

SHARE PURCHASE AGREEMENT

Dated as of February 8, 2014

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## SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of February 8, 2014

AMONG:

INTERFOR U.S. INC. a corporation incorporated under the laws of the State of Washington (the "Purchaser")

– and –

ILIM TIMBER CONTINENTAL, S.A. a corporation incorporated under the laws of Switzerland (the "Vendor")

– and –

TOLLESON ILIM LUMBER COMPANY a corporation incorporated under the laws of the State of Georgia ("TILC")

– and –

INTERNATIONAL FOREST PRODUCTS LIMITED a corporation incorporated under the laws of the Province of British Columbia ("Interfor")

WHEREAS Tolleson Lumber LLC, formerly known as Tolleson Lumber Company, Inc. (the "Company") owns and operates certain lumber manufacturing facilities (the "Mills"), located in Preston and Perry, Georgia and certain other facilities and related assets and carries on the business (the "Business") of buying logs, manufacturing lumber and related products and by-products and selling such products or by-products;

AND WHEREAS TILC is the beneficial and registered owner of all outstanding membership interests in the capital of the Company;

AND WHEREAS the Vendor is the beneficial and registered owner of all outstanding common stock in the capital of TILC (the "TILC Shares");

AND WHEREAS the Vendor desires to sell and the Purchaser desires to purchase the TILC Shares upon and subject to the terms and conditions set out in this Agreement;

AND WHEREAS the Purchaser is a wholly-owned subsidiary of Interfor and Interfor is a party to this Agreement as the Interfor Shares will be issued as part of the Purchase Price pursuant to Section 2.3;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties, intending to be legally bound, agree as follows:

**Article 1**  
**Interpretation**

- 1.1 **Definitions.** In addition to the terms defined in this Agreement, whenever used herein, the following terms shall have the meanings set forth below unless otherwise expressly provided or unless the context clearly requires otherwise:
- (a) “**Acceptable Third Party Lender**” means a financial institution listed in Section 1.1(a) of the Disclosure Letter, if any, or a recognized financial institution, acceptable to Interfor, acting reasonably.
  - (b) “**Affiliate**” means a Person which, directly or indirectly, is controlled by, controls or is under common control with, another Person. As used in this Agreement, “control” shall mean (a) the ownership of more than 50% of the voting securities or other voting interest of any Person or (b) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
  - (c) “**Antitrust Laws**” means the HSR Act, the Sherman Act, as amended, the Clayton Antitrust Act, as amended, the Federal Trade Commission Act, as amended, and any other federal, state or foreign Law or Order designed to prohibit, restrict or regulate actions in order to promote or enhance competition and/or prevent monopolization or restraint of trade.
  - (d) “**Balance Sheet Date**” means December 31, 2013.
  - (e) “**Beneficially Own**”, “**Beneficial Owner**” or “**Beneficial Ownership**” shall have the meaning (or the correlative meaning, as applicable) set forth in Rule 13d-3 of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended.
  - (f) “**Boiler MACT**” means the rules and regulations issued by the Environmental Protection Agency in March 2011 imposing emissions limits on industrial and commercial boilers and process heaters.
  - (g) “**Business Acquisition Report**” means a report in form 51-102F4 – *Business Acquisition Report* as prescribed by National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators.
  - (h) “**Business Assets**” means all of the assets, rights and properties of TILC or the Company (of whatever kind or nature, real or personal, tangible or intangible, and wherever located) used or produced in the operation of the Business as of the date of this Agreement;
  - (i) “**Business**” has the meaning ascribed thereto in the recitals of this Agreement.
  - (j) “**Business Day**” means any day other than a Saturday, a Sunday or statutory

holiday in New York, New York, Atlanta, Georgia or Vancouver, British Columbia.

- (k) “Business Employees” means all employees of TILC and the Company, including officers, as of the Closing Date (including those subject to leave of absence, short- or long-term disability or other inactive status, on the Closing Date).
- (l) “Claims” means any actual, pending or threatened civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim or demand resulting therefrom or any other claim or demand or whatever nature or kind.
- (m) “Closing” means the consummation of the transactions contemplated by Article 2 of this Agreement.
- (n) “Closing Date” has the meaning ascribed thereto in Section 3.1.
- (o) “Closing Purchase Price Amount” has the meaning ascribed thereto in Section 2.3(d).
- (p) “Closing Statement” means a statement prepared jointly by the Vendor and the Purchaser that reflects and contains the acknowledgment of each of them as to the amount and payment of the Purchase Price (including all components thereof that may be payable to the Escrow Agent, creditors of TILC and the Company or other Persons) and the delivery of the TILC Shares and the Interfor Shares as contemplated by this Agreement. For illustrative purposes only, a sample Closing Statement is attached as Schedule E.
- (q) “Closing Time” means 10:00 a.m. Atlanta time on the Closing Date or at such other time as is mutually agreed to in writing by the Vendor and the Purchaser.
- (r) “Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.
- (s) “Company” has the meaning ascribed thereto in the recitals of this Agreement.
- (t) “Company Membership Interest” means a membership interest in the Company.
- (u) “Compensation Policies” has the meaning ascribed thereto in Section 6.15(b).
- (v) “Confidentiality Agreement” means the Confidentiality Agreement by and between Interfor and the Vendor dated December 31, 2013.
- (w) “Contract” means any agreement, commitment, engagement, contract, franchise, licence, lease, obligation, undertaking or joint venture (written or

oral) to which a Person is a party or by which it or any of its subsidiaries is bound or to which any of their respective properties or assets is subject.

- (x) “Convertible Securities” means any securities convertible into, exchangeable or redeemable for or otherwise carrying the right or obligation to acquire, Voting Securities, including rights, options or warrants to acquire Voting Securities.
- (y) “Deductible” has the meaning ascribed thereto in Section 12.4(a)(i).
- (z) “Disclosure Schedule” means the letter dated the date of this Agreement and delivered to the Purchaser by the Vendor simultaneously with the execution and delivery of this Agreement.
- (aa) “DOJ” means the United States Department of Justice.
- (bb) “Effective Time” means 11:59 p.m. on the Closing Date.
- (cc) “2014 Employee Compensation Agreements” means, collectively, (i) the 2014 [Name redacted.] compensation agreement entered into between the Company and [Name redacted.] dated February 8, 2014, (ii) the 2014 [Name redacted.] compensation agreement entered into between the Company and [Name redacted.] dated February 8, 2014.
- (dd) “Employee Plans” has the meaning ascribed thereto in Section 6.15(a).
- (ee) “Encumbrance” means any (i) any mortgage, deed of trust, pledge, assignment, security interest, assignment, encumbrance, lien (statutory or otherwise), assessment, levy, right of first refusal, royalty charge, hypothecation, prior claim or claim of any kind or nature whatsoever howsoever arising (whether consensual, statutory or arising by operation of law or otherwise), in each case whether absolute or contingent, including, without limitation, any of the foregoing created by, arising under, or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of a financing statement naming the owner of the property as to which such lien relates as the debtor under the Uniform Commercial Code or any comparable applicable Law; and (ii) any lease or sublease, license or sublicense, claim, covenant, right of way, easement, encroachment or encumbrance or other right or claim or other third party interest or encumbrance of any kind, in each case, whether absolute or contingent.
- (ff) “Environmental Laws” means any and all federal, state or local Laws relating to pollution or protection of human health or the environment, or the protection of human health from Hazardous Substances, including: (i) the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. §§9601 et seq.); (ii) the Solid Waste Disposal Act, as amended by the Resource

Conservation and Recovery Act (42 U.S.C. §§6901 et seq.); (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. §§11001 et seq.); (iv) the Clean Air Act (42 U.S.C. §§ 7401 et seq.); (v) the Federal Water Pollution Control Act (33 U.S.C. §§1251 et seq.); (vi) the Toxic Material Control Act (15 U.S.C. §§2601 et seq.); (vii) the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 et seq.); and (viii) any state, county, municipal or local Laws similar or analogous to the federal statutes listed in parts (i) - (vii) of this subparagraph.

- (gg) “Environmental Permits” has the meaning ascribed thereto in Section 6.19(f).
- (hh) “Environmental Reports” has the meaning ascribed thereto in Section 6.19(i).
- (ii) “ERISA Affiliate” means any entity required to be aggregated with the Company under Sections 414(b), (c), (m), (n) or (o) of the Code. Any ERISA Affiliate of the Company shall continue to be considered an ERISA Affiliate within the meaning of this definition to the extent that the Company could reasonably expect to have any liability thereto under the Code or ERISA.
- (jj) “Escrow Agent” means Wells Fargo Bank, National Association.
- (kk) “Escrow Agreement” has the meaning ascribed thereto in Section 3.2(b).
- (ll) “Existing Equity Incentive Compensation Agreements” means, collectively, (i) the equity incentive compensation agreement entered into between the Company and [Name redacted.] dated March 22, 2011, (ii) the employment agreement dated March 22, 2011 between the Company and [Name redacted.], as amended by the Master Amendment re: Restructured Incentive dated 2012, (iii) the equity incentive compensation agreement entered into between the Company and [Name redacted.] dated March 22, 2011 and (iv) the employment agreement dated March 22, 2011 between the Company and [Name redacted.], as amended by the Master Amendment re: Restructured Incentive dated 2012.
- (mm) “Expiration Date” has the meaning ascribed thereto in Section 12.1.
- (nn) “First Tranche Escrow Amount” means the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000).
- (oo) “First Tranche Escrow Release Date” means the date which is twenty-four (24) months after the Closing Date.
- (pp) “Foreign Plan” means an Employee Plan maintained outside the United States or subject to Laws other than those of the United States.
- (qq) “FTC” means the United States Federal Trade Commission.

- (rr) “GAAP” means generally accepted accounting principles in the United States adopted by TILC and the Company, at the relevant time.
- (ss) “Governmental Authority” means: (i) any international, multinational, national, federal, provincial, state, regional, municipal, tribal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, condemnation, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.
- (tt) “Hazardous Substances” means any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substances (including without limitation asbestos, petroleum, petroleum by-products, and any other substance which is listed, regulated or defined as a hazardous substance, hazardous material, toxic substance, hazardous waste, hazardous chemical, carcinogen, mutagen, reproductive toxicant, explosive substance, corrosive substance, flammable or ignitable substance, or pollutant or contaminant under any Environmental Law).
- (uu) “HSR Act” means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.
- (vv) “IFRS” means International Financial Reporting Standards as required for Interfor’s financial reporting purposes, in effect from time to time.
- (ww) “Ilim Designee” has the meaning ascribed thereto in Section 13.3.
- (xx) “Indebtedness” of any Person, means, without duplication: (a) the principal of and interest upon and premium (if any) in respect of (i) indebtedness of such Person for money borrowed or advanced, (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, or (iii) obligations required to be classified and accounted for as capital leases on a balance sheet under GAAP; and (b) all obligations of the type referred to in clause (a) of any other Person for the payment of which such former Person is or may become responsible or liable pursuant to a guarantee, indemnity, surety or any other comparable arrangement.
- (yy) “Independent Accountant” has the meaning ascribed thereto in Section 2.4(c).
- (zz) “Indemnified Party” has the meaning ascribed thereto in Section 12.5.
- (aaa) “Indemnifying Party” has the meaning ascribed thereto in Section 12.5.
- (bbb) “Intellectual Property” means intellectual property of any nature and kind including, without limitation, all domestic and foreign (a) trade names,

trademarks, trademark registrations, trademark applications, service marks, service mark registrations, service mark applications and the goodwill of any business symbolized thereby; (b) copyrights, copyrightable works, copyright registrations, copyright applications; (c) patent rights (including issued patents, applications, divisions, continuations and continuations-in-part, reissues, patents of addition, utility models and inventors' certificates), licenses and sublicenses with respect to any of the foregoing; and (d) trade secrets, know-how, technical information, computer software and related documentation, proprietary manufacturing information and inventions, drawings and designs.

- (ccc) “Interfor” has the meaning ascribed thereto in the recitals of this Agreement.
- (ddd) “Interfor Board” has the meaning ascribed thereto in Section 13.3(a).
- (eee) “Interfor Shares” means Three Million Six Hundred and Eighty Thousand (3,680,000) Class A Subordinate Voting shares in the capital of Interfor to be issued pursuant to Section 2.2.
- (fff) “IRS” means the Internal Revenue Service.
- (ggg) “Law” means any law (including common law), statute, regulation, ordinance, rule, Order, injunction, judgment, guideline, directive, standard, policy, award, decree or governmental requirement enacted, promulgated or imposed or entered into with or by any Governmental Authority.
- (hhh) “Leased Real Property” has the meaning ascribed thereto in Section 6.7(a).
- (iii) “Logs and Lumber Inventory” means the inventories of TILC and the Company of logs, work-in-process, consigned goods, finished goods, and lumber products and by-products whether located on the Real Property or stored on locations other than the Real Property or in transit.
- (jjj) “Losses” has the meaning ascribed thereto in Section 12.2.
- (kkk) “Management Services Agreement” means the consulting services agreement dated December 4, 2012 between Ilim Timber Industry LLC and the Company.
- (lll) “Mandatory Cure Items” has the meaning ascribed thereto in Section 5.3(d).
- (mmm) “Material Adverse Effect” means, when used in connection with a Person, any change, event, violation, inaccuracy, circumstance or effect that is or could reasonably be expected to be materially adverse to the business or to the assets, liabilities, financial condition or results of operations of such Person, provided that, without limitation to the foregoing, the parties have agreed that with respect to TILC or the Company (a) any change, event, violation, inaccuracy, circumstance or effect that is or could reasonably be expected to result in damage, destruction, appropriation, expropriation, seizure or other unavailability of any Business Assets with a value in excess of 20% of the

value of the Business Assets as reflected in the TILC Financial Statements, shall be deemed to be a “Material Adverse Effect”; and (b) in determining whether a Material Adverse Effect with respect to any Person has occurred, any impact or effect to the extent attributable to the following shall not be considered (except to the extent that, in the cases of (i), (ii), (iii), (iv) or (v) below, such Person is disproportionately affected thereby in comparison to other persons who operate in the lumber manufacturing industry in the United States): (i) changes in economic conditions in the United States or Canada or changes in economic conditions affecting the lumber industry as a whole; (ii) general national or international political or social conditions, including the engagement by Canada, the United States or Russia in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon Canada, the United States or Russia, or any of its territories, possessions, or diplomatic or consular offices, upon any military installation, equipment or personnel of Canada, the United States or Russia occurring after the date of this Agreement; (iii) events, circumstances, changes or effects relating to the financial, banking or securities markets generally; (iv) changes in GAAP or IFRS required to be adopted by such Person, as applicable; (v) changes in Laws, rules, regulations, orders or other binding directives issued by any Governmental Authority and (v) any actions required to be taken or prohibited pursuant to this Agreement (excluding any requirements or conditions imposed by a Governmental Authority that is required by applicable Law to approve the transactions contemplated by this Agreement); and (vi) any effects resulting from a public announcement of this Agreement.

- (nnn) “Material Contract” has the meaning ascribed thereto in Section 6.6.
- (ooo) “Non-Competition Agreement” has the meaning ascribed thereto in Section 3.2(b).
- (ppp) “Normal Working Capital” has the meaning ascribed thereto in Section 2.4(a).
- (qqq) “Note Receivable” means the various notes receivable owing by Ilim Timber Trading S.A. to the Company having an aggregate principal balance of \$19,500,000 together with any accrued interest thereon as of the Closing Date.
- (rrr) “Note Receivable Amount” has the meaning ascribed thereto in Section 2.2.
- (sss) “Notice of Claim” has the meaning ascribed thereto in Section 12.5.
- (ttt) “Order” means any decree (consensual or otherwise), injunction, order, notice, ruling, writ, quasi-judicial decision or award or administrative decision or award of any federal, state, local, foreign or other court, arbitrator, tribunal, administrative agency or Governmental Authority to which any Person is a party or that is or may be legally binding and enforceable on any Person or its securities, assets or business.

- (uuu) “Ordinary Course” means the usual and ordinary course of business of the Company or TILC, as applicable, consistent with past practice.
- (vvv) “Outstanding A/R Amounts” has the meaning ascribed thereto in Section 2.5.
- (www) “Owned Intellectual Property” means all Intellectual Property that is owned by TILC or the Company and which is necessary to the operation of the Business as presently conducted.
- (xxx) “Owned Real Property” has the meaning ascribed thereto in Section 6.7(b).
- (yyy) “Permit” has the meaning ascribed thereto in Section 6.18(a).
- (zzz) “Permitted Encumbrances” means:
- (i) with respect to the Real Property, the Tangible Personal Property, the Intellectual Property and all other assets of TILC or the Company, the following:
    - (A) inchoate mechanic’s, construction and materialmen’s liens for construction in progress and workmen’s, repairmen’s, warehousemen’s and carrier’s Encumbrances and similar liens for labor, materials or supplies, all arising in the Ordinary Course and not in favor of the Vendor or any of its Affiliates;
    - (B) liens for (i) real property Taxes that are not yet due and payable as of the Closing Date or (ii) Taxes being contested in good faith for which appropriate reserves have been established;
    - (C) pledges or deposits to secure obligations under Laws relating to workers’ compensation or to secure public statutory obligations, each as disclosed in Section 1.1(zzz) of the Disclosure Schedule; and
    - (D) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of like nature incurred in the Ordinary Course, each as disclosed in Section 1.1(zzz) of the Disclosure Schedule and none of which, individually or in the aggregate, are material to the asset to which they relate to or to TILC or the Company, individually or taken as a whole; and
  - (ii) with respect to the Real Property, the following, provided that the Encumbrance is not in favor of the Vendor or any of its Affiliates or material in nature or amount and does not, individually or in the

aggregate, materially detract from the value or use of any parcel of Real Property as presently used, or materially impair the operation of the Business, in the Ordinary Course:

- (A) all building codes and zoning ordinances and other land use laws regulating the use or occupancy of the Real Property or the activities conducted thereon heretofore, now or hereafter enacted, made or issued by any Governmental Authority having jurisdiction over such Real Property;
  - (B) all easements, rights-of-way, covenants, conditions, restrictions, reservations, licenses, agreements, and other similar matters of record in the appropriate governmental offices;
  - (C) all electric, telephone, gas, sanitary sewer, storm sewer, water and other utility lines, pipelines, service lines and facilities of any nature now located on, over or under the Real Property, and all licenses, easements, rights-of-way and other similar agreements relating thereto;
  - (D) all existing public and private roads and streets (whether dedicated or undedicated), and all railroad lines and rights-of-way affecting the Real Property;
  - (E) all rights with respect to the ownership, mining, extraction and removal of minerals of whatever kind and character (including all coal, iron ore, oil, gas, sulfur, methane gas in coal seams, limestone and other minerals, metals and ores) which have been granted, leased, excepted or reserved prior to the date hereof;
  - (F) items reflected in Schedule B-II of the Updated Title Commitments other than those that the Vendor elects or is obligated to cure pursuant to Section 5.3; and
  - (G) items which become Subsequent Permitted Encumbrances.
- (aaaa) “Person” means any natural person, corporation, limited liability company, partnership, limited partnership, joint venture, trust, association or other unincorporated entity of any kind.
- (bbbb) “Personal Information” means the type of information regulated by Privacy Laws and collected, used, disclosed or retained by TILC or the Company, including, without limitation, information regarding TILC’s or the Company’s customers, suppliers, employees or agents, such as an individual’s name, address, age, gender, Social Security or other identification number, income, family status, citizenship, employment, assets, liabilities, source of funds,

payment records, credit information, personal references and health records to the extent regulated by Privacy Laws to which TILC or the Company may be subject.

- (cccc) “Post-Closing Escrow Amount” means the sum of the First Tranche Escrow Amount and the Second Tranche Escrow Amount.
- (dddd) “Proceeding” means any actual or threatened civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation, review, inspection or proceeding.
- (eeee) “Privacy Laws” means all applicable federal, state, municipal or other laws governing the collection, use, disclosure and retention of Personal Information.
- (ffff) “Privacy Policies” means all privacy, data protection and similar policies adopted or used by TILC or the Company in respect of Personal Information, including any complaints process.
- (gggg) “Public Disclosure Record” means the documents filed by or on behalf of Interfor on the System for Electronic Document Analysis Retrieval (SEDAR) since December 31, 2012.
- (hhhh) “Purchase Price” has the meaning ascribed thereto to in Section 2.2.
- (iiii) “Purchaser” has the meaning ascribed thereto in the recitals of this Agreement.
- (jjjj) “Purchaser Confidential Information” means all information from time to time relating to the Purchaser, TILC, the Company, Interfor or any of its Affiliates or subsidiaries, or the business and affairs thereof, including information relating to their operations, assets, liabilities, financial condition, contracts, customers, personnel or plans and prospects, contained in any document or other materials (whether in oral, visual, written, graphic or electronic form) or any notes, records, analyses, compilations, studies, records, summaries and other documents derived or generated from such information and such documents and other materials; provided however, that “Purchaser Confidential Information” shall not include information that is or has become generally available to the public other than as a result of a direct or indirect disclosure by the Vendor, its Affiliates or any of their directors, officers, employees, agents advisors or consultants.
- (kkkk) “Purchaser Indemnitees” has the meaning ascribed thereto in Section 12.2.
- (llll) “Purchaser’s Counsel” means McCarthy Tétrault LLP, Vancouver, British Columbia, Canada.
- (mmmm) “Purchaser’s US Counsel” means Sutherland Asbill & Brennan LLP, Atlanta, Georgia.

- (nnnn) “Real Property” has the meaning ascribed thereto in Section 6.7(c).
- (oooo) “Real Property Documents” has the meaning ascribed thereto in Section 6.7(h).
- (pppp) “Real Property Rights” has the meaning ascribed thereto in Section 6.7(c).
- (qqqq) “Retained Liabilities” means the aggregate payment obligations of the Company pursuant to the 2014 Employee Compensation Agreements, being [Amount redacted.].
- (rrrr) “Second Shift Designee” means an individual, designated by the Purchaser, to approve decisions or other matters relating to the addition of a second shift in manufacturing and production operations at the Mill, located in Perry, Georgia, including decisions relating to capital expenditures and the addition of equipment and personnel.
- (ssss) “Second Tranche Escrow Amount” means the sum of One Million Seven Hundred and Fifty Thousand Dollars (\$1,750,000).
- (tttt) “Second Tranche Escrow Release Date” means the date which is thirty-six (36) months after the Closing Date.
- (uuuu) “Securities Laws” means:
- (i) the securities legislation in each of the Provinces of Canada and the rules and regulations made thereunder, and the orders and published policy statements of the securities commissions and other securities regulatory authorities in such jurisdictions, and the rules, regulations and policies of the TSX; and
  - (ii) U.S. *Securities Act of 1933*, as amended, U.S. *Securities Exchange Act of 1934*, as amended, the securities or “blue sky” laws of the states of the United States, and the rules, regulations and published policies made thereunder.
- (vvvv) “Subsequent Permitted Encumbrances” means any new exceptions to title listed in the Updated Title Commitments, including any matters disclosed on the Updated Surveys or first arising after the date hereof, that are waived in writing by Purchaser or are not (i) Mandatory Cure Items; (ii) Title and Survey Requirements; (iii) a Title Objection; or (iv) a Survey Objection.
- (wwww) “Survey” means the existing surveys for the Real Property previously provided by the Vendor to the Purchaser, which were last revised November 4, 2013 and prepared by Seaton G. Shepard Jr. (Reg. No. 2136).
- (xxxx) “Survey Objection” has the meaning ascribed thereto in Section 5.3(b).
- (yyyy) “Survey Objection Period” has the meaning ascribed thereto in Section 5.3(b).

- (zzzz) “Tangible Personal Property” has the meaning ascribed thereto in Section 6.8(a).
- (aaaaa) “Tangible Personal Property Documents” has the meaning ascribed thereto in Section 6.8(b).
- (bbbbb) “Tax” or “Taxes” means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority including (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant Person, (iii) all employment insurance premiums and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law.
- (ccccc) “Tax Returns” means all returns, reports, declarations, statements, bills, schedules, forms or written information of, or in respect of, Taxes that are, or are required to be, filed with or supplied to any Taxation Authority.
- (dddd) “Taxation Authority” means any domestic or foreign government, agency or authority that is entitled to impose Taxes or to administer any applicable Tax legislation.
- (eeee) “Third Party Intellectual Property” means, in relation to any Person, any license, sublicense or other contract to which such Person or any of its subsidiaries is a party and pursuant to which such Person or any of its subsidiaries is authorized to use any third party Intellectual Property.
- (ffff) “TILC” has the meaning ascribed thereto in the recitals of this Agreement.
- (ggggg) “TILC Balance Sheet” means the consolidated balance sheet of TILC as of the Balance Sheet Date.
- (hhhhh) “TILC Financial Statements” has the meaning ascribed thereto in Section 6.12(b).
- (iiii) “TILC Consolidated Indebtedness” has the meaning ascribed thereto in Section 6.12(d).

- (jjjj) “TILC Shares” has the meaning ascribed thereto in the recitals.
- (kkkkk) “Title Commitments” means the 2006 ALTA form commitments known as GA 14005 and GA14005 effective 01/02/2014 issued by the Title Company and previously provided to Purchaser and set forth in Section 1.1(kkkkk) of the Disclosure Schedule.
- (lllll) “Title Company” means Chicago Title Insurance Co.
- (mmmmm) “Title Objection” has the meaning ascribed thereto in Section 5.3(c).
- (nnnnn) “Title Objection Period” has the meaning ascribed thereto in Section 5.3(c).
- (ooooo) “Title Policies” has the meaning ascribed thereto in Section 5.3(e).
- (ppppp) “Title and Survey Requirements” means (i) the matters pertaining to title and survey as applicable, set forth in Section 1.1(ppppp) of the Disclosure Schedule to the extent Vendor in its reasonable discretion can cure/satisfy same without expending material funds to do so; and (ii) the requirements shown on Schedule B-1 of the Updated Title Commitments.
- (qqqqq) “Transaction Documents” means the Closing Statement, the Escrow Agreement, the Non-Competition Agreement, the Confidentiality Agreement, the Disclosure Schedule and this Agreement and the Schedules and Appendices hereto, together with the other agreements, instruments and certificates referred to in Sections 3.2 and 3.3.
- (rrrrr) “TSX” means the Toronto Stock Exchange.
- (sssss) “Updated Surveys” means the Surveys and any revisions thereto and updates thereof, to be prepared by Seaton G. Shepard, Jr. (Reg. No. 2136), reflecting the Updated Title Commitments and conforming to 2011 ALTA/ACSM Minimum Detail Requirements to Land Title Surveys, including such Table A Items as are requested by Purchaser or necessary for the removal of any survey exception from the Title Policies, certified to the Purchaser, the Company and the Title Company, in a form reasonably satisfactory to each of them.
- (ttttt) “Updated Title Commitments” means the Title Commitments and any revisions thereto and updates thereof, including date downs, prepared by the Title Company and delivered to the Purchaser and the Vendor, together with legible copies of all new documentary exceptions referenced therein, prior to the Closing.
- (uuuuu) “VEBA” means a voluntary employees’ beneficiary association under Code § 501(c)(9), whose members include employees of the Company or any ERISA Affiliate of the Company.

- (vvvvv) “Vehicles” means all motor vehicles, trucks and other rolling stock and all warranties related thereto.
- (wwwww) “Vendor” has the meaning ascribed thereto in the recitals of this Agreement.
- (xxxxx) “Vendor Confidential Information” means all information from time to time relating to the Vendor or any of its Affiliates or subsidiaries, or the business and affairs thereof, including information relating to their operations, assets, liabilities, financial condition, contracts, customers, personnel or plans and prospects, contained in any document or other materials (whether in oral, visual, written, graphic or electronic form) or any notes, records, analyses, compilations, studies, records, summaries and other documents derived or generated from such information and such documents and other materials; provided however, that “Vendor Confidential Information” shall not include information that is or has become generally available to the public other than as a result of a direct or indirect disclosure by the Purchaser, TILC, the Company or Interfor or any Affiliates, directors, officers, employees, agents advisors, or consultants thereof.
- (yyyyy) “Vendor’s Counsel” means Gilpin Givhan, PC.
- (zzzzz) “Voting Securities” means any securities of Interfor entitled to participate in or vote at a meeting of Interfor’s shareholders from time to time including, without limitation, the Class A subordinate voting shares.
- (aaaaa) “Working Capital” means the consolidated current assets of TILC and the Company, including without limitation, cash and cash equivalents, Logs and Lumber Inventory, residuals inventory, timber deposits and prepaid expenses and accounts receivable but excluding from current assets the Note Receivable and any cash paid to the Company in satisfaction of the Note Receivable, less the consolidated current liabilities of TILC and the Company, including, without limitation, bank overdrafts, trade accounts payable, accrued operating liabilities, accrued taxes payable, employment related liabilities (including accrued employee benefit costs, deferred compensation, accrued bonuses and paid time off) and a deemed current liability of \$[Amount redacted.] attributable to FICA and other employer Taxes arising from the Retained Liabilities, but not including the amount of the Retained Liabilities and excluding from current liabilities the indebtedness paid at Closing pursuant to Section 2.3 and accruals for services not performed prior to Closing, all calculated in accordance with GAAP, applied consistently in accordance with past practice basis, as at the Effective Time.
- (bbbbb) “Working Capital Statement” has the meaning set out in Section 2.4(b).

1.2 Interpretation. Unless the context of this Agreement otherwise requires, (a) words of any gender shall be deemed to include each other gender, (b) words using the singular or

plural number shall also include the plural or singular number, respectively, (c) references to “hereof,” “herein,” “hereby” and similar terms shall refer to this entire Agreement, (d) all references in this Agreement to Articles, Sections and Schedules shall mean and refer to Articles, Sections and Schedules of this Agreement, (e) references to any Person shall be deemed to mean and include the successors and permitted assigns of such Person (or, in the case of a Governmental Authority, Persons succeeding to the relevant functions of such Person), (f) the words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.”

- 1.3 Knowledge. As used herein with respect to the Vendor, the term “knowledge” (whether or not capitalized) shall mean the actual knowledge of [Names redacted.], after making a reasonable inquiry. As used herein with respect to the Purchaser, the term “knowledge” (whether or not capitalized) shall mean the actual knowledge of Duncan Davies and John A. Horning, after making a reasonable inquiry.
- 1.4 U.S. Dollars. All amounts expressed in this Agreement and all payments required by this Agreement are in United States dollars.

## **Article 2**

### Purchase and Sale of Shares

- 2.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, on the Closing Date, and with effect as at the Effective Time, the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor the TILC Shares free and clear of all Encumbrances.
- 2.2 Purchase Price. The aggregate purchase price payable by the Purchaser for the TILC Shares shall be Ninety Two Million Five Hundred Thousand Dollars (\$92,500,000) plus the aggregate amount of the Note Receivable (the “Note Receivable Amount”) plus the Interfor Shares, subject to adjustment as provided in Sections 2.4 and 2.5 (the “Purchase Price”). Concurrent with the Closing, the Vendor shall cause its subsidiary Ilim Timber Trading S.A. to pay the Note Receivable Amount to the Company and the Company shall mark the Note Receivable as paid in full, in partial satisfaction of the Purchase Price.
- 2.3 Payment of the Purchase Price. The cash and share portion of the Purchase Price shall be satisfied as follows:
- (a) the Purchaser shall or shall cause Interfor to issue and deliver the Interfor Shares registered in the name of the Vendor to the Vendor, on the Closing Date;
  - (b) the Post-Closing Escrow Amount shall be deposited by the Purchaser with the Escrow Agent on the Closing Date and shall be payable to the Vendor, subject to and in accordance with Section 3.5, Section 3.6 and the Escrow Agreement;
  - (c) the Purchaser shall pay to Sberbank of Russia the amount shown on the Closing Statement as being owed to such creditor on the Closing Date;

- (d) the amount remaining after deduction from the cash portion of Purchase Price of the amount of the payments described in Sections 2.3(b) and 2.3(c) above (the “Closing Purchase Price Amount”) shall be paid by the Purchaser to the Vendor by wire transfer of immediately available funds on the Closing Date.

#### 2.4 Working Capital Adjustment.

- (a) The Purchase Price has been determined on the basis that the Company will have working capital of Seven Million Seven Hundred and Fifty Thousand Dollars (\$7,750,000) (the “Normal Working Capital”) on the Closing Date.
- (b) Within ten (10) Business Days after the Closing Date, the Purchaser will prepare and deliver to the Vendor an unaudited statement setting out, on a detailed account-by-account basis consistent with the format, methodology and calculations set forth in Schedule C hereto, the Working Capital for TILC and the Company as at the Effective Time (the “Working Capital Statement”) with the net assets included therein valued in accordance with GAAP applied consistently in accordance with past practice. Inventories will be confirmed and valued as at the close of business on the day before the Closing Date on a basis consistent with past year-end practice, supervised jointly by representatives of the Vendor and representatives of the Purchaser. If requested by the Vendor, the Purchaser will permit the Vendor and its auditors or other representatives to review the working papers and other documentation used or prepared in connection with the preparation of, or which otherwise form the basis of, the Working Capital Statement.
- (c) If the Vendor gives written notice to the Purchaser that it disputes the Working Capital Statement within twenty (20) Business Days after the Working Capital Statement is given to the Vendor and the parties cannot reach agreement on the Working Capital Statement within ten (10) Business Days after such notice of dispute is given, the dispute will be referred for an expert determination to Ernst & Young LLP of Atlanta, Georgia (“Independent Accountant”). The Purchaser represents to the Vendor that Ernst & Young LLP has not performed audit services or any other material services to Interfor, the Purchaser or their Affiliates within the past two (2) years. The determination by the Independent Accountant will be made in writing within twenty (20) Business Days of such referral and will be final and binding on both parties. The costs of the Independent Accountant will be borne by the party losing the majority of the amount at issue.
- (d) If the Working Capital as determined by the parties or the Independent Accountant, as the case may be, exceeds the Normal Working Capital, the Purchaser will pay the amount of the difference to the Vendor by wire transfer of immediately available funds to an account specified by the Vendor within two Business Days after the determination and the Purchase Price will be adjusted accordingly. If the Working Capital as so determined is less than the Normal Working Capital, the Vendor will pay the amount of the difference to the Purchaser by wire transfer of immediately available funds to an account specified

by the Purchaser within two Business Days after the determination and the Purchase Price will be adjusted accordingly.

- 2.5 Accounts Receivable Adjustment. If, after reasonable efforts by the Company to collect, any of the consolidated accounts receivable of TILC that were outstanding as at the Effective Time remain outstanding 90 days after the Closing Date (the “Outstanding A/R Amounts”), the Vendor will pay to the Purchaser by way of an adjustment to the Purchase Price the amount of the Outstanding A/R Amounts and the Purchaser will use commercially reasonable efforts to continue to collect any Outstanding A/R Amounts and will remit any amount so collected to the Vendor upon receipt, net of any costs of collection. Collections by the Company from Persons with Outstanding A/R Amounts shall be applied based on age of the receivable in order of oldest to newest. The payment of such amounts will be made by wire transfer of immediately available funds to an account specified by the Purchaser within two Business Days after the determination and the Purchase Price will be adjusted accordingly.

### **Article 3** Closing and Closing Date Deliveries

- 3.1 Closing. The Closing shall take place at the offices of Purchaser’s US Counsel at the Closing Time on March 17, 2014 or at such other place or on such other date as is mutually agreed to in writing by Vendor and Purchaser (“Closing Date”).
- 3.2 Closing Deliveries by the Vendor. On the Closing Date, the Vendor shall deliver to the Purchaser, in each case in form and substance reasonably satisfactory to the Purchaser:
- (a) the TILC Shares duly registered in the name of the Purchaser or as the Purchaser may direct, free and clear of all Encumbrances;
  - (b) an escrow agreement, in substantially the form attached as Schedule A (the “Escrow Agreement”), duly executed by the Vendor;
  - (c) a non-competition agreement, in substantially the form attached as Schedule B (the “Non-Competition Agreement”), duly executed by the Vendor;
  - (d) the Closing Statement, duly executed by the Vendor;
  - (e) certified copies of: (i) constating documents of TILC, (ii) the constating documents of the Company, (iii) resolutions of the board of directors of the Vendor approving this Agreement and each of the Transaction Documents and the completion of the transactions contemplated hereunder or thereunder, (iv) resolutions of the board of directors of TILC approving the execution of this Agreement and the completion of the transactions contemplated hereunder, including the transfer of the TILC Shares, (v) a list of directors and officers of the Vendor authorized to sign agreements together with their specimen signatures; and (vi) a list of directors and officers of TILC authorized to sign agreements, together with their specimen signatures;

- (f) a certificate of status, compliance, good standing or like certificate with respect to each of the Vendor, TILC and the Company, issued by the appropriate Governmental Authority of each of their jurisdictions of incorporation or formation and each jurisdiction in which each of them carries on its business;
- (g) a certificate, dated the Closing Date, executed by the appropriate officers of the Vendor, as required by Section 9.1(c);
- (h) a payout letter or other evidence satisfactory to the Purchaser, acting reasonably, in respect of the discharge and release from liability of all creditors listed on the Closing Statement as of the Closing Time or immediately following receipt of payment to be made in accordance with Section 2.3(c);
- (i) written evidence, in form and substance satisfactory to the Purchaser, acting reasonably, of the termination, discharge and release of all Indebtedness of TILC and the Company other than the Retained Liabilities;
- (j) a release in favour of the TILC and the Company, duly executed by Sberbank of Russia in form and substance satisfactory to the Purchaser, acting reasonably;
- (k) evidence of such consents and approvals as required by Section 9.5;
- (l) duly executed resignations of such persons as required by Section 9.7;
- (m) releases in favour of TILC and the Company, in form and substance satisfactory to the Purchaser, duly executed by such persons as required by Section 9.8;
- (n) such affidavits of the Vendor as required by the Title Company in relation to the Title Policies to be obtained by the Purchaser at Closing;
- (o) duly executed copies of each of the 2014 Employee Compensation Agreements;
- (p) copies of any termination agreements required to be delivered by the Vendor to the Purchaser in accordance with Section 9.15;
- (q) a copy of the audited TILC Financial Statements for the year ended December 31, 2013, as approved by TILC's board of directors, together with a favourable auditor's report thereon of Carr, Riggs & Ingram, L.L.C., certified public accountants;
- (r) estoppels, in form and substance satisfactory to the Purchaser, acting reasonably, from [Names Redacted.] (i) acknowledging that the Retained Liabilities represent the entire aggregate amount due under the Existing Equity Incentive Compensation Agreements and the 2014 Employee Compensation Agreements collectively and (ii) releasing the Vendor, the Purchaser, TILC and the Company from any claims they may have under the Existing Equity Incentive Compensation Agreements;

- (s) notification from TILC to the Purchaser in accordance with the requirements set forth in Section 5.2(a) or (b), as applicable and copies of the relevant waivers and approvals related thereto;
- (t) a tax clearance certificate issued by the Georgia Department of Revenue stating that no sales and use taxes, income tax withholding or interest or penalties in respect of such taxes are owing by the Company as at a date not earlier than thirty (30) days prior to the Closing Date;
- (u) a certificate, duly completed and executed by the Vendor in accordance with Section 1445 of the Code and the Treasury Regulations promulgated thereunder, certifying that the TILC Shares are not a United States real property interest; and
- (v) certificate(s), duly completed and executed by the Vendor in accordance with all applicable requirements and instructions, fully setting forth any claims by Vendor of any exemption from, or reduced rates of, Tax with respect to any payments contemplated under this Agreement or the Non-Competition Agreement, which certificate(s) will be substantially in the form of drafts thereof which shall have been delivered by Vendor to Purchaser at least five Business Days prior to the Closing Date.

3.3 Closing Deliveries by the Purchaser. On the Closing Date, the Purchaser shall deliver to the Vendor or the Escrow Agent, as the case may be, in each case in form and substance reasonably satisfactory to Vendor:

- (a) the Closing Purchase Price Amount;
- (b) the Post-Closing Escrow Amount (to be delivered to the Escrow Agent in accordance with the terms of the Escrow Agreement);
- (c) a share certificate evidencing the Interfor Shares duly registered in the name of the Vendor, free and clear of all Encumbrances other than those contemplated pursuant to this Agreement and applicable Securities Laws, which such share certificate shall bear on the face of such share certificate the following legend:

“THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF A SHARE PURCHASE AGREEMENT DATED FEBRUARY 8, 2014, BETWEEN INTERNATIONAL FOREST PRODUCTS LIMITED, INTERFOR U.S. INC., ILIM TIMBER CONTINENTAL, S.A. AND TOLLESON ILIM LUMBER COMPANY;

- (d) the Non-Competition Agreement duly executed by the Purchaser;
- (e) the Escrow Agreement duly executed by the Purchaser and the Escrow Agent;

- (f) the Closing Statement, duly executed by the Purchaser;
- (g) certified copies of (i) the constating documents of the Purchaser; (ii) the constating documents of Interfor; (iii) resolutions of the board of directors of the Purchaser approving this Agreement and each of the Transaction Documents and the completion of the transactions contemplated hereunder or thereunder; (iv) resolutions of the board of directors of Interfor approving this Agreement and the completion of the transactions contemplated hereunder, including the issuance of the Interfor Shares; (v) a list of directors and officers of the Purchaser authorized to sign agreements together with their specimen signatures; and (vi) a list of directors and officers of Interfor authorized to sign agreements together with their specimen signatures;
- (h) a certificate of status, compliance, good standing or like certificate of each of the Purchaser and Interfor issued by the appropriate Governmental Authority of each of their jurisdiction of incorporation; and
- (i) a certificate, dated the Closing Date, executed by the appropriate officer of the Purchaser, required by Section 10.1(c).

3.4 Cooperation. The Vendor and the Purchaser shall, on written request, on and after the Closing Date, cooperate with each other by furnishing any additional information, executing and delivering any additional documents and/or instruments and doing any and all such other things as may be reasonably required by the parties to consummate or otherwise implement the transactions contemplated by this Agreement, all at the sole cost and expense of the requesting party (unless the requesting party is entitled to indemnification therefor under Section 12.2 or 12.3). If at any time, before or after the Closing Date, any party discovers any right, service, property and/or asset primarily used or held for use by the Company or any of its Affiliates in connection with owning and operating the Business prior to the Closing that was not in fact owned by the Company on or prior the Closing Date, such party shall promptly notify the other party and the parties shall take all actions and execute all documents to effectuate the transfer to the Company thereof without increase to the Purchase Price or, if such right, asset and/or property is used in the Vendor's other businesses, the parties shall negotiate in good faith to reach a mutually agreeable shared facility or equipment arrangement or transition services arrangement to provide the Purchaser the benefit of such right, service, property and/or asset for use in the Business following the Closing.

### 3.5 Escrow

Subject to Section 3.6, the Vendor and the Purchaser agree that the Escrow Agent will hold the Post-Closing Escrow Amount, together with any interest accrued thereon, in accordance with the terms and conditions of the Escrow Agreement, to be released as follows:

- (a) upon determination of any claim by the Purchaser against the Vendor under Article 12, the Purchaser shall instruct the Escrow Agent to pay out the applicable amount of the Post-Closing Escrow Amount as provided under Section 12.7;

- (b) as soon as possible following the First Tranche Escrow Release Date, the Vendor and the Purchaser shall jointly instruct the Escrow Agent to pay out the amount held by the Escrow Agent as of that date that represents the First Tranche Escrow Amount less any amounts paid to the Purchaser pursuant to Section 3.5(a) up to and including the First Tranche Escrow Release Date, if any, to the Vendor, such payment to be made by way of wire transfer or direct deposit of immediately available funds to such bank account as may be designated in writing by the Vendor's Counsel. If such amount is less than zero, no amount shall be paid to the Vendor on the First Tranche Escrow Release Date; and
- (c) as soon as possible following the Second Tranche Escrow Release Date, the Vendor and the Purchaser shall jointly instruct the Escrow Agent to pay out the Second Tranche Escrow Amount together with any interest accrued on the Post-Closing Escrow Amount as of the Second Tranche Escrow Release Date, less any amounts paid to the Purchaser pursuant to Section 3.5(a) since the First Tranche Escrow Release Date, if any, to the Vendor, such payment to be made by way of wire transfer or direct deposit of immediately available funds to such bank account as may be designated in writing by the Vendor's Counsel. If such amount is less than zero, no amount shall be paid to the Vendor on the Second Tranche Escrow Release Date.

### 3.6 Deferral of Payout of Post-Closing Escrow Amount

- (a) Notwithstanding Section 3.5, where, on the First Tranche Escrow Release Date, there exist any claims specified in Notices of Claims delivered by the Purchaser to the Vendor pursuant to Section 12.6 that have not been resolved either by agreement of the Vendor and the Purchaser or finally resolved in accordance with Section 12.6, a portion of the First Tranche Escrow Amount that would otherwise be paid out upon such date pursuant to Section 3.5(b) equal to the aggregate amount of such claims (or, if the aggregate amount of such claims is greater than the portion of the First Tranche Escrow Amount that would otherwise be paid out on such date, the entirety of such First Tranche Escrow Amount) shall be reserved and retained by the Escrow Agent and not be paid out pursuant to Section 3.5(b) until such time as such claims are finally determined. Upon final determination (and payment, if applicable) of such outstanding claims, the Vendor and the Purchaser shall forthwith jointly instruct the Escrow Agent to pay the amount of any excess First Tranche Escrow Amount reserved pursuant to this Section 3.6(a) to the Vendor's Counsel in trust for the Vendor, such payment to be made by way of wire transfer or direct deposit of immediately available funds to such bank account as may be designated in writing by Vendor's Counsel.
- (b) Notwithstanding Section 3.5, where, on the Second Tranche Escrow Release Date, there exist any claims specified in Notices of Claims delivered by the Purchaser to the Vendor pursuant to Section 12.6 that have not been resolved either by agreement of the Vendor and the Purchaser or finally resolved in accordance with Section 12.6, a portion of the Second Tranche Escrow Amount that would otherwise be paid out upon such date pursuant to Section 3.5(c) equal

to the aggregate amount of such claims (or, if the aggregate amount of such claims is greater than the portion of the Second Tranche Escrow Amount that would otherwise be paid out on such date, the entirety of such Second Tranche Escrow Amount) shall be reserved and retained by the Escrow Agent and not be paid out pursuant to Section 3.5(c) until such time as such claims are finally determined. Upon final determination (and payment, if applicable) of such outstanding claims, the Vendor and the Purchaser shall forthwith jointly instruct the Escrow Agent to pay the amount of any excess Second Tranche Escrow Amount reserved pursuant to this Section 3.6(b) to the Vendor's Counsel in trust for the Vendor, such payment to be made by way of wire transfer or direct deposit of immediately available funds to such bank account as may be designated in writing by Vendor's Counsel.

### 3.7 Interest on Post-Closing Escrow Amount

All interest or other investment income accruing on the Post-Closing Escrow Amount or any part thereof shall be added to and included in the Post-Closing Escrow Amount for the benefit of the Vendor and shall be paid out in accordance with Sections 3.5 and 3.6.

## **Article 4** **Pre-Closing Covenants**

- 4.1 Access to Records. From the date of this Agreement until Closing, the Vendor shall at all reasonable times, and upon reasonable prior notice, make the Mills and any financial, operational and other books and records relating to the Business, TILC and the Company available for examination, inspection and review by the Purchaser and its representatives who are bound by the terms of the Confidentiality Agreement; provided, however, that (a) the Purchaser shall not contact any customer of the Company regarding the Business without the Vendor's prior written consent, (b) the Purchaser's inspections and examinations shall be conducted during normal business hours (c) the Purchaser shall not unreasonably disrupt the normal operations of the Business, and (d) in no event shall the Purchaser be permitted to perform any invasive or intrusive environmental testing and/or sampling without the Vendor's prior written consent to such testing and the proposed scope of same.
- 4.2 Disclosure Requirements. The Vendor acknowledges that Interfor's securities regulatory filing requirements in respect of the sale and purchase of the TILC Shares may include, *inter alia*, the filing of a press release, material change report and a Business Acquisition Report under continuous disclosure requirements applicable in Canada. The Vendor acknowledges being advised by Interfor that such Business Acquisition Report, if required, must contain (i) audited consolidated financial statements in respect of TILC for the fiscal years ended December 31, 2013 and December 31, 2012, prepared in accordance with GAAP, and (ii) if required, the unaudited interim consolidated financial statements in respect of TILC to the Closing Date, prepared on a basis consistent with the TILC Financial Statements. Accordingly, the Vendor shall: (x) allow Interfor and its auditors as soon as practicable after the date of this Agreement all reasonable and timely

access to the employees, work papers and other books and records and information of the Vendor, TILC or the Company in respect of the Business for the fiscal years ended December 31, 2013 and December 31, 2012, and (y) allow Interfor's auditors and employees access to TILC's external accountants (or the external accountants of the Company) and the working papers of the Company's external accountants (or the external accountants of TILC), each as may reasonably be required in order for Interfor to prepare and complete such Business Acquisition Report as soon as practicable; provided, however, that the Vendor shall not be required to provide or prepare, or cause to be prepared, any financial statements or other documents other than those that are in its possession at the time of a request from Interfor or its auditors under this Section 4.2 or that would otherwise be prepared by the Vendor in the Ordinary Course. The Purchaser shall promptly upon request by the Vendor reimburse the Vendor for all documented and reasonable out-of-pocket costs, including fees and expenses of the Vendor's external accountants, incurred by the Vendor in connection with complying with its obligations under this Section 4.2.

4.3 Conduct of TILC and the Company Pending Closing. From the date of this Agreement until the Closing, the Vendor shall and shall cause TILC and the Company to conduct and carry on the Business in the Ordinary Course, and use commercially reasonable efforts to preserve intact the Business and the Business Assets, reasonable wear and tear excepted. Except as contemplated by this Agreement, or as set forth in Section 4.3 of the Disclosure Schedule and consented to or approved in writing by the Second Shift Designee, or otherwise consented to in writing by the Purchaser, the Vendor shall and shall cause TILC and the Company to:

- (a) maintain the Mills and all Business Assets in the Ordinary Course, reasonable wear and tear excepted, including the conduct of all scheduled and unscheduled maintenance work in the Ordinary Course or as necessary to keep the Mills operating in substantially the same condition as they are on the date of this Agreement, whether the costs of such work are expensed or capitalized;
- (b) use commercially reasonable efforts in the Ordinary Course to maintain the Logs and Lumber Inventory and other consumables of the Business at customary levels consistent with past practice;
- (c) maintain its historical credit practices as regards the sale of Logs and Lumber Inventory;
- (d) not purchase, sell, lease, license, mortgage, pledge or otherwise acquire or dispose of any properties, rights or assets of or in connection with the Business, except for Logs and Lumber Inventory purchased, sold or otherwise disposed of in the Ordinary Course and except for purchases as required to remain in compliance with applicable Law;
- (e) not enter into, or become obligated under, any lease, contract, agreement or commitment with respect to the Business (i) entered into outside of the Ordinary Course and (ii) that would be a Material Contract if existing on the date hereof

except for any lease, contract, agreement or commitment with respect to capital expenditures in accordance with Section 4.3(a) or not prohibited by Section 4.3(r);

- (f) not enter into any agreement or commitment with any Affiliate of TILC, the Company or the Vendor other than in the Ordinary Course and terminable without payment or penalty by TILC or the Company, as applicable, at any time;
- (g) not grant any Encumbrance, or permit or suffer to exist any Encumbrance, other than a Permitted Encumbrance, on any asset of TILC or the Company or cancel any material debts or waive any material claims or rights pertaining to the Business, TILC or the Company;
- (h) not change, amend or otherwise modify any accounting practice or policy of TILC or the Company, or with respect to the Business, except as required by Law or by changes in GAAP required to be adopted by TILC or the Company, as applicable;
- (i) not make, revoke or change any Tax election or method of Tax accounting, file an amended Tax Return or a claim for refund of Taxes, enter into any ruling request, closing agreement, or similar agreement with respect to Taxes, settle or compromise any liability with respect to Taxes, consent to any claim or assessment relating to Taxes, or waive the statute of limitations for any such claim or assessment;
- (j) not file any Income Tax Return without first presenting a complete draft thereof to the Purchaser, at least ten days prior to the expected timely filing thereof, and obtaining Purchaser's approval of such Tax Return, provided however, that the Purchaser's failure to provide approval prior to the filing deadline of any Tax Return which results in the Vendor not being able to file such Tax Return on or before such filing deadline shall not constitute a breach by the Vendor of its obligation pursuant to this Agreement to timely file such Tax Return;
- (k) except as contemplated by Section 3.2(1), not change the terms or conditions of employment of any Business Employees, including their salaries, remuneration or any other payments to them or any remuneration payable or benefits provided to any officer, director, consultant, independent or dependent contractor or agent of TILC or the Company other than in the Ordinary Course, and not amend any Employee Plan other than as required by applicable Law or in the Ordinary Course, and not agree or otherwise commit to change any of the foregoing other than in the Ordinary Course;
- (l) not hire any new employee, except in the Ordinary Course to replace an employee whose employment has terminated, and not enter into an employment agreement with any such replacement employee, except in the Ordinary Course or unless such agreement is terminable at any time and will not result in TILC or the

Company having any post-termination liabilities or obligations, severance or otherwise;

- (m) not materially change, amend or otherwise modify or terminate any Material Contract, other than any expiration of any Material Contract pursuant to its terms;
- (n) use all reasonable commercial efforts to preserve intact its business, organization and goodwill, to keep available the employees of the Business as a group and to maintain satisfactory relationships with suppliers, distributors, customers and others with whom TILC or the Company has business relationships;
- (o) use all reasonable commercial efforts to cause its current insurance policies not to be cancelled or terminated or any other coverage thereunder to lapse, unless simultaneously with such terminations, cancellation or lapse, replacement policies underwritten by insurance companies providing the current coverage or insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies, and where possible, for substantially similar premiums, are in full force and effect;
- (p) promptly advise the Purchaser in writing of the occurrence of any Material Adverse Effect in respect of TILC, the Company or the Business or of any facts that come to their attention which would cause any of the Vendor's representations and warranties herein contained to be untrue in any respect;
- (q) maintain the books, records and accounts of TILC and the Company in the Ordinary Course, and record all transactions on a basis consistent with past practice and in accordance with applicable Laws;
- (r) not authorize or commit to make any capital expenditures, other than capital expenditures in the Ordinary Course totalling, in aggregate, not more than \$50,000, following the Closing except those required to remain in compliance with Law or in an emergency situation posing, in the Vendor's reasonable opinion, an immediate threat to human health or the environment or of damage to the Mills, the Business Assets, TILC or the Company, in which case the Vendor shall provide Purchaser with prompt notice of the amounts so paid or committed to be paid;
- (s) not amend or modify the constating or organizational documents of the Company or TILC; and
- (t) not agree or commit to do or otherwise take any action inconsistent with any of the foregoing.

4.4 Conduct of Interfor and Purchaser Pending Closing. From the date of this Agreement until the Closing:

- (a) Interfor and the Purchaser shall use all reasonable commercial efforts to preserve intact their business, organization and goodwill;

- (b) Interfor shall promptly, and in any event within any applicable time limitation, comply in all material respects with all applicable filing and other requirements under applicable Securities Laws;
  - (c) Interfor shall take all action as may be necessary and appropriate so that the Interfor Shares and the transactions contemplated in this Agreement to be undertaken by Interfor will be effected in accordance with Canadian Securities Laws in all material respects and Interfor shall provide to the Vendor, in accordance with Section 14.9, copies of any publicly available documents that are submitted to the Securities Commission for such purpose; and
  - (d) Interfor and the Purchaser shall not agree or commit to do or otherwise take any action inconsistent with any of the foregoing.
- 4.5 Consents. Subject to Section 13.5, the Vendor shall use commercially reasonable efforts to obtain prior to the Closing Date any consents, authorizations or approvals required to consummate the transactions contemplated by this Agreement, including those set forth in Section 6.4(b) of the Disclosure Schedule.
- 4.6 Transfer of Shares. The Vendor shall ensure all necessary steps and proceedings will have been taken to permit the TILC Shares to be duly and regularly transferred to and registered in the name of the Purchaser as fully paid and non assessable shares in the capital of TILC free and clear of all Encumbrances at the Closing Time.
- 4.7 Commercially Reasonable Efforts. Subject to the terms and conditions provided in this Agreement, each of the parties hereto shall use its commercially reasonable efforts to take promptly, or cause to be taken, all reasonable actions, and to do promptly, or cause to be done, all things reasonably necessary, proper or advisable under applicable Laws to consummate, to satisfy such party's closing conditions and make effective the transactions contemplated hereby, to obtain all of such party's necessary waivers, consents and approvals under applicable Laws and to effect all of such party's necessary registrations and filings under applicable Laws, in order to consummate and make effective the transactions contemplated by this Agreement for the purpose of securing to the other party hereto the benefits contemplated by this Agreement.

## **Article 5**

### **Other Covenants**

- 5.1 Taxes.
- (a) The Purchaser does not assume and will not be liable for any Taxes which may be or become payable by the Vendor including any Taxes resulting from or arising as a consequence of the sale by the Vendor to the Purchaser of the TILC Shares herein contemplated.
  - (b) The Purchaser shall not make any Tax election that will, directly or indirectly, result in the Vendor being subject to Tax on the sale of the TILC Shares as a sale of assets rather than a sale of stock under Section 338 of the Code.

- (c) The Vendor shall cause to be prepared and filed on a timely basis all Tax Returns for TILC and the Company consistent with past practice for any period which ends on or before the Closing Date and for which Tax Returns have not been filed as of such date. The Vendor shall provide to the Purchaser for its review and approval a copy of any Tax Returns filed for any period prior which ends on or before the Closing Date.

5.2 280G Stockholder Approval. Prior to the Closing, TILC shall submit to the stockholders (or equivalent) of the Company for approval, by such number of such stockholders as is required by the terms of Section 280G(b)(5)(B) of the Code, any payments and/or benefits that may separately or in the aggregate, constitute “parachute payments” pursuant to Section 280G of the Code (“Section 280G Payments”), such that such payments and benefits shall not be deemed to be Section 280G Payments, and prior to the Closing, TILC shall deliver to Purchaser notification and documentation that (a) each individual who would otherwise be entitled to such Section 280G Payment waived his or her entitlement thereto contingent on a vote of such stockholders was solicited in conformance with Section 280G and the regulations promulgated thereunder and the requisite stockholder approval was obtained with respect to any payments and/or benefits that were subject to the stockholder vote (the “280G Stockholder Approval”), or (b) that the 280G Stockholder Approval was not obtained and as a consequence, that such payments and/or benefits shall not be made or provided to the extent they would cause any amounts to constitute Section 280G Payments, pursuant to the waivers of those payments and/or benefits which were executed by the affected individuals prior to the vote of such stockholders pursuant to this Section 5.2.

5.3 Title and Survey Review; Permitted Encumbrances.

- (a) Title and Survey Requirements. At or prior to Closing, Vendor shall have, as the case may be, (i) deleted or caused to be deleted; (ii) cured or caused to be cured, or (iii) satisfied, or caused to have been satisfied, all of the Title and Survey Requirements.
- (b) Updated Surveys. Prior to Closing, Vendor will deliver or cause to be delivered to Purchaser and Title Company the Updated Surveys; provided however, the Vendor need not deliver or cause to be delivered Updated Surveys if the Title Company agrees to eliminate its general survey exception to the Title Policies based on the existing Surveys. If any such Updated Survey reveals any Encumbrance, boundary discrepancy, encroachment or other lien, restriction or reservation affecting the Real Property that, if not cured, would have a Material Adverse Effect on the current use of the Real Property or such use as is reasonably in accordance with the Company’s current capital expenditure plans (a “Survey Objection”), Purchaser will notify Vendor within ten (10) days following receipt by Purchaser of a final, stamped version of each of the Updated Surveys (the “Survey Objection Period”). The Vendor acknowledges that the objections to the Surveys set forth in the title objection letter dated January 31, 2014 from Purchaser’s U.S. Counsel to Vendor’s Counsel shall constitute “Survey Objections” as defined in this Section 5.3(b). Upon receipt of a notice of Survey

Objection, Vendor shall use commercially reasonable efforts to cure, relocate or extinguish each Survey Objection prior to Closing at Vendor's sole cost and expense. Notwithstanding the foregoing, Vendor shall not be required to expend funds in an amount deemed unreasonable to Vendor in curing the Survey Objections. If Vendor is unable to cure any Survey Objection prior to Closing, Purchaser shall have the right, at Purchaser's option, to (i) terminate this Agreement, or (ii) proceed to Closing and accept the Real Property subject to such Survey Objection without adjustment to the Purchase Price, and such Survey Objection shall become one of the Subsequent Permitted Encumbrances.

- (c) Updated Title Commitments. Prior to Closing, Vendor will deliver or cause to be delivered to Purchaser the Updated Title Commitments. Purchaser shall have until the date which is ten (10) days after Purchaser has received the Updated Title Commitments (the "Title Objection Period") to review the Updated Title Commitments and notify Vendor of any matter revealed therein that, if not cured, would have a Material Adverse Effect on the current use of any portion of the Real Property or such use as is consistent with the Company's current capital expenditure plans, including any inaccurate legal description contained in any Updated Title Commitment (each, a "Title Objection"). The Vendor acknowledges that the objections to the Title Commitments set forth in the title objection letter dated January 31, 2014 from Purchaser's U.S. Counsel to Vendor's Counsel shall constitute "Title Objections" as defined in this Section 5.3(c). Upon receipt of a notice of a Title Objection, the Vendor shall use commercially reasonable efforts to cure or extinguish such Title Objection prior to Closing at Vendor's sole cost and expense, including but not limited to the Company's execution of quitclaim deed(s). Notwithstanding the foregoing, Vendor shall not be required to expend funds in an amount deemed unreasonable to Vendor in curing the Title Objections. If the Vendor is unable to cure any Title Objection prior to Closing, Purchaser shall have the right, at Purchaser's option, to (i) terminate this Agreement, or (ii) proceed to Closing and accept the Real Property subject to such Title Objection without adjustment to the Purchase Price, and such Title Objection shall become one of the Subsequent Permitted Encumbrances.
- (d) Mandatory Cure Items. Notwithstanding anything to the contrary herein, Vendor agrees to cure at or prior to Closing all (i) Encumbrances against the Owned Real Property evidencing monetary Encumbrances, (ii) Encumbrances against the Leased Real Property evidencing monetary Encumbrances created or assumed by Vendor, TILC or the Company or any prior lessee or by any Person claiming by, through or under the Vendor, TILC or the Company or any prior lessee, and (iii) judgments of record against Vendor or its Affiliates in the county or jurisdiction where the Real Property or any portion of the Real Property is located and recorded as against such Real Property (items (i) through (iii) above, the "Mandatory Cure Items").
- (e) Title Policies. Purchaser shall have obtained standard 2006 ALTA title insurance policies (which may be in the form of a mark-up of a pro forma of the Updated

Title Commitments) from the Title Company in accordance with the Updated Title Commitments insuring, as of the Closing Date, the Company's fee simple title to each parcel of Owned Real Property and, to the extent the Title Company is willing to issue the same, the Company's legal, valid, binding and enforceable leasehold interest in each parcel of Leased Real Property (in each case including all recorded appurtenant easements insured as separate legal parcels) with gap coverage through the date of recording, subject only to the Permitted Encumbrances, in such amount as Purchaser reasonably determines to be the value of the Real Property insured thereunder and which shall include all endorsements set forth in Section 9.11 of the Disclosure Schedule (collectively, the "Title Policies"); and each of the Title Policies shall have the general and standard exceptions deleted to the extent the same can be delivered by the Title Company using the Updated Surveys or using customary and commercially reasonable title affidavits or other methods and, to the extent the Title Company is willing to issue the same, shall include the endorsements set forth in Section 9.11 of the Disclosure Schedule, in form and substance reasonably acceptable to Purchaser.

- (f) Surveys. Subject to the provision in the first sentence of Section 5.3(b), Purchaser shall have received final, stamped versions of each of the Updated Surveys prior to the Closing Date.

5.4 Employee Benefit Plan Transition. Immediately prior to the Closing Date, the Vendor shall, if and as requested by the Purchaser, cause the Company terminate any and all Employee Plans. With respect to Company's 401(k) plan, Company shall cause each Business Employee to be fully vested in his or her account thereunder and to receive a pro-rata allocation of any matching or profit sharing contribution made to the Company's 401(k) plan after the Closing which relates to any period prior to Closing.

5.5 Hart Scott Rodino Filings. To the extent required by the HSR Act, Vendor and Purchaser each covenant and agree with each other to, as soon as practicable after the execution of this Agreement, but in no event later than five (5) Business Days after the date of this Agreement, file with the FTC and DOJ the notification and report form required for the transactions contemplated hereby, to promptly file any supplemental or additional information that reasonably may be requested in connection therewith pursuant to the HSR Act, and to comply in all material respects with the requirements of the HSR Act; provided, however, in the event of a formal "second request" for information by either the FTC or the DOJ, the parties will consult with each other to determine an appropriate strategy going forward. Purchaser and Vendor shall each be responsible for the payment of one-half of the filing fee associated with the filing of such notification and report form pursuant to the HSR Act. In the event any Proceeding is threatened or instituted challenging the transactions contemplated by this Agreement as violative of Antitrust Laws, Purchaser and Vendor shall each use its commercially reasonable efforts to avoid the filing of, or to resist or resolve, such Proceeding. Purchaser and Vendor shall each use its commercially reasonable efforts to take such action as may be required by: (i) the FTC and/or the DOJ in order to resolve such objections as either of them may have to the transactions contemplated by this Agreement under the Antitrust Laws, or (ii) any federal

or state court of the United States, or similar court of competent jurisdiction in any foreign jurisdiction, in any Proceeding brought by any Governmental Authority or any other Person challenging the transactions contemplated by this Agreement as violative of the Antitrust Laws, in order to avoid the entry of any Order (whether temporary, preliminary or permanent) that has the effect of preventing the consummation of the transactions contemplated by this Agreement and to have vacated, lifted, reversed or overturned any such Order. Notwithstanding anything to the contrary in this Section 5.5, none of Purchaser or Vendor or any of their respective Affiliates shall be required to divest any of its businesses, product lines or assets, or to take or agree to take any other action or agree to any limitation, that may be requested or required by the FTC or the DOJ as a condition to receiving clearance under the HSR Act of the transactions contemplated by this Agreement. Purchaser shall direct any proceedings or negotiations with any Governmental Authority relating to any of the foregoing at its sole cost and expense, provided, that it shall permit Vendor to review any communication given by it to, and Purchaser and Vendor shall consult with each other in advance of any meeting or conference with, the DOJ, the FTC or any other Governmental Authority or, in connection with any proceeding by a private party, with any other Person, and to the extent appropriate or permitted by the DOJ, the FTC or such other applicable Governmental Authority or other Person, Purchaser shall give Vendor the opportunity to attend and participate in such meetings and conferences.

5.6 Purchaser Confidential Information:

- (a) From and after the date of this Agreement, the Vendor shall and shall cause its Affiliates and each of the directors, officers, employees, agents, advisors and consultants of the Vendor or its Affiliates, to:
  - (i) keep the Purchaser Confidential Information in the strictest confidence and to not disclose such Purchaser Confidential Information to any Person; and
  - (ii) not make any use whatsoever of any Purchaser Confidential Information for any purpose whatsoever, except as provided for in the Confidentiality Agreement.
- (b) Notwithstanding the confidentiality obligations set out in Sections 5.6(a), the Vendor or its Affiliates may disclose Purchaser Confidential Information to the extent that such disclosure is required by law or by the order of any judicial, administrative, or similar body with enforcement powers having jurisdiction over the Vendor or its Affiliate, as applicable, provided that the Vendor will promptly notify Interfor in writing of such requirement and will co-operate with Interfor at Interfor's expense in seeking to challenge or to restrict the scope of such disclosure.

## 5.7 Vendor Confidential Information:

- (a) From and after the date of this Agreement, the Purchaser and Interfor shall and shall cause their Affiliates and each of the directors, officers, employees, agents, advisors and consultants of the Purchaser, Interfor and their Affiliates, to:
  - (i) keep the Vendor Confidential Information in the strictest confidence and to not disclose such Vendor Confidential Information to any Person; and
  - (ii) not make any use whatsoever of any Vendor Confidential Information for any purpose whatsoever, except as provided for in the Confidentiality Agreement.
- (b) Notwithstanding the confidentiality obligations set out in Sections 5.7(a) the Purchaser, Interfor or any Affiliate thereof may disclose Vendor Confidential Information to the extent that such disclosure is required by law or by the order of any judicial, administrative, or similar body with enforcement powers having jurisdiction over the Purchaser, Interfor or an Affiliate thereof, as applicable, provided that such party will promptly notify the Vendor in writing of such requirement and will co-operate with the Vendor at the Vendor's expense in seeking to challenge or to restrict the scope of such disclosure.

## **Article 6**

### **Warranties and Representations of the Vendor**

The Vendor represents and warrants to the Purchaser and Interfor as of the date of this Agreement and as of the Closing Date as follows:

#### 6.1 Due Formation and Qualification.

- (a) TILC is a corporation duly formed, validly existing and in good standing under the laws of the State of Georgia. TILC has the requisite corporate power and capacity to own, lease and operate its assets and to carry on its business and has (i) made all necessary filings under all applicable corporate Law and (ii) made all necessary filings under all applicable securities and taxation Laws and any other applicable Laws, except in respect of clause (ii), where the lack of filing would not have a Material Adverse Effect.
- (b) The Company is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Georgia. The Company has the requisite limited liability company power and capacity to own, lease and operate its assets and to carry on the Business and has (i) made all necessary filings under all applicable limited liability company law and (ii) made all necessary filings under all applicable securities and taxation laws and any other applicable Laws, except in respect of clause (ii) where the lack of filing would not have a Material Adverse Effect.

## 6.2 Equity Interests.

- (a) The authorized capital of TILC consists of one million (1,000,000) shares of common stock, of which one hundred thousand (100,000) shares, have been validly issued and are outstanding as fully paid and non-assessable shares in the capital of TILC.
- (b) The Vendor is the beneficial and registered owner of all of the issued and outstanding shares of common stock in TILC free and clear of all Encumbrances and any other rights of others, except as disclosed in Section 6.2(b) of the Disclosure Schedule and other than transfer and other restrictions arising under TILC's bylaws and applicable Securities Laws.
- (c) All necessary steps and proceedings will have been taken as at the Closing Time to permit the TILC Shares to be duly and regularly transferred to and registered in the name of the Purchaser as fully paid and non assessable shares in the capital of TILC free and clear of all Encumbrances.
- (d) TILC is the sole record and direct beneficial owner of the entire outstanding Company Membership Interests and has been the only owner of the equity interest in the Company since September 5, 2013.
- (e) TILC holds the entire outstanding Company Membership Interest free and clear of all Encumbrances or rights of other Persons, except as disclosed in Section 6.2(d) of the Disclosure Schedule and other than transfer and other restrictions arising under the Company's Operating Agreement and applicable Securities Laws.
- (f) Other than the Company, TILC does not have any subsidiaries or any agreements, options or commitments to acquire (i) any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business, or (ii) any obligation to purchase or repurchase, redeem or otherwise acquire any equity securities or other securities of any Person.
- (g) The Company does not have any subsidiaries or any agreements, options or commitments to acquire (i) any equity securities or other securities of any Person or any direct or indirect equity or ownership interest in any other business, or (ii) any obligation to purchase or repurchase, redeem or otherwise acquire any equity securities or other securities of any Person.
- (h) Except as disclosed in Section 6.2(a) and Section 6.2(c) above, there are no issued, reserved for issuance or outstanding:
  - (i) securities or other equity interests in TILC or the Company;
  - (ii) securities convertible into or exercisable or exchangeable for TILC Shares or any Company Membership Interest;

- (iii) options, warrants, purchase rights, subscription rights, or other rights or agreements (or any right or privilege capable of becoming an option, warrant, purchase right, subscription right or other right or agreement) to acquire shares in common stock in TILC or Company Membership Interest, or other obligations of TILC or the Company to issue, transfer, sell or otherwise cause to become outstanding, any TILC Shares, any Company Membership Interest or other equity interests or securities convertible into or exercisable or exchangeable for TILC Shares, a Company Membership Interest or other equity interests in TILC or the Company; or
  - (iv) obligations of TILC or the Company to repurchase, redeem or otherwise acquire any TILC Shares or Company Membership Interest, as applicable.
- (i) The rights, privileges, restrictions and conditions attached to TILC Shares are as set out in the constating documents of TILC dated May 23, 2013, true and correct copies of which have been provided to the Purchaser.
- (j) The rights, privileges, restrictions and conditions attached to the Company Membership Interest are as set out in the articles of organization of the Company dated September 20, 2013 (as subsequently amended) and of the Operating Agreement of the Company dated September 20, 2013, true and correct copies of which have been provided to the Purchaser.
- (k) There is no outstanding shareholder agreement, proxy, voting trust, right to require registration under any applicable securities laws or any other arrangement or commitment to which TILC or the Company is a party or bound, with respect to the voting, disposition or registration of any outstanding securities of TILC or the Company.

### 6.3 Authority.

- (a) The Vendor has the power and authority to execute and deliver and perform its obligations under this Agreement and each Transaction Document to which it is a party and to transfer the legal and beneficial title and ownership of the TILC Shares to the Purchaser free and clear of all Encumbrances and any restrictions on transfer, other than any restrictions under Securities Laws.
- (b) The Vendor has taken all requisite action to authorize its execution and delivery of this Agreement and each Transaction Document to which it is a party and the performance of its obligations under this Agreement and each such Transaction Document and this Agreement has been, and at the Closing Time each Transaction Document to which it is a party will be, duly executed and delivered by the Vendor and is or will be binding upon, and enforceable against, the Vendor in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws

affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity).

- (c) Except as disclosed in Section 6.3(c) of the Disclosure Schedule, there is no Contract, option or any other right of another Person binding upon or which at any time in the future may become binding upon:
  - (i) the Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber any of the TILC Shares other than pursuant to the provisions of this Agreement;
  - (ii) TILC to allot or issue any of the unissued shares of TILC or to create any additional class of shares;
  - (iii) the Company to reserve for issuance or issue any Company Membership Interests;
  - (iv) TILC to sell, transfer, assign, pledge, mortgage or in any other way dispose of or encumber any of the assets of TILC, including, without limitation, any portion of the Company Membership Interest; or
  - (v) the Company to sell, transfer, assign, pledge, mortgage or in any other way dispose of or encumber any of the assets of the Company, including, without limitation, the Business and the Mills other than sales of Logs and Lumber Inventory by the Company in the usual and Ordinary Course.

#### 6.4 No Violations and Consents.

- (a) The execution, delivery and performance of this Agreement and each Transaction Document by the Vendor or any other party thereto (other than the Purchaser or Interfor) does not and will not, after the giving of notice, or the lapse of time, or otherwise,
  - (i) conflict with, result in any violation of, or constitute a default under, (A) the certificate of formation, operating agreement or constating or organizational documents of the Vendor, TILC or the Company, (B) any Material Contract to which either the Vendor, TILC or the Company is a party or (C) any applicable Law in respect of which the Vendor, TILC or the Company must comply;
  - (ii) result in the creation of any Encumbrance upon any of the TILC Shares or the Business Assets (except to the extent arising under this Agreement); or

- (iii) terminate, amend or modify, or give any party the right to terminate, amend, modify, abandon, cancel or refuse to perform, any Material Contract.
  - (b) The execution and delivery by the Vendor of this Agreement and each Transaction Document does not, and the performance by the Vendor of its respective obligations hereunder and thereunder will not, require the Vendor to obtain any consent, order, approval, authorization or other action of, or make any filing with or give any notice to:
    - (i) any Governmental Authority, except as disclosed in Section 6.4(b) of the Disclosure Schedule; or
    - (ii) any third party with respect to any Material Contract, except as disclosed in Section 6.4(b) of the Disclosure Schedule.
- 6.5 Brokers. Neither this Agreement, nor any Transaction Document, nor the sale of the TILC Shares or any other transactions contemplated by this Agreement was induced or procured through any Person acting on behalf of, or representing, the Vendor or any of its Affiliates as broker, finder, investment banker, financial advisor or in any similar capacity, or has or will give rise to any liability for any brokerage, finder's or other fee or commission.
- 6.6 Contracts.
  - (a) Section 6.6 of the Disclosure Schedule sets forth a true and complete list of all Material Contracts as of the date hereof. "Material Contracts" means the following written Contracts entered into by TILC or the Company and any of same which are oral in nature:
    - (i) any lease or license of personal property from or to third parties providing for payments in excess of \$50,000 annually;
    - (ii) any Contract relating to capital expenditures and involving future payments in excess of \$50,000;
    - (iii) any mortgage, indenture, loan or credit agreement, security agreement or other Contract (or group of related Contracts) under which TILC, the Company or any of their Affiliates have created, incurred, assumed, or guaranteed any Indebtedness, in each case under which any of the assets or properties of the Business, TILC or the Company, including the TILC Shares and the Company Membership Interest are subject to any Encumbrance;
    - (iv) any guarantee, indemnification, surety or similar obligation for an amount greater than \$5,000;

- (v) any (A) joint or cooperative marketing or development Contract or (B) other Contract concerning a partnership, franchising arrangement or joint venture;
  - (vi) any Contract relating to the exclusive right to sell or distribute any Logs and Lumber Inventory or products of the Company;
  - (vii) any Contract with any Affiliate of the Vendor that will not be terminated as of the Closing Date;
  - (viii) any agreements, options or commitments to acquire or lease any real property or assets other than, in the latter case, those assets that are to be used in the usual and Ordinary Course;
  - (ix) any agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase from TILC or the Company of the Business or any of its assets other than in the usual and Ordinary Course; and
  - (x) any other Contract (or group of related Contracts) not otherwise described in paragraphs 6.6(a)(i) to 6.6(a)(ix) above with a term of greater than one year and involving payment by TILC or the Company of \$50,000 or more annually and not terminable by TILC or the Company, as applicable, without penalty on fewer than 60 days' notice.
- (b) Each Material Contract is a valid and binding obligation of TILC or the Company, as applicable, and, to the knowledge of the Vendor, is a valid and binding obligation of each of the other parties thereto in all material respects, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity). Each of TILC and the Company have performed all material obligations required to be performed by it under each Material Contract to which it is a party and is not (with or without the lapse of time or the giving of notice, or both) in material breach or default thereunder and, to the knowledge of the Vendor, each other party to each Material Contract has performed in all material respects all obligations required to be performed by such party thereunder and is not (with or without the lapse of time or the giving of notice, or both) in material breach or default thereunder.
- (c) All Material Contracts are in good standing and in full force and effect without amendment thereto and TILC or the Company, as applicable, is entitled to all benefits thereunder.

## 6.7 Real Property.

- (a) Section 6.7(a) of the Disclosure Schedule contains a true and complete list of all leases, subleases and other instruments, agreements, arrangements relating to leasehold or subleasehold estates and other rights to occupy any land, buildings, structures, improvements, fixtures or other interest in real property, other than Owned Real Property, (together with all amendments and supplements thereto), whether written or oral, to which TILC or the Company is a party and (collectively, the “Leased Real Property”), together with an identification of which of TILC or the Company holds the interest and the nature of such entity’s interest therein. Other than as set forth in Section 6.7(a) of the Disclosure Schedule no leases, subleases or other instruments, agreements, or arrangements, whether written or oral relating to the Leased Real Property have been amended, supplemented, assigned, subleased or otherwise modified.
- (b) Section 6.7(b) of the Disclosure Schedule contains a true and complete list of all real property and interests in real property in which TILC or the Company hold a fee simple interest (together with all buildings, other improvements and fixtures located thereon, the “Owned Real Property”), identifying the address and legal and beneficial owner thereof.
- (c) Section 6.7(c) of the Disclosure Schedule contains a true and complete list of all of the material easements, rights-of-way, licenses and other rights of any nature held by TILC or the Company in any real property apart from the Leased Real Property and the Owned Real Property (collectively, the “Real Property Rights” and together with the Leased Real Property and the “Owned Real Property”, the “Real Property”), together with an identification of which of TILC or the Company holds such Real Property Right. Other than has set forth in Section 6.7(c) of the Disclosure Schedule no Real Property Right has been amended, supplemented, assigned, subleased or otherwise modified.
- (d) Neither TILC nor the Company has agreed to acquire or lease any real property or interest in real property other than the Real Property.
- (e) The Real Property comprises all of the material real property or interest therein used in the operation of the Business, TILC or the Company.
- (f) TILC or the Company, as applicable, has the exclusive right to possess, use and occupy and has fee simple title to the Owned Real Property free and clear of all Encumbrances or other restrictions of any kind other than Permitted Encumbrances, items set forth in Section 6.7(f) of the Disclosure Schedule, and any items shown on Schedule B-1 of the Updated Title Commitments which are to be satisfied at Closing.
- (g) To the knowledge of the Vendor, except for Permitted Encumbrances and any items set forth in Section 6.7(g) of the Disclosure Schedule, no other party (including any mortgagee or pledgee) has, or has asserted by notice to the Vendor,

TILC or the Company, a beneficial or legal interest in or to any portion of any Real Property or any interest therein that is superior or adverse to, or that directly conflicts with, TILC's or the Company's interest in, or the occupancy or use of, the applicable Real Property.

- (h) The Vendor has made available to the Purchaser true and complete copies of all material Contracts relating to the Real Property, including with respect to the Owned Real Property all of the deeds and other instruments pursuant to which TILC or the Company acquired any interest therein (collectively, the "Real Property Documents") and all title insurance policies or commitments, title reports or title opinions, together with all amendments and supplements thereto affecting or related to the Real Property.
- (i) Each Real Property Document is a valid and binding obligation of TILC or the Company, as applicable, and, to the knowledge of the Vendor, each other party thereto and is in full force and effect. Neither TILC, the Company, nor, to the knowledge of the Vendor, any other party thereto, is in default under any Real Property Document and no event or circumstance currently exists which, with the giving of notice or the passage of time could become a default thereunder by TILC or the Company, or, to the knowledge of the Vendor, any other party thereto.
- (j) TILC or the Company, as applicable, has paid in full all royalties, rents and other amounts heretofore coming due under each of the applicable Real Property Documents.
- (k) Except as disclosed in Section 6.4(b) of the Disclosure Schedule, none of the Real Property Documents requires the consent of any other party thereto to consummate the transactions contemplated by this Agreement.
- (l) There does not exist any pending, or to the knowledge of the Vendor, threatened condemnation action to enforce any land use that would reasonably be expected to have a Material Adverse Effect on or materially impair the present use and/or operation of the Real Property and none of the Real Property has suffered any material damage by fire or other casualty.
- (m) Except for Permitted Encumbrances and as disclosed in Section 6.7(m) of the Disclosure Schedule, the Business and operations of TILC or the Company on the Real Property are not subject to any restriction or limitation and is not in contravention of any applicable Law.
- (n) Neither TILC nor the Company has received notice of any delinquent assessment or any delinquent capital charges or levies assessed or proposed to be assessed against any of the Real Property by a Governmental Authority or that any Governmental Authority intends to require TILC or the Company to pay for any future roads, utilities or services relating to the Real Property.

- (o) To the Vendor's knowledge, all improvements (including all plant, buildings, structures, erections, appurtenances and fixtures) situate on or forming part of the Real Property were completed in a good and competent manner and in accordance with the requirements of all applicable Laws and, to the Vendor's knowledge, such improvements are free of material defect.
- (p) The Real Property is serviced by all private and public utility services that are necessary for the Business and operations of TILC and the Company.

6.8 Title to Tangible Personal Property.

- (a) TILC or the Company owns or leases all tangible personal property used in the Business or the operation of TILC or the Company, including, without limitation, the Mill (collectively, the "Tangible Personal Property"). TILC or the Company, as applicable, have good title to all such owned Tangible Personal Property and a valid and subsisting leasehold interest with respect to any such leased Tangible Personal Property. All such owned Tangible Personal Property is owned free and clear of all Encumbrances other than Permitted Encumbrances.
- (b) Section 6.8(b) of the Disclosure Schedule contains a true and complete list of all material Tangible Personal Property which TILC or the Company owns, leases or rents or has any other rights in or to together with a description (including serial number, vehicle registration, tag number and location) of all Vehicles which are owned by TILC or the Company and those leased by TILC or the Company. True and complete copies of all leases and instruments and other agreements or arrangements pursuant to which TILC or the Company owns, leases or rents or has any rights in or to such material Tangible Personal Property (the "Tangible Personal Property Documents") (including all amendments thereto and all instruments in any way modifying any thereof) have been made available to the Purchaser. There are no existing material defaults by TILC or the Company or, to the knowledge of the Vendor, any other party under any of the Tangible Personal Property Documents, nor has any event occurred which, with notice or the passage of time or both, would constitute a material default by TILC or the Company under any of the Tangible Personal Property Documents.

6.9 Condition of Assets.

- (a) TILC or the Company, as applicable, is the owner, with good title to all assets shown or reflected on the TILC Balance Sheet (except for assets disposed of in the Ordinary Course since the Balance Sheet Date) or acquired by TILC or the Company since the Balance Sheet Date, including Owned Intellectual Property, free and clear of all Encumbrances other than Permitted Encumbrances.
- (b) All machinery and equipment owned or used by TILC or the Company has been properly maintained in accordance with normal industry practice and is in good working order for the purposes of on-going operation of the Business as currently

conducted, subject to ordinary wear and tear for machinery and equipment of comparable age.

- (c) All of the Logs and Lumber Inventory is of merchantable quality and reasonably fit for their usual purpose, in accordance with industry standards.
- (d) No single capital expenditure in excess of \$50,000 or capital expenditures in the aggregate in excess of \$50,000 have been made or authorized by TILC or the Company since the Balance Sheet Date.

6.10 Litigation.

- (a) There are no actions, Claims, arbitrations, investigations or Proceedings pending, or, to the knowledge of the Vendor, threatened in writing against TILC, the Company, the Business or any of the assets thereto before or by any Governmental Authority or by any Person (whether or not purportedly on behalf of TILC or the Company).
- (b) Neither TILC nor the Company is subject to any Order issued specifically in respect of the Business or to TILC or the Company and there are no matters under discussion with any Governmental Authority relating to any Orders.

6.11 Compliance With Laws. Each of TILC and the Company has conducted, and is conducting, the Business and its operations at all times in compliance with applicable Law in all material respects, except for non-compliance with the Boiler MACT. Neither TILC nor the Company has received any communication from a Governmental Authority that alleges that TILC or the Company is not in compliance in any material respect with all applicable Laws.

6.12 Financial Statements.

- (a) The books and records of TILC and the Company are true and correct in all material respects and present fairly and disclose in all material respects the financial position of TILC and the Company and all material financial transactions of TILC and the Company have been accurately recorded in such books and records and, to the extent possible, such books and records have been prepared in accordance with GAAP applied consistently in accordance with past practice.
- (b) The consolidated financial statements of TILC, consisting of the TILC Balance Sheet and statements of income, retained earnings and cash flows for the period ended on the Balance Sheet Date, and the notes thereto (the "TILC Financial Statements"):
  - (i) are in accordance with the consolidated books and accounts of TILC as at the Balance Sheet Date;

- (ii) have been prepared in accordance with GAAP applied consistently in accordance with past practice;
  - (iii) are true and correct and present fairly in all material respects the consolidated assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of TILC as of the date of the TILC Financial Statements and the sales, earnings, results of operations and cash flows for the periods covered thereby.
- (c) True and complete copies of the TILC Financial Statements and the TILC Balance Sheet are attached as Section 6.12(c) to the Disclosure Schedule.
- (d) Since the Balance Sheet Date (i) there has been no Material Adverse Effect in the Business or the assets or financial condition of TILC or the Company and (ii) the Business has been carried on in its Ordinary Course and neither TILC, nor the Company has entered into any transaction out of the Ordinary Course and (iii) no dividends have been declared or paid on or in respect of the TILC Shares and no other distribution on any of its securities or shares has been declared or made by TILC since the Balance Sheet Date and all dividends which to the date hereof have been declared or paid by TILC have been duly and validly declared or paid.
- (e) Neither TILC nor the Company has any accrued, contingent or other liabilities of any nature whatsoever except for (i) liabilities set out or reflected in the TILC Balance Sheet, (ii) normal liabilities that have been incurred by TILC or the Company since the Balance Sheet Date in the Ordinary Course or (iii) liabilities disclosed in Section 6.12(d) of the Disclosure Schedule (collectively, the “TILC Consolidated Indebtedness”).
- (f) Neither TILC nor the Company has or will have, as of the Closing Time, any Indebtedness or accrued, contingent or other liabilities of any nature whatsoever, other than the Retained Liabilities or except as disclosed in Section 6.12(f) of the Disclosure Schedule.
- (g) No current or former director, officer, shareholder or employee of the Vendor, TILC or the Company or any person not dealing at arm’s length within the meaning of the Code with any such person or with the Vendor, TILC or the Company is indebted to TILC or the Company.

6.13 Employment Matters.

- (a) Section 6.13(a) of the Disclosure Schedule is a true and complete list of all Business Employees and includes the following information for each such Business Employees as of the date of this Agreement:
  - (i) name;
  - (ii) job title;

- (iii) status (i.e. full time, part time, temporary, casual, seasonal, co-op student etc.);
  - (iv) current annual salary or rate of pay;
  - (v) the date and amount of such Employee's most recent pay increase;
  - (vi) total bonus or incentive compensation or vacation pay:
    - (A) accrued but not paid to such Employee in the most recently completed financial year; and
    - (B) paid to such Employee in the most recently completed financial year;
  - (vii) such Employee's total period of employment, including any prior employment that would affect calculation of years of service for any purpose, including, without limitation, statutory entitlements, contractual entitlements (express or implied), benefit entitlement or pension entitlement;
  - (viii) any other terms and conditions of such Business Employees' employment, including any agreements or commitments to, or other entitlements of, the Business Employee, whether written or otherwise, to any compensation, bonuses or other incentives, benefits or entitlements, whether in cash, property or otherwise (other than Employee Plans and Compensation Policies); and
  - (ix) whether any Employee is on an approved or statutory leave of absence, and if so, the reason for such absence and the expected date of return.
- (b) Other than the Business Employees, there are no individuals providing substantial personal services to TILC or the Company as an employee or independent contractor of TILC or the Company. Except as disclosed in Section 6.13(b) of the Disclosure Schedule, all of the Business Employees are "at will" employees.
  - (c) Neither TILC nor the Company is a party to or bound by any written employment Contract with any Person whomsoever, except as disclosed in Section 6.13(c) to the Disclosure Schedule.
  - (d) All vacation pay for Business Employees is properly reflected in the books and accounts of TILC or the Company, as applicable.
  - (e) Since the Balance Sheet Date there have been no material changes in the terms or conditions of employment of any Business Employees, including their salaries, remuneration or any other payments to them, and there have been no changes in any remuneration payable or benefits provided to any officer, director, consultant,

independent contractor or agent of TILC or the Company, and neither TILC nor the Company has agreed or otherwise become committed to change any of the foregoing since that date.

- (f) Each of TILC and the Company, as applicable, is employing all Business Employees in compliance with all applicable taxation, labour and employment Laws in all material respects.
- (g) TILC and the Company are in compliance with all provisions of all applicable health and safety Laws in all material respects and there are no outstanding Claims, charges or Orders thereunder.
- (h) TILC and the Company are each in compliance with applicable worker's compensation Laws and there are not outstanding assessments, levies or penalties thereunder. All Business Employees are properly classified as exempt or non-exempt, as the case may be, under the Fair Labor Standards Act and any analogous state or local Laws, and all individuals whom TILC or the Company has classified as independent contractors are properly classified as independent contractors under the Code and other federal, state and local employment and labor Laws. There are no legal proceedings, charges, complaints or similar actions pending or, to the knowledge of the Vendor, are threatened against TILC or the Company with respect to the Business Employees, or former employees of TILC or the Company under any federal, state or local Laws affecting the employment relationship.
- (i) Section 6.13(i) of the Disclosure Schedule is a true and complete list of:
  - (i) the names of all consultants of TILC or the Company;
  - (ii) whether the consultant is providing services pursuant to a written consulting Contract;
  - (iii) the terms of any Contract under clause (ii) above;
  - (iv) notice, if any, required for TILC or the Company, as applicable, to terminate the consulting relationship without cause;
  - (v) the date the consultant first commenced providing services to TILC or the Company;
  - (vi) the hourly fee of the consultant;
  - (vii) the annual fees paid to the consultant for the preceding calendar year; and
  - (viii) any other any agreements or commitments to, or other entitlements of, any person (other than a Business Employee) engaged by TILC or the Company for services, whether written or otherwise, to any

compensation, bonuses or other incentives, benefits or entitlements, whether in cash, property or otherwise.

- (j) Neither TILC nor the Company is a party to or bound by any Contract or commitment to pay any management or consulting fee except as disclosed in Section 6.13(i) to the Disclosure Schedule.
- (k) Section 6.13(k) of the Disclosure Schedule sets forth a true and complete list of all obligations and liabilities of the Company or TILC or entitlements of any person arising under the Existing Equity Incentive Compensation Agreements or any similar arrangements with any other Person, and which Existing Equity Incentive Compensation Agreements have been terminated as of the date hereof and there are of no further force and effect and there are no further liabilities or obligations of TILC or the Company with respect to any of the foregoing.

6.14 Labour Matters.

- (a) With respect to the Business Employees:
  - (i) there are no collective bargaining agreements in effect; and
  - (ii) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agency (A) holds bargaining rights with respect to any Business Employees by way of certification, interim certification, voluntary recognition, designation or successor rights, (B) to the knowledge of the Vendor, has applied to be certified as the bargaining agent of any Business Employees or (C) to the knowledge of the Vendor, has applied to have TILC or the Company declared a related employer or successor employer pursuant to applicable labour Laws.
- (b) As of the date of this Agreement, there are no actual, pending or, to the knowledge of the Vendor, threatened, organizing activities of any trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent or any actual, pending or, to the knowledge of the Vendor, unfair labour practice complaints, strikes, slowdowns, work stoppages, picketing, lock-outs, hand-billings, boycotts, arbitrations, grievances, complaints, charges or other labor controversies pertaining to TILC or the Company and there have not been any such activities or disputes or proceedings within the last year.

6.15 Employee Benefit Matters.

- (a) Section 6.15(a) of the Disclosure Schedule is a true and complete list of all employee benefit plans, programs, agreements or arrangements, including, but not limited to, pension, profit sharing, incentive, bonus, deferred compensation, incentive compensation, share purchase, share option, stock appreciation, phantom stock, savings, profit sharing, retirement, employment, change of control, severance or termination pay, medical, hospitalization, disability, life or

other insurance, vacation, salary continuation, sick pay, welfare, fringe benefit, and other employee benefit plans (whether written or unwritten) under which TILC or the Company have any obligations with respect to any Employee or former Employee, except for statutory plans to which TILC or the Company are obliged to contribute or comply or plans administered pursuant to applicable state health, worker's compensation or employment insurance legislation (the "Employee Plans").

- (b) Section 6.15(b) of the Disclosure Schedule is a true and complete list of all compensation policies and practices of TILC and the Company ("Compensation Policies") applicable to Business Employees and independent contractors.
- (c) The Vendor has delivered to the Purchaser true, complete and up-to-date copies of all Employee Plans and Compensation Policies and all amendments thereto together with all summary descriptions of the Employee Plans and Compensation Policies provided to past or present participants therein, the statement of investment policies for each plan, all funding agreements and service provider Contracts or other Contracts in respect of any Employee Plan in respect of which the Company may have liability (including insurance Contracts, investment management agreements, subscription and participating agreements and record keeping agreements), the three most recent annual reports (Form Series 5500 and all schedules), actuarial reports, the financial statements and evidence of any registration in respect thereof, the most recent IRS determination or opinion letter issued with respect to each Employee Plan intended to be qualified or exempt under Section 401(a) or 501(c)(9) of the Code, and all correspondence to or from any Governmental Authority relating to any Employee Plan. No Employee Plan is a Foreign Plan.
- (d) Except as expressly contemplated pursuant to this Agreement or pursuant to changes in applicable Laws, no fact, condition or circumstance exists that would affect the information contained in the documents provided in Section 6.15(b) above, and, in particular, no promises or commitments have been made by the Company to amend any Employee Plan or Compensation Policy.
- (e) All of the Employee Plans are duly registered where required by applicable Law (including registration with the relevant Taxation Authorities where such registration is required to qualify for tax exemption or other beneficial tax status) and have always been maintained and administered in compliance with their terms and all applicable Law in all material respects.
- (f) Any Employee Plan that constitutes a "non-qualified deferred compensation plan" subject to Code Section 409A fully complies with Code Section 409A with respect to its form and is and has been operated in compliance with Code Section 409A. Neither the execution, delivery or performance of this Agreement, nor the consummation of any of the other transactions contemplated in this Agreement, will result in any bonus, golden parachute, severance or other payment or obligation to any current or former Employee or director of the Company

(whether or not under any Employee Plan), materially increase the benefits payable or provided under any Employee Plan, result in any acceleration of the time of payment or vesting of such benefit, or increase or accelerate employer contributions thereunder.

- (g) Each Employee Plan that is (i) intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination, opinion or advisory letter as to its qualification or (ii) a VEBA is exempt from federal income tax and nothing has occurred that could reasonably be expected to adversely affect such qualification or tax-exempt status. With respect to the Business Employees, and any former employees of TILC or the Company, there are no material controversies pending or, to the knowledge of the Vendor, anticipated or threatened in connection with any Employee Plan other than routine claims for benefits. Neither the Company nor any of its ERISA Affiliates maintains, has maintained or has any liability, direct or indirect, contingent or otherwise, under or with respect to (i) an “employee pension plan” (within the meaning of Section 3(2) of ERISA) that is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 or 430 of the Code, (ii) a “multiemployer plan” (as defined in Section 3(37) of ERISA), (iii) a “multiple employer plan” (within the meaning of Section 413(c) of the Code, or (iv) a “multiple employer welfare arrangement” (as defined in Section 3(40)(A) of ERISA). No Employee Plan provides, or reflects or represents any liability of TILC or the Company to provide, retiree life insurance, retiree health benefits or other retiree employee welfare benefits to any Person for any reason, except as may be required by COBRA coverage laws or other applicable Law.
- (h) All Contracts in respect of the Employee Plans are valid and TILC or the Company, as applicable, can enforce such Contracts or cause such Contracts to be enforced.
- (i) All employer and employee obligations in respect of the Employee Plans, including, without limitation, payments, contributions and premiums required under applicable Law and their terms have been satisfied in all material respects and there are no outstanding defaults or violations in respect thereof and, in particular:
  - (i) all employer and employee contribution holidays have been permitted by the terms of the Employee Plans and have been in accordance with applicable Law;
  - (ii) except as permitted by the Employee Plan, their applicable funding agreements and applicable Law, there has been no withdrawal of assets or any other amounts from any of the Employee Plans other than proper payments of benefits to eligible beneficiaries, refunds of over-contributions to plan members and permitted payments of reasonable expenses incurred by or in respect of such Employee Plans; and

- (iii) all liabilities of any Employee Plan incurred up to and including the Closing Date and not fully funded through insurance, a trust or otherwise are properly accrued on the TILC Financial Statements in accordance with GAAP applied consistently in accordance with past practice.
- (j) There are no actual, pending or, to the knowledge of the Vendor, threatened Claims with respect to the Employee Plans against the Company, the funding agent, the insurers or the fund of such Employee Plans, other than Claims for benefits in the Ordinary Course.
- (k) No order has been made or notice given pursuant to any applicable Law requiring (or proposing to require) TILC or the Company to take (or refrain from taking) any action in respect of any Employee Plan, and no event has occurred and no condition or circumstance exists that has resulted or could reasonable result in any Employee Plan (i) being ordered or required to be terminated or wound-up in whole or in part, (ii) having its registration under any applicable Law refused or revoked, (iii) being placed under the administration of any trustee or any regulatory authority or (iv) being required to pay any material Taxes or penalties under any applicable Law.
- (l) All of the Employee Plans are fully funded in accordance with their terms and all applicable Law and generally accepted actuarial principles and practices.
- (m) None of the Employee Plans require or permit a retroactive increase in premiums or payments and the level of insurance reserves, if any, under any self-insured Employee Plan is reasonably and sufficient to provide for all unreported Claims and incurred Losses.

6.16 Taxes. Except as set forth in Section 6.16 of the Disclosure Schedule:

- (a) All Tax Returns of TILC and the Company (and of any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes), including estimated returns and reports of every kind with respect to Taxes, which are due to have been filed in accordance with applicable Law, have been duly filed, and all such Tax Returns are correct and complete in all respects. All Taxes due and payable of TILC and the Company (and of any predecessor or subsidiary of either TILC or the Company) have been duly and timely paid. Section 6.16(a) of the Disclosure Schedule lists all such Tax Returns filed with respect to time periods after December 31, 2009.
- (b) There are currently no extensions of time in effect with respect to the dates on which any Tax Returns of TILC or the Company were or are due to be filed.
- (c) All deficiencies asserted as a result of any examination of any Tax Return have been paid in full, accrued on the books of TILC and the Company as a current tax liability, or finally settled.

- (d) Since December 31, 2006, no claims, deficiencies or proposed adjustments for any Taxes have been asserted by any Taxation Authority, and no proposals or deficiencies for any Taxes are presently being asserted, proposed or, to the knowledge of the Vendor, threatened, and no audit or investigation of any Tax Return is currently being conducted, is pending or, to the knowledge of the Vendor, is threatened against either TILC or the Company.
- (e) There are no outstanding waivers or agreements by TILC or the Company (or by any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) for the extension of time for the assessment of any Taxes or deficiency thereof, nor are there any waivers of the statute of limitations in respect of Taxes for which TILC or the Company may have any liability or any requests for rulings, outstanding subpoenas, requests for information, notices of proposed reassessment of any property owned or leased by the Company or any other matter pending between TILC or the Company and any Taxation Authority.
- (f) There are no liens for Taxes upon any property or assets of TILC or the Company except liens for current Taxes not yet due, nor are there any liens which are pending, or to the Vendor's knowledge, threatened.
- (g) No rulings have been issued by any Taxation Authority with respect to TILC or the Company (or any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) that have any effect on any Tax Return for any taxable period beginning after December 31, 2009. There are no outstanding requests for rulings from any Taxation Authority with respect to TILC or the Company (or any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes).
- (h) No assets of TILC or the Company or of any "related person," as that term is defined in Code section 144(a)(3) (or section 103(b)(6)(C) of the Internal Revenue Code of 1954, as amended (the "1954 IRC")), whether owned or leased pursuant to a capital lease, have been financed by private activity bonds within the meaning of Code section 141 (or industrial development bonds within the meaning of 1954 IRC section 103(b)), and neither the Company nor any related person is a "principal user," as that term is used in the context of IRC section 144(a) (or 1954 IRC section 103(b)), of any building which has been so financed.
- (i) Neither TILC nor the Company (nor any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) has made any payment which constitutes an "excess parachute payment" within the meaning of Code section 280G or any similar provision of state or local law, and no payment by TILC or the Company which is required to be made under any contract, agreement or understanding (including the transactions contemplated in this Agreement) to which either TILC or the

Company (or any predecessor or subsidiary of either) is a party will, if made, constitute an excess parachute payment.

- (j) Neither TILC nor the Company (nor any predecessor or subsidiary of either) is a party to or bound by (or, prior to closing, except as contemplated by this Agreement, will become a party to or bound by) any Tax indemnity, Tax sharing or Tax allocation agreement or arrangement.
- (k) Since December 31, 2007, the Company has not been a member of an affiliated group of corporations within the meaning of Code section 1504.
- (l) Neither TILC nor the Company is a party to any joint venture, partnership, or other arrangement or contract which could be treated as a partnership for federal income tax purposes which is not explicitly identified and so treated in copies of the Tax Returns made available to Purchaser.
- (m) Neither TILC nor the Company (nor any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) has executed any closing agreement pursuant to Code section 7121 or any predecessor provision thereof, or any similar provision of state or local law.
- (n) No claim has been made since December 31, 2007, by any authority in a jurisdiction where TILC or the Company (or any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) does not file Returns that such entity is or may be subject to taxation by that jurisdiction.
- (o) Neither TILC nor the Company (nor any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) has, since December 31, 2007, agreed to any adjustments pursuant to Code section 481(a) or any similar provision of state or local law by reason of a change in accounting method, and no application requesting permission for any change in accounting method by TILC or the Company (or any predecessor or subsidiary of either) is pending with any Taxation Authority.
- (p) Neither TILC nor the Company (nor any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) is (or, at any time since December 31, 2007, has been) a United States real property holding corporation (as defined in Code section 897(c)).
- (q) Each of TILC and the Company (and any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts owing to any employee, independent contractor, creditor, stockholder, or other third party.

- (r) Neither TILC nor the Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of (i) a prior change in method of accounting, (ii) a closing agreement (or any similar agreement under state, local, or non-U.S. law), (iii) an installment sale or other disposition prior to the Closing Date, (iv) any prepaid item, or (v) an election under Code section 108(i).
- (s) Since December 31, 2007, neither TILC nor the Company (nor any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) has engaged in, or been a party to, a transaction intended to be governed in whole or in part by Code section 355 or Code section 361.
- (t) Neither TILC nor the Company (nor any predecessor or subsidiary of either TILC or the Company, whether or not consolidated, affiliated or combined for Tax reporting purposes) has been a party to any “reportable transaction” within the meaning of Code section 6707A(c)(1) and section 1.6011-4(b) of the Treasury Regulations.
- (u) The Vendor does not carry on any business in the United States through a permanent establishment situated therein, or perform in the United States independent personal services from a fixed base situated therein, within the meaning of the Income Tax Convention between the United States and Switzerland, as amended and in force as of the date hereof.

6.17 Insurance. Section 6.17 of the Disclosure Schedule is a true and complete list of all insurance policies maintained by TILC or the Company as of the date of this Agreement, together with the insurer, the amount of the coverage, the type of insurance, the policy number and any pending Claims thereunder. As of the date of this representation all such policies are in full force and effect in all material respects and are sufficient for compliance by TILC and the Company with all applicable Law (including without limitation the Permits).

6.18 Permits.

- (a) TILC or the Company, as applicable, currently hold all licenses, franchises, permits, approvals, authorizations, exemptions, certificates, registrations, timber tenures and similar documents or instruments or other authorizations issued or provided by Governmental Authorities or other Persons under applicable Laws that are necessary for it to own, lease, develop or operate its assets or conduct the Business and the operations of TILC and the Company as currently conducted (collectively, the “Permits”), all of which are in full force and effect.
- (b) Section 6.18(b) of the Disclosure Schedule sets forth a true and complete list of all Permits currently held by TILC or the Company, the issue date, the expiration

date, the amount of any bond or other collateral posted with respect to such Permit, except Environmental Permits which are set forth in Section 6.19(f).

- (c) Except as disclosed in Section 6.4(b) of the Disclosure Schedule, no Permit requires the consent of any other party thereto to the transactions contemplated by this Agreement.
- (d) Each of TILC and the Company is in compliance, in all material respects, with the terms and conditions of all such Permits.
- (e) Neither TILC, nor the Company has received notice of any claimed or purported default under any Permit that remains pending and uncured and there are no Proceedings pending, or, to the knowledge of the Vendor, threatened, to cancel, modify or change any such Permit.

6.19 Environmental Matters.

- (a) Except as disclosed in Section 6.19(a) of the Disclosure Schedule or as would not be reasonably expected to have a Material Adverse Effect, each of TILC and the Company are in compliance with Environmental Laws, and there are and have been no conditions, circumstances or occurrences that could result in a failure to be in compliance in all material respects with any Environmental Laws that have not been cured.
- (b) Except as disclosed in Section 6.19(b) of the Disclosure Schedule, neither TILC, nor the Company has received any notice of, nor been prosecuted for an offence alleging, non-compliance with any Environmental Laws, and neither TILC, nor the Company has settled any allegation of non-compliance short of prosecution. Except as disclosed in Section 6.19(b) of the Disclosure Schedule, there are no Orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the operations, the Business or the Real Property of TILC or the Company, nor have they received notice of any of the same.
- (c) Neither TILC, nor the Company has caused or permitted, nor does the Vendor have any knowledge of, the release, in any manner whatsoever, of any Hazardous Substance at, on or under the Mill or the Real Property or the release of any Hazardous Substance off-site of the Real Property, except in compliance in all material respects with Environmental Laws.
- (d) Except as disclosed in Section 6.19(d) of the Disclosure Schedule, neither TILC, nor the Company, nor, to the Vendor's knowledge, any other Person has used the Mill, the Real Property or any of the facilities or assets of TILC or the Company, or permitted them to be used to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance in all material respects with all Environmental Laws. None of the Real Property has been used for or been designated as a waste disposal site.

- (e) Except as disclosed in Section 6.19(b) of the Disclosure Schedule, neither TILC, nor the Company has received any written or oral notice or claim indicating that either TILC or the Company are potentially liable as a result of the spilling, dumping, discharge or release by any Person of any Hazardous Substances at the Real Property.
- (f) Section 6.19(f) of the Disclosure Schedule contains a true and complete list of all Permits which are required under applicable Environmental Laws for the Business and the operation of TILC or the Company as currently conducted (collectively, “Environmental Permits”), together with the issue date, the expiration date, the amount of any bond or other collateral posted with respect to such Environmental Permit, which such Environmental Permits are in full force and effect.
- (g) Except as disclosed in Section 6.4(b) of the Disclosure Schedule, no Environmental Permit requires the consent of any other party thereto to the transactions contemplated by this Agreement.
- (h) Neither TILC, nor the Company is in violation of any Environmental Permit in any material respect.
- (i) Section 6.19(i) of the Disclosure Schedule is a true and complete list of all environmental audits, evaluations, assessments, studies, reports, site assessments and other environmental studies and reports in respect of the Business and operations of the Company or the Real Property (the “Environmental Reports”) since December 31, 2008 that are within the control or possession of the Vendor, TILC or the Company. The Vendor has delivered to the Purchaser true and complete copies of all (i) Environmental Reports, and (ii) correspondence, notices or other materials related to Environmental Reports received by the Vendor, TILC or the Company from any Governmental Authority or other Person.
- (j) To the knowledge of the Vendor, there are no conditions that directly or indirectly relate to environmental matters or to the condition of the soil or the groundwater that would adversely affect TILC, the Company or the Business in any material manner (whether at, on or below the Real Property or any adjoining properties).
- (k) None of the Real Property is located within or adjacent to an area that has been determined to be an environmentally sensitive area or a wetlands area by any Governmental Authority.
- (l) Neither TILC, nor the Company, nor, to the knowledge of the Vendor, any other Person, has received written notice, or has knowledge after due inquiry of any facts that could give rise to any notice, that TILC, the Company, or any predecessors in title to the Real Property are potentially responsible for any remedial action under any Environmental Laws.

6.20 Intellectual Property. TILC or the Company is the sole and exclusive owners of, or are licensed pursuant to a legally enforceable Contract with respect to, any and all Intellectual Property that is necessary for the conduct of the Business and the operations

of TILC or the Company as currently conducted. Such Intellectual Property is owned by TILC or the Company, as applicable, free and clear of all Encumbrances or other restrictions of any kind other than Permitted Encumbrances. Neither TILC, nor the Company owns (i) any material unregistered trademarks, registered trademarks, copyright applications or registrations or, except as set forth in Section 6.20 of the Disclosure Schedule, Internet domain name registrations or (ii) has any Contracts under which TILC or the Company uses or has the right to use any material Third Party Intellectual Property, other than software which is generally available for purchase or license on a non-custom basis.

#### 6.21 Privacy Laws.

- (a) The collection, use and retention of the Personal Information by TILC and the Company, the disclosure or transfer of the Personal Information by TILC or the Company to any third parties and transfer of the Personal Information by TILC or the Company to the Purchaser as part of the Purchaser's due diligence and as contemplated by this Agreement or any ancillary agreement complies with all Privacy Laws and is consistent with the Privacy Policies.
- (b) There are no restrictions on TILC's or the Company's collection, use, disclosure and retention of the Personal Information except as provided by Privacy Laws and the Privacy Policies and contractual confidentiality obligations entered into in the Ordinary Course.
- (c) There are no Claims pending, ongoing, or to the Vendor's knowledge, threatened, with respect to TILC's or the Company's, collection, use, disclosure or retention of the Personal Information.
- (d) No decision, judgment or order, whether statutory or otherwise, is pending or has been made, and no notice has been given pursuant to any Privacy Laws, requiring TILC or the Company to take (or to refrain from taking) any action with respect to the Personal Information.
- (e) Set out, described or cross-referenced in Section 6.21(e) of the Disclosure Schedule are the following in respect of the Personal Information:
  - (i) all Privacy Policies;
  - (ii) a copy of all publications describing the Privacy Policies, including all versions of the Privacy Policy appearing on TILC's or the Company's Web sites;
  - (iii) copies of all privacy audits conducted by or on behalf of TILC and the Company;
  - (iv) a description of the internal use made by TILC or the Company of the Personal Information; and

- (v) a list of all jurisdictions in which TILC or the Company collects, stores and uses Personal Information.

6.22 No Canadian Assets. The aggregate value of all assets in Canada of TILC and the Company or the annual gross revenues from sales in and from Canada generated from all such assets is, in both cases, zero.

6.23 Anti-Corruption. Neither Vendor, TILC, the Company, nor any of Vendor's, TILC's or the Company's directors, officers, members, agents, employees, managers, or any other Person acting for or on behalf of Vendor, TILC or the Company has, directly or indirectly: (a) offered, given, made, accepted or received anything of value, including any contribution, gift, bribe, rebate, payoff, influence payment, kickback or other payment to any official of a Governmental Authority, any political party or official thereof or any candidate for political office; any customer or member of any Governmental Authority; or any other Person who is acting in a regulatory or quasi-regulatory capacity but excluding customers and suppliers, regardless of form, whether in money, property or services: (i) to influence any action or decision of such Person, in such Person's official capacity, including a decision to fail to perform such Person's official function; (ii) to obtain favourable treatment in securing business; (iii) to pay for favourable treatment for business secured; (iv) to obtain concessions or for special concessions already obtained, for or in respect of Vendor, TILC or the Company; (v) to take any action or exercise any function improperly or for an improper purpose; or (vi) in violation of any Law; (b) established or maintained any fund or asset that has not been recorded in the books and records; or (c) violated or is in violation of any provision of the *U.S. Foreign Corrupt Practices Act of 1977*, as amended, or any equivalent legislation applicable in Switzerland or otherwise applicable to the Vendor, TILC or the Company, and the rules and regulations thereunder. Except for marketing-related promotions given to actual customers, neither Vendor, TILC nor the Company has given or agreed to give any money, gift, hospitality, entertainment or similar benefit to any actual or potential customer, supplier, government employee, insider or any other Person in a position to assist or hinder a seller or buyer in connection with any actual or proposed transaction.

6.24 Interfor Shares.

- (a) In evaluating the suitability of an investment in Interfor, the Vendor has not relied upon any representation or warranty (oral or written) of any Person, except those set forth in Article 7. The Vendor agrees that except for the representations and warranties made by the Purchaser expressly set forth in Article 7, neither the Purchaser, nor any of its Affiliates or representatives has made and will not be construed as having made to the Vendor or to any Affiliate or representative thereof, any representation or warranty of any kind.
- (b) The Vendor acknowledges and agrees that as of the Closing Time and thereafter the Interfor Shares will be subject to resale and transfer restrictions under this Agreement and under Securities Laws.

- (c) The Vendor is acquiring the Interfor Shares to be held for investment purposes only and not with a view to immediate resale or distribution or any part thereof and will not resell or otherwise transfer or dispose of the Interfor Shares or any part thereof except in accordance with the provisions of Securities Laws and this Agreement.
- (d) The Vendor acknowledges and agrees that the issuance and delivery of the Interfor Shares to the Vendor is conditional upon such issuance being exempt from the requirements under Securities Laws requiring registration and the filing of a prospectus or delivery of an offering memorandum in connection with the distribution of the Interfor Shares. The Vendor acknowledges and agrees that no Governmental Authority has reviewed or passed upon the merits of the investment in the Interfor Shares.
- (e) The Vendor is an “accredited investor” as that term is defined in (i) National Instrument 45-106 - *Prospectus and Registration Exemptions* (Canada), (ii) Rule 501(a) of Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and (iii) Article 652a of the Swiss Code of Obligations (1911).
- (f) The Vendor has not been provided with, has not requested, and does not need to receive an offering memorandum as defined in Securities Laws. The offer and sale to the Vendor of the Interfor Shares was not made through or as a result of any advertisement printed in public media, of general and regular paid circulation, radio or television or telecommunications, including electronic display or any other form of advertisement and, except for this Agreement and the Transaction Documents, the only documents, if any, delivered or otherwise furnished to the Vendor in connection with the issuance of the Interfor Shares were copies of publicly available information, none of which have been prepared for delivery to the Vendor in order to assist it in making an investment decision in respect of the Interfor Shares.
- (g) The Vendor has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Interfor Shares and is able to bear the economic risk of loss of such investment.
- (h) The Vendor is subscribing for the Interfor Shares as principal.
- (i) The Vendor is not a “control person” of Interfor, as that term is defined in Canadian Securities Laws, and will not become a “control person” of Interfor for purposes of Canadian Securities laws by virtue of the issuance of the Interfor Shares under this Agreement and does not act or intend to act in concert with any other Person to form a control group in respect of Interfor.
- (j) Neither the Vendor, nor any Affiliate of the Vendor currently owns, directly or indirectly, or exercises control or direction over, any securities of Interfor.

**Article 7**  
**Warranties and Representations of the Purchaser**

The Purchaser warrants and represents to the Vendor as of the date of this Agreement and as of the Closing Date as follows:

- 7.1 Due Formation. The Purchaser is a corporation incorporated, validly existing and in good standing under the laws of the State of Washington.
- 7.2 Authority.
- (a) The Purchaser has the power and authority to enter into, and perform its obligations under, this Agreement and each Transaction Document to which it is a party.
  - (b) The Purchaser has taken all requisite corporate action to authorize its execution and delivery of this Agreement and each Transaction Document to which it is a party and the performance of its obligations under this Agreement and each Transaction Document to which it is a party; and this Agreement has been, and at the Closing Time each Transaction Document to which it is a party will be, duly executed and delivered by the Purchaser, and this Agreement is and at the Closing Time each Transaction Document to which it is a party will be binding upon, and enforceable against, the Purchaser in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)
- 7.3 No Violations.
- (a) The execution, delivery or performance of this Agreement and each Transaction Document by the Purchaser does not and will not, after the giving of notice, or the lapse of time, or otherwise: violate, conflict with, result in a breach of, or constitute a default under, the organizational documents of the Purchaser, or any applicable Law or any material Contract, agreement, commitment or plan to which the Purchaser is a party.
  - (b) The execution and delivery by the Purchaser of this Agreement and each Transaction Document does not, and the performance by the Purchaser of its obligations hereunder and thereunder will not, require the Purchaser to obtain any consent, order, approval, authorization or other action of, or make any filing with or give any notice to, any Governmental Authority, except as contemplated hereunder.
- 7.4 Brokers. Except for any fee that will be paid by the Purchaser or its Affiliates to its external financial advisor, there is no Person acting on behalf of, or representing, the Purchaser or any of its Affiliates as broker, finder, investment banker, financial advisor or

in any similar capacity who will be entitled to any fee in connection with the transactions contemplated hereby.

- 7.5 Litigation. There are no Proceedings pending against the Purchaser or any of its assets or properties at law or in equity, before or by any Governmental Authority, or by any other Person, which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the Purchaser's ability to consummate the transactions contemplated under this Agreement.
- 7.6 Financial Ability. The Purchaser has on the date of this Agreement, and at the Closing Time the Purchaser shall have, all funds and available credit facilities necessary to purchase the TILC Shares and to consummate the transactions contemplated by this Agreement and the Transaction Documents. There is no financing contingency or condition applicable to the transactions contemplated by this Agreement.

## **Article 8**

### **Warranties And Representations of Interfor**

Interfor warrants and represents to the Vendor as of the date of this Agreement and as of the Closing Date as follows:

- 8.1 Due Formation. Interfor is a corporation incorporated, validly existing and in good standing under the laws of the Province of British Columbia.
- 8.2 Authority. Interfor has the power and authority to enter into, and perform its obligations under, this Agreement and each Transaction Document to which it is a party and has taken all requisite corporate action to authorize its execution and delivery of this Agreement and each Transaction Document to which it is a party and the performance of its obligations under this Agreement and each Transaction Document to which it is a party; and this Agreement has been, and at the Closing Time each Transaction Document to which it is a party will be, duly executed and delivered by Interfor, and this Agreement is and at the Closing Time each Transaction Document to which it is a party will be binding upon, and enforceable against, the Purchaser in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity (whether applied in a proceeding at law or in equity.)
- 8.3 No Violations.
- (a) The execution, delivery or performance of this Agreement and each Transaction Document by Interfor does not and will not, after the giving of notice, or the lapse of time, or otherwise: violate, conflict with, result in a breach of, or constitute a default under, the organizational documents of Interfor, or any applicable Law or any material Contract, agreement, commitment or plan to which Interfor is a party.
  - (b) The execution and delivery by Interfor of this Agreement and each Transaction Document does not, and the performance by Interfor of its obligations hereunder

and thereunder will not, require Interfor to obtain any consent, order, approval, authorization or other action of, or make any filing with or give any notice to, any Governmental Authority, other than with securities regulatory authorities and the TSX.

- 8.4 Valid Issuance. The Interfor Shares, when issued and delivered in accordance with the terms of this Agreement, will be duly and validly created and issued, as fully paid and non-assessable shares in Interfor, and will have been issued by Interfor free of Encumbrances and of restrictions on transfer other than restrictions on transfer under this Agreement or under applicable Securities Laws.
- 8.5 Public Disclosure Record. The Public Disclosure Record constitutes all documents required to be filed by Interfor under applicable Securities Laws including, without limitation, all material change reports, press releases, financial statements, information circulars, annual information forms, prospectuses or other continuous disclosure documents filed or required to be filed by or on behalf of Interfor. At the time it was filed (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing), each of the documents comprising the Public Disclosure Record (i) complied in all material respects with the applicable requirements of applicable Securities Laws, including as to form and timing, and (ii) was true, correct and complete in all material respects and did not contain any material misrepresentation. Interfor has not filed any confidential material change reports (or similar confidential reports) which are, as of the date of this Agreement, maintained on a confidential basis.
- 8.6 Securities Laws.
- (a) Interfor:
- (i) is a reporting issuer under the Securities Laws of each of the Provinces in Canada, and is not on the list of defaulting reporting issuers maintained by the applicable securities regulatory authorities in any Province in Canada;
  - (ii) has filed all material forms, reports and documents required under Securities Laws with applicable securities regulatory authorities; and
  - (iii) is in compliance in all material respects with applicable Securities Laws.
- (b) The Class A Subordinate Voting shares are listed on the TSX and Interfor is in compliance in all material respects with all applicable rules of the TSX. There is no requirement under the listing requirements of the TSX to obtain shareholder approval for the issuance of the Interfor Shares. The securities of Interfor are not listed on any other stock exchange.

- (c) At the Closing Time, the issuance and sale of the Interfor Shares will have been approved for listing on the TSX, subject only to satisfaction of standard conditions to final approval with respect to the listing.
  - (d) No securities commission or similar regulatory authority or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading of any securities of Interfor, and no such proceeding is, to the knowledge of Interfor, pending, contemplated or threatened.
- 8.7 Brokers. Except for any fee that will be paid by Interfor or its Affiliates to its external financial advisor, for which the Vendor shall not be liable, there is no Person acting on behalf of, or representing, Interfor or any of its Affiliates as broker, finder, investment banker, financial advisor or in any similar capacity who will be entitled to any fee in connection with the transactions contemplated hereby.

## **Article 9**

### **Conditions to Closing Applicable to The Purchaser**

The obligations of the Purchaser hereunder are subject to the following conditions precedent which are for the exclusive benefit of the Purchaser:

- 9.1 Bring-Down of the Vendor's Warranties and Covenants.
- (a) The warranties and representations made by the Vendor in Article 6, (i) that are not qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all material respects as of the Closing Date and (ii) that are qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects as of the Closing Date (except to the extent expressly made as of an earlier date, in which case as of such date) with the same effect as if such warranties and representations had been made on and as of the Closing Date;
  - (b) The Vendor shall have performed and complied with in all material respects all agreements, covenants and conditions on its part required to be performed or complied with by this Agreement on or prior to the Closing Date, including but not limited to, delivering to the Purchaser the documents set forth in Section 3.2; and
  - (c) At the Closing, the Purchaser shall have received a certificate executed by the President and Vice President of the Vendor evidencing satisfaction of the conditions set forth in clauses (a) and (b) above and in Sections 9.2, 9.3 and 9.4.
- 9.2 No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting the consummation of such transactions.
- 9.3 No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any state of facts, event or change in circumstance that has had or could

reasonably be expected to have a Material Adverse Effect on the Company, TILC or the Business.

- 9.4 No Proceedings. There shall not have been commenced, pending or, to the Vendor's knowledge, threatened against the Company, the Vendor or TILC or any Affiliate of the Vendor any Proceeding that could reasonably be expected to (i) have the effect of preventing or making illegal the transactions contemplated by this Agreement or (ii) have an effect on the ability of TILC or the Company to conduct the Business, as currently conducted or as the Vendor currently contemplates may be conducted before or after consummation of the transactions contemplated hereby.
- 9.5 Approvals and Consents. The Vendor will have been obtained from all appropriate Governmental Authorities and third parties such approvals or consents as are required to permit the change of ownership of the TILC Shares contemplated hereby and to permit the Business to be carried on by the Purchaser as now conducted following Closing, being those consents and approvals set forth in Section 6.4(b) of the Disclosure Schedule and any consents and approvals with respect to the Permits and the Environmental Permits.
- 9.6 TSX Approval. Interfor shall have obtained conditional approval from the TSX for the issuance of the Interfor Shares.
- 9.7 Resignations. All directors and officers of the Company and TILC specified by the Purchaser will resign effective at the Closing Time.
- 9.8 Releases. Each director and officer of the Company and TILC will release the Company or TILC, as applicable, from any and all possible Claims against the Company or TILC arising from any act, matter or thing arising at or prior to the Closing Date.
- 9.9 Transaction Documents. The Vendor shall have executed and delivered to the Purchaser each of the Transaction Documents to which it or its Affiliates are a party, in a form satisfactory to the Purchaser, acting reasonably.
- 9.10 2014 Employee Compensation Agreements. The Vendor shall deliver duly executed copies of each 2014 Employee Compensation Agreement and the waivers and approvals, as applicable, as required pursuant to Section 5.2(a) and (b), in such form as is satisfactory to the Purchaser, acting reasonably.
- 9.11 Title Insurance Policies. The Vendor shall have delivered all Title Policies required by Section 5.3 in a form satisfactory to the Purchaser, acting reasonably.
- 9.12 TILC Financial Statements. The audited TILC Financial Statements delivered to the Purchaser pursuant to Section 3.2(q) shall be consistent with and not different in any material respect with the TILC Financial Statements provided to the Purchaser in Section 6.12(b) of the Disclosure Schedule.
- 9.13 TILC Consolidated Indebtedness. The Vendor shall have delivered written evidence of the termination, discharge and release in full on or prior to the Closing Date of all TILC

Consolidated Indebtedness other than the Retained Liabilities, in a form satisfactory to the Purchaser acting reasonably.

- 9.14 Note Receivable. The Purchaser shall have received written evidence of the payment and satisfaction in full of the Note Receivable Amount, in a form satisfactory to the Purchaser acting reasonably.
- 9.15 Termination Agreements. The Vendor shall have delivered to the Purchaser written evidence of the termination of the (i) Management Service Agreement (ii) the equity incentive compensation agreement entered into between the Company and [Name redacted.] dated March 22, 2011, (iii) the equity incentive compensation agreement entered into between the Company and [Name Redacted.] dated March 22, 2011 and (iv) the Contracts or other commitments set forth in Section 9.15 of the Disclosure Schedule on or prior to the Closing Date in a form satisfactory to the Purchaser.
- 9.16 HSR. The waiting period imposed under the HSR Act shall have expired or been terminated.
- 9.17 Transfer of TILC Shares. All necessary steps and proceedings will have been taken to permit the TILC Shares to be duly and regularly transferred to and registered in the name of the Purchaser.
- 9.18 Formalities. The form and legality of all matters incidental to the sale by the Vendor and the purchase by the Purchaser of the TILC Shares will be subject to the approval of the Purchaser's Counsel, acting reasonably.

#### **Article 10** **Conditions to Closing Applicable to the Vendor**

The obligations of the Vendor hereunder are subject to the following conditions precedent which are for the exclusive benefit of the Vendor:

- 10.1 Bring-Down of the Purchaser Warranties and Covenants.
- (a) The warranties and representations made by the Purchaser herein to the Vendor in Article 7 and made by Interfor to the Vendor in Article 8 (i) that are not qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all material respects as of the Closing Date and (ii) that are qualified as to "materiality" or "Material Adverse Effect" shall be true and correct as of the Closing Date (except to the extent expressly made as of an earlier date, in which case as of such date) with the same effect as if such warranties and representations had been made on and as of the Closing Date;
- (b) The Purchaser shall have performed and complied with in all material respects all agreements, covenants and conditions on its part required to be performed or complied with by this Agreement on or prior to the Closing Date, including but not limited to, delivering to the Vendor the documents set forth in Section 3.3; and

- (c) At the Closing, the Vendor shall have received a certificate executed by the President or any Senior Vice President of the Purchaser evidencing satisfaction of the conditions set forth in clauses (a) and (b) above and in Sections 10.2 and 10.3.
- 10.2 No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law which is in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting the consummation of such transactions.
- 10.3 No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any state of facts, event or change in circumstance that has had or could reasonably be expected to have a Material Adverse Effect on Interfor.
- 10.4 No Proceedings. Since the date of this Agreement, there shall not have been commenced or, to the Purchaser's knowledge, threatened against the Purchaser or any Affiliate of the Purchaser any Proceeding that could reasonably be expected to have the effect of preventing or making illegal the transactions contemplated hereby.
- 10.5 TSX Approval. Interfor shall have obtained conditional approval from the TSX for the issuance of the Interfor Shares.
- 10.6 HSR. The waiting period imposed under the HSR Act shall have expired or been terminated.
- 10.7 Issuance of Interfor Shares. All necessary steps and proceedings will have been taken to permit the Interfor Shares to be issued for the benefit of the Vendor and registered in the name of the Vendor,.
- 10.8 Formalities. The form and legality of all matters incidental to the issuance by the Purchaser to the Vendor of the Interfor Shares will be subject to the approval of the Vendor Counsel, acting reasonably.

## **Article 11** **Termination**

- 11.1 Termination. This Agreement may be terminated at any time prior to the Closing as follows:
- (a) by mutual consent of the Purchaser and the Vendor;
  - (b) by the Purchaser, if any condition in Article 9 has not been satisfied as of the Closing Date or if satisfaction of any such condition is or becomes impossible (other than through a failure by the Purchaser to comply with its obligations under this Agreement) and the Purchaser has not waived such condition on or before the Closing Date;
  - (c) by the Vendor, if any condition in Article 10 has not been satisfied as of the Closing Date or if satisfaction of any such condition is or becomes impossible

(other than through a failure by Vendor to comply with its obligations under this Agreement) and the Vendor have not waived such condition on or before the Closing Date;

- (d) by the Purchaser, if the Vendor shall have breached or failed to perform, in any material respect, any of the covenants and agreements of the Vendor set forth in this Agreement, which breach or failure to perform is not cured prior to the earlier of (i) seven (7) days following receipt by the Vendor of written notice of such breach or failure and (ii) seven (7) days prior to the Closing Date;
- (e) by the Vendor, if the Purchaser shall have breached or failed to perform, in any material respect, any of the covenants and agreements of the Purchaser set forth in this Agreement, which breach or failure to perform is not cured prior to the earlier of (i) seven (7) days following receipt by Purchaser of written notice of such breach or failure and (ii) seven (7) days prior to the Closing Date; or
- (f) by the Purchaser, in accordance with Section 5.3(b) or Section 5.3(c).

11.2 Effect of Termination. In the event that this Agreement is terminated pursuant to Section 11.1, written notice thereof shall be given to the other party, specifying the provision(s) pursuant to which such termination is made, and this Agreement shall forthwith become null and void, except (i) for the provisions of Article 1, Article 14 and this Section 11.2, all of which shall survive termination of this Agreement and (ii) that no termination shall relieve any party from liability for any willful or intentional breach of this Agreement.

## **Article 12** **Indemnification**

12.1 Survival. Except for those representations and warranties set forth in Sections 6.1, 6.2, 6.3, 6.16, 6.23, 7.1, 7.2, 8.1, 8.2 and 8.4 the representations and warranties set forth in Article 6, Article 7 and Article 8 of this Agreement and the Disclosure Schedules attached hereto shall survive until the date which is twenty-four (24) months after the Closing Date. The representations and warranties set forth in Sections 6.1, 6.2, 6.3, 6.23, 7.1, 7.2, 8.1, 8.2 and 8.4 shall survive until the expiration of the applicable statute of limitations. The representations and warranties set forth in Section 6.16 shall survive until the date that is sixty (60) days after the expiration of the relevant statutory period of limitations applicable to the underlying claims. The applicable date after which the representations and warranties set forth in this Agreement shall cease to have any further force and effect is the “Expiration Date”

12.2 Vendor Indemnification. Subject to the limitations in Sections 12.1 and 12.4, from and after the Closing, the Vendor agrees to indemnify, defend and hold the Purchaser, TILC, the Company and their directors, officers, employees, shareholders, agents and Affiliates (the “Purchaser Indemnitees”) harmless against any loss, damage, debt, liability, obligation, interest, penalty, and cost and expense (including reasonable attorneys’ fees

and expenses) (collectively, “Losses”) suffered or incurred directly or indirectly by the Purchaser Indemnitees, which arise out of or are in respect of:

- (a) any breach of any representation or warranty made by the Vendor in Article 6 or any conditions that directly or indirectly relate to environmental matters or to the condition of the soil or the groundwater whether at, on or below the Real Property or any adjoining properties;
- (b) any breach of or failure by the Vendor to carry out, perform, satisfy and discharge any covenants or agreements made by the Vendor in this Agreement or any other Transaction Document;
- (c) arising from a breach or inaccuracy of the representations and warranties of the Vendor in Section 6.13(k);
- (d) any Indebtedness or obligations of the Company or TILC other than the Retained Liabilities or current liabilities to the extent included in the calculation of Working Capital that were incurred, arose, or were agreed to prior to the Closing Time and that continued to be incurred or were repaid or paid following the Closing Time; and
- (e) as a result of any withholding Taxes which the Purchaser is or will become liable to pay arising in respect of or in consequence of the sale of the TILC Shares, payments under the Non-Competition Agreement by the Purchaser to the Vendor, or arising from the Note Receivable pursuant to Section 2.2, as herein contemplated, or any other Taxes which may be or become payable by Vendor as a result of the sale by Vendor of the TILC Shares to Purchaser; and
- (f) as a result of any Taxes TILC or the Company is or will become liable to pay arising in respect of or in consequence of the transactions occurring on or before the Closing Date that are contemplated pursuant to this Agreement or any Transaction Document or resulting from or arising in respect of taxation periods ending on or before the Closing Date.

12.3 Purchaser Indemnification. Subject to the limitations in Sections 12.1 and 12.4, from and after the Closing, the Purchaser agrees to indemnify, defend and hold the Vendor and the directors, officers, employees, agents and Affiliates of the Vendor harmless against any Losses which arise out of or are in respect of:

- (a) any breach of any representation or warranty made by the Purchaser in Article 7;
- (b) any breach of any representation or warranty made by Interfor in Article 8; and
- (c) any breach of or failure by the Purchaser to carry out, perform, satisfy and discharge any covenants or agreements made by the Purchaser in this Agreement or any other Transaction Document.

12.4 Limitations. The Purchaser Indemnitees' right to indemnification pursuant to Section 12.2(a) and the Vendor's right to indemnification pursuant to Section 12.3(a) and (b) are each subject to the following limitations:

- (a) Except in the case of fraud, the Vendor shall not have any obligation to the Purchaser Indemnitees pursuant to Section 12.2(a) and the Purchaser shall not have any obligation to the Vendor pursuant to Section 12.3(a) and 12.3(b):
  - (i) for any Loss, except to the extent all Losses for which the party entitled to indemnification pursuant to Sections 12.2(a) or 12.3(a) and 12.3(b), as applicable, exceeding Three Hundred and Fifty Thousand Dollars (\$350,000) (the "Deductible"), and then only for the amount by which all such Losses exceed the Deductible;
  - (ii) for Losses exceeding, in the aggregate with all other Losses indemnified pursuant to Section 12.2(a), or 12.3(a) and 12.3(b), as applicable, Forty-Five Million Dollars (\$45,000,000); or
  - (iii) for any Loss with respect to which a Notice of Claim is provided after the Expiration Date.

other than, in all cases, any Loss attributable to any breach pertaining to Sections 6.1, 6.2, 6.3, 6.16, 6.23, 7.1, 7.2, 8.1, 8.2 and 8.4.

- (b) Anything herein to the contrary notwithstanding, no breach of any representation, warranty, covenant or agreement contained herein or in any Transaction Document shall give rise to any right on the part of any party, after the Closing, to rescind this Agreement or any of the transactions contemplated hereby.
- (c) Other than in the case of fraud, the Parties hereto hereby acknowledge and agree that their sole and exclusive remedy after the Closing Date with respect to any and all claims relating to the subject matter of this Agreement, the Transaction Documents and any and all agreements contemplated by this Agreement shall be pursuant to the indemnification provisions set forth in this Article 12.
- (d) Notwithstanding anything to the contrary in this Agreement, no Indemnifying Party shall have any liability under any provision of this Agreement or the Transaction Documents for special, exemplary or punitive damages, except to the extent awarded by a court of competent jurisdiction in connection with a claim made by a third party.
- (e) Each party shall use commercially reasonable efforts in order to minimize the Losses for which indemnification is provided under this Article 12.
- (f) The amount of any Loss that is subject to indemnification under this Article 12 shall be calculated net of the amount of any insurance proceeds actually received by the Indemnified Party in connection with such Loss or any of the events or circumstances giving rise or otherwise related to such Loss (net of all deductibles,

co-payments, and all costs of collection of any such insurance proceeds). If any such insurance proceeds are received by any Indemnified Party after receiving payment or reimbursement for any Loss hereunder, such Indemnified Party shall promptly cause to be paid to the Indemnifying Party an amount equal to the lesser of such insurance proceeds or the amount of such Loss previously paid or reimbursed.

- 12.5 Indemnification Notice. Promptly upon obtaining knowledge of any claim, event, fact or demand which gives rise to, or is reasonably expected to give rise to, a claim for indemnification hereunder, any party seeking indemnification under this Article 12 (an “Indemnified Party”) shall give written notice of such claim or demand (“Notice of Claim”) to the party from which indemnification is sought (an “Indemnifying Party”), setting forth the amount of the claim, if known. The Indemnified Party shall furnish to the Indemnifying Party, in reasonable detail, such information as it may have with respect to such indemnification claim (including copies of any summons, complaint or other pleading which may have been served on it and any written claim, demand, invoice, billing or other document evidencing or asserting the same). No failure or delay by the Indemnified Party in the performance of the foregoing shall reduce or otherwise affect the obligation of any Indemnifying Party to indemnify, defend and hold the Indemnified Party harmless, except to the extent that such failure or delay shall have materially adversely affected the Indemnifying Party’s ability to defend against, settle, mitigate or satisfy any Loss for which the Indemnified Party is entitled to indemnification hereunder.
- 12.6 Indemnification Procedure. If the claim or demand set forth in the Notice of Claim given by the Indemnified Party pursuant to Section 12.5 relates to a claim or demand asserted by a third party, the Indemnifying Party shall have the right to elect (by notice in writing to the Indemnified Party within thirty (30) days after the date the Notice of Claim is deemed delivered pursuant to Section 14.9) to defend such third party claim or demand on behalf of the Indemnified Party, at the Indemnifying Party’s sole cost and expense, if (i) the Indemnifying Party acknowledges that it is obligated to indemnify the Indemnified Party in respect of such claim or Proceeding, and (ii) the third party claim involves only monetary damages and does not seek an injunction or other equitable relief. If the Indemnifying Party elects to defend such third party claim or demand, the Indemnified Party shall make available to the Indemnifying Party and its agents and representatives as reasonably requested all records and other materials which are reasonably required in the defense of such third party claim or demand and shall otherwise reasonably cooperate with and assist the Indemnifying Party in the defense of such third party claim or demand, subject to the reimbursement of the reasonable costs and expenses incurred by the Indemnified Party as a result of a request by the Indemnifying Party to so cooperate. So long as the Indemnifying Party is defending such third party claim or demand in good faith, the Indemnified Party shall not pay, settle or compromise such third party claim or demand without the consent of the Indemnifying Party, such consent not to be unreasonably withheld, delayed or conditioned. If the Indemnifying Party elects to defend such third party claim or demand, the Indemnified Party shall have the right to participate in the defense of such third party claim or demand, at its own expense, provided, however, that if the Indemnifying Party does not elect to defend such third party claim or demand, does not defend such third party claim in good faith or a timely

manner, or if there are one or more legal defenses available to the Indemnified Party that conflict with those available to the Indemnifying Party, the Indemnified Party shall have the right, in addition to any other right or remedy it may have hereunder, at the Indemnifying Party's expense, to defend or participate in the defense of such third party claim or demand.

12.7 Post-Closing Escrow Amount. The recourse of the Purchaser in respect of a claim shall be as follows:

- (a) the claim shall first be paid from the Post-Closing Escrow Amount in accordance with Section 3.5; and
- (b) if and to the extent that the Post-Closing Escrow Amount is not sufficient to satisfy any claim or the balance of the Post-Closing Escrow Amount has already been paid to the Vendor pursuant to Section 3.5, the Vendors shall then forthwith pay in cash by way of wire transfer of immediately available funds to the Purchaser the remaining unpaid amount of the claim.

Notwithstanding anything herein to the contrary, the Purchaser shall have no recourse against any of the Interfor Shares with respect to any claim for indemnification under this Agreement.

12.8 Effect of Indemnity Payments. The parties agree to treat all payments made under the indemnity provisions of this Article 12 as adjustments to the Purchase Price for Tax purposes and that such agreed treatment shall govern for purposes hereof.

### **Article 13** **Post-Closing Matters**

13.1 The Vendor covenants and agrees that:

- (a) Post-Closing Hold Period. Neither the Vendor nor any of its Affiliates shall, directly or indirectly, transfer, sell, assign, gift, pledge, encumber, hypothecate, mortgage, exchange or otherwise dispose of (including through the sale or purchase of options or other derivative instruments with respect to the Voting Securities or otherwise) or agree to dispose (directly or indirectly, or pursuant to any series of related transactions structured to circumvent the provisions of this Section 13.1(a), including for greater certainty a sale by the Vendor or its Affiliates of voting stock of the Vendor, or the issuance of additional shares by the Vendor to a person other than its existing Affiliates, in either case equal to 50% or more of the voting stock of the Vendor) in one or a series of transactions (any such occurrence, a "disposition"), all or any portion of the Voting Securities held by it from time to time, or any economic interest therein, without the prior written consent of Interfor, which consent may be withheld for any reason, provided that, notwithstanding the foregoing, the Vendor may pledge the Interfor Shares to an Acceptable Third Party Lender and upon any realization by the Acceptable Third Party Lender of its security, or actions in furtherance thereof, against the Interfor Shares, Interfor shall remove or cause to be removed any

restrictive legend affixed to such Interfor Shares promptly after Interfor receives written notice of such realization if either: (i) the Acceptable Third Party Lender confirms in writing that it agrees with Interfor that it will only make sales of the Interfor Shares through the facilities of the TSX or another stock exchange on which the Interfor Shares are listed for trading at such time through transactions that do not involve individual sales of less than 175,000 Interfor Shares, and there has not been and will not be any unusual effort made to prepare the market or to create a demand for the Voting Securities and no extraordinary commission or consideration paid to any person in respect of such sales, and provided further that such Acceptable Third Party Lender is not and will not knowingly, without inquiry, sell any Interfor Shares to any Person described in clauses (i), (ii) or (iii) of Section 13.1(b), or (ii) in respect of any sale of the Interfor Shares by the Acceptable Third Party Lender other than pursuant to clause (i)(A) above, Interfor has given its prior written consent to such sale, which consent may not be unreasonably withheld by Interfor subject to good faith discussions between Interfor and the Acceptable Third Party Lender regarding the terms and conditions of such proposed sale, and provided that such sale is not made to any Person described in clauses (i), (ii) or (iii) of Section 13.1(b).

- (b) Disposition. Without limiting Section 13.1(a), neither the Vendor nor any of its Affiliates shall, directly or indirectly, transfer, sell, assign, gift, pledge, encumber, hypothecate, mortgage, exchange or otherwise dispose of (including through the sale or purchase of options or other derivative instruments with respect to the Voting Securities or otherwise) or agree to dispose (directly or indirectly, or pursuant to any series of related transactions structured to circumvent the provisions of this Section 13.1(b), including for greater certainty a sale by the Vendor or its Affiliates of voting stock of the Vendor, or the issuance of additional shares by the Vendor to a person other than its existing Affiliates, in either case equal to 50% or more of the voting stock of the Vendor) in one or a series of transactions, all or any portion of the Voting Securities held by it from time to time, or any economic interest therein, to any person that at the time of the disposition is (i) either itself, or through its Affiliates, a direct participant in the forest products industry with respect to a substantial portion of the business of itself and its Affiliates taken together, (ii) a material customer of Interfor or its subsidiaries, or (iii) a person who is not dealing at arm's length with any of the Persons referred to in clauses (i) or (ii) above in connection with securities of Interfor, in each case anywhere in the world, without the prior consent of Interfor (which consent may be withheld for any reason).
- (c) Standstill. From and after the Closing Time, neither the Vendor nor any of its Affiliates shall, directly or indirectly and whether alone or by acting jointly or in concert with any other Person, in any manner:
- (i) acquire or offer to acquire (whether publicly or otherwise) by any means whatsoever Beneficial Ownership of any securities of Interfor (including Convertible Securities), if following any such acquisition, the Vendor and its Affiliates would, in the aggregate,

directly or indirectly, together with their joint actors, Beneficially Own more than 5.5% of the Voting Securities of Interfor (including any Convertible Securities, on an as converted basis);

- (ii) propose or seek to effect (whether publicly or otherwise) any merger, business combination, tender offer, exchange offer, take-over bid, statutory arrangement, material asset purchase transaction or other change of control, business combination or business disposition transaction involving Interfor, its shareholders (in their capacity as shareholders of Interfor) or its securities;
- (iii) effect, conduct, make, or in any way participate, directly or indirectly, in any solicitation of proxies with respect to any securities of Interfor (other than any solicitation of proxies conducted by management of Interfor) or seek to advise or influence any Person with respect to the voting of any securities of Interfor, it being recognized that the Vendor shall, however, be entitled to vote its Interfor Shares in its sole discretion;
- (iv) separately or in conjunction with any other Person in which it is or proposes to be either a principal, partner or financing source or is acting or proposes to act as broker or agent for compensation, submit a proposal for or offer of (with or without conditions) (including to the Interfor Board) the following involving Interfor or any of its subsidiaries or its or their securities or a material amount of the assets or businesses of Interfor or any of its subsidiaries: any tender offer or exchange offer, merger, acquisition, business combination, reorganization, restructuring, recapitalization, sale or acquisition of material assets, liquidation or dissolution;
- (v) present at any annual meeting or any special meeting of Interfor's shareholders or through action by written consent any proposal for consideration for action by shareholders or (except as explicitly permitted by this Agreement) propose any nominee for election to the Interfor Board or seek the removal of any member of the Interfor Board, other than through action at the Interfor Board by an Ilim Designee acting in his or her capacity as such;
- (vi) grant any proxy, consent or other authority to vote with respect to any matters (other than to the named proxies included in Interfor's proxy for an annual meeting or a special meeting, or to a director or officer of the Vendor) or deposit any of the Voting Securities (or any Convertible Securities) held by the Vendor or its Affiliates in a voting trust or subject them to a voting agreement or other arrangement of similar effect;

- (vii) make, or cause to be made, by press release or similar public statement, including to the press or media, or in any regulatory filing, any statement or announcement that disparages (as distinct from objective statements reflecting business criticism) Interfor, its officers or its directors or any person who has served as an officer or director of Interfor in the past;
- (viii) institute, solicit, assist or join, as a party, any litigation, arbitration or other proceeding against or involving Interfor or any of its current or former directors or officers (including derivative actions) other than to enforce the provisions of this Agreement;
- (ix) otherwise attempt to control the management or board of directors of Interfor;
- (x) make any public announcement or disclosure regarding an intention to do any action restricted by any of the foregoing;
- (xi) advise, assist, encourage or act as a financing source for or otherwise join with or invest in any other person in connection with any action restricted by any of the foregoing; or
- (xii) direct, instruct, assist or encourage any of its subsidiaries or Affiliates to take any such action,

in each case without the prior written consent of Interfor (which consent may be withheld for any reason). Notwithstanding the foregoing, the Vendor shall not be restricted from participating in rights offerings conducted by Interfor or receiving stock dividends or similar distributions made by Interfor.

- (d) Exceptions. Sections 13.1(a), 13.1(b) and 13.1(c) shall cease to apply, if a Person, other than the Vendor or an Affiliate of the Vendor or a Person acting jointly or in concert with the Vendor or an Affiliate of the Vendor, enters into a definitive agreement with Interfor providing for a take-over bid, amalgamation, plan of arrangement, merger, business combination or other acquisition transaction with Interfor for the sale of all or substantially all of the Class A Subordinate Voting shares of Interfor.

13.2 Expiry of Restrictions. The Purchaser and the Vendor agree that the provisions of Sections 13.1(a), 13.1(b) and 13.1(c) shall expire and cease to be applicable as of the date that is one (1) year following the date that the Ilim Designee ceases to be a director of Interfor pursuant to Section 13.3(h), provided that the Vendor may request Interfor's consent to an abridgement of such one (1) year period in the event that the Vendor proposes to sell, with the prior approval of Interfor, all or substantially all of the Voting Securities held by it in a program of orderly ordinary market transactions effected through the TSX or by way of a broadly marketed secondary offering (which consent

may not be unreasonably withheld by Interfor subject to good faith discussions between Interfor and the Vendor regarding such proposed sale).

### 13.3 Director Nomination Rights.

(a) On or as soon as practicable following the Closing Time, the board of directors of Interfor (the “Interfor Board”) shall appoint Paul Herbert (such person and any other individual proposed for nomination to the Interfor Board pursuant to this Section 13.3(a) or to Section 13.3(b) referred to herein as the “Ilim Designee”) to the Interfor Board, in accordance with the articles of Interfor.

(b) Subject to Section 13.3(d) and Section 13.3(g), the Vendor shall be entitled to:

- (i) designate one director for appointment or nomination as a director of Interfor; and
- (ii) receive at least 30 days’ advance notice from Interfor of the mailing or filing of any management information circular to be mailed and/or filed in connection with an annual or special meeting of shareholders of Interfor at which directors of Interfor will be nominated for election,

and Interfor shall:

- (iii) include the Ilim Designee designated in accordance with Section 13.3(b)(i) in its proposed slate of directors nominated for election at each annual or special meeting of shareholders of Interfor, provided that, subject to Interfor’s compliance with Section 13.3(b)(ii), the Vendor shall provide the name of the Ilim Designee, as well as any information requested by Interfor that it reasonably requires relating to such Ilim Designee, sufficiently in advance of (which in any event shall not be more than 10 Business Days prior to) the mailing or filing date of the management information circular for such meeting;
  - (iv) cause the management of Interfor to, and the management of Interfor shall, recommend that shareholders of Interfor vote in favour of the Ilim Designee for election to the Interfor Board; and
  - (v) use substantially the same efforts to cause the election of the Ilim Designee as it uses for all other nominated directors.
- (c) Should the Ilim Designee resign from the Interfor Board or be rendered unable to, or refuse to, be appointed to, or for any other reason fail to serve or is not serving, on, the Interfor Board (other than due to the termination of the obligations to nominate and/or appoint under this Agreement pursuant to Section 13.3(h)), the Vendor shall be entitled to designate, and Interfor shall cause to be added as a member of the Interfor Board (or nominated as a director for any upcoming

annual or special meeting at which directors of the Interfor Board are to be elected, in place of such Ilim Designee), a replacement (a “Replacement”). Any such Replacement who becomes an Interfor Board member in replacement of an Ilim Designee shall be deemed to be an Ilim Designee for all purposes under this Agreement.

- (d) Any person proposed by the Vendor as an Ilim Designee in accordance with Section 13.3(b)(i) or Section 13.3(c) must:
  - (i) in the reasonable opinion of Interfor, have the qualifications to serve as a director of a Canadian public company as required by the *Business Corporations Act* (British Columbia), the TSX and, to the extent applicable, Securities Laws; and
  - (ii) be approved by Interfor’s Corporate Governance & Nominating Committee and the Interfor Board, in their sole discretion.
- (e) Prior to his or her appointment to the Interfor Board, each Ilim Designee shall, and the Vendor shall cause each Ilim Designee to, execute and deliver to Interfor an irrevocable resignation as director in the form attached hereto as Schedule D.
- (f) If such proposed Ilim Designee does not meet the qualifications set forth in Section 13.3(d) above, the Vendor shall be entitled to continue to propose Ilim Designees in accordance with Section 13.3(b) or Section 13.3(c), as applicable, until such proposed Ilim Designee meets such qualifications.
- (g) The Vendor acknowledges and agrees that the Ilim Designee shall at all times comply with the director qualification requirements under the *Business Corporations Act* (British Columbia) and all policies, procedures, processes, codes, rules, standards and guidelines applicable to members of the Interfor Board including Interfor’s code of business conduct and ethics, board terms of reference, securities trading policies, confidentiality policies and other corporate governance policies in effect from time to time and shall preserve the confidentiality of Interfor’s business and information, including discussions of matters considered in meetings of the Interfor Board or committees thereof.
- (h) Notwithstanding anything to the contrary in this Agreement, if at any time after the date hereof:
  - (i) the Vendor ceases, for a period of 30 consecutive days, to Beneficially Own a minimum of (A) 3,680,000 Voting Securities or (B) 5% of the issued and outstanding Voting Securities of Interfor;
  - (ii) the Vendor fails to propose a designee to act as the Ilim Designee pursuant to Section 13.3(b)(i) or Section 13.3(c) such that there is no Ilim Designee or nominee therefor for a period of 60 consecutive days at any time following the Closing Date and the

Vendor fails to propose an Ilim Designee within seven (7) Business Days after notice of such failure is provided to the Vendor in accordance with Section 14.9;

- (iii) the Vendor is in default under any term of this Agreement, which such default is not cured within seven (7) Business Days after notice of such default is provided to the Vendor in accordance with Section 14.9;
- (iv) the Vendor provides notice to the Purchaser, in accordance with Section 14.9, of its intention to irrevocably terminate the Vendor's right under Section 13.3 to nominate a director to the Interfor Board; or
- (v) in the event of the completion of a transaction of the type referred to in Section 13.1(d),

then:

- (vi) the Vendor shall cause the Ilim Designee, if any, to promptly tender his or her resignation from the Interfor Board and any committee of the Interfor Board on which he or she may be a member and acknowledges and agrees that the resignation delivered by the Ilim Designee pursuant to Section 13.3(d) shall be effective for such purpose; and
  - (vii) Interfor shall have no further obligations and the Vendor shall no further rights under Sections 13.3 (a)-(h) of this Agreement.
- (i) For greater certainty, the termination of the Vendor's director nomination rights under Section 13.3(h) shall not affect any other term or provision of this Agreement (except such director nomination rights) and all other terms and conditions of this Agreement shall remain in full force and effect following such termination.
  - (j) From time to time, upon request by Interfor, the Vendor shall promptly confirm in writing to Interfor the number of Voting Securities (and Convertible Securities, if any) Beneficially Owned by the Vendor or any of the Vendor's Affiliates.

#### 13.4 Post-Closing Access to Records and Records Retention.

- (a) The Purchaser and the Vendor shall provide each other with such assistance as may reasonably be requested by the other in connection with the preparation of any return or report of Taxes, any audit or other examination by any taxing authority, or any judicial or administrative Proceedings relating to liabilities for Taxes. Such assistance shall include making employees available on a mutually convenient basis during normal business hours to provide additional information or explanation of material provided hereunder and shall include providing copies

of relevant Tax Returns and supporting material. The party requesting assistance hereunder shall reimburse the assisting party for reasonable out-of-pocket expenses incurred in providing assistance. The Purchaser and the Vendor will retain for the full period of any statute of limitations and provide the other with any records or information which may be relevant to such preparation, audit, examination, proceeding or determination.

- (b) Without limiting Section 13.4(a) above, in order to facilitate the resolution of any Claims made by or against any third party (other than any such Claims made by or against the other party) after the Closing, upon reasonable notice, each party hereto shall, after the Closing but subject to any confidentiality obligation to a third Person, maintenance of attorney-client privilege and any other bona fide and good faith restriction on its ability to provide information or access: (i) afford the officers, employees and authorized agents and representatives of the other party reasonable access, during normal business hours, to the offices, properties, books and records of such party with respect to the operation of the Business that are in the possession of such party, (ii) furnish to the officers, employees and authorized agents and representatives of the other party such additional financial and other information regarding the Business as the other party may from time to time reasonably request and (iii) make available to the other party the employees of such party whose assistance, testimony or presence of such persons as witnesses in hearings or trials for such purposes; provided, however, that such investigation shall not unreasonably interfere with the business or operations of such party. In no event shall the Vendor have access to the Tax Returns of the Purchaser.
- (c) Each party hereto agrees for a period extending seven (7) years after the Closing Date not to destroy or otherwise dispose of any records relating to the Business and to the period prior to the Purchaser's acquisition of the TILC Shares. After such seven (7) year period, such party may destroy or otherwise dispose of such records if such party shall offer in writing to surrender such records to the other party and the other party shall fail to agree in writing to take possession thereof during the thirty (30) day period after such offer is made.

13.5 Consents Not Obtained at Closing. The Vendor agrees to use its commercially reasonable efforts to obtain any necessary consents which may be required to effect the transactions contemplated hereby and the Purchaser will diligently cooperate with the Vendor in obtaining the same and will take such steps as reasonably requested by the Vendor with respect thereto. The Vendor and the Purchaser acknowledge and agree that they shall cooperate in identifying and obtaining the transfers of existing and the issuance of new Permits, including Environmental Permits, to the extent required. Prior to the Closing, the Vendor will consult with the Purchaser with respect to the obtaining of such consents, will keep the Vendor apprised of the status thereof and will allow the Purchaser to participate in any discussions or negotiations relating to such consents. The Purchaser agrees to furnish the Vendor with financial and other information relating to the Purchaser reasonably requested by the parties from whom the consent is being obtained. In obtaining such consents, the Vendor will not agree to any modifications of any material terms of any Contracts or Permits, including Environmental Permits, without the

consent of the Purchaser. If the Vendor is not able to obtain any such required consents as of the Closing, upon the request of the Purchaser during the six-month period from the Closing Date, the Vendor will use reasonable commercial efforts to obtain such consents necessary to transfer such Contracts or Permits, including Environmental Permits, to the Purchaser. In such cases where such consents have not been obtained by the Closing Date, this Agreement, to the extent permitted by Law, shall constitute an equitable assignment by the Vendor to the Purchaser of all of Vendor's right, benefit, title and interest in and to the Business Assets for which consent is required to effect the transaction contemplated hereby but not obtained as of Closing, and the Purchaser shall be deemed to be the Vendor's agent for the purpose of completing, fulfilling and discharging all of the Vendor's rights and liabilities arising after the Closing Date with respect thereto, and the shall take all reasonably necessary steps and actions to provide the Purchaser with the benefits of such contracts and commitments.

### 13.6 Communications and Remittances.

- (a) All mail, communications, notices and/or remittances regarding sales, reimbursements or credits relating to sales of the Business possessed or received by the Vendor at any time after the Closing Date shall be promptly turned over to the Purchaser. The Vendor shall cooperate with the Purchaser, and take such actions as the Purchaser may reasonably request, to assure that customers of the Business send such remittances directly to the Purchaser and to assure that there is no interruption in the receipt or processing of customer remittances.
- (b) As soon as practicable following Closing, the parties agree to send a joint communication to trade customers relating to the transactions contemplated hereby, in such form as may be approved by the Purchaser and the Vendor, each acting reasonably.

## **Article 14** **Miscellaneous**

- 14.1 Cost and Expenses. Except as otherwise expressly provided in Sections 2.4, 2.5, 4.2 and 12.4(f) above, each of the Purchaser and the Vendor will pay their own costs and expenses (including attorneys' fees, accountants' fees and other professional fees and expenses) in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement, except that the parties agree that the Vendor and Purchaser shall each be responsible for 50% of any Hart-Scott-Rodino filing fees relating to the transactions contemplated hereby.
- 14.2 Entire Agreement. The Disclosure Schedule and the Schedules referenced in this Agreement are incorporated into this Agreement, and together with the other Transaction Documents contain the entire agreement among the parties hereto with respect to the transactions contemplated hereunder, and supersede all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the date hereof. No waiver, modification or amendment of any provision of this Agreement shall be effective

unless specifically made in writing and duly signed by the party to be bound thereby. It is the express wish of the parties that this Agreement and the Transaction Documents be drawn up and executed in English. The parties agree that the English version of this Agreement shall be the official version and any translations hereof are for convenience only. In the event of a conflict between the English version of this Agreement and any other version, the English version shall govern.

- 14.3 Counterparts. This Agreement may be executed in one or more counterparts and delivered by electronic transmission, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.
- 14.4 Assignment, Successors and Assigns. The respective rights and obligations of the parties hereto shall not be assignable without the prior written consent of the other parties; provided, however, that the Purchaser may assign all or part of its rights under this Agreement and delegate all or part of its obligations under this Agreement to one or more business entities who are Affiliates, in which event all the rights and powers of the Purchaser and remedies available to it under this Agreement shall extend to and be enforceable by each such Affiliate. Any such assignment and delegation shall not release the Purchaser from its obligations under this Agreement, and, further, the Purchaser guarantees to the Vendor the performance by each such Affiliate of its obligations under this Agreement. In the event of any such assignment and delegation, the term “Purchaser” as used in this Agreement shall be deemed to refer to each such Affiliate of the Purchaser where reference is made to actions to be taken with respect to the acquisition of the TILC Shares and shall be deemed to include both the Purchaser and each such Affiliate where appropriate. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns.
- 14.5 Savings Clause. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof.
- 14.6 Headings. The captions of the various Articles and Sections of this Agreement have been inserted only for convenience of reference and shall not be deemed to modify, explain, enlarge or restrict any of the provisions of this Agreement.
- 14.7 Governing Law. The validity, interpretation and effect of Sections 2.3(a), 3.3(c), 4.4, 10.5, 10.7, 13.1, 13.2, 13.3 and Article 8 of this Agreement shall be governed exclusively by the laws of the Province of British Columbia, excluding the “conflict of laws” rules thereof. The validity, interpretation and effect of all remaining provisions of this Agreement shall be governed exclusively by the laws of the State of Georgia, excluding the “conflict of laws” rules thereof.
- 14.8 Disclosure. In advance of Closing, all notices to or public filings with third parties and all other publicity relating to the transactions contemplated by this Agreement shall be jointly planned, coordinated, and agreed to by Interfor and the Vendor, except to the extent disclosures are required by Law. If a public statement disclosing the terms of the

transaction is required to be made under applicable Law, the party making such determination will allow the other party to review such statement or release in advance of its issuance; provided, however, that to the extent any specific disclosure is required by applicable Law to be included in any such statement or release, the party making such statement or release shall not be restricted from including such disclosure in the statement or release. Notwithstanding the foregoing, following Closing a party may issue a press release or make other public announcements disclosing that the transaction contemplated by this Agreement has been consummated. Interfor is required by Law to issue a press release or other public disclosure upon signing this Agreement and to make a public filing of a copy of this Agreement within ten days after signing this Agreement and the Vendor hereby consents thereto.

14.9 Notices.

- (a) All notices, requests, demands and other communications under this Agreement shall be in writing and delivered in person, or sent by (i) electronic mail, (ii) certified mail, postage prepaid, or (iii) nationally recognized overnight courier with a reliable tracking system, and properly addressed as follows:

To the Vendor:

Ilim Timber Continental, S.A.  
Rue du Marché 13  
P.O. Box 3244  
CH-1211 Geneva 3  
Switzerland

Attention: [Contact information redacted.]

With Copy To:

Gilpin Givhan, P.C.  
2660 EastChase Lane, Suite 300  
Montgomery, Alabama 36117

Attention: [Contact information redacted.]

To the Purchaser or Interfor:

Interfor U.S. Inc. or International Forest Products Limited (as applicable)  
c/o P.O. Box 49114  
3500-1055 Dunsmuir Street  
Vancouver, British Columbia, Canada V7X 1H7

Attention: [Contact information redacted.]

With Copy To:

Suite 1300 - 777 Dunsmuir Street  
P.O. Box 10424, Pacific Centre  
Vancouver BC V7Y 1K2

Attention: [Contact informationr redacted.]

- (b) Either party may from time to time change its address for the purpose of notices to that party by a similar notice specifying a new address, but no such change shall be deemed to have been given until it is actually received by the party sought to be charged with its contents.
- (c) All notices and other communications required or permitted under this Agreement which are addressed as provided in this Section 14.9, if delivered personally or by air courier, shall be effective upon delivery; if sent by electronic mail, shall be delivered upon receipt of proof of transmission and if delivered by mail, shall be effective upon deposit in the United States mail, postage prepaid.

14.10 No Third Party Beneficiaries. This Agreement is solely for the benefit of the Vendor and its successors and permitted assigns with respect to the obligations of the Purchaser under this Agreement and solely for the benefit of (i) Purchaser, and its successors and permitted assigns and (ii) Interfor and its successors and permitted assigns each with respect to the obligations of the Vendor under this Agreement. This Agreement shall not be deemed to confer upon or give to any other third party any remedy, claim, liability, reimbursement, cause of action or other right.

14.11 Jurisdiction and Consent to Service.

- (a) Each of the Vendor, the Company, the Purchaser and Interfor, with respect to Sections 2.3(a), 3.3(c), 4.4, 10.5, 10.7, 13.1, 13.2, 13.3 and Article 8:
  - (i) agrees that any suit, action or proceeding arising out of or relating to Sections 2.3(a), 3.3(c), 4.4, 10.5, 10.7, 13.1, 13.2, 13.3 and Article 8 of this Agreement may be brought in the Supreme Court of the Province of British Columbia;
  - (ii) consents to the non-exclusive jurisdiction of such court in any suit, action or proceeding relating to or arising out of Sections 2.3(a), 3.3(c), 4.4, 10.5, 10.7, 13.1, 13.2, 13.3 and Article 8 of this Agreement;
  - (iii) waives any objection that it may have to the laying of venue in any such suit, action or proceeding in any such court; and
  - (iv) agrees that service of any court paper may be made in such manner as may be provided under applicable Laws or court rules governing service of process.

(b) Subject to Section 14.11(a), each of the Vendor, the Company, the Purchaser and Interfor:

- (i) agrees that any suit, action or proceeding arising out of or relating to any provision of this Agreement not referenced in Section 14.11(a) may be brought in the federal courts located in the Southern District of Georgia or, in the event (but only in the event) such courts do not have subject matter jurisdiction, the courts of the State of Georgia where the Mill are located;
- (ii) consents to the non-exclusive jurisdiction of each such court in any suit, action or proceeding relating to or arising out of any provision of this Agreement not referenced in Section 14.11(a);
- (iii) waives any objection that it may have to the laying of venue in any such suit, action or proceeding in any such court; and
- (iv) agrees that service of any court paper may be made in such manner as may be provided under applicable Laws or court rules governing service of process.

14.12 Equitable Remedies. Each of the parties hereto acknowledges and agrees that, in the event of any breach of any covenant or agreement of this Agreement, the non breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to seek injunctive relief and/or to compel specific performance to prevent breaches of any covenant or agreement of this Agreement and (b) will waive, in any action for specific performance, the defense of the adequacy of a remedy at law and any requirement of a bond or other security.

14.13 Waiver of a Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

14.14 No Presumption Against Drafter. Each of the parties hereto has jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by each of the parties hereto and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement.

14.15 Confidentiality of Materials. The provisions and covenants set forth in Section 5.6 and 5.7 hereof shall survive and continue in full force and effect following the Closing.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Share Purchase Agreement the day and year first above written.

**ILIM TIMBER CONTINENTAL, S.A.**

By: “Alexander Sovetnikov”  
Name: Alexander Sovetnikov  
Title: Chief Executive Officer

**TOLLESON ILIM LUMBER COMPANY**

By: “George T. Georgiev”  
Name: George T. Georgiev  
Title: President

**INTERNATIONAL FOREST PRODUCTS LIMITED**

By: “Duncan K. Davies”  
Name: Duncan K. Davies  
Title: President & Chief Executive Officer

By: “John A. Horning”  
Name: John A. Horning  
Title: Senior Vice President & Chief Financial Officer

**INTERFOR U.S. INC.**

By: “Duncan K. Davies”  
Name: Duncan K. Davies  
Title: President

By: “John A. Horning”  
Name: John A. Horning  
Title: Senior Vice President & Chief Financial Officer

## **Schedules**

<u>Schedule</u>	<u>Description</u>
A	Escrow Agreement
B	Non-Competition Agreement
C	Working Capital Calculations
D	Form of Director's Resignation
E	Sample Closing Statement

## SCHEDULE A

### ESCROW AGREEMENT

This Escrow Agreement dated this \_\_\_\_ day of \_\_\_\_\_, 2014 (the “Escrow Agreement”), is entered into by and among Interfor U.S. Inc., a corporation incorporated under the laws of the State of Washington (“Purchaser”), Ilim Timber Continental, S.A., a corporation incorporated under the laws of Switzerland (“Vendor,” and together with Purchaser, the “Parties,” and individually, a “Party”), and Wells Fargo Bank, National Association, a national banking association, as escrow agent (“Escrow Agent”).

#### RECITALS

A. Purchaser, Vendor, Tolleson Ilim Lumber Company, a corporation incorporated under the laws of the State of Georgia (“TILC”), and Tolleson Lumber LLC, a limited liability company organized under the laws of the State of Georgia and a wholly owned subsidiary of TILC (“Company”) have entered into that certain Share Purchase Agreement dated as of February 8, 2014 (“Purchase Agreement”) pursuant to which as of the date hereof Vendor has sold to Purchaser, and Purchaser has acquired from Vendor, all of the outstanding capital stock of TILC.

B. Pursuant to Section 2.3 of the Purchase Agreement, Purchaser shall deliver a portion of the purchase price payable under the Purchase Agreement to the Escrow Agent, such amount to be held and disbursed by Escrow Agent on the terms and conditions set forth herein.

C. The Parties acknowledge that the Escrow Agent is not a party to, is not bound by, and has no duties or obligations under, the Purchase Agreement, that all references in this Escrow Agreement to the Purchase Agreement are for convenience, and that the Escrow Agent shall have no implied duties beyond the express duties set forth in this Escrow Agreement.

In consideration of the promises and agreements of the Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties and the Escrow Agent agree as follows:

#### ARTICLE 1 ESCROW DEPOSIT

Section 1.1. Receipt of Escrow Property. Upon execution hereof, Purchaser shall deliver to the Escrow Agent in immediately available funds the amount of Four Million Two Hundred Fifty Thousand United States Dollars (US\$4,250,000) (the “Escrow Property”).

Section 1.2. Investments.

(a) The Escrow Agent is authorized and directed to deposit, transfer, hold and invest the Escrow Property and any investment income thereon as set forth in Exhibit A hereto, or as set forth in any subsequent written instruction signed by both Purchaser and Vendor (a “Joint Written Instruction”). Any investment earnings and income on the Escrow Property shall become

part of the Escrow Property, and shall be disbursed in accordance with Section 1.3 or Section 1.6 of this Escrow Agreement.

(b) The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The Escrow Agent is hereby authorized, in making or disposing of any investment permitted by this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Escrow Agent or for any third person or dealing as principal for its own account. The Parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

### Section 1.3. Disbursements.

(a) On or after the second annual anniversary of the date of this Escrow Agreement, Purchaser and Vendor shall deliver to the Escrow Agent a Joint Written Instruction containing Vendor's payment information to disburse to Vendor the amount equal to the difference between Two Million Five Hundred Thousand Dollars (\$2,500,000) *less* the aggregate Reserved Funds (as defined below) as of the second annual anniversary of the date of this Escrow Agreement in respect of Claims made by Purchaser pursuant to this Section 1.3. Escrow Agent shall disburse such difference to Vendor within five (5) Business Days following Escrow Agent's receipt of such Joint Written Instruction.

(b) On or after the third annual anniversary of the date of this Escrow Agreement, Purchaser and Vendor shall deliver to the Escrow Agent a Joint Written Instruction containing Vendor's payment information to disburse to Vendor the amount by which the Escrow Property as of the third annual anniversary of the date of this Escrow Agreement exceeds the sum of the aggregate Reserved Funds as of such date in respect of Claims made by Purchaser pursuant to this Section 1.3. Escrow Agent shall disburse such difference to Vendor within five (5) Business Days following Escrow Agent's receipt of such Joint Written Instruction. If as of such third annual anniversary there are no Reserved Funds, the Escrow Agent shall disburse to Vendor the remaining balance of the Escrow Property within five (5) Business Days following Escrow Agent's receipt of the Joint Written Instruction.

(c) From time to time from the date hereof until and including the third annual anniversary of the date of this Escrow Agreement, Purchaser may deliver to the Escrow Agent, with a copy to Vendor, a written notice that Purchaser claims some or all of the Escrow Property in partial or full satisfaction of a claim arising under the Purchase Agreement (a "Claim"; such notice, a "Claim Notice"). Each Claim Notice shall (i) include a brief description of the facts upon which the Claim is based, (ii) specify the provisions of the Purchase Agreement under which such Claim has arisen, and (iii) set forth the amount claimed under the Purchase Agreement as of the date thereof (or a good faith estimate if the Claim is not then liquidated, subject to Purchaser's right to update such estimate from time to time) (the "Claim Amount"). Upon receipt of any Claim Notice, the Escrow Agent shall immediately segregate and retain the Claim Amount from the Escrow Property (the amount so segregated, the "Reserved Funds"). If

the Escrow Agent has not received a written objection from Vendor within twenty (20) calendar days following receipt of such Claim Notice by the Escrow Agent, Vendor shall be conclusively deemed to have agreed with the Claim and, to the extent then liquidated, the Claim Amount described therein, and the Escrow Agent shall disburse to Purchaser within five (5) Business Days upon expiration of such twenty (20) calendar day period the Reserved Funds with respect to such Claim Notice.

(d) If Vendor timely notifies the Escrow Agent in writing, with a copy to Purchaser, of any objection to any Claim or Claim Amount made by Purchaser, the Escrow Agent shall not disburse the Reserved Funds (or the portion thereof to which such objection pertains) in respect of such Claim Notice until the Escrow Agent shall have received either: (i) a Joint Written Instruction; or (ii) a certified copy of (A) a final judgment issued by a court of competent jurisdiction (any such final judgment shall be accompanied by a certificate of the presenting party to the effect that such judgment is final and from a court of competent jurisdiction, upon which certificate the Escrow Agent shall be entitled to conclusively rely without further investigation); or (B) a final judgment issued in a judicial proceeding commenced by the Escrow Agent pursuant to this Agreement (each, a "Final Ruling"), specifying the amount, if any, payable to Purchaser in respect of such Claim. Within five (5) Business Days after receipt of any Joint Written Instruction or Final Ruling, the Escrow Agent shall disburse any amount to which Purchaser is entitled out of the Escrow Property, to the extent available, in accordance therewith, whether or not out of the Reserved Funds in respect of such Claim. To the extent the amount determined to be payable to Purchaser on account of any Claim is less than the aggregate Reserved Funds pursuant to any associated Claim Notices, the balance thereof shall revert to the status of an unsegregated portion of Escrowed Property, except that if the Claim Amount in respect of any other Claim asserted against the Escrowed Property then pending is not fully reserved, the Escrow Agent shall continue to segregate and retain such balance, which shall be deemed added to the Reserved Funds in respect of such under-reserved Claim Amounts until all such Claim Amounts are reserved in full. The Escrow Agent shall have no obligation to perform any calculation with respect to any disbursement from the Escrow Property hereunder.

(e) As to any Claim against the Escrow Property pending on the third anniversary of the date of this Agreement, within five (5) Business Days of the final determination (by delivery of one or more Joint Written Instructions or of a Final Ruling) of such Claim, the Escrow Agent shall disburse to Purchaser any amount determined to be owed to it under such final determination (whether or not from the Reserved Funds in respect of such Claim) and (subject to Section 1.3(f)) shall disburse to Vendor an amount equal to any remaining Reserved Funds in respect of that Claim, except such remaining amount(s) shall not be disbursed to Vendor to the extent that the Claim Amount in respect of any other Claim then pending against the Escrow Property is not fully reserved, in which case the Escrow Agent shall continue to segregate and retain such remaining amount, which shall be deemed added to the Reserved Funds in respect of such under-reserved Claim Amount until all such Claim Amounts are reserved in full.

(f) Notwithstanding anything set forth herein, at any time and from time to time, Purchaser and Vendor may deliver one or more Joint Written Instructions authorizing the Escrow Agent to make disbursements from the Escrowed Property as directed in such Joint

Written Instruction, and Escrow Agent will make such disbursements consistent with such directions. Purchaser and Vendor agree to execute and deliver to the Escrow Agent a Joint Written Instruction at such time as Purchaser and Vendor have agreed that the other is entitled to have disbursed to it from the Escrowed Property any amount pursuant to the applicable provisions of the Purchase Agreement.

Section 1.4. Security Procedure For Funds Transfers. The Escrow Agent shall confirm each funds transfer instruction received in the name of a Party by means of the security procedure selected by such Party and communicated to the Escrow Agent through a signed certificate in the form of Exhibit B-1 or Exhibit B-2 attached hereto, which upon receipt by the Escrow Agent shall become a part of this Escrow Agreement. Once delivered to the Escrow Agent, Exhibit B-1 or Exhibit B-2 may be revised or rescinded only by a writing signed by an authorized representative of the Party. Such revisions or rescissions shall be effective only after actual receipt and following such period of time as may be necessary to afford the Escrow Agent a reasonable opportunity to act on it. If a revised Exhibit B-1 or B-2 or a rescission of an existing Exhibit B-1 or B-2 is delivered to the Escrow Agent by an entity that is a successor-in-interest to such Party, such document shall be accompanied by additional documentation satisfactory to the Escrow Agent showing that such entity has succeeded to the rights and responsibilities of the Party under this Escrow Agreement.

The Parties understand that the Escrow Agent's inability to receive or confirm funds transfer instructions pursuant to the security procedure selected by such Party may result in a delay in accomplishing such funds transfer, and agree that the Escrow Agent shall not be liable for any loss caused by any such delay.

Section 1.5. Income Tax Allocation and Reporting.

(a) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the Escrow Property shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by Vendor, whether or not such income was disbursed during such calendar year.

(b) Prior to the date hereof, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate forms W-9 or W-8 and such other forms and documents that the Escrow Agent may request. The Parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Property.

(c) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Property, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. The Parties, jointly and severally, shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Property and the investment thereof unless such tax, late

payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 1.5(c) is in addition to the indemnification provided in Section 3.1 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 1.6. Termination. Upon the disbursement of all of the Escrow Property, including any interest and investment earnings thereon, this Escrow Agreement shall terminate and be of no further force and effect except that the provisions of Sections 1.5(c), 3.1 and 3.2 hereof shall survive termination.

## ARTICLE 2 DUTIES OF THE ESCROW AGENT

Section 2.1. Scope of Responsibility. Notwithstanding any provision to the contrary, the Escrow Agent is obligated only to perform the duties specifically set forth in this Escrow Agreement, which shall be deemed purely ministerial in nature. Under no circumstance will the Escrow Agent be deemed to be a fiduciary to any Party or any other person under this Escrow Agreement. The Escrow Agent will not be responsible or liable for the failure of any Party to perform in accordance with this Escrow Agreement. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Escrow Agreement, whether or not an original or a copy of such agreement has been provided to the Escrow Agent; and the Escrow Agent shall have no duty to know or inquire as to the performance or nonperformance of any provision of any such agreement, instrument, or document. References in this Escrow Agreement to any other agreement, instrument, or document are for the convenience of the Parties, and the Escrow Agent has no duties or obligations with respect thereto. This Escrow Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred or implied from the terms of this Escrow Agreement or any other agreement.

Section 2.2. Attorneys and Agents. The Escrow Agent shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Escrow Agent in accordance with the advice of counsel or other professionals retained or consulted by the Escrow Agent. The Escrow Agent shall be reimbursed as set forth in Section 3.1 for any and all compensation (fees, expenses and other costs) paid and/or reimbursed to such counsel and/or professionals. The Escrow Agent may perform any and all of its duties through its agents, representatives, attorneys, custodians, and/or nominees.

Section 2.3. Reliance. The Escrow Agent shall not be liable for any action taken or not taken by it in accordance with the direction or consent of the Parties or their respective agents, representatives, successors, or assigns. The Escrow Agent shall not be liable for acting or refraining from acting upon any notice, request, consent, direction, requisition, certificate, order, affidavit, letter, or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, without further inquiry into the person's or persons' authority. Concurrent with the execution of this Escrow Agreement, the Parties shall

deliver to the Escrow Agent Exhibit B-1 and Exhibit B-2, which contain authorized signer designations in Part I thereof.

Section 2.4. Right Not Duty Undertaken. The permissive rights of the Escrow Agent to do things enumerated in this Escrow Agreement shall not be construed as duties.

Section 2.5. No Financial Obligation. No provision of this Escrow Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Escrow Agreement.

### ARTICLE 3 PROVISIONS CONCERNING THE ESCROW AGENT

Section 3.1. Indemnification. The Parties, jointly and severally, shall indemnify, defend and hold harmless the Escrow Agent from and against any and all loss, liability, cost, damage and expense, including, without limitation, attorneys' fees and expenses or other professional fees and expenses which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent, arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates, unless such loss, liability, cost, damage or expense shall have been finally adjudicated to have been directly caused by the willful misconduct or gross negligence of the Escrow Agent. The provisions of this Section 3.1 shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 3.2. Limitation of Liability. THE ESCROW AGENT SHALL NOT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (I) DAMAGES, LOSSES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES, LOSSES OR EXPENSES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE DIRECTLY RESULTED FROM THE ESCROW AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR (II) SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR LOSSES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

Section 3.3. Resignation or Removal. The Escrow Agent may resign by furnishing written notice of its resignation to the Parties, and the Parties may remove the Escrow Agent by furnishing to the Escrow Agent a Joint Written Instruction of its removal along with payment of all fees and expenses to which the Escrow Agent is entitled through the date of removal. Such resignation or removal, as the case may be, shall be effective thirty (30) days after the delivery of such notice or instruction or upon the earlier appointment of a successor, and the Escrow Agent's sole responsibility thereafter shall be to safely keep the Escrow Property and to deliver the same to a successor escrow agent as shall be appointed by the Parties, as evidenced by a Joint Written Instruction delivered to the Escrow Agent or in accordance with a court order. If the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) days following the delivery of such notice of resignation or Joint Written Instruction of removal, the Escrow Agent

may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Parties.

Section 3.4. Compensation. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule attached hereto as Exhibit C, which compensation shall be paid one-half by Purchaser and one-half by Vendor. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement or the subject matter hereof, then the Escrow Agent shall be compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. If any amount due to the Escrow Agent hereunder is not paid within thirty (30) days of the date due, the Escrow Agent in its sole discretion may charge interest on such amount up to the highest rate permitted by applicable law. The Escrow Agent shall have, and is hereby granted, a prior lien upon the Escrow Property with respect to its unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights, superior to the interests of any other persons or entities and is hereby granted the right to set off and deduct any unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights from the Escrow Property.

Section 3.5. Disagreements. If any conflict, disagreement or dispute arises between, among, or involving any of the Parties or the Escrow Agent concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Escrow Agreement, or the Escrow Agent is in doubt as to the action to be taken hereunder, the Escrow Agent may, at its option, retain the Escrow Property until the Escrow Agent (i) receives a final non-appealable order of a court of competent jurisdiction or a final non-appealable arbitration decision directing delivery of the Escrow Property, (ii) receives a Joint Written Instruction directing delivery of the Escrow Property, in which event the Escrow Agent shall be authorized to disburse the Escrow Property in accordance with such final court order, arbitration decision, or Joint Written Instruction, or (iii) files an interpleader action in any court of competent jurisdiction, and upon the filing thereof, the Escrow Agent shall be relieved of all liability as to the Escrow Property and shall be entitled to recover attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action. The Escrow Agent shall be entitled to act on any such agreement, court order, or arbitration decision without further question, inquiry, or consent.

Section 3.6. Merger or Consolidation. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all of its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the

rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance of any further act.

Section 3.7. Attachment of Escrow Property; Compliance with Legal Orders. In the event that any Escrow Property shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Escrow Property, the Escrow Agent is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 3.8 Force Majeure. The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Escrow Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

#### ARTICLE 4 MISCELLANEOUS

Section 4.1. Successors and Assigns. This Escrow Agreement shall be binding on and inure to the benefit of the Parties and the Escrow Agent and their respective successors and permitted assigns. No other persons shall have any rights under this Escrow Agreement. No assignment of the interest of any of the Parties shall be binding unless and until written notice of such assignment shall be delivered to the other Party and the Escrow Agent and shall require the prior written consent of the other Party and the Escrow Agent (such consent not to be unreasonably withheld).

Section 4.2. Escheat. The Parties are aware that under applicable state law, property that is presumed abandoned may under certain circumstances escheat to the applicable state. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other person, should any or all of the Escrow Property escheat by operation of law.

Section 4.3. Notices. All notices, requests, demands, and other communications required under this Escrow Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) on the day of transmission if sent by electronic mail (“e-mail”) to the e-mail address

given below, and written confirmation of receipt is obtained promptly after completion of transmission, or (iv) by overnight delivery with a reputable international overnight delivery service. If notice is given to a Party or the Escrow Agent, it shall be given at the address for such recipient set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes. In the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by the Escrow Agent.

If to [ ]:

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Attention:  
Telephone:  
Facsimile:  
E-mail:

If to [ ]:

---

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Attention:  
Telephone:  
Facsimile:  
E-mail:

If to the Escrow Agent:

Wells Fargo Bank, National Association  
7000 Central Parkway NE, Suite 550  
Atlanta, Georgia 30328  
Attention: [Contact information redacted]  
Telephone: [Contact information redacted]  
Facsimile: [Contact information redacted]  
E-mail: [Contact information redacted]

Section 4.4. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

Section 4.5. Entire Agreement. This Escrow Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to the Escrow Property.

Section 4.6. Amendment. This Escrow Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Parties and the Escrow Agent.

Section 4.7. Waivers. The failure of any Party or the Escrow Agent any time or times to require performance of any provision under this Escrow Agreement shall in no manner affect the

right at a later time to enforce the same performance. A waiver by any party to this Escrow Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Escrow Agreement.

Section 4.8. Headings. Section headings of this Escrow Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Escrow Agreement.

Section 4.9. Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

Section 4.10 Publication; Disclosure. By executing this Escrow Agreement, the Parties and the Escrow Agent acknowledge that this Escrow Agreement (including related attachments) contains certain information that is sensitive and confidential in nature and agree that such information needs to be protected from improper disclosure, including the publication or dissemination of this Escrow Agreement and related information to individuals or entities not a party to this Escrow Agreement. The Parties further agree to take reasonable measures to mitigate any risks associated with the publication or disclosure of this Escrow Agreement and information contained therein, including, without limitation, the redaction of the manual signatures of the signatories to this Escrow Agreement, or, in the alternative, publishing a conformed copy of this Escrow Agreement. If a Party must disclose or publish this Escrow Agreement or information contained therein pursuant to any regulatory, statutory, or governmental requirement, as well as any judicial, or administrative order, subpoena or discovery request, it shall notify in writing the other Party and the Escrow Agent at the time of execution of this Escrow Agreement of the legal requirement to do so. If any Party becomes aware of any threatened or actual unauthorized disclosure, publication or use of this Escrow Agreement, that Party shall promptly notify in writing the other Parties and the Escrow Agent and shall be liable for any unauthorized release or disclosure.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

INTERFOR U.S. INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ILIM TIMBER CONTINENTAL, S.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Escrow Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

**Agency and Custody Account Direction  
For Cash Balances  
Wells Fargo Money Market Deposit Accounts**

Direction to use the following Wells Fargo Money Market Deposit Accounts for Cash Balances for the escrow account or accounts (the "Account") established under the Escrow Agreement to which this Exhibit A is attached.

You are hereby directed to deposit, as indicated below, or as I shall direct further in writing from time to time, all cash in the Account in the following money market deposit account of Wells Fargo Bank, National Association:

Wells Fargo Money Market Deposit Account (MMDA)

I understand that amounts on deposit in the MMDA are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (FDIC), in the basic FDIC insurance amount of \$250,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$250,000.

I acknowledge that I have full power to direct investments of the Account.

I understand that I may change this direction at any time and that it shall continue in effect until revoked or modified by me by written notice to you.

\_\_\_\_\_  
Authorized Representative  
Interfor U.S. Inc.

\_\_\_\_\_  
Authorized Representative  
Ilim Timber Continental, S.A.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

EXHIBIT B-1

Interfor U.S. Inc. ("Purchaser") certifies that the names, titles, telephone numbers, e-mail addresses and specimen signatures set forth in Parts I and II of this Exhibit B-1 identify the persons authorized to provide direction and initiate or confirm transactions, including funds transfer instructions, on behalf of Purchaser, and that the option checked in Part III of this Exhibit B-1 is the security procedure selected by Purchaser for use in verifying that a funds transfer instruction received by the Escrow Agent is that of Purchaser.

Purchaser has reviewed each of the security procedures and has determined that the option checked in Part III of this Exhibit B-1 best meets its requirements given the size, type and frequency of the instructions it will issue to the Escrow Agent. By selecting the security procedure specified in Part III of this Exhibit B-1, Purchaser acknowledges that it has elected to not use the other security procedures described and agrees to be bound by any funds transfer instruction, whether or not authorized, issued in its name and accepted by the Escrow Agent in compliance with the particular security procedure chosen by Purchaser.

NOTICE: The security procedure selected by Purchaser will not be used to detect errors in the funds transfer instructions given by Purchaser. If a funds transfer instruction describes the beneficiary of the payment inconsistently by name and account number, payment may be made on the basis of the account number even if it identifies a person different from the named beneficiary. If a funds transfer instruction describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. Therefore, it is important that Purchaser take such steps as it deems prudent to ensure that there are no such inconsistencies in the funds transfer instructions it sends to the Escrow Agent.

**Part I**

**Name, Title, Telephone Number, Electronic Mail ("e-mail") Address and Specimen Signature for person(s) designated to provide direction, including but not limited to funds transfer instructions, and to otherwise act on behalf of Purchaser**

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>	<u>Specimen Signature</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**Part II**

**Name, Title, Telephone Number and E-mail Address for person(s) designated to confirm funds transfer instructions**

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

### Part III

#### Means for delivery of instructions and/or confirmations

The security procedure to be used with respect to funds transfer instructions is checked below:

- Option 1. Confirmation by telephone call-back. The Escrow Agent shall confirm funds transfer instructions by telephone call-back to a person at the telephone number designated on Part II above. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Exhibit B-1.
- CHECK box, if applicable:  
If the Escrow Agent is unable to obtain confirmation by telephone call-back, the Escrow Agent may, at its discretion, confirm by e-mail, as described in Option 2.
- Option 2. Confirmation by e-mail. The Escrow Agent shall confirm funds transfer instructions by e-mail to a person at the e-mail address specified for such person in Part II of this Exhibit B-1. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Exhibit B-1. Purchaser understands the risks associated with communicating sensitive matters, including time sensitive matters, by e-mail. Purchaser further acknowledges that instructions and data sent by e-mail may be less confidential or secure than instructions or data transmitted by other methods. The Escrow Agent shall not be liable for any loss of the confidentiality of instructions and data prior to receipt by the Escrow Agent.
- CHECK box, if applicable:  
If the Escrow Agent is unable to obtain confirmation by e-mail, the Escrow Agent may, at its discretion, confirm by telephone call-back, as described in Option 1.
- Option 3. Delivery of funds transfer instructions by password protected file transfer system only - no confirmation. The Escrow Agent offers the option to deliver funds transfer instructions through a password protected file transfer system. If Purchaser wishes to use the password protected file transfer system, further instructions will be provided by the Escrow Agent. If Purchaser chooses this Option 3, it agrees that no further confirmation of funds transfer instructions will be performed by the Escrow Agent.
- Option 4. Delivery of funds transfer instructions by password protected file transfer system with confirmation. Same as Option 3 above, but the Escrow Agent shall confirm funds transfer instructions by  telephone call-back or  e-mail (must check at least one, may check both) to a person at the telephone number or e-mail address designated on Part II above. By checking a box in the prior sentence, the party shall be deemed to have agreed to the terms of such confirmation option as more fully described in Option 1 and Option 2 above.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2014.

By \_\_\_\_\_

Name:

Title:

EXHIBIT B-2

Ilim Timber Continental, S.A. (“Vendor”) certifies that the names, titles, telephone numbers, e-mail addresses and specimen signatures set forth in Parts I and II of this Exhibit B-2 identify the persons authorized to provide direction and initiate or confirm transactions, including funds transfer instructions, on behalf of Vendor, and that the option checked in Part III of this Exhibit B-2 is the security procedure selected by Vendor for use in verifying that a funds transfer instruction received by the Escrow Agent is that of Vendor.

Vendor has reviewed each of the security procedures and has determined that the option checked in Part III of this Exhibit B-2 best meets its requirements; given the size, type and frequency of the instructions it will issue to the Escrow Agent. By selecting the security procedure specified in Part III of this Exhibit B-2, Vendor acknowledges that it has elected to not use the other security procedures described and agrees to be bound by any funds transfer instruction, whether or not authorized, issued in its name and accepted by the Escrow Agent in compliance with the particular security procedure chosen by Vendor.

NOTICE: The security procedure selected by Vendor will not be used to detect errors in the funds transfer instructions given by Vendor. If a funds transfer instruction describes the beneficiary of the payment inconsistently by name and account number, payment may be made on the basis of the account number even if it identifies a person different from the named beneficiary. If a funds transfer instruction describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. Therefore, it is important that Vendor take such steps as it deems prudent to ensure that there are no such inconsistencies in the funds transfer instructions it sends to the Escrow Agent.

**Part I**

**Name, Title, Telephone Number, Electronic Mail (“e-mail”) Address and Specimen Signature for person(s) designated to provide direction, including but not limited to funds transfer instructions, and to otherwise act on behalf of Vendor**

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>	<u>Specimen Signature</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**Part II**

**Name, Title, Telephone Number and E-mail Address for person(s) designated to confirm funds transfer instructions**

<u>Name</u>	<u>Title</u>	<u>Telephone Number</u>	<u>E-mail Address</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

### Part III

#### Means for delivery of instructions and/or confirmations

The security procedure to be used with respect to funds transfer instructions is checked below:

- Option 1. Confirmation by telephone call-back. The Escrow Agent shall confirm funds transfer instructions by telephone call-back to a person at the telephone number designated on Part II above. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Exhibit B-2.
- CHECK box, if applicable:  
If the Escrow Agent is unable to obtain confirmation by telephone call-back, the Escrow Agent may, at its discretion, confirm by e-mail, as described in Option 2.
- Option 2. Confirmation by e-mail. The Escrow Agent shall confirm funds transfer instructions by e-mail to a person at the e-mail address specified for such person in Part II of this Exhibit B-2. The person confirming the funds transfer instruction shall be a person other than the person from whom the funds transfer instruction was received, unless only one person is designated in both Parts I and II of this Exhibit B-2. Vendor understands the risks associated with communicating sensitive matters, including time sensitive matters, by e-mail. Vendor further acknowledges that instructions and data sent by e-mail may be less confidential or secure than instructions or data transmitted by other methods. The Escrow Agent shall not be liable for any loss of the confidentiality of instructions and data prior to receipt by the Escrow Agent.
- CHECK box, if applicable:  
If the Escrow Agent is unable to obtain confirmation by e-mail, the Escrow Agent may, at its discretion, confirm by telephone call-back, as described in Option 1.
- Option 3. Delivery of funds transfer instructions by password protected file transfer system only - no confirmation. The Escrow Agent offers the option to deliver funds transfer instructions through a password protected file transfer system. If Vendor wishes to use the password protected file transfer system, further instructions will be provided by the Escrow Agent. If Vendor chooses this Option 3, it agrees that no further confirmation of funds transfer instructions will be performed by the Escrow Agent.
- Option 4. Delivery of funds transfer instructions by password protected file transfer system with confirmation. Same as Option 3 above, but the Escrow Agent shall confirm funds transfer instructions by  telephone call-back or  e-mail (must check at least one, may check both) to a person at the telephone number or e-mail address designated on Part II above. By checking a box in the prior sentence, the party shall be deemed to have agreed to the terms of such confirmation option as more fully described in Option 1 and Option 2 above.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2014.

By \_\_\_\_\_

Name:

Title:

EXHIBIT C

**FEEES OF ESCROW AGENT**

## SCHEDULE B

### NON-COMPETITION AGREEMENT

This NON-COMPETITION AGREEMENT is made and entered into as of \_\_\_\_\_, 2014, by and between ILIM TIMBER CONTINENTAL, S.A., a corporation incorporated under the laws of Switzerland (the "Vendor"), and INTERFOR U.S. INC., a Washington corporation (the "Purchaser").

#### Recitals:

A. The Vendor and the Purchaser are, *inter alia*, parties to the Share Purchase Agreement, dated as of February 8, 2014 (the "Purchase Agreement"), pursuant to which the Vendor will sell to the Purchaser all of the issued and outstanding shares (the "TILC Shares") of Tolleson Ilim Lumber Company ("TILC"). TILC is the sole member in Tolleson Lumber LLC (the "Company"), which owns and operates certain lumber manufacturing facilities located in Preston and Perry, Georgia and certain other facilities and related assets. The Company carries on the business (the "Business") of buying logs, manufacturing lumber and related products and by-products, and selling such lumber and related products and by-products.

B. The Vendor's entry into this Agreement is a material condition to the consummation of the sale and purchase of the TILC Shares contemplated by the Purchase Agreement and is necessary for the protection of the Business, which is indirectly owned by TILC.

#### Agreements:

In consideration of the foregoing, the mutual covenants of the parties set forth in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

#### 1. Definitions; Interpretation.

1.1 Terms Defined in Purchase Agreement. Any capitalized term used but not defined in this Agreement shall have the meaning assigned to such term in the Purchase Agreement.

1.2 Terms Defined in this Agreement. As used in this Agreement, the following terms have the respective meanings set forth below:

1.2.1 "Acquisition" means the acquisition of the TILC Shares as contemplated by the Purchase Agreement.

1.2.2 "Competitive Business" means the construction, operation, ownership or management of a sawmill or other manufacturing facility that produces lumber and related lumber products and byproducts such as wood chips, shavings, saw dust and bark located

anywhere in the Restricted Territory, but excluding [Description of excluded business has been redacted].

1.2.3 “Confidential Information” means confidential, secret or proprietary information and materials, written or oral, not generally known to the public that relates to TILC, the Company, or any subsidiary thereof or the Business as operated prior to, on and after the Closing Date including (i) the identity of all actual and prospective customers, (ii) customer lists, (iii) files and all information relating to individual customers, (iv) business plans and proposals, (v) marketing plans and proposals, (vi) technical plans and proposals, (vii) research and development, (viii) budgets and projections, (ix) wage and salary information, (x) non-public financial information, (xi) information on suppliers, and (xii) all other information that either the Vendor or the Purchaser designated or designates as “confidential,” but in all cases subject to the definition of “confidential information” as set forth in O.C.G.A. § 13-8-51(3).

1.2.4 “Restricted Period” means the period commencing on the Closing Date and ending on the fifth anniversary of the Closing Date; provided, however, that the Restricted Period shall be extended by the number of days prior to such anniversary in which the Vendor or any of its Affiliates is deemed to be in breach or default of Section 2.1 of this Agreement.

1.2.5 “Restricted Territory” means the entire area of each province and territory of Canada and state of the United States of America.

### 1.3 Construction and Interpretation.

1.3.1 The headings or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement. References herein to sections are to sections of this Agreement unless otherwise specified.

1.3.2 Meanings of defined terms used in this Agreement are equally applicable to singular and plural forms of the defined terms. The masculine gender shall also include the feminine and neutral genders and vice versa.

1.3.3 As used herein, (i) the term “party” refers to a party to this Agreement, unless otherwise specified, (ii) the terms “hereof,” “herein,” “hereunder,” and similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement, (iii) the term “including” is not limiting and means “including, without limitation,” and (iv) the term “documents” includes all instruments, documents, agreements, certificates, indentures, notices, and other writings, however evidenced.

1.3.4 This Agreement is the product of arm’s length negotiations between, and has been reviewed by counsel to, the parties and is the product of all of the parties. Accordingly, this Agreement shall not be construed for or against any party by reason of the authorship or alleged authorship of any provision hereof.

## 2. Non-competition and Non-solicitation; Non-disclosure.

2.1 Non-Competition and Non-Solicitation. The Vendor agrees that during the Restricted Period the Vendor shall not, and shall not permit or cause any of its Affiliates or their respective directors or officers to, directly or indirectly, except with the prior written consent of Purchaser (which consent may be withheld, conditioned or delayed at the Purchaser's sole discretion):

(a) engage in, carry on, provide services in connection with or otherwise assist with or be interested economically in a Competitive Business within the Restricted Territory, including by (i) selling into the Restricted Territory lumber products or byproducts that are manufactured outside of the Restricted Territory which compete with lumber products and byproducts manufactured or sold by the Company as of the date of this Agreement, except pursuant to Section 3, (ii) providing services to any Person that engages in a Competitive Business within the Restricted Territory (including serving as a creditor, guarantor, officer, director, manager, employee, consultant, agent, contractor, trustee, or licensor, or in any other similar capacity whatsoever, for any such Person), (iii) buying the products of a Competitive Business within the Restricted Territory for resale, (iv) being interested economically in any Person other than Purchaser that engages in a Competitive Business within the Restricted Territory (including as an owner, partner, stockholder, joint venturer, member, creditor, guarantor, principal or licensor, or any other similar capacity whatsoever, of any such Person), (v) soliciting (or assisting in the solicitation of) any Person, whether or not at any time a customer of TILC, the Company or any subsidiary thereof, with respect to any Competitive Business within the Restricted Territory, or (vi) contacting any Person, whether or not at any time a supplier or customer of TILC, the Company or any subsidiary thereof, for the purpose of soliciting orders or establishing relationships for or on behalf of, or with respect to, any Competitive Business within the Restricted Territory;

(b) (i) solicit, divert or take away, or attempt to solicit, divert or take away, the business of any customer within the Restricted Territory with respect to the products or services of the Business sold or offered for sale to any customer within the Restricted Territory or (ii) attempt or seek to cause any customer within the Restricted Territory to refrain, in any respect, from maintaining or acquiring from or through TILC, the Company or any subsidiary thereof, any product or service of the Business sold or offered for sale to any customer within the Restricted Territory; or

(c) encourage any employee of TILC, the Company or any subsidiary thereof, to (i) leave employment with TILC, the Company or any subsidiary thereof, as applicable, or (ii) enter into an employment or a service arrangement related to a Competitive Business.

As used in this Section 2.1, "customer" means any actual customer of either TILC, the Company or any subsidiary thereof, within the twelve month period prior to the date of this Agreement or any prospective customer of either TILC, the Company or any subsidiary thereof, that was solicited by either TILC, the Company or any subsidiary thereof within the twelve month period prior to the date of this Agreement.

Nothing herein shall prohibit Vendor or its Affiliates from being a passive owner of not more than one percent (1%) of the outstanding stock of any publicly-traded entity, so long neither Vendor nor its Affiliates or their respective directors or officers have any active participation or involvement in the management, or Competitive Business, of such entity.

2.2 Non-Disclosure. The Vendor agrees that from and after the Closing Date the Vendor shall not, and shall not permit or cause any of its Affiliates to, directly or indirectly, use or disclose any Confidential Information, except with the prior written consent of the Purchaser (which consent may be withheld, conditioned or delayed at the Purchaser's sole discretion). If the Vendor is requested or required to disclose any of the Confidential Information, the Vendor shall provide the Purchaser with prompt notice of such request or requirement so that the Purchaser may, at its sole expense, seek a protective order or other appropriate remedy. In the absence of a protective order or other remedy, if the Vendor is nonetheless, in the opinion of its counsel, legally compelled to disclose Confidential Information, such disclosure may be made but only to the extent legally required.

3. [Description of additional rights redacted.]

4. Consideration. In consideration for the covenants provided by the Vendor herein, the Purchaser shall pay to the Vendor the sum of [Amount redacted.] on the Closing Date by wire transfer of immediately available funds to the Vendor. The Purchaser does not assume and will not be liable for any Taxes which may be or become payable by the Vendor, including any Taxes resulting from or arising as a consequence of the payment by the Purchaser to the Vendor herein contemplated. The Vendor consents to the Purchaser's withholding and remittance of any Taxes that the Purchaser reasonably determines may be required under applicable Law. At least five Business Days prior to the Closing Date, Vendor shall deliver to Purchaser a complete draft of any certificate(s) that Vendor intends to deliver pursuant to the Purchase Agreement fully setting forth any claims by Vendor of any exemption from, or reduced rates of, Tax with respect to any payments contemplated under this Agreement.

5. Representations and Warranties; Acknowledgements.

5.1 Representations and Warranties. The Vendor hereby represents and warrants to the Purchaser as follows:

(a) the Vendor has developed considerable expertise in the Business;

(b) the Vendor is directly or indirectly deriving substantial economic benefit from the Acquisition, and the Vendor is voluntarily entering into this Agreement;

(c) this Agreement will constitute a legal, valid, and binding obligation of the Vendor, enforceable against the Vendor in accordance with its terms, and the Vendor has full power, authority, and capacity to execute and deliver this Agreement and to perform its obligations hereunder and thereunder;

(d) the Vendor has been advised by the Purchaser that it is entitled to have this Agreement reviewed by counsel of its choice, and has done so, or elected not to do so after being fully informed of its right to do so; and

(e) the Vendor has read all of the terms herein and agrees they are necessary for the reasonable and proper protection of the value of the TILC Shares being acquired by the Purchaser in the Acquisition, and the operation of the Business indirectly acquired thereby.

5.2 Acknowledgements. The Vendor acknowledges and agrees that:

(a) the Business is carried on throughout the Restricted Territory and that TILC and the Company are interested in and solicit or canvass opportunities throughout the Restricted Territory;

(b) the reputation of TILC and the Company in the industry and their relationship with their customers are the result of hard work, diligence and perseverance on behalf of TILC and the Company over an extended period of time;

(c) the nature of the Business is such that the on-going relationship between TILC and the Company and their customers is material and has a significant effect on the ability of TILC and the Company to continue to obtain business from their customers with respect to both long term and new projects;

(d) the Purchaser and its Affiliates, successors and assigns would be irreparably damaged, and the Acquisition, including the value of the TILC Shares, to the Purchaser, would be materially impaired, if the Vendor were to, directly or indirectly, engage in any of the activities described in Section 2.1(a), Section 2.1(b) or Section 2.1(c);

(e) the Purchaser has been induced to enter into the Purchase Agreement by the Vendor's representations that the Vendor will abide by and be bound by each of the covenants and restraints contained herein; and

(f) each and every covenant and restraint in this Agreement is reasonable.

6. **Remedies.** The Vendor agrees that damages in the event of a breach by the Vendor of Section 2 of this Agreement would be difficult if not impossible to ascertain, and it is therefore agreed that the Purchaser, in addition to and without limiting any other remedy or right it may have, shall have the right to an immediate injunction or other equitable relief in any court of competent jurisdiction enjoining any such threatened or actual breach. The existence of this right shall not preclude the Purchaser from pursuing any other rights and remedies at law or in equity that the Purchaser may have, including recovery of damages for any breach of Section 2.

## 7. Miscellaneous Provisions.

7.1 Attorneys' Fees. If a suit, action, or other Proceeding of any nature whatsoever (including any proceeding under the Bankruptcy Code) is instituted in connection with this Agreement, or to interpret or enforce any rights or remedies hereunder or thereunder, the prevailing party shall be entitled to recover its attorneys' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith, as determined by the court at trial or on any appeal or review, in addition to all other amounts provided by law.

7.2 Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and, subject to the restrictions on assignment set forth herein, their respective successors and assigns.

7.3 Assignment. The Vendor may not assign any of its rights or obligations under this Agreement without the prior written consent of the Purchaser (which consent may be withheld, conditioned or delayed at the Purchaser's sole discretion). No assignment of this Agreement shall release the assigning party from its obligations under this Agreement.

7.4 Notices. All notices under this Agreement shall be in writing. Notices may be (i) delivered personally, (ii) transmitted by facsimile, (iii) delivered by a recognized international overnight delivery service, or (iv) transmitted by email. Notices to any party shall be directed to its address set forth below, or to such other or additional address as any party may specify by notice to the other party. Any notice delivered in accordance with this Section 5.4 shall be deemed given when actually received or, if earlier, (a) in the case of any notice transmitted by facsimile or email, on the date on which the sender receives confirmation of full and successful transmission, in the case of facsimile transmission, or on the date which the sender receives a read receipt response from recipient, in the case of email transmission, in each case if sent during the recipient's normal business hours or, if not, on the next Business Day, or (b) in the case of any notice delivered by a recognized international overnight delivery service, on the next Business Day after delivery to the service or, if different, on the day designated for delivery.

If to the Vendor: Ilim Timber Continental, S.A.  
Rue du Marché 13  
P.O. Box 3244  
CH-1211 Geneva 3  
Switzerland

Attention: [Contact information redacted.]

With a copy to: Gilpin Givhan, P.C.  
2660 EastChase Lane, Suite 300  
Montgomery, Alabama 36117

Attention: [Contact information redacted.]

If to the Purchaser: Interfor U.S. Inc.  
c/o P.O. Box 49114  
3500-1055 Dunsmuir Street  
Vancouver, British Columbia, Canada V7X 1H7

Attention: [Contact information redacted.]

With a copy to: Suite 1300 - 777 Dunsmuir Street  
P.O. Box 10424, Pacific Centre  
Vancouver BC V7Y 1K2

Attention: [Contact information redacted.]

7.5 Waiver. Any party's failure to exercise any right or remedy under this Agreement, delay in exercising any such right or remedy, or partial exercise of any such right or remedy shall not constitute a waiver of that or any other right or remedy hereunder. A waiver of any Breach of any provision of this Agreement shall not constitute a waiver of any succeeding Breach of such provision or a waiver of such provision itself. No waiver of any provision of this Agreement shall be binding on a party unless it is set forth in writing and signed by such party.

7.6 Amendment. This Agreement may not be modified or amended except by the written agreement of all of the parties.

7.7 Enforceability. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the Laws and public policies applied in the jurisdiction in which enforcement is sought. If any covenant set forth in this Agreement is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable. If any particular provision or portion of this Agreement shall be adjudicated to be invalid or unenforceable, the court is expressly authorized to reform or "blue-pencil" such provision or portion and this Agreement shall be deemed amended to delete therefrom such provision or portion adjudicated to be invalid or unenforceable, and such amendment shall apply only with respect to the operation of this Agreement in the particular jurisdiction in which such adjudication is made.

7.8 Integration. This Agreement contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements with respect thereto. Notwithstanding the foregoing, the Vendor and the Purchaser acknowledge and agree that this Agreement is a Transaction Document for the purposes of the Purchase Agreement, including, without limitation, Article 12 of the Purchase Agreement which shall be applicable hereto. Except as expressly set forth herein, the parties acknowledge and agree that there are no agreements or representations relating to the subject

matter of this Agreement, either written or oral, express or implied, that are not set forth in this Agreement.

7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to any choice of law or conflict of law rule or provision (whether of the State of Georgia or any other jurisdiction) that would cause the application of the laws of any other jurisdiction.

7.10 Consent to Jurisdiction; Venue. Each party agrees that any suit, action or proceeding arising out of or relating to any provision of this Agreement shall be brought in the federal district court for the Southern District of Georgia or, in the event (but only in the event) such court does not have subject matter jurisdiction, the courts of the State of Georgia where either of the Mills is located. Each party (i) consents to the exclusive jurisdiction of each such court in any suit, action or proceeding relating to or arising out of any provision of this Agreement, (ii) waives any objection that it may have to the laying of venue in any such court in any such suit, action or proceeding, and (iii) agrees that service of process or any other court paper may be made in such manner as may be provided under applicable laws or court rules governing service of process.

7.11 Execution. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same agreement. Each party may rely upon the signature of each other party on this Agreement that is transmitted by facsimile as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement with the original ink signature of the transmitting party.

7.12 Incorporation of Recitals. The recitals to this Agreement are incorporated herein by this reference.

7.13 Further Assurances. Each party agrees to execute and deliver such additional documents and instruments as may reasonably be required to effect this transaction fully, as long as the terms thereof are consistent with the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**Vendor:**

**ILIM TIMBER CONTINENTAL, S.A.**

By: \_\_\_\_\_  
Authorized Signatory

By: \_\_\_\_\_  
Authorized Signatory

**Purchaser:**

**INTERFOR U.S. INC.**

By: \_\_\_\_\_  
Duncan Davies, President

By: \_\_\_\_\_  
John A. Horning, Sr. Vice President and Chief  
Financial Officer

**SCHEDULE C**

**WORKING CAPITAL CALCULATION**

[Working Capital Calculation Redacted.]

**SCHEDULE D**

**FORM OF DIRECTORS RESIGNATION**

[DATE]

Board of Directors

International Forest Products Limited  
3500-1055 Dunsmuir Street  
P.O. Box 49144  
Vancouver, British Columbia  
V7X 1H7

**TO: The Board of Directors (the “Board”) of International Forest Products Limited (the “Company”)**

**RE: Resignation of \_\_\_\_\_**

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This irrevocable resignation is delivered pursuant to Section 13.3(e) of that certain share purchase agreement between the Company, Interfor U.S. Inc., Ilim Timber Continental, S.A. and Tolleson Ilim Lumber Company dated February 8, 2014 (the “**Agreement**”).

Upon receipt of notice from the Company that an event listed in Sections 13.3(h)(i) through 13.3(h)(v) has occurred, I, the undersigned, effective as of the date of such notice, hereby resign from my position as a director of the Company and from any and all committees of the Board on which I serve.

\_\_\_\_\_  
Name:

**SCHEDULE E**

**SAMPLE CLOSING STATEMENT**

[Sample Closing Statement Redacted.]