DOMAN BUILDING MATERIALS GROUP LTD.

ANNUAL INFORMATION FORM

MARCH 31, 2022

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GLOSSARY OF TERMS

In this Annual Information Form, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

"**2021 Consolidated Financial Statements**" means Doman's consolidated audited financial statements for the years ended December 31, 2021 and December 31, 2020;

"**2021 Note Indenture**" means the indenture dated May 10, 2021 between the Corporation and Note Trustee;

"**2026 Senior Notes**" means the 5.25% senior unsecured subordinated notes of the Corporation issued pursuant to the 2021 Note Indenture;

"**ACQ**" has the meaning given to it under "Description of the Business – Products and Services – CanWel Treating Division";

"**Affiliate**" has the meaning ascribed thereto in Ontario Securities Commission Rule 45-501 - *Exempt Distributions*, on the date hereof;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended, including the regulations promulgated thereunder;

"**BLC**" means, prior to the amalgamation of CBML, 0871180 B.C. Ltd. and Broadleaf Logistics Company on October 1, 2010, Broadleaf Logistics Company, an unlimited liability company incorporated under the laws of the Province of Nova Scotia;

"**Board of Directors**" means the board of directors of the Corporation;

"**California Cascade**" means the businesses formerly operated by California Cascade Industries and California Cascade-Fontana, Inc.;

"**California Cascade Acquisition**" means the acquisition of California Cascade by Doman pursuant to an asset purchase agreement among Doman, California Cascade Industries, California Cascade-Fontana, Inc., and Newco 1 and Newco 2;

"**Cascade Treating Division**" means the business of Woodland, Oregon Cascade, L.A. Lumber and Fontana Wood Treating, Inc.

"**CanWel Building Materials**" means the CanWel Building Materials Division of CBML;

"**CanWel Fibre**" means CanWel Fibre Corp. (formerly, "Jemi Fibre Corp.");

"**CanWel Treating**" means the CanWel Treating Division of CBML;

"**CBCA**" means the C*anada Business Corporations Act*, R.S., 1985, C-44, as amended, including the regulations promulgated thereunder;

"**CBML**" means CanWel Building Materials Ltd., a corporation amalgamated under the laws of the Province of British Columbia;

"**CCA**" has the meaning given to it under "Description of the Business – Products and Services – CanWel Treating Division";

"**Common Shares**" means the common shares of the Corporation;

"**Corporate Conversion**" means the conversion of the Fund from an income trust to a corporation by way of a court-approved plan of arrangement under the BCBCA on February 1, 2010;

"**Corporation**" means Doman Building Materials Group Ltd., formerly known as CanWel Building Materials Group Ltd., the successor to CanWel Holdings Corporation, continued under the CBCA, and, as applicable, its predecessor, the Fund;

"**Directors**" means the directors of the Corporation from time to time;

"**Doman**" or the "**Corporation**" means Doman Building Materials Group Ltd., formerly known as CanWel Building Materials Group Ltd., the successor to CanWel Holdings Corporation, continued under the CBCA, and, as applicable, its predecessor, the Fund;

"**Doman Group**" means the Corporation or the Fund, as applicable, together with the operations controlled and consolidated by them, unless otherwise indicated;

"**EBITDA**" means earnings from continuing operations before interest, including amortization of deferred financing costs, provision for income taxes, depreciation and amortization;

"**ERP**" means enterprise resource planning system;

"**Final Prospectus**" means the short form final prospectus filed on SEDAR on May 3, 2021 by the Corporation regarding the offering of the Common Shares;

"**Fund**" means CanWel Building Materials Income Fund, which converted into the Corporation pursuant to the Corporate Conversion;

"**Hixson**" or "**Hixson Lumber**" means Hixson Lumber Company, LLC, a limited liability company incorporated under the laws of Delaware;

"**Hixson Acquisition**" means the acquisition of the business and assets of Hixson Lumber Sales, Inc. ("**HLS**"), on June 4, 2021, pursuant to an asset purchase agreement, among Hixson, HLS et al;

"**Hixson Properties**" means Hixson Property Holdings, LLC, a limited liability company incorporated under the laws of Delaware;

"**Honsador**" means Honsador Acquisition Corp., or the business thereof as the context may require, the parent company of the Honsador building products group of companies which is a leading distributor of building products, trusses and electrical supplies, and the largest producer of pressure-treated wood in Hawaii;

"**Honsador Acquisition**" means the acquisition of Honsador by Doman on October 2, 2017 pursuant to a stock purchase agreement among Doman, Honsador, et al;

"**Island Truss Acquisition**" means the acquisition of the truss design and manufacturing plant and related assets and business of Vickers Island Truss, Ltd. on November 9, 2020 pursuant to an asset purchase agreement among, Island Truss, Vickers Island Truss, Ltd., and David Vickers;

"**Island Truss**" means Island Truss Holdings, LLC, a limited liability company formed under the laws of the State of Delaware;

"**Jemi Fibre**" means Jemi Fibre Corp.;

"**Jemi Fibre Acquisition**" means the acquisition of Jemi Fibre by Doman on May 13, 2016 by way of a court-approved plan of arrangement under the BCBCA;

"**L.A. Lumber**" means L.A. Lumber Treating, Ltd., a corporation formed under the laws of Delaware;

"**L.A. Lumber Acquisition**" means the acquisition of assets and business of Fontana Wood Preserving, Inc., ("**FWP**") and Fontana Wholesale Lumber, Inc., ("**FWL**") on June 22, 2021 pursuant to an Asset Purchase Agreement, among LALT, FWP, FWL et al;

"**Lignum**" means Lignum Forest Products LLP, a limited liability partnership formed under the laws of British Columbia;

"**Lignum Acquisition**" means the acquisition of Lignum by Doman, through certain of its subsidiaries, on April 1, 2019, pursuant to a purchase agreement among Woodex Industries Ltd., 1201026 B.C. Ltd., Lignum, 8006024 Canada Inc, and Conifex Timber Inc.;

"**Newco 1**" means California Cascade Building Materials, Inc., a company governed by the laws of Delaware;

"**Newco 2**" means Fontana Wood Treating, Inc., a company governed by the laws of Delaware;

"**Note Indenture**" means the indenture dated October 9, 2018 between the Corporation and Note Trustee;

"**Note Trustee**" means BNY Trust Company of Canada;

"**NWT Acquisition**" means the acquisition of the lumber pressure treating plant and related equipment and property formerly owned and operated by NorthWest Wood Preservers on February 1, 2012 pursuant to an asset purchase agreement in respect of same;

"**OCBM**" means Oregon Cascade Building Materials Inc., a company governed by the laws of Delaware;

"**Oregon Cascade**" means the lumber pressure treating plant and related equipment and business formerly owned by Superior Forest Products, Inc.;

"**Oregon Cascade Acquisition**" means the acquisition of Oregon Cascade by Doman on June 12, 2018 pursuant to an asset purchase agreement among Doman, Superior Forest Products, Inc., and OCBM;

"**Pastway**" means Pastway Planing Limited, a corporation incorporated under the laws of Ontario prior to December 31, 2014, and Pastway Planing and Wood Preserving Limited Partnership;

"**Pastway Acquisition**" means the acquisition Pastway Planing Limited by Doman on July 2, 2013 pursuant to a stock purchase agreement in respect of same;

"**Person**" means any individual, partnership, association, body corporate, trusts, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

"**Senior Notes**" means the 6.375% senior unsecured subordinated notes of the Corporation issued pursuant to the Note Indenture;

"**TFC**" means The Futura Corporation, a corporation incorporated under the laws of the Province of Alberta;

"**TFC Group**" has the meaning given to it under "Material Contracts – TFC Securityholders Agreement";

"**TFC Securityholders Agreement**" has the meaning given to it under "Material Contracts – TFC Securityholders Agreement";

"**TFI**" means Total Forest Industries Ltd. (now doing business as TFI LP);

"**TFI Acquisition**" means the acquisition of certain assets and the business of TFI by Doman on September 6, 2016 from a privately held arm's length vendor;

"**Treatment GPs**" means, collectively, AWP General Partner Inc., EWP General Partner Inc. ("**EWP GP**"), NAWP General Partner Inc. ("**NAWP GP**"), NWWT General Partner Inc. ("**NWT GP**"), PPWP General Partner Inc. ("**PPWP GP**"), QWP General Partner Inc. ("**QWP GP**"), TFI General Partner Inc. ("**TFI GP**"), WCW General Partner Inc. ("**WCW GP**") and WPWP General Partner Inc. ("**WP GP**") each of which act as general partner of their respective Treatment LP, and have been incorporated pursuant to the laws of the Province of British Columbia;

"**Treatment LPs**" means, collectively, Alberta Wood Preservers Limited Partnership ("**AWP LP**"), Eastern Wood Preservers Limited Partnership ("**EWP LP**"), North American Wood Preservers Limited Partnership ("**NAWP LP**"), Northwest Wood Treaters Limited Partnership ("**NWT LP**"), Pastway Planing and Wood Preserving Limited Partnership ("**PPWP LP**"), Québec Wood Preservers Limited Partnership ("**QWP LP**"), Total Forest Industries Limited Partnership ("**TFI LP**"), Western Cleanwood Preservers Limited Partnership ("**WCW LP**") and Western Pacific Wood Preservers Limited Partnership ("**WP LP**"), each of which is a limited partnership formed under the laws of the Province of Manitoba pursuant to a partnership agreement dated October 2, 2006 except NWT LP, which was formed on November 24, 2011, NAWP LP which was formed on March 6, 2013, PPWP LP which was formed on December 4, 2014 and TFI LP which was formed on July 28, 2016;

"**Treatment Plants**" means the active lumber pressure treating plants, located in British Columbia (Kootenay Wood Preservers Ltd. ("**KWP**"), NAWP LP, NWT LP and WCW LP), Saskatchewan (Aallcann Wood Suppliers Incorporated), Ontario (TFI LP, EWP LP and PPWP LP) and Québec (QWP LP), as the case may be. The Treatment LPs, together with their respective general partners, the Treatment GPs, lease the land and buildings, own the equipment and operate the four lumber pressure treating plants, other than KWP, AWS, NWT LP and Pastway whose sites are wholly owned;

"**Treatment LP Vendors**" means, collectively, Alberta Wood Preservers Ltd., Eastern Wood Preservers Ltd.; Québec Wood Preservers Ltd., Western Cleanwood Preservers Ltd. and Western Pacific Wood Preservers Ltd.;

"**TSX**" means the Toronto Stock Exchange;

"**VMI**" means Vendor Managed Inventory;

"**Woodland**" means Woodland Wood Preservers, Ltd., a company governed by the laws of Delaware;

"**Woodland Acquisition**" means the acquisition of the Woodland Plant by Doman on December 3, 2018 pursuant to an asset purchase agreement between Western Wood Treating, Inc., and Woodland; and

"**Woodland Plant**" means the lumber pressure treating plant and related equipment and business formerly owned and operated by Western Wood Treating, Inc.

CERTAIN REFERENCES AND FORWARD-LOOKING STATEMENTS

The information disclosed in this Annual Information Form is stated as at December 31, 2021 or for the year ended December 31, 2021, as applicable, unless otherwise indicated.

Certain capitalized terms in this Annual Information Form have the meanings set out in "Glossary of Terms" or in the Final Prospectus, as applicable. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "$" are to the lawful currency of Canada. Unless the context indicates otherwise, all references to "**we**", "**our**", "**us**", "**Doman**" and the "**Corporation**" refer to Doman Building Materials Group Ltd., formerly known as CanWel Building Materials Group Ltd., and, as applicable, its predecessor, CanWel Building Materials Income Fund (the "**Fund**"). All references to "**CBML**", in this Annual Information Form includes CanWel Building Materials Ltd., together with its subsidiaries and CanWel Building Materials Ltd., a predecessor company of the same name, and all references to "**Doman Group**" refer to the Corporation or the Fund, as applicable, together with the operations controlled and consolidated by them, unless otherwise indicated. All references to "**management**" refer to directors and senior officers of the Corporation.

This Annual Information Form contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results, performance or achievements of the Corporation and its subsidiaries. The latter, which are "forward-looking statements", are presented to provide guidance to the reader, but their accuracy depends on a number of assumptions and is subject to various known and unknown risks and uncertainties. Forward-looking statements include, but are not limited to, statements made herein under the headings "Description of the Business – Products and Services" and "Risk Factors", statements with respect to financial performance, financial position, comparable entities, potential acquisitions and equity or debt offerings, new markets for growth, and other statements concerning the Corporation's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations, and other matters which are not historical facts.

Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "believed", "budget", "scheduled", "estimates", "forecasts", "potential", "predicts", "projects", "intends", "anticipates", or "does not anticipate", "predicts" or "believes", "plans", "intends", "continues", "targeting", "future" or variations of such words and phrases, or that state that certain actions, events, or results "may", "will", "could", "might", "would", "should", "might", "likely" or "will be taken", "occur" or "be achieved", and the inverse or negative forms thereof. Such forward-looking statements are based on the current beliefs and expectations of management regarding the Corporation's and the Doman Group's future growth, results of operations, compliance requirements (including environmental), performance and business prospects and opportunities, and are based on information currently available to management. These forward-looking statements reflect the Corporation's and the Doman Group's current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. Forward-looking statements involve significant risks and uncertainties and, by their nature, are based on the Corporation's estimates and assumptions, which are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, and accordingly should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such results, level of activity, performance or achievements will or may be achieved.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: dependence on general market economic and sector-specific conditions; risks related to the impact of local, national, and international health concerns, including but not limited to the novel coronavirus COVID-19 ("**COVID-19**"); international conflicts or war; sales and margin risk; supply of commodities and volatility of commodity prices; customer and vendor risks; contract performance risk; performance bond risk; litigation risk; environmental risks; the risk that insufficient availability of preservative supply may adversely impact production; risks related to changes to preservative supply formulation, consumer preferences or regulation or legislation related thereto; interest rate risks; inflation risks; information and enterprise resource planning ("**ERP**") system risks; risks associated with implementation, changes and/or upgrades to information systems or technology; cybersecurity risks; the risk that the Corporation will be unsuccessful in implementing its growth strategies or will not succeed in managing growth appropriately; risks associated with acquisitions and their integration; risks related to CanWel Fibre, including with respect to: the timberland business and operating results, natural and man-made disasters, Aboriginal land claims, licenses and permits, laws and regulations, environmental, product demand, stumpage fees, fibre and cost activity, integration, mountain pine beetle ("**MPB**"), wood dust, conflicts of interest, uninsured risks, litigation, competition, employee retention, dependence on outside parties, third party risk, fuel and energy costs, geographic concentration, forest management and seasonality; the risk of increased competition; the risk of insufficient availability of supply of products; inventory risks; risks associated with any failure to expand marketing and distribution channels; risks related to the importation of foreign products; risks inherent in the seasonal and cyclical nature of the Doman Group's business; the risk of a renewal of the Canada-United States Softwood Lumber dispute and other international trade risks; product design and product liability risks; the risk that CBML is, or may become, over-leveraged; legal and regulatory risks; risks related to the Corporation's heavy dependence on the forestry industry; the risk that credit and financing will not be available to the Corporation on favourable terms or at all; currency risk; insurance risks, risks related to climate change and risks related to impact of local, national and international health concerns including but not limited to the impact COVID-19 will have on the economy and potentially the Corporation's supply chain or businesses; the risk of a departure of key personnel; the risk that the Corporation will be unable to finance its acquisition strategy; the risk that certain parties exercising significant control over fundamental transactions may have interests which diverge from those of other securityholders; the risk that future results of operations (including the performance of subsidiaries of the Corporation) will not permit the payment of dividends; the risk that an inability of CBML to pay its interest obligations under certain notes or to declare dividends or a return of capital may result in the Corporation being unable to declare dividends; the risk of significant and unpredictable fluctuations in the price of Common Shares and Senior Notes; the risk to the Corporation's securityholders that in a liquidation scenario, their claims would be subordinate to claims of lenders and certain trade creditors; the risk that restrictive covenants in CBML's credit facilities could result in an acceleration of indebtedness under CBML's credit facilities and that CBML's assets may not be sufficient to repay such indebtedness; the risk that significant capital investment may be required, thereby reducing the amount of cash available for distribution to the Corporation; the risk that a lack of funds could restrict future growth; tax risks; risks associated with the introduction of new product lines; pension funding risks; risks associated with divestitures; the risk that profitability or liquidity may be adversely impacted by increased debt and interest costs; the risk of decreased product selling prices; the risk of unsatisfactory product performance; software and software design risks; the risk of unforeseen increases in operating costs; the risk of unfavourable legislative or regulatory changes; resource extraction risks; risks relating to remote operations; forestry management and silviculture risks; fire and natural disaster customer and supplier risks; key executive risks; the risk of new or revised accounting pronouncements having an unfavourable impact on the Corporation's financial statements or results of operations; and the risk that supplier and/or customer arrangements may be terminated. Factors that could cause actual results to differ materially from the results discussed in the forward looking statements also include (i) the risk that the integration of assets or entities following recently completed and/or future acquisitions, including the Oregon Cascade Acquisition, the Woodland Acquisition, the Lignum Acquisition, the Island Truss Acquisition, the Hixson Acquisition and the L.A. Lumber Acquisition, may result in significant challenges, and management may be unable to accomplish the integration smoothly or successfully or without spending significant amounts of time, money or other resources thereon; any inability of management to successfully integrate the operations of the combined business, including, but not limited to, information technology and financial reporting systems, any of which could have a material adverse effect on the business, financial condition and results of operations of the Corporation; (ii) the risk that revenues, profits and margins of recently acquired assets or entities may not remain consistent with historical levels or sustainable at current levels, (iii) the risk that competing firms which manufacture or distribute competitive product lines will aggressively defend or seek market share, or that existing customers or suppliers of recently acquired entities (some of whom are competitors of the Corporation) will cease doing business with such recently acquired entity or the Corporation, in each case reducing, eliminating or reversing any potential positive economic impact on the Corporation of the acquisition; (iv) the risk that any increased sales, margin, profit or distributable cash resulting from the acquisition may not be fully realized, realized at all or may take longer to realize than expected, or if realized may not be sustained; (v) the risk of disruption from the integration of the assets or entities making it more difficult to maintain relationships with customers, employees or suppliers. A further description of these and other risks associated with an investment in the Corporation can be found herein under "Risk Factors" and in the Corporation's publicly-filed documents (which are available on SEDAR at www.sedar.com). Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: assumptions regarding the performance of the Canadian and US economy, the relative stability of interest rates, volatility of commodity prices, more limited availability of access to equity and debt capital markets to fund, at acceptable costs, the Corporation's future plans or future growth plans, the implementation and success of the integration of completed acquisitions, the ability of the Corporation to refinance its debts as they mature, the Canadian and US housing and building materials markets, post-acquisition operation of a business, interest rates, exchange rates, capital and loan availably, the amount of the

Corporation's cash flow from operations; impact of trade disputes, government regulation, tax laws, laws and regulations relating to the protection of the environment and natural resources, and the extent of the Corporation's future acquisitions and capital spending requirements or planning as well as the general level of economic activity (and the impact of macroeconomic events in other sectors such as oil and gas pricing and foreign exchange and interest rates), in Canada and the US, and abroad, discretionary spending and unemployment levels.

Given these and other known and unknown risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this Annual Information Form are based upon what the Corporation and the Doman Group believe to be reasonable assumptions at the time at which they were made, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this Annual Information Form and, except as required by applicable law, the Corporation and the Doman Group undertake no obligation to publicly update or otherwise revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation is the successor to the Fund following the completion of the conversion of the Fund from an income trust to a corporation by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on February 1, 2010 (the "**Corporate Conversion**"). The Fund had been created effective May 18, 2005 when CanWel Building Materials Ltd., the predecessor listed entity to the Fund, converted into an income trust. The Corporate Conversion effectively reversed the prior income trust conversion and, on February 1, 2010, the holders of units of the Fund and the holders of Class B limited partnership units of CanWel Holding Partnership exchanged such units for common shares of the Corporation ("**Common Shares**") on a one-for-one basis. Following completion of the Corporate Conversion, the Fund, and certain subsidiary entities (including CanWel Holding Partnership and CanWel Operating Trust), were dissolved as these entities were no longer required in a corporate structure.

The Corporation was incorporated under the BCBCA on December 11, 2009 as CanWel Holdings Corporation. The Corporation changed its name to CanWel Building Material Group Ltd. in connection with its continuance under the *Canada Business Corporations Act* (the "**CBCA**") on May 11, 2010 and changed its name to Doman Building Materials Group in May, 2021. The registered office of the Corporation is located at Suite 1500, 570 Granville Street, Vancouver, British Columbia, V6C 3P1, and its head office is located at Suite 1600, 1100 Melville Street, Vancouver, British Columbia, V6E 4A6.

Intercorporate Relationships

The chart that illustrates the structure of the Corporation and identifies material subsidiaries (including the jurisdiction of establishment/incorporation of the various entities) as of March 31, 2022 is attached hereto as Appendix II.

GENERAL DEVELOPMENT OF THE BUSINESS

OVERVIEW

The Corporation's business is carried out through its wholly owned subsidiary CanWel Building Materials Ltd. ("**CBML**") and its subsidiaries and affiliates. CBML was initially created by Canfor Corporation and Weldwood of Canada Limited as CanWel Distribution Ltd., and has been in the building materials distribution business since 1989. CBML was acquired by TFC in 1999 and CBML's common shares were initially listed on the TSX in May of 2004. Since its public listing, Doman has grown organically and by acquisition, vertical integration and geographic expansion across Canada and the Western United States, including Hawaii. On December 31, 2004, CBML acquired Sodisco-Howden Group Inc. (TSX) expanding its distribution business and the division was rebranded "CanWel Hardware". In May of 2005, CBML converted to an income trust structure and continued as the Fund. On October 31, 2006, the Canadian federal government announced fundamental changes to the taxation of income trusts (the "**2006 Tax Change**") which, among other things, negatively impacted the Fund's ability to execute its growth strategy.

In January, 2007, the Corporation completed its acquisition of certain treating plants, announced before the 2006 Tax Change. As a result of the 2006 Tax Change, the Fund completed the Corporate Conversion in 2010. In 2010, the Corporation also sold the CanWel Hardware division, to focus on building materials. Concurrent with the Corporate Conversion, the Corporation acquired Broadleaf Logistics Company ("**BLC**"), the former building materials division of Weyerhaeuser Canada. Since the Corporate Conversion, Doman has continued its expansion in Canada and the United States. In 2012 and 2013, Doman expanded in Western Canada by completing the NWT Acquisition and acquired North American Wood Treaters, expanding its presence in central British Columbia and the Greater Vancouver region, respectively. In the second half of 2013, the Corporation completed the Pastway Acquisition, expanding its presence in Central Canada. In July, 2015, Doman announced that it completed the California Cascade Acquisition, representing Doman's first expansion into the United States. On May 13, 2016, the Corporation completed the acquisition of Jemi Fibre, a vertically-integrated forest products company that operates primarily in British Columbia and Saskatchewan. On September 6, 2016, the Corporation completed the TFI Acquisition, a lumber pressure treating plant in Hagersville, Ontario. On October 2, 2017, the Corporation completed the Honsador Acquisition. With 15 locations across the Hawaiian Islands, Honsador is a leading distributor of building products, and electrical supplies, manufacturer of trusses and producer of pressure-treated wood in Hawaii, with a centralized buying office in Portland, Oregon. In June, 2018, the Corporation completed the Oregon Cascade Acquisition, then a partially completed lumber pressure treating plant, representing Doman's further measured expansion into the United States. On December 3, 2018, the Corporation completed the Woodland Acquisition, a lumber pressure treating plant based in Woodland, California. The Woodland Acquisition expands the Corporation's presence in California and the Western United States treating markets. In April, 2019, Doman completed the Lignum Acquisition. Lignum is a well-established brand in the lumber and forestry distribution market in Western Canada and the United States. In November, 2020, Doman completed the Island Truss Acquisition. Island Truss has built a reputation for excellence and will complement the Honsador business. In June 2021, the Corporation completed the Hixson Acquisition and the L.A. Lumber Acquisition with 20 combined locations in the United States. Hixson expands the Corporation's presence into the large market in the Central United States, previously unserved by the Corporation. The L.A. Lumber Acquisition solidifies the Corporation's presence in Southern California.

THREE YEAR HISTORY

2019 Normal Course Issuer Bid

On November 22, 2019, Doman announced that the TSX accepted its notice of intention to renew its normal course issuer bid through the facilities of the TSX (the "**2019 NCIB**"). Pursuant to the 2019 NCIB, Doman could purchase for cancellation up to 5,995,340 of its Common Shares. Doman did not purchase any Common Shares for termination pursuant to the 2019 NCIB during the fiscal year ended December 31, 2019. The 2019 NCIB terminated on November 25, 2020.

2020 Normal Course Issuer Bid

On November 24, 2020, Doman announced that the TSX accepted its notice of intention to renew its normal course issuer bid through the facilities of the TSX (the "**2020 NCIB**"). Pursuant to the 2020 NCIB, Doman could purchase for cancellation up to 5,972,461 of its Common Shares. Doman did not purchase any Common Shares for termination pursuant to the 2020 NCIB during the fiscal year ended December 31, 2020. The 2020 NCIB terminated on November 25, 2021.

2021 Normal Course Issuer Bid

On November 24, 2021, Doman announced that the TSX accepted its notice of intention to renew its normal course issuer bid through the facilities of the TSX (the "**2021 NCIB**"). Pursuant to the 2021 NCIB, Doman could purchase for cancellation up to 6,825,000 of its Common Shares. Doman did not purchase any Common Shares for termination pursuant to the 2021 NCIB during the fiscal year ended December 31, 2021. The 2021 NCIB will terminate on November 25, 2022, or on such earlier date that Doman completes its purchases pursuant to its notice of intention or provides notice of termination.

Lignum Acquisition

On April 1, 2019, Doman, through certain of its subsidiaries, completed the purchase of all of the issued and outstanding partnership units of Lignum from Conifex Timber Inc. (the "**Lignum Acquisition**"). The Lignum Acquisition solidified and complemented Doman's North American distribution capabilities and reach with existing and new customers, through the addition of Lignum's virtual network of established third party inventory locations. Further details may be found in the Corporation's news releases dated March 27, 2019 and April 1, 2019.

Island Truss Acquisition

On November 9, 2020, Doman, through certain of its subsidiaries, completed the purchase of the truss design and manufacturing plant and related equipment and business formerly owned by Vickers Island Truss, Ltd. The Island Truss Acquisition solidifies, expands and compliments Doman presence in the Hawaiian market through the addition of Island Truss's truss design and manufacturing operations on Kauai. Further details may be found in the Corporation's news release dated November 9, 2020.

2021 Senior Unsecured Note Offering

On May 10, 2021, the Corporation completed a private placement offering of 5.25% senior unsecured notes, maturing on May 15, 2026 (the "**2026 Senior Notes**") at a price of $1,000 per 2026 Senior Note for total gross proceeds of $325,000,000 (the "**2021 Note Offering**"). The net proceeds of the 2021 Note Offering were used to repay indebtedness under the Corporation's revolving credit facility and for general corporate purposes.

2021 Equity Offering

On May 11, 2021 the Corporation completed a bought deal prospectus offering (the "**2021 Equity Offering**") of 8,625,000 Common Shares of the Corporation, at a price of $10 per common share for total gross proceeds of $86,250,000. The net proceeds of the 2021 Equity Offering were used for the repayment of bank debt and general corporate purposes.

Hixson Acquisition

On June 4, 2021, Doman, through certain of its subsidiaries, completed the purchase of the assets and business of Texas based Hixson Lumber Sales, Inc. Hixson is a leading wholesale and manufacturing company of lumber and treated lumber operating in the Central United States (the "**Hixson Acquisition**"). Its operations are highly complementary to the Corporation's existing U.S. West Coast operations without overlap and expand the reach of the Corporation into the central corridor of the U.S. Further details may be found in the Corporation's press release dated June 4, 2021.

L.A. Lumber Acquisition

On June 22, 2021, Doman, through certain of its subsidiaries, completed the acquisition of the lumber pressure treating plant and related equipment and business formerly owned by Fontana Wholesale Lumber Inc. and Fontana wood Preserving, Inc. (the "**L.A. Lumber Acquisition**"). The L.A. Lumber Acquisition solidifies Doman's presence in Southern California, and compliments its reach into the Western United States, by supporting its existing treating facilities in California and Oregon, and adding fire retardant treating capability. Further details may be found in the Corporation's news release dated June 22, 2021.

DESCRIPTION OF THE BUSINESS

Doman is Canada's only fully integrated national distributor in the building materials and related products sector. Doman operates: multiple treating plant and planing facilities in Canada and the United States; distribution centres coast-to coast in all major cities and strategic locations across Canada; in the United States near Portland, Oregon, San Francisco and Los Angeles, California and in 15 locations in the State of Hawaii through its wholly owned Honsador Building Products Group. Doman distributes a wide range of building materials, lumber, renovation and electrical products. In addition, through its CanWel Fibre division, Doman operates a vertically integrated forest products company based in Western Canada, operating in British Columbia and Saskatchewan, also servicing the US

Pacific Northwest. Doman owns approximately 117,000 acres of private timberlands, strategic licenses and tenures, several post and pole peeling facilities and two pressure-treated specialty wood production plants and a specialty sawmill. Through its Hixson Lumber division, Doman operates in the central United States, with 19 treating plants, two specialty planing mills and five specialty sawmills located in eight states, headquartered in Dallas, Texas, distributing, producing and treating lumber, fencing and building materials.

The Canadian and US building materials distribution industries fulfil a key intermediary role by purchasing large quantities of homogeneous products from primary producers and then selling and shipping smaller, heterogeneous orders of building materials to their retail and industrial customers.

The Corporation operates through the following four operating divisions:

1. the CanWel Building Materials Division ("**CanWel Building Materials Division**");

2. the CanWel Treating Division ("**CanWel Treating Division**");

3. the Doman US Division ("**Doman US Division**"); and

4. the CanWel Fibre Division ("**CanWel Fibre Division**").

PRODUCTS AND SERVICES

CanWel Building Materials Division

The CanWel Building Materials Division is involved in the warehousing and distribution of a wide variety of items including lumber, treated lumber, panel boards (plywood, wafer board and oriented strand board (OSB)), specialty industrial products, siding, roofing, insulation, engineered wood products, mouldings, milled items, paneling, ceiling tiles, storage items (shelving and closet lining), caulking, adhesives, locks, fasteners, forms and drainage, decking, cedar products, fencing, railings and reinforcement bars.

In order to maximize inventory efficiencies and product availability, product lines are distributed from the most appropriate distribution centre based on supplier, customer and product type. Certain product lines may only be stocked by certain distribution centres, as determined by customer requirements and regional availability of product.The CanWel Building Materials Division's product offerings are separated into two main product categories: (i) construction materials, and (ii) specialty and allied products.

Construction Materials

These products are lumber and panel products, and pressure treated lumber, panel products and building materials, that exhibit high standardization across suppliers. For example, lumber and plywood are essentially the same regardless of the producer, as opposed to the brand and quality differences seen in other products such as insulation and roofing. The homogeneous nature of commodity products limits the ability of the reseller to charge differentiated prices. However, where a distributor such as CanWel Building Materials Division can demonstrate added value to its customers, by providing payment terms, improved delivery times and logistics, unbundled sales and consistency of availability, the opportunity for increased margins is improved.

Construction materials support strategic and operational objectives of the CanWel Building Materials Division. On a strategic front, the purchasing of these products is of significant importance to the daily operations of the CanWel Building Materials Division's building supply retail client base. CBML's ability to actively participate within the commodity market enhances the CanWel Building Materials Division relationships and importance to its prime market. On an operational front, these products provide the CanWel Building Materials Division with the ability to offer regularly scheduled delivery service to its clients at a low cost. Commodity products allow the CanWel Building Materials Division to maximize truck capacity when leaving the CanWel Building Materials Division's distribution centres, which in turn provides clients with a high degree of service, while providing sufficient scope to ensure the CanWel Building Materials Division's transportation costs are low in relative terms.

Specialty and Allied Products

These are products that have a brand presence and are a focus of the CanWel Building Materials Division. Doman has targeted this category for growth and believes that the higher margins attributable to branded products can enhance profitability. CanWel Building Material Division's strategy is to develop this business to align itself with world-class manufacturers that require the services of the CanWel Building Materials Division to have their products available in markets across Canada such as Louisiana Pacific, James Hardie, BP, DuPont, IPG, CertainTeed, MoistureShield, Rubbermaid, West Fraser, Tolko and Weiser. Some of these products include engineered wood, cement and wood siding, specialty panel products, pine boards, nails, asphalt roofing, foam and fibreglass insulation, locks and composite decking.

The CanWel Building Materials Division is focused on increasing its market share through continued improvement of its product and service offerings. Many of the specialty allied products distributed are differentiated from competing products due to strong brand names and value-added features. The combination of these industry leading building products and services allows the CanWel Building Materials Division to provide single-sourced solutions to address the requirements of its customers.

The following table provides a breakdown of the majority of product lines and products which comprise the CanWel Building Materials Division's two main product categories, namely, construction materials and specialty and hardware products.

Product Category	Products
Construction Materials	• plywood, waferboard, and oriented strand board (OSB) • untreated lumber, eastern and western spruce-pine-fir (SPF), and studs • treated lumber - plywood, and high-end decking • cedar - fencing and railings
Specialty and Allied Products	• siding products - vinyl, hardboard, plywood, cedar siding, cement siding and vinyl lattice • roofing products - asphalt shingles, rolls, roofing nails, and coatings • insulation products - batts, boards, and film • wall systems; storage - wood and metal shelving, cedar closet lining • wood composites - alternative decking and other building materials • engineered wood products - wall and flooring systems, laminated veneer lumber, laminated strand lumber, columns and joists • structural and appearance timbers, exterior deck components, spindles, stair parts and lattice • mouldings and millwork wood and plastic mouldings • interior decorating paneling - hardboard and lumber • ceiling tiles and grid • caulking and adhesives • security - locks and passage sets • fasteners - construction nails, coloured nails, and drywall screws • forms, reinforcement & drainage products

Services provided include:

- ***Competitive Pricing through Scale Purchasing.*** Distributors have the ability to purchase substantial quantities of building materials from primary producers which enable distributors to offer more competitive pricing to retailers, builders, and industrial customers than they could achieve on their own.

- ***Inventory Management.*** Building products distributors reduce the time period required to fill customer orders by maintaining substantial inventories of building materials at strategically located distribution centres that are close to significant customer concentrations.

- ***Sales and Marketing Support.*** A national sales force to support our business partners in the sales and promotion of their products at the retail level.

- ***Logistical Support.*** The provision of logistical support to both primary producers and retailers and industrial customers is an integral part of the distribution process.

- ***Technical Design Services.*** The provision of design services to complement the sales of engineered wood, siding and decking products.

- ***Interim Financing.*** The distribution industry also provides a source of interim financing to the industry's retail and industrial customers. Primary producers of building materials typically have short payment terms while operators in the retail and industrial markets require longer payment terms, similar to those that exist with their customers.

CanWel Treating Division

CBML indirectly operates the Treatment Plants as the CanWel Treating Division. The Treatment Plants are engaged in the business of providing pressure treating services for a variety of different product groups. The Treatment Plants specialize in providing treating services for consumer lumber, as well as for wood products utilized by construction companies, public utilities and retailers. The treatment process protects wood and wood products against decay and pests.

The Treatment Plants use a variety of preservatives to carry out the treatment process, including alkaline copper quaternary ("**ACQ**"), micronized copper azole ("**CA**"), MicroPro Sienna micronized copper azole ("**MCA**"), and on a limited basis for non-consumer products, copper chrome arsenate ("**CCA**"). The preservatives used by the Treatment Plants are water-based and have been approved by Health Canada.

Description of the Treatment Process

The treatment process used by the Treatment Plants involves permeating wood and wood products with a specified preservative under pressurized conditions. The preservative is introduced into the wood or wood product (collectively, for the purposes of this section, "**wood**") by a specialized solution. Pressurized steel cylinders (also referred to as chambers) are used to force the specialized solution, namely the aforementioned ACQ, CA, MCA or CCA, into the wood.

Upon customer request or product requirement, and in order to permit greater penetration of the preservative, excess moisture in the wood or wood product may first be reduced by air-seasoning, kiln drying or through a "pre-conditioning process" in the treatment cylinder itself. Once this first stage is completed (or if the wood does not require pre-conditioning), the treatment process is performed on packages of wood that have been loaded and stacked onto wheeled tram carts and then inserted into the treatment cylinder. Once a cart is inserted into the treatment cylinder, the door is sealed and a vacuum or pressurized condition is created. The preservative is then introduced into the cylinder and forced into the wood by pressure. Hydraulic pressure is maintained in the treatment cylinder until the wood has absorbed the preservative to a pre-determined level. Once the process has been completed, excess preservative is removed by vacuum pressure and returned to storage tanks.

Doman US Division

The Doman US Division is comprised of the Cascade Group, Honsador and Hixson Lumber. The Cascade Group includes California Cascade and the Cascade Treating Division, and operates distribution, manufacturing and treating facilities in California and, Oregon. Similarly to the CanWel Building Materials Division, the division is also involved in the warehousing, distribution and sale of a wide variety of items including lumber, poles, posts, shakes, shingles and other forest products, including redwood and cedar products (collectively, "**Forest Products**") as well as trusses, engineered wood, decking, fencing, specialty-branded products and accessories and other related products. Honsador operates in the Hawaiian Islands, with 11 distribution facilities, four manufacturing and treating facilities and a buying/logistics office in Oregon, that provide building materials distribution, treating services, truss manufacturing, electrical products supply and value added services as part of its value proposition to its customers. Hixson Lumber operates in the central United States, with 19 treating plants, two specialty planing mills and five specialty sawmills located in eight states, headquartered in Dallas, Texas, distributing, producing and treating lumber, fencing and building materials.

Cascade Group

The Cascade Group is made up of two complementary components – a distribution component, California Cascade and Honsador, and a treating component in the Western US.

California Cascade

California Cascade is the distribution component of the Cascade Group, which provides (i) distribution services, including truck delivery and export container loading, as applicable for its customers, and (ii) on a limited basis some value added services, such as planing, moulding, kiln drying, re-manufacturing and/or other processing of Forest Products and the sale and distribution thereof. In order to maximize inventory efficiencies and product availability, product lines are distributed from the most appropriate California Cascade location based on supplier, customer and product type. Certain product lines may only be stocked at certain locations, as determined by customer requirements and regional availability of product.

Cascade Treating Division

The Cascade Treating Division provides pressure and/or chemical treatment, fire retardant treating, and includes custom treating services of Forest Products and the sale and distribution thereof, through four sites on the US west coast The division complements the Corporation's existing treated lumber and specialty wood products business in the Western United States.

Oregon Cascade is based in Oregon, and provides lumber pressure treating services for customers predominantly based in Washington, Oregon, and Northern California. Woodland is based in Central California, and specializes in producing pressure treated wood products suitable for a variety of building project applications, and has been in business for more than 30 years. Woodland provides ACQ pressure treatment and borate pressure treatment.

L.A. Lumber is located in Fontana, California and is strategically located near the division's Fontana Wood Preserving facility, providing capacity for the Southern California region. L.A. Lumber complements the Corporation's existing treated lumber and specialty wood products business in the Western United States. The business has been in operation for more than 30 years and also provides fire retardant treating along with an almost doubling of our overall capacity for Southern California, complementing our suite of US West Coast offerings.

Honsador

Honsador serves as a "one-stop shop" and trusted partner to over 3,500 customers in Hawaii through its extensive product offering of over 50,000 SKUs and value added services. Honsador evolved from a single location distributor to a multi-island leading company with 11 distribution facilities, four manufacturing and treating facilities and a buying/logistics office in Oregon, that provide building materials distribution, treating services, truss manufacturing, electrical products supply and value added services as part of its value proposition to its customers.

The diverse value-added services of Honsador in addition to those aforementioned, include performance management services, home design packages (which include the purchase of the design, framing materials, trusses, siding, roofing, cabinets, countertops, windows and doors, drywall, plumbing and electrical fixtures), and branded product offerings, several of which are unique to Hawaii. Honsador's full-scale wholesaling operations provide a further diversified building products offering. Honsador utilizes wholesaling to provide products to smaller market participants who are unable to access well-known brands due to their relatively small scale. Wholesaling is another beneficial service due to significant purchasing advantages, increased variety in product offering and product availability and flexibility to optimize inventory while maintaining exclusive relationships with well-known original manufacturers. Honsador also distributes electrical products throughout the Hawaiian Islands through its wholly owned Alpha Electric subsidiary.

Hixson Lumber

Hixson Lumber operates in 19 locations across nine U.S. states, and was founded in 1959. Hixson is a value-added wholesale and manufacturing company in the lumber and treated lumber space. Hixson sells into and delivers products in 25 states primarily through the central United States, and is based out of Dallas, Texas.

Hixson serves national big box retailers, several national home builder distribution yards, large regional lumber yards, and multiple small independent lumber yards. Primary business lines are treated lumber, wood fence manufacturing, and one inch board manufacturing. Transportation and logistics are supported by an internal fleet of trucks, moving product from Hixson facilities to customer end points. Hixson offers its customers flexible delivery support with truckload quantities shipping, with allowance for less than truckload quantities.

CanWel Fibre Division

The CanWel Fibre Division's forestry operations consist of timber ownership and management on private timberlands and Crown forest licenses, post-peeling and wood treatment operations for the agricultural and specialty lumber markets throughout Western Canada and the Western United States. CanWel Fibre also conducts select operations in Central Canada, and lumber trading in North America through the Lignum Acquisition. CanWel Fibre conducts its operations and offers its products and services through the categories set out below.

Timber

CanWel Fibre's timber group primarily includes fibre controlled by CanWel Fibre through its ownership of approximately 117,000 acres of private timberland (principal species include spruce, pine, cedar, balsam fir, Douglas fir and western larch species) in the East Kootenay (near Fernie and Elkford, BC) and Hazelton areas of British Columbia. CanWel Fibre has additional harvesting rights, at CanWel's discretion until 2032, on approximately 19,000 acres formerly owned by CanWel Fibre CanWel Fibre also has access to timber on Crown license in BC and Saskatchewan, under various programs. The majority of timber harvested by CanWel Fibre is sold to third parties through both long-term and short-term contracts with the balance supplying CanWel Fibre's wood treatment facilities. CanWel Fibre operates wood treatment facilities (BC, SK and ON) in addition to those operating in the CanWel Treating Division, see "*Wood Treatment*" below.

Wood Treatment

CanWel Fibre's wood treatment group manufactures treated posts and poles, primarily for fencing and crops for the agricultural markets in Western North America. The division consists of Kootenay Wood Preservers Ltd., a Cranbrook, BC based wood preserving plant with post-peeling yards, and Aallcann Wood Suppliers Inc., a Prince Albert, Saskatchewan based wood preserving plant and post-peeling yard. CanWel Fibre's wood treatment operations optimize the use of CanWel Fibre's fibre supply by generally utilizing smaller, non-sawlog sized fibre to manufacture a high-value finished product. Additionally, with the Pastway and NWT LP sites, the facilities offer pressure treating services, to support the planing and building products produced by the CanWel Fibre Division.

Specialty Lumber Manufacturing

CanWel Fibre's specialty lumber manufacturing group includes its Northwest Wood Treaters LP in Prince George, BC, and the planer mill and related facility at Pastway Planing and Preserving LP in Combermere, ON, as well as certain legacy assets at WoodEx Industries Ltd. planer mill and sawmill in Edgewater, BC. The facilities support the Corporation's treating operations, and also offer lumber planing services to support the provision of input material for the treatment process, and custom processing for third parties is also available.

Lumber Trading

In 2019, Doman further expanded our market coverage and penetration through the Lignum Acquisition. Lignum is a private partnership which operates a wholesale lumber trading, marketing and distribution business. Lignum is an established name in the forestry and lumber distribution business in British Columbia, and serves customers and distributes products complementary to ours and other British Columbia lumber producers. The Lignum Acquisition helped expand our market reach in North America through a virtual network of established third party inventory locations.

MARKETS

CanWel Building Materials Division

Collectively, through its distribution centres in 16 cities across Canada, the CanWel Building Materials Division has a significant presence across the country. There are three primary end-use markets for the CanWel Building Materials Division's products: new home construction, home renovation and manufacturing or industrial applications. Within these markets, the CanWel Building Materials Division sells a wide variety of building materials to thousands of customers, including "big box" warehouse stores, large independent chains, large co-operatives, and smaller independent chains, stores, and yards. The CanWel Building Materials Division's key products are comprised of the following two categories: construction materials and specialty and hardware products. These two categories consist of over 200 separate product lines, encompassing over approximately 20,000 stock keeping units (SKUs).

CanWel Treating Division

From four locations across Canada, the CanWel Treating Division's market is defined by the products for which its services are provided: consumer products or wood (as the latter term is defined above) utilized by the construction, public utility and retailer business. In the consumer lumber part of the business, the Treatment Plants typically treat lumber owned by customers (often lumber wholesalers) for use in patios, decks, fencing and other outdoor applications. The Treatment Plants' customers typically supply the raw wood and the Treatment Plants apply the treatment. The treating services provided by the Treatment Plants allow wholesalers to expand their product line by offering treated wood products without having to operate treatment facilities of their own. The Treatment Plants have produced treated products destined for the majority of the retail building supply centers in Canada. In the construction, public utility and retailer part of the business, the Treatment Plants provide treating services for construction timbers, power pole cross arms and landscape ties.

CanWel Fibre Division

The CanWel Fibre Division has a significant presence in Western Canada, servicing British Columbia, Alberta and Saskatchewan, as well as offering its products to Washington, Idaho, Montana, Oregon, California, Hawaii and other Western United States. The CanWel Fibre Division manages private timberlands and Crown forest licenses, and post-peeling and pressure treating services and sells its products to a customer range from national corporations to end users seeking building material and agricultural products, in the agricultural and building materials markets. Additionally, at (i) NWT LP and Pastway, the division can offer pressure treating and lumber planing services for raw wood, delivering greater flexibility in input supply for third parties and the CanWel Fibre, CanWel Treating, and CanWel Building Materials divisions; and (ii) at Lignum, the division offers lumber and construction materials trading across North America. CanWel Fibre operates from its land base of 117,000 acres of private timberlands in BC, and strategic licenses in BC and Saskatchewan. CanWel Fibre has also planted approximately seven million seedlings since acquisition.

Doman US Division

California Cascade

California Cascade has a significant presence across the Western United States, servicing California, Oregon, Washington, Utah, Nevada and Arizona. Similar to the CanWel Building Materials Division, the three primary end-use markets for California Cascade's products are the new home construction, home renovation and manufacturing or industrial applications. Within these markets, California Cascade sells a wide variety of building materials to a wide variety of customers, including "big box" warehouse stores, large independent chains, large co-operatives, and smaller independent chains, stores, and yards. California Cascade's key products are also generally comprised of the construction materials and specialty and hardware products categories.

Cascade Treating Division

The Cascade Treating Division's market is also defined similarly to the CanWel Treating Division, with allowance for location specific factors for its business. The Cascade Treating Division's treatment plants produce pressure treated and fire retardant products destined for the retail building supply centers in the western US, primarily being Oregon, California, Nevada, Utah and Arizona.

The Cascade Treating Division is comprised of four locations, Woodland is a lumber pressure treating plant facility near Sacramento, California. Woodland solidifies the Corporation's presence on the Western United States, servicing California, Oregon, Utah, Nevada and Arizona. The Oregon Cascade lumber pressure treating plant facility is located near Junction City, Oregon and complements Woodland and expands the Corporation's US Division's footprint deeper into the Oregon and Washington state markets. Oregon Cascade is a strategic acquisition that is in line with the strategy of adding scale and volume to the Western United States in pressure treated lumber and specialty wood products. L.A. Lumber is a lumber pressure treating plant facility located in Fontana, California and complement's the division's nearby Fontana Wood Treating, Inc. facility. The addition of L.A. Lumber has further expanded the Corporation's presence in Southern California, servicing California, Oregon, Utah, Nevada and Arizona. L.A. Lumber supports California Cascade's business, by providing lumber treating services and fire retardant treating, adding further natural vertical integration to the suite of the Corporation's offerings.

Honsador

Honsador services the building products and total construction markets in Hawaii. Long-standing and diverse supplier relationships have enabled Honsador to establish a leading product offering in Hawaii. As a result, Honsador is a leading distributor of diversified building products for the single family, multifamily, commercial and industrial, government and professional repair and remodel end markets. Honsador manufactures both roof and floor trusses for the single family residential construction market and is only one of two locations in Hawaii that provide wood treating services. Truss manufacturing and wood treating operate from four locations and are able to service all islands through the extensive distribution footprint and logistics capabilities of Honsador. Several of the value added services provided by Honsador are considered unique within the Hawaiian market and serve as barriers to entry. Additional entry barriers to entry into the in the Hawaiian market generally include, without limitation:

- complex logistics with the mainland, requiring incremental steps to service Hawaii and a high degree of coordination to deliver products on time, in the right quantities and in the right condition;
- the need for multiple locations as many customers operate on all islands so distributors need to have geographic coverage where customers are located;
- unique market of Hawaii as a result of regulations of each island and distribution being a "local" business (which favours market participants with a multi-island presence as employees have local history, experience and customer relationships that are advantages in the local Hawaiian market);
- scale of sales required to cover individual fixed costs due to the market's fragmented geography consisting of islands; and
- demand for related services as customers rely on distributors for more than just products (e.g. design support, performance management services and product selection).

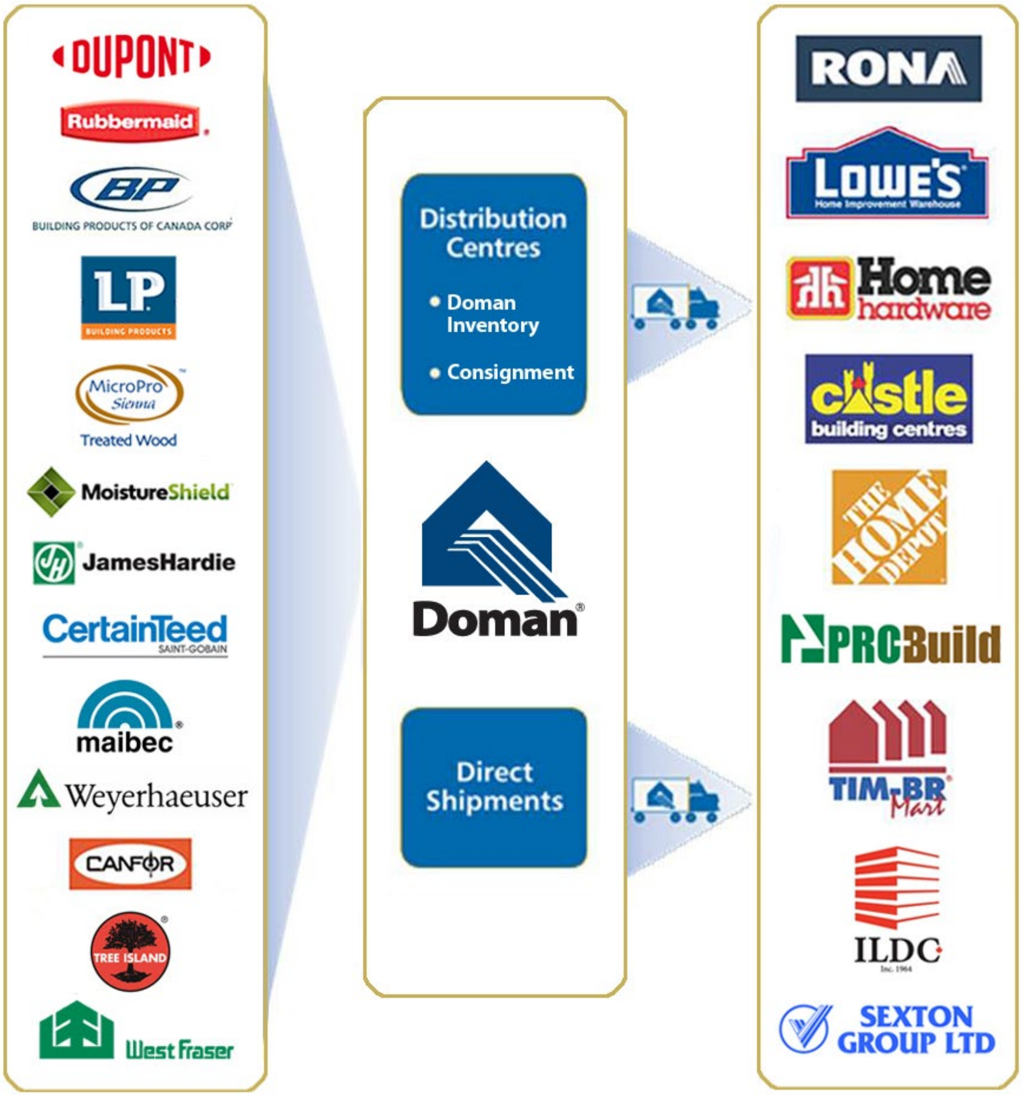
Hixson Lumber

Hixson Lumber operates in 19 locations across eight U.S. states with its headquarters in Dallas, Texas. Hixson is a value-added wholesale and manufacturing company in the lumber and treated lumber space. Hixson operates 19 pressure treating plants, five specialty sawmills and offers fire retardant treating services. Customers are served on a regional basis and each plant is responsible for managing local customer relationships. The geographic diversity of the plants can improve access to raw materials, reduce transportation costs, and offer varying operational capacities including wood treatment, kiln drying and planing capabilities, among others. Hixson sells into and delivers products in 25 states primarily through the central United States, from its locations in Texas, Arkansas, Illinois, Indiana, Missouri, Mississippi, Louisiana and Tennessee.

Hixson serves national big box retailers, several national home builder distribution yards, large regional lumber yards, and multiple small independent lumber yards. Primary business lines are treated lumber, wood fence manufacturing, and one inch board manufacturing, primarily in the Southern Yellow Pine species of wood. Transportation and logistics are supported by an internal fleet of trucks, moving product from Hixson facilities to customer end points.

DISTRIBUTION METHODS

The diagram below depicts the three distribution channels for the Corporation's distribution business.



In terms of the physical distribution of its products, the CanWel Building Materials Division receives and ships products via their distribution centres or facilitates the direct shipment of goods between primary producers and their retail and industrial customers. Shipments via the distribution centres are further distinguished as being comprised of Doman owned product inventory or on-site VMI maintained on behalf of suppliers.

Doman Inventory via Distribution Centres

Doman purchases inventory from suppliers and warehouses it in Doman warehouse facilities for re-sale to customers. When sold, Doman will either deliver the products to customers, or the customers will attend at the warehouse facilities to pick up the inventory. Where Doman is required to deliver products to its customers, by and large Doman does so on a contract basis with established third party carriers, as outside of California Cascade and Hixson divisions, CanWel does not maintain an internal transportation fleet.

VMI via Distribution Centres

Suppliers transport quantities of their own inventory to the CanWel Building Materials Division's warehouse facilities, allowing the CanWel Building Materials Division's sales staff to sell the inventory before it has been purchased by the CanWel Building Materials Division. Under this process, when sales are made to the CanWel Building Materials Division customers, the inventory is purchased from the CanWel Building Materials Division's supplier and simultaneously re-sold to the CanWel Building Materials Division's customer. This process benefits the CanWel Building Materials Division by providing access to inventory without having to commit the Corporation's working capital, while also increasing the product range the CanWel Building Materials Division can offer its customers. Additional benefits to the CanWel Building Materials Division include lower risk of fluctuating commodity pricing and the ability of the CanWel Building Materials Division to carry a larger inventory. The CanWel Building Materials Division's suppliers benefit in that the CanWel Building Materials Division may not have otherwise offered as broad a range or as large quantities of such supplier products to the CanWel Building Materials Division's customers had the CanWel Building Materials Division been required to purchase the inventory prior to re-selling it to its customers. This also allows Doman's suppliers to be positioned closer to the end user with a more robust product assortment offering. VMI sales increase both sales volumes to the CanWel Building Materials Division's customers as well as purchase volumes from the CanWel Building Materials Division's suppliers. The major VMI product lines include lumber, plywood, siding, roofing products, hardwood plywood and treated products. VMI strategies are also used by the Corporation's other distribution centres and divisions.

Direct Shipments

Doman purchases products from suppliers and arranges for those products to be shipped directly to its customers. The products do not pass through Doman warehouses and therefore do not attract warehouse movement and storage costs. Direct shipments, which are made possible due to Doman economies of scale, offer the advantage to Doman's customers of being faster than traditional sales methods. Additionally, Doman's customers and suppliers may be in close proximity, thereby reducing transportation costs by having goods shipped directly from Doman's supplier to Doman's customer without first going through a warehouse facility.

Facilities

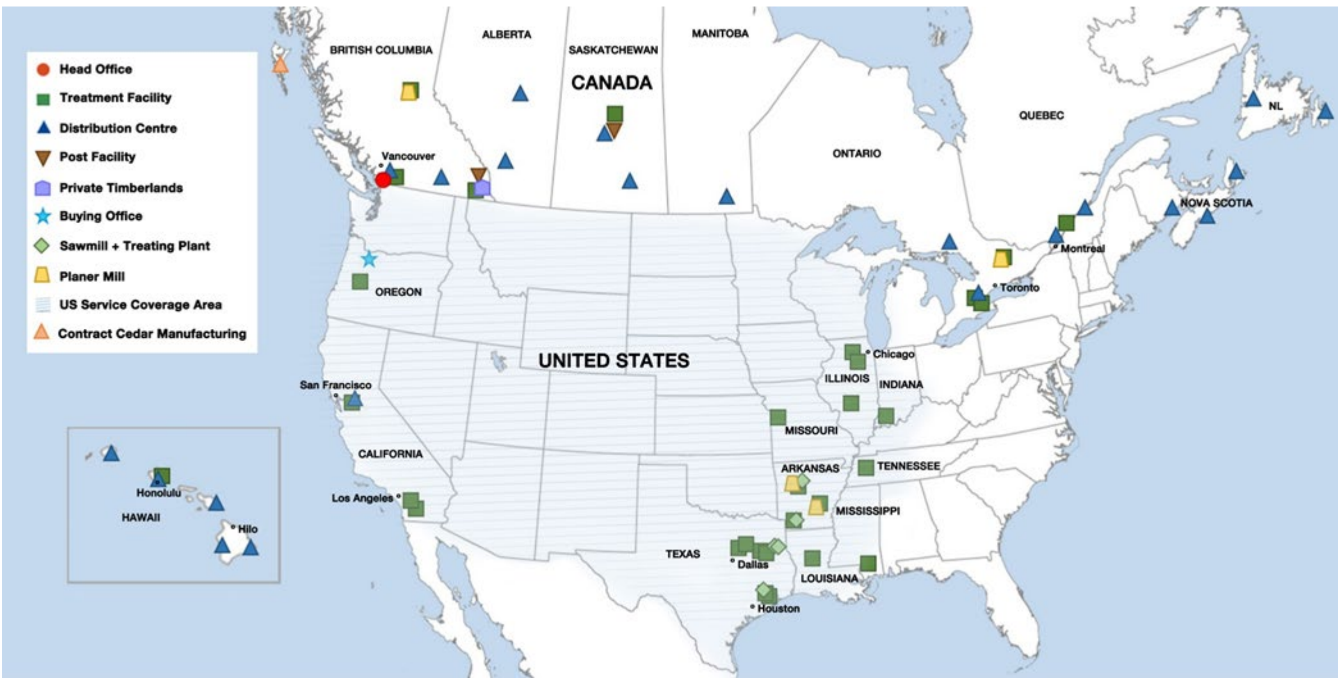
Doman has operations located from coast-to-coast throughout Canada, as well as located in the states of Hawaii, California, Oregon, Texas, Illinois, Indiana, Arkansas, Louisiana, Tennessee, Missouri and Mississippi in the United States. Additional detail on Doman's Canadian and US locations is set out on our regional map.

CanWel Fibre Division

CanWel Fibre's timber operations are focused in the Kootenay and Central Interior regions of British Columbia, and in central Saskatchewan. In each of these locations, CanWel Fibre has made significant investments in harvesting equipment and production capacity, providing vertical integration and maximum optimization of its manufacturing facilities.

Facilities – Canada and United States

Doman has operations located from coast-to-coast throughout Canada, and in the United States from Hawaii to Indiana. The map below indicates the locations of the CanWel office, distribution and warehouse facilities, as well as the location of the Treatment Plants in Canada. The map also indicates the locations of the distribution, warehousing, planing, treating and office facilities of the Cascade and the primary Honsador locations, as well as an outline of its primary sales and service coverage area in the Western United States. Honsador's operations are focused on serving all of the islands of Hawaii with 15 facilities on four of the five main islands of Hawaii. In addition, Honsador also operates a mainland purchasing/logistics office in Portland, Oregon. The Hixson Division headquartered in Dallas, Texas and operates 19 locations in 8 states through the central US corridor, as shown the coverage area detail in the map below.



SALES

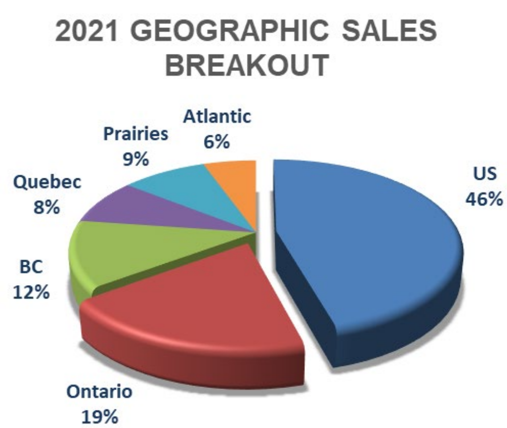
Sales of Doman's products or services are set out below in our three main categories.

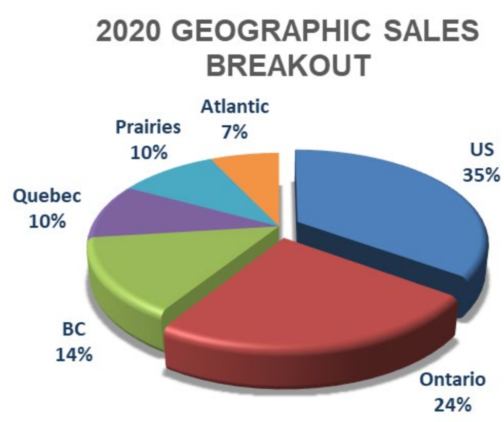
Sales by Product Category

The principal markets for Doman's major product lines correspond to the locations of the various distribution centres. It is economical and efficient to have warehouses storing inventory as close to major concentrations of customers as possible. In 2021, approximately 54% of Doman's sales were made in Canada (2020 – 65%).

The breakdown of sales by Doman in 2021 and 2020 are illustrated below.

Sales by Geographic Region





SUPPLIERS

Doman's supplier base consists of approximately 4,600 separate suppliers across all our product lines. In 2021, the largest supplier represented 11% of Doman's total purchases and the top five suppliers represented approximately 27% of total purchases. The remaining 73% of total purchases by Doman were spread across Doman's other suppliers. The majority of Doman's purchases are made in Canada and the United States.

COMPETITIVE CONDITIONS

Doman faces competition from one or more competitors in all geographic areas where its distribution centres are located, whether in Canada or the United States. Doman competes with many local, regional and national distributors, product manufacturers that engage in direct sales and, to a lesser extent, mass merchandisers. Doman's competition varies by product line, customer classification and geographic market.

CanWel Fibre operates in a highly competitive business environment in which companies compete, to a large degree, on the basis of price and also on the basis of service and ability to provide a steady supply of products over the long term. There are many suppliers of softwood and hardwood logs, wood treatment services and specialty lumber located in Western Canada. Management believes that CanWel Fibre may also be subject to increased import competition from worldwide suppliers of forest products. See "Risk Factors – Competition".

BRANDING AND INTELLECTUAL PROPERTY

Doman's divisions have branded products in the industrial, siding, mouldings and millwork, paneling, storage, fasteners, treated lumber, building materials product lines and hardware. This branding provides these divisions with an advantage over most of its competitors in the marketplace by allowing these products to be favourably differentiated in the marketplace, improving customer loyalty (by also providing customized packaging and shipments) and improving product gross margins. The CanWel Building Materials Division also produces private label brands for its customers, such as RONA/Lowes.

Management believes that several of the trademarks, names and logos owned by CBML enjoy significant brand recognition and market awareness throughout the Canadian building materials industry. As a result, CBML takes an active approach to protecting its brand identities. Doman has registered trademarks in Canada for several of its owned and licensed brand names, logos and designs, including the name, design and logo for Doman and CanWel.

SEASONAL AND CYCLICAL NATURE OF THE BUSINESS

Doman's business cycle is both seasonal and cyclical. Doman's business is seasonal and fluctuates in advance of the normal building season. Inventory is increased during the fourth quarter and first half of the year in anticipation of the building seasons, and the busy selling season begins in the last half of the first quarter and extends to the end of the third quarter. Doman is seeking to lessen the impact of such seasonality in its operations and sales, and is accomplishing increased shoulder season sales (prior to the busy selling season) through an increased emphasis on sales of interior building products such as decorative paneling, mouldings, decorative door handles and locks. Additionally, suppliers are enabling Doman to procure inventory earlier in the sales cycle with purchasing incentives. CanWel Fibre's timber business is also seasonal, with harvesting activity highest in the winter months, with a significant decrease in activity in the spring. Doman's recent expansion into California, Hawaii, Oregon, the Western and Central United States through its Doman US Division is also expected to help reduce the impact of seasonality due to the more level nature of the building season in the more temperate and tropical climates of California and Hawaii, and to a lesser degree, in Texas and the south central US.

Doman's sales also fluctuate in accordance with macroeconomic factors and housing starts. Doman's sales that relate to new housing construction tend to follow new housing starts, which vary with, among other things, interest rates, employment levels and general economic activity. Housing renovation also indirectly accounts for a large portion of customer purchases from Doman. Housing renovation tends to be less sensitive to changes in interest rates and partially mitigates the cyclical effect of interest rate changes on Doman's sales levels.

See "Risk Factors – Seasonality".

FOREST REGULATION

CanWel Fibre's timberland assets are primarily in British Columbia and Saskatchewan, and are subject to the requirements of such provinces respectively. In British Columbia, Crown land comprises more than 90% of all land. Under the *Forest Act* (British Columbia) and the *Forest and Range Practices Act* (British Columbia) (the "**FRPA**"), the Ministry of Forests, Lands and Natural Resource Operations (the "**Ministry of Forests**") regulates forestry operations on these lands and grants various forms of timber tenures to provide the private sector with secure access to forest resources. The majority of Crown timber is subject to medium to long-term harvesting tenures. The provincial government in British Columbia is responsible for setting the allowable annual cut ("**AAC**") on timber tenures, approving Forest Stewardship Plans and cutting permits that authorise specific harvesting activities, determining the stumpage applicable to harvested timber, and compliance and enforcement.

Over half of Saskatchewan's land base is forested, representing 34 million hectares, of which over 90% is owned by the Government of Saskatchewan. The "commercial forest zone" in Saskatchewan comprises 11.7 million hectares, of which 5.3 million hectares are classified as productive forest land, generating an AAC of 8.2 million cubic metres. The primary governing legislation is the *Forest Resources Management Act* (Saskatchewan) and the *Forest Resources Management Regulations* (Saskatchewan). The Saskatchewan Ministry of Environment's Forest Service (the "**Forest Service**") regulates forestry operations on provincial lands and grants timber tenures. As is the case in British Columbia, the provincial government in Saskatchewan is responsible for setting the AAC on timber tenures, approving forest management plans, annual operating plans, issuing permits, licences and forest management agreements, and managing compliance and enforcement. Saskatchewan has a well-established and competitive forest industry that, in normal market conditions, generates over $1 billion in forest product sales and over $800 million in exports.

In British Columbia, long-term harvesting rights are typically granted in the form of replaceable forest licences or tree farm licences. The Ministry of Forests issues replaceable forest licences for a term of up to 20 years and replaceable tree farm licences for a term of 25 years, and, subject to satisfying certain performance criteria, the Ministry of Forests must offer the licences for replacement for additional terms of 15 years in the case of a replaceable forest licence, and of 25 years in the case of a tree farm licence. Compliance with applicable forest legislation and the prompt payment of dues, fees and stumpage charges form the basis of the performance criteria. See "Risk Factors – Licenses and Permits, Laws and Regulations".

In Saskatchewan, the Ministry of Environment, via the Forest Service, regulates forest use on Crown lands, using several types of licences and permits, with varying rights and responsibilities. The longest form of tenure in Saskatchewan takes the form of a forest management agreement, a "rolling" 20-year agreement conferring long-term harvesting rights for a specific volume of timber from a defined area, as well as responsibilities for long-term sustainable forest management.

Timber tenures in British Columbia and Saskatchewan require the payment of a fee, commonly known as "stumpage" in British Columbia and "timber dues" in Saskatchewan, for timber harvested pursuant to its terms. Stumpage in British Columbia is primarily based on log pricing established through an open market auction for standing timber administered by BC Timber Sales, a Crown agency.

In Saskatchewan, timber harvesters pay dues to the Government of Saskatchewan in exchange for harvesting trees from publicly owned provincial forests. The amount paid is based on the actual volume of wood harvested. The dues for each class of timber consist of a base amount, set out in Saskatchewan regulations, plus an incremental amount. This incremental amount varies, depending on market prices for certain forest products such as lumber, oriented strand board and hardwood pulp. When the price for the particular product goes above a 'trigger price' set in regulation, incremental amounts are assessed on the timber harvested. These amounts are adjusted quarterly, using the market prices from the previous three months. The Saskatchewan "Quarterly Dues and Fees Table" lists the applicable dues, and is updated on the Monday before the start of each quarter.

Timber tenures in British Columbia and Saskatchewan also require the holder to carry out reforestation to ensure re-establishment of the forest after harvesting. Reforestation after harvesting is critical to long-term forest health, and ensures a steady supply of timber for the forest industry. Forest renewal activities will vary depending on the site, nature of tenure and contractual arrangements. Some areas are prepared and planted with seedlings, while others may be disturbed with equipment to encourage regrowth, or left to regrow naturally. Forest companies like CanWel Fibre plan these activities before they harvest the site, as part of their required planning.

In Saskatchewan, the forest industry is required to make sure that all harvested sites are reforested promptly. The Government of Saskatchewan, through the Forest Service, sets standards that companies must meet or exceed, as well as requirements for the survey data they must collect, and when. The Government of Saskatchewan is responsible for renewing areas that predate existing agreements.

Reforestation projects in British Columbia and Saskatchewan are planned and supervised by CanWel Fibre staff and are subject to approval by relevant government authorities. CanWel Fibre's timber harvesting operations are carried out by CanWel Fibre's contractors, and CanWel Fibre's timberland assets include fee simple interests in approximately 117,000 acres of private timberlands in British Columbia. Unlike timber tenures, private timberlands are generally not subject to stumpage fees or limits on harvest volumes or areas. See "Forest Management".

FOREST MANAGEMENT

CanWel Fibre is responsible for the management of forest resources under its tenures in accordance with the requirements of applicable laws. CanWel Fibre manages all of the Crown timberlands on which it conducts harvesting operations on a sustainable harvest basis, which means that the volume of timber harvested over a rotation period (typically 70-100 years) is generally planned not to exceed the volume of incremental growth over the same period. Where required by contract or statute, CanWel Fibre reforests all Crown lands in British Columbia that it harvests in accordance with the standards required under the FRPA.

CanWel Fibre participates in the Managed Forest Program for its British Columbia private timberlands administered through the Managed Forest Council (the "**Council**"), an independent British Columbia agency, to maintain forest practice standards in accordance with the objectives set out in the *Private Managed Forest Land Act* (British Columbia) and associated regulations (the "**PMFLA**").

The Managed Forest Program conducts inspections on all private managed forests at least once every five years in support of Council's mandate to monitor forest practices related to soil conservation, water quality, fish habitat, reforestation and critical wildlife habitat. The inspection program provides ongoing accountability by ensuring that key values are managed and protected to the high standards expected of the program.

The forests on CanWel Fibre's timberlands are at risk of damage from natural and human-caused forest fires. The BC Wildfire Service provides fire suppression services for which CanWel Fibre is assessed an annual fee based on the size of acreage. CanWel Fibre prepares an annual emergency preparedness and response plan and crews at each respective location and maintains fire-fighting equipment caches for each applicable operation, as may be necessary. Its forestry and logging staff are trained and equipped to suppress wildfires and assist governmental personnel as necessary. See "Risk Factors – Natural and Man-Made Disasters" and "Risk Factors – Forest Management".

CanWel Fibre's private timberlands are largely unaffected by the MPB infestation due to their topographical location (mountain range barrier), however there can be no assurance that an MPB infestation may not occur. See "Risk Factors – Mountain Pine Beetle".

ABORIGINAL MATTERS

The existence of Aboriginal title or rights over substantial portions of British Columbia, potentially including the areas of CanWel Fibre's timber tenures and private timberlands, has created uncertainty with respect to property rights and natural resource development in British Columbia. In 1997, the Supreme Court of Canada (the "**SCC**") determined that Aboriginals may possess rights in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with those rights. Such treaties cover very few areas of British Columbia. In Saskatchewan, however, virtually all of the commercial forest is covered by treaties, resulting in added legal certainty for the forestry industry.

In 2014, the SCC confirmed that, in certain circumstances, the Crown must consult with and, when appropriate to do so, accommodate Aboriginal groups by minimizing interference with their interests. To date, there has been only one case finding Aboriginal title in British Columbia, where Aboriginal title was found to be held by the Tsilhqot'in Nation in respect of an area that is less than 0.2% of British Columbia (the "**Tsilhqot'in Decision**"). While CanWel Fibre does not operate in the area involved in the Tsilhqot'in Decision, the SCC's ruling may lead other Aboriginals groups in British Columbia and other Canadian provinces to pursue Aboriginal title in their traditional land-use areas. Although this has created uncertainty, at this time CanWel Fibre does not expect that the SCC decision will lead to any fundamental changes in how its conducts its lumber and sawlog operations.

CanWel Fibre relies on the Crown to adequately discharge obligations to Aboriginals in order to preserve the validity of actions dealing with public rights, including the granting of Crown timber harvesting rights. The negotiation of treaties with Aboriginals and further judgments of the courts may alleviate this uncertainty. However, as the jurisprudence and government policies respecting Aboriginal title and rights and the consultation process continue to evolve, CanWel Fibre cannot at this time predict whether Aboriginal claims will have a material adverse effect on its lands or timber harvesting rights, on its ability to exercise or renew them or on its ability to secure other timber harvesting rights in the future. See "Risk Factors – Aboriginal Land Claims".

ECONOMIC DEPENDENCE

In 2021 Doman sold greater than 10% of its sales to one customer. Please see note 25 to the 2021 Consolidated Financial Statements. Loss of sales to these customers could be material to CBML. See "Risk Factors – Customer Risk".

EMPLOYEES

Doman employed 2,125 persons as of December 31, 2021. Of these, 361 work for the CanWel Building Materials Division at 16 locations. The CanWel Treating Division employed 175 persons at seven locations. The CanWel Fibre Division employed approximately 51 employees at two locations. Lignum employed 14 people at one location. The CanWel US Division employed 1,524 persons at 44 locations. The CanWel US Division is comprised of Hixson Lumber, California Cascade and the Cascade Treating Division. Hixson Lumber employed 1,078 people at 19 locations. California Cascade employed 83 people, and the Cascade Treating Division employed 120 people at four locations. Honsador employed 243 employees at 16 locations. In the opinion of management, Doman has a good relationship with its employees.

ENVIRONMENTAL PROTECTION

Doman is committed to operating its facilities in an environmentally responsible manner. Doman's business activities are regulated and subject to federal, provincial, state, municipal and local environmental and occupational health and safety laws and regulations. These provisions also address numerous requirements, including in respect of discharges to air or water, wastewater and stormwater discharge, storage and handling of chemicals and hazardous materials and cleanup of contaminated soil and groundwater. The Corporation believes that it is in material compliance with applicable laws and regulations. Under applicable environmental laws, the Corporation could be potentially responsible for cleanup of contamination at owned or leased facilities caused by its operations or, potentially, by the past operations of others. See "Risk Factors – Environmental Risks – Leased Properties" and "Risk Factors – Environmental Risks – Owned Properties".

The wood preservation industry in Canada uses preservatives that are regulated under the *Canadian Environmental Protection Act* ("**CEPA**") administered by Environment Canada and the *Pest Control Products Act* regulated by the Pest Management Regulatory Agency, Health Canada. All of Doman's Canadian treating plants are certified by Environment Canada through Wood Preservation Canada, and the Canadian Wood Preservation Certification Authority ("**CWPCA**"). The CWPCA program has been endorsed by a steering committee which includes Environment Canada, Health Canada and the Pest Management Regulatory Agency, Health Canada. US operations are regulated by the Environmental Protection Agency, and numerous state and federal always and regulations.

The Corporation has incurred, and will continue to incur, capital expenditures and operating costs to comply with environmental protection and compliance requirements laws and regulations, including as a result of any potential contamination on any sites, which are not expected to have material financial or operational effects on Doman or our competitive position. However, such requirements and anticipated or potential liabilities are subject to substantial uncertainty and there can be no assurance that environmental liabilities or compliance or cleanup requirements will not increase or develop in the future beyond management's current expectations, which may result in a material adverse effect on the Corporation's financial condition and results of operations. See "Risk Factors – Environmental Risks – Leased Properties" and "Risk Factors – Environmental Risks – Owned Properties".

ENVIRONMENTAL MATTERS – CANWEL FIBRE

CanWel Fibre's operations are subject to a wide array of federal, provincial and municipal environmental legislation and the respective regulations thereunder. CanWel Fibre uses an environmental management system to ensure its operations are in compliance with environmental laws and regulations. CanWel Fibre receives annual audits on its private managed forests related to soil conservation, water quality, fish habitat, reforestation and critical wildlife habitat.

CanWel Fibre's private timberlands meet the performance standards set out in the PMFLA. These results-based regulations place the onus on private landowners to conduct their operations in a manner and through practices which best protect the key public environmental values of water quality, fish habitat, critical wildlife habitat and soil conservation.

CanWel Fibre operates four pressure treating plants. The wood preservation industry in Canada uses preservatives that are regulated under the CEPA administered by Environment Canada and the *Pest Control Products Act* (Canada) regulated by the Pest Management Regulatory Agency, Health Canada. All of CanWel Fibre's treating plants are certified by Environment Canada through Wood Preservation Canada, and the CWPCA. The CWPCA program has been endorsed by a steering committee which includes Environment Canada, Health Canada and the Pest Management Regulatory Agency, Health Canada. See "Risk Factors – Environmental".

FOREIGN OPERATIONS

Doman is actively involved in US markets through its CanWel US Division (although Doman also sells into the US from its Canadian divisions, it is on a limited, non-material basis), which represented approximately 46% of the Corporation's sales in 2021 (2020 – 35%). Doman's reliance on these markets means that it is exposed to downturns in the US federal and state economies, weather patterns in the US, government regulatory or protectionist actions by US legislative representatives or bodies, or other political developments, any of which could have a potential adverse impact on Doman's financial results. Additionally, these operations are subject to foreign exchange risks. See "Risk Factors – Foreign Currency Risk".

RISK FACTORS

Risks Relating to the Business

The following are certain risk factors relating to Doman, which for greater certainty, includes risks associated with the business of Doman's subsidiaries. The following information is a summary only of certain risk factors. These risks and uncertainties are not the only ones facing Doman. Additional risks and uncertainties not currently known, or that are currently considered to be immaterial, may also adversely affect the operations of Doman. If any risks actually occur, the business, financial condition, or liquidity and results of operations of Doman (the "**Business**"), and the ability of the Corporation to pay dividends, could be materially adversely affected.

Dependence on Market Economic Conditions

Demand for Doman's products depends significantly upon the home improvement, new residential and commercial construction markets. The level of activity in the home improvement and new residential construction markets depends on many factors, including the general demand for housing, interest rates, availability of financing, housing affordability, levels of unemployment, shifting demographic trends, gross domestic product growth, consumer confidence and other general economic conditions, in both Canada and the US. The level of activity in the commercial construction market depends largely on vacancy and absorption rates, interest rates, regional economic outlooks, and the availability of financing and general economic conditions. Consequently, the level of activity in the commercial, new residential and home improvement construction markets is determined by factors that are not within Doman's control. Also, since such markets are sensitive to cyclical changes in the economy, future downturns in the Canadian and/or United States economies, or lack of further improvement in these economies, could have a material adverse effect on the Business.

During 2008, Doman's results of operations were adversely affected by the downturn in residential and commercial construction activity primarily in Canada, and indirectly by the downturn in the United States, which generally continued through 2013. Since then, there have been periods of decreased economic activity, punctuated by the start of the pandemic. The Canadian economy had been generally underperforming economists' expectations, however has started to grow in late 2021, although a highly inflationary environment and global tensions are present in 2022. A prolonged continuation of the current conditions or and any future downturns in the markets that Doman serves, or in the Canadian and U.S. economies generally or as a result of unwinding of fiscal or economic stimulus, will have a material adverse effect on Doman's operating results, liquidity and financial condition. Reduced levels of home improvement, home renovation, new residential and commercial construction activity may result in continued intense price competition among building materials suppliers, which may adversely affect Doman's gross margins.

Although management is taking proactive steps in response to the current economic conditions, including maintaining a tight control over expenses and improving operational efficiency and diversifying markets, no assurance can be provided that Doman's responses to economic conditions, or the Canadian and U.S. governments' attempts to stimulate the economy and subsequently facilitate a return to normalcy in capital and credit markets, will be successful.

Exposure to Pandemic

The Corporation cautions that current global and domestic uncertainty with respect to the spread and any future intensification of COVID-19 and its effect on the broader global economy may have a negative effect on the Corporation. While the impact of the COVID-19 pandemic on the Corporation remains unquantifiable at this time, rapid or continued spread COVID-19 may have an adverse effect on global and domestic economic activity, and could result in volatility and disruption to global and domestic supply chains, operations, mobility of people and the financial markets, and any and all economic factors such as customers, suppliers, business, governments or individuals. As COVID-19 has become a global pandemic, it has the potential to significantly challenge the Corporation's ability to conduct normal operations and impair its operational and financial results. The Corporation is actively attempting to manage these risks. However, due to the uncertainty regarding the duration and extent of the COVID-19 pandemic, the severity of the operational and financial impacts on the Corporation will depend on how long and disperse the disruptions in a variety of areas prove to be, including, without limitation, government and institutional regulation, legislation and requirements, capital markets, credit markets, the Canadian and US economies, the overall global economic situation, the Corporation's customers, suppliers and supply chains and the Corporation's labour force. Any of the foregoing could affect business, financial condition, results of operations, dividends, and other factors relevant to the Corporation, any of which could have an adverse material effect on the Business or Corporation.

Sales and Margin Risk

As a distributor, Doman's profitability depends on its ability to maintain and grow sales to its customers and to sustain its profit margins. If Doman's cost of goods increases, for example through increased prices from suppliers for products or increases in commodity prices for products Doman has already agreed to sell, if commodity selling prices fall below Doman's purchased cost, if operating costs increase, or if competitors compete more aggressively with Doman, its sales or margins, or both, would be adversely affected.

The intensely competitive market in which Doman conducts its business may require it to reduce its prices. If competitors offer discounts on certain products or services in an effort to capture or gain market share or to sell other products, Doman may be required to lower prices or offer other favourable terms to compete successfully. Any such changes would reduce Doman's margins and adversely affect the Business.

Some of Doman's competitors may bundle products that compete with those of Doman's for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. These practices could, over time, limit the prices that Doman can charge for its products. If Doman cannot offset price reductions with a corresponding increase in sales or with reduced expenses, then Doman's margins and the Business would be adversely affected.

Doman competes directly with other distributors for both suppliers and customers. Direct competitors are primarily local and national distribution businesses. Most competitors lack Doman's size, geographic diversification and financial strength. However, new competitors may enter the distribution market in the future. Additionally, existing or future competitors may succeed in entering and establishing successful operations in new geographic markets prior to Doman's entry into those markets, or as Doman exited sites and/or product lines organically, or due to the CanWel Fibre, California Cascade, Honsador, Oregon Cascade, Woodland, Lignum, Island Truss, Hixson and L.A. Lumber acquisitions and integration. If existing or future competitors seek to gain or retain market share by reducing margins on goods sold, Doman may also be required to reduce margins, which would in turn reduce revenue and harm operating results and financial condition.

Supply of Commodities and Volatility of Commodity Prices

The financial performance of Doman is directly influenced by the cost of certain commodity products, such as plywood, oriented strand board, panel boards and lumber, which are subject to significant volatility. There can be no assurance that Doman's manufacturers or suppliers will continue to have these commodity products available to them at reasonable prices, or that significantly increases in the costs of such commodities or significant decreases in pricing negatively impacting revenues and margins will not materially adversely affect the operations of Doman. Sudden changes in commodity prices may adversely impact the Business, and such pricing fluctuations may have a negative impact on previously-booked sales orders or future sales of Doman.

Customer Risk

Although Doman distributes to several thousand customers, sales to Doman's largest customer comprised greater than 10% of Doman's total sales for the year ended December 31, 2021. Furthermore, as is customary in the building materials/distribution industry, Doman does not typically enter into long term contracts with any of its major customers. In addition, following completion of Doman's acquisition or dispositions, there is a risk that some of the acquired, potential or existing customers of Doman may reduce or eliminate the amount of business that they do with the resulting entity for a number of reasons, including, but not limited to, to diversify the number of distributors that they obtain products from, or to facilitate consolidated purchases across product lines no longer available from Doman or resulting from dissatisfaction with such transactions, or to generally ameliorate perceived, or actual, business risks. The loss of any of Doman's major customers or any significant number of existing customers of Doman could have a material adverse effect upon Doman's results of operations and financial condition. In addition, a number of competitors in the hardware distribution industry are significant customers of Doman. Such customers could elect to take action against Doman, as result of their perception that the hardware business was sold to an entity competitive with their own businesses. Any such action could have a materially adverse effect on the Business.

Renewals of Supply and Customer Arrangements Are Not Guaranteed

The majority of Doman's supply and customer arrangements vary significantly in length. Most arrangements are for individual purchase orders and are satisfied upon delivery of the goods to the customer. Some arrangements involve customers purchasing goods several months in advance of delivery. These arrangements, known as bookings, vary in length but are generally less than nine months long. There can be no assurance that these customers will renew their bookings or continue to place purchase orders with Doman, which could have a material adverse effect on the Business.

Contract Performance Risk

In the normal course of business, Doman contracts with numerous parties for a variety of services and commercial transactions. Each of these contracts are subject to risks that the counterparty may fail to perform pursuant to the terms and conditions of the contract due to, *inter alia*, risks inherent of each business of such counterparty. When a counterparty fails to perform, there can be no assurance that Doman may be able to mitigate any losses that result from such failure to perform and/or prevent any collateral losses, which could have a material adverse effect on the Business.

Performance Bond Risk

Honsador is specialized in providing (surety) performance bonds in the construction industry in Hawaii. A performance bond is a bond that guarantees that a bonded contractor will perform its obligations under the construction contract in accordance with the contract's terms and conditions. As the surety, Honsador is not liable for more than the total amount of the performance bond but may become involved as a third party to any litigation between a contractor and owner of a construction project. While Honsador monitors these bonds diligently and has not incurred any material losses, there can be no assurance that Honsador or Doman may mitigate any losses that are a result of any liability from the performance bonds, which could have a material adverse effect on the Business.

Litigation Risk

In the normal course of business, the Corporation is involved in various legal proceedings which arise from time to time, some of which may be substantial. In view of the claims and quantum of the amounts claimed, management does not believe that any of the legal actions or proceedings that are presently known or anticipated by the Corporation are likely to have a material adverse effect on its financial position. However, any claim against the Corporation could result in the Corporation incurring significant costs or having a judgement awarded against it that could have a material adverse effect on its financial condition.

Environmental Risks – Leased Properties

Notwithstanding that Doman undertakes due diligence in its review of the existing environmental condition of the leased Treatment Plants upon acquisition, and in connection with the leases in respect of the L.A. Lumber, Woodland Acquisition, the Oregon Cascade Acquisition, the Honsador Acquisition, the Jemi Fibre Acquisition, the California Cascade Acquisition, and the TFI Acquisition, with the completion of these acquisitions, upon entering into property lease agreements, Doman could, as lessee, be liable for the cost of the removal and remediation at the Treatment Plants under various federal, provincial, state and local laws and regulations. The remediation costs and other costs required to clean up or treat contaminated sites could be material. Contamination on and from these sites may subject Doman to liability to third parties and/or government authorities to injuries to persons, property or the environment, and could adversely affect the Corporation's ability to operate these plants. Any of the foregoing factors could have a material adverse impact on the Business.

Doman is subject to a variety of environmental laws and regulations, including those related to discharges into water, releases of hazardous and toxic substances and remediation of contaminated sites. The enforcement of these laws by regulatory agencies could affect Doman's operations by imposing operation and maintenance costs and capital expenditures required for compliance. Failure to comply with environmental statutes, regulations or orders could result in civil or criminal enforcement actions. Any of the foregoing factors could have a material adverse impact on the Business.

Environmental Risks – Owned Properties

Notwithstanding that Doman undertook due diligence in its review of the existing environmental conditions during the Hixson Acquisition, NWT Acquisition, Pastway Acquisition and Jemi Fibre Acquisition, with the completion of the acquisitions, Doman could, as owner, be liable for the cost of the removal and remediation under various federal, provincial and local laws and regulations at the Hixson Properties, NWT LP, PPWP LP, Aallcann and the CanWel Fibre sites. Notwithstanding certain indemnities in Doman's favour, the remediation costs and other costs required to clean up or treat contaminated sites could be material. Contamination on and/or from these sites may subject Doman to liability to third parties and/or government authorities to injuries to persons, property or the environment, and could adversely affect the Corporation's ability to operate these plants. Any of the foregoing factors could have a material adverse impact on the Business.

Doman is subject to a variety of environmental laws and regulations in the locations it operates, including those related to discharges into water, releases of hazardous and toxic substances and remediation of contaminated sites. The enforcement of these laws by regulatory agencies could affect Doman's operations by imposing operation and maintenance costs and capital expenditures required for compliance. Failure to comply with environmental statutes, regulations or orders could result in civil or criminal enforcement actions. Any of the foregoing factors could have a material adverse impact on the Business.

Preservative Supply

The business of the treating plants is dependent on preservative supply. Changes in global markets, government regulations, consumer preferences and other political developments may reduce the production of preserving products. An interruption or reduction in the business operations of preservative suppliers could adversely affect the Business. In addition, natural disasters or changes in underlying input component costs or availability (i.e. copper) may impact market prices or market conditions may be impacted by United States trade lobbyists, or the state of the United States economy.

There are a limited number of suppliers for certain of the preservatives that Doman utilizes in its pressure treating process at the Treatment Plants, which lessens the availability of alternate sources of supply in the event of unforeseen shortages, disruptions of production or changes in regulation or consumer preference. If preservative supply was limited, curtailed or not available, Doman may not readily be able to source or convert to a substitute in a timely manner or at all, or if legislative or regulatory changes mandate use of a preservative that Doman does not currently use, Doman may not be able to source or convert to such mandated preservative in a timely manner or at all, or if consumer preferences were to change resulting in a change of customer preference to a preservative supply that Doman does not currently use, Doman may not be able to source or convert to such a preservative in a timely manner or at all. Such events may adversely impact sales at Doman or production the Treatment Plants, which may adversely affect the Business or results of operations.

Interest Rate Risk

Doman is a building materials distribution company which utilizes significant leverage to finance day-to-day operations. The interest cost of its credit facilities is prime-based. Increases in prime lending rates may reduce net income and cash flow, which could have a material adverse impact on the Business. In addition, increases in interest rates or interest costs could negatively impact the business of CBML's customers, and potentially adversely affect Doman's business, financial condition, liquidity and results of operations.

Inflation Risk

The COVID-19 pandemic may continue to affect global economies due to the ongoing lingering effects of the economic stimulus, increased inflationary risk and low interest rate environment as government authorities and central banks attempt to mitigate the effects of the pandemic. With inflation rates reaching 4.8% in Canada and 7% in the United States in December 2021, the above government policies are beginning to be reflected in the economy and could negatively impact the business of CBML's customers, and potentially adversely affect Doman's business, financial condition, liquidity and results of operations.

Information Systems Risk

Doman's enterprise resource planning ("**ERP**") information management system provides information to management which is used to evaluate financial controls, reporting and sales analysis and strategies. Doman is currently also implementing a new ERP information management system at Hixson. The new ERP system will align Hixson reporting with the Corporation, and is a more robust platform and is better supported and will provide information to Doman's management which is expected to be used to improve financial analytics, reporting and controls. There can be no assurance that the ERP system will provide the information and benefits expected by management. Doman may also experience disruptions in its business and a diversion of management's attention to Doman's business relating to implementation of ERP systems, which may also result from the integration process related to recently completed acquisitions and evaluation, planning and integration of any acquired entities onto the ERP platform. Any of these risk factors could have a material adverse impact on the Business.

Doman's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Doman's results of operations. Furthermore, Doman relies on vendors to support, maintain and periodically upgrade ERP or other systems which are essential in providing management with the appropriate information for decision making. The inability of these vendors to continue to support, maintain and/or upgrade these software programs could disrupt operations if Doman were unable to convert to alternate systems in an efficient and timely manner. Information technology system disruptions, if not anticipated and appropriately mitigated, or the failure to successfully implement new or upgraded systems, could have a material adverse effect on our Business or results of operations.

Cyber Security Risk

Doman relies on information technology systems and networks in its operations. Doman could be materially and adversely affected in the event that the information technology systems or networks are compromised by malicious cyber-attacks. This information technology infrastructure may also be subject to security breaches or other cybersecurity incidents. In addition, these systems may be compromised by natural disasters or defects in software or hardware systems. The consequences of Doman's information technology systems being compromised potentially include material and adverse impacts on its financial condition, operations, production or sales, due to disruption of its business activities, and access to, and/or comprising of, proprietary sensitive information, including confidential customer or employee information, litigation and regulatory costs, devaluation of any intellectual property and reputation harm. While Doman believes it takes appropriate precautions in light of cyber security risks, there can be no assurance that it may not be subject to cyber security risks or attack, or if subject to risk or attack the extent of such impact, which could have a material adverse effect on our Business or results of operations.

Growth Risk

A key component of Doman's strategy is to continue to grow, both by increasing sales and earnings in existing markets with existing products, and by expanding into new markets and products. There can be no assurance that Doman will be successful in growing its business or in managing its growth. Doman's growth depends on, among other things:

- identifying and developing new markets and products;
- identifying and establishing, on favourable terms, suitable new distribution centres or branches;
- identifying and acquiring distributors or other businesses that are suitable acquisition candidates;
- successfully integrating new distributors or any acquired businesses with existing operations;
- establishing and maintaining favourable relationships with suppliers in new markets, and maintaining these relationships in existing markets; and
- successfully managing expansion and obtaining required financing.

In addition, Doman's growth will depend on its ability to implement, inter alia, the following elements of its growth strategy:

- develop and expand sales to existing and new retail and industrial accounts;
- introduce new product lines;
- expand the use of VMI programs;
- expand the product offering of acquired entities using Doman's reach and platform; and
- carry out acquisitions, including identifying to the extent possible liabilities of the newly acquired businesses.

There can be no assurance that Doman will be successful in implementing its growth strategies.

Acquisition Risk

A key component in Doman's growth strategy is to complete acquisitions or other business combinations. Acquisitions and business combinations involve inherent risks, including assumption of transaction costs, risk of non-completion, undisclosed liabilities, unforeseen issues, customer and supplier risks, assimilation and successfully managing growth. While Doman conducts extensive due diligence and takes steps to ensure successful assimilation, factors beyond Doman's control or due diligence reviews could influence the results of acquisitions. Doman may not be able to find appropriate acquisition candidates, acquire those candidates that it finds, obtain necessary permits or authorizations or integrate acquired businesses effectively or profitably, and it may experience other impediments to its acquisition strategy. Increased competition may reduce the number of acquisition targets available to Doman and may lead to unfavourable terms as part of any potential acquisition, including high purchase prices or assumption of foreseen or unforeseen liabilities. If acquisition candidates are unavailable or too costly Doman may need to change its business strategy.

Doman's integration plan for acquisitions often contemplates certain cost savings. Unforeseen factors may offset the estimated cost savings or other components of its integration plan in whole or in part and, as a result, it may not realize any cost savings or other benefits from recently completed and/or future acquisitions. Further, any difficulties Doman encounters in the integration process could interfere with its operations and reduce its operating margins. Even if Doman is able to make acquisitions on advantageous terms and is able to integrate them successfully into its operations and organization, some acquisitions may not fulfill its strategy in a given market due to factors that it cannot control, such as market conditions or customer base. As a result, operating margins could be less than Doman originally anticipated when it made those acquisitions. It then may change its strategy with respect to that market or those businesses and decide to sell the operations at a loss, or keep those operations and recognize an impairment of goodwill and/or intangible assets.

Doman also cannot be certain that it will have enough capital or be able to raise enough capital by issuing equity or debt securities or through other financing methods on reasonable terms, if at all, to complete the purchases of the businesses that it wants to buy. Doman's acquisitions will also involve the potential risk that it will fail to assess accurately all of the pre-existing liabilities of the operations acquired, including environmental liabilities. Also, as Doman increases its size in particular markets, competition laws in Canada, or elsewhere, may limit its ability to continue to expand by acquisition, or impose conditions on further acquisitions that could limit their benefit to Doman. If Doman is unsuccessful in implementing its acquisition strategy for the reasons discussed above or otherwise, its financial condition and results of operations could be materially adversely affected.

Competition

Doman faces competition from one or more competitors in all geographic areas where its distribution centres are located. Doman competes with many local, regional and national distributors, product manufacturers that engage in direct sales and, to a lesser extent, mass merchandisers. Doman's competition varies by product line, customer classification and geographic market.

Certain of the companies which compete with Doman have greater financial and other resources than those of the Corporation, may have access to greater financing or financing on more favourable terms, or may have access to government incentives, labour or products that are not available to Doman. There can be no assurance that Doman's principal competitors will not be successful in capturing, or that new competitors will not emerge and capture, a share of Doman present or potential customer base. See “Description of the Business – Competitive Conditions”.

In addition, it is possible that some of Doman’s suppliers or customers could become competitors of Doman if they decide to distribute their own products. Furthermore, if one or more of Doman competitors were to merge or partner with another of its competitors, the change in the competitive landscape could adversely affect Doman’s ability to compete effectively. Competitors may also establish or strengthen relationships with parties with whom Doman has or had relationships, thereby limiting its ability to distribute certain products. Disruptions in Doman’s business caused by these events could reduce its revenues, or materially adversely affect the Business.

Supply-Side Risks

Doman distributes building products manufactured or supplied by a number of major suppliers. As is customary in the building materials distribution industry, Doman does not necessarily have long-term contracts with its major suppliers. Although the Doman Group believes that it has access to similar products from competing suppliers, any disruption in Doman’s sources of supply, particularly of the most commonly sold items, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon Doman’s Business. In addition, any disruption in, or termination of supplier relationships relating to recently completed or proposed acquisitions could have a material adverse effect on Doman. In addition, many of Doman’s suppliers and other service providers have unionized work forces. If one or more of Doman’s suppliers or service providers experience a material work stoppage or slow down, or if secondary picketing occurs at a Doman location, it could materially adversely affect Doman’s ability to secure sufficient inventory and therefore could materially adversely affect its Business. Also, supply shortages occur at times as a result of unanticipated demand, production difficulties or delivery delays. In such cases, building material and commodity suppliers often allocate products among distributors. Future supply shortages may occur from time to time and may have a short-term material adverse effect on the Business.

Inventory Risk

The wholesale forest products and building materials distribution industry is characterized by large sales volumes and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, demand for some of Doman’s products is cyclical and prices can change rapidly. Doman’s buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will reduce risk. Doman does not materially hedge its inventory risk through the purchase of lumber or other futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and substantially all sales are made against inventory or product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and optimal customer service. However, as a wholesale building materials products distributor, Doman maintains significant quantities of inventory, the value of which is subject to the risk of changing prices. Additionally, electrical products and allied or specialty item inventories are subject to customer requirements and/or tastes, buying patterns and manufacturing availability, which are all subject to change. Any of the foregoing factors could have a material adverse effect on the Business.

Failure to Expand Marketing and Distribution Channels

The future growth of Doman’s business will depend in part on its ability to expand its existing marketing and distribution channels, attract new customers and expand the size of its sales force, both in Canada and internationally. If Doman is unable to expand its marketing and distribution channels, attract new customers or expand the size of its direct sales force, it may be unable to generate growth in revenue and grow its business, which could have a material adverse effect on the Business.

Failure to Manage Growth

The inability of Doman to successfully manage its growth could have a material adverse effect on its operating results and cause its results of operations to fluctuate. As part of Doman’s growth strategy, it intends to introduce new product lines, pursue acquisitions and expand sales to existing and new customers, in new and existing territories. Doman’s expense levels are based, in part, on expected future revenues and Doman is constrained in its ability to reduce expenses quickly if for any reason its sales levels do not meet expectations in a particular quarter or period. Furthermore, rapid expansion may place a significant strain on Doman’s senior management team and other key personnel as well as its business processes, operations and other resources. Doman’s ability to manage growth will also depend in part on its ability to continue to enhance its management information systems in a timely fashion, particularly if customer demands change in ways that Doman does not anticipate. Any inability to manage growth could result in delivery delays and cancellation of customer orders, which could have a material adverse effect on the Business.

Importation of Foreign Products

Similar products to those distributed by Doman may be imported into North America from countries with lower labour costs. These products include commodity type products such as lumber. Any increase in the importation of products similar to those distributed by Doman by other parties could increase competition for distributors in North America. An increase in such imports in North America could reduce Doman sales and opportunities for growth and adversely affect the Business.

Seasonal and Cyclical Nature of Doman's Business

The business of Doman is, to a significant degree, seasonal and cyclical, and fluctuates in advance of the normal building season. Inventory is built up during the fourth quarter and first half of the year in anticipation of the building seasons, and the busy selling season begins in the last half of the first quarter and extends to the end of the third quarter. Additionally, Doman is subject to the normal economic cycle, the housing cycle and to macroeconomic factors, such as interest rates. Although Doman anticipates that these seasonal and cyclical fluctuations will continue in the foreseeable future, it is seeking to reduce their impact on its operations and sales, although these seasonal and cyclical fluctuations could have a material adverse effect on the Business.

Canada — United States Softwood Lumber Dispute

On October 12, 2015 the Softwood Lumber Agreement ("**SLA**") expired. The standstill period of one year expired in October 2016. The US Department of Commerce introduced both antidumping and countervailing duties on Canadian softwood lumber imports. In certain circumstances, these duties may be applied retroactively. Canada has proceeded with legal challenges under NAFTA and through the WTO, where Canadian litigation has proven successful in the past. Accordingly, there is uncertainty on whether a new agreement between the governments of Canada and the US will be reached. In the event that no new agreement is reached there is a significant risk that US producers could initiate further trade action against softwood producers or imports from Canada. It is not possible at this time to predict the probability, or impact of the failure, to renew the SLA, or a new SLA with different terms, any of which could potentially have a material adverse effect on the Business.

Product Liability Claims

Although Doman believes that it maintains adequate insurance coverage, it may from time to time be subject to claims for damages resulting from defects in products that it distributes. Product liability claims, even if unsuccessful, may result in significant litigation costs to defend the claims as well as other costs incurred to remedy the problem, such as product recalls, which could substantially increase Doman's expenses. Successful or partially successful product liability claims could result in significant monetary liability and could seriously disrupt the Business, particularly if Doman's insurance coverage was inadequate or unavailable in respect of any such claims.

Furthermore, a highly publicized actual or perceived problem with products that Doman distributes could adversely affect the market's perception of its products which may result in a decline in demand for products distributed by Doman, thereby reducing Doman's revenues and operating results, which could have a material adverse effect on the Business.

Leverage and Restrictive Covenants

Doman has debt service obligations under its credit facilities. The degree to which Doman is leveraged could have important consequences to the shareholders, including: (i) its ability to obtain additional financing for working capital, capital expenditures or acquisitions; and (ii) its borrowings are at variable rates of interest which, unless hedged, exposes Doman to the risk of increased interest rates. Doman's ability to make payments on the loans will depend on future cash flow, prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond its control.

The credit facilities contain restrictive covenants which place restrictions on, among other things, the ability of Doman to open new locations, grant liens or other encumbrances on its assets, to guarantee debts and loan money, to amalgamate or permit substantially all of its assets to be acquired by another entity, to enter into transactions with affiliates and to open bank accounts. In addition, the credit facilities contain certain maintenance and reporting requirements on the part of Doman with respect to its operating cash flow, accounts, inventory, equipment, insurance, intellectual property and pension plans. A failure to comply with the obligations of the credit facilities could result in an event of default which, if not cured or waived, could permit acceleration of the credit facilities. If the credit facilities were to be accelerated, there can be no assurance that Doman's assets would be sufficient to repay in full the credit facilities, which could have a material adverse effect on the Business.

Doman may need to refinance its available credit facilities or other debt and there can be no assurance that it will be able to do so or be able to do so on terms as favourable as those presently in place. If Doman is unable to refinance these credit facilities or other debt, or is only able to refinance these credit facilities or other debt on less favourable and/or more restrictive terms, this may have a material adverse effect on its financial position, which may result in a reduction or suspension of dividends to shareholders. In addition, the terms of any new credit facility or debt may be less favourable or more restrictive than the terms of the existing credit facilities or other debt, which may indirectly limit or negatively impact the ability of Doman to pay dividends.

New Regulations

In addition to numerous environmental laws and regulations, there are laws that regulate credit practices, transporting and storing products, importing and exporting products and employment that affect Doman. Such laws, regulations and related rules and policies are administered by various federal, provincial, municipal, regional and local agencies and other governmental authorities. New laws governing Doman business could be enacted or changes to existing laws could be implemented, each of which might have a significant impact on Doman's business. Failure of Doman to comply with applicable laws and regulations may subject Doman to civil or regulatory proceedings which may have a material adverse effect on its financial condition and results of operations. As Doman may expand its U.S. operations in the future, the potential for greater risk due to greater exposure of Doman to U.S. regulations would also increase accordingly. Any of the foregoing could have a material adverse effect on the Business.

Dependence on the Forest Industry

The business of Doman is dependent on the forest industry in Canada and the U.S. Changes in global markets, government regulations and other political developments or the impacts of social license discussions may reduce the production of forest industry products or input pricing. An interruption or reduction in the business operations of forest companies, such as that caused by the Canada/U.S. trade dispute over softwood lumber exports or the previously threatened U.S. action against Canadian secondary producers, could adversely affect the Business (See "Canada – United States Softwood Lumber Dispute" above). In addition, natural disasters may impact market prices or market conditions may be impacted by United States trade lobbyists, or the state of the United States economy, or changing behaviour of other international actors (i.e. increased consumption by China.)

Infrastructure

Doman's business activities across all divisions depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, road or railway blockages or blockades, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Doman's operations, development, financial condition and results of operations and could have a material adverse effect on the Business.

Credit Risk

Doman extends credit facilities to its customers which are generally unsecured. Although Doman has a system of credit management in place, there is a risk, particularly in the current economic climate, that some of Doman's customers may not be able to meet their obligations when they become due, or at all. The loss of a large receivable, or numerous smaller receivables, could have a material adverse effect on the Business.

Foreign Currency Risk

Approximately 46% of Doman's revenues are derived from sales to customers in the United States. There are currency exchange risks on the conversion of Doman's U.S. dollar balances and currency translation gains and losses on the reporting of its U.S. dollar balance in Canadian dollars. Although Doman does not generally hedge inventories purchased specifically for U.S. markets, relying instead on rapid inventory turnover, Doman from time to time, enters into foreign currency forward contracts to sell U.S. funds in order to lock in profits on particular U.S. business. In addition, Doman imports products for distribution from foreign countries. Such imports are generally paid for in the currency of the country of the product's origin; accordingly, Doman is exposed to exchange rate risk in respect of purchases of such products, although Doman may from time to time, enter into foreign currency forward contracts in respect thereof. As exchange rate fluctuations are beyond Doman's control, there can be no assurance that such fluctuations will not adversely affect the Business. In addition, exchange rate fluctuations may impact the operations and financial results of Doman's suppliers and customers, and there can be no assurance that the impact of such fluctuations on Doman's suppliers or customers will not adversely affect the Business.

Key Executives

The Doman Group depends heavily on the members of its management team, and acquired management personnel, and their departure could cause its operating results to suffer. The future success of the Doman Group will depend on, among other things, its ability to retain the services of these executives and to hire other highly qualified employees at all levels. The Doman Group will compete with other potential employers for employees, and it may not be successful in hiring and keeping the services of executives and other employees that it needs. The loss of the services of, or the Doman Group's inability to hire, executives or key employees could hinder its business operations and growth.

Dependence on Key Personnel

Doman is dependent on its ability to retain other key personnel. Although Doman believes that it could replace such key employees in a timely fashion should the need arise, the loss of such key personnel could have a material adverse effect on Doman and the Business.

Although Doman only has a relatively small unionized workforce in certain locations in Canada and the US, there can be no assurance that there will not be any labour disruptions, union organizing drives or higher ongoing labour costs, any of which could materially adversely affect the Business.

Furthermore, as part of Doman's growth strategy, it must continue to hire highly qualified individuals, including finance, sales and marketing personnel. There can be no assurance that Doman will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its ability to distribute new product lines and increase revenues, and ultimately, the Business.

Availability of Future Financing

Doman expects that going forward its principal sources of funds will be cash generated from its operating activities and borrowing capacity remaining under its credit facilities. Doman believes that these funds will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations, as well as to provide funds for its cash distributions, financing requirements, capital expenditures and other needs, for the foreseeable future. Despite its expectations, however, Doman may require additional equity or debt financing to meet its financing requirements. Although Doman's present credit facility does not expire until 2024, there can be no assurance that Doman will be able to secure credit on same terms or amount when the current facility expires. Financing may not be available when required or may not be available on commercially favourable terms or on terms that are otherwise satisfactory to Doman, or at all.

Inability to Finance Acquisition Strategy

It is possible that Doman may need to raise additional funds by way of equity or debt financings or a combination of both or either, to pursue its acquisition strategy. If it is unable to raise additional funds when needed, its ability to execute its acquisition strategy could be impaired, which could lead to a material adverse impact on the Business. Doman does not currently know whether it will be able to secure additional funding or funding on terms acceptable to Doman. Doman's ability to obtain additional funding will be subject to a number of factors, including market conditions, investor sentiment and Doman's operating performance. These factors may make the timing, amount, terms and conditions of additional funding unattractive to Doman. If the Corporation were to issue additional Common Shares or other convertible securities, in connection with future acquisitions, existing shareholders may experience dilution.

Control and Other Rights in Respect of the Corporation and its Subsidiaries

Where TFC and any of its associates or affiliates, and any family members of its controlling shareholder or any company, trust or other entity owned by or maintained for the benefit of the TFC Group holds or controls at least 20% of the outstanding Common Shares, TFC will, subject to certain limitations, have pre-emptive rights to purchase Common Shares or securities convertible into Common Shares to maintain its pro rata ownership interest in the event that Corporation issues Common Shares or securities convertible into Common Shares.

For so long as the TFC Group holds or controls at least 20% of the outstanding Common Shares, none of the Corporation or its Subsidiaries may take the following actions without the prior approval of TFC: (i) sell, lease or dispose of a material portion of the direct or indirect assets, or any material asset, of the Corporation or its Subsidiaries or affiliates, out of the ordinary course of business (other than in connection with an internal reorganization); (ii) cause or permit to be caused any amalgamation, arrangement or other merger of the Corporation or its Subsidiaries or affiliates (other than in connection with an internal reorganization), or amend, supplement or restate any constating document of the Corporation or its Subsidiaries or affiliates; (iii) change the fundamental nature of the business of the Corporation or its Subsidiaries or affiliates; (iv) adopt any plan or proposal to seek relief under bankruptcy or insolvency laws, or to wind up, liquidate, dissolve or reorganize (other than, in the case of a reorganization, pursuant to an internal reorganization); or (v) change the size of its Board of Directors.

The TFC Securityholders Agreement also provides TFC with the following rights to nominate members of the Board of Directors: (i) so long as TFC Group holds or controls at least 25% of the outstanding Common Shares, TFC will be entitled to nominate three directors of the Corporation; (ii) so long as the TFC Group holds or controls at least 10% but less than 25% of the outstanding Common Shares, TFC will be entitled to nominate two directors of the Corporation; and (iii) so long as the TFC Group holds or controls at least 5% but less than 10% of the outstanding Common Shares, TFC will be entitled to appoint one director of the Corporation. See "Material Contracts – TFC Securityholders Agreement".

Results of Operations and Financing Risks

Management believes, based on its expectations as to the future performance of the Corporation, that the cash flow from its operations and funds available to it under its credit facilities will be adequate to enable the Corporation to finance its operations, execute its business strategy and maintain an adequate level of liquidity. However, expected revenue and the costs of planned capital expenditures are only estimates. Actual cash flows from operations are dependent on regulatory, market and other conditions that will be beyond the control of the Corporation. As such, no assurance can be given that management's expectations as to future performance will be realized. In addition, management's expectations as to the future performance of the Corporation reflect the current state of its information about recently acquired assets or entities. The operations related thereto and integration efforts, and there can be no assurance that such information is correct or complete in all material respects.

Management of Expanding Operations

As a result of recently completed and potential future acquisitions, significant demands will be placed on the managerial, operational and financial personnel and systems of the Doman Group. No assurance can be given that such systems, procedures, personnel and controls will be adequate to support the expansion of operations of the Doman Group. The future operating results of the Corporation will be affected by the ability of its officers and key employees to manage changing business conditions and to implement and improve its operational and financial controls and reporting systems. If the Corporation is unsuccessful in managing such demands and changing business conditions, its financial conditions and results of operations could be materially adversely affected.

Insurance

Doman maintains insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as it considers appropriate, taking into account all relevant factors. However, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, forest fires and floods that may be uninsurable or not economically insurable. Doman will use its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on Doman's assets and the Business at a reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of Doman's lost investment. Certain factors also might make it unattractive to use insurance proceeds to replace the property after such property has been damaged or destroyed. Under such circumstances, the insurance proceeds received by Doman might not be adequate to restore its economic position with respect to such property. There are no assurances that Doman's insurance coverage will continue to be available to it on reasonable terms, including reasonable premium, deductible and co-insurance requirements or that Doman's insurer will not disclaim coverage of any future claim. Doman's Business, financial condition, liquidity and results of operations could be materially adversely affected if any of the foregoing developments were to occur.

Risks Relating Specifically to the Business of CanWel Fibre

The operations of CanWel Fibre are speculative due to the nature of its business. The following are certain risk factors relating to CanWel Fibre, which for greater certainty, include risks associated with the business of CanWel Fibre's subsidiaries, and should be read in conjunction with the "Risk Factors" above and the Corporation's other public filings on SEDAR. The following information is a summary only of certain risk factors relating specifically to CanWel Fibre. These risks and uncertainties are not the only ones facing CanWel Fibre. Additional risks and uncertainties not currently known, or that are currently considered to be immaterial, may also adversely affect the operations of CanWel Fibre. If any risks actually occur, the business, financial condition, or liquidity and results of operations of CanWel Fibre, and therefore potentially Doman, and the ability of Doman to make distributions on the Common Shares, could be materially adversely affected.

Timberland Business and Operating Risk

Revenues, net income and cash flow from CanWel Fibre's timberland operations are dependent on CanWel Fibre's continued ability to harvest timber at adequate levels. CanWel Fibre's ability to harvest timber from its timberlands may be limited by weather conditions, timber growth cycles, market pricing, sustainable forestry standards and regulatory requirements. There can be no assurance that CanWel Fibre will achieve harvest levels in the future necessary to maintain or increase revenues, net earnings and cash flows. CanWel Fibre's financial condition and results of operations could be materially adversely affected if it is unsuccessful in ensuring its harvesting levels in the future are sufficient to maintain or increase revenues, net earnings and cash flows.

To minimize the potential for adverse effects arising from these risk factors, CanWel Fibre has systems and procedures in place to monitor the utilization of resources and the protection of assets. Control mechanisms report on the efficiency and use of forestry and monetary resources and CanWel Fibre believes that it has procedures in place to track and monitor changes. If these systems and procedures are inadequate or fail, CanWel Fibre's financial conditions and results of operations could be materially adversely impacted.

Natural and Man-Made Disasters and Climate Change

CanWel Fibre's operations are subject to adverse natural or man-made events such as forest fires, severe weather conditions, flooding, climate change, timber diseases and insect infestations including those that may be associated with warmer climate conditions, and earthquake activity. These events could delay, damage or destroy or adversely affect the operations at CanWel Fibre's timber harvesting and related physical facilities, its timber supply or its access to timber, and similar events could also affect the facilities of CanWel Fibre's timber, suppliers or customers. Any such delay, damage or destruction could adversely affect CanWel Fibre's financial results as a result of decreased production output or increased operating costs and its financial conditions and results of operations could be materially adversely affected.

CanWel Fibre's timber and tenures are subject to the risks associated with standing forests, in particular forest fires, wind storms, insect infestations and disease. Certain procedures and controls are in place to manage such risk through prevention and early detection. CanWel Fibre contracts with the Province of British Columbia for forest fighting assistance, however there can be no assurance of the timing, adequacy or sufficiency of forest fighting efforts. The risks to standing forests, including forest fires, wind storms, flooding, insect infestations and disease materializing despite the procedures and controls in place to manage such risks would materially adversely affect CanWel Fibre's financial condition and results of operations.

While CanWel Fibre maintains insurance coverage to the extent deemed prudent, it cannot predict that all potential insurable risks have been foreseen or that adequate coverage is maintained against known risks. As is common in the industry, CanWel Fibre does not insure loss of standing timber for any cause.

Inventory Risk

The timber harvesting industry is characterized by large sales volumes, high fixed costs, and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, demand for some of CanWel Fibre's products is cyclical and prices can change rapidly. CanWel Fibre's production, harvesting, sales and buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will reduce risk. CanWel Fibre does not materially hedge its inventory risk through the purchase of lumber or other futures contracts, however it does enter into supply contracts with major forestry companies. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and optimal customer service. CanWel Fibre maintains significant quantities of inventory, the value of which is subject to the risk of changing prices. In addition, as the inventory is often in remote locations, there can be related risks of damage, loss and theft. Any of the foregoing factors could have a material adverse effect on the Business.

Social and Political Risk

CanWel Fibre's business is subject to various levels and types of government controls and regulations, which are supplemented and revised from time to time. Accordingly, CanWel Fibre monitors sociopolitical developments that may result in changes in regulation to which CanWel Fibre is subject or may become subject. Businesses involved with the natural environment like CanWel Fibre have experienced the rise of sociopolitical organizations and public demonstrations and/or protests held against well-established and supported environmental policies. CanWel Fibre is committed to environmental stewardship and is committed to regulatory compliance, however, there can be no assurance that sociopolitical policies, activities or movements will not have a material adverse effect on CanWel Fibre's business, operations, financial conditions and ultimately the market value of the Common Shares.

Aboriginal Land Claims

Aboriginal land claims could adversely affect CanWel Fibre's ability to harvest timber. Canadian courts have recognized that aboriginal peoples may possess rights at law in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with these rights. These rights may vary from limited rights of use for traditional purposes to a right of Aboriginal title and will depend upon, among other things, the nature and extent of the prior Aboriginal use and occupation. The courts have encouraged the Canadian federal and provincial governments and Aboriginal peoples to resolve rights claims through the negotiation of treaties.

Aboriginal groups in British Columbia have claimed substantial portions of land in the province over which they claim Aboriginal title or in which they have a traditional interest and for which they are seeking compensation from various levels of government. A process is now in place within British Columbia to deal with Aboriginal land claims. These negotiations will be ongoing for a number of years, depending on the commitment of the parties involved and the precedents set by the outcomes of the first settlement agreements.

Canadian governments have a duty to consult with and possibly accommodate Aboriginal groups where their rights may be affected.

The Corporation cannot predict whether Aboriginal land claims or other rights in British Columbia or elsewhere will affect its existing Crown timber tenures, its private timberlands, its ability to harvest timber from these sources in the future or its ability to renew or secure other sources in the future. CanWel Fibre's financial condition and results of operations would be materially adversely affected by such risks materializing.

Licenses and Permits, Laws and Regulations

Some of CanWel Fibre's forestry and processing operations require licenses, permits and approvals from various government authorities, and are subject to extensive general and industry-specific federal, provincial, municipal and other local laws and regulations, including those governing forestry, exports, taxes, employees, labour standards, occupational health and safety, silviculture, waste disposal, environmental protection and remediation, protection of endangered and protected species and land use and expropriation. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. CanWel Fibre is required to obtain approvals, permits and licences for its operations, which may impose conditions that must be complied with. There can be no guarantee that CanWel Fibre will be able to maintain or obtain all necessary licenses, permits and approvals that may be required for its operations. If CanWel Fibre is unable to obtain, maintain, extend or renew, or is delayed in extending or renewing, a material approval, permit or license, its operations or financial condition could be adversely affected. There is no assurance that these laws, regulations or government policy, or the administrative interpretation or enforcement of existing laws, regulations and government policies, will not change in the future in a manner that may require CanWel Fibre to incur significant capital expenditures, pay higher taxes or otherwise adversely affect its operations or financial condition. Failure to comply with applicable laws or regulations, including approvals, permits and licences and new laws and regulations, could result in significant liabilities, including fines, penalties or enforcement actions, such as orders suspending or curtailing CanWel Fibre's operations or requiring corrective measures or remedial actions, any of which could entail significant expenditure. If CanWel Fibre is unsuccessful in managing such demands and changing business conditions, its financial condition and results of operations could be materially adversely affected.

Environmental

CanWel Fibre's operations and timberlands are subject to extensive regulation by federal, provincial, municipal and local environmental authorities, including general and industry-specific environmental laws and regulations, permits, guidelines and policies relating to air emissions and pollutants, wastewater discharges, solid waste, landfill operations, permitting obligations, clean-up of unlawful discharges, dangerous goods and hazardous materials, forestry practices, land use planning, municipal zoning, employee health and safety, site remediation and the protection of endangered species and critical habitat. In addition, as a result of CanWel Fibre's operations, it may be subject to remediation, clean-up or other administrative orders or amendments to its operating permits, and CanWel Fibre may be involved from time to time in administrative and judicial proceedings or inquiries. It is possible that CanWel Fibre could incur substantial costs, such as civil or criminal fines, sanctions and enforcement actions, cleanup and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws and regulations. Future orders, proceedings or inquiries could have a material adverse effect on CanWel Fibre's Business, financial condition and results of operations. Environmental laws and land use laws and regulations are constantly changing. New regulations or the increased enforcement of existing laws could have a material adverse effect on CanWel Fibre's business and financial condition. In addition, compliance with regulatory requirements is expensive, at times requiring the replacement, enhancement or modification of equipment, facilities or operations. There can be no assurance that CanWel Fibre will be able to maintain profitability by offsetting any increased costs of complying with future regulatory requirements. If CanWel Fibre is unable to comply effectively and efficiently with any future regulatory requirements, its financial condition and results of operations could be materially adversely affected.

CanWel Fibre may be subject to liability for environmental damage on the lands it owns or at the facilities that it owns or operates, including damage to neighboring landowners, residents or employees, particularly as a result of the contamination of soil, groundwater or surface water and drinking water. The costs of such liabilities can be substantial. CanWel Fibre's potential liability may include damages resulting from conditions existing before it purchased its lands or operated these facilities. CanWel Fibre may also be subject to liability for any offsite environmental contamination caused by pollutants or hazardous substances that CanWel Fibre or its predecessors arranged to transport, store, treat or dispose of at other locations. In addition, CanWel Fibre may be held legally responsible for liabilities as a successor owner of businesses or lands that it acquired or has acquired. Some of CanWel Fibre's facilities have been operating for decades, and it has not done extensive invasive testing to determine whether or to what extent any such environmental contamination exists. As a result, these businesses may have liabilities for conditions that CanWel Fibre discovers or that become apparent, including liabilities arising from non- compliance with environmental laws by prior owners. Because of the limited availability or prohibitive costs of insurance coverage for environmental liability, any substantial liability for environmental damage could materially adversely affect CanWel Fibre's results of operations and financial condition.

CanWel Fibre's operations and its ability to sell products could be adversely affected if those operations did or do not, or were perceived by the public as failing to, comply with applicable laws and standards, including responsible environmental and sustainable forestry standards. If CanWel Fibre's operations and ability to sell products were hindered due to these risks, its financial condition and results of operations could be materially adversely affected.

CanWel Fibre's business has grown and its image strengthened since its acquisition, reflecting its consistent production and delivery of high quality products, while also maintaining, a high level of environmental responsibility. However, claims of environmentally irresponsible practices by regulatory authorities, activists or local communities could harm the reputation of CanWel Fibre. Adverse publicity resulting from actual or perceived violations of environmental laws and regulations could negatively impact customer loyalty, reduce demand, lead to a weakening of confidence in the marketplace and ultimately, potentially materially adversely affecting Doman's results of operations or financial conditions, a reduction in the Corporation's price of common shares or Senior Notes. These effects could result even if the allegations are not valid and Doman is not found liable for any violation.

Environmental Regulation

Changes in the regulatory environment respecting climate change have and may lead governments and regulatory bodies to enact additional or more stringent laws and regulations and impose operational restrictions or incremental levies and taxes applicable to Doman's business across all of its divisions. Enactment of new environmental laws or regulations or changes in existing laws or regulations might require significant capital expenditures. Doman may be unable to generate sufficient funds or to access other sources of capital to fund unforeseen environmental liabilities or expenditures. If Doman is unable to generate sufficient funds or to access other sources of capital to fund unforeseen environmental liabilities or expenditures or comply with changes in the laws or regulations, the financial condition and results of operations of Doman would be materially adversely affected.

Product Demand

CanWel Fibre's revenues and financial results are primarily dependent on the demand for, and selling prices of, CanWel Fibre's products, which are subject to significant fluctuations. The demand and prices for lumber, panels, pulp, newsprint, wood chips and other wood products are highly volatile and are affected by factors such as global economic conditions, changes in industry production capacity, changes in world inventory levels, increased competition from other sources of supply of logs and lumber, particularly from Russia, and other factors beyond CanWel Fibre's control. CanWel Fibre cannot predict with any reasonable accuracy future market conditions, demand or pricing for any of our products due to factors outside CanWel Fibre's control. Prolonged or severe weakness in the market for any of CanWel Fibre's principal products would adversely affect CanWel Fibre's financial condition.

Stumpage Fees

A portion of CanWel Fibre's timber requirements are harvested from lands owned by the Crown. Provincial governments control the volumes that can be harvested under provincially-granted tenures and otherwise regulate the availability of Crown timber for harvest. Determinations by provincial governments to reduce the volume of timber or areas that may be harvested under timber tenures, including to protect the environment or endangered species and critical habitat, may reduce CanWel Fibre's ability to secure log supply and may increase CanWel Fibre's log purchase costs. In addition, provincial governments charge stumpage fees to companies that harvest timber from Crown land and prescribe the methodologies that determine the amounts of such stumpage fees. The stumpage system is complex and the subject of discussion involving, among other things, lumber trade agreements between Canada and the United States. Determinations by provincial governments to change stumpage fee methodologies or rates could increase CanWel Fibre's log costs.

Periodic changes in the provincial government's administrative policy can affect the market price for timber and the viability of individual logging operations. There can be no assurance that current changes or future changes will not have a material impact on stumpage rates, and, therefore, CanWel Fibre's financial condition and results of operations could be materially adversely affected.

Fibre Cost and Availability

CanWel Fibre's costs are affected by a number of different factors which could have a significant impact on operating results. Lumber market fluctuations and log market speculative bidding can also have a significant impact on both fibre supply and costs. CanWel Fibre's ability to harvest fibre for use in its operations could be adversely impacted by natural events such as forest fires, severe weather conditions or insect infestations. In the event that sufficient volumes of economically viable fibre cannot be provided to an operation, it may be necessary to close that operation for a period of time, or even permanently. Such closures could result in significant costs to CanWel Fibre. CanWel Fibre is not insured for loss of standing timber. A loss of standing timber would materially and adversely affect CanWel Fibre's financial condition and results of operations. Additionally, CanWel Fibre heavily relies on third party contractors for harvesting operations and delivery of fibre. Any disruption in contractor availability, including the inability of contractors to harvest for CanWel Fibre for any reason, could impact CanWel Fibre's costs, fibre supply and operations. CanWel Fibre's financial condition and results of operations could be materially adversely affected by any of the foregoing.

Integration

The benefits of the Jemi Fibre Acquisition by Doman will depend in large part on the success of management of Doman in integrating the operations, technologies and personnel of Jemi Fibre with those of Doman, which integration is ongoing. The failure of Doman to achieve such integration could result in the failure of Doman to realize the anticipated benefits of the acquisition and could impair the results of operations, profitability and financial results of Doman. The overall integration of the operations, technologies and personnel of Jemi Fibre into Doman may also result in unanticipated operational problems, expenses, liabilities and diversion of management's time and attention. If a failure of integration of the operations, technologies or personnel of Jemi Fibre into Doman were to occur, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Mountain Pine Beetle

The long-term effect of the MPB infestation on CanWel Fibre's operations is uncertain. The potential effects include a reduction in future AAC levels to below current and pre-MPB AAC levels, a diminished grade and volume of lumber recoverable from MPB-killed logs, decreased quality of wood chips produced from such logs and increased logging and sawmilling production costs. The timing and extent of the effect on CanWel Fibre's timber supply, lumber grade and recovery, wood chip quality and production costs will depend on a variety of factors which cannot be determined at this time with any certainty. CanWel Fibre's financial condition and results of operations could be materially adversely impacted where there was a long-term detrimental effect of the MPB infestation materialized on CanWel Fibre's operations.

Wood Dust

Certain of CanWel Fibre's operations generate wood dust which has been recognized for many years as a potential health and safety hazard. The potential risks associated with wood dust may have been increased in CanWel Fibre's British Columbia facilities that may have been processing mountain pine beetle-killed logs as the wood dust generated from these logs tends to be drier, lighter and finer than wood dust typically generated. Two sawmill explosions which occurred in British Columbia in 2012 which may have been at least partially attributable to the presence of dry wood dust have resulted in a greater industry focus on this risk. CanWel Fibre has adopted a variety of measures to reduce or eliminate the risks posed by the presence of wood dust in its facilities and CanWel Fibre's continue to work with industry and regulators to develop and adopt best mitigation practices. Adoption of measures to reduce or eliminate risks associated with wood dust as a result of new government regulations and best practices may require additional capital expenditures and increase CanWel Fibre's operating costs. Any explosion or similar event at any of CanWel Fibre's facilities or any third-party facility could result in significant loss, increases in expenses and disruption of operations, each of which would have a material adverse effect on CanWel Fibre's business and therefore, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Conflicts of Interest

Certain of CanWel Fibre's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which CanWel Fibre may participate, the directors of CanWel Fibre may have a conflict of interest in negotiating and concluding terms respecting such participation. If the existing procedures to deal with a conflict of interest were inadequate or failed, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Uninsured Risks

CanWel Fibre maintains insurance to cover normal business risks. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to CanWel Fibre and increase costs of projected premiums. If such insurance was inadequate CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Litigation

CanWel Fibre has entered into legally binding agreements with various third-parties, including on a consulting, joint venture and partnership basis. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and CanWel Fibre may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause CanWel Fibre to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on CanWel Fibre. Additionally, in the normal course of business, CanWel Fibre is involved in various legal proceedings which arise from time to time, some of which may be substantial. In view of the claims and quantum of the amounts claimed, management does not believe that any of the legal actions or proceedings that are presently known or anticipated by CanWel Fibre are likely to have a material adverse effect on the Corporation. However, any claim against CanWel Fibre could result in CanWel Fibre incurring significant costs or having a judgement awarded against it that could have a material adverse effect on its financial condition.

Competition

CanWel Fibre competes with many other forestry companies that have substantially greater resources than CanWel Fibre or the Corporation. Such competition may result in CanWel Fibre being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. CanWel Fibre's inability to compete with other forestry companies for these resources would have a material adverse effect on CanWel Fibre's results of operation and business. See "Information Concerning CanWel Fibre – Competitive Conditions".

Dependence on Outside Parties

CanWel Fibre relies and has relied upon contractors, consultants, engineers and others, and intends to rely on these parties for development, construction, harvesting and operating expertise and services. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on CanWel Fibre. Additionally, CanWel Fibre relies on third party independent contractors to harvest timber in areas over which CanWel Fibre holds timber tenures. Increases in rates charged by these independent contractors or the limited availability of these independent contractors may increase CanWel Fibre's timber harvesting costs. CanWel Fibre's financial condition and results of operations could be materially adversely impacted if CanWel Fibre was unable to rely on such contractors, consultants, engineers or others, as CanWel Fibre intends to rely on these parties for development, construction, harvesting and operating expertise, and if such parties' work was deficient or negligent or is not completed in a timely manner, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Third Party Risk

Environmental groups and interested individuals may seek to delay or prevent a variety of operations on CanWel Fibre's land base. It is possible that environmental groups and interested individuals will intervene with increasing frequency in regulatory processes involving CanWel Fibre. Challenges to CanWel Fibre's harvesting plans or land development plans could materially delay or prevent operation on its properties. Delays or restrictions due to intervention of environmental groups or interested individuals could adversely affect CanWel Fibre's operating results. In addition to intervention in regulatory proceedings, interested groups and individuals may file or threaten to file lawsuits that seek to prevent the implementation of CanWel Fibre's operating plans. Any lawsuit or even threatened lawsuit could delay harvesting CanWel Fibre's timberlands, which could have a material adverse impact on the results and operations of CanWel Fibre. Among the remedies that could be enforced in a lawsuit is a judgment entirely preventing or restricting the harvesting on a portion of CanWel Fibre's timberlands. If such a remedy was enforced, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Fuel and Energy Costs

CanWel Fibre is exposed to fluctuations in fuel cost impacting its harvesting and transportation activities. An increase in fuel cost may result in lower earnings and cash flows. In addition, many of CanWel Fibre's customers are high-energy consumers and, as a result, are themselves vulnerable to energy cost increases. If energy costs increase significantly, CanWel Fibre's customers may not be able to compete effectively and may have to reduce current operating volumes or close mills. If there was such an increase in energy cost that occurred, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Geographic Concentration

CanWel Fibre's timberlands are concentrated in British Columbia and Saskatchewan. Accordingly, if the level of production from these forests substantially declines or demand in the region were to decline for any reason, including natural or man-made disasters, closure of pulp, paper or lumber manufacturing operations in the region, such changes could have a material adverse effect on CanWel Fibre's overall harvest levels and its financial results. If these systems and procedures are inadequate or fail, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Forest Management

Although management believes it follows best practices with regard to forest sustainability and general forest management, there can be no assurance that management's forest management planning will have the intended result of ensuring that CanWel Fibre's asset base appreciates over time. If management's estimates of merchantable inventory are incorrect, harvesting levels of CanWel Fibre's timberlands may result in depletion of CanWel Fibre's timber assets. If the best practices with regard to forest sustainability and general forest management were to be inadequate or fail, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Seasonality

CanWel Fibre's operations are subject to seasonal variations and, as a result, CanWel Fibre's operating results vary from quarter to quarter. Harvesting activity can be compromised by inaccessibility to some sites during fire or wet seasons or natural or man-made disasters, resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year. If such seasonal variations or weather conditions were to manifest, CanWel Fibre's financial condition and results of operations could be materially adversely impacted.

Ongoing Risks Relating to Acquisitions

The following risks, which relate to the integration of each or any of Doman's acquisitions, including without limitation, California Cascade, TFI, CanWel Fibre, Honsador, Oregon Cascade, Woodland, Lignum, and Island Truss, Hixson and L.A. Lumber may continue to apply notwithstanding the passage of time.

- ***Integration of the Combined Business*** - The integration of acquisitions requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. There can be no assurance that management will be able to integrate the operations of the businesses successfully or achieve any of the synergies or other benefits that are anticipated as a result of such acquisition. Any inability of management to continue to successfully achieve synergies and/or manage the integrated operations of the Doman Group and such acquisition, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on the business, financial condition and results of operations of the Doman Group.

- ***Supplier Risk*** - The Doman Group distributes building products that are manufactured or supplied by a number of major suppliers. The loss of any of CBML's or an acquired entity's major suppliers or any significant number of existing suppliers of CBML or such acquired entity could have a material adverse effect upon the Corporation's results of operations and financial condition.

- ***Customer Risk*** - The Doman Group's products and services are purchased by a number of major customers. The loss of any of CBML's or an acquired entity's major customers or any significant number of existing customers of CBML or such acquired entity could have a material adverse effect upon the Corporation's results of operations and financial condition.

- ***Control of the Combined Business*** - As at the date hereof, TFC and its Affiliates own approximately 19.09% of the outstanding Common Shares. The interests of TFC may conflict with each other or those of other shareholders.

Risk Relating to Securities

Common Shares

Unpredictability and Volatility of Market Price

Shares and other securities of a publicly traded company do not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The market price for the Common Shares may be adversely affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of the Corporation. The annual yield on the Common Shares as compared to the annual yield on other financial instruments may also influence the price of the Common Shares in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Common Shares.

Payment of Dividends

Doman's dividend policy is at the discretion of the Board of Directors. Future dividends, if any, will depend on results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, provisions of applicable law and other factors that the Board of Directors may deem relevant. Accordingly, the payment of dividends by Doman and the level thereof is uncertain.

Dilution and Sale of Common Shares

Pursuant to its articles of incorporation, as amended, the Corporation is authorized to issue an unlimited number of Common Shares for the consideration and on those terms and conditions as are established by the Directors without the approval of any shareholders. Any further issuance of Common Shares may dilute the interests of existing shareholders. Furthermore, the Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation which may be dilutive.

Sales of a substantial number of Common Shares by a significant holder(s) in the public market or otherwise could adversely affect the prevailing market prices of the Common Shares and could impair the Corporation's ability to raise additional capital through an offering of Common Shares. The possible perception among the public that these sales will occur could also produce the same effect.

Dividends Depend on Performance of Subsidiaries

Although the Corporation intends to pay dividends on its Common Shares, there can be no assurance regarding the amounts of income to be generated by the operating subsidiaries of the Corporation or ultimately distributed to the Corporation from these operating subsidiaries. The ability of the Corporation to make dividend payments, and the actual amount paid, is currently entirely dependent on the operations and assets of its subsidiaries, and is subject to various factors including their respective financial performances, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of their margin and capital expenditure requirements. Dividends are not guaranteed and will fluctuate with the performance of the Treatment LPs, Honsador, Hixson, California Cascade, CanWel Fibre and CBML. The Treatment GPs, Honsador, Hixson, California Cascade, CanWel Fibre and CBML have the discretion to establish cash reserves for the proper conduct of their business. Adding to these reserves in any year would reduce the amount of cash available for distribution in that year. There can be no assurance regarding the actual levels of dividends by the Corporation. The market value of the Common Shares may deteriorate if the Corporation is unable to meet its cash distribution targets or interest payments in the future, and such deterioration may be material.

Leverage and Restrictive Covenants

CBML has third-party debt service obligations under its credit facilities (for the purposes of this section references to CBML shall be deemed to include Honsador, Hixson, California Cascade and CanWel Fibre). In addition, CBML or Doman may borrow additional funds from other third parties. The degree to which CBML is leveraged could significantly impact the amount of income to be generated by CBML and therefore funds available to the Corporation. The consequences of CBML's borrowing activities to the Corporation and to the holders of the Common Shares, include (i) CBML's ability to obtain additional financing for working capital, (ii) a portion of CBML's cash flow from operations will be dedicated to the payment of the interest on its indebtedness, thereby reducing funds available for payment to the Corporation, and (iii) certain of CBML's borrowings being at variable rates of interest, which exposes CBML to the risk of increased interest rates. CBML's ability to make scheduled payments of interest on, or to refinance, its indebtedness, will depend on its future cash flow, which is subject to the operations of CBML's business, prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control or ability to predict with any accuracy. These factors might inhibit CBML from refinancing the indebtedness on favourable terms, or at all.

The credit facilities contain restrictive covenants that limit the discretion of CBML's management with respect to certain business matters and may, in certain circumstances, restrict CBML's ability to fund dividends on CBML's shares which could adversely impact dividends on the Common Shares. These covenants will place restrictions on, among other things, the ability of the borrower to incur additional indebtedness, to create other security interests, to complete mergers, amalgamations and acquisitions, to undertake an unsolicited take-over bid utilizing the credit facilities, make capital expenditures, to pay dividends or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets. The credit facilities will also contain financial covenants requiring the borrower to satisfy certain financial tests. A failure of CBML to comply with its obligations under the credit facilities could result in an event of default which, if not cured or waived, could permit the acceleration of the relevant indebtedness. The credit facilities are secured by customary security for facilities of this type, including first ranking security over all present and future personal property of CBML and a first ranking pledge of all present and future material subsidiaries of CBML and an assignment of insurance. If CBML is not able to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or sale. There can be no assurance that, if the indebtedness under the credit facilities were to be accelerated, CBML's assets would be sufficient to repay in full that indebtedness.

The credit facilities mature in 2024, with full repayment due at maturity. It is likely that CBML will have to refinance its debt on or prior to the date the credit facilities expire. lf the credit facilities are replaced by new debt that has less favourable terms or if CBML cannot refinance its debt, funds available for distribution to the Corporation and dividends to holders of Common Shares may be materially adversely impacted. It is not possible to determine at this time whether new debt may not be available at or before maturity, or whether it may only be available on terms less favourable than those governing the current credit facilities.

Capital Investment

The timing and amount of capital expenditures by the Treatment Plants, Honsador, Hixson, California Cascade, CanWel Fibre or CBML will directly affect the amount of cash available for distribution to the Corporation. Dividends may be reduced, or even eliminated, at times when the board of directors of the Treatment GPs, Honsador, Hixson, California Cascade, CanWel Fibre or CBML deems it necessary to make significant capital or other expenditures.

Restrictions on Potential Growth

The payout by the Treatment LPs, Honsador, Hixson, California Cascade, CanWel Fibre or CBML of their available cash to the maximum extent possible will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of Doman and its cash flow.

Pension Funding

CBML maintains a defined benefit pension plan for the benefit of certain past and current employees. The ability of CBML to meet the projected pension payments is maintained through investments and regular contributions. CBML may be required to make contributions to its pension plan in the future, depending on various factors, including future returns on pension plan assets, long-term interest rates, and changes in pension regulations, any or all of which may have a negative effect on CBML's liquidity and results of operations.

The funding requirements of CBML's pension plan, resulting from valuations of its pension plan assets and liabilities, depend on a number of factors, including but not limited to the actual return on pension plan assets, long-term interest rates, plan demographics, and pension regulations. Changes in these factors could cause actual future contributions to differ materially from CBML's current estimates, and could require CBML to make additional contributions to CBML's pension plan in the future and, therefore, could have a materially adverse impact on its liquidity and results of operations.

There can be no assurance that CBML's pension plan will be able to earn its assumed rate of return. A material portion of CBML's pension plan assets are invested in public equity securities. As a result, the ability of CBML's pension plan to earn the rate of return that has been assumed significantly depends on the performance of capital markets. Market conditions also impact the discount rate used to calculate CBML's solvency obligations, and thereby could also significantly affect CBML's cash funding requirements.

Market Price Volatility

The market price of the Senior Notes may be adversely affected by a variety of factors relating to Doman's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by the Corporation and the Corporation's failure to meet analysts' expectations. In addition, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Senior Notes for reasons unrelated to the Corporation's performance. Additionally, the value of the Senior Notes is subject to market value fluctuations based upon factors that influence the Corporation's operations, such as legislative or regulatory developments, competition, commodity prices, global capital market activity and changes in interest and currency rates. Prevailing interest rates will affect the market value of the Senior Notes, which have a fixed interest rate. Assuming all other factors remain unchanged, the market value of the Senior Notes will normally decline during such period as prevailing interest rates for similar debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline. There can be no assurance that the market price of the Senior Notes will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance. The value of Senior Notes will be affected by the general creditworthiness of the

Corporation. The market value of the Senior Notes may also be affected by the Corporation's financial results and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the Senior Notes are traded and the market segment of which the Corporation is a part.

Existing Indebtedness

Doman has a significant amount of indebtedness. This indebtedness could adversely affect Doman's business, financial condition or results of operations and prevent Doman from fulfilling its obligations under its existing indebtedness, the Senior Notes or the 2026 Senior Notes.

The ability of Doman to make certain payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of Doman. The degree to which Doman is leveraged could have important consequences, including: (i) Doman's ability to obtain additional financing for working capital, capital expenditures, or acquisitions may be limited; (ii) all or part of Doman's cash flow from operations may be dedicated to the payment of the principal of and interest on Doman's indebtedness, thereby reducing funds available for operations; and (iii) certain of Doman's borrowings will be at variable rates of interest, which exposes Doman to the risk of increased interest rates. These factors may adversely affect Doman's cash flow. The Corporation is currently in compliance with applicable covenants with respect to its indebtedness as of the date of this Annual Information Form.

The Note Indenture and the 2021 Note Indenture each contain numerous restrictive covenants that limit the discretion of Doman with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of Doman to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, and to sell or otherwise dispose of assets. In addition, the Note Indenture and the 2021 Note Indenture each contain a number of financial covenants that require Doman to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Note Indenture or the 2021 Note Indenture could result in a default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness were to be accelerated, there can be no assurance that the assets of Doman would be sufficient to repay in full the Senior Notes or the 2026 Senior Notes.

Conversely, Doman may be able to incur substantial additional indebtedness in the future. Although the Note Indenture and 2021 Note Indenture contains restrictions on the incurrence of additional indebtedness, debt incurred in compliance with these restrictions could be substantial. In addition, the Note Indenture and the 2021 Note Indenture will not prevent Doman from incurring obligations that do not constitute indebtedness. If Doman incurs additional indebtedness or other obligations, the related risks faced by Doman could be magnified.

Ability to Make Payment

The ability of Doman to make scheduled payments on or to refinance its debt obligations, including the Senior Notes and the 2026 Senior Notes, depends on Doman's financial condition and operating performance, which are subject to a number of factors beyond Doman's control. Doman may be unable to maintain a level of cash flow from operating activities sufficient to permit Doman to pay the principal, premium, if any, and interest on its indebtedness, including the Senior Notes and the 2026 Senior Notes.

If Doman's cash flow and capital resources are insufficient to fund its debt service obligations, Doman could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness, including the Senior Notes and the 2026 Senior Notes. Doman may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow Doman to meet its scheduled debt service obligations. The Note Indenture and 2021 Note Indenture restrict Doman's ability to dispose of assets and use the proceeds from those dispositions and may also restrict Doman's ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Doman may not be able to consummate any such dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Doman's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect Doman's business, results of operations, financial condition and its ability to satisfy its obligations under the Senior Notes and/or the 2026 Senior Notes.

Credit Risk

The likelihood that holders of the Senior Notes or the 2026 Senior Notes will continue to receive payments owing to them under the terms of the Senior Notes or the 2026 Senior Notes, as the case may be, will depend on the financial health of Doman and its creditworthiness.

The Note Indenture and the 2021 Note Indenture contain respective covenants that restrict Doman's ability to engage in certain transactions and may impair its ability to respond to changing business and economic conditions.

The Note Indenture, the 2021 Note Indenture and Doman's other debt agreements contain covenants that restrict Doman's ability, and that of certain of its affiliates, to engage in certain transactions and may impair Doman's ability to respond to changing business and economic conditions. These covenants include limitations on, among other things, the ability to:

- incur additional indebtedness or issue disqualified stock;
- restrict the payment of distributions, payments on other indebtedness and dividends out of the ordinary course;
- repurchase stock;
- make certain investments, distributions and acquisitions;
- create liens;
- engage in transactions with affiliates;
- merge, amalgamate, consolidate or make other fundamental changes;
- sell or dispose of assets; and
- engage in certain types of businesses.

If there were an event of default under one of Doman's debt instruments, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately which may cause cross default to other debt. Doman cannot assure holders of Senior Notes or the 2026 Senior Notes that its assets or cash flow would be sufficient to fully repay borrowings under its outstanding debt instruments if accelerated upon an event of default, or that it would be able to repay, refinance or restructure the payments on those debt instruments.

Dividends will reduce cash flow available to holders of Senior Notes and the 2026 Senior Notes

Doman is continuing to pay its ordinary course quarterly cash dividend which is permitted by the terms of the Note Indenture and the 2021 Note Indenture. The terms of the Senior Notes and the 2026 Senior Notes also provide Doman with the ability to pay dividends which, if paid, will reduce Doman's available cash flow and asset available to holders of Senior Notes and 2026 Senior Notes, as applicable, upon any realization.

Unsecured Nature of the Senior Notes and the 2026 Senior Notes

The Senior Notes and the 2026 Senior Notes are direct unsecured obligations of Doman ranking equally and *pari passu* with all other unsecured and unsubordinated indebtedness of Doman. Although the Senior Notes and the 2026 Senior Notes are referred to as "senior notes", they are effectively subordinated to all existing and future secured debt of Doman. If Doman is involved in any bankruptcy, dissolution, liquidation, reorganization or other insolvency proceeding, the secured debt holders would be paid before the holders of Senior Notes and the 2026 Senior Notes receive any amounts due thereunder to the extent of the assets securing the secured debt. In that event, a holder of Senior Notes or 2026 Senior Notes may not be able to recover any principal or interest due to it thereunder.

Unsecured Nature of Obligations under Guarantees

The obligations under the Guarantees pursuant to the Note Indenture and the 2021 Note Indenture, as applicable, are direct unsecured obligations of each of the Guarantors thereunder, as applicable, ranking equally and *pari passu* with all other unsecured and unsubordinated indebtedness of the Guarantors, as applicable. The obligations under the applicable Guarantees pursuant to the Note Indenture and the 2021 Note Indenture are effectively subordinated to all existing and future secured debt of the Guarantors, as applicable, to the extent of the assets securing such debt. If the applicable Guarantor is involved in any bankruptcy, dissolution, liquidation, reorganization or other insolvency proceeding when such Guarantee is called upon, the secured debt holders would be paid before the holders of Senior Notes or the 2026 Senior Notes, as applicable, receive any amounts due under the Senior Notes or the 2026 Senior Notes, as applicable, pursuant to such Guarantee, to the extent of the assets securing the secured debt. In that event, a holder of Senior Notes or 2026 Senior Notes, as the case may be, may not be able to recover any principal or interest due to it under the Senior Notes or the 2026 Senior Notes, as applicable, pursuant to such Guarantee.

Senior Notes and 2026 Senior Notes are Junior to Certain Obligations

The Senior Notes and the 2026 Senior Notes are effectively junior in right of payment to certain obligations of Doman's subsidiaries. Doman conducts its operations directly and indirectly through certain subsidiaries. Accordingly, Doman relies upon distributions and other payments from such subsidiaries to generate a portion of the funds necessary to pay the principal of, and interest on, the Senior Notes and the 2026 Senior Notes. The ability of such subsidiaries to pay distributions and other payments including, but not limited to, dividends to Doman may be restricted by, among other things, the availability of cash flows from operations, contractual restrictions in Doman's debt instruments, including its revolving credit facility, applicable corporate laws and other laws and agreements of Doman's subsidiaries. In the event of a bankruptcy, liquidation or reorganization of Doman, holders of its indebtedness (including holders of the Senior Notes and the 2026 Senior Notes) may become subordinate to lenders to Doman's subsidiaries, except to the extent that guarantees are provided and are enforced.

Market for Senior Notes

There is no obligation for any party to conduct market-making activities to ensure that an active trading market exists for the Senior Notes. Accordingly, holders may not be able to resell the Senior Notes. This may affect the pricing of the Senior Notes in any secondary market, the transparency and availability of trading prices and the liquidity of the Senior Notes. There can be no assurance that a secondary market for the Senior Notes will continue or, if a secondary market does continue, that it will provide holders of Senior Notes with liquidity for their investment or that it will continue until the maturity date of the Senior Notes. The market price and value of the Senior Notes may be affected by changes in general market conditions, fluctuations in the market for equity and debt securities, prevailing interest rates, and numerous other factors beyond Doman's control. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Senior Notes. The market for the Senior Notes may be subject to similar disruptions.

No Assurance Future Financing Will be Available

Doman may need to refinance certain of its existing debt instruments at or prior to their maturity or obtain additional financing in the future. The ability to obtain such additional financing will depend upon a number of factors, including prevailing market conditions and the operating performance of Doman. There can be no assurance that any such financing will be available to Doman on favourable terms or at all. If financing is available through the sale of debt, equity or capital properties, the terms of such financing may not be favourable to Doman. In addition, the Note Indenture and the 2021 Note Indenture contain restrictions on the ability of Doman to raise capital through issuing or incurring additional debt. Failure to raise capital when required could have a material adverse effect on Doman's business, financial condition and results of operations.

The Corporation May Not Be Able to Finance an Offer to Purchase the Senior Notes or the 2026 Senior Notes upon a Change of Control

Holders of Senior Notes or the 2026 Senior Notes, as the case may be, may not be able to determine when a change of control giving rise to their right to have the Senior Notes or 2026 Senior Notes, as applicable, repurchased has occurred. The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Doman and its Restricted

Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all" there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Senior Notes or 2026 Senior Notes, as the case may be, to require Doman to repurchase such Senior Notes or 2026 Senior Notes, as applicable, as a result of a sale, transfer, conveyance or other disposition of less than all properties or assets of Doman and its Restricted Subsidiaries, taken as a whole, to another Person or group may be uncertain.

If Doman experiences a Change of Control, Doman may be required to make an offer to repurchase all of the Senior Notes and the 2026 Senior Notes prior to their maturity. Doman may not have sufficient funds or be able to arrange for additional financing at the time of the Change of Control to make the required repurchase of the Senior Notes and/or the 2026 Senior Notes. There is no sinking fund with respect to the Senior Notes or the 2026 Senior Notes.

Doman's ability to repurchase Senior Notes or 2026 Senior Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of the events constituting a Change of Control under the Note Indenture or the 2021 Note Indenture may result in an event of default in respect of current or future indebtedness of Doman and its subsidiaries and, consequently, the lenders thereof may have the right to require repayment of such indebtedness in full. Moreover, the exercise by holders of the Senior Notes or 2026 Senior Notes of their right to require Doman to repurchase the Senior Notes or 2026 Senior Notes, as applicable, upon a Change of Control could cause a default under these other agreements, even if the Change of Control itself does not, due to the financial effect of such repurchases on Doman. In the event a Change of Control occurs at a time when Doman is prohibited from purchasing Senior Notes or 2026 Senior Notes or its subsidiaries are prohibited from making distributions to Doman to purchase Senior Notes or 2026 Senior Notes under the terms of any agreements governing indebtedness of Doman and its subsidiaries or otherwise, Doman could seek the consent of its lenders to the purchase of Senior Notes or 2026 Senior Notes or make such distributions or could attempt to refinance the borrowings that contain such prohibition. If Doman does not obtain a consent or repay those borrowings, it will remain prohibited from purchasing Senior Notes or 2026 Senior Notes. In that case, Doman's failure to purchase tendered Senior Notes or 2026 Senior Notes would constitute an Event of Default under the Note Indenture and the 2021 Note Indenture, as the case may be, which could, in turn, constitute a default under the other indebtedness.

Doman's Cash Flow Dependence

Doman's ability to make payments of principal on the Senior Notes and the 2026 Senior Notes is dependent on its cash flow, including the minimum cash flow requirement under its revolving credit facility.

Additional Indebtedness

Doman may be able to incur significant additional indebtedness in the future. Although the Note Indenture contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the additional indebtedness incurred in compliance with these exceptions could be substantial. If Doman incurs additional indebtedness, it may have the effect of reducing the amount of proceeds distributed to holders of Senior Notes and 2026 Senior Notes in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of or such proceedings involving Doman. If new debt is added to Doman's current debt levels, the related risks that Doman now faces could intensify.

Credit Rating

The credit rating may not reflect all risks associated with an investment in the Senior Notes or the 2026 Senior Notes. The credit rating applied to the Senior Notes and the 2026 Senior Notes is an assessment by the Ratings Agencies of Doman's ability to pay its obligations as of the date the rating is assigned. Consequently, real or anticipated changes in the credit ratings will generally affect the market value of the Senior Notes. The credit rating, however, may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the Senior Notes or the 2026 Senior Notes. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit rating assigned to the Senior Notes and the 2026 Senior Notes is not a recommendation to purchase, hold or sell the Senior Notes or the 2026 Senior Notes, because ratings do not comment as to market price or suitability for a particular investor. There cannot be any assurance that the credit rating assigned to the Senior Notes and the 2026 Senior Notes will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely by the Ratings Agencies, nor that another rating agency may independently choose to rate the Senior Notes or the 2026 Senior Notes. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Senior Notes. In addition, real or anticipated changes in the credit rating can affect the cost at which Doman can access public or private debt markets.

Loss of Credit Rating

The Note Indenture and the 2021 Note Indenture each provide that certain covenants will not be applicable during any period in which the Senior Notes or 2026 Senior Notes, as applicable, are rated Investment Grade by the Ratings Agencies or one of the designated rating organizations that provide ratings of the Senior Notes and the 2026 Senior Notes, as applicable, and no Default or Event of Default has occurred and is continuing. These covenants restrict, among other things, Doman's ability to pay dividends, incur debt, incur liens, sell assets, enter into transactions with affiliates and enter into business combinations. Suspension of these covenants would allow Doman to engage in certain transactions that would not be permitted while these covenants were in force, even if the Senior Notes or the 2026 Senior Notes are subsequently downgraded below Investment Grade. There can be no assurance that the Senior Notes or the 2026 Senior Notes will maintain such rating.

Conflict Among Noteholders

In the case of the Senior Notes and the 2026 Senior Notes, the respective Trustees take instructions from a majority of Noteholders, as applicable, whose interests may not align with other Noteholders. The Senior Notes and the 2026 Senior Notes were each issued in the form of one global note registered in the name of CDS. Beneficial holders of the Senior Notes and the 2026 Senior Notes have their rights and interests in the Senior Notes and 2026 Senior Notes, as the case may be, governed by the terms of the Note Indenture and the 2021 Note Indenture, as applicable, and are represented by the respective Trustee appointed thereunder. The respective Trustees take direction from Noteholders in accordance with the terms of the Note Indenture or the 2021 Note Indenture, as the case may be, which may require a minimum number of Noteholders to vote on a course of action prior to the implementation thereof. As a result, the respective Trustees may take direction from one or more institutional Noteholders to the extent that such Noteholders maintain a significant interest in the Senior Notes or the 2026 Senior Notes, as applicable. Such Noteholders may not have the same interests in outcomes as other holders of Senior Notes or 2026 Senior Notes, as applicable.

Alternatively, if the beneficial interest in the Senior Notes or the 2026 Senior Notes, as the case may be, is widely held, the respective Trustee may not receive instructions in a timely manner or may not receive instructions at all. In the event such Trustee is unable to obtain timely instructions from Noteholders, Noteholders may not achieve the outcomes they might have otherwise been able to if such Trustee had received instructions in a timely manner.

Bankruptcy and Insolvency

The rights of the respective Trustees to enforce remedies could be delayed by the restructuring provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation if the benefit of such legislation is sought with respect to Doman. For example, both the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada) contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and to file a proposal to be voted on by the various classes of its affected creditors. A restructuring proposal, if accepted by the requisite majorities of each affected class of creditors, and if approved by the relevant Canadian court, would be binding on all creditors within each affected class, including those creditors that did not vote to accept the proposal. Moreover, this legislation, in certain instances, permits the insolvent debtor to retain possession and administration of its property, subject to court oversight, even though it may be in default under the applicable debt instrument, during the period that the stay against proceedings remains in place. The powers of the court under the *Bankruptcy and Insolvency Act* (Canada), and particularly under the *Companies' Creditors Arrangement Act* (Canada), have been interpreted and exercised broadly so as to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, Doman cannot predict whether payments under the Senior Notes or 2026 Senior Notes would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the respective Trustee could exercise its rights under the Note Indenture or 2021 Note Indenture, as the case may be, or whether and to what extent holders of the Senior Notes or 2026 Senior Notes, as applicable, would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursements of the respective trustees.

In addition, certain Guarantors are incorporated or otherwise existing under the laws of the United States, and Doman's future subsidiaries that become Guarantors, if any, may be formed or otherwise existing under the laws of the United States or another jurisdiction outside of Canada, and/or their respective principal operating assets could be located in such jurisdictions. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. Under bankruptcy laws in the United States, courts typically have jurisdiction over a debtor's property, wherever located, including property situated in other countries. A holder of Senior Notes or 2026 Senior Notes will thus be subject to the laws of several jurisdictions, and courts in one jurisdiction may not recognize the jurisdiction of another court. Accordingly, difficulties may arise in administering a bankruptcy case involving a Canadian debtor with assets located in the United States, and any orders or judgments of a bankruptcy court in Canada or the United States may not be enforceable in the other jurisdiction. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

Statutory Impact on the Guarantees

Doman's creditors or the creditors of one or more Guarantors could challenge the Guarantees as a fraudulent transfer, conveyance or preference or on other grounds under applicable Canadian federal or provincial law or United States federal or state law, as applicable. While the relevant laws vary from one jurisdiction to another, the entering into of the Guarantees by certain Guarantors could be found to be a fraudulent transfer, conveyance or preference or otherwise void if a court were to determine that:

- the Guarantor delivered its Guarantee with the intent to defeat, hinder, delay or defraud its existing or further creditors;
- the Guarantor did not receive fair consideration for the delivery of the Guarantee; or
- the Guarantor was insolvent at the time it delivered the Guarantee.

To the extent a court voids a Guarantee as a fraudulent transfer, preference or conveyance or holds it unenforceable for any other reason, holders of Senior Notes or 2026 Senior Notes, as the case may be, would cease to have any direct claim against a Guarantor. If a court were to take this action, the Guarantor's assets would be applied first to satisfy the Guarantor's liabilities, including trade payables and preferred stock claims, if any, before any portion of its assets could be distributed to Doman to be applied to the payment of the Senior Notes or the 2026 Senior Notes, as the case may be. If a court were to conclude that the Guarantee should be subordinated for equitable reasons to claims of other creditors of a Guarantor, then those other creditors must be satisfied before any portion of the assets of that Guarantor would be available to satisfy the Guarantee. Doman cannot assure you that a Guarantor's remaining assets would be sufficient to satisfy the claims of the holders of the Senior Notes or the 2026 Senior Notes, as the case may be, relating to any voided portions or subordinated portions of the Guarantees.

In addition, the corporate statutes or other instruments governing the Guarantors may also have provisions that serve to protect each Guarantor's creditors from impairment of its capital from financial assistance given to its corporate insiders where there are reasonable grounds to believe that, as a consequence of this financial assistance, the Guarantor would be insolvent or the book value, or in some cases the realizable value, of its assets would be less than the sum of its liabilities and its issued and paid-up share capital. While the applicable corporate laws may not prohibit financial assistance transactions and a corporation is generally permitted flexibility in its financial dealings, the applicable corporate laws may place restrictions on each Guarantor's ability to give financial assistance in certain circumstances. A court may also, in certain circumstances, hold that the Guarantees should be subordinated for equitable reasons to claims of other creditors of a Guarantor

Release of Guarantors

A Guarantor will be automatically released from its Guarantee upon the occurrence of certain events, including the following:

- the designation of such Guarantor as an Unrestricted Subsidiary;
- the release of such Guarantor from its obligations under the Syndicated Credit Facility or other Indebtedness which resulted in the requirement for such Guarantor to provide its Guarantee of the Senior Notes or the 2026 Senior Notes, as the case may be; or
- the sale or other disposition of all or substantially all of the assets of such Guarantor to a third party or the sale or other disposition of the shares of such Guarantor such that it ceases to be a Subsidiary.

If any such Guarantee is released, no holder of Senior Notes or 2026 Senior Notes, as the case may be, will have a claim as a creditor against any such former Guarantor and the indebtedness and other liabilities, if any, whether secured or unsecured, of such former Guarantor will be effectively senior to the claim of any holders of the Senior Notes or the 2026 Senior Notes, as applicable.

DIVIDENDS

The Corporation has paid dividends or distributions continuously since 2005. From May 2014, after the Corporation consolidated its shares on a 1 for 2 basis, the Corporation paid a dividend of $0.14 quarterly until October 15, 2020, when it commenced paying $0.12 per quarter. On November 4, 2021, the Board reinstated a $0.14 dividend commencing with the fourth quarter for 2021. The Board of Directors intends to review the Corporation's dividend policy periodically in the context of the firm's overall profitability, free cash flow, regulatory requirements, capital requirements and other business needs.

As a corporation, the Corporation's dividend policy is at the discretion of the Board of Directors. Future dividends, if any, will depend on the operations and assets of the Corporation and will be subject to various factors, including, without limitation, the Corporation's financial performance, fluctuations in its working capital, the sustainability of its margins, its capital expenditure requirements, obligations under its credit facilities, provisions of applicable law (including satisfying the dividend solvency test applicable to CBCA corporations) and other factors that the Directors may deem relevant from time to time. There can be no guarantee that the Corporation will maintain its dividend policy. See "Risk Factors".

The following table sets forth the dividends paid by the Corporation for the last three years:

Record Date	Dividend per Common Share ($)
2019	
March 29, 2019	$0.14
June 28, 2019	$0.14
September 30, 2019	$0.14
December 31, 2019	$0.14
2020	
March 31, 2020	$0.14
June 30, 2020	$0.14
September 30, 2020(1)	$0.12
December 31, 2020	$0.12
2021	
March 31, 2021(2)	$0.16
June 30, 2021	$0.12
September 30, 2021	$0.12
December 31, 2021(3)	$0.14

(1) The adjusted dividend amount was announced in a Doman press release dated June 15, 2020.

(2) Base dividend of $0.12, plus a special dividend of $0.04 announced in a Doman press release dated March 11, 2021.

(3) Base dividend adjusted to $0.14 as announced in a Doman press release dated November 4, 2021.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of a single class of common shares and an unlimited number of preferred shares issuable in series. The Corporation also has the Senior Notes and the 2026 Senior Notes outstanding. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation.

Common Shares

Holders of Common Shares will be entitled to one vote per share at meetings of shareholders of the Corporation, to receive dividends if, as and when declared by the board of directors of the Corporation (subject to the rights of shares, if any, having priority over the Common Shares) and to receive pro rata the remaining property and assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares, if any, having priority over the Common Shares.

Preferred Shares

Each series of preferred shares shall consist of such number of shares and have such rights, privileges, restrictions and conditions as may be determined by the Board of Directors of the Corporation prior to the issuance thereof. Holders of preferred shares, except as required by law, will not be entitled to vote at meetings of shareholders of the Corporation except as specified in the applicable rights, privileges, restrictions and conditions thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the preferred shares are entitled to preference over the Common Shares and any other shares ranking junior to the preferred shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the preferred shares as maybe determined at the time of creation of such series. No preferred shares of the Corporation are or have been issued as of the date hereof.

Senior Notes

On October 9, 2018, the Corporation issued $60.0 million aggregate principal amount of Senior Notes denominated in principal amounts of $1,000 pursuant to a bought deal prospectus offering. The Senior Notes accrue interest at the rate of 6.375% per annum, payable semi-annually in arrears on October 9 and April 9 of each year, commencing on April 9, 2019, and maturing October 9, 2023 and are redeemable, in whole or in part, at the option of the Corporation at any time.

The following description of the Senior Notes is a summary of their material attributes and characteristics, which does not purport to be complete and is qualified in its entirety by reference to the Note Indenture. Capitalized terms used below which are not otherwise defined herein have the meaning ascribed thereto in the Note Indenture. For full particulars, please refer to the Note Indenture and the Final Prospectus.

The Senior Notes are:

- general unsecured obligations of the Corporation;
- effectively subordinated to all of the Corporation’s existing and future secured Indebtedness, to the extent of the assets securing such Indebtedness;
- equal in right of payment with all of the Corporation’s existing and future unsubordinated Indebtedness;
- senior in right of payment to any future Subordinated Indebtedness of the Corporation; and
- guaranteed by the Guarantors on a senior unsecured basis.

In the event of a Change in Control, the Corporation will be required to offer to repurchase certain of the Senior Notes at a price of not less than 101% of the principal amount of the Senior Notes and on the terms set forth in the Note Indenture. The Note Indenture provided for the Corporation's issuance of Senior Notes with an unlimited principal amount, of which $60 million was issued in the Note Offering.

The Corporation may issue additional senior notes ("**Additional Notes**") from time to time after the Note Offering. In addition, the Note Indenture provides for the issuance of other notes in one or more series with a maturity date and interest rate different to that applicable to the Senior Notes and any Additional Notes and terms to be fixed in each case at the time of issuance. The Senior Notes and any Additional Notes subsequently issued under the Note Indenture would be treated as a single class for all purposes under the Note Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

2026 Senior Notes

On May 10, 2021, the Corporation issued $325 million aggregate principal amount of 2026 Senior Notes denominated in principal amounts of $1,000, pursuant to a private placement offering. The 2026 Senior Notes are senior unsecured obligations of the Corporation maturing May 15, 2026 and accrue interest at 5.25% per annum, payable in cash semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2021. The 2026 Senior Notes rank equally with all present and future senior unsecured indebtedness of the Corporation and are guaranteed, jointly and severally, by certain material subsidiaries of the Corporation in accordance with the terms of the 2021 Note Indenture.

At any time and from time to time prior to May 15, 2023, the Corporation may redeem all or a part of the 2026 Senior Notes, upon not less than 15 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the 2026 Senior Notes redeemed, plus a specified premium (being the greater of (i) 1% of the principal amount of the 2026 Senior Notes to be redeemed and (ii) the excess of the discounted value of the remaining interest payable on the 2026 Senior Notes to be redeemed over the principal amount of the 2026 Senior Notes to be redeemed) and accrued and unpaid interest, if any, as of the applicable date of redemption (subject to the rights of holders of the 2026 Senior Notes on the relevant record date to receive interest due on the relevant interest payment date).

At any time prior to May 15, 2023, the Corporation may, on one or more occasions, redeem up to 35% of the aggregate principal amount of 2026 Senior Notes issued under the 2021 Note Indenture, upon not less than 15 nor more than 60 days' notice, at a redemption price of 105.25% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, subject to the rights of the holders thereof on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more equity offerings of the Corporation; provided that (i) 2026 Senior Notes in an aggregate principal amount equal to at least 65% of the aggregate principal amount of the 2026 Senior Notes issued under the 2021 Note Indenture remain outstanding immediately after the occurrence of such redemption (excluding 2026 Senior Notes held by the Corporation or its affiliates); and (ii) the redemption occurs within 90 days of the date of the closing of such equity offering. Except pursuant to the preceding paragraphs, the 2026 Senior Notes are not redeemable at the Corporation's option prior to May 15, 2023.

The following description of the 2026 Senior Notes is a summary of their material attributes and characteristics, which does not purport to be complete and is qualified in its entirety by reference to the 2021 Note Indenture. Capitalized terms used below which are not otherwise defined herein have the meaning ascribed thereto in the 2021 Note Indenture. For full particulars, please refer to the 2021 Note Indenture.

The 2026 Senior Notes are:

- general unsecured obligations of the Corporation;
- effectively subordinated to all of the Corporation's existing and future secured Indebtedness, to the extent of the assets securing such Indebtedness;
- equal in right of payment with all of the Corporation's existing and future unsubordinated Indebtedness;
- senior in right of payment to any future Subordinated Indebtedness of the Corporation; and
- guaranteed by the Guarantors on a senior unsecured basis.

In the event of a Change of Control, the Corporation will be required to offer to repurchase the 2026 Senior Notes at a price of not less than 101% of the principal amount of the 2026 Senior Notes and on the terms set forth in the 2021 Note Indenture. The 2021 Note Indenture provided for the Corporation's issuance of 2026 Senior Notes with an unlimited principal amount, of which $325 million was issued in the Note Offering.

The Corporation may issue additional senior notes ("**Additional 2026 Senior Notes**") from time to time after the 2021 Note Offering. In addition, the 2021 Note Indenture provides for the issuance of other notes in one or more series with a maturity date and interest rate different to that applicable to the 2026 Senior Notes and any Additional 2026 Senior Notes and terms to be fixed in each case at the time of issuance. The 2026 Senior Notes and any Additional 2026 Senior Notes subsequently issued under the 2021 Note Indenture would be treated as a single class for all purposes under the 2021 Note Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

Ratings

As shown in the table below, the Corporation is rated by two rating agencies as of the date hereof. The Corporation pays annual fees to maintain its debt and corporate ratings. The ratings are assigned both on a corporate level and specifically to the Senior Notes and the 2026 Senior Notes.

Agency(1):	Rating:	Trend:	Description:
Fitch Ratings Inc. ("**Fitch**")	B	Stable	Sixth highest of ten categories
Moody's Investors Service Inc. ("**Moody's**")	B1	Stable	Sixth highest of ten categories

Note (1): The Corporation was also rated by DBRS Limited in 2021.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

The following information about Fitch and Moody's (collectively the "**Ratings Agencies**") credit ratings is taken from publicly available information. Fitch credit ratings range from AAA to D, and Moody's credit ratings range from Aaa to C. These credit ratings are on a long-term debt rating scale representing the range from highest to lowest quality of such securities rated, meant to give an indication of the risk that a borrower will not fulfill its obligations in a timely manner. Every rating is based on quantitative and qualitative considerations relevant to the borrower.

According to the Fitch rating system, an obligation rated B indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment may be vulnerable to future events. According to Moody's rating system, an obligation rated B1 is defined as the obligor currently having the capacity to meet its financial commitments, but adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.

These ratings may be modified by the addition of a high or low modifier to show relative standing within the major rating categories. The lack of one of these designations indicates a rating, which is essentially in the "middle" of the category.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX under the trading symbol "DBM". The monthly volume of trading and price ranges of the Common Shares for the year ending December 31, 2021 are set out below. The Senior Notes are listed and posted for trading on the TSX under the trading symbol "DBM.NT.A". The monthly volume of trading and price ranges of the Senior Notes for the year ending December 31, 2021 are also set out below.

2021 Trading History

Common Shares

2021	High	Low	Monthly Trading Volume
January	7.94	6.86	4,452,677
February	8.14	7.56	3,499,326
March	10.41	7.74	8,150,723
April	10.83	9.09	5,916,879
May	9.94	8.48	7,385,436
June	9.50	8.15	6,802,395
July	8.52	6.90	4,601,244
August	8.29	6.39	10,216,243
September	6.98	6.35	8,528,388
October	6.99	6.23	5,971,862
November	7.48	6.68	7,458,336
December	7.94	6.82	5,437,383

Senior Notes

2021	High	Low	Monthly Trading Volume
January	103.20	101.00	341,000
February	103.75	102.00	186,000
March	104.50	102.60	370,000
April	104.00	102.00	360,000
May	104.00	103.25	691,000
June	105.50	103.00	28,000
July	106.00	102.10	171,000
August	104.00	102.00	168,000
September	104.00	103.00	308,000
October	104.00	101.50	708,000
November	103.00	100.25	319,000
December	103.70	103.00	1,126,000

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The Corporation is not aware of any Common Shares, Senior Notes or 2026 Senior Notes that are subject to contractual restrictions on transfer.

DIRECTORS AND MANAGEMENT

Directors and Officers

The directors of the Corporation (the "**Directors**") are Amar S. Doman, Stephen W. Marshall, Marc Séguin, Ian M. Baskerville, Tom Donaldson, Kelvin Dushnisky, Sam Fleiser, Michelle M. Harrison, Harry Rosenfeld, and Siegfried J. Thoma. Messrs. A. Doman, M. Séguin, J. Code and R. Doman are also the members of the board of directors of CBML.

The following table sets out, for each of the Directors and senior officers of the Corporation, as at March [31], 2022, the person's name, municipality of residence, positions with the Corporation (i.e., directorship), and principal occupation. The term of office for each of the Directors will expire at the time of the next annual meeting of holders of Common Shares. As of the date hereof, the Directors and senior management of the Corporation, including TFC, Honsador, Hixson, California Cascade and CanWel Fibre, beneficially own, directly or indirectly, Common Shares representing in the aggregate approximately 20.60% of the issued and outstanding Common Shares on a fully-diluted basis.

Name and Municipality of Residence	Position	Principal Occupation	Director Since [(4)]
AMAR S. DOMAN[(1)] British Columbia, Canada	Chairman and CEO, Director	CEO of Doman, President and CEO, TFC	December 31, 1999
STEPHEN W. MARSHALL British Columbia, Canada	Director	Vice-President, Treated Wood, CanWel Treating Division	March 29, 2004
MARC SÉGUIN British Columbia, Canada	Director, President CBML	President, CBML	May 8, 2012
IAN M. BASKERVILLE[(2)(5)(7)] Ontario, Canada..	Director	Senior Vice President and General Counsel, Compass Group Canada Ltd.	March 29, 2004
TOM DONALDSON[(2)(5)(7)] New Brunswick, Canada	Director	Retired, former President, CBML	January 24, 2004
KELVIN DUSHNISKY[(2)(5)(7)(8)] Ontario, Canada..	Director	Corporate Director	March 29, 2004
SAM FLEISER[(2)(3)] Ontario, Canada..	Director	President, Fleiser Holdings Limited	May 7, 2013
MICHELLE M. HARRISON [(2)] SACRAMENTO, CALIFORNIA	Director	Senior Vice President, Finance and Treasurer and acting Chief Financial Officer of Century Aluminum Company	May 13, 2021
HARRY ROSENFELD British Columbia, Canada	Director	Executive Vice President TFC	May 16, 2016
SIEGFRIED J. THOMA[(2)(5)(6)(7)] Oregon, U.S.A.	Director	President and CEO, Xylo Marketing Inc.	March 29, 2004
JAMES CODE British Columbia, Canada	Chief Financial Officer	Chief Financial Officer, Doman	N/A
R.S. (ROB) DOMAN British Columbia, Canada	Corporate Secretary	President and CEO, Waterstone Partners Inc.	N/A

Notes:
(1) Chairman of the Board of Directors.
(2) Member of the Audit Committee.
(3) Chair of the Audit Committee.
(4) Except for Messrs. Fleiser and Séguin, indicates date on which each applicable person became a trustee or director of a predecessor to the Corporation.
(5) Member of the Compensation Committee.
(6) Chair of the Compensation Committee.
(7) Member of the Nominating and Corporate Governance Committee.
(8) Chair of the Nominating and Corporate Governance Committee.

Biographies

Set forth below is a description of the background of the Directors and executive officers of the Corporation. Each of the Directors and executive officers of the Corporation has been engaged for more than five years in his present principal occupation or in other capacities with the Corporation or an Affiliate, except as set forth below.

Amar S. Doman, *Chairman, Chief Executive Officer and Director.* Mr. Doman was the founder of TFC and was responsible for the initial acquisition of CBML from its previous owners. Mr. Doman was also responsible for the CanWel Hardware, CanWel Treating, BLC, NWT, NAWP, Pastway, California Cascade, Jemi Fibre, TFI, Honsador, Oregon Cascade, Woodland, Lignum, Island Truss, L.A. Lumber and Hixson acquisitions and has steadily built the Corporation to its current level. Mr. Doman has over 30 years' experience in the building materials manufacturing and distribution industries. He is the Chairman of the Board of Directors and CEO for CBML and is the Chairman and President of TFC. Mr. Doman is also a member and chair of the board of directors of Tree Island Steel Ltd. (TSX; TSL). Mr. Doman is a former member of the board of the Heart and Stroke Foundation of Canada and is a former director of the Canadian Institute of Treated Wood and the Building Supply Dealers Association of British Columbia. Mr. Doman was also named Ernst & Young Pacific Region Business to Business Entrepreneur of the Year in 2005.

Stephen W. Marshall, *H.B.A, B.A. Vice President, Treated Wood, CanWel Treating Division and Director*. Mr. Marshall is the Vice-President, Treated Wood, CanWel Treating Division and a director of Doman. Mr. Marshall initially joined Futura Forest Products Ltd. in 1993, prior to the acquisition by Doman of its business that formed the Surewood Forest Products Division in 2001. Mr. Marshall was the President of the Surewood Forest Products division until December, 2014. Prior to joining Futura Forest Products Ltd., Mr. Marshall was the General Manager for Hilan Wood Preservers, a competitor of CBML in the Ontario market, a retail investment advisor for Pemberton Securities Inc. in Toronto, Ontario and also worked the Institutional Sales desk for Nikko Securities Co. International Inc. in London, U.K.

Marc Séguin, *B.A.A. President*, *CanWel Building Materials Division and Director*. Mr. Séguin joined CanWel as General Manager, Quebec Region based in Blainville, QC, in November, 2006. In 2008, he also assumed responsibility for CanWel's Chalifour division, the building materials distribution division of CanWel Hardware Inc., until this division was divested in November, 2010. Mr. Séguin was appointed to his current position in June, 2011. Prior to joining CanWel, from 1999 to 2006 he was General Manager at Montreal-based Laminage M.E.S. Inc., a leading provider of specialized lamination products for interior decoration. Twice from 1989 to 1991 and from 1992 to 1998, he was the Sales and Marketing Manager at Daubois Inc., the largest manufacturer of bagged cement based products in Quebec. He participated in the company's board meetings in this role. He began his career with Lipton in the food industry in the early 1980's until 1988 and again from 1991 to 1992, where performed a variety of roles, including Sales Representative, Key Account Manager, Regional Sales Manager and Product Manager, in the provinces of both Quebec and Ontario. Mr. Séguin received his BAA from the University of Quebec (Montreal).

Ian M. Baskerville, *B.A., LL.B. Director*. Mr. Baskerville is Senior Vice President and General Counsel, Compass Group Canada Ltd., which is Canada's leading foodservices and support services provider. Mr. Baskerville was formerly General Counsel, Vice-President Human Resources and Corporate Secretary for The Second Cup Ltd. Prior to which, he was formerly Legal Counsel at Cara Operations Limited. Mr. Baskerville obtained a Bachelor of Arts degree from the University of Victoria in 1993 and his Bachelor of Laws degree from the University of Western Ontario in 1997. He was called to the Ontario Bar in 1999 and is a member of the Law Society of Upper Canada.

Tom Donaldson, *M.B.A. Director*. Mr. Donaldson joined CBML as General Manager, Atlantic Division based in Dartmouth, Nova Scotia in June 1995. In July 2002, he became Vice President and General Manager, Western Canada and in January 2004, he became President and CEO of CBML, where he served until his retirement in January 2010. Mr. Donaldson was also the President of Sodisco-Howden Group Inc. and CanWel Hardware Inc. from January 2005 to January 2010. During his career at CBML, Mr. Donaldson has served on a number of national project teams and committees on special projects, and witnessed the initial public offering of CBML on the TSX in 2004, and then its conversion to and from a trust in 2005 and 2010. Prior to joining CBML, Mr. Donaldson was Regional Sales Marketing Manager with Emco Supply Ltd. for Atlantic Canada. Mr. Donaldson also served on the Board of Directors for the Make A Wish Foundation in Atlantic Canada. Mr. Donaldson holds a Master's of Business Administration from Saint Mary's University in Halifax, NS.

Kelvin Dushnisky, *B.Sc. (Hon.), M.Sc., J.D. Director*. Mr. Dushnisky is a lawyer with senior executive experience associated with a number of private and listed companies. Most recently he was the chief executive officer and executive director of AngloGold Ashanti Limited (NYSE:AGA) from 2018 to 2020. Before AngloGold Ashanti, Mr. Dushnisky was an executive director and president of Barrick Gold Corporation (TSX:ABX, NYSE:GOLD) from 2015 to 2018, after serving in increasingly senior roles since 2002, and was chairman of Acacia Mining plc (formerly African Barrick Gold plc) (LSE:ACA) from 2013 to 2018. Mr. Dushnisky previously was managing director of Altara Securities Inc. (acquired by an affiliate of Manulife Securities Inc. in 2003). He is the former vice-chair, general counsel and executive director of EuroZinc Mining Corporation. He is a former vice-president of Sutton Resources Ltd. (acquired by Barrick in 1999), and has held directorships with a number of public companies in the mining, oil and gas and hospitality sectors. Mr. Dushnisky is a member of the boards of directors of Lithium Americas Corporation (TSX, NYSE:LAC) and Rigel Resource Acquisition Corp (NYSE:RRAC). He is a member of the Advisory Board of the Shanghai Gold Exchange and the Accenture Global Mining Council. Mr. Dushnisky is a past member of the Board of Trustees of the University Health Network (UHN-Toronto).

Sam Fleiser, *CPA, CA. Director*. Mr. Fleiser is the President of Fleiser Holdings Limited ("**FHL**"), a privately held company providing debt financing and consulting services to start-ups and distressed companies. Mr. Fleiser also is the President of Tradecap, Inc., a privately held company which provided trade and inventory finance to Canadian mid-market companies prior to the launch of FHL. From January 2013 until December 2015, Mr. Fleiser was President of Alignvest Private Debt Ltd., a privately held finance company providing financing to distressed or under-performing companies. Prior to his role at Alignvest, he was founder and President of Callidus Capital Corporation from 2003 until December 31, 2011. Mr. Fleiser has more than 30 years of experience in managing, building and restructuring numerous businesses in a wide variety of industries. Prior to forming Callidus in 2003, Mr. Fleiser specialized in assisting distressed businesses facing serious financial or management crisis. Mr. Fleiser is a director of Tree Island Steel Ltd. (TSX:TSL) and numerous private companies. Mr. Fleiser has a B.Comm equivalent from The University of the Witwatersrand, Johannesburg, South Africa and is a member of the Chartered Professional **Accountants of Ontario.**

Michelle M. Harrison, *B.A, CPA. Director*. Ms. Harrison is Senior Vice President, Finance and Treasurer and acting Chief Financial Officer of Century Aluminum Company ("**Century**") (NASDAQ:CENX). Ms. Harrison has over 20 years experience with Century, a publicly traded company in the commodity sector, and has significant experience in areas such as mergers and acquisitions, capital markets, investor relations, tax, working capital and cash management. With over 2,000 employees, Century is a global producer of primary aluminum and operates aluminum reduction facilities in the United States and Iceland, with 2021 revenues exceeding USD$2.2 billion. Ms. Harrison joined Century in 2000, and she has progressed to increasingly senior roles. Ms. Harrison was promoted to Vice President and Treasurer in 2007 and to Senior Vice President, Finance and Treasurer in March 2014. Prior to joining Century, Ms. Harrison worked as an auditor for Deloitte & Touche. Ms. Harrison is a graduate of the University of California at Santa Barbara and is a Certified Public Accountant.

Harry Rosenfeld, *Director*. Mr. Rosenfeld is currently the Executive Vice President of The Futura Corporation, a position that he has held since 2004. From 1997 to 2004, Mr. Rosenfeld was employed by Congress Financial Corporation of Canada, where as Senior Vice President and Portfolio Manager he directed the Credit and Administration functions for one of the largest asset based lenders in Canada. A former Vice President with Bank of New York Financial Corporation, Mr. Rosenfeld has over 30 years of financing, mergers and acquisition and banking experience. Mr. Rosenfeld is also a director of Tree Island Steel Ltd. (TSX:TSL). Mr. Rosenfeld is a former Treasurer and Director of the CFA (Commercial Finance Association) and has been a guest speaker at various financing and industry seminars. Mr. Rosenfeld holds a B.A. from the University of Waterloo.

Siegfried J. Thoma, *Director*. Mr. Thoma is currently the President and CEO of XYLO Marketing Inc., a company he solely founded in 2021. Previously, Mr. Thoma was the President and CEO of Progressive Services Corporation, a company Mr. Thoma formed in September, 2003. Mr. Thoma is involved in United States sales, marketing and distribution of building materials from foreign producers into the United States. Mr. Thoma was formerly international trading manager of Rayonier Inc. which he joined in August 2001. Mr. Thoma has over 30 years' experience in the forestry industry and, prior to joining Rayonier Inc., he was the General Manager, International Division, of Cascade Empire Corporation from October 1998 to August 2001 and was the Director of Business at Louisiana Pacific Corporation from May 1991 to October 1998. His previous experience also includes work as a commodity fund manager at Tricon U.S.A., Inc.

James Code, *CPA, CA, B.B.A., Chief Financial Officer*. Mr. Code joined Doman as Corporate Controller in December, 2009 and was appointed to his current role in October, 2011. Mr. Code brings over 30 years of diversified financial leadership to the Corporation, including financial reporting, accounting practices, strategic planning, budgeting, and design and monitoring of financial controls. Prior to joining the Corporation he was the Chief Financial Officer at Epic Data International Inc. from 1997 to 2008, listed on TSX-V, a provider of software and hardware solutions to the manufacturing industry, where he directed all financial aspects for this public company with operations in Canada, the US and the UK. Prior to this he served as Chief Financial Officer at a privately held, diversified contract research company in Vancouver. Mr. Code qualified as a Chartered Accountant in 1990 while with Ernst & Young and holds a Bachelor of Business Administration from Simon Fraser University.

R.S. (Rob) Doman, *B.Comm, M.B.A., LL.B., General Counsel and Corporate Secretary*. Mr. Doman is a lawyer, founder and is president of Waterstone Partners Inc., a private consulting corporation providing business, corporate finance and strategic and regulatory advisory services. Prior to forming Waterstone, Mr. Doman specialized in corporate finance and securities as a lawyer in the corporate-commercial department at DLA Piper (Canada) LLP (formerly Davis LLP) from 2002 to 2004, and practiced securities and corporate law at a boutique corporate finance law firm prior to its acquisition by DLA Piper in 2002. Mr. Doman is former Chairman of the Board of Boulevard Industrial REIT (TSX-V) and Chair of its Governance and Compensation Committees, prior to its sale to PROREIT in September 2015. Mr. Doman is a former member of the Board of Governors of the British Columbia Institute of Technology and former Chair of its Governance Committee. Mr. Doman is also the President of Futura Properties Ltd., a related party landlord at certain CBML locations. Mr. Doman obtained a Bachelor of Commerce (Finance) degree and a Master of Business Administration from the University of British Columbia and his Bachelor of Laws degree from the University of Victoria. He was called to the British Columbia Bar in 1996 and is a member of the Law Society of British Columbia and the Canadian Bar Association.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

None of the directors or executive officers of Doman (a) are, as at the date hereof, or have been, within the 10 years before the date of the Information Circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as at the date hereof, or have been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Ms. Harrison. Ms. Harrison was a director of Nordural Helguvik ehf ("**Helguvik**"), a past subsidiary of Century and owner of the former Helguvik project site which had been curtailed since 2008. In October 2021, Helguvik filed for bankruptcy and on October 28, 2021, a district court in Iceland issued a verdict declaring bankruptcy of Helguvik; or (c) have, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

Penalties or Sanctions

To the knowledge of Doman, none of the directors or executive officers of Doman, nor any personal holding company thereof owned or controlled by them, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

The Corporation leases certain of its distribution centres from a company in which a director and an officer are directors and minority shareholders, at prevailing market-prices and under terms and conditions customary for such transactions.

Each of AWP LP, EWP LP and QWP LP leases the premises in respect of the land and buildings on which its applicable Treatment Plant is situate from the Treatment LP Vendors, companies owned directly or indirectly through the TFC Group. Each lease was for an initial period of 15 years at a rental rate that management believes is equivalent to the rates charged for comparable premises within the applicable market. Each lease is subject to an escalator clause, pursuant to which rental payments will be increased on the fifth and tenth anniversaries thereof to fair market value, as agreed by the parties, based upon rental rates charged for comparable premises within the applicable market. The leases have been extended for additional term based upon rental rates reflecting appropriate comparable premises in the applicable market.

Lease payments to related parties in respect of all of the foregoing properties totalled $4.2 million in 2021. CBML has real estate operating lease commitments with related parties. The minimum payments under the terms of these leases are as follows: $4.2 million in 2022 and 2023 respectively, $3.9 million in 2024, $2.5 million in 2025, $1.9 million in 2026 and $11.9 million thereafter.

During the year ended December 31, 2021, CBML paid $1.3 million for management fees and other services to a company owned by a Director and was charged professional fees of $742,000 by a company owned by an officer of CBML.

During the year ended December 31, 2021, CBML purchased $3.8 million of product from a public company in which a Director and Officer of the Corporation has an ownership interest. During the year CBML did not purchase any product from a private company controlled by a Director of the Corporation. All the purchases are in the normal course of operations and are recorded at exchange amounts.

For additional information, please see note 22 of the 2021 Consolidated Financial Statements, which are available at www.sedar.com.

LEGAL PROCEEDINGS

CBML and its divisions are involved in various legal actions and proceedings which arise from time to time in the ordinary course of their business. In view of the quantum of the amounts claimed and the insurance coverage maintained by CBML in respect of these matters, CBML considers that the aggregate contingent liability resulting from those legal actions and proceedings is not material. Please see note of the 2021 Consolidated Financial Statements.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise described herein, no (i) director or executive officer of the Corporation, (ii) person or company that owns, controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's voting securities or (iii) associate or affiliate of any of the persons referred to in (i) or (ii) has or had any material interest, direct or indirect, in any transaction of the Corporation within Doman's three most recently competed fiscal years or during its current financial year that has materially affected or is reasonably expected to materially affect Doman.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is TSX Trust Company, at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts in the ordinary course of business or contracts in respect of acquisitions, which have been entered into by Doman and which are still in effect:

- the TFC Securityholders Agreement, described below;
- the Note Indenture in respect of the Senior Notes, described under "*Description of Capital Structure – Senior Notes*"; and
- the 2021 Note Indenture in respect of the 2026 Senior Notes, described under "*Description of Capital Structure – 2026 Senior Notes*".

TFC Securityholders Agreement

On February 1, 2010, the Corporation and TFC entered into a securityholders agreement (the "**TFC Securityholders Agreement**"). The TFC Securityholders Agreement provides that, so long as TFC and any of its associates or affiliates, and any family members of its controlling shareholder or any company, trust or other entity owned by or maintained for the TFC Group holds or controls at least 20% of the outstanding Common Shares, TFC will, subject to certain limitations, have pre-emptive rights to purchase Common Shares or securities convertible into Common Shares to maintain its pro rata ownership interest in the event that Corporation issues Common Shares or securities convertible into Common Shares in any public offering or private placement. These pre-emptive rights will cease to apply if the equity interest in the Corporation falls below 10% for a continuous period of at least 90 days.

For so long as the TFC Group holds or controls at least 20% of the outstanding Common Shares none of the Corporation or its Subsidiaries may take the following actions without the prior approval of TFC: (i) sell, lease or dispose of a material portion of the direct or indirect assets, or any material asset, of the Corporation or its Subsidiaries or affiliates, out of the ordinary course of business (other than in connection with an internal reorganization); (ii) cause or permit to be caused any amalgamation, arrangement or other merger of the Corporation or its Subsidiaries or affiliates (other than in connection with an internal reorganization), or amend, supplement or restate any constating document of the Corporation or its Subsidiaries or affiliates; (iii) change the fundamental nature of the business of the Corporation or its Subsidiaries or affiliates; (iv) adopt any plan or proposal to seek relief under bankruptcy or insolvency laws, or to wind up, liquidate, dissolve or reorganize (other than, in the case of a reorganization, pursuant to an internal reorganization); or (v) change the size of its Board of Directors.

The TFC Securityholders Agreement also provides TFC with the following rights to nominate members of the Board of Directors: (i) so long as TFC Group holds or controls at least 25% of the outstanding Common Shares, TFC will be entitled to nominate three directors of the Corporation; (ii) so long as the TFC Group holds or controls at least 10% but less than 25% of the outstanding Common Shares, TFC will be entitled to nominate two directors of the Corporation; and (iii) so long as the TFC Group holds or controls at least 5% but less than 10% of the outstanding Common Shares, TFC will be entitled to appoint one director of the Corporation. Any individual appointed by TFC pursuant to (iii) above, shall have the right, subject to certain limitations, to be appointed, at the request of such nominee, to committees and special committees of the Board of Directors.

INTERESTS OF EXPERTS

KPMG LLP, the Corporation's auditors, has confirmed that it is Independent with respect to the Corporation, the Fund or any of its Affiliates within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia as of March 3, 2022.

ADDITIONAL INFORMATION

Additional information, including information as to directors' and officers' remuneration, principal holders of securities of the Corporation and securities authorized for issuance under the Corporation's equity compensation plans can be found in the Corporation's management information circular to be furnished in connection with the annual general meeting of shareholders of the Corporation to be held on May 3, 2022.

Additional financial and operational information is provided in the Corporation's comparative financial statements and MD&A for the years ended December 31, 2021 and December 31, 2020 which can be found at www.sedar.com. Copies of such documents may be obtained upon request from the Corporate Secretary of the Corporation, 1600 – 1100 Melville Street, Vancouver, British Columbia V6E 4A6 or through the Corporation's web site at: http://www.domanbm.com.

APPENDIX I
AUDIT COMMITTEE AND AUDITORS' FEES

The audit committee assists the board in fulfilling its oversight responsibilities in respect of the Corporation's accounting and reporting practices. Pursuant to its charter, a copy of which is attached hereto as Schedule A, the committee is responsible for, among other things, requiring management to implement and maintain appropriate internal controls, reviewing and assessing the adequacy and integrity of the Corporation's consolidated financial reporting processes and internal controls, reviewing appointments to senior positions of the Corporation with financial reporting responsibilities, and reviewing and approving hiring policies regarding employees and former employees of the present and former auditors of the Corporation. In respect of the auditors, the committee is responsible for, among other things, reviewing the audit plan with the auditors, reviewing the performance of the auditors, recommending each year the retention or replacement of the auditors, reviewing and recommending for approval the terms of engagement and remuneration of the auditors, overseeing the work of the auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, and meeting with the auditors on a regular basis in the absence of management. The audit committee also determines which non-audit services the auditors are prohibited by law or regulation, or as determined by the committee, from providing and is responsible to pre-approve all services provided by the auditors.

The audit committee is also charged with various aspects of Doman's financial reporting, including reviewing Doman's consolidated annual audited, and interim unaudited, financial statements and related documents prior to any public disclosure of such information, reviewing all critical policies and practices used as well significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect Doman's consolidated financial statements, and reviewing all other annual financial reporting documents as well as management's discussion and analysis, and earnings releases.

The audit committee is required to meet as many times as is necessary to carry out its responsibilities, but in no event will meet less than once a year. Each member of the audit committee is required to be financially literate, meaning that the member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can be expected to be raised by Doman's financial statements.

The audit committee currently has six members, Ian M. Baskerville, Tom Donaldson, Kelvin Dushnisky, Sam Fleiser (Chair), Michelle M. Harrison and Siegfried J. Thoma, all of whom are independent and each of whom is financially literate (as defined above). The following is a brief summary of the education or experience of each member of the audit committee that is relevant to the performance of his or her responsibilities as a member of the audit committee, including any education or experience that has provided the member with an understanding of the accounting principles used by us to prepare our annual and interim financial statements:

Audit Committee Member	**Relevant Education and Experience**
SAM FLEISER, CPA, CA. DIRECTOR. (CHAIR)	Mr. Fleiser is the President of Fleiser Holdings Limited ("**FHL**"), a privately held company providing debt financing and consulting services to start-ups and distressed companies. Mr. Fleiser also is President of Tradecap, Inc., a privately held company which provided trade and inventory finance to Canadian mid-market companies prior to the launch of FHL. From January 2013 until December 2015, Mr. Fleiser was President of Alignvest Private Debt Ltd., a privately held finance company providing financing to distressed or under-performing companies. Prior to his role at Alignvest, he was founder and President of Callidus Capital Corporation from 2003 until December 31, 2011. Mr. Fleiser has more than 30 years of experience in managing, building and restructuring numerous businesses in a wide variety of industries. Prior to forming Callidus in 2003, Mr. Fleiser specialized in assisting distressed businesses facing serious financial or management crisis. Mr. Fleiser is a director of Tree Island Steel Ltd. (TSX:TSL), numerous private companies. Mr. Fleiser has a B.Comm equivalent from The University of the Witwatersrand, Johannesburg, South Africa and is a member of the Chartered Professional Accountants of Ontario.

Audit Committee Member	**Relevant Education and Experience**
IAN M. BASKERVILLE, B.A., LL.B. DIRECTOR.	Mr. Baskerville is Senior Vice President and General Counsel, Compass Group Canada Ltd., which is Canada's leading foodservices and support services provider. Mr. Baskerville was formerly General Counsel, Vice-President Human Resources and Corporate Secretary for The Second Cup Ltd. Prior to which, he was formerly Legal Counsel at Cara Operations Limited. Mr. Baskerville obtained a Bachelor of Arts degree from the University of Victoria in 1993 and his Bachelor of Laws degree from the University of Western Ontario in 1997. He was called to the Ontario Bar in 1999 and is a member of the Law Society of Upper Canada.
TOM DONALDSON, M.B.A. DIRECTOR.	Mr. Donaldson joined CBML as General Manager, Atlantic Division based in Dartmouth, Nova Scotia in June 1995. In July 2002, he became Vice President and General Manager, Western Canada and in January 2004, he became President and CEO of CBML, where he served until his retirement in January 2010. Mr. Donaldson was also the President of Sodisco-Howden Group Inc. and CanWel Hardware Inc. from January 2005 to January 2010. During his career at CBML, Mr. Donaldson has served on a number of national project teams and committees on special projects, and witnessed the initial public offering of CBML on the TSX in 2004, and then its conversion to and from a trust in 2005 and 2010. Prior to joining CBML, Mr. Donaldson was Regional Sales Marketing Manager with Emco Supply Ltd. for Atlantic Canada. Mr. Donaldson also served on the Board of Directors for Make A Wish in Atlantic Canada. Mr. Donaldson holds a Masters of Business Administration from Saint Mary's University in Halifax, NS.
KELVIN DUSHNISKY B.Sc. (Hon.), M.Sc., J.D. DIRECTOR.	Mr. Dushnisky is a lawyer with senior executive experience associated with a number of private and public companies. Most recently he was the Chief Executive Officer and Executive Director of AngloGold Ashanti Limited (NYSE) from 2018 to 2020. Before joining AngloGold Ashanti, Mr. Dushnisky was President of Barrick Gold Corporation (TSX, NYSE) from 2015 to 2018 after being successfully promoted in increasingly senior roles, and was Chairman of Acacia Mining plc (formerly African Barrick Gold plc) (LSE) in from 2013 to 2018. Mr. Dushnisky previously was Managing Director of Altara Securities Inc. (acquired by an affiliate of Manulife Securities Inc. in 2003). He is the former Vice-Chair, General Counsel and a founding Director of EuroZinc Mining Corporation. He is a former Vice-President of Sutton Resources Ltd. (acquired by Barrick in 1999), and has held directorships with a number of public companies in the mining, oil and gas and hospitality sectors. Mr. Dushnisky is a member of the boards of directors of Lithium Americas Corporation (TSX, NYSE:LAC) and Rigel Resource Acquisition Corp (NYSE:RRAC). He is a member of the Advisory Board of the Shanghai Gold Exchange and the Accenture Global Mining Council. Mr. Dushnisky is a past member of the Board of Trustees of the University Health Network (UHN-Toronto). Mr. Dushnisky has been a member of audit committee for other public issuers; directly involved with tax and fiscal matters in relation to financially significant international projects and is familiar with accounting, reporting and controls.

Audit Committee Member	Relevant Education and Experience
MICHELLE M. HARRISON DIRECTOR.	Ms. Harrison is Senior Vice President, Finance and Treasurer and acting Chief Financial Officer of Century Aluminum Company ("**Century**") (NASDAQ:CENX). Ms. Harrison has over 20 years experience with Century, a publicly traded company in the commodity sector, and has significant experience in areas such as mergers and acquisitions, capital markets, investor relations, tax, working capital and cash management. With over 2,000 employees, Century is a global producer of primary aluminum and operates aluminum reduction facilities in the United States and Iceland, with 2021 revenues exceeding USD$2.2 billion. Ms. Harrison joined Century in 2000, and she has progressed to increasingly senior roles. Ms. Harrison was promoted to Vice President and Treasurer in 2007 and to Senior Vice President, Finance and Treasurer in March 2014. Prior to joining Century, Ms. Harrison worked as an auditor for Deloitte & Touche. Ms. Harrison is a graduate of the University of California at Santa Barbara and is a Certified Public Accountant.
SIEGFRIED J. THOMA DIRECTOR.	Mr. Thoma is currently the President and CEO of XYLO Marketing Inc., a company he solely founded in 2021. Previously, Mr. Thoma was the President and CEO of Progressive Services Corporation, a company Mr. Thoma formed in September, 2003. Mr. Thoma is involved in United States sales, marketing and distribution of building materials from foreign producers into the United States. Mr. Thoma was formerly international trading manager of Rayonier, Inc. which he joined in August 2001. Mr. Thoma has over 30 years' experience in the forestry industry and, prior to joining Rayonier Inc., he was the General Manager, International Division, of Cascade Empire Corporation from October 1998 to August 2001 and was the Director of Business at Louisiana Pacific Corporation from May 1991 to October 1998. His previous experience also includes work as a commodity fund manager at Tricon U.S.A., Inc. Mr. Thoma is also familiar with the use and review of financial reports through his intimate involvement with the purchase and sale of numerous companies, including, but not limited to his tenure at Louisiana Pacific.

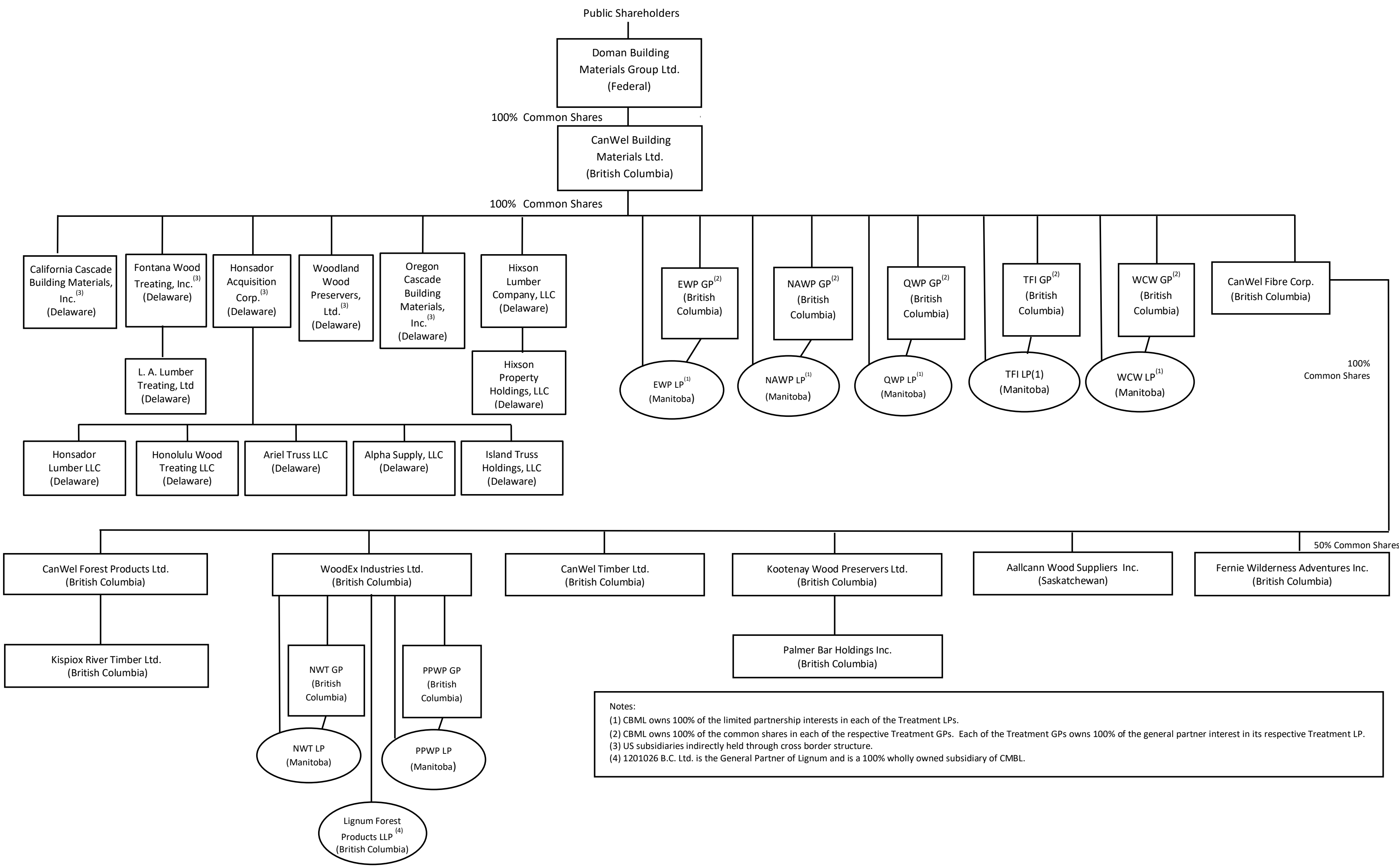
Our Audit Committee Charter attached hereto as Schedule A sets out specific policies and procedures that have been adopted for the engagement of non-audit services. The table below provides disclosure of the services provided and fees earned by our external auditors in fiscal 2021 and fiscal 2020, dividing the services into the categories of work performed. KPMG LLP were appointed the Corporation's auditors on September 6, 2018.

Type of Work	2021 Fees	2021 Percentage	2020 Fees	2020 Percentage
Regulatory and Reporting				
Audit fees*	$1,581,848	75.0%	$535,000	44.8%
Audit-related fees	$0	0.0%	$11,250	0.9%
Tax compliance fees	$265,000	12.6%	$287,787	24.1%
Regulatory and Reporting Total	$1,846,848	87.6%	$834,037	69.8%
Other Services				
Fees for tax advice and tax planning	$262,081	12.4%	$360,000	30.2%
Other Services Total	$262,081	12.4%	$360,000	30.2%
Total	$2,108,929	**100.0%**	$1,194,037	**100.0%**

* Includes disbursements beginning in 2020. Audit fees for 2021 include $470,000 of non-recurring fees for the audit of Hixson Lumber Sales financial statements for the year ended December 31, 2020 and fees of $109,348 related to security offerings..

APPENDIX II
DOMAN BUILDING MATERIALS GROUP LTD. – ORGANIZATION CHART

The following chart illustrates the structure of the Corporation and identifies material subsidiaries (including the jurisdiction of establishment/incorporation of the various entities).



Notes:
(1) CBML owns 100% of the limited partnership interests in each of the Treatment LPs.
(2) CBML owns 100% of the common shares in each of the respective Treatment GPs. Each of the Treatment GPs owns 100% of the general partner interest in its respective Treatment LP.
(3) US subsidiaries indirectly held through cross border structure.
(4) 1201026 B.C. Ltd. is the General Partner of Lignum and is a 100% wholly owned subsidiary of CMBL.

SCHEDULE A
DOMAN BUILDING MATERIALS GROUP LTD.
AUDIT COMMITTEE
CHARTER

The Audit Committee (the "**Committee**") of Doman Building Materials Group Ltd. (the "**Corporation**") is established in order to assist the board of directors of the Corporation (the "**Board**") in its oversight activities. The purpose of the Committee is to assist such board in fulfilling its responsibilities of oversight and supervision of:

- the integrity of the accounting and financial reporting practices and procedures of the Corporation,
- the adequacy of the internal accounting controls and procedures of the Corporation,
- the quality and integrity of the consolidated financial statements of the Corporation, and
- the independence (as defined in National Instrument 52-110 - *Audit Committees*) and performance of the independent auditor of the Corporation.

<u>Composition</u>:

- The board of directors of the Corporation shall elect annually from among its members a committee to be known as the Audit Committee to be composed of at least three directors who are "unrelated" directors (within the meaning of the Toronto Stock Exchange corporate governance guidelines), who are independent of the Corporation and each of whom is financially literate (as defined in National Instrument 52-110 - *Audit Committees*) (or will become so within a reasonable period of time following his or her appointment).
- A member of the Committee who sits on the board of directors of an affiliated entity is exempt from the requirement that he or she be independent if that member, except for being a director (or member of the audit committee or any other board committee) of the Corporation and the affiliated entity, is otherwise independent of the Corporation and the affiliated entity, provided that the boards have determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.
- If a member of the Committee ceases to be independent for reasons outside that member's reasonable control, that member is exempt from the requirement to be independent for a period ending on the later of:

  (a) the next annual meeting of the Corporation; and

  (b) the date that is six months from the occurrence of the event which caused the member to not be independent,

  provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.
- Where the death, disability or resignation of the member of the Committee has resulted in a vacancy on the Committee that the Board is required to fill, a member appointed to fill such vacancy is exempt from the requirements to be independent and financially literate for a period ending the later of:

  (a) the next annual meeting of the Corporation; and

  (b) the date that is six months from the day the vacancy was created,

  provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

Reports:

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the consolidated financial statements of the Corporation, its compliance with legal or regulatory requirements, and the performance and independence of the independent auditor.

Responsibilities:

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

Financial Statements and Other Financial Information

The Committee shall:

(i) review the Corporation's consolidated annual audited financial statements and related documents prior to any public disclosure of such information;

(ii) review the Corporation's consolidated interim unaudited financial results and related documents prior to any public disclosure;

(iii) following a review with management and the independent auditors of such annual and interim consolidated financial statements and related documents recommend to the Board the approval of such financial statements and related documents;

(iv) review with management and/or the independent auditors all critical policies and practices used as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements that may affect the consolidated financial statements;

(v) review with management and/or the independent auditors the treatment in the financial statements of any significant transactions, and other potentially difficult matters;

(vi) review a summary provided by legal counsel to the Corporation of the status of any material pending or threatened litigation, claims and assessments respecting the Corporation and its subsidiaries; and

(vii) review the other annual financial reporting documents as well as management's discussion and analysis and earnings press releases of the Corporation prior to any disclosure to the public.

Financial Reporting Control Systems

The Committee shall:

(viii) require management to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the policies for the management of risk and the preservation of assets and the fulfillment of legislative and regulatory requirements;

(ix) annually, in consultation with management, the independent auditors and if applicable the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy and integrity of the consolidated financial reporting processes and internal controls; discuss significant financial risk, exposures and the steps management has taken to monitor, control and report such exposures;

(x) if applicable, meet separately with the officer or employee responsible for the internal audit function to discuss any matters that the Committee or auditors believe should be discussed in private;

(xi) submit to the Board any recommendations the Committee may have from time to time with respect to financial reporting, accounting procedures and policies and internal controls;

(xii) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;

(xiii) review the management letter of the independent auditors and the responses to suggestions made;

(xiv) review any new appointments to senior positions of the Corporation with financial reporting responsibilities;

(xv) satisfy itself that adequate procedures are in place for the review of the disclosure of financial information extracted or derived from the consolidated financial statements (other than the financial statements, management's discussion and analysis and earnings press releases) and periodically assess the adequacy of those procedures;

(xvi) establish procedures for:

(A) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters; and

(B) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(xvii) review and approve hiring policies of the Corporation regarding employees and former employees of the present and former independent auditors of the issuer; and

(xviii) obtain assurance from independent auditors regarding the overall control environment and the adequacy of accounting system controls.

Independent Auditors

The Committee shall:

(xix) review the audit plan with the independent auditors;

(xx) discuss in private with the independent auditors matters affecting the conduct of their audit and other corporate matters;

(xxi) review the performance and the remuneration of the auditors;

(xxii) recommend to the Board each year the retention or replacement of the independent auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;

(xxiii) if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;

(xxiv) annually review and recommend for approval to the Corporation's shareholders the terms of engagement and the remuneration of the independent auditor;

(xxv) oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, including the resolution of disagreements between management and the independent auditors regarding financial reporting;

(xxvi) discuss with the auditors the quality and not just the acceptability of the accounting principles of the Corporation;

(xxvii) meet with the auditors on a regular basis in the absence of management;

(xxviii) relay its expectations to the auditors from time to time including its expectation that:

(A) any disagreements of a material nature with management be brought to the attention of the Committee,

(B) that the auditors are accountable to the Committee and the Board, each as representatives of the Corporation's shareholders, and must report directly to the Committee,

(C) any irregularities in the financial information be reported to the Committee,

(D) the auditors explain the process undertaken by them in auditing or reviewing the financial disclosure,

(E) the auditors disclose to the Committee any significant changes to accounting policies or treatment of the Corporation,

(F) the auditors disclose to the Committee any reservations they may have about the financial statements or their access to materials and/or persons in reviewing or auditing such statements, and

(G) the auditors disclose any conflict of interest that may arise in their engagement;

(xxix) review at least annually the non-audit services provided by the auditors for the purposes of getting assurance that the performance of such services will not compromise the independence of the independent auditors; and

(xxx) pre-approve all non-audit services to be provided to the Corporation by its independent auditors or the independent auditors of its subsidiary entities[1], provided that the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The preapproval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

Structure:

- The Committee shall appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the "Secretary"). The Secretary does not have to be a member of the Committee or a director of the Corporation, and can be changed by simple notice from the Chairman.

- The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than four times a year. Meetings will be at the call of the Chairman. Notwithstanding the foregoing, the auditors or any member of the Committee may call a meeting of the Committee on not less than 48 hours' notice.

- No business may be transacted by a Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.

- Any member of a Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director of the Corporation. Subject to the foregoing, each member of

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[1] The Committee may satisfy the pre-approval requirement if: (a) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount paid by the Corporation to its independent auditors during the fiscal year in which the services are provided; (b) the services were not recognized by the Corporation at the time of the engagement to be non-audit services; and (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

the Committee shall hold such office until the next annual meeting of the Corporation's shareholders after his or her election as a member of the Committee.

- The auditors shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation to attend and be heard thereat.

- The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise determined by resolution of the Board.

- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

Independent Advice:

In discharging its mandate, the Committee shall have the authority to retain and receive advice from special legal, accounting or other advisors.

Annual Evaluation:

At least annually, the Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with its terms of reference.

- Review and assess the adequacy of its terms of reference and recommend to the Board any improvements to its terms of reference that the Committee determines to be appropriate.

Limitation:

Nothing in this charter is intended to or shall have the effect of limiting or impairing the independent decision making authority or responsibility of any board of directors of a subsidiary of the Corporation mandated by applicable law.