiary to Restricted Subsidiary:

(a) such Unrestricted Subsidiary was not previously a Restricted Subsidiary;

(b) no Event of Default or any event that with notice of lapse of time would be an Event of Default exists; and

(c) the Borrower had the ability pursuant to this Agreement to incur up to $1 of additional Consolidated Total Debt and $1 of additional Liens;

"**Retroactive Amount**" means that amount of interest and Acceptance Fees equal to the difference, if any, between interest and Acceptance Fees paid by the Borrower during the period from and including the Interest and Fee Rate Adjustment Date following each fiscal quarter end of the Borrower to and including the Calculation Date and the interest and Acceptance Fees required to be paid as a result of an adjustment to the interest rates prescribed in §3.5 and §3.6 and the Acceptance Fees prescribed in §4.12;

"**Royal**" means Royal Bank of Canada, its successors and permitted assigns;

"**Royal Swingline**" means that portion of the Tranche A Credit Facility to be made available by Royal to the Borrower as described in §3.4A, and "**Royal Swingline Advance**" means an advance of monies made or deemed to have been made, including by way of overdraft by Royal under the Royal Swingline;

"**Royal Swingline Amount**" means Cdn$8,000,000 (or the Equivalent Amount in US Dollars) to the extent not permanently reduced, cancelled or terminated pursuant to this Agreement;

"**Schedule I Bank**" means any chartered bank named on Schedule I to the *Bank Act* (Canada);

"**Schedule I Lender**" means any Lender named on Schedule I to the *Bank Act* (Canada);

"**Schedule I Reference Banks**" means at least one but not more than two Schedule I Banks as agreed by the Agent and the Borrower;

"**Schedule II/III Lender**" means any Lender named on Schedule II or Schedule III to the *Bank Act* (Canada);

"**Schedule II/III Reference Banks**" means at least one but not more than two banks named on Schedule II or Schedule III to the *Bank Act* (Canada) as agreed by the Agent and the Borrower;

"**Section 427 Security**" has the meaning ascribed to it in Schedule L;

"**Significant Agreements**" mean each of the following as from time to time amended, supplemented, extended, renewed or replaced:

(a) the Chip and Pulplog Supply Agreement; and

(b) the Residual Fibre Supply Agreement;

"**Significant Agreements Assignments**" has the meaning ascribed to it in Schedule L;

"**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;

"**Spot Buying Rate**" means the Bank of Canada noon rate for Canadian Funds against U.S. Funds or U.S. Funds against Canadian Funds (as quoted or published from time to time by the Bank of Canada), as the case may be, on the relevant date of determination;

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

"**Subordinated Debt**" means all indebtedness of the Borrower which is subordinated and postponed on terms satisfactory to the Lenders to the Borrower's indebtedness to the Lenders;

"**Subsidiary**" means any corporation of which more than 50% of the Voting Shares are beneficially owned for the time being, directly or indirectly, by the Borrower, and includes any corporation in like relation to a Subsidiary, and "**Subsidiaries**" means more than one Subsidiary;

"**Sufficient Copies**" means, in the case of documents delivered otherwise than electronically, 8 copies or such other reasonable number of copies of reports, financial statements, certificates and other material required to be delivered by the Borrower to the Agent pursuant to this Agreement as advised by the Agent from time to time in writing;

"**Swainsboro Mill**" means those certain fee simple lands, together with all buildings, structures, equipment, fixtures, and improvements located thereon, located in or near Swainsboro, Georgia, and described in Schedule G, Part II and used in connection with the operations of the Swainsboro Mill;

"**Swingline Lenders**" means, collectively Royal and TD, acting in their capacity as the Lender of Swingline Advances under §3.4A, and any other Lender which may in future provide a swingline to the Borrower, and "**Swingline Lender**" means any one of them;

"**Swingline Advance**" means a Royal Swingline Advance or a TD Swingline Advance;

"**Swingline Amount**" means Cdn$14,000,000 (or the Equivalent Amount in US Dollars) to the extent not permanently reduced, cancelled or terminated pursuant to this Agreement;

"**Tax**" includes all present and future taxes, rates, levies or assessments (ordinary or extraordinary), imposts, stamp taxes, royalties, duties, fees, dues, deductions, withholdings (whether payroll or otherwise), sales taxes or charges, added value charges, charges or taxes on capital or reserves, levied, assessed or imposed by any Governmental Body, and any restrictions or conditions resulting in a tax and all penalty, interest and other payments on or in respect thereof;

"**TD**" means The Toronto-Dominion Bank, its successors and permitted assigns;

"**TD Swingline**" means that portion of the Tranche A Credit Facility to be made available by TD to the Borrower as described in §3.4A, and "**TD Swingline Advance**" means an advance of monies made or deemed to have been made, including by way of overdraft, by TD under the TD Swingline;

"**TD Swingline Amount**" means Cdn$6,000,000 (or the Equivalent Amount in US Dollars) to the extent not permanently reduced, cancelled or terminated pursuant to this Agreement;

"**Timber Harvesting Rights**" means all rights of the Borrower and Restricted Subsidiaries to harvest timber from and pursuant to Timber Tenures;

"**Timber Tenures**" mean all forest licences, timber sale licences, timber licences, tree farm licences, pulpwood agreements, woodlot licences, free use permits, licences to cut, road permits, road use permits, cutting permits and special use permits granted pursuant to the Forest Act and all other timber tenures or entitlements of the Borrower or any of its Subsidiaries in respect of timber now owned or hereafter acquired by the Borrower or any of its Subsidiaries together with all rights, authorizations and benefits connected therewith or appurtenant thereto and all renewals, replacements, amendments, subdivisions, consolidations, partitions, conversions or substitutions thereof or therefor;

"**Total Capitalization**" means the sum of Consolidated Total Debt, Consolidated Net Worth and the Future Tax Limit;

"**Total Commitment**" means the sum of the Commitments from time to time, irrespective of Borrowings;

"**Tranche A Credit Facility**" means the credit facility to be made available to the Borrower pursuant to §3.1(a);

"**Tranche B Credit Facility**" means the credit facility to be made available to the Borrower pursuant to §3.1(b);

"**Tranche A Lender**" means all the Lenders named on the signature pages of this Agreement which have agreed to provide a Commitment in respect of the Tranche A Credit Facility, together with any successor or replacement lender which has delivered an instrument pursuant to §10.4 agreeing to be bound by this Agreement, and their respective successors and permitted assigns;

"**Tranche B Lender**" means all the Lenders named on the signature pages of this Agreement which have agreed to provide a Commitment in respect of the Tranche B Credit Facility, together with any successor or replacement lender which has delivered an instrument pursuant to §10.4 agreeing to be bound by this Agreement, and their respective successors and permitted assigns;

"**Tranche A Maturity Date**" means February 27, 2017 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;

"**Tranche B Maturity Date**" means February 27, 2017 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;

"**Treasury Contracts**" means any agreement entered into by the Borrower with a Lender to control, fix or regulate currency exchange fluctuations or the rate or rates of interest payable on Borrowings and includes interest rate swaps, interest rate agreements, caps, collars, futures or hedging agreements and other like money market facilities and any combination thereof;

"**Unrestricted Subsidiary**" means a Subsidiary which the Board of Directors of the Borrower has officially designated as an Unrestricted Subsidiary by making a declaration to such effect to the Agent. The Board of Directors of the Borrower may declare a Restricted Subsidiary to be an Unrestricted Subsidiary if such Subsidiary could have effected a Disposal of its assets pursuant to §7.1(cc) without the consent of the Agent and, if immediately following such declaration to the Agent by the Board of Directors of the Borrower:

(a) no Event of Default or any event that with notice or lapse of time would be an Event of Default, exists; and

(b) the Borrower had the ability pursuant to this Agreement to incur up to $1 of additional Consolidated Total Debt and $1 of additional Liens;

"**U.S.**" and "**U.S.A.**" each mean the United States of America;

"**U.S. Advance**" means any advance or conversion under the Credit Facilities requested by the Borrower in U.S. Funds and advanced in U.S. Funds by a Lender;

"**U.S. GSA**" has the meaning ascribed to it in Schedule L;

"**U.S. Base Rate (Canada)**" means in the case of the Tranche A Credit Facility and the Tranche B Credit Facility, the rate of interest per annum in effect from time to time that is equal to the greater of:

(i) the Agent's U.S. Base Rate (Canada); and

(ii) the Federal Funds Effective Rate plus .50% per annum;

"**U.S. Funds**" and "**US$**" means lawful currency of the U.S.A. in same day immediately available funds, or, if such funds are not available, the form of money of the U.S.A. that is customarily used in the settlement of international banking transactions on the day payment is due;

"**U.S. Security Amending Agreement**" means the amending agreement entitled as such, dated for reference January 14, 2010, amending the following security:

(i) the general security agreement made by Interfor US Holdings;

(ii) the general security agreement made by Interfor US;

(iii) the general security agreement made by KNRC;

(iv) the general security agreement made by Cedarprime;

(v) the Interfor US Holdings Pledge;

(vi) the Interfor US Pledge;

(vii) the Interfor Pledge

(viii) the Environmental Indemnity Agreement (U.S.);

"**U.S. Security Second Amending Agreement**" means the amending agreement entitled as such, dated for reference February 27, 2013, amending the following security:

(i) the general security agreement made by the Borrower

(ii) the general security agreement made by Interfor US Holdings;

(iii) the general security agreement made by Interfor US;

(iv) the general security agreement made by KNRC;

(v) the general security agreement made by Cedarprime;

(vi) the Interfor US Holdings Pledge;

(vii) the Interfor US Pledge;

(viii) the Interfor Pledge;

(ix) the Environmental Indemnity Agreement (U.S.);

(x) the Interfor Guarantee; and

(xi) the Contribution and Indemnity Agreement;

"**U.S. Working Capital Facility**" means the US$ working capital credit facility providing for a working capital line of credit up to an aggregate principal amount of US$30,000,000 to Interfor US with a lender that is to be determined;

"**Voting Shares**" means shares of any class entitled to vote in all circumstances;

"**Washington Deed of Trust**"means the deed of trust more particularly described in Schedule L, providing for, inter alia, the mortgage and charge of the Washington Mill Sites;

"**Washington Mill Sites**" means collectively the Beaver Mill, the Forks Mill and the Port Angeles Mill Site;

"**Weyco Timber Tenure**" means Forest Licence A74910 dated November 15, 2007, as amended, purchased by the Borrower from Weyerhaeuser Company Limited pursuant to an asset purchase agreement between them dated July 2, 2009, as amended;

"**Withdrawal Liability**" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from the Multiemployer Plan, as such terms are defined in Part 2 of Subtitle E of Title IV of ERISA.

1.2 Applicable Law

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

1.3 Severability

If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1.4 Successors and Assigns

This Agreement shall enure to the benefit of and be binding on each of the parties to this Agreement and its respective successors and permitted assigns.

1.5 Included Words

Wherever the singular or the masculine are used in this 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.

1.6 Headings and Marginal References

The division of this Agreement into paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.7 Cross References

Unless otherwise stated, a reference in this Agreement to a numbered or lettered paragraph, subparagraph or schedule refers to the paragraph, subparagraph or schedule bearing that number or letter in this Agreement.

1.8 Use of Word "Including"

The word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific terms or matters set forth immediately following such word or to similar items or matters, but such general term or statement shall rather be construed as referring to all items or matters that could reasonably fall within the broadest possible scope thereof.

1.9 Currency

Unless otherwise specified all statements of, or reference to, dollar amounts in this Agreement without currency specification shall mean Canadian Funds.

1.10 Payment Dates and Interest Calculation

If the date for payment to a Lender of any sum owing hereunder or the date of advance, renewal or conversion of any sum by a Lender hereunder is not, in the case of LIBOR Funds, a Banking Day, and, in all other cases, a Business Day, such payment, advance, renewal or conversion, as the case may be, shall, except in some circumstances as hereafter provided in respect of LIBOR Funds, be due or made upon the next immediately succeeding Banking Day or Business Day, as the case may be. In the case of LIBOR Funds if the immediately succeeding Banking Day is in the next following month, the date for payment, renewal or conversion shall be the next immediately preceding Banking Day. Interest shall be payable for the day a Canadian Advance, LIBOR Advance, LIBOR Equivalent Advance or U.S. Advance is made but not for the day of any payment on the amount paid if payment is received by the Agent prior to 1:00 p.m. local time at Toronto, Ontario.

1.11 Accounting Terms

Accounting terms which are not specifically defined herein shall have the meaning accorded and shall be construed in accordance with IFRS.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties

The Borrower represents and warrants to the Lenders as set forth in this part of this Agreement. All representations and warranties are made as of the Effective Date, and shall survive all Borrowings and no investigation at any time made by or on behalf of a Lender shall diminish in any respect whatsoever its right to rely thereon.

2.2 Status of the Borrower

The Borrower is an amalgamated company, validly existing, in good standing with respect to the filing of annual returns under the laws of the Province of British Columbia and is duly qualified, in good standing and authorized to do business in all jurisdictions where the character of the assets owned by it or the nature of the business transacted by it makes such qualification necessary. The Borrower has all requisite corporate power and authority to own its assets, to carry on its business as now conducted and proposed to be conducted, has obtained or will obtain, all material Government Approvals required at the Effective Date to carry on its business as now conducted and proposed to be conducted and to enter into and perform its obligations under the Credit Facility Documents to which it is a party and all instruments and agreements delivered pursuant hereto and thereto.

2.3 Status of Restricted Subsidiaries

Each Restricted Subsidiary is duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or creation, as the case may be, and is duly qualified, in good standing and authorized to do business in all jurisdictions where the character of the assets owned by it or the nature of the business transacted by it makes such qualification necessary. Each of the Restricted Subsidiaries has all requisite partnership power and authority to own its assets, to carry on its business as now conducted and proposed to be conducted, has obtained or will obtain, all material Government Approvals required at the Effective Date to carry on its business as now conducted and proposed to be conducted and to enter into and perform its obligations under the Lenders' Security to which it is a party and all instruments and agreements delivered pursuant hereto and thereto.

2.4 Due Authorization

The Credit Facility Documents to which the Borrower and each of the Restricted Subsidiaries is party and every instrument or agreement delivered pursuant hereto and thereto have been duly and validly authorized by all requisite actions by the Borrower and each of the Restricted Subsidiaries and each of such documents has been duly executed by the Borrower and each of the Restricted Subsidiaries and when delivered will be a legal, valid and binding obligations of the Borrower and each of the Restricted Subsidiaries enforceable in accordance with its respective terms save as enforcement may be limited by:

(a) applicable bankruptcy, insolvency, moratorium, reorganization and similar laws at the time in effect affecting the rights of creditors generally,

(b) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance, and

(c) the inability of the courts of Canada to give judgement for payment in foreign currencies or for payment of the additional amounts referred to in §10.11 of this Agreement.

2.5 No Contravention

The execution, delivery and performance by the Borrower and each of the Restricted Subsidiaries of the Credit Facility Documents to which each is party will not contravene any material provision of any regulation, order or permit applicable to it or cause a conflict with or contravention of its Charter or cause a breach of or constitute a default under or require any consent under any agreement or instrument to which it is a party or by which it is bound except such as have been obtained.

2.6 No Breach

Neither the Borrower nor any of the Restricted Subsidiaries are in default under any agreement or instrument to which it is a party in any way which materially adversely affects its business and there are no suits or judicial proceedings or proceedings before any Governmental Body pending or to the knowledge of the Borrower or any Restricted Subsidiary threatened against the Borrower or any Restricted Subsidiary which involve a significant risk of a judgement or liability which, if satisfied, would have a materially adverse effect upon the financial position of the Borrower or any Restricted Subsidiary or the ability of the Borrower or any Restricted Subsidiary to meet its obligations under this Agreement.

2.7 Leases and Licenses

Except as disclosed by the Borrower and each of the Restricted Subsidiaries to the Lenders, the Borrower and each of the Restricted Subsidiaries has all leases, licences, permits and consents as are essential for the due carrying on of its business in the manner in which its business is carried on and all such leases, licences, permits and consents are in full force and effect and no proceedings relating thereto are pending or known to the Borrower and each of the Restricted Subsidiaries to be threatened in any way which materially adversely affects its business.

2.8 No Financial Default

Each of the Borrower and the Restricted Subsidiaries are not in default in any way which materially adversely affects its business under any guarantee, bond, debenture, note or other instrument evidencing any Indebtedness or under the terms of any instrument pursuant to which any of the foregoing has been issued or made and delivered, and to the knowledge of the Borrower there exists no state of facts which, after notice or lapse of time or both or otherwise, would constitute such a default in any way which materially adversely affects the business of the Borrower and each of the Restricted Subsidiaries.

2.9 Disclosure of Material Facts

The Borrower has disclosed to the Lenders in writing all facts (other than facts which are a matter of public knowledge or record) which materially adversely affect, or so far as it can now reasonably foresee, will materially adversely affect the business of the Borrower and each of the Restricted Subsidiaries and the prospects, financial or otherwise, of the business of the Borrower and each of the Restricted Subsidiaries or the ability of the Borrower and each of the Restricted Subsidiaries to perform its obligations under the Credit Facility Documents or any other agreement material to the business of the Borrower and each of the Restricted Subsidiaries to which it is a party.

2.10 Consents and Approvals

All consents, approvals, authorizations, declarations, registrations, filings, notices and other actions whatsoever, including Governmental Approvals, required as at the Effective Date by the Borrower and each of the Restricted Subsidiaries in order to execute and deliver the Credit Facility Documents to which it is a party and all agreements or instruments delivered by it pursuant hereto or thereto, and the consummation of the transactions contemplated hereby, have been obtained, made or taken or will have been obtained, made or taken or waived by the Agent on or prior to the Effective Date.

2.11 Title to Assets

The Borrower and each of the Restricted Subsidiaries has good and marketable title to or the right to use all of the assets necessary for the operation of its business free and clear of all Liens, except for Permitted Encumbrances.

2.12 No Default

No event is outstanding which constitutes, or with notice or lapse of time or both would constitute, an Event of Default.

2.13 Timber Tenures

Except for the reduction of the Borrower's allowable annual cut as prescribed in the *Forestry Revitalization Act* (British Columbia), each Timber Tenure of the Borrower and the Restricted Subsidiaries as at the Effective Date and each applicable plan and permit issued thereunder is in good standing and in full force and effect, without material default in, or material non-compliance with, any of the terms, provisions or conditions thereof and all rentals, stumpage, royalty and scale accounts and other taxes, assessments and costs arising under such Timber Tenures are paid.

2.14 Borrower's Financial Status

The Borrower has delivered to the Agent and the Lenders its most recent audited consolidated financial statements for the fiscal year ended December 31, 2012, all such financial statements have been prepared in accordance with IFRS applied on a consistent basis, except as stated therein or in the notes thereto, the consolidated balance sheets as therein contained present fairly in all material respects the financial position of the Borrower and its wholly owned Subsidiaries as at the date thereof, and the consolidated statements of income, retained earnings and changes in financial position therein contained present fairly in all material respects the results of the Borrower's operations for the period indicated.

2.15 Quarterly Reports

The Borrower has delivered to the Agent and the Lenders its most recent unaudited quarterly consolidated financial statements and the summary balance sheet, consolidated statement of income and changes in financial position therein contained present fairly in all material respects the financial position of the Borrower and its wholly owned Subsidiaries as at the date thereof.

2.16 No Material Adverse Change

Since December 31, 2012 (a) there has been no material adverse change in the financial condition of the Borrower from that shown on the consolidated summary balance sheet of the Borrower as at that date, other than in the ordinary course of business, and any such change in the ordinary course of business has not been materially adverse to the business of the Borrower except as disclosed to the Agent, and (b) the business of the Borrower has not been materially adversely affected as a result of any act or event including, without limitation, fire, explosion, casualty, flood, drought, riot, storm, condemnation, act of God, accident, labour trouble, expropriation, Environmental Activity or act of any Governmental Body.

2.17 Accuracy of Statements

Neither the consolidated financial statements referred to in §2.14 nor any other statement or report furnished to the Agent by or on behalf of the Borrower in connection with the negotiation or confirmation of the transactions contemplated herein contain, as at the time such statements or reports were furnished, any untrue statement of a material fact or any omission of a material fact necessary to make the statements contained therein not materially misleading, and all such statements and reports, taken as a whole together with this Agreement do not contain any untrue statement of material fact or omit a material fact necessary to make the statements contained therein not materially misleading.

2.18 Environmental Law

The Borrower and each of the Restricted Subsidiaries has obtained, made or taken, as the case may be, and is in compliance with, all material consents, approvals, authorizations, declarations, permits, licences, orders, registrations, filings, notices and all other actions which are required under Environmental Law in respect of its business and the Borrower and each of the Restricted Subsidiaries is in compliance with all material Environmental Law in respect of its business.

2.19 Filing of Returns and Payment of Taxes

The Borrower and each of the Restricted Subsidiaries has filed on a timely basis with the appropriate Governmental Body all tax and other returns and reports that were required to be filed and has or will have made timely payments of all Taxes due and payable in respect of such returns and reports.

2.20 Pension Plans

Schedule H lists the only U.S. employee pension plan (as defined in Section 3(2)(A) of ERISA) and Plans of the Borrower and its Restricted Subsidiaries which are subject to ERISA. All contributions required under applicable law have been made and that employee pension plan is fully funded both on an ongoing and on a termination basis (assuming that each such plan had terminated on the date of this Agreement). Each of the Borrower and its Restricted Subsidiaries have fulfilled their respective obligations under the minimum funding standards of Section 302 of ERISA and Section 412 of the Code with respect to each Plan. Neither the Borrower nor any Restricted Subsidiary has incurred (or as a result of the consummation of the transactions contemplated by this Agreement will incur) any Withdrawal Liability or any contingent Withdrawal Liability with respect to any Multiemployer Plan to which the Borrower or any Restricted Subsidiary has made contributions within the preceding five years (or to which they will commence making contributions as a result of the transactions contemplated by this Agreement). No Multiemployer Plan to which the Borrower or any Restricted Subsidiary has made contributions within the preceding five years (or to which they will commence making contributions as a result of the consummation of the transactions contemplated by this Agreement) is in reorganization or has been terminated within the meaning of Title IV of ERISA. Each employee pension benefit plan of each Restricted Subsidiary qualifies under Section 401(a) of the Code. Neither the Borrower nor any Restricted Subsidiary has any material liability under any plan to which ERISA applies (whether contingent or otherwise) or as a result of the consummation of the transactions contemplated by this Agreement.

2.21 Purpose of Credit Facilities

None of the proceeds of the Credit Facilities will be used for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the U.S.A. (as the same is from time to time in effect) and all official rulings and interpretations thereunder or thereof, or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry "margin stock", or for any other purpose which might constitute a "purpose" credit within the meaning of Regulation U.

2.22 *Investment Company Act of 1940* (U.S.A.)

Neither the Borrower nor any Restricted Subsidiary is, or is directly or indirectly controlled by or acting on behalf of any Person which is an "investment company" as such term is defined in the *Investment Company Act of 1940* (U.S.A.), as amended.

2.23 Compliance with Laws

Each of the Borrower and the Restricted Subsidiaries are in material compliance with all Applicable Laws applicable to it or its properties.

2.24 Restricted Subsidiaries

Schedule M lists all of the Restricted Subsidiaries as of the Effective Date.

3. THE CREDIT FACILITIES

3.1 Establishment of the Credit Facilities

Relying on each of the representations and warranties set out in Section 2 and subject to the terms and conditions set forth herein, each of the Lenders agrees to make available to the Borrower its Commitment, as set out in Schedule A, as follows:

(a) the Tranche A Credit Facility in the principal amount of up to Cdn$65,000,000 or the Equivalent Amount in U.S. Funds, to be used by the Borrower for its general corporate purposes including providing for ongoing operating and working capital requirements and for other asset acquisitions. The L/C Sub-Facility, the Royal Swingline and the TD Swingline are sub-facilities of and are included in the Tranche A Credit Facility, and any Borrowings under the L/C Sub-Facility, the Royal Swingline or the TD Swingline will reduce available Borrowings under the Tranche A Credit Facility by the amount of such Borrowings; and

(b) the Tranche B Credit Facility in the principal amount of up to Cdn$250,000,000, or the Equivalent Amount in U.S. Funds, to be used by the Borrower for its general corporate purposes including providing for ongoing operating and capital expenditure requirements and for asset acquisitions.

3.2 Cancellation of Commitment

The Borrower may, at any time and from time to time, without penalty or bonus, cancel in whole or in part on a permanent basis the unused portion of the Commitments (*pro rata* among such lenders on the basis of the Lenders' respective Commitments) upon delivery to the Agent of an irrevocable notice in the form of Schedule F, provided that any partial cancellation shall be in minimum amounts of Cdn$5,000,000 and multiples in excess thereof of Cdn$1,000,000 and that such notice is received by the Agent at least five Business Days before the effective date of cancellation as stated in such notice.

3.3 Nature of the Credit Facilities

Unless terminated earlier pursuant to §8.2, the Credit Facilities will be available as follows:

(a) the Tranche A Credit Facility will be available to the Borrower up to the lesser of:

(1) the principal amount set out in §3.1(a); and

(2) the Borrowing Base at the time of drawdown,

on a continuing and revolving basis until the Tranche A Maturity Date, when the unadvanced portion of the Tranche A Credit Facility will be cancelled; and

(b) the Tranche B Credit Facility will be available to the Borrower up to the principal amount set out in §3.1(b) on a continuing and revolving basis until the Tranche B Maturity Date, when the unadvanced portion of the Tranche B Credit Facility will be cancelled.

3.3A L/C Sub-Facility

The L/C Sub-Facility will be available to the Borrower and fronted by TD. TD will provide notice to the Agent concurrently upon the Issuance, amendment or cancellation of a Guarantee Letter or Letter of Credit, together with a copy of such Guarantee Letter or Letter of Credit or amendment.

The face amount of any Guarantee Letters or Letters of Credit set out in Schedule J are deemed to be Advances under the L/C Sub-Facility.

TD will, on the Effective Date, provide notice to the Borrower of the amounts of all outstanding Guarantee Letters and Letters of Credit and will provide the Agent with copies of all of the outstanding Guarantee Letters and Letters of Credit.

3.4 Borrowing Options

Subject to the provisions of this Agreement, the Borrower may, at its option, utilize:

(a) the Tranche A Credit Facility by way of Canadian Advances, U.S. Advances, Bankers' Acceptances, LIBOR Advances, LIBOR Equivalent Advances, Guarantee Letters or Letters of Credit; and

(b) the Tranche B Credit Facility by way of Canadian Advances, U.S. Advances, Bankers' Acceptances, LIBOR Advances or LIBOR Equivalent Advances.

3.4A Swingline Advances

(a) Each Swingline Lender has established and agrees to maintain during the term of this agreement at its Lending Branch an account for the Borrower which is referred to as a **Swingline Account**. The Swingline Account shall record the day to day banking business of the Borrower with the respective Swingline Lender under this §3.4A.

(b) Each Swingline Advance shall be made by the relevant Swingline Lender by way of a Canadian Advance (if requested in Canadian Dollars) or a U.S. Advance (if requested in US Dollars) on the same day's notice if given to the Swingline Lender before noon (Toronto time) or, if requested by the Borrower, on an overdraft basis by crediting such account of the Borrower as shall be established by agreement of the Borrower and the relevant Swingline Lender. The amount of any such overdraft from time to time shall be deemed to be a Canadian Advance (to the extent of such debit balance in Canadian Dollars) and a U.S. Advance (to the extent of such debit balance in US Dollars). The Borrower shall ensure that the aggregate Principal Outstanding of each of Royal Swingline Advances and TD Swingline Advances does not exceed the Royal Swingline Amount and the TD Swingline Amount, respectively, at any time.

(c) Advances by a Swingline Lender outstanding at any time under this §3.4A are limited to the relevant Swingline Amount. On the last Business Day of each week or more frequently as the Swingline Lender may request (in the case of Royal) or at the request of the Borrower (in the case of TD), the relevant Swingline Lender shall notify the Agent and the Agent shall notify the Tranche A Lenders of the requirement for an Advance by way of a Canadian Advance (if requested in Canadian Dollars) or a U.S. Advance (if requested in US Dollars) to be made available by each of them under the Tranche A Credit Facility in an amount as nearly equal to that Tranche A Lender's rateable share of the Swingline Advances outstanding under this §3.4A as is possible under the limitations set out in this Agreement; provided that the Agent shall not be required to request an Advance from the Lenders at any time when the amount of the outstanding Swingline Advances is less than $1,000,000 or for amounts other than multiples of $100,000 in excess thereof. The proceeds of that Advance shall be deposited by the Agent to the relevant Swingline Account to be applied against the outstanding Swingline Advances.

(d) Each Tranche A Lender agrees to indemnify the Swingline Lenders (to the extent not reimbursed by the Borrower), rateably from and against any and all losses and claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Swingline Lenders in any way relating to or arising out of any Swingline Advance made under this §3.4A, provided that no Lender shall be liable for any portion of such losses or claims resulting from a Swingline Lender's gross negligence or wilful misconduct.

(e) Each Swingline Lender irrevocably agrees to grant and hereby grants to each of the Tranche A Lenders, and to induce the Swingline Lenders to make Swingline Advances available hereunder, each of the Tranche A Lenders irrevocably agrees to accept and purchase and hereby accepts and purchases from the Swingline Lenders, on the terms and conditions hereinafter stated, for each such Lender's own account and risk, an undivided interest equal to such Tranche A Lender's rateable share of the Swingline Lender's obligations and rights under and in respect of each Swingline Advance. Each Lender unconditionally and irrevocably agrees with the Swingline Lender that, if a Swingline Advance is not repaid in full by the Borrower in accordance with the terms of this Agreement, such Tranche A Lender shall pay to the relevant Swingline Lender, through the Agent, upon demand, an amount equal to such Tranche A Lender's rateable share of the amount of such Swingline Advance or any portion thereof which is not so repaid by the Borrower.

3.5 Treasury Contracts

The Borrower may request that a Lender enter into Treasury Contracts with the Borrower from time to time provided that:

(a) the Borrower agrees to the terms and conditions of the current "International Swap Dealers Association, Inc.'s Interest Rate and Currency Exchange Agreement" or such other similar or standard form of agreement appropriate to the type of Treasury Contract requested by the Borrower as may be required by such Lender and accepted by the Borrower and enters into and delivers such agreement to each Lender which requires it;

(b) the Borrower pays all required fees in connection with a Treasury Contract and indemnifies a Lender providing Treasury Contracts against any loss, cost or expense incurred by such Lender including costs of terminating or cancelling a Treasury Contract whether resulting from voluntary or mandatory prepayment of the applicable Borrowing or any portion thereof, or otherwise;

(c) the Borrower indemnifies a Lender against any loss, cost or expense suffered or incurred by such Lender as a result of acting upon instructions given or agreements made over the telephone or by electronic transmission of any type with persons reasonably believed by such Lender to have been acting on the Borrower's behalf;

(d) the Borrower agrees that if there is any inconsistency at any time between the terms of this Agreement and the terms of any Treasury Contract, the terms of the Treasury Contract shall prevail;

(e) the Net Lender Breakage Cost Amount will not exceed at that time the Equivalent Amount in Canadian Funds of $20,000,000 U.S. Funds; and

(f) the aggregate Breakage Cost Amount that would be payable to all Lenders on outstanding Treasury Contracts will not at any time exceed the Equivalent Amount in Canadian Funds of $30,000,000 U.S. Funds.

A Lender may decline such request in its absolute discretion. No Lender is under any obligation to ensure that the conditions set out in (e) and (f) are met at the time it enters into a Treasury Contract with the Borrower.

3.6 Interest on Advances Under the Credit Facilities

The Borrower shall pay to the Agent at the Agent's Canadian Account for Payments for the account of each Lender in the case of the Tranche A Credit Facility or the Tranche B Credit Facility, interest on Advances from such Lender during the period from the Effective Date to the first Interest and Fee Rate Adjustment Date at the rates determined by reference to the ratio and pricing formulas set forth in Schedule B. Interest shall be calculated and paid as follows:

(a) Canadian Advances shall bear interest in Canadian Funds which interest shall accrue from day to day while such advances are outstanding and shall be computed on the basis of a year of 365 days and for actual days elapsed and shall be payable and compounded monthly in arrears on the 20th day of each month;

(b) U.S. Advances shall bear interest in U.S. Funds which interest shall accrue from day to day while such advances are outstanding and shall be computed on the basis of a year of 365 days and for actual days elapsed and shall be payable and compounded monthly in arrears on the 20th day of each month; and

(c) LIBOR Advances and LIBOR Equivalent Advances shall bear interest in U.S. Funds which interest shall accrue from day to day while such advances are outstanding and shall be computed on the basis of a year of 360 days and for actual days elapsed and shall be payable as set forth in §3.14.

3.7 Interest and Fee Rate Adjustments

The adjustments to rates of interest prescribed in §3.6 and the Acceptance Fees prescribed in §4.12 resulting from changes, if any, to the Ratio of Consolidated Total Debt to EBITDA shall be effective and payable from and including the Interest and Fee Rate Adjustment Date. The Lenders recognize that adjustments to interest rates and Acceptance Fees resulting from the calculation of the Ratio of Consolidated Total Debt to EBITDA for a fiscal quarter may not be determined until the completion of the Borrower's quarterly or annual financial statements, as the case may be. The Borrower and the Lenders agree that no adjustments shall be made to interest rates or Acceptance Fees following the end of a fiscal quarter of the Borrower until the Calculation Date. Such adjustments, if any, shall be retroactive to the Interest and Fee Rate Adjustment Date. The Borrower agrees to pay to the Agent for the account of the Lenders and the Lenders agree to repay to the Agent for the account of the Lenders its due share of the Retroactive Amount. The Retroactive Amount shall be paid by the Borrower or the Agent on behalf of the Lenders, as the case may be, on or before the sixth day following the applicable Calculation Date.

3.8 Interest on LIBOR Advances and LIBOR Equivalent Advances Spanning More Than One Applicable Interest Rate

If the Borrower takes a LIBOR Advance or a LIBOR Equivalent Advance before the date of an increase or decrease in a percentage rate of interest to be added to the London Interbank Offered Rate to be paid on LIBOR Advances or LIBOR Equivalent Advances, which LIBOR Advance or a LIBOR Equivalent Advance matures after the date of that increase or decrease in the rate of interest, the rates of interest for the LIBOR Interest Periods of that LIBOR Advance or LIBOR Equivalent Advance will be calculated by using the interest rates applicable from time to time for the number of days the LIBOR Advance or LIBOR Equivalent Advance is outstanding during the respective interest rate periods.

3.9 *Interest Act* (Canada)

For the purpose of the *Interest Act* (Canada), the yearly rate of interest to which interest calculated on the basis of a year of 360 or 365 days is equivalent, is the rate of interest determined as herein provided multiplied by the number of days in such year divided by 360 or 365, as the case may be.

3.10 Manner of Making Advances

Canadian Advances, U.S. Advances, LIBOR Advances, or LIBOR Equivalent Advances and Discount Proceeds under the Tranche A Credit Facility and Canadian Advances, U.S. Advances, LIBOR Advances, LIBOR Equivalent Advances and Discount Proceeds under the Tranche B Credit Facility, other than deemed advances in relation to Bankers' Acceptances, Guarantee Letters and Letters of Credit, will be disbursed to the Borrower by the Agent crediting the Current Account of the Borrower.

3.11 Notice for Canadian Advances and U.S. Advances Under the Credit Facilities

Except in the case of Swingline Advances, the Borrower will give to the Agent notice of an intention to take Advances under the Credit Facilities, which Advances must be for the stated minimum amounts and multiples, as follows:

(1) the Borrower may request from the Agent Canadian Advances in minimum amounts of $5,000,000 or any greater whole multiple of $100,000 with prior irrevocable notice on the Business Day before the requested Drawdown Date; and

(2) the Borrower may request from the Agent U.S. Advances in minimum amounts of US$5,000,000 or any greater whole multiple of US$100,000 with prior irrevocable notice on the Business Day before the requested Drawdown Date.

Any notice under this §3.11 shall specify the amount of the requested Canadian Advance or U.S. Advance, as the case may be, and the Drawdown Date and the Lenders shall make the advance on the Drawdown Date specified in the request, unless that date is not a Business Day, in which case the advance shall be made on the next following Business Day.

3.12 Notice for LIBOR Advances and LIBOR Equivalent Advances Under the Credit Facilities

The Borrower shall give prior irrevocable notice of its intention to take LIBOR Advances and LIBOR Equivalent Advances to the Agent, at least two Banking Days' notice prior to the Interest Determination Date.

3.13 LIBOR Notice Particulars

Each notice under §3.12 shall specify:

(a) the amount of each LIBOR Advance or LIBOR Equivalent Advance requested by the Borrower, which shall be in minimum amounts of US$5,000,000 in the case of each of the Tranche A Credit Facility and the Tranche B Credit Facility, or for any larger amounts, increased in whole multiples of US$100,000;

(b) the Drawdown Date; and

(c) the LIBOR Interest Period for which the London Interbank Offered Rate is to be applied.

Unless a Lender is unable to make a LIBOR Advance because funds are not available to it or it determines not to make a LIBOR Advance when so entitled under §3.41, it shall make the requested LIBOR Advance or LIBOR Equivalent Advance or its proportionate share of the requested LIBOR Advance in accordance with §9.4 (in the case of the Tranche B Credit Facility) and the notice from the Agent requesting such advance and the Agent shall advise the Borrower on the Interest Determination Date of the London Interbank Offered Rate.

3.14 Conversions of Borrowings

The Borrower may, upon giving the Agent notice of its intention to effect a conversion, convert all or any portion of its Borrowings from one Borrowing Option to another Borrowing Option, provided that:

(a) Borrowings in Canadian Funds under the Tranche A Credit Facility or the Tranche B Credit Facility, as the case may be, plus the Equivalent Amount in Canadian Funds of Borrowings in U.S. Funds after a conversion do not exceed the available amount under the relevant Credit Facility;

(b) a conversion under the Tranche A Credit Facility involving LIBOR Funds is in a minimum amount of US$5,000,000 and a conversion under the Tranche A Credit Facility involving Bankers' Acceptances is in a minimum amount of Cdn$5,000,000 or US$5,000,000, as the case may be, or any greater amount in whole multiples of Cdn$100,000 or US$100,000, as the case may be;

(c) a conversion under the Tranche B Credit Facility involving LIBOR Funds is in a minimum amount of US$5,000,000 and a conversion under the Tranche B Credit Facility involving Bankers' Acceptances is in a minimum amount of

Cdn$5,000,000 or US$5,000,000, as the case may be, or any greater amount in whole multiples of Cdn$100,000 or US$100,000, as the case may be;

(d) a LIBOR Advance or LIBOR Equivalent Advance may be converted only on its LIBOR Maturity Date (unless the Agent has agreed to a conversion prior to such date and the Borrower has paid the Compensation Amount determined by the Agent and advised to the Borrower) and if the Borrower fails to notify as to conversion or renewal of a maturing LIBOR Advance or LIBOR Equivalent Advance as required hereunder it shall be deemed for all purposes to be a renewal for a period of one month;

(e) the Borrower shall not be entitled to convert to LIBOR Funds unless such LIBOR Funds are available in accordance with §3.22;

(f) any Bankers' Acceptance may be converted only on the maturity date thereof and provided the Borrower gives the Agent the same notice of request for conversion as specified in §4.3;

(g) the Borrower shall give to the Agent notice for conversion of all or a portion of its Borrowings, which notice shall be governed by the same terms established for requests for advances under §3.10 and §3.11, and shall specify:

(1) the amount of Borrowings to be converted,

(2) the Drawdown Date,

(3) the Borrowing Option sought by the Borrower and, if the Borrowing Option is LIBOR Advances or LIBOR Equivalent Advances, the LIBOR Interest Period together with the Drawdown Date, and, if the Borrowing Option is Canadian Advances or U.S. Advances, whether the conversion is to Bankers' Acceptances and if so, the number of days to maturity of the Bankers' Acceptances;

(h) if the conversion is from one currency to a different currency, the Borrower shall have repaid or shall, at the time of the conversion, contemporaneously repay to such Lender the full amount advanced under the Borrowing Option being converted and any such repayment shall be in the currency of the Advance being repaid.

Subject to the foregoing, including the availability of LIBOR Funds, if the conversion request referred to in §3.14(g) specifies a conversion into LIBOR Funds, the Lenders shall make the requested LIBOR Advance or LIBOR Equivalent Advance in accordance with the conversion request.

3.15 Payment of Interest on LIBOR Advances and LIBOR Equivalent Advances

Interest on a LIBOR Advance or a LIBOR Equivalent Advance for a LIBOR Interest Period of three months or less shall be paid on the LIBOR Maturity Date.

3.16 Default Interest and the Borrower's Indemnity

The Borrower shall pay default interest in the currency of the amount which is overdue, on all interest, fees and other amounts payable hereunder which are overdue. Default interest with respect to interest, fees and other amounts payable in Canadian Funds or U.S. Funds shall be at the highest applicable rate under Schedule B. Default interest on overdue interest, fees and other amounts shall be compounded monthly and shall be paid on demand both before and after maturity, default and judgement. Default interest shall be computed from and including the date interest, fees or any other amounts payable pursuant to this Agreement become due and shall be paid for so long as such amount or amounts remains unpaid.

3.17 Indemnity for Out-Of-Pocket Expenses

The Borrower agrees to indemnify the Agent and each Lender against any out-of-pocket loss or expense which it may sustain or incur as a consequence of the Borrower's failure to effect, repay or prepay a Borrowing as specified in any notice of Borrowing delivered by the Borrower pursuant to this Agreement.

3.18 Effective Time for Section 3 Notices

For the purposes of §3 and §4.3 of this Agreement, notices from the Borrower to a Lender or to the Agent must be received by that Lender or the Agent prior to 12:00 noon local time at Toronto, Ontario, to be effective on the date on which they are given. Notices received after that local time will take effect from the next Banking Day or Business Day, as the case may be.

3.19 Increased Costs

Subject to §3.20, if, after the Effective Date, the implementation or introduction of or any change in any applicable law, regulation, treaty, or official directive or regulatory requirement now or hereafter in effect (whether or not having the force of law), or any change in the interpretation or application thereof by any court or by any judicial or governmental authority charged with the interpretation or administration thereof, or if compliance by a Lender with any request from any central bank or other fiscal, monetary, or other authority (whether or not having the force of law):

(a) subjects a Lender to any tax, except a franchising or similar tax, changes the basis of taxation of payments due to such Lender or increases any existing tax, on payments of principal, interest, or other amounts payable by the Borrower to such Lender under this Agreement (except for taxes on the overall net income of a Lender imposed by the jurisdiction in which it is incorporated or resident or from which it is acting for the purposes of this Agreement, including taxes on capital or other similar taxes);

(b) imposes, modifies, or deems applicable any reserve, special deposit, capital adequacy, regulatory, or similar requirement (including a requirement which affects a Lender's allocation of capital resources) against assets or liabilities held by, or deposits in or for the account of, or loans by, or any other acquisition of funds for loans or commitments to fund loans or obligations concerning any Bankers' Acceptances accepted by such Lender, or

(c) imposes on a Lender any other condition with respect to this Agreement,

and the result of (a), (b) or (c) is, in the reasonable determination of such Lender acting in good faith, to increase the cost to such Lender or to reduce the income receivable by such Lender in respect of a Borrowing or standby fees payable, or to reduce the rate of return on the overall capital of such Lender, the Borrower shall, upon receipt of a certificate from such Lender or the Agent as described below (the "**Certificate**"), pay to such Lender or the Agent that amount which compensates such Lender for such additional cost or reduction in income (the "**Additional Amount**") from the date of the Certificate. The Borrower will pay the Additional Amount on the next following 20th day of the month and on the 20th day of each month thereafter until the earlier of (a) the date on which the Additional Amount has been paid in full, and (b) the date on which the Borrower has repaid and/or converted all Borrowings with respect to which a Certificate has been delivered. Each Lender entitled to compensation from the Borrower of an Additional Amount shall deliver a Certificate to the Agent which shall set forth the amount of the Additional Amount and the basis for its calculation and will, in the absence of manifest error, be conclusive evidence of the amount of the Additional Amount. Each Lender will use its reasonable efforts to reduce the amount of the Additional Amount payable hereunder provided that a Lender will have no obligation to expend its own funds, to suffer any economic hardship or to take any action detrimental to its interest in connection therewith.

3.20 Borrower's Option on Receipt of Certificate

If a Lender or the Agent delivers the Certificate and the Borrower has paid the Additional Amount required to be paid by the Certificate in accordance with the Certificate, then, with respect to Canadian Advances or U.S. Advances, at any time thereafter, and, with respect to LIBOR Advances, LIBOR Equivalent Advances or Bankers' Acceptances, on the maturity thereof, and in all cases, with two Business Days' prior written irrevocable notice to the Agent, the Borrower may:

(a) within 60 days, prepay in full without bonus or penalty all Borrowings with respect to which a Certificate has been delivered, interest, fees and other amounts payable hereunder in accordance with §3.35(a), 3.35(b)or 3.35(c); or

(b) convert those Borrowings with respect to which the Certificate has been delivered to another basis of Borrowing in accordance with this Agreement.

3.21 Increased Cost Limitation

Each Lender agrees with the Borrower that the increased costs payable by the Borrower pursuant to §3.19 or §4.15 shall not include:

(a) those resulting from any law, regulation, treaty, or official directive or regulatory requirement or amendments thereto of which a Lender had knowledge prior to the Effective Date;

(b) any penalty or other charges payable by a Lender due to its failure to pay or delay in paying any amount required to be paid by it referred to in §3.19(a) or §4.15; and

(c) any increased costs payable by a Lender and referred to in §3.19 or §4.15, if the Lender is not at the same time passing similar costs on to substantially all of its customers in similar circumstances to whom such Lender is, by agreement, entitled to pass on such costs;

and that it will use all reasonable efforts to minimize amounts payable by the Borrower hereunder including all reasonable efforts to obtain refunds or credits.

3.22 LIBOR Funds Not Available

LIBOR Advances and LIBOR Equivalent Advances shall be made hereunder to the extent that LIBOR Funds are readily and lawfully available to a Lender on the dates upon which the Borrower requests LIBOR Advances and LIBOR Equivalent Advances for the LIBOR Interest Periods and in the amounts requested.

3.23 Payment of Compensation Amount

If the Borrower prepays, repays or converts a LIBOR Advance or a LIBOR Equivalent Advance or if pursuant to §8.2 the Agent converts a LIBOR Advance or a LIBOR Equivalent Advance on a date earlier than the LIBOR Maturity Date, the Borrower shall forthwith pay the Compensation Amount to the Agent for the account of the Lenders or to such Lender.

3.24 Borrower's Right to Revolve the Tranche A Credit Facility

The Borrower may from time to time reduce its Borrowings under the Tranche A Credit Facility by making repayments to the Agent, which the Borrower may, subject to the Borrowing Base limitation, re-borrow subject to the terms of this Agreement, provided that:

(a) repayments and re-borrowings of Canadian Advances, U.S. Advances, LIBOR Advances or LIBOR Equivalent Advances, as the case may be, shall be in the same minimum amounts and whole multiples as prescribed for a Borrowing;

(b) repayments and re-borrowings of LIBOR Advances and LIBOR Equivalent Advances may only be made on the LIBOR Maturity Date of the LIBOR Advance and LIBOR Equivalent Advance being repaid unless the Borrower pays the Compensation Amount as contemplated in §3.23; and

(c) the Borrower gives to the Agent the same prior irrevocable notice prior to a proposed repayment date that it is required to give pursuant to §3.11 in relation to a requested Drawdown Date for taking a Canadian Advance or U.S. Advance, as the case may be.

3.25 Borrower's Right to Revolve the Tranche B Credit Facility

In addition to the Borrower's right to permanently prepay all or part of the Tranche B Credit Facility pursuant to §3.35, the Borrower may from time to time reduce its Borrowings by making repayments to the Agent at the Agent's Canadian Account for Payments, which the Borrower may re-borrow subject to the terms of this Agreement, provided that:

(a) repayments and re-borrowings of Canadian Advances, U.S. Advances, LIBOR Advances or LIBOR Equivalent Advances, as the case may be, shall be in the same minimum amounts and whole multiples as prescribed for a Borrowing;

(b) repayments and re-borrowings of LIBOR Advances and LIBOR Equivalent Advances may only be made on the LIBOR Maturity Date of the LIBOR Advance or LIBOR Equivalent Advance being repaid unless the Borrower pays the Compensation Amount as contemplated in §3.23; and

(c) the Borrower gives to the Agent the same prior irrevocable notice prior to a proposed repayment date that it is required to give pursuant to §3.11 in relation to a requested Drawdown Date for taking a Canadian Advance or U.S. Advance, as the case may be.

3.26 Repayment of Tranche A Credit Facility

On the Tranche A Maturity Date the Borrower shall repay to each Lender the whole of the outstanding amount of the Tranche A Credit Facility the Agent at the Agent's Canadian Account for payment together with interest, fees, Breakage Cost Amounts, if payable, and other amounts due for the account of each Lender to such date, including the Face Amounts of all Bankers' Acceptances and the amounts of all Guarantee Letters, Letters of Credit, LIBOR Advances and LIBOR Equivalent Advances issued or made pursuant to this Agreement which have not matured or expired.

3.27 [Intentionally deleted]

3.28 Extension of Tranche A Maturity Date and Tranche B Maturity Date

The Agent, with the consent of the Lenders may, at the request of the Borrower, extend the Tranche A Maturity Date and/or the Tranche B Maturity Date for successive periods of 364 days or such shorter or longer period as the Borrower may request. If the Borrower is desirous of extending the Tranche A Maturity Date and/or the Tranche B Maturity Date it shall so notify the Agent not more than 90 days and not less than 60 days prior to the then current Tranche A Maturity Date and/or the Tranche B Maturity Date and the Agent shall, within 30 days of receipt of such extension notice, advise the Borrower of the determination by each of the Lenders in response to any such request. If the Agent, with the consent of Lenders' Majority, determines that it will extend the Tranche A Maturity Date and/or the Tranche B Maturity Date in accordance with the Borrower's request, the current Tranche A Maturity Date and/or the Tranche B Maturity Date shall be extended to that date agreed to by the Lenders.

3.29 Tranche A Credit Facility and Tranche B Credit Facility Availability on Certain Terms

If one or more Lenders declines a request from the Borrower for an extension of the Tranche A Maturity Date or the Tranche B Maturity Date (the "**Declining Lenders**") but an extension or increase has been approved by Lenders' Majority (the "**Consenting Lenders**"), the Agent may, after consultation with the Borrower and the Consenting Lenders and subject to §3.28, as applicable:

(a) permit a Consenting Lender to increase its respective Commitment proportionately with other Consenting Lenders wishing to increase their respective Commitments to take up all or part of the Commitments of the Declining Lenders;

(b) designate a replacement lender or lenders to take all or part of the Commitments of the Declining Lenders; or

(c) in the case of an extension of the Tranche A Maturity Date or the Tranche B Maturity Date, agree to a permanent or temporary reduction of the principal amount of the Tranche A Credit Facility or the Tranche B Maturity Date, as applicable to that amount which is equal to the aggregate Commitment of the Consenting Lenders and to extend the Tranche A Maturity Date or the Tranche B Maturity Date, as applicable for 364 days or to that date requested by the Borrower and agreed to by the Consenting Lenders.

The Agent agrees to look first to the Consenting Lenders to replace the Commitment of a Declining Lender or take up the increase in the principal amount of the Tranche B Credit Facility.

3.30 Borrower to Repay Declining Lenders

If the Agent has advised the Borrower that the Consenting Lenders have agreed to extend the Tranche A Maturity Date or the Tranche B Maturity Date, as applicable, on terms which reflect any of the three options set forth in §3.29 and such terms are acceptable to the Borrower, the Borrower shall so advise the Agent 10 days prior to the then current Tranche A Maturity Date or the Tranche B Maturity Date, as applicable. The revised principal amount of the Tranche A Credit Facility or the Tranche B Credit Facility and extended Tranche A Maturity Date or the Tranche B Maturity Date, as applicable, shall not become available to the Borrower unless, on or prior to the then Tranche A Maturity Date or the Tranche B Maturity Date, as applicable, the Declining Lenders have been repaid in full or arrangements satisfactory to the Agent, the Consenting Lenders and the Declining Lenders have been made to repay the Declining Lenders in accordance with §3.25.

3.31 Declining Lenders Consent to Amended Credit Facility Terms

The Declining Lenders agree that payment in full pursuant to §3.30, if applicable, or acceptance by the Declining Lenders of arrangements to effect such payment, if applicable, shall constitute consent from each of them pursuant to §9.29 of this Agreement to the amended terms and conditions of the Tranche A Credit Facility or the Tranche B Credit Facility, if any, including the change of the Tranche A Maturity Date or the Tranche B Maturity Date, as applicable, and all other amendments agreed to by the Borrower and the Consenting Lenders. On payment in full pursuant to §3.26 and §3.30 a Declining Lender shall, subject to §5.4 and §5.5, cease for all purposes to be a party to this Agreement.

3.32 Repayment of Tranche B Credit Facility

On the Tranche B Maturity Date, the Borrower shall repay to the Agent at the Agent's Canadian Account for Payments for the account of each Lender the whole of the outstanding amount of the Tranche B Credit Facility together with interest, fees, if payable, and any other amounts due under the Tranche B Credit Facility to such date including the Face Amounts of any Bankers' Acceptances and the amounts of all LIBOR Advances and LIBOR Equivalent Advances under the Tranche B Credit Facility which have not matured or expired, as the case may be.

3.33 [INTENTIONALLY DELETED]

3.34 Currency of All Payments

All repayments and prepayments made by the Borrower pursuant to this Agreement shall be made in the currency of the advance being repaid. The Borrower may designate whether repayments are to be applied to Canadian Advances, U.S. Advances, LIBOR Advances, LIBOR Equivalent Advances or Bankers' Acceptances. Repayments may be applied to a Banker's Acceptance only to the extent that the repayment is to be made on a date on which a Bankers' Acceptance becomes due and is in an amount equal to the amount of the Bankers' Acceptance then due. Repayments may be applied to LIBOR Advances or LIBOR Equivalent Advances only:

(a) if such repayment is made on the LIBOR Maturity Date for the LIBOR Advance repaid; or

(b) if such repayment is made on a date other than the LIBOR Maturity Date for the LIBOR Advance or LIBOR Equivalent Advance which is in effect being prepaid, if the Borrower pays the Compensation Amount as provided in §3.23.

3.35 Borrower's Right to Prepay the Tranche B Credit Facility

The Borrower may permanently prepay all or part of the Tranche B Credit Facility, at any time and from time to time upon giving to the Agent five Business Days' prior irrevocable notice of its intention to prepay indicating the date, the currency and the amount of such prepayment provided that in each case:

(a) each prepayment shall be in the same minimum amounts as required for advance or acceptance of the currency or basis of Borrowing being prepaid;

(b) all prepayments shall permanently reduce by a like amount, the amount of the relevant Credit Facility thereafter available for Borrowings. The amount of each prepayment shall, for the purpose of determining the amount of the Tranche B Credit Facility available for Borrowings, be calculated in Canadian Funds regardless of the currency of the advance or basis of Borrowing which has been repaid. The amount of each prepayment shall be applied proportionately to the amounts owing to the Lender under the relevant Credit Facility to all payments due under §3.30 or §3.31 regardless of the order of maturity of the Tranche B Maturity Date;

(c) the Borrower may designate whether the prepayment under the Tranche B Credit Facility is to be applied to Canadian Advances, LIBOR Advances, LIBOR Equivalent Advances, U.S. Advances or Bankers' Acceptances provided that:

(1) prepayments may be applied to a Bankers' Acceptance only if the prepayment is to be made on a date on which the Bankers' Acceptance becomes due, and

(2) prepayments may be applied to a LIBOR Advance or a LIBOR Equivalent Advance only if the prepayment is made on the LIBOR Maturity Date for the LIBOR Advance or LIBOR Equivalent Advance prepaid or if the prepayment is accompanied by the Compensation Amount determined by the Lender of the subject LIBOR Advance or LIBOR Equivalent Advance and provided to the Borrower at its request prior to any such prepayment;

(d) except for prepayments made from conventional term loans referred to in §3.35(e), prepayments made pursuant to this §3.35 may be made without penalty;

(e) prepayments made pursuant to this §3.35 with funds derived from conventional term loans from any bank, trust company or other financial institution (including any of the Lenders) except for prepayments with any such funds made available to the Agent as a result of the Agent entering into arrangements with other lenders to participate in any of the Credit Facilities and prepayments from any funds derived by the Borrower from equity issues, bonds, debentures, fixed rate private placements or similar capital market products, shall be subject to a prepayment fee of ¼% which shall be paid to the Agent for the account of the Lenders contemporaneously with the prepayment; and

(f) the Borrower shall not be liable for any prepayment fee under §3.35(e) to the extent that the prepayment results from the application of the provisions of §3.20.

3.36 Rollover of Outstanding Bankers' Acceptances

(a) As outstanding Bankers' Acceptances mature, and provided that the Borrower elects to issue Bankers' Acceptances on such maturity dates to provide for the payment of maturing Bankers' Acceptances pursuant to §8.2(a), then each Lender shall accept Bankers' Acceptances or Discount Notes, as the case may be, on a pro rata basis among the Lenders on the basis of their respective Commitments in respect of the relevant Credit Facility.

(b) Until such time as outstanding Bankers' Acceptances have matured and rolled over as contemplated in §8.2(a), each of the Borrower and the Lenders acknowledge and agree that as of the Effective Date, the Lender's Proportion Outstanding with respect to EDC will not be in proportion to EDC's share of the Tranche B Commitments.

3.37 [INTENTIONALLY DELETED]

3.38 Commitment Fees

Subject to §3.39 the Borrower shall pay to the Agent at the Agent's Canadian Account for Payments for the account of the Lender, in the case of the Tranche A Credit Facility and the Tranche B Credit Facility, a Commitment Fee on the amount of each Lender's Proportion under each of those Credit Facilities not utilized by the Borrower from and including the Effective Date to and including the Tranche A Maturity Date or the Tranche B Maturity Date, as the case may be. In determining the amount of each Lender's Proportion not utilized by the Borrower, advances of U.S. Funds shall be deemed to be the Equivalent Amount thereof in Canadian Funds (and Swingline Advances will be excluded in calculating outstanding Borrowings for this purpose). The Commitment Fee shall be paid in Canadian Funds calculated on a daily basis and shall be at the rates for Commitment Fees set forth in Schedule B (computed on the basis of a year of 365 days) on the portion of the Tranche A Credit Facility or the Tranche B Credit Facility, as the case may be, determined in Canadian Funds not utilized, accruing from and including the Effective Date. Commitment Fees shall be paid monthly, in arrears, on the third Business Day after each month end.

3.39 Commitment Fees on Termination

If the Agent terminates the obligations of the Lenders to make further advances pursuant to §8.2(a) the Borrower shall cease to be obligated to pay Commitment Fees from the Business Day next following the effective date of such termination.

3.40 Evidence of Indebtedness

The Agent shall open and maintain on its books at the Agent's Branch of Account, accounts and records evidencing Borrowings and other amounts owing by the Borrower to the Agent and each Lender under this Agreement. The Agent shall record therein the amount of each Borrowing made available by way of Canadian Advances, U.S. Advances, LIBOR Advances and LIBOR Equivalent Advances and each payment of principal and interest on Borrowings, Acceptance Fees and fees and other amounts payable pursuant to this Agreement and shall record Bankers' Acceptances accepted and purchased by each Lender, Guarantee Letters and Letters of Credit issued by the Lenders and all other amounts becoming due to the Agent and to each Lender under this Agreement including interest, Acceptance Fees, GL Fees, LC Fees and other fees and amounts and all payments on account thereof. Such accounts and records maintained by the Agent shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Agent and each Lender pursuant to this Agreement, the date each Lender made each Borrowing available to the Borrower and the amounts the Borrower has paid from time to time on account of principal and interest on the Borrowings, Acceptance Fees and other fees payable pursuant to this Agreement and other amounts owing hereunder.

3.41 Substitute Basis of Borrowing for LIBOR Advances and LIBOR Equivalent Advances

If a Lender determines, acting reasonably, (which determination shall be final, conclusive, and binding upon the Borrower) that:

(a) adequate and fair means do not exist for ascertaining the rate of interest on a LIBOR Advance or LIBOR Equivalent Advance;

(b) the cost to such Lender of making, funding, or maintaining LIBOR Advances does not accurately reflect the effective cost to it thereof or that the costs to it are increased or the income receivable by it is reduced in respect of a LIBOR Advance or a LIBOR Equivalent Advance;

(c) the making or the rollover of any LIBOR Advance or LIBOR Equivalent Advance or a portion of any LIBOR Advance or LIBOR Equivalent Advance has become impracticable by reason of circumstances which materially and adversely affect the London interbank market, or

(d) deposits in U.S. dollars are not available to it in the London interbank market in sufficient amounts in the ordinary course of business during the applicable LIBOR Interest Period for it to make, fund, or maintain the LIBOR Advance or LIBOR Equivalent Advance during such LIBOR Interest Period,

then such Lender may promptly notify the Agent in writing who shall promptly notify the Borrower in writing of such determination setting forth the basis of such Lender's determination and such Lender shall not thereafter be obligated to provide such LIBOR Advance or LIBOR Equivalent Advance. The Borrower shall forthwith after receipt of notice from the Agent of a Lender's determination not to provide LIBOR Funds, notify the Agent as to the substitute basis of Borrowing available under this Agreement which it has selected for such LIBOR Advance or LIBOR Equivalent Advance. If the Borrower has not so notified the Agent, such LIBOR Advance or LIBOR Equivalent Advance shall automatically be converted to a U.S. Advance for all purposes under this Agreement at the LIBOR Maturity Date or the Drawdown Date, as the case may be. The Borrower acknowledges that Canadian Western Bank is a Non-LIBOR Lender.

3.42 Illegality for LIBOR Advances or LIBOR Equivalent Advances

If the introduction of or any change in applicable law, regulation, treaty, or official directive, or regulatory requirement (whether or not having the force of law), or the interpretation or application thereof by any court or by any governmental central bank or other authority or entity charged with the administration thereof, or if a judicial decision is rendered, which now or hereafter makes it unlawful, or prohibited for a Lender (as determined by such Lender in its sole and absolute discretion, acting reasonably) to make, fund, or maintain any LIBOR Advance, LIBOR Equivalent Advance or any portion thereof or to perform its obligations with respect to LIBOR Advances or LIBOR Equivalent Advances under this Agreement, such Lender may, by written notice to the Agent (who shall promptly notify the Borrower), suspend its obligations under this Agreement with respect to such LIBOR Advance or LIBOR Equivalent Advance affected by such illegality or prohibition for the duration of the period of such illegality or prohibition and the Borrower shall repay such LIBOR Advance or LIBOR Equivalent Advance forthwith (or at the end of such period as such Lender in its sole and absolute discretion, acting reasonably may determine), together with all accrued but unpaid interest, fees, costs and Compensation Amount as may be applicable to the date of payment or the Borrower may convert, without novation, such Borrowings or a portion thereof together with accrued interest to the date of conversion (or without such accrued interest if the Borrower elects to pay the same to the Agent for the account of each Lender) into such other form or forms of Borrowings as the Borrower may request by not more than two Business Days' notice to the Agent after receipt by the Borrower of the aforesaid notice from the Agent on behalf of a Lender. For the period from the date of such notice by the Agent until the Borrower elects to convert to another form or forms of Borrowing, the Borrowing affected by such illegality or prohibition shall, if not repaid, be converted into a U.S. Advance and thereafter such Lender shall be obligated to extend its Lender's Proportion of LIBOR Advances or LIBOR Equivalent Advances in such other Borrowing Options as the Borrower may request.

3.43 Exchange Rate Fluctuations

If, due to exchange rate fluctuations or for any other reason Borrowings under a Credit Facility calculated on the first Business Day of each month are in excess of the available amount of that Credit Facility, the Borrower shall, if so requested the Agent, within three Business Days of such request, provide to the Agent for the account of the Lenders full cash collateral in the amount of such excess or otherwise repay a portion of Borrowings in an amount equal to or greater than such excess. The rate of exchange to determine the amount of such excess shall be the Spot Buying Rate.

3.44 Determination of Available Amount of the Canadian Credit Facilities

The available amount of the Canadian Credit Facilities shall always be determined in Canadian Funds with Borrowings by way of U.S. Advances or Bankers' Acceptances denominated in U.S. Funds converted to Canadian Funds by determining the Equivalent Amount of any such U.S. Advances or Bankers' Acceptances.

3.45 Fronted Guarantee Letters and Letters of Credit under the L/C Sub-Facility

(a) Either Issuing Lender may issue in its name a Guarantee Letter or Letter of Credit for the account of the Borrower in the Issuing Lender's customary form and with such terms as are contemplated by the application for the issuance thereof;

(b) while such Guarantee Letter or Letter of Credit shall on its face be an obligation of the Issuing Lender only, such Guarantee Letter or Letter of Credit shall be issued on behalf of all of the Tranche A Lenders and each Tranche A Lender shall be obligated to reimburse the Issuing Lender in respect of such Guarantee Letter or Letter of Credit in proportion to its share of the total Commitments on the Issue Date of such Guarantee Letter or Letter of Credit;

(c) the provisions of §3.46, 3.48, 3.49, 3.53, 3.54 and 3.55(a) (as to the first three sentences thereof) shall be applicable to any such issuance, with references to the Agent being deemed to be references to the Issuing Lender as appropriate;

(d) the Issuing Lender shall act under each such Guarantee Letter or Letter of Credit as the agent of each Tranche A Lender to (i) receive drafts, other demands for payment and other documents presented by the beneficiary under such Guarantee Letter or Letter of Credit, and (ii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Guarantee Letter or Letter of Credit;

(e) upon a demand for payment under any such Guarantee Letter or Letter of Credit which the Issuing Lender has determined has been properly made, the Issuing Lender shall make a disbursement in respect of the amount demanded and make such amount available to the beneficiary. Promptly following any such disbursement, the Issuing Lender shall notify the Agent and the Borrower of such disbursement and the Issuing Lender shall be entitled to immediate reimbursement thereof by the Borrower in accordance with §3.53;

(f) the Issuing Lender shall consult with the Agent prior to the issuance of a Guarantee Letter or Letter of Credit in order to ensure availability under the Tranche A Credit Facility, and provide such information in respect of any such Guarantee Letters or Letters of Credit, including, without limitation providing the Agent with copies of all Guarantee Letters and Letters of Credit upon Issuance thereof, and advising the Agent on a quarterly basis as to the specifics of Guarantee Letters or Letters of Credit issued by the Issuing Lender, as is required to allow the Agent to comply with §3.50;

(g) the Issuing Lender shall in consideration of it acting as the fronting bank on such Guarantee Letter or Letter of Credit, be entitled to a fronting fee (for its own account) of 25 Basis Points calculated based on a 365 day year and payable on the third Business Day following the end of each fiscal quarter, and on the expiry or cancellation of such Guarantee Letter or Letter of Credit;

(h) each Tranche A Lender agrees to indemnify the Issuing Lender (to the extent not reimbursed by the Borrower), rateably from and against any and all losses and claims of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Issuing Lender in any way relating to or arising out of any issuance of a Guarantee Letter or Letter of Credit; provided, that no Tranche A Lender shall be liable for any portion of such losses and claims resulting from the Issuing Lender's gross negligence or wilful misconduct,

and all other provisions of this Agreement applicable to Letters of Credit shall be applicable to any such issuance by the Issuing Lender.

The existing Guarantee Letters and Letters of Credit described in Part 2 of Schedule J are deemed to be Advances pursuant to the L/C Sub-Facility. The provisions of §3.46 through

§3.55 inclusive do not apply to Guarantee Letters and Letters of Credit issued under the L/C Sub-Facility except as provided in this §3.45.

3.46 Guarantee Letters and Letters of Credit

The Borrower may also borrow by way of Guarantee Letters and Letters of Credit under the Tranche A Credit Facility on a several basis pursuant to §3.46 to §3.55 of this Agreement.

(a) *Issuance.* Each Lender agrees (on a several basis with the other Tranche A Lender up to the amount of such Tranche A Lender's Commitment), on the terms and conditions set out in this Agreement, from time to time on any Business Day, to issue Guarantee Letters and Letters of Credit under the Tranche A Credit Facility for the account of the Borrower prior to the cancellation or termination of the Tranche A Credit Facility; and

(b) *Principal Outstanding.* All Guarantee Letters and Letters of Credit shall be issued by a Tranche A Lender and, without limiting the generality of §10.29, the outstanding Borrowings among the Tranche A Lenders shall be adjusted in the circumstances and in the manner contemplated by §10.29 in order to reflect the Issuance by the Tranche A Lenders.

The existing Guarantee Letters and Letters of Credit described in Part 1 of Schedule J are deemed to be Advances made by the Lenders which have issued those Guarantee Letters and Letters of Credit and to be issued pursuant to this §3.46.

3.47 Issuance

Subject to the terms and conditions set forth in this Agreement, the Agent shall issue, on behalf of all Tranche A Lenders, Guarantee Letters and Letters of Credit for the account of the Borrower at the request of the Borrower submitting a request for the Issuance thereof. Each Guarantee Letter and Letter of Credit shall contain substantially the provisions set out in Schedule K, with any change to such provisions as the Agent shall determine in good faith and on a commercially reasonable basis does not materially increase the obligations, or diminish the rights, of any Tranche A Lender relative to such form or as the Tranche A Lenders shall approve. Without the prior consent of each Tranche A Lender, no Guarantee Letter or Letter of Credit may be issued that would vary the several and not joint nature of the obligations of the Tranche A Lenders thereunder as provided in the next sentence. Each Guarantee Letter and Letter of Credit shall be issued by all of the Tranche A Lenders as a single multi-lender letter of credit, but the obligation of each Tranche A Lender thereunder shall be several and not joint, based upon its Tranche A Commitment in effect on the Issue Date of such Guarantee Letter and Letter of Credit.

3.48 Conditions of Issuance

The Agent and the Tranche A Lenders shall not be required to issue any Guarantee Letters or Letters of Credit if on the Issue Date for such Guarantee Letters and Letters of Credit the Agent determines that any of the following conditions has not been satisfied:

(a) the Agent shall have received a request that a Guarantee Letter or Letter of Credit be issued and an application specifying (1) the proposed Issue Date (which shall be at least one Business Days after the date the Agent receives notice of the application), (2) the expiry date (which shall not be later than the date which is 365 days after the Issue Date, (3) the name and address of the beneficiary, (4) the face amount of such Guarantee Letter and Letter of Credit and its maturity date and (5) the terms and conditions of the requested Guarantee Letter and Letter of Credit and other relevant details; and

(b) the Agent shall have received such other documents as it shall have reasonably requested as a condition to the issuance of such Guarantee Letter and Letter of Credit and which is required in the ordinary course in connection with such Tranche A Lender's issuance of Guarantee Letters and Letters of Credit.

3.49 Notice to Tranche A Lenders

Upon the issuance of a Guarantee Letter or Letter of Credit (or determination not to issue such Guarantee Letter or Letter of Credit by reason of the failure to the conditions specified in §3.47 to be satisfied), the Agent shall give prompt notice thereof to the Borrower and each Tranche A Lender.

3.50 Power of Attorney for Execution of Guarantee Letters and Letters of Credit

Each Guarantee Letter and Letter of Credit shall be executed and delivered by the Agent in the name and on behalf of, and as attorney for, each Tranche A Lender. The Agent shall act under each Guarantee Letter and Letter of Credit as the agent of each Tranche A Lender to (a) receive drafts, other demands for payment and other documents presented by the beneficiary under such Guarantee Letter and Letter of Credit, (b) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Guarantee Letter and Letter of Credit and (c) notify each Tranche A Lender and the Borrower that a valid drawing has been made and the date that the related disbursement is to be made. The Agent shall have no obligation or liability for any disbursement under any Guarantee Letter and Letter of Credit (other than in its capacity as Lender), and each Guarantee Letter and Letter of Credit shall expressly so provide. Each Tranche A Lender hereby irrevocably appoints and designates the Agent as its attorney, acting through any duly authorized officer of the Agent, to execute and deliver in the name and on behalf of such Tranche A Lender each Guarantee Letter and Letter of Credit to be issued by that Tranche A Lender hereunder. Promptly upon the request of the Agent, each Tranche A Lender will furnish to the Agent such powers of attorney or other evidence as any beneficiary of any Guarantee Letter and Letter of Credit may reasonably request in order to demonstrate that the Agent has the power to act as attorney for such Tranche A Lender to execute and deliver such Guarantee Letter and Letter of Credit (and the Agent agrees to provide promptly any such evidence to the requesting beneficiary). The Borrower and the Tranche A Lenders agree that each Guarantee Letter and Letter of Credit shall provide that all drafts and other documents presented thereunder shall be delivered to the Agent and that all payments thereunder shall be made by the Tranche A Lenders obligated thereon through the Agent. Each Tranche A Lender shall be severally liable under each Guarantee Letter and Letter of Credit in proportion to its share of the total Tranche A

Commitments on the Issue Date of such Guarantee Letter and Letter of Credit and each Guarantee Letter and Letter of Credit shall specify each Tranche A Lender's share of the amount payable thereunder.

3.51 Agent's Records

The Agent shall maintain records showing the undrawn and unexpired amount of each Guarantee Letter and Letter of Credit outstanding hereunder and each Tranche A Lender's share of such amount and showing for each Guarantee Letter and Letter of Credit issued hereunder (i) the Issue Date and expiration date thereof, (ii) the amount thereof, (iii) the date and amount of all payments made thereunder and (iv) each Tranche A Lender's share of the amount of each Guarantee Letter and Letter of Credit issued hereunder. The Agent shall make copies of such records available to the Borrower or any Tranche A Lender upon its request.

3.52 Extension of Guarantee Letters and Letters of Credit

Not later than the date which is 45 days prior to the expiry date then in effect of any Guarantee Letter and Letter of Credit (other than a letter of credit which by its terms provides for automatic renewal), the Borrower may make a request to the Agent for an extension of up to twelve months of the expiry date of such Guarantee Letter and Letter of Credit, which request shall be given effect to if the Borrower is not then, and would not as a result of giving effect to such request be, in Default. The expiry date of a Guarantee Letter and Letter of Credit shall not be extended unless the Agent shall have received such notice on or before such 45th day.

3.53 Reimbursement Obligations

The Borrower agrees to reimburse each Tranche A Lender immediately for each disbursement made by such Tranche A Lender under any Guarantee Letter and Letter of Credit. The Borrower shall make such reimbursement by paying to the Agent, for the account of such Tranche A Lender, the full amount of each disbursement of such Lender by way of a Borrowing by way of a Canadian Advance (if the drawing under the Guarantee Letter or Letter of Credit was in Canadian Dollars) or by way of a U.S. Advance (if the drawing under the Guarantee Letter or Letter of Credit was in US Dollars).

3.54 Reimbursement Obligations Absolute

(a) The Borrower acknowledges and agrees that the reimbursement obligations set out in §3.53 shall not be affected by, among other things, (i) any lack of validity or enforceability of any Guarantee Letter and Letter of Credit, (ii) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, (iii) any dispute between the Borrower and any beneficiary of any Guarantee Letter and Letter of Credit or any other party to which such Guarantee Letter and Letter of Credit may be transferred, (iv) any claims whatsoever of the Borrower against any beneficiary of such Guarantee Letter and Letter of Credit or any such transferee, (v) payment under a Guarantee Letter and Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Guarantee Letter and Letter of Credit, (provided that such payment does not breach the standards of reasonable care specified in the Uniform Customs or disentitle any Tranche A Lender to reimbursement under ISP 98, in each case as stated on its face to be applicable to the respective Guarantee Letter and Letter of Credit) (vi) any Lien granted to, or in favour of, the Agent or any of the Tranche A Lenders as security for any of such reimbursement obligations failing to be perfected or (viii) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this §3.54 constitute a legal or equitable discharge of the obligations of the Borrower in respect of any Guarantee Letter and Letter of Credit.

(b) Neither the Agent nor any Tranche A Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Guarantee Letter and Letter of Credit except, as to any such Person, for errors or omissions caused by such Person's gross negligence or wilful misconduct.

(c) The Borrower agrees that any action taken or omitted by the Agent or any Tranche A Lender under or in connection with any Guarantee Letter and Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or wilful misconduct, shall be binding on the Borrower and shall not result in any liability of the Agent or any Tranche A Lender to the Borrower.

(d) Without limiting the generality of the foregoing, the parties hereto agree that:

(1) the Agent and each Tranche A Lender may accept documents that appear on their face to be in substantial compliance with the terms of a Guarantee Letter and Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Guarantee Letter and Letter of Credit;

(2) the Agent shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Guarantee Letter and Letter of Credit; and

(3) this §3.54(d), together with §3.55, shall establish the standard of care to be exercised by the Agent and each Tranche A Lender when determining whether drafts and other documents presented under a Guarantee Letter and Letter of Credit comply with the terms thereof (and the other parties to this Agreement waive, to the extent permitted by applicable Law, any standard of care inconsistent with the foregoing).

(e) Notwithstanding anything to the contrary contained herein, neither the Agent nor any Tranche A Lender shall be liable to the Borrower for any consequential, indirect, punitive or exemplary damages with respect to action taken or omitted to be taken by it under any Guarantee Letter and Letter of Credit.

3.55 Guarantee Letter and Letter of Credit Payments

(a) The Borrower and each Tranche A Lender authorize the Agent to review on behalf of each Tranche A Lender each draft and other document presented under each Guarantee Letter and Letter of Credit. The determination of the Agent as to the conformity of any documents presented under a Guarantee Letter and Letter of Credit to the requirements of such Guarantee Letter and Letter of Credit shall, in the absence of the Agent's gross negligence or wilful misconduct (and subject to §3.54(d)(1)), be conclusive and binding on the Borrower and each Tranche A Lender. The Agent shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under any Guarantee Letter and Letter of Credit. The Agent shall promptly after such examination (i) notify each of the Tranche A Lenders obligated under such Guarantee Letter and Letter of Credit and the Borrower by telephone (confirmed in writing) of such demand for payment and of each Tranche A Lender's share of such payment, and (ii) notify each Tranche A Lender and the Borrower that said demand for payment was properly made under the relevant Guarantee Letter and Letter of Credit. With respect to any drawing determined by the Agent to have been properly made under a Guarantee Letter and Letter of Credit, each Tranche A Lender will make disbursement in respect of such Guarantee Letter and Letter of Credit in accordance with its liability under such Guarantee Letter and Letter of Credit and this Agreement, such disbursement to be made from such account of the Agent as shall have been most recently designated by it for such purpose by notice to the Tranche A Lenders. The Agent will make any such disbursement available to the beneficiary of such Guarantee Letter and Letter of Credit by promptly crediting the amounts so received, in like funds, to the account identified by such beneficiary in connection with such demand for payment. Promptly following any disbursement by any Tranche A Lender in respect of any Guarantee Letter and Letter of Credit, the Agent will notify the Borrower of such disbursement. Any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Tranche A Lenders with respect to any disbursement. The Agent shall not be required to make any payment under a Guarantee Letter and Letter of Credit in excess of the amount received by it from the Tranche A Lenders for such payment.

(b) Unless the Agent shall have been notified by telephone and in writing by a Tranche A Lender at least one Business Day prior to the date that a payment under a Guarantee Letter and Letter of Credit is to be made by the Agent, that such Tranche A Lender does not intend to make available to the Agent the amount of such Tranche A Lender's share of such payment, the Agent may assume that such Tranche A Lender has made or will make such amount available to the Agent, and the Agent may, in reliance upon such assumption, pay such Tranche A Lender's share of the payment to be made under such Guarantee Letter and Letter of Credit. If such amount (the "**Unpaid Amount**") is not in fact made available to the Agent by such Tranche A Lender, the Agent shall be entitled to retain for its own account any payment made by the Borrower to such Tranche A Lender in respect of such Unpaid Amount and shall further be entitled to recover the balance of such Unpaid Amount from such Tranche A Lender and the Borrower. If such Tranche A Lender does not pay such amount forthwith upon the Agent's demand therefor, the Agent shall promptly notify the Borrower, and the Borrower, to the extent it has not theretofore done so, pay such amount to the Agent no later than one Business Day after such notice. The Agent shall also be entitled to recover from such Tranche A Lender (or, if such Tranche A Lender shall fail to pay such amount, from the Borrower if and to the extent unpaid) interest on such corresponding amount in respect of each day from the date such amount was paid by the Agent under the Guarantee Letter and Letter of Credit and until such amount is recovered by the Agent, at a rate per annum equal to, if paid by such Tranche A Lender, the rate determined by the Agent (which shall be conclusive and binding on the Tranche A Lender) in accordance with the Agent's usual banking practice for similar advances to financial institutions of like standing to that Tranche A Lender, but, in any event, at a rate no greater than the usual interbank offered rate for the sale of deposits in the applicable currency. Upon payment by such Tranche A Lender to the Agent of such amount and interest thereon, as aforesaid, such Tranche A Lender shall be deemed to have paid its share of the payment made under the Guarantee Letter and Letter of Credit. Nothing herein shall be deemed to relieve any Tranche A Lender from its obligation to pay its share of all drawings made under any Guarantee Letters and Letters of Credit issued on its behalf or to prejudice any rights which the Borrower or any beneficiary under any such Guarantee Letter and Letter of Credit may have against any Tranche A Lender as a result of any default by such Tranche A Lender in making any payment which it is obligated to make under any such Guarantee Letter and Letter of Credit.

3.56 Issue Fee

The Borrower shall, on the third business day following the end of each fiscal quarter and on the termination of the Commitments under the Tranche A Credit Facility, pay to the Agent for the account of the Tranche A Lenders in relation to the Guarantee Letters and Letters of Credit issued under the Tranche A Credit Facility a fee in respect of each Guarantee Letter and Letter of Credit outstanding during any portion of such fiscal quarter equal to that specified in Schedule B multiplied by an amount equal to the undrawn portion of the face amount of each such Guarantee Letter and Letter of Credit, such fee to be determined for a period equal to the number of days during such fiscal quarter that each such Guarantee Letter and Letter of Credit was outstanding, and calculated based on a 365-day year.

3.57 Cash Collateral on Maturity

All Guarantee Letters and Letters of Credit which will not have matured on or before the Tranche A Maturity Date (or any earlier repayment in full of the Tranche A Credit Facility) shall be secured by Cash Collateral, in an amount equal to the aggregate face amount of all such Guarantee Letters and Letters of Credit, prior to the Tranche A Maturity Date (or any earlier repayment in full of the Tranche A Credit Facility), for the period that such Guarantee Letters or Letters of Credit are outstanding and undrawn and all fees relating to such Guarantee Letters and Letters of Credit shall continue to be payable until such Guarantee Letters and Letters of Credit mature.

3.58 Lenders' Acknowledgement

The Lenders acknowledge that:

(a) the Lender's Proportion of each of the Lenders under the Tranche B Credit Facility will change as a result of the increase to the aggregate Commitments under the Tranche B Credit Facility; and

(b) certain Borrowings by way of Bankers' Acceptances, LIBOR Advances or LIBOR Equivalent Advances under the Tranche B Credit Facility (the "**BA/LIBOR Borrowings**") are currently outstanding and will remain so at the time immediately prior to the Effective Date.

Notwithstanding the Lender's Proportions under this Agreement, the Lenders acknowledge and confirm that they will continue to hold the BA/LIBOR Borrowings and shall be entitled to receive all compensation and repayment in respect thereto, in accordance with their respective Lender's Proportions under the Existing Credit Agreement until the respective maturity dates of the BA/LIBOR Borrowings.

4. BANKERS' ACCEPTANCES

4.1 Issuing Bankers' Acceptances

Subject to §4.3, and provided the Borrower has not been notified by the Agent by at least one Business Day preceding the proposed date for issuance of a Bankers' Acceptance that that Lender or those Lenders, because general market conditions have caused it to become impracticable to accept Bankers' Acceptances, are no longer accepting Bankers' Acceptances in the ordinary course of their respective businesses, the Borrower may utilize the Credit Facilities by issuing Bankers' Acceptances. Each Bankers' Acceptance accepted by a Lender shall be deemed to be a utilization of the relevant Canadian Credit Facility for the term of such Bankers' Acceptance in an amount equal to the Face Amount.

4.2 Calculation of Borrowings

For the purposes of this Agreement, the Face Amount of a Bankers' Acceptance shall be used when calculations are made to determine the amount of Borrowings.

4.3 Notice

The Borrower shall give to the Agent irrevocable notice in the form of Schedule F prior to presenting a Bankers' Acceptance for acceptance, prior to 10:00 a.m. local time at Vancouver, British Columbia one Business Day immediately preceding the Business Day of presentation for Bankers' Acceptances.

4.4 Rollover

At or before 10:00 a.m. local time at Vancouver, British Columbia one Business Day immediately preceding the maturity date of a Bankers' Acceptance the Borrower shall give the Agent written notice which notice shall specify either that the Borrower intends to repay the maturing Bankers' Acceptance on the maturity date or that the Borrower intends to issue Bankers' Acceptances on the maturity date to provide for the payment of the maturing Bankers' Acceptances. Otherwise, the Borrower shall provide payment to the Agent on behalf of the Lenders of an amount equal to the aggregate Face Amount of the Bankers' Acceptances on their maturity date. If the Borrower fails to provide such notice to the Agent or fails to repay the maturing Bankers' Acceptance, or if an Event of Default has occurred and is continuing on such maturity date, the Borrower's obligations in respect of the maturing Bankers' Acceptance shall be deemed to have been converted on the maturity date thereof into a Canadian Advance or a U.S. Advance, in accordance with the Currency of the maturing Bankers' Acceptance, in an amount equal to the aggregate Face Amount of the maturing Bankers' Acceptance.

4.5 Waiver of Presentment and Other Conditions

The Borrower waives presentment for payment and any other defence to payment of any amounts due to a Lender in respect of a Bankers' Acceptance accepted and purchased by it pursuant to this Agreement which might exist solely by reason of the Bankers' Acceptance being held, at the maturity thereof, by the Lender in its own right and the Borrower agrees not to claim any days of grace if the Lender as holder sues the Borrower on the Bankers' Acceptance for payment of the amount payable by the Borrower thereunder. On the specified maturity date of a Bankers' Acceptance, the Borrower shall pay to the Lender which has accepted such Bankers' Acceptance, the full Face Amount of such Bankers' Acceptance and after such payment, the Borrower shall have no further liability in respect of such Bankers' Acceptance and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such Bankers' Acceptance.

4.6 Power of Attorney for the Execution of Bankers' Acceptances

To facilitate availment of the Credit Facilities by way of Bankers' Acceptances, the Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf, in handwriting or by facsimile or mechanical signature as and when deemed necessary by such Lender, blank forms of Bankers' Acceptances. In this respect, it is each Lender's responsibility to maintain an adequate supply of blank forms of Bankers' Acceptances for acceptance under this Agreement. The Borrower recognizes and agrees that all Bankers' Acceptances signed or endorsed on its behalf by a Lender shall bind the Borrower as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of the Borrower. Each Lender is hereby authorized to issue such Bankers' Acceptances endorsed in blank in such Face Amounts as may be determined by such Lender; provided that the aggregate amount thereof is equal to the aggregate amount of Bankers' Acceptances required to be accepted and purchased by such Lender. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument unless such damage, loss or claim arises out of the gross negligence or wilful misconduct of the Lender or its officers, employees, agents or representatives. Each Lender shall maintain a record with respect to Bankers' Acceptances held by it in blank under this Agreement, voided by it for any reason, accepted and purchased by it, and cancelled at their respective maturities. Each Lender agrees to provide such records to the Borrower at the Borrower's expense upon request.

4.7 Execution of Bankers' Acceptances

Drafts drawn by the Borrower to be accepted as Bankers' Acceptances shall be signed by a duly authorized officer or officers of the Borrower or by its attorneys pursuant to §4.6. Notwithstanding that any Person whose signature appears on any Bankers' Acceptance may no longer be an authorized signatory for the Borrower at the time of issuance of a Bankers' Acceptance, that signature shall nevertheless be valid and sufficient for all purposes as if the authority had remained in force at the time of issuance and any Bankers' Acceptance so signed shall be binding on the Borrower.

4.8 Disbursement of Discount Proceeds

Discount Proceeds shall be disbursed to the Borrower by the Agent, crediting the Current Account.

4.9 Issuance and Maturity

Each Bankers' Acceptance shall be issued and shall mature on a Business Day.

4.10 Failure to Provide Notice

If the Borrower fails to provide to the Agent, the notice required by §4.3 a Lender may, in its discretion, decline to accept Bankers' Acceptances presented without notice.

4.11 No Days of Grace

The Borrower shall not claim from a Lender any days of grace for the payment at maturity of any Bankers' Acceptance.

4.12 Acceptance Fees

As an Acceptance Fee for the acceptance by a Lender of Bankers' Acceptances the Borrower shall pay in advance to the Agent at the Agent's Canadian Account for Payments for the account of such Lender at or prior to the time of such acceptance an Acceptance Fee at the rate set forth in Schedule B. Acceptance Fees shall be calculated in relation to the Face Amount of each Bankers' Acceptance and on the basis of the number of days from and including the date of acceptance to and including the day immediately preceding the date of maturity.

4.13 Calculation of Acceptance Fees

Acceptance Fees shall be computed on the basis of a year of 365 days for Bankers' Acceptance denominated in Canadian Funds and 360 days for Bankers' Acceptances denominated in U.S. Funds, and shall be adjusted from time to time in accordance with §3.6.

4.14 Change of Acceptance Fees during the term of Bankers' Acceptance

In the event of the acceptance by a Lender of a Bankers' Acceptance before the date of a change of the rates for Acceptance Fees as set forth in Schedule B which Bankers' Acceptance matures or becomes due and payable after such date, the Acceptance Fee shall be calculated by using the applicable rates for Bankers' Acceptances for the number of days the Bankers' Acceptance is outstanding during the fee period. The Agent shall calculate the amount, if any, of any adjustment to the rates of Acceptance Fees resulting from the application of this §4.14 and shall advise the Borrower of the amount of any such adjustment which shall be paid by the Borrower to the Agent for the account of the Lenders or by the Lenders to the Agent for the account of the Borrower, as the case may be, by debiting or crediting the Current Account, as the case may be, on or before the sixth day following the applicable Calculation Date.

4.15 Increased Costs

If at any time any reserve requirement in respect of Bankers' Acceptances is imposed upon a Lender by any Canadian governmental regulatory authority which results in an increase in the net cost to such Lender of maintaining the Bankers' Acceptances outstanding and such Lender has not claimed an Additional Amount from the Borrower pursuant to §3.19 in relation to outstanding Bankers' Acceptances it shall have the right, subject to §3.21, after giving notice to the Agent, to adjust the amount of the Acceptance Fee as necessary to compensate such Lender for such cost increase, and the Borrower shall pay to the Agent at the Agent's Canadian Account for Payments for the account of such Lender, as the case may be, the amount of any such adjustment upon receipt of written notice thereof from the Agent, which notice shall include details of such Lender's calculations of the effect of such reserve requirements on its Acceptance Fees. The Borrower shall have the right to review the accuracy of such calculations.

4.16 BA Equivalent Loans by Non BA Lenders

Whenever the Borrower requests that the Lenders accept Bankers' Acceptances, each Non BA Lender shall, in lieu of accepting a Bankers' Acceptance, make a BA Equivalent Loan in an amount equal to the Non BA Lender's Proportion.

4.17 Terms Applicable to Discount Notes

All terms of this Agreement applicable to Bankers' Acceptances shall apply equally to Discount Notes evidencing BA Equivalent Loans with such changes as may in the context be necessary. For greater certainty:

(a) the term of a Discount Note shall be the same as the term for Bankers' Acceptances accepted and purchased on the same Drawdown Date;

(b) an acceptance fee will be payable in respect of a Discount Note and shall be calculated at the same rate and in the same manner as the Acceptance Fee in respect of a Bankers' Acceptance; and

(c) the discount rate applicable to a Discount Note shall be the discount rate applicable to Bankers' Acceptances accepted by a Lender other than a Schedule I Lender on the same Drawdown Date or date of conversion, as the case may be.

4.18 *Depository Bills and Notes Act* (Canada)

At the option of any Lender, Bankers' Acceptances under this Agreement to be accepted by that Lender may be issued in the form of depository bills for deposit with The Canadian Depository for Securities Limited pursuant to DBNA. All depository bills so issued shall be governed by the provisions of §4 of this Agreement.

4.19 Time for Notices

For the purposes of §4 of this Agreement, notices from the Borrower to the Agent must be received by the Agent before 12:00 p.m. local time at Toronto, Ontario.

4.20 Bankers' Acceptance Undertakings

The Borrower will execute and deliver to the Agent an undertaking with respect to Bankers' Acceptances to be issued under the Tranche A Credit Facility or the Tranche B Credit Facility in substantially the form of Schedule C and, to the extent that such undertaking is not inconsistent with the provisions of this Agreement, agrees to comply therewith.

4.21 Maturity Date Restriction

No Bankers' Acceptance shall mature on a date which is later than the Tranche A Maturity Date or the Tranche B Maturity Date, as the case may be.

5. SECURITY FOR BORROWINGS

5.1 Security for Borrowings

As general and continuing security for the performance of all obligations of the Borrower under this Agreement, including without limitation, any and all agreements relating to Letters of Credit, Guarantee Letters, Treasury Contracts, Bankers Acceptances and Discount Notes, and as continuing security for Breakage Cost Amounts associated with Treasury Contracts and the prompt payment when due by the Borrower of its Borrowings under the Credit Facilities and interest thereon and all other amounts for the time being and from time to time owing by the Borrower under this Agreement including, without limitation, fees and default interest, the Borrower shall, subject to the provisions of this Agreement, execute and deliver, or cause to be executed and delivered, to the Agent for the benefit of the Lenders, the Lenders' Security.

5.2 Conflict Between this Agreement and Lenders' Security

If there is any conflict between the terms of this Agreement and the terms of the Lenders' Security, the terms of this Agreement shall prevail.

5.3 Interest on the Mortgages and Trust Deeds

Notwithstanding any rates of interest set forth in the Mill Mortgage, the Interfor US Deeds of Trust or the Rayonier Trust Deed, the rates of interest payable hereunder both before and after a demand for payment shall be the governing rates of interest to be paid by the Borrower under this Agreement and payment of interest under this Agreement shall be accepted as payment of any and all interest owing on the Mill Mortgage, the Interfor US Deeds of Trust or the Rayonier Trust Deed, as the case may be.

5.4 Declining Lender May Request Security for Breakage Cost Amounts

If a Declining Lender has entered into Treasury Contracts with the Borrower prior to becoming a Declining Lender, which Treasury Contracts have maturity dates which extend beyond the date on which such Declining Lender has or will be repaid pursuant to §3.30, the parties agree that the Declining Lender shall have the benefit of the Lenders' Security in respect of the Breakage Cost Amount relating to any such Treasury Contracts and appropriate margin declared pursuant to §5.4(a), for a period of one year from the date of repayment, if:

(a) the Declining Lender, by notice to the Agent, declares the Breakage Cost Amount plus an appropriate margin in respect of which such Lender wishes to have the benefit of the Lenders' Security (the "**Declared Amount**"); and

(b) the Agent, with the consent of the Lenders, and the Borrower agree to the Declared Amount.

5.5 Ranking of Lenders' Security for Approved Declared Amount

The interest of a Declining Lender in the Lenders' Security shall be in accordance with §9.38.

5.6 Postponement of Security

Interfor US proposes to enter into the US Working Capital Facility. The Borrower and Interfor US have requested the right to provide first ranking security over Interfor US accounts receivable and inventory in order to enter into the US Working Capital Facility. The Lenders consent to the creation of the US Working Capital Facility and agree to provide priority to security granted by Interfor US in connection with the US Working Capital Facility upon written request to the Lenders, provided that (i) the Lenders maintain a second ranking security interest over Interfor US's accounts receivable and inventory and (ii) the US Working Capital Facility and the security therefor is the subject of an interlender, intercreditor or subordination agreement in form and substance satisfactory to the Agent and the Lenders, acting reasonably.

5.7 Security in respect of Treasury Contracts

Unless otherwise provided in the Treasury Contract, any security granted by the Borrower to any Lender (other than Lenders' Security herewith) as security for or in connection with Treasury Contracts will secure Breakage Cost Amounts associated with Treasury Contracts and such security will rank *pari passu* with the Lenders' Security.

6. CREDIT FACILITY CONDITIONS PRECEDENT

6.1 Conditions Precedent to Effectiveness of this Agreement

This Agreement shall not become effective unless and until the date on which each of the following conditions have been satisfied, fulfilled or otherwise met to the satisfaction of the Lenders, and the Lenders shall not be obliged to maintain outstanding advances of the Credit Facilities or to continue to accept Bankers' Acceptances presented by the Borrower pursuant to §4 of this Agreement or to make Guarantee Letters or Letters of Credit available under the Tranche A Credit Facility unless and until the conditions precedent set forth in this §6.1 have been satisfied, fulfilled or otherwise met to the satisfaction of the Lenders or waived by the Lenders:

(a) *Documents.* The Agent shall have received duly executed copies of:

(1) this Agreement and all documents which the Borrower has covenanted to deliver or to cause to be delivered under this Agreement at that time and any other documents or instruments as in the opinion of counsel to the Agent are reasonably necessary to render effective this Agreement;

(2) duly executed agreements amending each of the Oregon Deeds of Trust and recorded in the applicable county office;

(3) title insurance endorsements with respect to each of the Oregon Deeds of Trust, except for KNRC Deed of Trust, issued by the relevant title insurance companies with respect to the Oregon Mill Sites;

(4) duly executed Washington Deed of Trust and recorded in the applicable county office;

(5) title insurance with respect to the Washington Deed of Trust and the Washington Mill Sites;

(6) the duly executed Canadian Security Second Amending Agreement;

(7) the duly executed U.S. Security Second Amending Agreement;

(8) the Leasehold Mortgage;

(9) a modification agreement amending the Fee Simple Mortgage; and

(10) any other agreements or instruments relating to the Lenders' Security, as in the opinion of counsel to the Agent are reasonably necessary to render the Lenders' Security effective.

(b) *Evidence of Insurance.* the Agent shall have received evidence reasonably satisfactory to it concerning policies of insurance in respect of all of the personal property and assets of each of the Borrower, Interfor Trading and the Interfor Group, and shall be satisfied as to the amounts, terms and coverage provided thereby including business interruption, fire, theft, and third party liability coverages.

(c) *Constitutional Documents.* The Agent shall have received certified copies of the constitutional documents of the Borrower, Interfor Trading and each member of the Interfor US Group.

(d) *Resolutions.* The Agent shall have received a certified copy of a resolution or resolutions of the board of directors of each of the Borrower, Interfor Trading and each member of the Interfor US Group, authorizing each of them to execute, deliver and perform its obligations under the Credit Facility Documents to which each of them is a party and the instruments, agreements, certificates, papers and other documents contemplated herein and therein.

(e) *Good Standing.* The Agent shall have received a certificate of good standing or like certificate in respect of the Borrower, Interfor Trading and each member of the Interfor US Group available from appropriate government officials of its jurisdiction of formation.

(f) *Representations and Warranties.* All of the representations and warranties contained herein or in any other Credit Facility Document shall be true and correct in all material respects on and as of the Effective Date as though made on and as of such date and the Agent shall have received certificates of a responsible officer of each of the Borrower, Interfor Trading and each member of the Interfor US Group so respectively certifying to the Lenders with regard to the Credit Facility Documents to which it is a party; and the Lenders shall not have become aware, after the date hereof, of any untrue statement of a material fact or an omission to state a material fact that is required to be stated where it is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(g) *Certificate of Chief Financial* Officer. The Agent shall have received from the Chief Financial Officer the Officer's Compliance Certificate in the form set out in Schedule E as at the date of the Borrower's most recent quarterly consolidated financial statements together with particulars of the calculation thereof;

(h) *Canadian Certificates.* A certificate of a responsible officer of each of the Borrower and Interfor Trading (the certificate in form and content satisfactory to counsel to the Agent) providing or certifying, as the case may be, (i) the names of the officers and directors and specimen signatures of each of the individuals who sign on behalf of the Borrower and Interfor Trading, as the case may be, the Credit Facility Documents to which each is a party; (ii) general matters relating to each of them; and (iii) that on the Effective Date no Event of Default has occurred which is continuing. In addition the certificate of a responsible officer of the Borrower will also certify (i) that, since the date of the Borrower's most recent quarterly consolidated financial statements, there has been no material adverse change to the financial conditions and operations of the Borrower;

(i) *U.S. Certificate.* A certificate of a responsible officer of each member of the Interfor US Group (the certificate in form and content satisfactory to counsel to the Agent) (i) setting forth the names of each of its directors and officers and specimen signatures of the individuals who sign the Credit Facility Documents, as the case may be, (ii) certifying certain general matters relating to each of them, and (iii) that on the Effective Date, no Event of Default in respect of the corporate entity giving the certificate has occurred which is continuing;

(j) *Borrower and Interfor Trading Opinion.* The Agent shall have received an opinion of counsel to the Borrower and Interfor Trading (in form and content satisfactory to counsel to the Agent) as to the status, power and capacity of each of them, the due authorization, execution and delivery of the Credit Facility Documents to which the Borrower or Interfor Trading is a party, the enforceability of this Agreement, and stating that, so far as the said counsel are aware in such capacity in respect of this transaction, there are no actions, proceedings or investigations pending or threatened against any of the Borrower which question the validity of the Lenders' Security or the validity of any act to be taken pursuant thereto.

(k) *Interfor US Group Opinion:* The Agent shall have received an opinion of US counsel with respect to the Interfor US Group (in form and content satisfactory to counsel to the Agent) as to the status, power and capacity of each of them, the due authorization, execution and delivery of the Lenders' Security to which each is a party and stating that, so far as the said counsel are aware in such capacity in respect of this transaction, there are no actions, proceedings or investigations pending or threatened against any of the Interfor US Group which question the validity of the Lenders' Security to which each is a party or the validity of any act to be taken pursuant thereto.

(l) *Recordation Opinions.* The Agent shall have received opinions from US counsel with respect to the recordation of opinions from counsel for the Lenders (in form and content satisfactory to the Lenders but subject to the usual assumptions and qualifications) as to the filing, recording and registration of the deed of trust modification agreements with respect to each of the Interfor US Deeds of Trust in the appropriate county offices in the State of Washington and the State of Oregon as applicable;

(m) *Upfront* Fees. The Agent and each of the Lenders shall have received payment of upfront fees.

(n) *Existing Event of* Default. There shall be no existing event of default under the Existing Credit Agreement.

6.2 Conditions Precedent to Subsequent Borrowings

It shall be a condition of each Advance, Issuance, renewal or conversion that the representations and warranties contained in §2 and in the Lenders' Security shall be true on and as of the date of each advance, renewal or conversion and that there shall exist on the date of the advance, renewal or conversion and after giving effect thereto no Event of Default. The Borrower will, upon the reasonable request of the Agent, deliver to the Agent a certificate or certificates of an officer on behalf of the Borrower to that effect.

6.3 Conditions Precedent to Rayonier Closing

It shall be a condition of the availability of the increase to the Tranche B Credit Facility from Cdn$200,000,000 to Cdn$250,000,000 that, on the closing of the Rayonier Acquisition, all representations and warranties contained in Section 2 and in the Lenders' Security shall be true and correct and that no Event of Default has occurred and is continuing and the Borrower shall on the closing of the Rayonier Acquisition deliver to the Agent a certificate of an officer on behalf of the Borrower to that effect.

7. COVENANTS

7.1 Covenants

The Borrower covenants and agrees with each of the Lenders as follows:

Positive Covenants

(a) that it will duly and punctually pay or cause to be paid all amounts required to be paid by it to the Lenders pursuant to this Agreement, including principal, interest, Acceptance Fees, Breakage Cost Amounts, fees (including GL Fees, LC Fees and Treasury Contract fees) and any other amounts on the day, at the place, in the Currencies and in the manner set forth in this Agreement;

(b) that it will duly observe and perform or cause to be observed and performed each and all of the covenants and agreements required by it to be performed and observed as set forth in the Credit Facility Documents to which it is a party;

(c) that it will, and it will cause each of its Subsidiaries to, at all times keep adequately insured by financially sound and reputable insurers all assets and property of a character customarily insured by Persons engaged in the same or a similar business, similarly situated, including inventory and business interruption insurance, against loss or damage of the kinds customarily insured against by such Persons, in such amounts as are customarily insured for by such Persons and that it will forthwith notify the Agent upon the happening of any significant loss and shall duly and punctually pay all premiums and other sums of money for maintaining such insurance;

(d) that it will, and it will cause each of its Subsidiaries to, file all material tax returns including income tax returns, corporation capital tax returns and other tax filings in all required jurisdictions;

(e) that it will, and it will cause each of its Subsidiaries to, pay all material Taxes (except Taxes in dispute which are being contested in good faith) including interest and penalties and to pay or make adequate reserves for the ultimate payment of any Tax payment which is being contested;

(f) that it will, and it will cause each of its Subsidiaries to, actively and diligently contest or cause to be contested in good faith, by appropriate and timely proceedings, or effect a timely and provident settlement of any action, suit, litigation or other proceeding the result of which could be expected to have a material adverse effect on the financial condition or operations of the Borrower;

(g) that it will, and it will cause each of its Subsidiaries to, effect a timely and provident settlement of or bring an application to stay any writ of execution, attachment or similar process issued or levied against all, or a substantial portion of, its property or the property of any of its Subsidiaries in connection with any judgement against it or any of its Subsidiaries in an amount which materially adversely affects the financial condition or operations of the Borrower;

(h) that it will, and will cause each of its Subsidiaries to, observe and comply in all material respects at all times with the provisions of all applicable Environmental Law and, from time to time, upon reasonable request by the Lenders through the Agent shall provide to the Agent evidence satisfactory to the Lenders through the Agent acting reasonably of such observance and compliance;

(i) that it will, and will cause each of its Subsidiaries to, as soon as practical after it becomes aware thereof, provide the Agent with prompt notice of:

(1) any spills of Contaminants which are required to be reported to any Governmental Body, and

(2) of any special investigations, control orders, stop orders, injunctions, prosecutions or lawsuits under Environmental Law or public health and safety laws,

and which, in either such case, would have a material adverse effect on the business or financial condition of the Borrower or which would adversely affect the ability of the Borrower to meet its obligations under this Agreement;

(j) that it will, and will cause each of its Subsidiaries to, permit from time to time, as reasonably requested by the Agent, any person designated by the Agent to examine (upon reasonable notice having been given) its books and financial records and will cause the Chief Financial Officer or such other responsible officer as may be appropriate, to discuss and explain, as the case may be, any of its affairs, finances and accounts and to provide such other information pertaining to its business as the said representative may reasonably require;

(k) that it will, and it will cause each of its Subsidiaries to, maintain in full force and effect all leases, licences, permits, consents and regulatory approvals necessary for the due carrying on of their respective businesses;

(l) that it will use all Borrowings for the purposes set forth in §3.1 and for no other purpose;

(m) that it will provide to the Agent for approval by Lenders' Majority not later than 60 days after each fiscal year end Sufficient Copies of the Capex Plan and will amend the Capex Plan to effect changes requested by the Lenders in respect of capital expenditures not approved by Lenders' Majority;

(n) that, not later than 60 days after each fiscal year end, it will provide Sufficient Copies of its Business Plan to the Agent for distribution to the Lenders;

(o) that it will provide to the Agent at the Agent's Branch of Account on or prior to the date stipulated by the Agent such information, reports and documents as the Agent may reasonably request;

(p) that it will give to the Agent prompt notice of any Event of Default or any event that with notice or lapse of time would be an Event of Default;

(q) that it will, and it will cause each of its Subsidiaries to, maintain in good standing and will not be in material breach of any of the terms or conditions of any of its Timber Tenures and will forthwith upon receipt thereof, deliver to the Agent a copy of any notice from the Minister of Forests cancelling or suspending or purporting to cancel or suspend or reduce or impair its rights pursuant to any of its Timber Tenures;

(r) that it will pay or distribute, as the case may be, all cash or stock dividends declared by it within sixty days of the declaration of such dividends;

(s) that it will ensure that except for limitations on the authorized capital of any Person there does not exist any contractual restriction or Charter restriction:

(1) on Interfor US preventing the repayment by it of the Intercorporate Loans owed by it or the making by it of Corporate Distributions to Interfor US Holdings; and

(2) on Interfor US Holdings preventing the making by it of Corporate Distributions to the Borrower;

(t) that it will, and it will cause each of its Subsidiaries to, at all times, comply with all material Applicable Laws relating to each of them;

(u) that it will:

(1) if at any time the Net Lender Breakage Cost Amount exceeds the Equivalent Amount in Canadian Funds of $20,000,000 U.S. Funds within three days reduce the Net Lender Breakage Cost Amount to the Equivalent Amount in Canadian Funds of $15,000,000 in U.S. Funds;

(2) if at any time the aggregate Breakage Cost Amount for all Lenders exceeds the Equivalent Amount in Canadian Funds of $30,000,000 U.S. Funds, within three days reduce that aggregate Breakage Cost Amount to the Equivalent Amount in Canadian Funds of $20,000,000 in U.S. Funds;

(v) that it will, promptly advise the Agent in writing of any change of corporate name, and jurisdiction of domicile of it or any Subsidiary, and promptly provide the Agent copies of any amendments to its or any Subsidiary's constitutional documents within 15 days of such amendments becoming effective;

(w) that it will, within 30 days of the closing of the Rayonier Acquisition, deliver to the Agent:

(1) a duly executed copy of the Rayonier Mills Deed of Trust and provide evidence of recordation in the applicable county offices in the State of Georgia;

(2) Lenders title insurance with respect to the Rayonier Mills Deed of Trust;

(3) an environmental indemnity agreement with respect to the Rayonier Mills in substantially the same form as the Environmental Indemnity (U.S.);

(4) evidence reasonably satisfactory to the Agent of policies of insurance in respect of the Rayonier Assets, which includes business interruption, fire , theft and third party liability coverages;

(5) an opinion (in form and content satisfactory to the Lenders but subject to the usual assumptions and qualifications) as to the filing, recording and registration of the Rayonier Mills Deed of Trust in the appropriate county offices in the State of Georgia;

(6) evidence that Interfor US shall have made arrangements reasonably satisfactory to the Agent for the release of all Liens encumbering the Rayonier Assets except for Permitted Encumbrances and encumbrances permitted by the Rayonier Mills Deed of Trust, evidence of the release of Liens has not yet been obtained on the Effective Date;

(7) certified copies of the constitutional documents of Interfor US;

(8) a certified copy of a resolution or resolutions of the board of directors of Interfor US, authorizing Interfor US to execute, deliver and perform its obligations under the Lenders' Security with respect to the Rayonier Assets and the instruments, agreements, certificates, papers and other documents contemplated herein and therein;

(9) a certificate of good standing or like certificate in respect of Interfor US from appropriate government officials of its jurisdiction of formation;

(10) a certificate of a responsible officer of Interfor US (the certificate in form and content satisfactory to counsel to the Agent) providing or certifying (i) the names of the officers and directors and specimen signatures of each of the individuals who sign on behalf of Interfor US the Lenders' Security with respect to the Rayonier Assets (ii) certifying general matters relating to each of them; and (iii) that no Event of Default in respect of Interfor US has occurred which is continuing;

(11) an opinion with respect to the Interfor US (in form and content satisfactory to counsel to the Agent) as to the status, power and capacity of Interfor US, the due authorization, execution and delivery of the Lenders' Security with respect to the Rayonier Assets and stating that, so far as the said counsel are aware in such capacity in respect of this transaction, there are no actions, proceedings or investigations pending or threatened against Interfor US which question the validity of the Lenders' Security with respect to the Rayonier Assets to which it is a party or the validity of any act to be taken pursuant thereto; and

(12) any other documents and instruments which in the opinion of counsel to the Agent and the Lenders are reasonably necessary to render effective the Lenders' Security in respect of the Rayonier Assets;

(x) that it will within 60 days, or if unable to provide within 60 days using commercially reasonable efforts, within a commercially reasonable period as determined by the Agent, deliver to the Agent consents of the respective landlords of each lease specifically listed in the Leasehold Mortgage, consenting to the execution and delivery of the Leasehold Mortgage and the mortgage and charge by way of sub-lease of the Leases (as defined therein) by the Borrower in favour of the Agent in the landlord's usual form of consent;

Negative Covenants

(y) that, without the prior written consent of the Lenders, it will not and it will cause each of its Subsidiaries not to grant, create, assume, suffer or permit any Lien on any of its assets or operations except for:

(1) Liens existing on the Effective Date and which have been disclosed to the Agent;

(2) the Lenders' Security;

(3) Permitted Encumbrances; and

(4) any other Liens approved by the Agent not exceeding in the aggregate at the time of determination ten percent of the Consolidated Total Assets;

(z) 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 this 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;

(7) security for borrowings under the US Working Capital Facility;

(8) 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 (7) above, provided that the EBITDA Interest Coverage 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;

(aa) that, without the prior written consent of the Lenders: (1) it will not and it will not permit any of its Subsidiaries to make or permit the existence of any Contingent Obligation (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) except for Permitted Encumbrances and Permitted Guarantees; or (2) designate Interfor Trading or any member of the Interfor US Group as an Unrestricted Subsidiary;

(bb) that, without the prior written consent of the Lenders, it will not and it will cause each of its Subsidiaries not to merge, amalgamate, enter into any corporate reorganization or otherwise modify its corporate structure in any way which would materially adversely affect the asset base of the Borrower, Interfor Trading or the Interfor US Group, or its consolidated cash flow of the Borrower or materially impair the ability of the Borrower, Interfor Trading or the Interfor US Group observe and perform its obligations under the Credit Facility Documents;

(cc) that, without the prior written consent of the Lenders, it will not and it will cause each of its Restricted Subsidiaries not to sell (including sale and lease-back transactions), alienate, lease or otherwise dispose of or part with possession ("**Disposal**") of any of its property or assets except for:

(1) Disposals of inventory or current assets in the ordinary course of business;

(2) Disposals of individual items of property or assets in any fiscal year having an aggregate value of less than $10,000,000 based on the greater of net book value or the value determined by the value of the sale or disposition;

(3) Disposals between the Borrower and any Restricted Subsidiaries;

(4) Disposals of worn out or obsolete assets;

(5) Disposals of assets in exchange for assets of a similar nature to be used in the business of the Borrower or a Restricted Subsidiary;

(6) Disposals of accounts receivable on a non-recourse or limited recourse basis pursuant to a receivables securitization program;

(7) Disposals of the Non-Core Assets; and

(8) Disposals of assets not otherwise included in paragraphs (1) to (7) above, to the extent that the aggregate net proceeds of such Disposals do not

exceed 10% of Consolidated Total Assets, calculated as at its most recent fiscal year end;

(dd) that, without the prior written consent of the Lenders, it will not and it will cause each of its Subsidiaries not to directly or indirectly utilize Borrowings to finance a hostile public offer take-over bid to acquire shares or securities;

(ee) that, without the prior written consent of the Lenders, it will not and it will cause each of its Subsidiaries not to make or incur any capital expenditures or enter into any Capital Leases except in accordance with the terms of the approved Capex Plan, or the approved budgets therefor, plus up to an additional 10% of discretionary annual capital expenditures or Capital Leases, provided that such capital expenditures and Capital Leases are in compliance with the Borrower's internal capital expenditure requirements;

(ff) that, without the prior written consent of the Lenders, the Borrower will not make any Corporate Distributions, except for:

(1) Corporate Distributions disclosed in the Business Plan;

(2) Corporate Distributions among the Borrower and Restricted Subsidiaries,

(3) Corporate Distributions to its shareholders in the ordinary course of business;

(gg) that, without the prior written consent of the Lenders, the Borrower will not and it will not permit any Restricted Subsidiary to make any Restricted Payment unless, immediately after any such Restricted Payment shall have been made:

(1) no Event of Default or any event that with notice or lapse of time would be an Event of Default exists, and

(2) the aggregate of Restricted Payments paid or incurred from and including the Effective Date shall not exceed $20,000,000 plus:

(A) 50% of the amount of cumulative Consolidated Net Income (minus 100% if a deficit) from January 1, 2013 provided that the amount of this §(A) shall not be less than zero;

(B) the amount of net proceeds from the issue of any shares, warrants or like equity offerings by the Borrower; and

(C) the amount of any reduction of Indebtedness of the Borrower resulting from a conversion of such indebtedness to shares;

(hh) that, without the prior written consent of the Agent the Borrower will not voluntarily terminate or amend in any materially prejudicial way any of the Timber Tenures; and

(ii) that the Borrower will not permit the aggregate amount of sales of receivables from time to time pursuant to a receivables securitization program to exceed \$50,000,000, unless:

(1) it has given prior notice to the Agent of its intention to sell receivables in excess of \$50,000,000, and

(2) it has amended its Borrowing Base Report to reflect the increased sales of receivables;

(jj) [INTENTIONALLY DELETED]

Reporting Covenants

(kk) that:

(1) it will and it will cause each of its Subsidiaries to at all times keep or cause to be kept proper books of account and that it will deliver to the Agent at the Agent's Branch of Account within 120 days after the close of each fiscal year Sufficient Copies of its annual audited consolidated financial statements reported on by its auditor and accompanied by their signed report which shall contain no material qualifications as to the scope of their examination except as to the furnishing of information to them, and, except for the year end fiscal quarter, within 45 days of the close of each fiscal quarter Sufficient Copies of its quarterly consolidated unaudited financial statements including a summary balance sheet, a consolidated statement of income, a consolidated statement of changes in financial position and financial statements of its divisions, signed by directors of the Borrower;

(2) it will cause each of its Subsidiaries to at all times keep or cause to be kept proper books of account and that it will deliver to the Agent at the Agent's Branch of Account within 120 days after the close of each fiscal year Sufficient Copies of the company prepared consolidated financial statements of Interfor US Holdings and, except for the year end fiscal quarter, within 45 days of the close of each fiscal quarter Sufficient Copies of its and Interfor US's quarterly company prepared financial statements including a summary balance sheet, a consolidated statement of income, a consolidated statement of changes in financial position;

(ll) that it will deliver to the Agent at the Agent's Branch of Account within 30 days after the end of each month (or 45 days after the end of each month which is also a quarter end) Sufficient Copies of its interim unaudited monthly operating statements;

(mm) that if it has Treasury Contracts outstanding, it will within 45 days of close of each fiscal quarter, deliver to the Agent a list of such Treasury Contracts with particulars thereof satisfactory to the Agent, which list shall include the total

Breakage Cost Amount as at the date of the close of the fiscal quarter, listed by contract with reference to the counter party institution;

(nn) that it will deliver to the Agent as soon as practical and no later than 30 days following each ensuing month end:

(1) a Borrowing Base Report in substantially the form of Schedule I and certified as provided therein by its Chief Financial Officer setting out the calculations of Eligible Inventory, Good Accounts Receivable (Canadian $), Good Accounts Receivable (Non-Cdn), the aggregate amount of accounts receivable sold during the preceding month pursuant to a receivables securitization program and Potential Preferred Claims as at the last day of the immediately preceding month-end, and certifying the accuracy thereof; and

(2) a calculation of the Borrowing Base as at the end of the preceding month;

(oo) that it will deliver to the Agent within 60 days of the close of each fiscal year Sufficient Copies of its Capex Plan and Business Plan;

(pp) [INTENTIONALLY DELETED];

(qq) that, except for the year-end fiscal quarter, within 45 days of the close of each fiscal quarter and within 120 days after the close of each fiscal year, it will deliver to the Agent a certificate signed by its Chief Financial Officer in substantially the form attached as Schedule E setting forth the calculations of the amounts and ratios comprised in the financial covenants set out in §7.1(rr) and 7.1(ss) together with particulars of all Permitted Guarantees and Purchase Money Obligations incurred or acquired during the relevant fiscal quarter and certifying the accuracy of the calculations thereof and that it and each of its Subsidiaries are not in default under any financial arrangement in any way which materially adversely affects the financial condition or operations of the Borrower or, if the Borrower or any of its Subsidiaries is in such default, specifying the defaults;

Financial Covenants

[redacted]

(tt) [INTENTIONALLY DELETED].

7.2 Environmental Law

Nothing in this Agreement shall abridge or affect the rights of the Agent or a Lender pursuant to any Environmental Law.

8. EVENTS OF DEFAULT

8.1 Definition of Event of Default

The occurrence of any one or more of the following events constitutes an Event of Default hereunder:

(a) if the Borrower makes default in any payment of principal when the same becomes due under this Agreement and such default shall have continued for a period of five days after notice has been given by the Agent to the Borrower;

(b) if the Borrower makes default in any payment of interest, Acceptance Fees, Breakage Cost Amounts, GL Fees, LC Fees, or other fees when the same becomes due under this Agreement;

(c) [INTENTIONALLY DELETED];

(d) if the Borrower makes default in any payment of a Compensation Amount, Additional Amount or like payment when the same become due under this Agreement and such default shall have continued for a period of five days after notice has been given by the Agent to the Borrower;

(e) if the Borrower or a Subsidiary makes, suffers or permits:

(1) a default under §7.1(rr) or 7.1(ss); or

(2) a material default in observing or performing any other covenant or condition of the Credit Facility Documents or any other agreement with any of the Lenders,

and such default shall have continued for a period of 20 Business Days after notice in writing has been given by the Agent to the Borrower specifying such default;

(f) if there is a default by the Borrower or any of its Subsidiaries (other than a default under this Agreement) which results in the acceleration of payment by the Borrower or any of its Subsidiaries of obligations in excess of $2,500,000 or concerning its performance of other covenants or conditions of borrowings or obligations in excess of $2,500,000 which results in the demand for payment or the acceleration of maturity of such borrowings;

(g) if any representation, warranty or statement made by the Borrower herein or in any certificate pursuant to this Agreement, or by a Subsidiary in any of the Lenders' Security shall, in the Agent's opinion, prove to have been materially incorrect on the date as of which it was made in any respect materially adverse to the Lenders;

(h) if:

(1) an order be made or an effective resolution is passed for the winding-up of the Borrower or, without the prior written consent of the Lenders, any of its Subsidiaries to which Canadian bankruptcy and insolvency laws apply, or if the Borrower or any of its Subsidiaries to which Canadian bankruptcy and insolvency laws apply, on its own behalf makes an assignment for the benefit of its creditors or if the Borrower or any of its Subsidiaries to which Canadian bankruptcy and insolvency laws apply, shall be declared bankrupt or make an authorized assignment or if a custodian or receiver is appointed under the *Bankruptcy and Insolvency Act* (Canada) or if a compromise or arrangement (including a compromise, arrangement, reorganization or other like restructuring commenced by the Borrower which adversely affects its creditors under any Federal or Provincial statute including the *Companies' Creditors Arrangement Act* (Canada) or the *Business Corporations Act* (British Columbia)) is proposed by the Borrower or any of its Subsidiaries to which Canadian bankruptcy and insolvency laws apply, to creditors generally or to a significant class of creditors, or if a receiver, receiver-manager or other officer with like powers is appointed, or if an encumbrancer takes possession of the property of the Borrower or any of its Subsidiaries to which Canadian bankruptcy and insolvency laws apply, or any part thereof, which is, in the reasonable opinion of the Agent, material to the business of the Borrower, or if a distress or execution or any similar process is levied or enforced against a substantial or essential part of such property and remains unsatisfied for a period of 30 days, unless such distress, execution or similar process is in good faith disputed by the Borrower or such Subsidiary and, if so required by the Agent, the Borrower or such Subsidiary provides adequate security to pay in full the amount claimed;

(2) Interfor US Holdings or any of its Subsidiaries (i) commence as debtor any proceedings or a voluntary case under the U.S. federal bankruptcy laws (as now or hereafter in effect) (ii) file a petition as debtor seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts (iii) consent to or fail to contest in a timely and appropriate manner any petition filed against it in any proceedings or involuntary case under such bankruptcy, insolvency or other laws (iv) apply for, consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of itself or a substantial part of its assets, domestic or foreign (v) admit in writing its inability to pay, or generally not be paying, its debts (other than those which are the subject of *bona fide* disputes) as they

become due (vi) make a general assignment for the benefit of creditors, or (vii) take any corporate or partnership or other action for the purpose of effecting any of the foregoing; or

(3) (i) any proceedings or case shall be commenced against Interfor US Holdings or any of its Subsidiaries seeking relief from the laws referred to in (2) above (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or the appointment of any trustee, receiver, custodian, liquidator or the like of Interfor US Holdings or any of its Subsidiaries, and such proceedings or case shall continue undismissed and unstayed for a period of 60 days, or an order granting the relief requested in such proceedings or case against Interfor US Holdings or Subsidiary shall be made, granted or entered;

(i) if any of the Credit Facility Documents shall at any time cease to be in full force and effect (other than by expiration or termination in accordance with its terms for reasons other than the default of the Borrower or a Subsidiary) or if a Court of competent jurisdiction shall declare this Agreement to be null and void or if the Borrower shall contest the validity or enforceability thereof or if the Borrower or a Subsidiary shall deny that it has any further liability or obligation under any of the Credit Facility Documents for any reason ceases other than in accordance with its terms, to constitute valid and subsisting security upon any material part of the property and assets of the Borrower or a Subsidiary as described therein and, in the reasonable opinion of the Lenders, the effect thereof is a materially adverse impact on the interests of the Lenders in their respective capacities as parties to this Agreement;

(j) if a writ of execution, attachment or similar process has been issued or levied against all, or a substantial portion of, the property of the Borrower or a Subsidiary in connection with any judgement against the Borrower or a Subsidiary in any amount in excess of $2,500,000 which materially affects the property of the Borrower or Subsidiary, and no application has been brought to stay such writ of execution, attachment or similar process which application has, in the reasonable opinion of the Agent, a reasonable chance of success;

(k) if it shall become illegal or unlawful for the Borrower to carry on its business or to perform its obligations under this Agreement;

(l) if the Borrower or a Restricted Subsidiary suspends or ceases or threatens to suspend or cease business;

(m) if the Borrower or a Restricted Subsidiary sells or otherwise disposes of or threatens to sell or otherwise dispose of, all or a substantial part of its undertaking, property and assets, whether in one transaction or in a series of related transactions;

(n) if the Borrower or a Restricted Subsidiary fails to actively and diligently contest in good faith, by appropriate and timely proceedings, any action, suit, litigation or other proceeding commenced against it the result of which could be expected to have a materially adverse effect on its financial condition or operations;

(o) if the Borrower or a Restricted Subsidiary knowingly at any time and in any material respect contravenes the provisions of any applicable law, regulation, bylaw, ordinance or work order of any Governmental Body affecting any property of the Borrower or Subsidiary or any activity or operation carried out thereon and, in the reasonable opinion of the Agent, the effect thereof could be expected to have a material adverse effect on the financial condition or operations of the Borrower.

(p) if there occurs a material adverse change:

(1) in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Borrower or a Restricted Subsidiary taken as a whole;

(2) in the ability of the Borrower or a Restricted Subsidiary to perform its obligations under any of the Credit Facility Documents, or to own, develop, construct, maintain or operate, or to exercise or enforce any of its rights, entitlements or benefits with respect to, all or any material part of its undertaking, property or assets; or

(3) in the priority, effectiveness or enforceability of any of the Credit Facility Documents.

8.2 Remedies

Upon the occurrence of an Event of Default and at any time thereafter, provided the Event of Default has not been waived by the Agent or the Borrower has not theretofore remedied all outstanding Events of Default within the prescribed time period or such longer period of time as the Agent may permit, the Agent may, by notice to the Borrower:

(a) terminate the obligations of the Lenders hereunder to make any further Advances under the Credit Facilities, to accept Bankers' Acceptances of the Borrower, to issue Guarantee Letters or Letters of Credit or to enter into Treasury Contracts;

(b) declare Borrowings under the Credit Facilities, interest, fees, costs, including Breakage Cost Amounts, and any other moneys owing to the Agent and the Lenders by the Borrower under this Agreement, including liabilities in respect of Guarantee Letters, Letters of Credit and Bankers' Acceptances which have not yet matured, to be immediately due and payable on the date which is:

(1) 15 Business Days after the Agent delivers such notice to the Borrower, provided that, in the case of an occurrence of any of the events set out in §8.1(h) all such monies and liabilities will become automatically and

immediately due and payable on the date which is 15 Business Days after the occurrence of such event without any notice to the Borrower under this §8.2 or otherwise, or any declaration or other action on the part of the Agent or a Lender; or

(2) that earlier date on or after delivery of such notice when the Agent determines in its reasonable discretion that the business or operations of the Borrower may be materially prejudiced, endangered or adversely affected,

as applicable (the "**Accelerated Payment Date**") and such moneys and liabilities shall forthwith become due and payable on the Accelerated Payment Date without presentment, demand, protest or other notice of any kind to the Borrower, except as expressly required in this §8.2, all of which are hereby expressly waived;

(c) enforce all rights and remedies granted under the Lenders' Security provided that any such enforcement shall not be commenced until after the Accelerated Payment Date;

(d) convert any portion of the Credit Facilities denominated in LIBOR Funds together with unpaid interest thereon, into U.S. Funds or Canadian Funds;

(e) convert any portion of the Credit Facilities denominated in the U.S. Funds together with interest thereon, into Canadian Funds;

(f) terminate any Treasury Contracts in accordance with their respective terms,

provided that on the occurrence of any of the events set out in §8.1(h) the Credit Facilities will automatically accelerate and the availability of Borrowings thereunder will automatically terminate.

The Borrower expressly acknowledges and agrees that the date which is 15 Business Days after the Agent delivers such notice to the Borrower affords and will afford a reasonable period of time to make payment of the outstanding balance advanced under the Credit Facilities, interest, fees, costs and other moneys owing by the Borrower under this Agreement. The Lenders acknowledge and agree that interest, if any, earned or received by any of them as a result of the redeployment or other application of moneys paid by the Borrower pursuant to a demand made under §8.2(b) in respect of Bankers' Acceptances, Guarantee Letters or Letters of Credit which have not yet matured shall be credited or otherwise applied for the benefit of the Borrower.

8.3 Guarantee Letters, Letters of Credit or Bankers' Acceptances Outstanding

If there are Guarantee Letters, Letters of Credit or Bankers' Acceptances outstanding on the Accelerated Payment Date the Borrower shall at such time deposit (at interest to be credited to the Borrower at the Agent's rate for term deposits appropriate to the currency, amount and terms of any such Guarantee Letters, Letters of Credit or Bankers' Acceptances, as the case may be,) in cash collateral accounts to be opened and maintained by the Agent amounts in Canadian Funds, U.S. Funds or both, as the case may be, equal to the aggregate of the Face Amounts of all such unmatured Bankers' Acceptances and the amount of the Guarantee Letters or Letters of Credit, as the case may be. Amounts held in such cash collateral accounts shall be applied by the Agent to the payment of maturing Bankers' Acceptances and payment obligations, if any, pursuant to Guarantee Letters and Letters of Credit, as the case may be, and any balances in such accounts shall be applied to repay other obligations of the Borrower in accordance with §9.5 of this Agreement.

8.4 Remedies Cumulative

No remedy conferred on the Agent or a Lender under this Agreement is intended to be exclusive. Each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or equity or by statute or otherwise. The exercise or commencement of exercise by a Lender or the Agent of any one or more of such remedies shall not preclude the simultaneous or later exercise by a Lender or the Agent of any or all other such remedies.

8.5 Waivers

The Agent may, by written instrument at any time and from time to time waive any breach by the Borrower of any of the covenants or Events of Default herein. No course of dealing between the Borrower and the Agent or a Lender nor any delay in exercising any rights hereunder shall operate as a waiver of any rights of the Agent or of a Lender.

8.6 Application of Payments Following Acceleration

After the Accelerated Payment Date, a Lender may apply any moneys received by it from the Agent pursuant to §9.7 of this Agreement towards repayment of Borrowings under the Credit Facilities as it deems appropriate. Each Lender agrees to use reasonable efforts to apply moneys received by it to first repay Borrowings under the Borrowing Options which do not have redeployment costs associated with payment prior to the maturity dates of such Borrowings.

8.7 Lenders May Perform Covenants

If the Borrower shall fail to perform any of its obligations under any covenant contained in this Agreement the Agent may, after an Event of Default and with the unanimous approval of the Lenders, upon five Business Days prior notice to the Borrower, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, it may make such payment or expenditure with its own funds on behalf of the Lenders. All amounts so paid by the Agent hereunder shall be repaid by the Borrower and shall bear interest at the rates set forth in §3.6 from and including the date paid by the Agent hereunder to but excluding the date such amounts are repaid in full by the Borrower.

9. THE AGENT AND THE LENDERS

9.1 Appointment and Authorization

Each Lender hereby appoints and authorizes and hereby agrees that it will require any approved transferee of its interest herein to appoint and authorize the Agent to act as its respective agent for those purposes specifically delegated to the Agent by the terms of this Agreement.

9.2 Authority of Agent

Each Lender hereby authorizes the Agent to take all such action on its behalf and to exercise such powers and perform such duties under this Agreement as are specifically delegated to it by their respective terms, together with all such other powers as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement the Agent is not required to exercise any discretion or to take any action, but is required to act or to refrain from acting (and is fully protected in so acting or refraining from acting) upon the instructions of the Lenders. The Agent shall never be required to take any action which is contrary to this Agreement or applicable law.

9.3 Arrangements for Borrowings

The Agent shall promptly notify each Tranche A Lender or Tranche B Lender by facsimile transmission of each request from the Borrower for a Borrowing or conversion of a Borrowing under the Tranche A Credit Facility or the Tranche B Credit Facility. Any such notification shall:

(a) in the case of a request for a Canadian Advance or U.S. Advance, advise each Lender of the amount of its participation in each such Canadian Advance or U.S. Advance and the Drawdown Date;

(b) in the case of a request for a LIBOR Advance or a LIBOR Equivalent Advance, advise each Lender of the amount of its participation in each such LIBOR Advance or LIBOR Equivalent Advance, the Drawdown Date, the London Interbank Offered Rate (which shall be advised on the Interest Determination Date) and the LIBOR Interest Period for each LIBOR Advance or LIBOR Equivalent Advance;

(c) in the case of a request for Bankers' Acceptances, Letters of Credit or Guarantee Letters, advise each Lender of the aggregate amount and desired denomination of each Bankers' Acceptance, Letters of Credit or Guarantee Letters, and duration thereof, the amount of such Lender's participation, and the Drawdown Date.

9.4 Funding Times

All Borrowings under the Tranche A Credit Facility and the Tranche B Credit Facility shall be funded by each Lender at or before 1:00 p.m. local time at Toronto, Ontario on the applicable Drawdown Date at the Agent's Canadian Account for Payments.

9.5 Repayment of Borrowings, Interest and Fees Prior to Accelerated Payment Date

Prior to the Accelerated Payment Date, upon receipt by the Agent of payments, including prepayments from the Borrower on account of principal, interest, standby fees or any other payment made to the Agent on behalf of the Lenders, the Agent shall pay to each Lender the amount to which it is entitled under this Agreement.

9.6 Repayment of Borrowings, Interest and Fees After Accelerated Payment Date

After the Accelerated Payment Date the Lenders shall share any payments subsequently received in accordance with §9.7 of this Agreement.

9.7 Application and Sharing of Payments after Acceleration

Any sum received by a Lender or the Agent at any time after the Accelerated Payment Date and which that Lender or the Agent is obliged to apply in or towards satisfaction of Borrowings, interest, Commitment Fees or other fees shall, in the case of sums received by a Lender be delivered by that Lender to the Agent, and shall in any case be applied by the Agent (unless otherwise determined by all of the Lenders) as follows:

(a) first, to pay expenses then due and payable including any fees or expenses incurred by the Agent in connection with the administration, collection, enforcement and realization of any of the Credit Facility Documents;

(b) second, among the Lenders in accordance with each Lender's Proportion Outstanding in or towards the payment of any amounts due and payable as and by way of standby fees and recoverable expenses;

(c) third, among the Lenders in accordance with each Lender's Proportion Outstanding as adjusted to reflect an increase in Borrowings outstanding to a particular Lender by that amount which is equal to any Compensation Amount or Breakage Cost Amount or both, as the case may be, owed to such Lender in or towards repayment of any principal amount of the unpaid Borrowings and Compensation Amount, if any;

(d) fourth, among the Lenders in accordance with each Lender's Proportion Outstanding in or towards payment of any Commitment Fees, interest or default interest then due and payable on or in respect of Borrowings, and

(e) fifth, among the Lenders in accordance with each Lender's Proportion Outstanding in or towards satisfaction of any other amount then due and payable by the Borrower under this Agreement.

Each Lender agrees to use reasonable efforts to apply moneys received by it to first repay Borrowings under Borrowing Options which do not have redeployment costs associated with payment prior to the maturity dates of such Borrowings.

9.8 Application of Proceeds from Early Termination of Treasury Contracts

Any sum received by the Agent or a Lender as a result of the early termination of a Treasury Contract shall, after deducting Breakage Cost Amounts, if any, be paid to the Agent to be applied by the Agent in accordance with §9.7.

9.9 Agent May Assume Borrower will Repay

Unless the Agent has been notified in writing by the Borrower on or before the second Business Day prior to the date on which any payment to be made by the Borrower in respect of the Tranche A Credit Facility or the Tranche B Credit Facility is due that the Borrower does not intend to remit such payment, the Agent may assume that the Borrower will remit such payment when due and may, at its discretion and in reliance upon such assumption, make available to each Lender on such payment date an amount equal to such Lender's Proportion of such assumed payment. If the Borrower does not in fact remit such payment to the Agent, the Agent shall promptly notify each Lender which shall forthwith repay to the Agent the amount of such assumed payment made available to it, together with interest thereon until the date of repayment thereof at a rate determined by the Agent (such rate to be conclusive and binding on such Lender) in accordance with the Agent's usual banking practice for similar advances to financial institutions of like standing to such Lender, but in any event at a rate no greater than the Agent's Prime Rate for advances of Canadian Funds and the Agent's U.S. Base Rate (Canada) for advances of U.S. Funds.

9.10 Failure of Lender to Fund

Unless the Agent has been notified in writing by a Lender at least one Business Day prior to a Drawdown Date that such Lender does not intend to make available to the Agent its Lender's Proportion of the Borrowing under the Tranche A Credit Facility or the Tranche B Credit Facility to be effected on a stipulated Drawdown Date, the Agent may, at its discretion, assume that such Lender has remitted funds in an amount equal to its Lender's Proportion of such Borrowing to the Agent, and the Agent may, at its discretion and in reliance upon such assumption, make available to the Borrower on such Drawdown Date an amount equal to such Lender's Proportion of such Borrowing. If a Lender does not in fact remit its Lender's Proportion of the relevant Borrowing to the Agent on the Drawdown Date, the Agent shall promptly notify such Lender which shall forthwith pay to the Agent the amount made available by the Agent on behalf of such Lender, together with interest thereon until the date of payment thereof at the rate or rates set forth in §3.6 of this Agreement as adjusted from time to time by §3.7. If the delinquent Lender fails to make the foregoing payment of principal and interest, if any, to the Agent, the Borrower shall forthwith, after receipt of notice from the Agent, repay a like amount of principal and interest to the Agent.

Nothing herein shall be deemed to relieve any Lender from its obligations to fulfil its respective Commitment in accordance with the terms of this Agreement or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender.

9.11 Disclaimer of Agent

The Agent makes no representation or warranty and accepts no responsibility with respect to the due execution, legality, validity, sufficiency or enforceability of this Agreement or any instrument or document referred to therein or relative thereto. The Agent assumes no responsibility for the financial condition of the Borrower, or for the payment by the Borrower of its obligations. The Agent assumes no responsibility with respect to the accuracy, authenticity, legality, validity, sufficiency or enforceability of any documents, papers, materials or other information furnished by the Borrower or any other Person to the Agent or to any Lender in connection with this Agreement or any matter referred to therein.

9.12 Agent's Duties and Obligations

The duties and obligations of the Agent under this Agreement are only those expressly set forth herein. The Agent shall not have any duty to investigate whether an Event of Default or an event which with notice or the lapse of time or both would become an Event of Default has occurred. The Agent shall be entitled to assume that no Event of Default has occurred and is continuing, unless the Agent has actual knowledge or has been notified by the Borrower or a Governmental Body of such fact or has been notified by a Lender that such Lender considers that an Event of Default has occurred and is continuing, such notification to specify in detail the nature thereof.

9.13 Agent's Liabilities and Responsibilities

The Agent is not a trustee or fiduciary of the Lenders and shall be under no liability or responsibility whatsoever as Agent:

(a) to the Borrower or any other Person as a consequence of any failure or delay in the performance by, or any breach by, any Lender or Lenders of any of its or their obligations under the Credit Facility Documents;

(b) to any of the Lenders, as a consequence of any failure or delay in performance by, or any breach by, the Borrower of any of its obligations under this Agreement, or

(c) to any of the Lenders, for any statements, representations or warranties in this Agreement or any other document contemplated by this Agreement or in any other information provided pursuant to this Agreement or any other document contemplated by this Agreement.

9.14 Lenders to Indemnify Agent

The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower) pro rata according to their respective Lender's Proportions from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever including legal fees which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any other document contemplated thereby or any action taken or omitted by the Agent under this Agreement or any document contemplated thereby, except that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of the Agent.

9.15 Agent to Act in Good Faith

Any determination to be made by the Agent under this Agreement shall be made by the Agent in good faith and, if so made, shall be conclusive and binding on all Lenders, absent manifest error.

9.16 Royal's Separate Rights

Royal shall have the same rights and powers hereunder with respect to its Commitment as any other Lender and may exercise the same as though it were not the Agent and Royal may accept deposits from, lend money to and generally engage in any kind of business with the Borrower and persons doing business with the Borrower as if it were not the Agent and without any obligation to account therefor.

9.17 Acknowledgement of Lenders

Each Lender acknowledges to the Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into the financial condition, credit-worthiness, affairs, status and nature of the Borrower and, accordingly, each Lender confirms to the Agent that it has not relied, and will not hereafter rely on the Agent:

(a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower in connection with this Agreement (whether or not such information has been or is hereafter circulated to such Lender by the Agent);

(b) to assess or keep under review on its behalf the financial condition, credit-worthiness, affairs, status or nature of the Borrower, or

(c) to examine, inquire into or pass upon the validity, effectiveness or genuineness of this Agreement or any instrument, document or communication furnished pursuant thereto or in connection therewith and the Agent shall be entitled to assume that the same are valid, effective and genuine, have been signed or sent by the proper parties and are what they purport to be.

9.18 Successor Agent

Subject to the appointment and acceptance of a successor agent as provided in this §9.18, the Agent may resign at any time by giving written notice of its intention to resign to each of the Lenders and the Borrower. Upon receipt of notice from the Agent of its intention to resign, the Lenders' Majority shall have the right to appoint a successor agent. If no successor agent shall have been appointed by the Lenders' Majority and shall have accepted such appointment within 30 Banking Days after the date on which the Agent gave notice of its intention to resign the Agent may, on behalf of the Lenders appoint a successor agent. The Lenders' Majority may remove the Agent provided they determine a successor agent prior to any such removal. Any successor agent appointed under this §9.18 shall be a Lender which has offices in Vancouver, British Columbia, Toronto, Ontario and New York, New York. After a successor agent has accepted the appointment as Agent, such successor shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the Agent, and the retiring Agent shall be discharged from its duties and obligations as Agent under this Agreement. After the Agent's resignation or removal, the provisions of this Agreement shall continue in effect for its benefit and for the benefit of the Lenders in respect of any actions taken or omitted to be taken by the Agent prior to its resignation.

9.19 Notices from Agent to Lenders

All notices from the Agent to the Lenders relating to Cdn$ or US$ shall be sent to the Branch of Account for each Lender.

9.20 All Other Notices Among Agent and Lenders

All other notices from the Agent to the Lenders shall be sent to the address as indicated opposite the name of each Lender on the signature pages of this Agreement.

9.21 Notices to the Agent

All notices from time to time to the Agent shall be sent to the Agent's Branch of Account.

9.22 Relations with Borrower

All communication with the Borrower by a Lender in connection with the Tranche A Credit Facility and the Tranche B Credit Facility shall, unless otherwise provided in this Agreement, be directed through the Agent.

9.23 Reliance by Agent on Notices

The Agent and each Lender shall be entitled to rely upon any writing, letter, notice, certificate, telex, cable, facsimile transmission, statement, order or other document believed by the Agent or a Lender to be genuine and correct and to have been signed, sent or made by the proper person or persons.

9.24 Consultations with Counsel

The Agent may consult with legal counsel selected by it as counsel and shall not be liable to the Lenders for any action taken or not taken or suffered by it in good faith and in accordance with the advice and opinion of such counsel.

9.25 Reimbursement of Agent's Expenses

Each Lender will, to the extent that the Borrower has not done so pursuant to this Agreement, reimburse and indemnify the Agent for such Lender's Proportion of costs, charges, expenses, claims, liabilities and/or damages which may be properly and reasonably incurred by the Agent in connection with the Agent's duties under this Agreement.

In the event that it becomes necessary or advisable for the Agent to lend money to a receiver or receiver manager on the security or receiver or receiver manager's certificates or to expend moneys with respect to any matters contemplated by this Agreement, the Lenders shall share the amount of any such loans or expenditures on the basis of the Lender's Proportion of such loans or expenditures.

The Agent shall not be obliged to spend funds or otherwise incur any financial obligation in connection with this Agreement unless the Agent is so reimbursed.

9.26 Action by Agent

The Agent shall have the right, subject to the provisions of this Agreement, to take or refrain from taking such actions as the Agent deems necessary, or to provide agreements, consents, approvals, or instructions to the Borrower, on behalf of the Lenders, in respect of all matters referred to in or contemplated by this Agreement. Notwithstanding the foregoing, if the Agent has actual knowledge of or has been notified pursuant to §9.12 of an event which with notice or the lapse of time or both would become an Event of Default, the Agent shall give notice to the Borrower specifying such default and shall forthwith advise the Lenders that it has given such notice to the Borrower.

9.27 Waivers, Amendments, Consents, Approvals

Except as provided in §9.34, no provision of this Agreement and no breach of any such provision may be amended, waived, discharged or terminated, as the case may be, orally and may only be amended, waived, discharged or terminated, as the case may be, by an instrument in writing signed by the Borrower and the Agent, with the consent of the Lenders' Majority on behalf of the Lenders.

9.28 Changes to the Agent's Rights and Obligations

Any amendment or waiver of any provision of this Agreement which relates to the rights or obligations of the Agent shall require the written agreement of the Agent.

9.29 Consent of All Lenders Required

Where any proposed amendment, waiver, discharge or termination relates to:

(a) any alteration, otherwise than in accordance with this Agreement, in the amount of any principal, interest, default interest, Commitment Fees, GL Fees, LC Fees, Acceptance Fees or other fees or other amounts payable by the Borrower under this Agreement or any alteration in the currency or mode of calculation or computation thereof;

(b) any lengthening or shortening otherwise than in accordance with this Agreement of the time for any payments required to be made by the Borrower under this Agreement;

(c) any change in the date on which a Credit Facility is to be repaid otherwise than in accordance with this Agreement;

(d) any change in the Borrowing Options available under this Agreement;

(e) any increase in any Lender's Commitment;

(f) the provisions of §9.27, §9.28 and §9.29;

(g) a change in the percentage specified in the definition of "Lenders' Majority";

(h) any lengthening or shortening of the notice periods under §3.11, §3.12 and §4.3;

(i) subject to §9.39, any adverse change in the Lender's Security,

it must be approved and consented to in writing by the Agent and by all of the Lenders in order to be effective and if so approved and consented to it shall be binding upon all of the Lenders. In circumstances other than those contemplated in §9.29 an amendment, waiver, discharge or termination consented to by Lenders' Majority shall be binding upon all of the Lenders.

9.30 Agent's Duty to Deliver Documents and Notices

The Agent shall promptly deliver to each of the Lenders such notices, documents, papers, materials and other information as are furnished pursuant to this Agreement by the Borrower to the Agent on behalf of the Lenders, but shall have no other obligation to provide any Lender with any credit or other information whatsoever with respect to the Borrower and shall be under no obligation to inquire as to the performance by the Borrower of its obligations thereunder or under the Lenders' Security as the case may be.

9.31 No Partnership

Nothing contained in this Agreement and no action taken pursuant to it shall be or shall be deemed to constitute the Lenders a partnership, association, joint venture or other such entity.

9.32 Adjustments Among Lenders

The Lenders agree, each with the other, as follows:

(a) that, after any acceleration under this Agreement or after the cancellation or termination of the Total Commitment or after prepayment or repayment, they will at any time or from time to time upon the request of any Lender through the Agent purchase portions of the Borrowings made available by the other Lenders which remain outstanding and make any other adjustments which may be necessary or appropriate, in order that the amounts of the Borrowings made available by the respective Lenders which remain outstanding as adjusted pursuant to this §9.32, will be in the same proportions as the Lender's Proportions;

(b) that, after any acceleration under this Agreement or after the cancellation or termination of the Total Commitment, the amount of any repayment made by the Borrower under this Agreement and the amount of any proceeds of the exercise of any rights or remedies of the Lenders under this Agreement which are to be applied against amounts owing under this Agreement as principal will be so applied in a manner so that to the extent possible the Borrowings made available by the respective Lenders which remain outstanding after giving effect to such application will be in the same proportions as the Lender's Proportions;

(c) that, without limiting the generality of the provisions of §(a) and §(b) above, such provisions will have application if and whenever any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any moneys owing or payable by the Borrower to it under this Agreement in excess of its Lender's Proportion of payments on account of moneys owing by the Borrower to all the Lenders thereunder.

9.33 Allocation of Each Basis of Borrowing

The Agent agrees to use its reasonable efforts to ensure that each basis of Borrowing under the Tranche A Credit Facility or the Tranche B Credit Facility is allocated among the Lenders in accordance with their respective Lender's Proportions. If it is not practicable to allocate each basis of Borrowing as aforesaid or to allocate Bankers' Acceptances among the Lenders in accordance with their respective Lender's Proportions so that the aggregate amount of Bankers' Acceptances required to be accepted and purchased by a Lender hereunder is in a whole multiple of Cdn$100,000 or US$100,000, as the case may be, the Agent is authorized by the Borrower and each Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances.

9.34 Amendment of this Agreement

Save and except for the provision of §9.18 requiring the Borrower consent to the appointment of a successor agent, the provisions of §9 of this Agreement may be amended or added to from time to time by the Lenders executing an instrument which shall validly and effectively amend or add to any or all of the provisions of §9 of this Agreement without requiring the execution of such instrument in writing by the Borrower, provided such amendment or addition does not adversely affect the rights or obligations of the Borrower. The Agent shall promptly notify the Borrower of any amendment to §9 of this Agreement.

9.35 Lenders' Prime Rates

Each Lender acknowledges and agrees that the Agent shall use the Prime Rate and the U.S. Base Rate (Canada) to calculate the amounts of interest to be paid by the Borrower to each Lender on the 20th day of each month.

9.36 Lender's Review of the Capex Plan

Each Lender agrees to use reasonable efforts to review the Capex Plan and the Business Plan promptly and to advise the Agent within thirty days after receipt thereof of its approval or disapproval (together with an explanation and reasons for any disapproval) thereof in order that the Agent may so advise the Borrower.

The Lenders hereby confirm that they have approved the Capex Plan for the 2013 fiscal year.

9.37 Agent to Hold Lenders' Security in Trust

Royal hereby declares in its capacity as Agent that it will hold such of the Lenders' Security running in favour of the Agent in trust for itself and for each Lender in proportion to each Lender's Proportion and that it will effect all such filings, registrations and renewals as are necessary to maintain the validity of the charge or charges created thereby.

9.38 Lenders' Security Ranks Pari Passu

Each of the Lenders agrees that its respective interest in the Lenders' Security shall rank at all times pari passu, each with the other, on the basis of its percentage of outstanding Borrowings.

9.39 No Surrender or Discharge of Lenders' Security

The Agent agrees that the Lenders' Security shall not, during the currency of this Agreement, be discharged or otherwise surrendered in whole or in part except as provided in this Agreement or the Lenders' Security. The Lenders agree that the Agent may, in the interests of time, grant partial discharges in respect of assets sold, to be sold or subdivided or otherwise disposed of by the Borrower as permitted by this Agreement without the prior direction of the Lenders as provided for in §10.25.

9.40 Lenders' Security

The Lenders' Security shall be realized for the common benefit of the Lenders, and all money or other proceeds of demand and enforcement, shall be applied in accordance with §9.7.

10. GENERAL

10.1 Waiver or Modification

No failure or delay on the part of the Agent or any Lender in exercising any right, power or privilege hereunder shall impair such right, power or privilege or operate as a waiver thereof nor shall any single or partial exercise of such right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and not exclusive of any rights and remedies provided by law.

10.2 Agent Must Sign Amendments, Modifications, Etc.

No notice, demand, amendment, modification or waiver of any condition of this Agreement or consent to any departure by the Borrower therefrom shall, in any event, be effective unless the same shall be in writing signed by the Agent. No notice to or demand on the Borrower shall by reason thereof entitle the Borrower to any other or further notice or demand in similar or other circumstances unless specifically provided for in this Agreement.

10.3 Successors and Assigns

(a) *Amendments - General.* This Agreement shall be binding upon and enure to the benefit of the Borrower and the Lenders and their respective successors and permitted assigns. The Borrower shall not, without the prior written consent of the Agent, assign any rights or obligations with respect to this Agreement or any other agreement or document contemplated under this Agreement.

(b) *Issuing Lender.* No amendment, waiver or consent shall, unless approved by the Issuing Lender, if any, affects the rights or obligations of the Issuing Lender with respect to Letters of Credit.

(c) *Swingline Lender.* No amendment, waiver or consent shall, unless approved by the Swingline Lender, affect the rights or obligations of the Swingline Lender with respect to Swingline Advances.

10.4 Participations and Assignments

Subject to §10.5, each Lender may, with the consent of the Borrower and the Agent, which consent shall not be unreasonably withheld, subject to the provisions of this §10.4 and payment to the Agent of an assignment fee of $5,000, at its own cost at any time grant participations in, sell, assign, transfer or otherwise dispose of all or any portion of its Commitment under the Tranche A Credit Facility or the Tranche B Credit Facility or Borrowings made available to the Agent for the account of the Borrower under those Credit Facilities to any financial institution carrying on business in, and for the purpose of the *Income Tax Act* (Canada) residing in, Canada (in either case a "**Disposition**").

In all cases an assignment shall be of at least $5,000,000 with increments of $500,000 and a participation shall be of at least $5,000,000 with increments of $500,000. No Disposition shall be effective until the Agent shall have received an instrument (in form and substance satisfactory to the Agent) in which the transferee or assignee, as the case may be, shall agree to be bound by all of the terms of this Agreement as fully as though it were an original party hereto except that any participant shall not be entitled to vote or grant subparticipations. The Borrower hereby agrees that, upon compliance with the foregoing, any purchaser, assignee or transferee of all or any portion of any amount owed by the Borrower under this Agreement:

(a) shall be entitled to the benefits of the provisions of this Agreement as fully as though it were an original party to this Agreement and a Lender thereunder; and

(b) may, subject to the terms of this Agreement, exercise any and all rights of banker's lien, set-off or counterclaim with respect to any and all amounts owed by the Borrower to such purchaser, assignee or transferee as fully as if such purchaser, assignee or transferee had made advances in the amount of the obligation which is sold, assigned or transferred to it;

(c) may, if it is a lender named in Schedule II of the *Bank Act* (Canada) or, if it is a lender which is not named in Schedule I of the *Bank Act* (Canada), and it prefers to deal with the Agent for the purpose of issuing Bankers' Acceptances, on giving ten Business Days' notice to the Agent and to the Borrower of its intention to do so, elect to be governed by the provisions of §4 of this Agreement with respect to the issuance of Bankers' Acceptances; and

(d) shall, if it is a lender which is not subject to the provisions of the *Bank Act* (Canada), be governed by the provisions of this Agreement with respect to the issuance of the "Discount Notes" as defined herein.

10.5 Assignment After Default

Notwithstanding anything to the contrary herein contained, where an Event of Default has occurred and is continuing, nothing in this Agreement shall limit or otherwise restrict the right of a Lender to assign all or any part of its rights and obligations under or with respect to this Agreement with the consent of the Agent, not to be unreasonably withheld. Without limiting the generality of the foregoing, any such assignment shall not require the consent of the Borrower or the Agent nor be restricted to financial institutions resident in Canada.

10.6 Obligations of Borrower Re Disposition

The Borrower shall, at the request and at the expense of any Lender which effects a Disposition under §10.4 or makes an assignment under §10.5 of this Agreement, execute and deliver to such Lender or to such party or parties as such Lender may designate any and all further instruments, use its reasonable efforts to obtain any and all further authorizations or approvals and make any and all further registrations, filings or notifications, as may be necessary or desirable to give full force and effect to such Disposition. The term "Lender" as used in this Agreement shall include all purchasers, assignees and transferees permitted hereunder of all or any portion of any amount owed to such Lender under this Agreement. Except as specifically set forth in this §10.6 nothing in this Agreement, expressed or implied, is intended to or shall confer on any Person other than the respective parties hereto and thereto and their permitted successors and assignees any benefit or any legal or equitable right, remedy or other claim under this Agreement. For the purposes of this §10.6, the Borrower hereby authorizes each Lender to provide on a confidential basis to any eligible prospective purchaser, assignee, transferee or participant all financial information, reports, budgets, projections and documents, including this Agreement made available to each Lender by the Agent from time to time.

10.7 Borrower to Facilitate Adjustments Among Lenders

The Borrower agrees to be bound by and to do all things necessary or appropriate to give effect to any and all purchases and other adjustments made by and between the Lenders pursuant to §9.32.

10.8 Time of the Essence

Time shall be of the essence hereof.

10.9 Further Assurances

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

10.10 Set-Off

In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights but subject to §9.32, a Lender is authorized at any time or from time to time after the Accelerated Payment Date, without notice to the Borrower or to any other Person, any such notice being expressly waived by the Borrower, to set-off, compensate and to appropriate and to apply any and all deposits, matured or unmatured, general or special, held for or in the name of the Borrower and any other indebtedness or liability at any time owing or payable by such Lender to or for the credit of or the account of the Borrower against and on account of the obligations and liabilities of the Borrower due and payable to such Lender under this Agreement including all claims of any nature or description arising out of or connected with this Agreement, irrespective of currency. The Lenders and the Borrower acknowledge and agree that this paragraph is not intended to create and shall not be construed as creating and does not create a security interest in any property of the Borrower.

10.11 Judgement Currency

If for the purposes of obtaining judgement in any court in any jurisdiction or for any other purpose hereunder it becomes necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For such purpose "rate of exchange" means the spot rate at which the Agent, on the relevant date at or about 12:00 noon local time at Toronto, Ontario, would be prepared to sell a similar amount of such currency in Toronto, Ontario against the Judgement Currency. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgement is given and the date of payment of the amount due, the Borrower shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency. Any additional amount due from the Borrower under this §10.11 shall be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

10.12 Account Debit Authorization to Agent

The Borrower authorizes and directs the Agent to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower maintained with Royal (for so long as Royal is Agent hereunder) or with such other of the Lenders with which the Borrower maintains bank accounts for all amounts payable under the Tranche A Credit Facility or the Tranche B

Credit Facility, including but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

10.13 [INTENTIONALLY DELETED]

10.14 Expenses

All statements, certificates, opinions and other documents or information required to be furnished to the Agent or the Lenders by the Borrower under this Agreement shall be supplied by the Borrower without cost to the Agent or the Lenders. In addition, the Borrower agrees to pay promptly to the Agent on demand, all reasonable legal fees and other reasonable expenses which are incurred from time to time by the Agent in respect of the documentation, preparation, registration, negotiation, execution and administration of this Agreement (including any value added, goods and services, business transfer tax or other similar taxes payable in connection with the execution, delivery or enforcement of this Agreement) and in respect of the syndication to the Lenders of the Credit Facilities provided pursuant to this Agreement.

10.15 Survival of Representations and Warranties

The representations and warranties made in §2 of this Agreement shall survive the execution and delivery of this Agreement and the Effective Date and continue in full force and effect until the full payment and satisfaction of all moneys due hereunder.

10.16 Notice Procedure

Any demand, request, notice or consent to be given under this Agreement shall be in writing and shall be given by delivering or faxing the same (and if faxed will only be effective if immediately followed by delivery of such written demand, request, notice or consent) addressed, in the case of the Agent and the Lenders, as set forth in §9.19 and §9.21 and, in all other cases, as indicated opposite the names of the signatories on the signature pages of this Agreement. Any party hereto may by notice given in the manner provided herein change its address for notice under this Agreement.

10.17 Notice Received

Any such demand, request, notice or consent sent as aforesaid shall be deemed to have been received by the party to whom it is addressed upon delivery, if delivered, or if such date of delivery is not a Business Day on the next following Business Day, and the next Business Day following transmission if sent by fax.

10.18 Borrowing Confirmations and Notices

The Borrower agrees to provide notice to the Agent requesting a Borrowing or advising of a repayment, prepayment or cancellation of all or part of the Credit Facilities in substantially the form of the notice attached as Schedule F.

10.19 Bankers' Acceptances Confirmations

The Agent agrees to provide confirmation to the Borrower and to each Lender of Borrowings by way of Bankers' Acceptance under the Tranche A Credit Facility and the Tranche B Credit Facility in substantially the forms of the notices of confirmation attached as Schedule D (Part 2 - Confirmation to Borrower, and Part 3 - Confirmation to Lenders), or such other form of notification as the Agent deems appropriate.

10.20 Indemnity

The Borrower hereby indemnifies and holds harmless the Agent and each Lender and their respective directors, officers, employees and agents from and against all losses, damages, reasonable expenses (including fees, charges and disbursements of counsel) and liabilities (including those arising from any litigation or other proceedings) related to or arising out of the transactions contemplated by this Agreement provided that no Person shall be indemnified in respect of matters arising from such person's gross negligence or wilful misconduct.

10.21 Counterparts

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement 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.

10.22 Reasonable Consent or Approval of the Parties

The parties hereto acknowledge and confirm that:

(a) where any of them is required to exercise its discretion or grant its approval or consent pursuant to a provision in this Agreement, it shall act reasonably in the exercise of its discretion and will not unreasonably withhold or delay the granting of its approval or consent, and

(b) the Borrower may rely on any consent, approval, calculation or determination provided to them by the Agent pursuant to this Agreement and where such consent, approval, calculation or determination expressly requires that the Agent shall have received the approval of the Lenders, that the Agent has obtained such approval.

10.23 Evidence of London Interbank Offered Rate

If it is necessary at any time to prove the London Interbank Offered Rate applicable to any particular LIBOR Advance or LIBOR Equivalent Advance, a certificate in writing from any duly authorized officer of the Agent shall be prima facie evidence (absent any manifest error) of such rate.

10.24 No Deduction for Taxes

If the Borrower or any Subsidiary is required by law to make any deduction or withholding on account of any Tax from any sum paid or payable by the Borrower or Subsidiary to the Agent or any Lender under any of the Credit Facility Documents or otherwise:

(a) the Borrower or Subsidiary shall notify the Agent of any such requirement or any change in any such requirement as soon as the Borrower or Subsidiary becomes aware of it;

(b) the Borrower or Subsidiary shall pay such Tax to the relevant Governmental Body before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on the Borrower or Subsidiary) for its own account or (if that liability is imposed on the Agent or such Lender, as the case may be) on behalf of and in the name of the Agent or such Lender;

(c) the sum payable by the Borrower or Subsidiary in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment (including any deduction, withholding or payment on the additional amounts) the Agent or such Lender, as the case may be, receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment been required or made; and

(d) within 30 days after paying any such sum from which it is required by law to make any deduction or withholding, and within 30 days after the due date of payment of any Tax which it is required by (b) above to pay, the Borrower shall deliver to the Agent an official receipt or other evidence satisfactory to the other affected parties of such deduction, withholding or payment and of remittance thereof to the relevant Governmental Body.

If any Tax in connection with the transactions contemplated by this Agreement is directly asserted against the Agent or a Lender, the Borrower will indemnify and hold harmless the Agent or Lender, as the case may be, from each such Tax (and all expenses relating thereto) whether or not such Tax was correctly or legally asserted.

10.25 Lenders to Grant Releases and Priority

The Lenders agree that they will, at the request and expense of the Borrower, execute and deliver to the Borrower all such discharges, releases or acknowledgements as may be requested from time to time by the Borrower to release and discharge any specific mortgage, charge or security interest in and upon any assets of the Borrower if sold or otherwise disposed of by the Borrower as permitted under §7.1(cc) or §9.39 of this Agreement.

10.26 Waiver of Jury Trial

THE BORROWER, THE AGENT, THE ARRANGER AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.27 [INTENTIONALLY DELETED]

10.28 [INTENTIONALLY DELETED]

10.29 Sharing of Payments; Records.

(a) *The Swingline and Issuing Lenders.* Upon the occurrence of an Event of Default, adjustments shall be made among the Tranche A Lenders as set forth in this §10.29(a).

(1) Unless the Swingline Lenders and the Tranche A Lenders agree otherwise, if an Event of Default occurs, then the Swingline Lenders will promptly request the Agent on behalf of the Borrower (and for this purpose the Swingline Lenders are irrevocably authorized by the Borrower to do so) for a Borrowing by way of a Canadian Advance or a U.S. Advance (as applicable) from the Tranche A Lenders pursuant to §3 to repay to the Swingline Lenders the outstanding Swingline Advances. The Lenders are irrevocably directed by the Borrower to make any Canadian Advance or U.S. Advance (as applicable) if so requested by the Swingline Lenders and pay the proceeds thereof directly to the Agent for the account of the Swingline Lenders. At all times thereafter the commitment of the Swingline Lenders to make Swingline Advances under §3.4A shall be terminated and the Lenders shall make such adjusting payments amongst themselves in the manner contemplated by §10.29(b) as may be required to ensure their respective participations in outstanding Advances reflect their respective Commitments. If any Guarantee Letter or Letter of Credit is thereafter drawn which results in a payment by the Issuing Lender thereunder (in this §10.29(a), an "**LC Payment**"), the Issuing Lender will promptly request the Agent on behalf of the Borrower (and for this purpose the Issuing Lender is irrevocably authorized by the Borrower to do so) for a Borrowing by way of a Canadian Advance or a U.S. Advance (as applicable) from the Lenders pursuant to §3 to reimburse the Issuing Lender for such LC Payment and the foregoing provisions of this §10.29(a)(1) shall equally apply to each such further Advance. Each Lender unconditionally agrees to pay to the Agent for the account of the Swingline Lender or the Issuing Lender such Lender's rateable portion of each Advance requested by the Swingline Lenders or the Issuing Lender on behalf of the Borrower to repay

Swingline Advances or LC Payments made by the Swingline Lenders or the Issuing Lender.

(2) Except as provided in §10.29(a)(4), the obligations of each Lender under §10.29(a)(1) are unconditional, shall not be subject to any qualification or exception whatsoever and shall be performed in accordance with the terms and conditions of this Agreement under all circumstances including:

(A) any lack of validity or enforceability of the Borrower's obligations under §3.4A;

(B) the occurrence of any Default or Event of Default or the exercise of any rights by the Agent under §8.2; and

(C) the absence of any demand for payment being made, any proof of claim being filed, any security being enforced, any proceeding being commenced or any judgment being obtained by the Swingline Lender or the Issuing Lender against the Borrower.

(3) If a Lender (a "**Defaulting Lender**") fails to make payment on the due date therefor of any amount due from it for the account of the Swingline Lenders or the Issuing Lender pursuant to §10.29(a)(1) (the balance thereof for the time being unpaid being referred to in this §10.29(a)(3) as an "**overdue amount**") then, until the Swingline Lenders or the Issuing Lender has received payment of that amount (plus interest as provided below) in full (and without in any way limiting the rights of the Swingline Lenders or the Issuing Lender in respect of such failure):

(A) the Swingline Lenders or the Issuing Lender shall be entitled to receive any payment which the Defaulting Lender would otherwise have been entitled to receive in respect of the relevant Credit Facilities or otherwise in respect of any Credit Facility Document; and

(B) the overdue amount shall bear interest payable by the Defaulting Lender to the Swingline Lenders or the Issuing Lender at the rate payable by the Borrower in respect of the Obligations which gave rise to such overdue amount.

(4) If for any reason an Advance may not be made pursuant to §10.29(a)(1) to reimburse the Swingline Lenders or the Issuing Lender as contemplated thereby, then promptly upon receipt of notification of such fact from the Agent, each Lender shall deliver to the Agent for the account of the Swingline Lenders or the Issuing Lender in immediately available funds the purchase price for such Lender's participation interest in the relevant unreimbursed Swingline Advances or LC Payments. Each Lender shall, upon demand by the Swingline Lenders or the Issuing Lender made to the Agent, deliver to the Agent for the account of the

Swingline Lenders or the Issuing Lender interest on such Lender's rateable portion from the date of payment by the Swingline Lenders or the Issuing Lender of such unreimbursed Swingline Advances or LC Payments until the date of delivery of such funds to the Swingline Lenders or the Issuing Lender by such Lender at a rate per annum equal to the Federal Funds Effective Rate (if reimbursement is to be made in US Dollars) or the one month CDOR (if reimbursement is to be made in Canadian Dollars) for such period. Such payment shall only, however, be made by the Lenders in the event and to the extent the Swingline Lenders or the Issuing Lender has not been reimbursed in full by the Borrower for interest on the amount of such unreimbursed Swingline Advances or LC Payments.

(5) The Swingline Lenders or the Issuing Lender shall, forthwith upon its receipt of any reimbursement (in whole or in part) by the Borrower for any unreimbursed Swingline Advances or LC Payments in relation to which other Lenders have purchased a participation interest pursuant to §10.29(a)(4), or of any other amount from the Borrower or any other Person in respect of such payment (other than pursuant to §3.4A, transfer to such other Lender such other Lender's rateable share of such reimbursement or other amount. In the event that any receipt by the Swingline Lenders or the Issuing Lender of any reimbursement or other amount is found to have been a transfer in fraud of creditors or a preferential payment under any applicable insolvency legislation or is otherwise required to be returned, such Lender shall promptly return to the Swingline Lenders or the Issuing Lender any portion thereof previously transferred to it by the Swingline Lenders or the Issuing Lender, without interest to the extent that interest is not payable by the Swingline Lenders or the Issuing Lender in connection therewith.

(b) *Sharing.* If:

(1) any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off pursuant hereto or at law or equity, or otherwise) on account of any Borrowing made by it (other than Increased Costs paid to it) in excess of its rateable share of payments on account of such Borrowings; or

(2) (without regard to outstanding Increased Costs) any Lender shall at the time of acceleration of the Obligations have outstanding Obligations which are less than its rateable share of all outstanding Obligations,

then such Lender shall forthwith purchase from the other Lenders such participations in the Borrowings made by such other Lenders as shall be necessary to cause such purchasing Lender to share the excess payment or be owed the outstanding Obligations rateably with such other Lenders.

In the case of paragraph (1) of this §10.29(b), if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and each Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such other Lender's rateable share (according to the proportion that the amount such other Lender's required repayment bears to the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered.

Any Lender purchasing a participation from another Lender pursuant to this §10.29 may, to the fullest extent permitted by Law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(c) *Records*. The principal outstanding under the Credit Facilities, the unpaid interest accrued thereon, the interest rate or rates applicable to any unpaid principal amounts, the duration of such application, the date of acceptance or issue, Face Amount and maturity of all Bankers' Acceptances, Guarantee Letters and Letters of Credit and the Commitments shall at all times be ascertained from the records of the Agent, which shall be conclusive absent demonstrated error.

10.30 US Patriot Act Notice

The Agent and the Lenders which are subject to the requirements of the *USA Patriot Act* (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**") hereby notify the Borrower that, pursuant to the requirements of the Patriot Act, they are or may be required to obtain, verify and record information that identifies any of the parties related to this Agreement, which information includes the name and address of any of the parties and other information that will allow the Lenders to identify the parties in accordance with the Patriot Act.

10.31 Anti-Money Laundering Legislation

The Borrower acknowledges that; pursuant to the *Proceeds of Crime (Money Laundering and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws (collectively, including any guidelines or orders thereunder "**AML Legislation**"), the Agent and the Lenders may be required to obtain, verify and record information regarding the Borrower and its Subsidiaries, and their respective directors, signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated by this Agreement. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Agent or any Lender, or any prospective assignee or participant of the Agent or a Lender, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

If the Administrative Agent has ascertained the identity of the Borrower or any of its Subsidiaries or any authorized signatories of the Borrower or any of its Subsidiaries for the purposes of applicable AML Legislation, then the Agent:

(a) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between the Agent and each Lender within the meaning of applicable AML Legislation; and

(b) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the foregoing and except as may otherwise be agreed to in writing, each of the Lenders agrees that the Agent has no obligation to ascertain the identity of the Borrower or any of its Subsidiaries or of any authorized signatories of any of them on behalf of any Lender, or to confirm the completeness or accuracy or any information it obtains from the Borrower or any such authorized signatory in doing so.

10.32 Effect of Amendment and Restatement

Subject to the conditions of effectiveness set forth in Section 6.1, the Existing Credit Agreement shall be amended and restated in its entirety as of the Effective Date by way of this Agreement. The parties hereto acknowledge and agree that this Agreement is an amendment and restatement of the Existing Credit Agreement and not a novation of the Existing Credit Agreement. For greater certainty, Borrowings outstanding under the Existing Credit Agreement that remain outstanding upon the Effective Date shall constitute Borrowings hereunder governed by the terms hereof. Such Borrowings shall be continuing in all respects, and this Agreement shall not be deemed to evidence or result in a novation of those Borrowings or a repayment and reborrowing of such Borrowings. Also, for greater certainty, all references to this Agreement (whether referenced as the "Credit Agreement" or otherwise) contained in the Lenders' Security delivered prior to the effectiveness of this Agreement shall be references to this Agreement. The Borrower confirms that each of the documents constituting the Lenders' Security executed and delivered by it and any party providing the Lenders' Security remains in full force and effect enforceable against each such party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies and general equitable principles.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

10.33 Entire Agreement

Save as provided herein and in the instruments and documents contemplated or provided for hereunder, the Agreement contains the whole agreement between the parties with respect to the Credit Facilities and there are no other terms, conditions, representations or warranties with respect thereto except as contained herein.

IN WITNESS WHEREOF the parties hereto have caused the Agreement to be duly executed on Feb 28, 2013.

THE **CORPORATE SEAL** of **INTERNATIONAL FOREST PRODUCTS LIMITED** was hereunto affixed in the presence of:	)	International Forest Products Limited 3500 - 1055 Dunsmuir Street Vancouver, B.C. V7X 1H7
By: ______________________ Duncan Davies President & C.E.O.	)	Attention: Senior Vice President & C.F.O. C/S
By: ______________________ John Horning, C.A. Senior Vice President & C.F.O.	)	Tel: (604) 681-6829 Fax: (604) 689-6825

ROYAL BANK OF CANADA
Arranger

By: ______________________
Baljit Mann
Authorized Signatory

By: ______________________
Glen Barisoff
Authorized Signatory

Royal Bank of Canada
Corporate Banking
Suite 2100, Park Place,
666 Burrard Street
Vancouver, B.C.
V6C 3B1

Tel: (604) 257-7100
Fax: (604) 665-6465

ROYAL BANK OF CANADA
Agent

By: ______________________

Agent's Branch of Account
Royal Bank of Canada
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager, Agency Services Group

Tel: (416) 842-3901
Fax: (416) 842-4023

ROYAL BANK OF CANADA

By: ______________________
Baljit Mann
Authorized Signatory

By: ______________________
Glen Barisoff
Authorized Signatory

Royal Bank of Canada
Corporate Banking
Suite 2100, Park Place,
666 Burrard Street
Vancouver, B.C.
V6C 3B1

Tel: (604) 257-7100
Fax: (604) 665-6465

ROYAL BANK OF CANADA **Arranger** By: ____________________ Baljit Mann Authorized Signatory By: ____________________ Glen Barisoff Authorized Signatory	))))))))))))	Royal Bank of Canada Corporate Banking Suite 2100, Park Place, 666 Burrard Street Vancouver, B.C. V6C 3B1 Tel: (604) 257-7100 Fax: (604) 665-6465
ROYAL BANK OF CANADA **Agent** By: ____________________ Ann Hurley Manager, Agency	))))))))))))))	Agent's Branch of Account Royal Bank of Canada 4th Floor, 20 King Street West Toronto, Ontario M5H 1C4 Attention: Manager, Agency Services Group Tel: (416) 842-3901 Fax: (416) 842-4023
ROYAL BANK OF CANADA By: ____________________ Baljit Mann Authorized Signatory By: ____________________ Glen Barisoff Authorized Signatory	)))))))))))))))	Royal Bank of Canada Corporate Banking Suite 2100, Park Place, 666 Burrard Street Vancouver, B.C. V6C 3B1 Tel: (604) 257-7100 Fax: (604) 665-6465

THE TORONTO-DOMINION BANK By: ______________________ Frazer Scott Managing Director By: ______________________ Ben Montgomery, Vice President and Director	)))))))))	The Toronto-Dominion Bank Corporate and Investment Banking 17th Floor 700 West Georgia Street Vancouver, B.C. V7Y 1B6 Tel: (604) 654-3099 Fax: (604) 654-3166
THE BANK OF NOVA SCOTIA By: ______________________ Kurt Foellmer Director By: ______________________	)))))))))))	The Bank of Nova Scotia Corporate Banking 1800 - 650 West Georgia Street Vancouver, B.C. V6B 4N7 Tel: (604) 601-1556 Fax: (604) 661-1474
BANK OF MONTREAL By: ______________________ Jeffrey Kaye Director	))))))))))))	Bank of Montreal 885 West Georgia Street, 17th Floor Vancouver, BC V6C 3E8 Fax: (604) 443-1408

THE TORONTO-DOMINION BANK

By: ______________________
Frazer Scott
Managing Director

By: ______________________
Ben Montgomery,
Vice President and Director

The Toronto-Dominion Bank
Corporate and Investment Banking
17^{th} Floor
700 West Georgia Street
Vancouver, B.C.
V7Y 1B6

Tel: (604) 654-3099
Fax: (604) 654-3166

THE BANK OF NOVA SCOTIA

By: ______________________
Kurt Foellmer
Director

By: ______________________
DAVID LOEWEN
DIRECTOR

The Bank of Nova Scotia
Corporate Banking
1800 - 650 West Georgia Street
Vancouver, B.C.
V6B 4N7

Tel: (604) 601-1556
Fax: (604) 661-1474

BANK OF MONTREAL

By: ______________________
Jerry Kaye
Director

Bank of Montreal
885 West Georgia Street, 17^{th} Floor
Vancouver, BC V6C 3E8

Fax: (604) 443-1408

THE TORONTO-DOMINION BANK By: ____________________ Frazer Scott Managing Director By: ____________________ Ben Montgomery, Vice President and Director	)))))))))	The Toronto-Dominion Bank Corporate and Investment Banking 17th Floor 700 West Georgia Street Vancouver, B.C. V7Y 1B6 Tel: (604) 654-3099 Fax: (604) 654-3166
THE BANK OF NOVA SCOTIA By: ____________________ Kurt Foellmer Director By: ____________________	)))))))))))	The Bank of Nova Scotia Corporate Banking 1800 - 650 West Georgia Street Vancouver, B.C. V6B 4N7 Tel: (604) 601-1556 Fax: (604) 661-1474
BANK OF MONTREAL By: ____________________ Jerry Kaye Director	)))))))))))))	Bank of Montreal 885 West Georgia Street, 17th Floor Vancouver, BC V6C 3E8 Fax: (604) 443-1408

HSBC BANK CANADA By: ______________________ Doug Brandes Vice President, Region Head of Corporate By: ______________________ Chris Sheppard, Assistant Vice President, Corporate	HSBC Bank Canada Suite 200, 885 West Georgia Street Vancouver, B.C. V6C 3G1 Tel: (604) 641-1820 Fax: (604) 641-1808
CANADIAN WESTERN BANK By: ______________________ Don Morrison Assistant Vice President Industry Banking	Canadian Western Bank Suite 100, 666 Burrard Street Vancouver, B.C. V6C 2X8 Tel: (604) 602-2761 Fax: (604) 688-7117
EXPORT DEVELOPMENT CANADA By: ______________________ Deepak Dave Senior Financing Manager By: ______________________ Christiane de Billy Financing Manager	Export Development Canada 151 O'Connor Street Ottawa, Ontario, Canada K1A 1K3 Tel: (613) 598-3204 Fax: (613) 598-3167

HSBC BANK CANADA	)	HSBC Bank Canada
	)	Suite 200, 885 West Georgia Street
	)	Vancouver, B.C.
By: ______________________	)	V6C 3G1
Doug Brandes	)	
Vice President, Region Head of	)	Tel: (604) 641-1820
Corporate	)	Fax: (604) 641-1808
	)	
	)	
By: ______________________	)	
Chris Sheppard,	)	
Assistant Vice President,		
Corporate		

CANADIAN WESTERN BANK	)	Canadian Western Bank
	)	Suite 100, 666 Burrard Street
	)	Vancouver, B.C.
By: ______________________	)	V6C 2X8
Don Morrison	)	
Assistant Vice President	)	Tel: (604) 602-2761
Industry Banking	)	Fax: (604) 688-7117
	)	
	)	
	)	
	)	

EXPORT DEVELOPMENT CANADA	)	Export Development Canada
	)	151 O'Connor Street
	)	Ottawa, Ontario, Canada
By: ______________________	)	K1A 1K3
Deepak Dave	)	
Senior Financing Manager	)	Tel: (613) 598-3204
	)	Fax: (613) 598-3167
By: ______________________	)	
Christiane de Billy	)	
Financing Manager	)	

HSBC BANK CANADA

By: ______________________
Doug Brandes
Vice President, Region Head of Corporate

By: ______________________
Chris Sheppard,
Assistant Vice President,
Corporate

HSBC Bank Canada
Suite 200, 885 West Georgia Street
Vancouver, B.C.
V6C 3G1

Tel: (604) 641-1820
Fax: (604) 641-1808

CANADIAN WESTERN BANK

By: ______________________
Don Morrison
Assistant Vice President
Industry Banking

Canadian Western Bank
Suite 100, 666 Burrard Street
Vancouver, B.C.
V6C 2X8

Tel: (604) 602-2761
Fax: (604) 688-7117

EXPORT DEVELOPMENT CANADA

By: ______________________
~~Deepak Dave~~
~~Senior Financing Manager~~
BLAKE CURTIS
SENIOR ASSOCIATE

By: Christiane de Billy
Christiane de Billy
Sr. Financing Manager

Export Development Canada
~~151 O'Connor Street~~ 150 SLATER STREET
Ottawa, Ontario, Canada
K1A 1K3

Tel: (613) 598-3204
Fax: (613) 598-3167

SCHEDULE A

COMMITMENTS

LENDER AND BRANCH OF ACCOUNT	TRANCHE A COMMITMENT	TRANCHE B COMMITMENT
Royal Bank of Canada Main Branch 1025 West Georgia Street Vancouver, B.C. V6E 3N9	Cdn$13,000,000	Pre-acquistion Cdn$34,650,000 Post-acquisition Cdn$44,000,000
The Toronto-Dominion Bank Main Branch 700 West Georgia Street Vancouver, British Columbia V7Y 1A2	Cdn$11,500,000	Pre-acquisition Cdn$30,650,000 Post-acquisition Cdn$38,500,000
The Bank of Nova Scotia Corporate Banking 18th Floor 650 West Georgia Street Vancouver, B.C. V6B 4N7	Cdn$11,500,000	Pre-acquisition Cdn$30,650,000 Post-acquisition Cdn$38,500,000
HSBC Bank Canada Suite 200 885 West Georgia Street Vancouver, B.C. V6C 3G1	Cdn$11,500,000	Pre-acquisition Cdn$30,650,000 Post-acquisition Cdn$38,500,000
Bank of Montreal 885 West Georgia Street, 17th Floor Vancouver, BC V6C 3E8	Cdn$11,500,000	Pre-acquisition Cdn$30,650,000 Post-acquisition Cdn$38,500,000

LENDER AND BRANCH OF ACCOUNT	TRANCHE A COMMITMENT	TRANCHE B COMMITMENT
Canadian Western Bank Suite 100 666 Burrard Street Vancouver, B.C. V6C 2X8	Cdn$6,000,000	Pre-acquisition Cdn$12,750,000 Post-acquisition Cdn$16,000,000
Export Development Canada 151 O'Connor Street Ottawa, Ontario K1A 1K3	Cdn$0	Pre-acquisition Cdn$30,000,000 Post-acquisition Cdn$36,000,000
Total	**Cdn$65,000,000**	**Pre-acquisition** **Cdn$200,000,000** **Post-acquisition** **Cdn$250,000,000**

[redacted]

(§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**:

A. For the Tranche A Credit Facility and the 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
Drawn Margins	**(bps)**	**(bps)**	**(bps)**	**(bps)**
Bankers' Acceptances	[redacted]	[redacted]	[redacted]	[redacted]
LIBOR Advances and LIBOR Equivalent Advances	[redacted]	[redacted]	[redacted]	[redacted]
Letters of Guarantee	[redacted]	[redacted]	[redacted]	[redacted]
Canadian Advances –Prime Rate Plus	[redacted]	[redacted]	[redacted]	[redacted]
U.S. Advances – US Base Rate (Canada) Plus	[redacted]	[redacted]	[redacted]	[redacted]

B. Commitment Fees for the Tranche A Credit Facility and the 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)**
	[redacted]	[redacted]	[redacted]	[redacted]

SCHEDULE C

BANKERS' ACCEPTANCE UNDERTAKING

TO: ROYAL BANK OF CANADA
THE TORONTO-DOMINION BANK
THE BANK OF NOVA SCOTIA
HSBC BANK CANADA
BANK OF MONTREAL

(individually, a "Lender" and
collectively the "Lenders")

Dear Sirs:

In consideration of the Agent on behalf of each Lender delivering from time to time to the undersigned (the "Borrower") bankers' acceptance forms in blank ("bankers' acceptance forms") to be signed by the Borrower and subsequently returned to the Agent for onward conveyance to each Lender to be completed and accepted by such Lender for such amounts as the Borrower may from time to time request pursuant to the terms of the Interfor 2013 amended and restated credit agreement dated for reference February 27, 2013 among the Borrower, Royal Bank of Canada, as Agent, and the Lenders as amended, modified, supplemented, extended, consolidated, restated, renewed or replaced from time to time (the "Credit Agreement"), the parties hereto agree as follows:

1. The Borrower shall hold and use prudently the bankers' acceptance forms delivered to it in blank from time to time and shall return them from time to time to the Agent for onward conveyance to the Lenders, properly pre-signed and pre-endorsed and in sufficient quantities to be dealt with by each Lender in conformity with the Credit Agreement and this Agreement. The Agent shall provide to the Borrower written acknowledgement of the receipt of such pre-signed and pre-endorsed bankers' acceptance forms.

2. The Agent and each Lender shall deal prudently with any bankers' acceptance forms pre-signed and pre-endorsed by the Borrower and delivered from time to time by the Borrower and shall use them only in accordance with the instructions of the Borrower given to the Agent, in conformity with the Credit Agreement.

3. In accordance with the instructions given from time to time by the Borrower, each Lender is hereby authorized to complete the aforementioned bankers' acceptance forms, to provide its acceptance thereon and, at such Lender's option, to put them into circulation, the whole as provided in and subject to the Credit Agreement.

4. Except as provided in §5 below, the Borrower shall pay on demand to the Agent for the account of each Lender at the Agent's Canadian Account for Payments the face amount of any bankers' acceptance form subsequently presented to such Lender for payment and paid by such Lender, that has been unlawfully issued or used or put into circulation fraudulently or without authority, and shall indemnify such Lender against any loss, cost, damage, reasonable expense or claim regardless of by whomsoever made, that such Lender may suffer or incur by reason of any fraudulent, unauthorized or unlawful issue or use of any such bankers' acceptance form.

5. The provisions of §4 above shall not apply in respect of any fraudulent, unauthorized or unlawful issue or use of any such bankers' acceptance form which is caused by the gross negligence or wilful act or omission of the Agent or a Lender or any of their respective officers, employees, agents or representatives or which occurs as a result of the Agent or a Lender or any of their respective officers, employees, agents or representatives failing to use the same standard of care in the custody of such bankers' acceptance form as it uses in the custody of its own property of a similar nature.

6. Neither the Agent nor any Lender shall be responsible or liable for any failure to make credit available by way of banker's acceptance under the terms of the Credit Agreement if such failure is due to the failure of the Borrower to return duly pre-signed and pre-endorsed bankers' acceptance forms to the Agent on a timely basis.

7. (a) On request by the Agent on behalf of the Lenders, the Borrower shall return to the Agent all bankers' acceptance forms then held by the Borrower, provided that all such bankers' acceptance forms which have been pre-signed or pre-endorsed by the Borrower may be cancelled prior to their return; and

(b) on request by the Borrower made to the Agent, a Lender shall cancel all pre-signed or pre-endorsed bankers' acceptance forms held by such Lender and not yet issued in accordance with the Borrower's instructions and shall confirm such cancellation to the Agent who shall in turn inform the Borrower.

All capitalized terms used herein and not otherwise defined herein have the same meaning as ascribed thereto in the Credit Agreement. This agreement shall benefit not only the parties hereto but also all other persons which may, from time to time, become assignees of a Lender or participants in accordance with the provisions of the Credit Agreement and, as such, are to receive bankers' acceptance forms.

Dated at Vancouver, B.C. as of the ________ day of ________________, 20__.

INTERNATIONAL FOREST PRODUCTS LIMITED

By: ______________________________

c/s

Title: ______________________________

Accepted at Vancouver, B.C. as of the _______ day of _______________, 200_

ROYAL BANK OF CANADA

By: ______________________________

Title: ______________________________

By: ______________________________

Title: ______________________________

THE TORONTO-DOMINION BANK

By: ______________________________

Title: ______________________________

By: ______________________________

Title: ______________________________

THE BANK OF NOVA SCOTIA

By: ____________________________

Title: ____________________________

By: ____________________________

Title: ____________________________

HSBC BANK CANADA

By: ____________________________

Title: ____________________________

By: ____________________________

Title: ____________________________

BANK OF MONTREAL

By: ____________________________

Title: ____________________________

By: ____________________________

Title: ____________________________

SCHEDULE D

BANKERS' ACCEPTANCES

PART 1

FORM OF BANKERS' ACCEPTANCE

BANKERS' ACCEPTANCE No.________________

To Due

Bank ____________ 20___

days after date (without grace)

For value received pay to the order of the undersigned drawer

Address the sum of $ Dollars

ACCEPTED

SAMPLE ONLY

Payable At $

Value Received, and Charge to the Account of:

For

Authorized Signature Per:

Authorized Signature Per:

SAMPLE ONLY

(Form of Bankers' Acceptance used for U.S. funds may be in a different colour with minor modifications to conform to currency denominations)

PART 2

CONFIRMATION OF BORROWING BY WAY OF BANKERS' ACCEPTANCES

Confirmation to Borrower

Date: ________________

TO: International Forest Products Limited
Vancouver, B.C.

Attention: Vice President, Finance

Dear Sirs:

We refer to the Interfor 2013 amended and restated credit agreement dated for reference February 27, 2013 among International Forest Products Limited, as Borrower, and a consortium of Lenders with Royal Bank Of Canada ("Royal"), as Agent, as amended, modified, supplemented, extended, consolidated, restated, renewed or replaced from time to time ("Credit Agreement"). Capitalized terms used herein shall have the meanings ascribed in the Credit Agreement.

In accordance with the Credit Agreement, we confirm our instructions regarding the issuance of Bankers' Acceptances as follows.

1. The BA Discount Rate applicable to Bankers' Acceptances accepted by Lenders is ______%. This has been determined by Royal, as Agent, by reference to the CDOR Rate.

2. The aggregate of Banker's Acceptances accepted and purchased by the Lenders were as follows:

Face Amount:	Cdn$ ______________
Term:	___________ days from __________________ to __________________ ____________________
BA Discount Rate:	_______ %
Price:	Cdn$ ______________
Discount Proceeds:	Cdn$ ______________
Acceptance Fees:	Cdn$ ______________
Net:	Cdn$ ______________

3. For value ____________, 20__, we will credit your account ________ maintained at ________ Branch with Cdn$ _____________.

Yours very truly,

ROYAL BANK OF CANADA, as Agent

By: ________________________________

Title: ________________________________

PART 3

CONFIRMATION TO LENDERS

Date: ______________

TO: Each Lender

Dear Sirs:

We refer to the Interfor 2013 amended and restated credit agreement dated for reference February 27, 2013 among International Forest Products Limited, as Borrower, and a consortium of Lenders with Royal Bank of Canada as Agent, as amended, modified, supplemented, extended, consolidated, restated, renewed or replaced from time to time (the "Credit Agreement"). Capitalized terms used herein shall have the meanings ascribed in the Credit Agreement.

In accordance with the Credit Agreement, we confirm our instructions regarding the issuance of Bankers' Acceptances as follows.

1. The BA Discount Rate applicable to Bankers' Acceptances accepted by Lenders is _____%. This has been determined by Royal, as Agent, by reference to the CDOR Rate.

2. The aggregate of Bankers' Acceptances accepted and purchased by the Lenders were as follows:

Face Amount:	Cdn$ ____________
Term:	_____ days from ____ ______________ to ________________
Price:	Cdn$ ____________
Discount Proceeds:	Cdn$ ____________
Acceptance Fees:	Cdn$ ____________
Net:	Cdn$ ____________

3. The total face amount of Bankers' Acceptances accepted and purchased by the Lenders is Cdn$ _________.

4. [For value ___________, 20__, please remit $ ___________ to the Agent's Canadian Account for Payments as set forth in the Credit Agreement.]

Yours very truly,

ROYAL BANK OF CANADA, as Agent

By: ______________________________

Title: ______________________________

PART 4

FORM OF DISCOUNT NOTE

US$ ________/Cdn$ ___________ Date: ________________

FOR VALUE RECEIVED, the undersigned unconditionally promises to pay on __________________, 20___, to or to the order of [NAME OF DISCOUNT NOTE LENDER] (the "Holder"), the sum of US$ __________/Cdn$ _________ without interest.

The undersigned hereby waives presentment, protest and notice of every kind and waives any defences based upon indulgences which may be granted by the holder hereof to any party liable hereon and any days of grace.

This promissory note evidences a Discount Note Loan, as defined in the Interfor 2013 amended and restated credit agreement dated for reference February 27, 2013 among International Forest Products Limited, as Borrower, and a consortium of Lenders with Royal Bank of Canada as Agent, as amended, modified, supplemented, extended, consolidated, restated, renewed or replaced from time to time (the "Credit Agreement") and constitutes evidence of indebtedness to the Holder arising from a Discount Note Loan. Payment of this note shall be made at the Agent's Canadian Account for Payments. Unless otherwise defined capitalized term used herein shall have the meanings ascribed in the Credit Agreement.

INTERNATIONAL FOREST PRODUCTS LIMITED

By: ______________________________
Name:
Title:

SCHEDULE E

OFFICER'S COMPLIANCE CERTIFICATE

I, ______________________________, of the City of ______________________, in the Province of ______________________ hereby certify on behalf of International Forest Products Limited and without personal liability as follows:

1. That I am the Chief Financial Officer of International Forest Products Limited.

2. That I am familiar with and have examined the provisions of the Interfor 2013 Amended and Restated Credit Agreement dated for reference February 27, 2013 as amended, modified, supplemented, extended, consolidated, restated, renewed or replaced from time to time (the "Credit Agreement") among International Forest Products Limited, as Borrower and Royal Bank of Canada, as Agent ("Bank") and the Lenders named on the signature pages thereof and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and based on the foregoing and as of the date of this Certificate: (a) the representations and warranties contained in the Credit Agreement are true and correct; (b) the Borrower is not in default under the Credit Agreement nor has any event occurred which with the giving of notice or the passage of time or both would constitute an Event of Default (as defined in the Credit Agreement) and the Borrower is not in default under any other material agreement for moneys borrowed, raised or guaranteed to which the Borrower is a party or by which it is bound; and (c) during the next fiscal quarter of the Borrower there is no reason to believe that the Borrower will be in default of any of the financial covenants set forth in §7.1(rr) and 7.1(ss) of the Credit Agreement.

3. That as of __________________, being the date to which this Certificate applies, on a consolidated basis the financial ratios and information called for under the Credit Agreement were:

Covenant	International Forest Products Limited
[redacted]	

4. That as of ______________, being the date to which this Certificate applies, the aggregate amount of Purchase Money Obligations and Permitted Guarantees was:

(a) Purchase Money Obligations $

(b) Permitted Guarantees $

5. That as of __________, being the date to which this Certificate applies, the Ratio of Consolidated Total Debt to EBITDA was ________ to ___________.

6. That as of ___________, being the date to which this Certificate applies, the EBIDTA Interest Coverage Ratio was ____ to ________.

7. That as of the date of this Certificate Borrowings were $________________. Borrowings in US$ were converted to Cdn$ at ______________.

This Certificate has been executed at the City of _______________, in the Province of ______________________ this ___ day of _____________, 20__.

____

Chief Financial Officer
INTERNATIONAL FOREST PRODUCTS LIMITED

and I further certify without personal liability that:

8. The foregoing calculations are correct and accurate;

9. [SPECIFY ANY DEFAULT];

10. I am authorized to give this certificate;

11. I am aware that Royal, as Agent, and the Lenders or any one or more of them are entitled to rely upon the accuracy of the information herein contained.

____

Chief Financial Officer
INTERNATIONAL FOREST PRODUCTS LIMITED

SCHEDULE F

NOTICE OF BORROWING, REPAYMENT, PREPAYMENT OR CANCELLATION

Date:

Royal Bank of Canada
4th Floor, 20 King Street West
Toronto, Ontario
M5H 1C4

Attention: Manager, Agency Services Group

Dear Sirs:

We refer to the Interfor 2013 Amended and Restated Credit Agreement dated for reference February 27, 2013 among International Forest Products Limited, as Borrower, and a consortium of Lenders with Royal Bank of Canada, as Agent, as amended, modified, supplemented, extended, consolidated, restated, renewed or replaced from time to time (the "Credit Agreement"). Capitalized terms used herein shall have the meanings ascribed in the Credit Agreement.

We hereby give notice of our request for a [Borrowing, repayment, prepayment and/or cancellation] pursuant to §[3.2, 3.11, 3.12, 3.20, 3.35 or 4.3] of the Credit Agreement as follows:

1. Amount of [Borrowing, repayment or prepayment] [Cdn$ or US$] _______________.

2. Date of [Borrowing , repayment, prepayment and/or cancellation _____________.

3. [If applicable]. Nature of [Borrowing, repayment, or prepayment] is by way of a _____________.

4. [If applicable]. The amount of the [Tranche A, Tranche B] Credit Facility to be cancelled is Cdn$_______________. Accordingly, the amount of the Commitment of each Lender and the amount of the Total Commitment under the said Credit Facility after giving effect to the cancellation requested shall be as follows:

Royal Bank of Canada	Cdn $_____________
The Toronto-Dominion Bank	Cdn $_____________
The Bank of Nova Scotia	Cdn $_____________
HSBC Bank Canada	Cdn $_____________
Canadian Western Bank	Cdn $_____________
Bank of Montreal	Cdn $_____________
Export Development Canada	Cdn $_____________

Total Commitment Cdn $____________

5. [If applicable]. The LIBOR Interest Period for any LIBOR Advance/LIBOR Equivalent Advance is ____________ months.

6. [If applicable]. Please forward a Confirmation of Borrowing by way of Bankers' Acceptance in the form of Schedule D to the Credit Agreement on [the Drawdown Date]. The term of each such Bankers' Acceptance shall be for a period of _______ days.

Yours very truly,

INTERNATIONAL FOREST PRODUCTS LIMITED

By: ____________________________________

Title: ____________________________________

SCHEDULE G

LANDS

PART I

HAMMOND SAWMILL

002-482-886	Lot 2 Except: Parcel "A" (Bylaw Plan 76645), District Lots 278 and 279 Group 1 New Westminster District Plan 60497, Municipality of Maple Ridge
003-435-181	Parcel "1186" District Lot 278 Group 1 New Westminster District Reference Plan 64119, Municipality of Maple Ridge
004-963-415	Lot 1110 District Lot 278 Group 1 New Westminster District Plan 52216, Municipality of Maple Ridge
023-579-579	Lot 1 District Lots 278 and 279 Group 1 New Westminster District Plan LMP30576, Municipality of Maple Ridge

ADAMS LAKE SAWMILL

008-814-627	Block A District Lot 5946 Kamloops Division Yale District Except Plan 43854, Kamloops Assessment Area
013-502-221	Block B District Lot 5946 Kamloops Division Yale District Except Plan 43854, Kamloops Assessment Area

CASTLEGAR REAL PROPERTY

005-881-579	Lot 1 District Lots 4268, 5636, 5953, 7373 and 13028 Kootenay District Plan 17126
014-015-455	Sublot 2 District Lot 4599 Kootenay District Plan X-35
010-223-479	District Lot 7373 Kootenay District except: (1) Plans 4352 and 17216 (2) Part included in SRW Plan 8215
010-223-606	District Lot 4268 Kootenay District except (1) Plans 4352 and 17216 (2) Parts included in SRW Plans 8215 and 9270
010-224-033	District Lot 6885 Kootenay District except parts included in SRW Plans 8215 and 9270
010-228-268	Lot 1 District Lots 4268, 5636, 5953 and 6885 Kootenay District Plan 9273 except Plan 17217
014-015-471	Lot L District Lot 4598 Kootenay District Plan 4598

GRAND FORKS REAL PROPERTY

028-356-691	Lot 1 District Lots 382 and 534 Similkameen Division Yale District Plan KAP91480
014-781-751	That part of District Lot 423 shown red on Plan DD 682; Similkameen Division Yale District
014-926-890	Parcel A (Plan B4302) of District Lot 1012 Similkameen Division Yale District Plan
011-767-332	That part of Lot 1 shown red on Plan DD6011; District Lot 2703 Similkameen Division Yale District Plan 1185
015-120-091	That part of District Lot 2703 outlined red on Plan DD4938; Similkameen Division Yale District
015-120-066	That part of District Lot 2637 shown on Plan DD1343; Similkameen Division Yale District
015-120-031	That part of District Lot 2453 shown on Plan DD1344; Similkameen Division Yale District

SCHEDULE G - PART II

Port Angeles Mill Site

The following is located in Clallam County, State of Washington, described as follows:

TOWNSHIP 30 NORTH, RANGE 7 WEST, W.M.

Section 12: The East 10 acres of the West half of the Southwest quarter

EXCEPT the South 1320 feet thereof

The South half of the Northeast quarter of the Southwest quarter and the North half of the Southeast quarter of the Southwest quarter

EXCEPT Dry Creek Road

That portion of the South half of the Southeast quarter of the Southwest quarter, lying Northerly of Primary State Highway No. 9

EXCEPT U. S. Highway 101, also EXCEPT Dry Creek Road

Gilchrist Mill Site

Parcel 1 of Major Land Partition 66-91, situated in Sections 19 and 30, Township 24 South, Range 9 East of the Willamette Meridian, Klamath County, Oregon, being further described as follows:

Beginning at a 1½ inch aluminum cap stamped "Oman OR 702" set as part of Klamath County Survey No. 2135 marking the center-west one-sixteenth corner of said Section 30; thence North 89°59'25" West, 129.61 feet to a 5/8 inch iron rod with yellow plastic cap stamped "W&H Pacific"; thence North 00°43'48" East 581.98 feet; thence North 00°57'00" East 659.67 feet; thence North 08°53'31" East, 173.46 feet; thence North 22°47'34" East, 125.21 feet; thence North 31°09'33" East, 170.48 feet; thence North 42°06'47" East, 126.95 feet; thence North 54°08'16" East, 335.07 feet; thence North 48°40'02" East, 137.86 feet; thence North 31°02'30" East, 120.80 feet; thence North 16°51'52" East, 315.06 feet; thence North 08°33'43" East, 156.39 feet; thence North 29°47'20" West, 90.21 feet; thence North 04°26'16" West, 256.63 feet; thence North 29°31'40" West, 637.26 feet; thence North 68°17'15" West, 1448.58 feet; thence North 15°15'50" East, 537.11 feet; thence South 67°44'01" East, 1104.72 feet; thence North 07°59'49" West, 1010.20 feet; thence North 12°06'48" West, 1596.12 feet; thence North 69°05'03" East, 88.90 feet; thence South 35°31'34" East, 66.26 feet; thence South 43°11'08" East, 131.62 feet; thence South 47°07'55" East , 622.90 feet; thence South 48°21'34" East, 691.87 feet; thence South 81°01'10" East, 47.07 feet; thence North 65°28'44" East, 110.88 feet; thence South 89°01'46" East, 106.04 feet; thence South 72°05'48" East, 657.54 feet; thence South 63°19'12" East, 80.79 feet; thence South 38°30'07" East, 111.93 feet; thence South

24°05'42" East, 481.01 feet; thence South 26°01'19" East, 194.21 feet; thence South 20°56'51" East, 148.78 feet; thence South 15°58'19" East, 262.21 feet; thence South 74°22'21" East, 66.62 feet to an angle point on the Westerly line of Parcel 1, as defined by Partition Plat No. MP 53-91 previous to recording with Klamath County Records; thence along said Westerly line of said Parcel 1 the following courses: thence North 81°33'08" East, 333.88 feet; thence South 15°00'41" West, 678.21 feet; thence North 74°59'19" West 618.42 feet; thence South 01°04'00" East, 1296.70 feet; thence North 89°56'12" East, 216.77 feet; thence South 15°00'41" West, 80.47 feet; thence South 74°59'19" East, 30.00 feet; thence South 15°00'41" West, 1335.95 feet to a point of spiral curvature; thence along the arc of a 02° railroad spiral curve offset 50 feet from the centerline of said railroad curve, the long chord of which bears South 15°02'54" West, 41.47 feet to a point on the South line of said Parcel 1; thence leaving said Westerly and Southerly lines of Parcel 1 along the arc of a 02° railroad spiral curve offset 50 feet from the centerline of said railroad curve, the long chord of which bears South 15°42'07" West, 116.98 feet to a point of spiral to curvature; thence along the arc of a 2814.79 foot radius railroad curve to the right, through a central angle of 24°00'37", the long chord of which bears South 27°09'13" West, 1017.53 feet to a point of curvature to spiral, said point being 50 feet Westerly of the centerline of said railroad curve; thence along the arc of a 02° railroad spiral curve offset 50 feet from centerline of said railroad curve, the long chord of which bears South 38°24'35" West, 158.49 feet; thence South 39°01'18" West, 130.72 feet; thence North 50°58'42" West, 23.93 feet; thence South 39°00'19" West, 0.90 feet to a point on the East-West centerline of Section 30 as defined by Klamath County Survey No. 2135; thence along said centerline of Section 30 as defined by said Survey No. 2135, North 89°59'30" West, 1062.09 feet to the point of beginning.

Molalla Mill Site

PARCEL I:

Part of the William Vaughn Donation Land Claim No. 47 in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at the most Southerly corner of that property conveyed to Maurice W. and Iola E. Buxton by Deed recorded in Book 346, Page 393, Clackamas County Deed Records; thence along the Southwesterly line of said Buxton property North 46°19'06" West 727.37 feet; thence North 43°33'14" East 469.27 feet; thence South 46°19'06" East 727.49 feet to a point on the Southeasterly line of said Buxton property; thence along said Southeasterly line South 43°34'19" West 469.27 feet to the place of beginning.

PARCEL II:

Part of the William Vaughn Donation Land Claim No. 47 in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at the most Easterly corner of that property described in a contract to Brazier Forest Products, Inc., recorded under Recorder's Fee No. 71-32790, Clackamas County Records; thence along the Northeasterly line of said Brazier Forest Products Tract, North 46°19.1' West 727.37 feet to the most Northerly corner of said Brazier Forest Products Tract; thence North 43'26.75' East 688.27 feet; thence South 29°30.2' East 388.81 feet; thence South 26°14.1' East 380.45 feet to a point on the Southeasterly line of that property conveyed to Maurice H. and Iola E. Buxton by Deed recorded in Book 346, Page 393, Clackamas County Deed Records; thence along said Southeasterly line South 43°34.3' West 445.16 feet to the point of beginning.

PARCEL III:

Part of the William Vaughn Donation Land Claim No. 47 in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at an iron pipe at the most Easterly corner of that property conveyed to Bob R. Russell by Deed recorded in Recorder's Fee No. 68-16419, Clackamas County Deed Records; thence along the Southeasterly line of said property South 43°29.5' West 944.38 feet to an iron pipe; thence North 46°19.1' West 728.42 feet to an iron pipe at a point on the Northwesterly line of said Russell property; thence along said Northwesterly line North 43°33.3' East 944.38 feet to an iron pipe at the most Northerly corner of said Russell property; thence along the Northeasterly line of said Russell property South 46°19.1' East 727.37 feet to the point of beginning.

PARCEL IV:

Part of the Southeast one-quarter of Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point on the Southeasterly boundary of the William Vaughn Donation Land Claim No. 47, in Township 5 South, Range 2 East of the Willamette Meridian, that is North 43°31'15" East 3370.0 feet from the most Southerly corner of said Donation Land Claim, said point also being the most Southerly corner of that tract conveyed to Richard Kelly, et ux, by Deed recorded June 12, 1945 in Book 345, Page 514, Clackamas County Deed Records; thence North 46°18' West along the Southwesterly boundary of said Kelly Tract, 799.66 feet to the most Westerly corner thereof; thence North 43°31'15" East along the Northwesterly boundary of said Kelly Tract, 283.00 feet to the most Northerly corner thereof; thence South 46°18' East along the Northeasterly boundary of said Kelly Tract, 524.66 feet to a point that is 275.00 feet Northwesterly of the Vaughn Donation Land Claim line; thence South 43°31'15" West 243.00 feet; thence South 46°18' East parallel with and 40.0 feet Northeasterly of the Southwesterly line of said Kelly Tract, 275.00 feet to a point on the Southeasterly boundary of the William Vaughn Donation Land Claim; thence South 43°31'15" West along said line, 40.0 feet to the point of beginning.

EXCEPTING THEREFROM the Southeasterly 30 feet thereof lying within the boundaries of the Oregon Department of Transportation Highway 211 as said Highway was established in November of 1937.

PARCEL V:

Part of the William H. Vaughn and wife Donation Land Claim in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning in the Southeasterly boundary of the William H. Vaughn and wife Donation Land Claim No. 47 in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, North 44° East 3087.00 feet from the most Southerly corner of said claim; thence North 45°45' West 799.66 feet, more or less, to the Northwest line of land conveyed to N. Virginia Cutting by Deed recorded July 9, 1907 in Book 99, Page 527, Clackamas County Deed Records and the true point of beginning; thence North 44° East 283 feet; thence South 45°45' East 462 feet; thence South 44° West parallel to the Southwesterly boundary of the William H. Vaughn Donation Land Claim 283 feet to a point on the Southeasterly line of that tract conveyed to Victor E. Ems and wife, by Deed recorded September 27, 1946 in Book 377, Page 532, Clackamas County Deed Records; thence North 45°45' West 462 feet to the true place of beginning.

EXCEPTING THEREFROM the Southeasterly 30 feet thereof lying within the boundaries of the Oregon Department of Transportation Highway 211 as said highway was established in November 1937.

PARCEL VI:

Part of the William Vaughn and wife Donation Land Claim in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point on the South line of said Donation Land Claim which is North 44° East 2238.00 feet from the Southwest corner thereof; thence North 45°45' West 799.66 feet, more or less, to the Northwest line of land described in Deed to N. Virginia Cutting, recorded in Book 99, Page 527, Clackamas County Deed Records; thence North 44° East 283 feet; thence South 45°45' East 799.66 feet, more or less, to claim line; thence South 44° West on claim line 283 feet to the place of beginning.

EXCEPTING THEREFROM the Southeasterly 30 feet thereof lying within the boundaries the Oregon Department of Transportation Highway 211 as said Highway was established in November of 1937.

PARCEL VII:

Part of the William H. Vaughn and wife Donation Land Claim No. 44, in Township 4 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning at a point on the South line of said Donation Land Claim which is North 44° East 1955.00 feet from the Southwest corner thereof; thence North 45°45' West 799.66 feet, more or less, to the Northwest line of land described in Deed to N. Virginia Cutting, recorded July 9, 1907, in Book 99, Page 527, Clackamas County Deed Records; thence North 44° East 283.00 feet; thence South 45°45' East 799.66 feet, more or less, to claim line; thence South 44° West on claim line 283.00 feet to the place of beginning.

EXCEPTING THEREFROM the Southeasterly 30 feet thereof lying within the boundaries of the Oregon Department of Transportation Highway 211 as said Highway was established in November of 1937.

PARCEL VIII:

Part of the William H. Vaughn and wife Donation Land Claim in Section 3, Township 5 South, Range 2 East of the Willamette Meridian, in the County of Clackamas and State of Oregon, described as follows:

Beginning in the Southeasterly boundary of the William H. Vaughn and wife Donation Land Claim No. 47 in Section 3, Township 2 East of the Willamette Meridian, North 44° East 3370 feet from the most Southerly corner of said claim; thence North 45°45' West 799.66 feet, more or less, to the Northwest line of land conveyed to W. Virginia Cutting by Deed recorded July 9, 1907 in Book 99, Page 527, Clackamas County Records; thence North 44° East 283.00 feet; thence South 45°45' East 799.66 feet, more or less, to claim line; thence South 44° West on claim line 283.00 feet to the point of beginning.

EXCEPT that part described in Deed to Brazier Forest Products, Inc., recorded May 4, 1983 as Recorder's Fee No. 83-13006.

PARCEL IX:

Part of the William H. Vaughn and wife Donation Land Claim in Section 3, Township 5 South, Range 2 East, of the Willamette Meridian, in Clackamas County, Oregon, described as follows:

Beginning at a point on the South line of said Donation Land Claim which is North 44° East 3087.00 feet from the Southwest corner thereof; thence North 45°45' West 799.66 feet, more or less, to the Northwest line of land described in Deed to N. Virginia Cutting, recorded July 9, 1907 in Book 99, Page 527, Clackamas County Deed Records; thence South 44° West on the North line of said land 566.00 feet; thence South 45°45' East 799.66 feet, more or less, to the claim line; thence North 44° East on said claim line, 566.00 feet to the place of beginning.

EXCEPTION THEREFROM the southeasterly 30 feet thereof lying within the boundaries of the Oregon Department of Transportation Highway 211 as said Highway was established in November of 1937.

Beaver Mill Site

PARCEL A:

THE UNPLATTED PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 30 NORTH RANGE 13 WEST, W.M., CLALLAM COUNTY, WASHINGTON, LYING NORTHERLY OF U.S. HIGHWAY 101 RIGHT OF WAY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER CORNER OF SAID SECTION 35, WHICH POINT IS THE NORTHWEST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHWEST QUARTER AND IS MARKED BY AN IRON PIPE;

THENCE SOUTH 1°13' WEST ALONG THE WEST LINE OF SAID SECTION 35 TO ITS INTERSECTION WITH SAID NORTHERLY LINE OF U.S. HIGHWAY 101 RIGHT OF WAY;

THENCE SOUTH 69°04' EAST ALONG SAID NORTHERLY LINE OF SAID U.S. HIGHWAY 101 RIGHT OF WAY TO A POINT WHICH LIES SOUTH 20°56' WEST FROM THE NORTHEAST CORNER OF LOT 5, BLOCK 2, PLAT OF BLOEDEL DONOVAN LUMBER MILLS LAKE PLEASANT SUBDIVISION OF

TYEE, RECORDED IN VOLUME 4 OF PLATS, PAGE 49, WHICH POINT IS THE TRUE POINT OF BEGINNING;
THENCE NORTH 20°56' EAST TO THE SAID NORTHEAST CORNER OF SAID LOT 5;
THENCE NORTH 26°12' EAST A DISTANCE OF 100 FEET;
THENCE NORTH 34°05' EAST A DISTANCE OF 635.23 FEET TO THE CENTERLINE OF VACATED BEACH DRIVE AS SHOWN ON SAID PLAT;
THENCE SOUTH 87°34'30" EAST ALONG SAID CENTERLINE OF VACATED BEACH DRIVE A DISTANCE OF 699.63 FEET TO ITS INTERSECTION WITH THE EASTERLY LINE OF VACATED MERRIDITH STREET, WHICH POINT IS ALSO THE NORTHEAST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 35;
THENCE SOUTH 1°13' WEST ALONG THE EASTERLY LINE OF SAID VACATED MERRIDITH STREET A DISTANCE OF 130 FEET, WHICH POINT IS AT THE END OF VACATED MERRIDITH STREET;
THENCE NORTH 88°47' WEST A DISTANCE OF 30 FEET TO THE WESTERLY LINE OF MERRIDITH STREET;
THENCE SOUTH 1°13' WEST ALONG SAID WESTERLY LINE OF MERRIDITH STREET TO ITS INTERSECTION WITH SAID NORTHERLY LINE OF U.S. HIGHWAY 101 RIGHT OF WAY;
THENCE NORTHWESTERLY ALONG SAID NORTHERLY LINE OF U.S. HIGHWAY 101 RIGHT OF WAY TO THE TRUE POINT OF BEGINNING;
EXCEPT THE SOUTH 120 FEET OF THE EAST 120 FEET.

PARCEL B:

LOTS 16 THROUGH 27, INCLUSIVE, BLOCK 1 OF BLOEDEL DONOVAN LUMBER MILLS LAKE PLEASANT SUBDIVISION OF TYEE, RECORDED IN VOLUME 4 OF PLATS, PAGE 49, CLALLAM COUNTY, WASHINGTON;
TOGETHER WITH SECOND CLASS SHORELANDS ADJOINING SAID LOTS;
ALSO TOGETHER WITH VACATED HEATHER STREET AND THE NORTH HALF OF BEACH DRIVE ADJOINING TO SAID LOTS.

PARCEL C:

A TRIANGULAR PARCEL OF LAND IN GOVERNMENT LOT 3 OF SECTION 35, TOWNSHIP 30 NORTH, RANGE 13 WEST, W.M., CLALLAM COUNTY, WASHINGTON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE WEST QUARTER SECTION CORNER OF SAID SECTION 35, WHICH POINT IS MARKED BY AN IRON PIPE;
THENCE SOUTH 87°34'30" EAST ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 35 A DISTANCE OF 1,332.08 FEET TO THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 3, WHICH POINT IS THE TRUE POINT OF BEGINNING;
THENCE SOUTH 87°34'30" EAST ALONG SAID EAST-WEST CENTERLINE OF SAID SECTION 35 A DISTANCE OF 213.95 FEET;
THENCE SOUTH 38°50' WEST A DISTANCE OF 170 FEET, MORE OR LESS;
THENCE SOUTH 35°15' WEST A DISTANCE OF 207 FEET, MORE OR LESS, TO THE WESTERLY LINE OF SAID GOVERNMENT LOT 3;
THENCE NORTH 1°13' EAST ALONG SAID WESTERLY LINE OF SAID GOVERNMENT LOT 3 TO THE TRUE POINT OF BEGINNING.

PARCEL D:

THAT PORTION OF GOVERNMENT LOT 3, SECTION 35, TOWNSHIP 30 NORTH, RANGE 13 WEST, W.M., CLALLAM COUNTY, WASHINGTON, LYING NORTHERLY OF STATE HIGHWAY NO. 9, AND WEST OF COUNTY ROAD CONVEYED TO THE COUNTY OF CLALLAM BY INSTRUMENT RECORDED UNDER AUDITOR'S FILE NO. 501100;
EXCEPT THAT PORTION OF THE NORTHERLY 30 FEET THEREOF CONVEYED TO THE COUNTY OF CLALLAM BY INSTRUMENT RECORDED UNDER AUDITOR'S FILE NO. 501100;
ALSO EXCEPT A STRIP OF LAND 100 FEET IN WIDTH CONVEYED TO SIEMS, CARY, H.S. KERBAUGH CORPORATION FOR RAILROAD RIGHT OF WAY BY INSTRUMENT RECORDED IN VOLUME 102 OF DEEDS, PAGE 108;
ALSO EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:
BEGINNING AT THE WEST QUARTER SECTION CORNER OF SAID SECTION 35, WHICH POINT IS MARKED BY AN IRON PIPE;
THENCE SOUTH 87°34'30" EAST ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 35 A DISTANCE OF 1,332.08 FEET TO THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 3, WHICH POINT IS THE TRUE POINT OF BEGINNING;
THENCE SOUTH 87°34'30" EAST ALONG SAID EAST-WEST CENTERLINE OF SAID SECTION 35 A DISTANCE OF 213.95 FEET;
THENCE SOUTH 38°50' WEST A DISTANCE OF 170 FEET, MORE OR LESS;
THENCE SOUTH 35°15' WEST A DISTANCE OF 207 FEET, MORE OR LESS, TO THE WESTERLY LINE OF SAID GOVERNMENT LOT 3;
THENCE NORTH 1°13' EAST ALONG SAID WESTERLY LINE OF SAID GOVERNMENT LOT 3 TO THE TRUE POINT OF BEGINNING.

ALL SITUATE IN THE COUNTY OF CLALLAM, STATE OF WASHINGTON.

Forks Mill Site (leasehold)

LOTS 11 THROUGH 14, FORKS INDUSTRIAL PARK SURVEY RECORDED DECEMBER 15, 1980, IN VOLUME 6 OF SURVEYS, PAGE 17, UNDER AUDITOR'S FILE NO. 514915, BEING A PORTION OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 29 NORTH, RANGE 15 WEST, W.M., CLALLAM COUNTY, WASHINGTON.

SITUATE IN THE COUNTY OF CLALLAM, STATE OF WASHINGTON

KNRC Easements

Crown Pacific Lumber Easement

Railroad and Railroad Maintenance Building:

An easement over a portion of the Southwest 1/4 of Section 19 and the Northwest 1/4 of Section 30 all in Township 24 South, Range 9 East, Klamath County, Oregon, to operate, maintain, replace, and inspect a railroad over a strip of land 100 feet in width lying 50 feet each side of an existing railroad centerline which centerline is described more particularly as follows:

> Beginning at a point on the south line of the NW 1/4 Section 30, Township 24 South, Range 9 East, Willamette Meridian, as said south line is shown on plat of survey – County Survey Number 2135, South 89°59'30" East, 665.23 feet from the C-W 1/16 corner monument, a 1 1/2 inch aluminum cap set in said County Survey Number 2135 thence North 03°42'33 East, 3554.18 feet, thence along a 2826.85 foot radius curve left through an angle of 2°01'37" a distance of 100.00 feet, thence North 01°40'56" East, 339.16 feet to the end of the aforesaid railroad.
>
> Included herewith easements to operate, maintain, replace, and inspect railroad sidings 100 feet in width lying 50 feet each side of each of the several railroad sidings connecting to the above described railroad.
>
> Also, an easement in conjunction with the first above described easement to utilize, maintain, replace, and inspect a railroad maintenance building which presently is located 11 feet each side of the centerline of the northerly 70 feet of the above described railroad.

Gilchrist Sawmill Tract:

A tract of land situated in Sections 19 and 30, Township 24 South, Range 9 East. Williamette Meridian, Klamath County, Oregon, being further described as follows:

Beginning at a 1 ½ inch aluminum cap stamped "Oman OR702" set as part of Klamath County Survey Number 2135 marking the center-west one-sixteenth corner of said Section 30; thence North 89°59'25" West, 129.61 feet to a 5/8 inch iron rod with yellow plastic cap stamped "W&H Pacific"; thence North 00°43'48" East, 581.98 feet; thence North 00°57'00" West, 659.67 feet; thence North 08°53'31" East, 173.46 feet; thence North 22°47'34" East, 125.21 feet; thence North 31°09'33" East, 170.48 feet; thence North 42°06'48" East, 126.95 feet; thence North 54°08'16" East, 335.07 feet; thence North 48°40'02" East, 137.86 feet; thence North 31°02'30" East, 120.80 feet; thence North 16°51'52" East 315.06 feet; thence North 08°33'43" East, 156.39 feet; thence North 29°47'20" West 90.21 feet; thence North 04°26'16" West 256.63 feet; thence North 29°31'40" West, 637.26 feet; thence North 68°17'15" West, 1448.58 feet; thence North 15°15'50" East, 537.11 feet; thence South 67°44'01" East, 1104.72 feet; thence north 07°59'49" West, 1010.20 feet; thence North 12°06'48" West, 1596.12 feet; thence North 69°05'03" East, 88.90 feet; thence South 35°31'34" East, 66.26 feet; thence South 43°11'08" East, 131.62 feet; thence South 47°07'55" East, 622.90 feet; thence South 48°21'34" East 691.87 feet; thence South 81°01'10" East, 47.07 feet; thence North 65°28'44" East, 110.88 feet; thence South 89°01'46" East, 106.04 feet; thence South 72°05'48" East, 657.54 feet; thence South 63°19'12" East, 80.79 feet; thence South 38°30'07" East, 111.93 feet; thence South 24°05'42" East, 481.01 feet; thence South 26°01'19" East, 194.21 feet; thence South 20°56'51" East, 148.78 feet; thence South 15°58'19" East, 262.21 feet; thence South 74°22'21" East, 66.62 feet to an angle point on the westerly line of Parcel 1 as defined by Partition Plat Number MP 53-91 previous to recording with Klamath County Records; thence along said westerly line of said Parcel 1 the following courses; thence North 81°33'08" East, 333.88 feet; thence South 15°00'41" West, 678.21 feet; thence North 74°59'19" West, 618.42 feet; thence South 01°04'00" East, 1296.70 feet; thence North 89°56'12" East, 216.77 feet; thence South 15°00'41" West, 80.47 feet; thence South 74°59'19" East, 30.00 feet; thence South 15°00'41" West, 1335.95 feet to a point of spiral curvature; thence along the arc of a 2 degree railroad spiral curve offset 50 feet from centerline of said railroad curve, the long chord of which bears South 15°02'54" West, 41.47 feet to a point on the South line of said Parcel 1; thence leaving said westerly and southerly lines of Parcel 1 along the arc of a 2 degree railroad spiral curve offset 50 feet from centerline of said railroad curve, the long chord of which bears South 15°42'07" West, 116.98 feet to a point of spiral to curvature; thence along the arc of a 2814.79 foot radius railroad curve to the right, through a central angle of 24°00'37", the long chord of which bears South 27°09'13" West, 1017.53 feet to a point of curvature to spiral, said point being 50 feet westerly of the centerline of said railroad curve; thence along the arc of a 2 degree railroad spiral curve offset 50 feet from centerline of said railroad curve, the long chord of which bears south 38°24'35" West, 158.49 feet; thence South 39°01'18" West, 130.72 feet; thence North 50°58'42" West, 23.93 feet; thence South 39°00'19" West, 0.90 feet to a point on the east-west centerline of Section 30 as defined by Klamath County Survey Number 2135; thence along said centerline of Section 30 as defined by said Survey Number 2135, North 89°59'30" West, 1062.09 feet to the point of beginning.

Bearings are based on Klamath County Partition Plat Number MP 53-91.

Crown Pacific (Oregon) Easement

An easement over the area lying within 50 feet on either side of the center line of the railroad tracks (existing on October 4, 1991) formerly (prior to October 4, 1991) operated by the Klamath Northern Railway Company over the following described real property situated in Klamath County, Oregon:

Township 24 South, Range 8 East, W.M.

Section 25
Section 36

Township 24 South, Range 9 East, W.M.

Section 19
Section 30
Section 31

Township 25 South, Range 8 East, W.M.

Section 2
Section 10
Section 11
Section 15
Section 16
Section 17
Section 20
Section 31

LEGAL DESCRIPTION: **Gilchrist Timber Company Easement**

An easement over the area lying within 50 feet on either side of the center line of the railroad tracks (existing on October 2, 1991) formerly (prior to October 2, 1991) operated by the Klamath Northern Railway Company over the following described real property situated in Klamath County, Oregon:

Parcel 2 of Major Partition Plat No. 53-91, records of Klamath County, Oregon.

PART IIITHE RAYONIER MILLS

Eatonon Mill – Putman County

ALL THAT TRACT OR PARCEL OF LAND lying in the Second Land District of Putnam County and the 311th Georgia Militia District of Putnam County, Georgia, being a part of a certain Tract of Land containing 365 acres, more or less, according to a survey prepared for International Paper Company by Jack Brantley, R.L.S., Georgia Certificate No. 541, dated January 7, 1957, being more particularly described as follows:

BEGIN at a railroad iron on the Southwesterly Right-of-Way line of the Central of Georgia Railroad, said iron being on a property line between the Fred Avant Property and International Paper Company Property, as shown on said Plat by Jack Brantley and run S. 52°39'00" E. along the Southwesterly Right-of-Way line of said Central of Georgia Railroad 1,565.94 feet to the Point of Curve of a curve concave to the right, having a radius of 2,254.37 feet and a total central angle of 08°59'09"; thence S. 48°09'26" E. along a chord bearing 353.19 feet to an International Paper Company monument; thence N. 44°28'35" E. 111.48 feet to a point on the Old Eatonton to Dennis Station Public Road as referred to in the Deed between Fred Avant and Southern Craft Timber Corporation, dated April of 1948, and said Plat by Jack Brantley; thence S. 56°43'26" E. along said Public Road 266.75 feet to its intersection with the Southwesterly Right-of-Way line of Dennis Station Raod, a County Paved Road, as now exists; thence S. 53°04'11" E. along said Southwesterly Right-of-Way line 24.06 feet to the Point of Curve of a curve concave to the right having a radius of 791.377 feet and a total central angle of 51°36'50"; thence S. 27°15'45" E. along a chord bearing 689.04 feet to the Point of Tangency of said curve; thence S. 01°27'19" E. still along said Southwesterly Right-of-Way line 323.43 feet; thence N. 36°30'10" W. 1,187.34 feet to an iron pin and an International Paper Company concrete monument; thence S. 44°06'53" W. 2,138.18 feet; thence N. 44°33'15" W. 1,902.38 feet to an International Paper Company concrete monument; thence N. 43°58'00" E. 1,983.77 feet to the POINT OF BEGINNING;

LESS AND EXCEPT that portion contained within the Right-of-Way of the Central of Georgia Railroad.

Containing 96.98 acres, more or less.

ALL AS SHOWN on a Plat of Survey prepared by L. L. Lee & Associates, Inc. for International Paper Company dated September 13, 1983 and recorded in Plat Book 11, Page 125, Putnam County Records.

Baxley Mill – Appling County

(296/683)

All that tract or parcel of land lying and being in Land Lot No. 291 of the Second Land District of Appling County, Georgia, consisting of 12.58 acres, more or less, and being more particularly described according to a survey and plat thereof by Quillie E. Kinard, Jr., G.R.L.S. No. 1572, dated December 22, 1992, which plat is recorded in the Office of the Clerk of the Superior Court of Appling County, Georgia, in Plat Book 14, Page 18, and incorporated herein for a more full and complete description and all other purposes.

(150/185)

<u>Tract 1:</u> All that tract or parcel of land situate, lying and being in the Second Land District of Appling County, Georgia, consisting of 17.27 acres, more or less, of lot of land No. 291, being bound: Northerly by the southern edge of the right of way of U.S. Highway No. 341; Easterly by lands of Brunswick Pulp and Paper Company; Southerly by the northern edge of the right of way of the Southern Railway Company, and Westerly by lands of Youmans Timber Company, Inc.

<u>Tract 2:</u> All that tract or parcel of land situate, lying and being in the Second Land District of Appling County, Georgia, consisting of 8.33 acres, more or less, of lot of land No. 291, being bound: Northerly by the southern edge of the right of way of U.S. Highway No. 341; Easterly by lands of Youmans Timber Company, Inc.; Southerly by the northern edge of the right of way of the Southern Railway Company, and Westerly by lands of St. Regis Paper Company.

(156/162)

All of the tracts or parcels of land situate, lying and being in the Second Land District of Appling County, Georgia, portions of lot of land no. 291, consisting of the following two tracts of land:

A tract of land consisting of 8.6 acres, more or less, conveyed from John S. Laws and Farnell O'Quinn to Eugene Youmans by warranty deed dated November 1968, recorded November 7, 1968, Deed Book 134, Page 193, of the deed records of Appling County, Georgia; said tract of land being more particularly described in accordance with a survey and plat thereof by A.T. Beach dated October 26, 1968, recorded along with and made a part of said deed.

A tract of land consisting of 5.22 acres, more or less, being the tract of land conveyed from John S. Laws and Farnell O'Quinn to Eugene Youmans by warranty deed dated January 6, 1970, recorded January 8, 1970, Deed Book 139, Page 207, of the deed records of Appling County, Georgia; said tract of land being more particularly described in accordance with a plat by A.T. Beach dated December 19, 1969, recorded along with and made a part of said deed.

Swainsboro Mill – Emanual County

ALL OF THAT certain piece, parcel or tract of land lying and being in the 53rd and 1502nd G.M. District of Emanuel County, Georgia, containing 43.135 acres of land (more or less) as shown on a plat prepared by Marvin Nevil, Surveyor, dated July 15, 1993, which plat is recorded in Plat Book 16, Page 91, of the Records of the Clerk of Superior Court of Emanuel County, Georgia. Said plat is by this reference incorporated herein for a more full, complete and accurate description of the property.

TOGETHER WITH

ALL OF THAT certain piece, parcel or tract of contiguous land lying and being in the 53rd and 1502nd G.M. District of Emanuel County, Georgia, containing 56.2 acres of land (more or less) as shown on a plat prepared by James M. Anderson, Surveyor, dated December 14, 1994, which plat is recorded in Plat Book 16, Page 171, of the Records of the Clerk of Superior Court of Emanuel County, Georgia. Said plat is by this reference incorporated herein for a more full, complete and accurate description of the property.

The aforedescribed contiguous parcels comprising in the aggregate a parcel of 99.335 acres, more or less.

PART IV BC Leasehold Lands

Adams Lake Mill Site

Lease No. 343448 (File No. 0154270) dated for reference August 20, 2006 entered into between Her Majesty the Queen in Right of the Province of British Columbia and International Forest Products Limited as the said lease may be amended, extended, renewed, replaced, restate and in effect from time to time in respect of the following lands and premises to hold for a period of 10 years commencing on August 20, 2006 at the rentals and subject to the covenants therein contained:

> that portion of the land shown outlined by bold line on the schedule attached to the said lease entitled "Legal Description Schedule" being District Lot 5947, Kamloops Division of Yale District and containing 12.43 ha, except for those parts of the land that, on the Commencement Date, consist of highways (as defined in the *Transportation Act*).

Hammond Mill Site

Lease (No. MAP354-02600F-002) dated as of April 29, 2009 entered into between Vancouver Fraser Port Authority and International Forest Products Limited, as the said lease may be amended, extended, renewed, replaced, restated and in effect from time to time in respect of the following lands and premises to hold on for a term expiring April 28, 2029, subject to renewals as set forth therein at the rentals and subject to the covenants therein contained:

> a waterlot area, more particularly described as that certain waterlot labeled Parcel "A", of some 50,199 square meters, more or less, fronting Lot 1, District Lots 278 and 279, Group 1, New Westminster District Plan LMP30576, District of Maple Ridge, Province of British Columbia as shown on Lease Plan No. 2009-080 dated August 18, 2009, a copy of which plan is attached as Schedule "A" to the said aforesaid lease.

Field Sawmill

Lease No. 111455 (File No. 0230277) dated for reference June 8, 2004 as entered into between Her Majesty the Queen in Right of the Province of British Columbia and International Forest Products Limited, as amended by a Modification Agreement dated for reference June 10, 2009, between the same parties, as the said lease may be further amended, extended, renewed, replaced, restated and in effect from time to time in respect of the following lands and premises to hold on for a term of 30 years, subject to renewals as set forth therein at the rentals and subject to the covenants therein contained:

> that part of the land as shown outlined by bold line on the schedule attached to said modification agreement dated for reference June 10, 2009, and being that part of District Lot 346 and Blocks A, B and C of District Lot 258, all within Nanaimo District, containing 0.7745 hectares.

Acorn Sawmill

Lease No. DEL359-04000F-018, dated as of March 1, 2012, as entered into between Vancouver Fraser Port Authority and International Forest Products Limited, as the said lease may be further amended, extended, renewed, replaced, restated and in effect from time to time in respect of the following lands and premises to hold on for a term expiring February 29, 2032, subject to renewals as set forth therein at the rentals and subject to the covenants therein contained:

> Certain land and waterlot areas totaling some 122,714 square metres, more or less, comprising of:
>
> Parcel "A" (land) of some 78,546 square metres, more or less;
> Parcel "B" (land) of some 8,975 square metres, more or less;
> Parcel "C" (waterlot) of some 33,959 square metres, more or less; and
> Parcel "D" (waterlot) of some 1,234 square metres, more or less,
>
> All fronting Parcel "A" (Plan with Fee C32774), North East Quarter of Section 35, Township 4, New Westminster District, Corporation of Delta, Province of British Columbia.

Castlegar Sawmill

1. Lease No. 404072, (File No. 0279107), dated December 1, 2008, for a term of 30 years, commencing on December 1, 2008, between Her Majesty the Queen in Right of the Province of British Columbia, as lessor, and International Forest Products Limited, as lessee with respect to those lands and premises:

> shown outlined by bold line on the schedule attached to the said lease, entitled "Legal Description Schedule", District Lot 3183, Kootenay District, except for those parts of the land, that on the Commencement Date, consist of highways (as defined in the Transportation Act)

2. Lease Aquatic Lands No. 401675, File No. 0353961, dated for reference December 13, 1990, for a term of 30 years commencing on November 9, 1990, between Her Majesty the Queen in Right of the Province of British Columbia, as lessor and Westar Timber Limited, as lessee, as assigned by Westar Timber Limited to Westshore Terminals Ltd. [▼NTD: Where is Assignment agreement/endorsement], effective December 30, 1991, as assigned to Pope and Talbot Ltd. (Inc. No. 97568) effective April 15, 1992, [▼NTD: Where is Assignment/Endorsement on lease?] as assumed by Pope & Talbot Ltd. (Inc. No. 598553, successor by amalgamation to Pope & Talbot Ltd. (Inc. No.97568)), effective October 2001, as assigned by Pope & Talbot Ltd. (Inc. No. 598553) to Pope & Talbot Ltd. (No. A0061149) pursuant to assignment /assumption agreement dated for reference November 23, 2006, and as assigned by Pope & Talbot Ltd. (Inc. No. A0061149) to International Forest Products Limited (Inc. No. BC0200146) pursuant to an assignment/assumption agreement dated for reference April 30, 2008, with respect to those lands and premises described as:

> District Lot 4087, Kootenay District; as shown outlined in red on the sketch attached to the said lease and containing 13.05 hectares, more or less.

3. Lease Aquatic Lands No. 402000, File No. 4400986, dated October 26, 1992, for a term of 30 years commencing on October 26, 1992, between Her Majesty the Queen in Right of the Province of British Columbia, as lessor, and Pope & Talbot Ltd. (Inc. No. 97568), as lessee, as assumed by (i) Pope & Talbot Ltd. (Inc. No. 598553, successor by amalgamation to Pope & Talbot Ltd. (Inc. No.97568)); (ii) as assigned by Pope & Talbot Ltd. (Inc. No. 598553) to Pope & Talbot Ltd. (Inc. No. A0061149) pursuant to assignment / assumption agreement dated for reference November 23, 2006; and (iii) as assigned by Pope & Talbot Ltd. (No. A0061149) to International Forest Products Limited (Amalg. No. BC0200146) as the said lease may be amended, extended, renewed, replaced, restated and in effect from time to time further with respect to those lands and premises described as:

> Block A of District Lot 16269, Kootenay District, as shown on the Sketch Plan attached to the said lease, containing 5.932 ha., more or less.

SCHEDULE H

PENSION PLANS

The Interfor US 401(k) Plan which became effective as of September 1, 2004.

SCHEDULE I

BORROWING BASE REPORT

(§7.1(nn)(1))

(1) The Borrowing Base of consolidated International Forest Products Limited and its Restricted Subsidiaries was [$] on the last day of the month ended [ ] calculated as follows (words with initial capital letters have the meaning ascribed to them in this Agreement):

(a)	Good Account Receivable (Canadian $) excluding EDC Insured Amounts reported under line (e) below.	$	
(b)	75% of line (a)		$
(c)	The Equivalent Amount in Canadian Funds of Good Accounts Receivables (Non-Cdn) (converted at US$/Euro/Yen/U.K. Pounds/Australian$/New Zealand$) excluding EDC Insured Amounts reported under line (e) below.	$	
(d)	75% of line (c)		$
(e)	Good Accounts Receivable which are EDC Insured to the extent of at least 90%. In (CDN$) and the Equivalent Amount in Canadian Funds, the Equivalent calculated as per Item (c) above.	$	
(f)	90% of line (e)		$
(g)	Eligible Inventory – Logs	$	
(h)	Eligible Inventory – Lumber	$	
(i)	Eligible Inventory – Chips	$	
(j)	Eligible Inventory – Raw materials, supplies, spare parts, etc.	$	

(k)	Total of (g), (h), (i) and (j)	$	
(l)	66 2/3 % of line (k)		$
(m)	line (b) plus line (d) plus line (l)		$
(n)	Potential Preferred Claims		$
(o)	Borrowing Base (line (m) minus lines (n)		$

(2) I certify the foregoing to be a true and correct report on the matters disclosed and reported herein as of the stated fiscal month-end.

(3) I further certify as follows:

(a) that the representations and warranties contained in this Agreement are true and correct as of the date of this Report;

(b) that the covenants contained in this Agreement have not been breached as of the date of this Report and, during the next fiscal quarter of the Borrower, there is no reason to believe that any of such covenants will be breached;

(c) that, as of the stated month-end, Inventory locations and values were as follows:

Canadian Locations (specify site)	Cdn $ Value
•	
•	
•	

U.S. Locations (specify site)	Cdn $ Value
•	
•	
•	

(d) that I will forthwith advise the Agent on becoming aware of any inaccuracy in the matters certified in §3(c) above;

(e) the aggregate amount of accounts receivable sold pursuant to a receivables purchase agreement as at the date of this Report is $______________.

(f) the aggregate of Borrowings as at the date of this report was $______________. Borrowings in US$ were converted to Cdn$ at ____________.

By: ________________________________

Name/Title: ________________________________

DATED this day of

SCHEDULE J

EXISTING GUARANTEE LETTERS AND LETTERS OF CREDIT

Part 1
Letters of Credit

TRANCHE A

OPTION	LC #	PRINCIPAL BALANCE	BENEFICIARY	MATURITY DATE	AUTO RENEW
LIBOR		27,000,000.00		03/28/2013	
Other-bank-Fronted Financial LC (CAD)	6YLACO5UK	39,243.46	MINISTER OF FINANCE-FOREST REV	10/30/2013	YES
Other-bank-Fronted Financial LC (CAD)	8XV7ZZ00M	314,169.20	MINISTRY OF FINANCE	04/29/2013	YES
Other-bank-Fronted Financial LC (CAD)	8XV7ZZNUO	263,562.75	MINISTRY OF FINANCE	04/29/2013	YES
Other-bank-Fronted Financial LC (CAD)	9JT9SUU07	10,000.00	DEPARTMENT OF FISHERIES AND OC	10/13/2013	YES
Other-bank-Fronted Financial LC (CAD)	9JT9SUU4R	5,000.00	DEPARTMENT OF FISHERIES AND OC	10/13/2013	YES
Other-bank-Fronted Financial LC (CAD)	9PN9D07YI	23,660.45	MINISTER OF FINANCE-FOREST REV	12/09/2013	YES
Other-bank-Fronted Financial LC (CAD)	9WP81OKWJ	5,000.00	MINISTRY OF FINANCE	05/29/2013	YES
Other-bank-Fronted Financial LC (CAD)	B3FABH96N	33,214.85	MINISTER OF FINANCE-FOREST REV	10/04/2013	YES
Other-bank-Fronted Financial LC (CAD)	DOB9ULNOA	65,000.00	DEPARTMENT OF FISHERIES AND OC	11/13/2013	YES
Other-bank-Fronted Financial LC (CAD)	FG4AFQRBZ	15,101.20	MINISTER OF FINANCE-FOREST REV	12/27/2013	YES
Other-bank-Fronted Financial LC (CAD)	FO1ADN3W0	30,000.00	DEPARTMENT OF FISHERIES AND OC	11/18/2013	YES
Other-bank-Fronted Financial LC (CAD)	GN39X6C2W	26,550.33	MINISTER OF FINANCE-FOREST REV	01/03/2014	YES
Other-bank-Fronted Financial LC (CAD)	GN579120J	25,000.00	MINISTRY OF SMALL BUS & REV	05/27/2013	YES

Total **27,000,000.00**

TRANCHE A

OPTION	LC #	PRINCIPAL BALANCE	BENEFICIARY	MATURITY DATE	AUTO RENEW		
Other-bank-Fronted Financial LC (CAD)	CH6AIH46R	67,774.32	MINISTER OF FINANCE-FOREST REV	02/20/2014	YES	**Total**	**923,276.56**
Other-bank-Fronted Non-Financial LC (CAD)	1234/0012	50,000.00	HER MAJESTY THE QUEEN IN RIGHT	05/27/2013	YES		
Other-bank-Fronted Non-Financial LC (CAD)	1234/0239	10,000.00	FISHERIES AND OCEANS CANADA	05/27/2013	YES		
Other-bank-Fronted Non-Financial LC (CAD)	1234/0434	5,000.00	FISHERIES AND OCEANS CANADA	05/27/2013	YES		
Other-bank-Fronted Non-Financial LC (CAD)	1234/0435	5,000.00	FISHERIES AND OCEANS CANADA	05/27/2013	NO		
Other-bank-Fronted Non-Financial LC (CAD)	1234/0461	15,000.00	FISHERIES AND OCEANS CANADA	05/25/2013	YES		
Other-bank-Fronted Non-Financial LC (CAD)	1234/0462	5,000.00	FISHERIES AND OCEANS CANADA	05/25/2013	YES	**Total**	**90,000.00**
Severally Obligated LC	120287	736,800.00	JOHN HORNING - PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	120288	1,405,800.00	DUNCAN DAVIES - PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	120289	222,800.00	GERALD FRIESEN - PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	120290	388,000.00	JACK DRAPER - PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	120291	522,200.00	JAMES BELSHEIM - PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	120293	273,800.00	OTTO SCHULTE - PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	120296	374,900.00	HUGH J.SUTCLIFFE- PENSION PLAN	03/31/2013	YES		
Severally Obligated LC	346158	153,300.00	RICHARD SLACO, PARTICIPANT IN	03/31/2013	YES	**Total**	**4,077,600.00**
Other-bank-Fronted Financial LC (USD)	G199312	29,361.13	GARD P&I (BERMUDA) LIMITED	10/31/2013	YES	**Total**	**29,361.13**

Part 2

Bankers' Acceptances and LIBOR

TRANCHE B

OPTION	PRINCIPAL BALANCE	MATURITY DATE
BA	30,000,000.00	03/11/2013
BA	10,000,000.00	03/22/2013
BA	25,000,000.00	05/27/2013
BA	25,000,000.00	05/27/2013
BA	15,000,000.00	03/06/2013
LIBOR	30,200,000.00	03/28/2013
LIBOR	50,000,000.00	03/28/2013

Total 185,200,000.00

SCHEDULE K

PROVISIONS OF LETTER OF CREDIT

Each Issuing Lender hereby undertakes, severally according to the percentage set forth next to its signature below (such Issuing Lender's "**Applicable Percentage**") and not jointly with any other Issuing Lender, that drafts drawn under and in strict compliance with the terms of this Letter of Credit will be duly honored by paying to the Agent such Issuing Lender's share (according to its Applicable Percentage) of the amount of such draft. The Agent hereby undertakes that any amount so received by it will be made available to you by promptly crediting the payment so received, in like funds, in accordance with your instructions.

The obligation of each Issuing Lender under this Letter of Credit is several and not joint and shall at all times be an amount equal to such Issuing Lender's Applicable Percentage of the aggregate undrawn amount this Letter of Credit (and of each drawing under this Letter of Credit).

This Letter of Credit has been executed and delivered by the Agent in the name and on behalf of, and as attorney for, each Issuing Lender. The Agent is authorized to act under this Letter of Credit as the agent of each Issuing Lender in order to (a) receive drafts, other demands for payment and other documents presented by you under this Letter of Credit, (b) determine whether such drafts, demands and documents are in compliance with the terms and conditions of this Letter of Credit and (c) notify such Issuing Lender that a valid drawing has been made and the date that the related disbursement is to be made. The Agent undertakes that it will promptly notify each Issuing Lender of any valid drawing under this Letter of Credit.

By your acceptance hereof, you agree that the Agent shall have no obligation or liability, other than in its individual capacity as an Issuing Lender, to honor any drawing under this Letter of Credit and that neither any Issuing Lender nor the Agent shall be responsible for the failure of any other Issuing Lender to make a payment to be made by such other Issuing Lender hereunder.

This Letter of Credit sets forth in full the terms of our and each Issuing Lender's undertaking, and such undertaking is not subject to any agreement, requirement or qualification and shall not in any way be amended, modified, amplified or limited by reference to any document, instrument or agreement referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates, and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement. The obligation of each Issuing Lender under this Letter of Credit is the individual obligation of such Issuing Lender and is in no way contingent upon reimbursement to any drawing hereunder or upon any Issuing Lender's ability to perfect a lien or security interest.

SCHEDULE L

LENDERS' SECURITY

(a) the:

(1) general security agreement (the "**Canadian GSA**") made by the Borrower and dated for reference January 14, 2010;

(2) general security agreement (the "**U.S. GSA**") made by the Borrower and dated for reference January 14, 2010,

wherein the Borrower creates and grants to and in favour of the Agent, for and on behalf of the Lenders, a specific mortgage, charge and security interest in or upon all present and after acquired personal property of whatsoever nature and kind and wheresoever situate of the Borrower and in addition, pursuant to the Canadian GSA a security interest in the Timber Tenures described in the Canadian GSA, as amended by the Canadian Security Second Amending Agreement (with respect to the Canadian GSA) and as amended by the U.S. Security Second Amending Agreement (with respect to the U.S. GSA) (collectively, the "**Interfor General Security Agreements**");

(b) the assignments by the Borrower in favour of the Agent for and on behalf of the Lenders of the Chip and Pulplog Supply Agreement and the Residual Fibre Supply Agreement pursuant to a multiparty agreement dated for reference August 25, 2004 among the Borrower, the Agent and Norske Canada, a partnership of Norske Skog Canada Limited and Norske Skog Canada Pulp Operations Limited, as amended by the Canadian Security Amending Agreement and as the same may be further amended, modified, supplemented, extended, renewed or replaced from time to time (the "**Significant Agreements Assignments**");

(c) the assignment by the Borrower to each Schedule I, Schedule II or Schedule II Lender as defined in the *Bank Act* (Canada) pursuant to Section 427 of the *Bank Act* (Canada) covering all of its products of the forest and goods, wares and merchandise, manufactured or otherwise, including logs, lumber, chips and goods, wares and merchandise used in or procured for the packing of such products of the forest or goods, wares and merchandise, as amended by the Canadian Security Amending Agreement and the Canadian Security Second Amending Agreement (collectively the "**Section 427 Security**");

(d) the following mortgages by way of first mortgages and charges in favour of the Agent, as agent for and on behalf of the Lenders, subject only to Permitted Encumbrances:

(1) the fee simple mortgage in the principal amount of Cdn$400,000,000 or the Equivalent Amount in U.S. Funds dated for reference January 14,

2010 the "**Original Fee Simple Mortgage**") granted by the Borrower in favour of the Agent, for itself, and inter alia, the Lenders charging the Hammond Sawmill, the Adams Lake Sawmill, the Castlegar Site and the Grand Forks Site, as amended by:

(A) a mortgage extension agreement dated October 18, 2012 (the "**Fee Simple First Mortgage Extension**") entered into between the Borrower and the Agent, extending the Original Fee Simple Mortgage over additional fee simple lands;

(B) a modification agreement dated for reference February 27, 2013 (the "**Fee Simple First Mortgage Amendment**") among the Borrower and the Agent, amending the Original Fee Simple Mortgage;

(the Original Fee Simple Mortgage, the Fee Simple First Mortgage Extension, the Fee Simple First Mortgage Amendment collectively the "**Fee Simple Mortgage**");

(2) a leasehold mortgage in the principal amount of Cdn $400,000,000 or the Equivalent amount in U.S. Funds dated for reference February 27, 2013 (the "**Leasehold Mortgage**") granted by the Borrower in favour of the Agent, for itself, and inter alia, the Lenders, mortgaging and charging by way of sublease, the leasehold interests described in Schedule G, Part IV,

as the same may amended, extended, renewed, replaced, restated and in effect from time to time (collectively, the "**Mill Mortgage**");

(e) the share pledge and security agreement dated for reference August 25, 2004 made by the Borrower in favour of the Agent for and on behalf of the Lenders as amended by the U.S. Security Amending Agreement and as further amended by the U.S. Security Second Amending Agreement, with respect to all of the common shares in the capital of Interfor US Holdings owned by the Borrower, as may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (the "**Interfor Pledge**");

(f) the guarantee dated for reference January 14, 2010 executed by the Interfor US Group and Interfor Trading to and in favour of the Agent for and on behalf of the Lenders, as acknowledged, confirmed and amended by the U.S. Security Second Amending Agreement, and as the same may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (the "**Interfor Guarantee**");

(g) the contribution, indemnity and subrogation agreement dated for reference January 14, 2010 between the Borrower, the Interfor US Group, Interfor Trading and the Agent, as agent for and on behalf of the Lenders, as acknowledged, confirmed and amended by the U.S. Security Second Amending Agreement, and as the same may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (the "**Contribution, Indemnity and Subrogation Agreement**");

(h) general security agreements:

(1) dated for reference August 25, 2004:

(A) made by Interfor US Holdings;

(B) made by Interfor US;

(C) made by KNRC;

(D) made by Cedarprime,

each amended by the U.S. Security Amending Agreement and further amended by the U.S. Security Second Amending Agreement;

(2) dated for reference December 14, 2010, being the U.S. form of general security agreement made by the Borrower, as amended by the U.S. Security Second Amending Agreement;

(3) dated for reference December 14, 2010 made by Interfor Trading (the "**Interfor Trading GSA**"), as amended by the Canadian Security Second Amending Agreement; and

(4) dated for reference December 14, 2010, being the Canadian form of general security agreement made by the Borrower, as amended by the Canadian Security Second Amending Agreement,

in each instance providing for the grant to and in favour of the Agent, for and on behalf of the Lenders, a specific mortgage, charge and security interest in or upon all of its presently owned or held and after acquired or held property of whatsoever nature and kind and wheresoever situate (as each of the foregoing general security agreements may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time collectively, the "**Interfor Group Security Agreements**");

(i) the share pledge and security agreement dated for reference August 25, 2004 made by Interfor US in favour of the Agent for and on behalf of the Lenders as amended by the U.S. Security Amending Agreement, as further amended by the U.S. Security Second Amending Agreement, with respect to all of the common shares in the capital of Interfor US owned by Interfor US Holdings and as the same may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (the "**Interfor US Holdings Pledge**");

(j) the Washington Deed of Trust dated as of February 27, 2013, granted by Interfor US in favour of the Lenders, the Agent and the Arranger, providing for deeds of trust, assignment of rents and leases, security agreements and fixture filings with respect to the Washington Mill Sites and including, inter alia, a grant of all estate, rights, title and interest of Interfor US now or hereafter acquired in each of the Washington Mill Sites;

(k) With rspect to the Oregon Mill Sites:

(1) with respect to the Gilchrist Mill, the Deed of Trust dated August 25, 2004, granted by Interfor US providing for deeds of trust, assignment of rents and leases, security agreement and fixture filings, including inter alia, the grant all estate, rights, title and interest of Interfor US now or hereafter acquired in the Gilchrist Mill, as amended by modification agreements dated for reference September 30, 2008, dated as of January 14, 2010 (collectively, the "**Existing Gilchrist Mill Deed of Trust**") and as further amended by the modification agreement dated as of February 27, 2013, providing for, inter alia, a grant inf avour of the Lenders, the Agent and the Arranger (the "**February 2013 Gilchrist Mill Modification**" and together with the Existing Gilchrist Mill Deed of Trust as the same may be further amended, extended, renewed, replaced, restated and in effect from time to time, collectively, the "**Gilchrist Mill Deed of Trust**");

(2) with respect to the Molalla Mill, the Deed of Trust dated May 31, 2005, granted by Interfor US providing for deeds of trust, assignment of rents and leases, security agreement and fixture filings, including inter alia, the grant all estate, rights, title and interest of Interfor US now or hereafter acquired in the Molalla Mill, as amended by a modification agreement dated for reference September 30, 2008 and modification agreements dated as of January 14, 2010 (collectively the "**Existing Molalla Mill Deed of Trust**") and as further amended by the modification agreement dated as of February 27, 2013, providing for, inter alia, a grant in favour of the Lenders, the Agent and the Arranger (the "**February 2013 Molalla Mill Modification**" and together with the Existing Molalla Mill Deed of Trust as the same may be further amended, extended, renewed, replaced, restated and in effect from time to time, collectively, the "**Molalla Mill Deed of Trust**");

(3) with respesct to the KNRC Easement and Assets, the KNRC Deed of Trust, dated August 25, 2004, by KNRC as amended by modification agreements dated for reference September 30, 2008 and January 14, 2010 (collectively the "**Exisiting KNRC Easement Deed of Trust**") and as further amended by the modification agreement dated as of February 27, 2013, providing for, inter alia, a grant inf avour of the Lenders, the Agent and the Arranger (the "February 2013 KNRC Deed of Trust and together with the Existing KNRC Easement Deed of Trust as the same may be further amended, extended, renewed, replaced restated and in effect from time to time the "**KNRC Deed of Trust**"). The KNRC Deed of

Trust provides for, inter alia, the grant of all estate, right, title and interest of KNRC now or hereafter acquired in:

(A) the Railroad Easement Agreement (Crown Pacific Lumber) dated October 4, 1991, between the Crown Pacific Lumber Limited Partnership and KNRC;

(B) the Railroad Easement Agreement dated October 4, 1991 between Crown Pacific (Oregon) Limited Partnership and KNRC, and

(C) the Railroad Easement Agreement, dated October 2, 1991 between Gilchrist Timber Company and KNRC;

(l) Title Insurance issued by Fidelity National Trust Insurance Company relating to the Washington Deed of Trust and the Washington Mill Sites;

(m) Title insurance with respect to the Oregon Deeds of Trust, except for the KNRC Deed of Trust, together with endorsements to reflect the modification amending agreements dated as of February 27, 2013;

(n) the share pledge and security agreement dated for reference August 25, 2004 made by Interfor US in favour of the Agent for and on behalf of the Lenders as amended by the U.S. Security Amending Agreement and as further amended by the U.S. Security Second Amending Agreement, with respect to all of the common shares in the capital of KNRC owned by Interfor US, and as the same may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (the "**Interfor US Pledge**");

(o) the agreement entitled "Environmental Indemnity Agreement" with an effective date of August 25, 2004 and the agreement entitled "Environmental Indemnity Agreement" dated for reference September 30, 2008, both made by the Borrower in favour of the Agent as amended by the Canadian Security Amending Agreement and as further amended by the Canadian Security Second Amending Agreement and as the same may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (the "**Environmental Indemnity Agreement (Canada)**");

(p) the agreements each entitled "Environmental Indemnity Agreement" and dated for reference respectively (i) August 25, 2004 among, inter alia, Interfor US, KNRC and the Agent; and (ii) September 30, 2008 among Interfor US Holdings, Interfor US and the Agent and as amended by the U.S. Security Amending Agreement, as further amended by the U.S. Security Second Amending Agreement and as the same may be further amended, restated, modified, supplemented, extended, renewed or replaced from time to time (collectively, the "**Environmental Indemnity Agreement (Northwest U.S.)**");

(q) the Canadian Security Amending Agreement, providing for , inter alia, confirmation or extension documents (as the Agent deems appropriate), in form satisfactory to the Lenders, from each of the Borrower and the Interfor Group, confirming that all of the foregoing documents remain in full force and effect;

(r) the Canadian Security Second Amending Agreement providing for , inter alia, confirmation or extension documents (as the Agent deems appropriate), in form satisfactory to the Lenders, from each of the Borrower and the Interfor Group, confirming that all of the foregoing documents remain in full force and effect;

(s) the US Security Amending Agreement providing for, inter alia, confirmation or extension documents (as the Agent deems appropriate), in form satisfactory to the Lenders, from each of the Borrower and the Interfor Group, confirming that all of the foregoing documents remain in full force and effect; and

(t) the US Security Second Amending Agreement providing for, inter alia, confirmation or extension documents (as the Agent deems appropriate), in form satisfactory to the Lenders, from each of the Borrower and the Interfor Group, confirming that all of the foregoing documents remain in full force and effect.

The following security relating to the Rayonier Assets to be delivered in accordance with Section 7.1(w) which shall for all purposes of this Agreement only constitute part of the Lenders' Security once such documents are executed and delivered to the Lenders pursuant to Section 7.1(w) and none of the representations, warranties, covenants (other than the covenant pursuant to Section 7.1(w)) or Events of Default (other than the breach of Section 7.1(w) of this Agreement) of any of the foregoing Lenders' Security shall apply to the following security unless and until such security is actually delivered to the Agent for and on behalf of the Lenders:

(u) the Rayonier Mills Deed of Trust;

(v) title insurance with respect to the Rayonier Mills Deed of Trust; and

(w) an environmental indemnity agreement with respect to the Rayonier Mills (the "**Environmental Indemnity Agreement (Georgia)**.

SCHEDULE M

RESTRICTED SUBSIDIARIES

Interfor Trading Ltd.
Interfor U.S. Holdings Inc.
Interfor U.S. Inc.
CEDARPRIME Inc.
Klamath Northern Railway Company

DATED for reference February 27, 2013

AMONG:

INTERNATIONAL FOREST PRODUCTS LIMITED

AND:

Each of the Lenders Named on the
Signature Pages of this Agreement

AND:

ROYAL BANK OF CANADA
as Arranger

AND:

ROYAL BANK OF CANADA
as Agent

INTERFOR 2013
AMENDED AND RESTATED CREDIT AGREEMENT

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