

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Riverside Forest Products Limited ("Riverside")
820 Guy Street
Kelowna, BC V1Y 7R5

Item 2. Date of Material Change

October 18 and 22, 2004

Item 3. News Release

The news releases were disseminated through CCN Matthews on October 18 and 22, 2004.

Item 4. Summary of Material Change

October 18, 2004 – Riverside announces that Tolko's improved offer of \$40 per share is financially superior to Interfor's proposed offer, which triggers five-day "right to match" by Interfor.

October 22, 2004 – Interfor declines to exercise its right to match, Riverside's pre-acquisition agreement with Interfor is terminated, and Riverside Board recommends that shareholders tender to Tolko's improved offer.

Item 5. Full Description of Material Change

October 18, 2004

On October 15, 2004, Tolko Industries Ltd. ("Tolko"), which had formerly offered to purchase all shares of Riverside not already owned by it or its affiliates for \$29 per share, increased the consideration payable under its offer to \$40 per share and postponed the expiry time of its offer to 12:05 a.m. on October 26, 2004.

As was announced by Riverside on October 18, 2004, upon reviewing Tolko's improved offer, Riverside's Board of Directors determined that it is a "superior proposal" as defined in the pre-acquisition agreement dated October 3, 2004 between Riverside and International Forest Products Limited ("Interfor"). That determination triggered a right for Interfor to match or exceed Tolko's offer by October 22, 2004.

The Company also announced on October 18, 2004 that the Board had concluded that Riverside's shareholder rights plan dated October 5, 2004 had served its purpose in giving Riverside time to maximize value for its shareholders, and so had resolved to terminate it, effective immediately.

In its October 18, 2004 news release and a notice of change dated October 18, 2004 to its directors' circular dated September 14, 2004 filed in respect of Tolko's original offer, Riverside recommended that shareholders await further developments before tendering their shares to Tolko's improved offer.

October 22, 2004

On October 22, 2004, Interfor advised Riverside that it had concluded that increasing its offer or significantly revising the form of consideration it would offer to Riverside's shareholders would be inconsistent with its own financial discipline, and so confirmed that it would not exercise its right to match Tolko's improved offer.

On that basis, Riverside's Board of Directors resolved to recommend that Riverside shareholders accept and tender into Tolko's all-cash offer to purchase all outstanding Riverside shares not already owned by it or its affiliates for \$40 per share. The Riverside Board's revised recommendation was communicated to shareholders in a news release on October 22, 2004 and a further notice of change dated October 22, 2004 to Riverside's directors' circular filed in respect of Tolko's original offer.

The Board's decision to recommend that shareholders accept Tolko's improved offer triggered a right of Interfor to terminate its pre-acquisition agreement with Riverside and to be paid the agreed break fee of \$11 million. The break fee was paid by Riverside and the pre-acquisition agreement and the lock-up agreements between certain Riverside shareholders and Interfor were terminated on October 22, 2004.

Item 6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

Michael E. Moore, Chief Financial Officer
Business Telephone: 250.861.6904

Item 9. Date of Report

October 25, 2004

RIVERSIDE FOREST PRODUCTS LIMITED

“Michael E. Moore”

Per: _____
Michael E. Moore, Chief Financial Officer