CREDIT AGREEMENT FIFTH AMENDMENT

THIS AGREEMENT is dated for reference January 30, 2009

BETWEEN:

HARDWOODS SPECIALTY PRODUCTS LP

OF THE FIRST PART

AND:

THE BANK OF NOVA SCOTIA

OF THE SECOND PART

WHEREAS the parties are parties to a Credit Agreement dated for reference March 23, 2004, as amended by a Credit Agreement First Amendment dated for reference June 17, 2004, a Credit Agreement Second Amendment dated for reference December 17, 2004, a letter agreement dated August 22, 2005, a Credit Agreement Third Amendment dated for reference June 8, 2006, and a Credit Agreement Fourth Amendment dated for reference December 1, 2006, (as so amended, the **"Credit Agreement"**) and have now agreed to further amend such agreement to reflect the transfer by Hardwoods Trust to Hardwoods Specialty Products ULC of the former's limited partnership units in Hardwoods Specialty Products LP and to set out certain related amendments (including an amendment with respect to the "Non-Payment of Other Indebtedness" Event of Default) and to reflect a reduction of the credit facility to Cdn$12 million;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Defined Terms.**

Unless there is something in the subject matter or the context inconsistent therewith, terms defined in the Credit Agreement and used herein shall have the meanings set forth in the Credit Agreement.

1.2 **Other**

All of the provisions of Article 1 of the Credit Agreement, and the provisions of section 12.2 and sections 12.5 through 12.12 thereof, are incorporated herein *mutatis mutandis*.

ARTICLE 2
AMENDMENT TO CREDIT AGREEMENT

2.1 **Interpretation – Defined Terms – "Change of Control"**

The text of section 1.1(18) of the Credit Agreement is replaced with the following:

> " "**Change of Control**" means the acquisition by any person, or by any group of persons acting in concert, of control of the Borrower; provided that the acquisition by Hardwoods Corp. of control of the Borrower shall not constitute a "Change of Control" unless and until there is an acquisition by any person, or by any group of persons acting in concert, of control of Hardwoods Corp."

2.2 **Interpretation – Defined Terms – "Commitment"**

The text of section 1.1(21) of the Credit Agreement is replaced with the following:

> " "**Commitment**" means Cdn.$12 million (or the Equivalent Amount in US Dollars), to the extent not permanently reduced, cancelled or terminated pursuant to this agreement."

2.3 **Interpretation – Defined Terms – "Credit Facility Document Party"**

The text of section 1.1(28) of the Credit Agreement is replaced with the following:

> " "**Credit Facility Document Party**" means each Group Member, Hardwoods Trust (until the LP Units Transfer Date), Hardwoods Corp. (on and after the LP Units Transfer Date) and SHI."

2.4 **Interpretation – Defined Terms – "Hardwoods Corp."**

The text of section 1.1(53) of the Credit Agreement is replaced with the following:

> " "**Hardwoods Corp.**" means Hardwoods Specialty Products Corp. and its successors, including its successor (by way of continuation on March 31, 2008) Hardwoods Specialty Products ULC."

2.5 **Interpretation – Defined Terms – "LP Units Transfer Date"**

Section 1.1 of the Credit Agreement is amended by the addition of the following definition, in alphabetical order:

> " "**LP Units Transfer Date**" means the date when Hardwoods Trust's LP Units in the Borrower are transferred to Hardwoods Corp."

2.6 **Credit Facility – Commitment**

The text of section 2.1(1) of the Credit Agreement is replaced with the following:

"(1) *Commitment*. The Credit Facility is to be made available, subject to the terms and conditions of this agreement, to the Borrower by the Lender on a revolving basis in the principal amount of up to but not exceeding Cdn.$12 million (or the Equivalent Amount in US Dollars).

In no event shall the Lender be obligated to make an Accommodation available under the Credit Facility if after making such Accommodation the Principal Outstanding would exceed the Commitment."

2.7 **Representations – Existence**

The text of section 7.1(1) of the Credit Agreement is replaced with the following:

"(1) *Existence*. The Borrower has been formed and is existing as a limited partnership under the Partnership Act (Manitoba), each other Group Member, Hardwoods Corp. and, as of the Closing Date, SHI is a person duly incorporated or otherwise formed and is validly subsisting and in good standing under the laws of its jurisdiction of formation. Each Credit Facility Document Party is duly qualified to do business in the Province of British Columbia and in all other jurisdictions where the failure to so qualify could reasonably be expected to have an MAE."

2.8 **Representations – Partners**

The text of section 7.1(7) of the Credit Agreement is replaced with the following:

"(7) *Partners*. As of the Closing Date: the General Partner is the general partner of the Borrower, and SHI is the administrative general partner of the Borrower, and there are no other general partners of the Borrower; and Hardwoods Trust (except, on and after the LP Units Transfer Date, Hardwoods Corp. instead) and SHI are the only Limited Partners; and each of the persons shown below in the column on the left owns legally and beneficially the outstanding Capital Stock in the Borrower as indicated in the column on the right, and no other person owns any Capital Stock in the Borrower:

Owner	*Issuer*	*Capital Stock*
Hardwoods Trust (except, on and after the LP Units Transfer Date, Hardwoods Corp. instead)	Borrower	14,410,000 Class A LP Units
SHI	Borrower	3,602,500 Class B LP Units

No person has any agreement, option, right or privilege, whether by law, pre-emptive or contractual, capable of becoming an agreement or option for the purchase of Capital Stock or other securities of any Group Member."

2.9 **Representations – Jurisdictions**

The text of section 7.1(11) of the Credit Agreement is replaced with the following:

"(11) *Jurisdictions.* The chief executive office of each Group Member is in British Columbia, and the only jurisdictions in which any Group Member has tangible assets as at the Closing Date are British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. As at the Closing Date, each of Hardwoods Trust and SHI has its chief executive office in British Columbia. Hardwoods Corp. has its chief executive office in British Columbia."

2.10 **Covenants - Negative Covenants – Non-Arm's Length Transactions**

The text of section 9.2(7) of the Credit Agreement is replaced with the following:

"(7) *Non-Arm's Length Transactions.* No Group Member will after the Closing Date enter into any transactions relating to the Hardwoods Business or Collateral with Hardwoods Corp., Hardwoods Trust or Hardwoods Fund, or any other party with whom it does not deal at arms' length, except on terms no less favourable to it taken as a whole than would have been obtained in an arm's length transaction."

2.11 **Events of Default – Non-Payment of Other Indebtedness**

The text of section 11.1(4) of the Credit Agreement is replaced with the following:

"(4) *Non-Payment of Other Indebtedness.* Any Group Member, or any other subsidiary of the Hardwoods Fund in Canada, fails to pay to any creditor when due (whether at stated maturity or by reason of acceleration or demand, and without giving effect to any postponement) indebtedness in an amount exceeding Cdn. $500,000 (other than a failure by Hardwoods Trust to pay principal or interest owing to Hardwoods Fund on currentlyexisting notes at a time when Hardwoods Fund has suspended distributions to its unitholders), and such failure shall not have been cured or waived within any applicable grace period under the documentation evidencing such indebtedness;".

ARTICLE 3
CONDITIONS PRECEDENT

3.1 General

Notwithstanding the reference date or the execution date hereof, this agreement and the amendments provided for herein shall be effective only upon:

(a) execution and delivery of (i) this agreement and (ii) a security agreement executed by Hardwoods Corp. in favour of the Lender, in form and substance satisfactory to the Lender, creating a pledge of and security interest in all outstanding Capital Stock in the Borrower, other than SHI's Capital Stock in the Borrower, as security for the payment and performance of the Secured Obligations, together with all of the pledge-related documents contemplated by the last sentence of section 8.1 of the Credit Agreement; and

(b) satisfaction (or waiver by the Lender in writing) of the conditions precedent set forth in subsections 6.1(1), (2), (3), (4), (5), (15), (16) and (24) of the Credit Agreement insofar as the same relate to this agreement and such security agreement;

all prior to January 31, 2009 (or such later date as the Lender may agree to in writing), failing which this agreement and the amendments provided for herein shall be of no force or effect.

ARTICLE 4
MISCELLANEOUS

4.1 Credit Facility Documents

Each of the parties confirms and agrees that this agreement and the security agreement referred to in section 3.1, and any other documents and instruments necessary to implement the amendments contemplated hereby, shall constitute Credit Facility Documents.

4.2 Continuing Effect of Credit Agreement

Except to the extent expressly amended hereby, all remaining terms of the Credit Agreement shall remain in full force and effect, unamended.

IN WITNESS WHEREOF the parties have caused this Credit Agreement Fifth Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

HARDWOODS SPECIALTY PRODUCTS LP by its general partner HARDWOODS SPECIALTY PRODUCTS GP INC.

By: ______________________________
Title:

By: ______________________________
Title:

THE BANK OF NOVA SCOTIA

By: ______________________________
K.R. Foellmer, Director

By: ______________________________
A.A. Okamoto, Associate Director

IN WITNESS WHEREOF the parties have caused this Credit Agreement Fifth Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

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THE BANK OF NOVA SCOTIA

By: ______________________________
K.R. Foellmer, Director

By: ______________________________
A.A. Okamoto, Associate Director