

## REGISTRATION RIGHTS AGREEMENT

This registration rights agreement (the “Agreement”) dated as of March 20, 2007 between **Western Forest Products Inc.**, a corporation existing under the laws of Canada (the “**Corporation**”), and **Tricap Management Limited**, a corporation existing under the laws of Ontario, Canada (“**Tricap**”).

### RECITALS

WHEREAS Tricap currently holds 58,722,756 common shares and 84,571,206 non-voting shares of the Corporation;

AND WHEREAS the Corporation and Tricap wish to provide that the disposition of non-voting shares held by Tricap may be effected under a prospectus in certain circumstances in accordance with the provisions of this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

### ARTICLE 1 DEFINITIONS

1.1 For the purposes of this Agreement:

1.1.1 “**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia or Toronto, Ontario.

1.1.2 “**Canadian Securities Laws**” shall mean statutes and regulations applicable to the trading of securities in any province or territory of Canada including applicable rules, national instruments, policy statements and blanket rulings and orders promulgated by Canadian securities regulatory authorities.

1.1.3 “**Common Shares**” means common shares in the capital of the Corporation.

1.1.4 “**Current Stock Market Value**” means, at any date set forth herein, the product of (i) the average of the closing sale prices on the Toronto Stock Exchange (or any Canadian securities exchange) of the Common Shares over the ten consecutive trading days ending on the trading day immediately prior to such date, and (ii) the number of Registrable Shares held by Tricap to be Registered on behalf of Tricap.

1.1.5 “**Demand Registrations**” has the meaning specified in section 2.1.

1.1.6 “**Exchange Limitation**” means the requirement that no holder or group of holders should beneficially own, or exercise control or direction over, 50% or more of the Common Shares.

1.1.7 “**Initiating Holder**” has the meaning specified in section 4.2.

1.1.8 “**Non-Voting Shares**” means the non-voting shares in the capital of the Corporation.

1.1.9 “**Person**” means a natural person, a partnership, a company, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

1.1.10 “**Piggyback Registration**” has the meaning specified in section 3.1.

1.1.11 “**Prospectus**” shall mean a prospectus (including a short form prospectus) prepared in accordance with applicable Canadian Securities Laws for the purposes of qualifying securities for distribution or distribution to the public, as the case may be, in any province or territory of Canada.

1.1.12 “**Registrable Shares**” means, at any time, the Non-Voting Shares held by Tricap or (subject to the Exchange Limitation) the underlying Common Shares issuable to Tricap upon the exchange of any outstanding Non-Voting Shares.

1.1.13 “**Registration**” and any references to the act of registering mean the qualification under Canadian Securities Laws of a Canadian Prospectus in respect of a distribution or distribution to the public, as the case may be, of securities and the term “**Registered**” as applied to any securities includes a distribution or distribution to the public, as the case may be, of securities so qualified.

1.1.14 “**Registration Expenses**” has the meaning specified in section 7.1.

## ARTICLE 2

### DEMAND REGISTRATIONS

**2.1 Requests for Registration.** Subject to Article 4, Article 5 and section 9.4, at any time after May 1, 2009, Tricap may, by written notice to the Corporation, request Registration of all or part of its Registrable Shares and the Corporation shall use commercially reasonable efforts to effect such Registration, provided, however, that:

2.1.1 the Corporation shall not be obligated to Register, pursuant to this section 2.1, Registrable Shares with a Current Stock Market Value of less than Cdn.\$ 20 million determined as of the date of the applicable request for Registration hereunder;

2.1.2 the Corporation shall not be obligated to Register Registrable Shares pursuant to this section 2.1 on more than five occasions in the aggregate and not more than two occasions in any 12 month period;

2.1.3 subject to Article 3, the Corporation shall not be obligated to Register Registrable Shares pursuant to this section 2.1 if the Corporation delivers notice to Tricap

as soon as practicable after its receipt of any written request hereunder, that the Corporation in good faith believes that it will file a Prospectus for a public offering of Common Shares or securities convertible into or exchangeable for Common Shares within 90 days of such request, provided, however, that the Corporation shall have the right to refuse a Registration on such grounds only once during any period of 12 consecutive months;

2.1.4 the Corporation shall not be required to effect any Demand Registration before the expiry of (i) 180 days after the completion of any Demand Registration or (ii) 90 days after the completion of any Registration pursuant to Article 3;

2.1.5 if the Corporation in good faith believes that (i) any Registration of Registrable Shares pursuant to a Demand Registration would require the disclosure of material information which the Corporation has a *bona fide* business purpose for perceiving as confidential, (ii) filing a Prospectus in connection with the Demand Registration would result in the Corporation being unable to comply with or being in breach of applicable securities laws or stock exchange rules or (iii) the Demand Registration would be effective during a “blackout period” required by an underwriter or agent in connection with any previous or contemplated offering of securities by the Corporation (each, a “**Valid Business Reason**”), the Corporation may postpone filing a Prospectus relating to a Demand Registration until such Valid Business Reason no longer exists, but in no event for more than 90 days (or, in the case of a Valid Business Reason referred to in item (iii) above, for no more than the longer of 90 days and the termination of the applicable “blackout period”). The Corporation shall give written notice of its determination to postpone filing a Prospectus and of the fact that the Valid Business Reason for such postponement no longer exists, in each case, promptly after the occurrence thereof.

All Registrations requested pursuant to this section 2.1 shall be referred to herein as “**Demand Registrations**”.

**2.2 Priority on Demand Registrations.** The Corporation may designate a managing underwriter or agent of recognized standing for a Demand Registration, which underwriter or agent shall be acceptable to the Tricap. If the managing underwriter or agent advises the Corporation in writing that in its opinion the number of Registrable Shares and other securities requested to be included in a Demand Registration (i) creates a substantial risk that the price per share in such Registration will be adversely affected, or (ii) exceeds the number of Registrable Shares and other securities that can be sold in an orderly manner in such offering, then the Corporation will include in such Registration: first, the Registrable Shares requested to be included in such Registration; second, the securities the Corporation proposes to sell to the extent that, in the opinion of such underwriter or agent, they can be sold without resulting in the circumstances described in (i) or (ii), and third, any other securities requested to be included in such Registration to the extent that, in the opinion of such underwriter or agent, they can be sold without resulting in the circumstances described in (i) or (ii).

### ARTICLE 3

#### PIGGYBACK REGISTRATIONS

- 3.1 **Right to Piggyback.** Subject to Article 4, Article 5 and section 9.4 from and after May 1, 2009, whenever the Corporation proposes to Register any of its Common Shares or securities convertible into or exchangeable for Common Shares, the Corporation will give prompt written notice to Tricap of its intention to effect such a Registration (which notice shall be given not less than ten days prior to the date the Prospectus is to be filed) and, subject to the terms hereof, the Corporation will use commercially reasonable efforts to include in such Registration and in such jurisdictions as it proposes to effect the Registration all Registrable Shares with respect to which the Corporation has received a written request for inclusion therein from Tricap within five days (or one business day in the case of a “bought deal” financing) after Tricap’s receipt of the Corporation’s notice (a “**Piggyback Registration**”).
- 3.2 **Determination not to Register and Delays in Registration.** If at any time after giving written notice of its intention to Register any Common Shares and before the Registration is effective, the Corporation shall determine for any reason not to Register or to delay Registration of such Common Shares, the Corporation may, at its election, give written notice of such determination to Tricap, and (i) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Shares in connection with such abandoned Registration, without prejudice, however, to the rights of Tricap under section 2.1, and (ii) in the case of a determination to delay such Registration of Common Shares, shall be permitted to delay the Registration of such Registrable Shares for the same period as the delay in registering such other Common Shares.

### ARTICLE 4

#### GENERAL REGISTRATION PROVISIONS

- 4.1 **Priority on Registrations.** If the managing underwriter or agent advises the Corporation in writing that in its opinion the number of Registrable Shares and other securities requested to be included in a Piggyback Registration (i) creates a substantial risk that the price per share in such Registration will be adversely affected, or (ii) exceeds the number of Registrable Shares and other securities that can be sold in an orderly manner in such offering, then the Corporation will include in such Registration: first, the securities the Corporation proposes to sell; second, the Registrable Shares requested to be included in such Registration to the extent that, in the opinion of such underwriter or agent, they can be sold without resulting in the circumstances described in (i) or (ii), and third, any other securities requested to be included in such Registration to the extent that, in the opinion of such underwriter or agent, they can be sold without resulting in the circumstances described in (i) or (ii).
- 4.2 **Priority on Secondary Registrations.** Notwithstanding section 4.1, if a Piggyback Registration is not a primary offering of Common Shares by or on behalf of the

Corporation but is a secondary offering of Common Shares by or on behalf of one or more holders of the Corporation's Common Shares (the "Initiating Holders"), and the managing underwriter or agent advises the Corporation in writing that in its opinion the number of securities requested to be included in such Registration (i) creates a substantial risk that the price per share in such Registration will be adversely affected, or (ii) exceeds the number of Registrable Shares and other securities that can be sold in an orderly manner in such offering, then the Corporation will include in such Registration only: first, the securities requested to be included therein by the Initiating Holders, second, any Registrable Shares requested to be included in such Registration to the extent that, in the opinion of such underwriter or agent, they can be sold without resulting in the circumstances described in (i) or (ii), and third, any other securities requested to be included in such Registration to the extent that, in the opinion of such underwriter or agent, they can be sold without resulting in the circumstances described in (i) or (ii).

- 4.3 Other Registrations.** If the Corporation has previously received a request for a Demand Registration pursuant to Article 2 or has previously filed a Prospectus with respect to Registrable Shares pursuant to Article 3, and if such previous request or Registration has not been withdrawn or abandoned, the Corporation will not, except (i) with the consent of Tricap or (ii) until a period of 90 days has elapsed from the completion of such Demand Registration or Registration under Article 3 of Registrable Shares, file or cause to be effected any other Registration of any of its Common Shares or securities convertible into or exchangeable for Common Shares, whether on its own behalf or at the request of any holder or holders of such securities.
- 4.4 Withdrawal Right of Tricap.** Tricap shall have the right to withdraw its request for inclusion of its Registrable Shares in any Registration pursuant to sections 2.1 or 3.1 by giving written notice to the Corporation of its request to withdraw; provided, however, that (i) such request must be made prior to the execution of the underwriting or agency agreement (or other similar enforceable agreement) with respect to such Registration and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, Tricap shall no longer have any right to include Registrable Shares in the Registration as to which such withdrawal was made.
- 4.5 Tricap.** If requested by the managing underwriter or agent of any Registration effected pursuant to an underwriting or agency agreement pursuant to sections 2.1 or 3.1, Tricap agrees (and shall sign an agreement to such effect in the form mutually agreed with the managing underwriter or agent, if the managing underwriter or agent requests such agreement), not to effect any public sale or distribution of Common Shares, or any securities convertible into or exchangeable for Common Shares, or any hedging or similar transactions involving Common Shares or securities convertible or exchangeable into Common Shares, during the 15 days prior to the commencement of, and a period of no more than 90 days following the completion of, any underwritten Demand Registration or any underwritten Piggyback Registration (except as part of such underwritten Registration).

## **ARTICLE 5**

### **GENERAL LIMITATION ON REGISTRATIONS**

- 5.1** The Registration rights under this Agreement with respect to Registrable Shares which have been requested to be registered will only be exercisable in circumstances where both of the following conditions are satisfied: (i) if any Non-Voting Shares that have been requested to be registered were exchanged for Common Shares, the Exchange Limitation would not apply, and (ii) the board of directors of Western has not caused such Non-Voting Shares to be exchanged for Common Shares. The Registration rights under this Agreement shall not be available where there are no longer any Non-Voting Shares outstanding. For greater certainty, the condition in clause (i) above may be satisfied, and the Registration rights exercised, in respect only of that portion of Non-Voting Shares requested to be registered as would cause the Exchange Limitation not to apply.
- 5.2** Tricap may only require Registrations under Article 2 in one or more of the Canadian jurisdictions where the Corporation is a reporting issuer or the equivalent or, in the case of Registrations under Article 3, the Canadian jurisdictions where the Corporation proposes to distribute its Common Shares or securities convertible into or exchangeable for Common Shares.
- 5.3** Notwithstanding any other provision of this Agreement, the Registration rights granted hereunder may only be exercised if the Common Shares are listed and posted on the Toronto Stock Exchange (or any Canadian securities exchange) at the time of notice by Tricap under section 2.1 and/or section 3.1.

## **ARTICLE 6**

### **REGISTRATION PROCEDURES**

- 6.1** **Corporation's Obligations.** If and whenever required to Register any Registrable Shares pursuant to sections 2.1 and 3.1 of this Agreement, the Corporation will use commercially reasonable efforts to effect the Registration and the sale of such Registrable Shares in accordance with the intended method of disposition thereof, and pursuant thereto the Corporation will as expeditiously as reasonably possible, and to the extent necessary pursuant to the securities laws of the jurisdictions in which such Registration is to be effected:
- 6.1.1 prepare and file with the applicable securities regulatory authorities in each jurisdiction in which the Registration is to be effected a Prospectus with respect to such Registrable Shares and such other related documents as may be necessary or appropriate to effect the proposed Registration;
- 6.1.2 prepare and file with the applicable securities regulatory authorities such amendments and supplements to such Prospectus as may be necessary to comply with the provisions of applicable securities laws with respect to the distribution of the Registrable Shares;

6.1.3 permit Tricap to review and comment on (i) the Prospectus within a reasonable number of days prior to its filing with the applicable securities regulatory authorities and (ii) all amendments and supplements to the Prospectus within a reasonable number of days prior to their filing with the applicable securities regulatory authorities and not file any Prospectus or amendment or supplement thereto in a form to which Tricap reasonably objects;

6.1.4 furnish to Tricap such number of copies of such Prospectus, each amendment and supplement thereto (including each preliminary prospectus) and any documents incorporated by reference in such Prospectus and such other documents as Tricap may reasonably request in order to facilitate the disposition of the Registrable Shares;

6.1.5 use its commercially reasonable efforts to cause all such Registrable Shares to be listed on the Toronto Stock Exchange (or any Canadian securities exchange); provided, in the case of a Registration of Non-Voting Shares, that the Corporation shall not be required to issue additional Non-Voting Shares in order to secure a listing;

6.1.6 enter into such customary agreements (including underwriting agreements in customary form), containing such representations and warranties by the Corporation and such other terms and provisions as are customary therein, including, without limitation, customary indemnification and contribution provisions, customary holdback agreements regarding public sales or distributions of Common Shares before and after the effective date of the Registration (to the extent requested by the managing underwriter or agent) and take all such other actions as Tricap reasonably requests in order to expedite or facilitate the disposition of such Registrable Shares;

6.1.7 make available for inspection by Tricap, any underwriter participating in any offering pursuant to such Registration and any legal counsel, accountant or other agent retained by Tricap or any such underwriter, all financial and other records, pertinent corporate documents and properties of the Corporation, and cause the Corporation's officers, directors, employees and independent accountants to supply all information reasonably requested by Tricap or any such underwriter, legal counsel, accountant or agent in connection with the preparation of the Prospectus;

6.1.8 notify Tricap of any request by securities regulatory authorities for the amending or supplementing of the Prospectus or for additional information;

6.1.9 subject to section 6.1.3, prepare and promptly file with the applicable securities regulatory authorities and promptly notify Tricap of the filing of such amendment or supplement to the Prospectus as may be necessary to correct any statements or omissions if, at the time when the Prospectus is required to be delivered under applicable securities laws in the jurisdictions in which the Registration is made, any event shall have occurred as the result of which any such Prospectus would include a misleading or untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

6.1.10 advise Tricap, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any cease trade order or stop order by securities regulatory authorities or the initiation or threatening of any proceeding for such purpose and promptly use its best efforts to prevent the issuance of any cease trade order or stop order or to obtain its withdrawal if a stop order or cease trade order is issued;

6.1.11 at the request of Tricap, furnish on the date or dates provided for in the underwriting agreement, if any, or upon the date upon which the Registration becomes effective: (i) an opinion of counsel, addressed to the underwriters, if any, and Tricap, covering such matters as are customarily covered by the issuer's counsel in distributions of securities similar to the distribution of the Registrable Shares; and (ii) to the extent permitted by applicable accounting standards or practices, a letter or letters from the auditors of the Corporation addressed to the underwriters, if any, and Tricap, covering such matters as are customarily covered in auditor's letters in connection with an underwritten offering;

6.1.12 participate with Tricap and make available at reasonable times its senior executives, including its chief executive officer and chief financial officer, at any road show in connection with an underwritten offering;

6.1.13 otherwise use its best efforts to comply with the provisions of applicable securities laws in the jurisdictions in which the Registration is made with respect to the disposition of all securities covered by such Registration Statement; and

6.1.14 if the shares sold pursuant to the Registration include Non-Voting Shares, to use its best efforts to list the Non-Voting Shares on the Toronto Stock Exchange (or any Canadian securities exchange), provided that the Corporation will not be required to issue additional Non-Voting Shares in order to obtain such a listing.

**6.2 Obligations of Tricap.** Tricap agrees as follows in respect of any offer or sale of Registrable Shares:

6.2.1 if in the reasonable opinion of counsel to the Corporation it is necessary to comply with any applicable securities laws in the jurisdiction in which the Registration is made, the obligations of the Corporation under Articles 2 and 3 shall be conditional upon each of Tricap and any underwriter participating in such distribution executing and delivering to the Corporation an appropriate agreement, in a form reasonably satisfactory to counsel for the Corporation, that such Person shall comply with all prospectus delivery requirements of all applicable securities laws in the jurisdictions in which the Registration is made and shall furnish to the Corporation information about sales made in such offering;

6.2.2 it shall cooperate as reasonably requested by the Corporation in connection with the preparation of the Prospectus, and for so long as the Corporation is obligated to keep effective the Prospectus, shall provide to the Corporation, in writing, for use in the Prospectus, all such information regarding Tricap, and its plan of distribution of the Registrable Shares or other information, as may be reasonably necessary to enable the

Corporation to prepare the Prospectus, to maintain the currency and effectiveness thereof and otherwise to comply with all applicable requirements of law in connection therewith;

6.2.3 Tricap shall notify the Corporation immediately upon the occurrence of any event of which it becomes aware as a result of which the information regarding Tricap, and its plan of distribution of the Registrable Shares or other information, furnished in writing to the Corporation or any managing underwriter or agent by, or on behalf of, Tricap expressly for use in the Prospectus includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they are made; and

6.2.4 during such time as Tricap may be engaged in a distribution of the Registrable Shares pursuant to this Agreement, Tricap shall (i) distribute the Registrable Shares solely in the manner described in the Prospectus and (ii) cease distribution of such Registrable Shares upon receipt of written notice from the Corporation that the Prospectus contains any misleading or untrue statement of a material fact or omits a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading.

**6.3 Form of Request.** Any request by Tricap pursuant to Articles 2 or 3 shall:

- (a) specify the number and class of Registrable Shares which Tricap intends to offer and sell;
- (b) express the intention of Tricap to offer or cause the offering of such Registrable Shares;
- (c) describe the nature or methods of the proposed offer and sale thereof and the jurisdictions in which such offer shall be made;
- (d) contain the undertaking of Tricap to provide all such information regarding its holdings and the proposed manner of distribution thereof as may be required in order to permit the Corporation to comply with applicable Canadian Securities Laws and applicable tax laws;
- (e) specify whether such offer and sale shall be made by an underwritten offering; and
- (f) include a representation and warranty by Tricap that the Exchange Limitation will not apply in respect of the transactions contemplated by the Registration.

## **ARTICLE 7**

### **REGISTRATION EXPENSES.**

**7.1 Corporation's Expenses on a Demand Registration.** Subject to section 7.3, all expenses incident to the Corporation's performance of or compliance with Article 2 of

this Agreement, including, without limitation, its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance obtained by the Corporation, all registration, listing and filing fees, fees of transfer agents and registrars, fees and expenses of compliance with securities or blue sky laws, printing expenses, road show expenses, fees and disbursements of counsel for the Corporation, fees and expenses of the Corporation's auditors, the expenses and fees for listing the securities to be Registered on each securities exchange on which any Common Shares are then listed (collectively, the "**Registration Expenses**") will be borne by the Corporation, other than the fees, expenses and commissions of any underwriters or agents, which will be borne pro rata by the Corporation and by Tricap on the basis of each party's proportional share of the aggregate proceeds of the offering.

- 7.2 **Corporation's Expenses on a Piggyback Registration.** Subject to section 7.3, all expenses incident to the Corporation's performance of or compliance with Article 3 of this Agreement, including the Registration Expenses, will be borne by the Corporation, other than the fees, expenses and commissions of underwriters or agents, which will be borne pro rata by the Corporation, the Initiating Holders (or the Corporation on behalf of the Initiating Holders) and Tricap on the basis of each party's proportional share of the aggregate proceeds of the offering.
- 7.3 **Withdrawal.** Tricap agrees that in the event it withdraws any Registration request, Tricap shall pay the Registration Expenses incurred in respect of such Registration under section 7.1 or 7.2, as the case may be.

## ARTICLE 8

### INDEMNIFICATION.

- 8.1 **Indemnification by the Corporation.** In the event of a Registration of the Registrable Shares pursuant to the terms hereof, the Corporation agrees to indemnify, hold harmless and defend, to the fullest extent permitted by law, Tricap, its officers, directors and employees against all losses (other than losses of profit), claims, damages, liabilities and expenses (including, without limitation, legal and other expenses except as limited by section 8.4), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, caused by (i) any misleading or untrue or alleged misleading or untrue statement of a material fact contained in any Prospectus or any amendment thereof or supplement thereto, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, or (iii) any violation by the Corporation of applicable securities laws in the jurisdictions in which the Registration was made. Notwithstanding the foregoing, the Corporation shall not be liable to any such indemnified party in any such case to the extent such claim arises out of any misleading or untrue statement or alleged misleading or untrue statement of a material fact or omission or alleged omission of a material fact in such Prospectus or amendment or supplement thereto which relates to Tricap or the Registrable Shares or is included in a Prospectus or amendment or supplement thereto in reliance upon, and in conformity with,

written information furnished to the Corporation by, or on behalf of, such indemnified party specifically for use therein. The reimbursements required by this section 8.1 will be made by periodic payments during the course of the investigation or defense, as and when bills are received or expenses incurred.

**8.2 Indemnification by Tricap.** In the event of a Registration of the Registrable Shares pursuant to the terms hereof, Tricap agrees to indemnify, hold harmless and defend, to the fullest extent permitted by law, the Corporation, its directors, officers and employees and each underwriter against all losses (other than losses of profit), claims, damages, liabilities and expenses (including, without limitation, legal and other expenses except as limited by section 8.4), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, caused by (i) any misleading or untrue or alleged misleading or untrue statement of a material fact contained in any Prospectus or any amendment thereof or supplement thereto, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, or (iii) any violation by Tricap of applicable securities laws in the jurisdictions in which such Registration was made, but only to the extent that such misleading or untrue or alleged misleading or untrue statement or omission or alleged omission of a material fact is contained in any information regarding Tricap, and its plan of distribution of the Registrable Shares or other information, furnished in writing to the Corporation or any managing underwriter or agent by, or on behalf of, Tricap expressly for use in the Prospectus. The reimbursements required by this section 8.2 will be made by periodic payments during the course of the investigation or defense, as and when bills are received or expenses incurred.

**8.3 Procedure.** Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give such notice shall not limit the rights of such Person except to the extent such failure to give notice shall materially prejudice the rights of the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment (with written advice of counsel) a conflict or potential conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim (and the indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party), permit such indemnifying party to assume the defense of such claim. Any defense will be through legal counsel approved by the party making the claim for indemnification (which approval will not be unreasonably withheld or delayed) and no admission of liability will be made by the Corporation or Tricap, as the case may be, or the party making the claim for indemnification without, in each case, the consent of the other party, which consent will not be unreasonably withheld or delayed. The party making the claim for indemnification will have the right to employ separate counsel in any suit and participate in its defense but the fees and expenses of such counsel will be at the expense of the party making the claim for indemnification unless (i) the indemnifying party fails to assume the defense of the suit on behalf of the party making the claim for indemnification within 20 days of receiving notice of the suit; (ii) the retainer of separate counsel has been authorized by the indemnifying party or (iii) a conflict or potential conflict exists or may

exist (based upon written advice of counsel to an indemnifying party) between such indemnified party and the other indemnified parties (in each of which cases the indemnifying party will not have the right to assume the defense of the suit on behalf of the party making the claim for indemnification but will be liable to pay the reasonable fees and expenses of counsel for the party making the claim for indemnification). Each indemnified party will furnish that information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as will be reasonably required in connection with the defense of that claim and litigation resulting from that claim. Notwithstanding the foregoing, to the extent that the provisions on indemnification contained in an underwriting agreement entered into in connection with the underwritten Registration are in conflict with the foregoing provisions, the provisions in the underwriting agreement will prevail as among the parties to the underwriting agreement.

**8.4 Alternative Contribution.** Each party hereto agrees that, if for any reason the indemnification provisions contemplated by section 8.1 or section 8.2 are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or misleading or alleged untrue or misleading statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this section 8.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this section 8.4. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or, except as provided in section 8.3, defending any such action or claim. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

**8.5 Full Force and Effect.** Solely for the purposes of the indemnity in this Article 8, the Corporation and Tricap shall be the trustee for and act on behalf of each of their respective officers, directors, and employees. The indemnification and contribution provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or employee of such indemnified party.

## ARTICLE 9

### OTHER COVENANTS AND AGREEMENTS

- 9.1 **Participation in Underwritten Registrations.** If an underwritten Registration is contemplated, Tricap shall execute an underwriting agreement containing customary representations, warranties and indemnities for the benefit of the underwriters and the Corporation with respect to written information furnished by it expressly for use in the Prospectus. No Person may participate in any Registration hereunder which is underwritten unless such Person (a) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements, and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.
- 9.2 **No Inconsistent Agreements.** The Corporation will not hereafter enter into any agreement with respect to its securities which is inconsistent with the rights granted to Tricap in this Agreement.
- 9.3 **Transfer of Registration Rights.** The rights and obligations granted to Tricap under this Agreement may be assigned to a Person who is a transferee of Registrable Shares, on prior written notice to the Corporation provided that the assignee delivers to the Corporation an instrument in writing executed by the assignee confirming that it is bound by and shall perform all of the obligations of Tricap under this Agreement as if it were an original signatory.
- 9.4 **Termination of Registration Rights.** The registration rights hereunder shall terminate on such date as Tricap no longer owns any Non-Voting Shares.

## ARTICLE 10

### GENERAL

10.1.1 **Remedies.** Any Person having rights under any provision of this Agreement will be entitled to enforce such rights specifically, to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

10.1.2 **Amendments and Waivers.** Except as otherwise expressly provided herein, the provisions of this Agreement may be amended or waived at any time only by the written agreement of the Corporation and Tricap. Any waiver, permit, consent or approval of any kind or character on the part of the Corporation or Tricap of any provision or condition of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in writing.

10.1.3 **Successors and Assigns.** Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the

parties hereto will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

10.1.4 **Final Agreement.** This Agreement constitutes the final agreement of the parties concerning the matters referred to herein, and supersedes all prior agreements and understandings.

10.1.5 **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

10.1.6 **Headings.** The descriptive headings of this Agreement are inserted for convenience of reference only and do not constitute a part of and shall not be utilized in interpreting this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to “articles” and “sections” are to articles and sections of this Agreement.

10.1.7 **Notices.** Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered or telecopied in the case of:

- (a) the Corporation, addressed as follows:

Western Forest Products Inc.  
435 Trunk Road  
Duncan, British Columbia  
V9L 2P9

Attention: Chief Financial Officer

Telecopier: (250) 748-6045

with a copy to:

Torys LLP  
Suite 3000  
79 Wellington Street West  
Toronto, Ontario  
M5K 1N2

Attention: Glen Johnson

Telecopier: (416) 865-7380

- (b) Tricap Management Limited, addressed as follows:

BCE Place  
181 Bay Street  
Suite 300  
Toronto, Ontario  
M5J 2T3

Attention: Cyrus Madon  
Telecopier: 416-365-9642

or to such other address as the relevant party may from time to time advise by notice in writing given pursuant to this section. The date of receipt of any such notice, request, consent, agreement, or approval shall be deemed to be the date of delivery or telecopy (if during normal business hours, or, if not, the next Business Day).

10.1.8 **Governing Law.** The validity, meaning and effect of this Agreement shall be determined in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

10.1.9 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute one instrument. Each party shall receive a duplicate original of the counterpart copy or copies executed by it and the other party.

10.1.10 **Injunctive Relief.** Each of the parties hereto acknowledges that in the event of a breach by any of them of any material provision of this Agreement, the aggrieved party may be without an adequate remedy at law. Each of the parties therefore agrees that in the event of such a breach hereof the aggrieved party may elect to institute and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing breach hereof. By seeking or obtaining any such relief, the aggrieved party shall not be precluded from seeking or obtaining any other relief to which it may be entitled.

This Agreement is made by the parties as of the date first set forth above.

**TRICAP MANAGEMENT LIMITED**

By:                   *"Cyrus Madon"*                    
Name: Cyrus Madon  
Title: Managing Partner

**WESTERN FOREST PRODUCTS INC.**

By:                   *"Paul Ireland"*                    
Name: Paul Ireland  
Title: Chief Financial Officer