CANFOR CORPORATION

INFORMATION CIRCULAR

DATED AS OF MARCH 12, 2001

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the **solicitation by the management of Canfor Corporation** (the "Company") of proxies to be used at the Annual General Meeting (the "Meeting") of the Common Shareholders of the Company to be held at the time and place and for the purposes set forth in the notice of the Meeting accompanying this Information Circular.

The solicitation will be by mail. The cost of solicitation will be borne by the Company.

RECORD DATE

The Directors of the Company have fixed March 12, 2001 at the close of business as the record date for determining the names of Common Shareholders of the Company entitled to receive notice of the Meeting. Each person who is entered in the register of members of the Company at the close of business on March 12, 2001 as a holder of one or more Common Shares of the Company is entitled to attend and vote at the Meeting in person or by proxy and in the event of a poll to cast one vote for each Common Share held.

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

Each of the persons named in the enclosed form of proxy is a director and senior officer of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) as his nominee to attend and act for him and on his behalf at the Meeting other than the persons designated in the form of proxy accompanying this Information Circular. To exercise this right a shareholder may insert the name in full of his nominee in the blank space provided in the form of proxy and strike out the names of the persons now designated, or complete a similar form of proxy.** The proxy will not be valid unless the completed form of proxy is delivered to CIBC Mellon Trust Company, Suite 1600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1, or the Corporate Secretary of the Company, not less than twenty-four (24) hours (excluding Saturdays and holidays) before the time of the Meeting. A shareholder who has given a proxy has the power to revoke it by a signed instrument in writing in the manner provided in the articles of the Company or in any other manner provided by law any time before it is exercised.

VOTING OF SHARES AND EXERCISE OF DISCRETION BY PROXYHOLDER

The form of proxy accompanying this Information Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to matters identified in the notice of the Meeting and any other matters which may properly come before the Meeting. At the date of this Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the notice of the Meeting and routine matters incidental to the conduct of the Meeting. In the event that any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their judgment of such business. On any ballot or poll the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder as specified in the proxy with respect to any matter to be acted on. **If a choice is not so specified with respect to any such matter, the shares represented by a proxy given to management are intended to be voted in favour of the resolutions referred to therein and for the nominees of management for Directors and auditors.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at March 12, 2001, the Company has outstanding and entitled to be voted at the Meeting 81,088,847 Common Shares, each Common Share carrying the right to one vote. To the knowledge of the Directors and senior officers of the Company no person or company owns beneficially, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to all Common Shares of the Company entitled to be voted at the Meeting except as set out below:

Title of class	Name of beneficial holder	Amount beneficially owned directly or indirectly	Percentage of class
Common Shares	Matthews-Cartier Holdings Limited*	23,125,084	28.5%

(*) The Common Shares of Matthews-Cartier Holdings Limited are owned indirectly by trusts for the benefit of members of the Prentice and Bentley families of Vancouver. The late Mr. J. G. Prentice and the late Mr. L. L. G. Bentley were the founders of the Company. Mrs. M. E. Hurst and Mrs. E. R. Jarvis are the daughters of Mr. and Mrs. Prentice and Mr. P. J. G. Bentley is the son of Mr. and Mrs. Bentley. Under a Voting Agreement to which Matthews-Cartier Holdings Limited and the trustees of the trusts are parties, the Common Shares owned by Matthews-Cartier Holdings Limited will be voted for the election of one nominee of the Hurst family, one nominee of the Jarvis family and one nominee of the Bentley family. Mrs. M. E. Hurst, Mr. J. B. Jarvis and Mr. P. J. G. Bentley are the nominees and are Directors of the Company and trustees of the trusts. Members of the families and their associates own, in addition, approximately 2.1% of the outstanding Common Shares of the Company.

CHANGE OF NUMBER OF DIRECTORS

The articles of the Company provide that the number of Directors may be changed from time to time by ordinary resolution. At the 2000 Annual General Meeting, 11 Directors were elected. At the October 25, 2000 meeting of the Board of Directors, Mr. Mark L. Cullen was elected as an additional Director of the Company in accordance with the Company's articles. As a result, management proposes that 12 Directors be elected at the Meeting. An ordinary resolution will therefore be proposed, increasing the number of Directors to 12. An ordinary resolution is a resolution passed by a simple majority of the votes cast by or on behalf of Common Shareholders of the Company entitled to vote at the Meeting.

ELECTION OF DIRECTORS

The persons named in the enclosed form of proxy intend, unless otherwise directed, to vote for the election of a Board of Directors composed of the 12 nominees in the list that follows. Each of the nominees is currently a Director of the Company. If any of the nominees does not stand for election or is unable to serve, proxies may be voted for a smaller Board at the discretion of the person exercising the proxy vote.

Each Director will hold office until the next Annual General Meeting, unless his/her office is earlier vacated in accordance with the articles of the Company.

The advance notice of the Meeting inviting nominations for Directors as required by Section 111 of the "Company Act" of British Columbia was printed in one issue of "The Vancouver Sun" newspaper on February 12, 2001 and in one issue of "The Province" newspaper on February 13, 2001 and was filed on February 13, 2001 with the B.C. Securities Commission, Vancouver, British Columbia.

The following information concerning the respective nominees for Director has been furnished by each of them:

Name of nominee and country in which he/she is ordinarily resident	Present principal occupation	Director since	Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised
PETER JOHN GERALD BENTLEY, O.C. . . . . Canada(1)(3)	Chairman of the Company	1966	407,828*
RONALD LAIRD CLIFF, C.M., F.C.A. . . . . Canada(1)(2)(3)(4)	Chairman of the Board of BC Gas Inc. (an energy company)	1983	75,582
MARK L. CULLEN . . . . Canada(2)	Corporate Director/Financial Consultant (1999) (1972-1998) Vice-Chairman of RBC Dominion Securities (an investment dealer)	2000	2,000
C. WILLIAM DANIEL, O.C.. Canada(3)(4)	Corporate Director/Consultant	1985	5,020
DAVID L. EMERSON . . . . Canada(1)	President and Chief Executive Officer of the Company	1998	1,500
MARIETTA ELLEN HURST . . . . Canada(4)	Educational Author	1987	139,056**
JOSEPH BERNARD JARVIS . . . . Canada(1)(2)	Corporate Director	1966	5,876
PETER ALFRED LUSZTIG . . . . Canada(2)(4)	Dean Emeritus, University of British Columbia; Commissioner (Federal) B.C. Treaty Commission	1983	2,908
ERIC PATRICK NEWELL, O.C.. . . . . Canada(3)	Chairman and Chief Executive Officer of Syncrude Canada Ltd. (an energy company)	1999	5,000
MICHAEL EVERETT JOSEPH PHELPS . . . . Canada(1)(3)(4)	Chairman and Chief Executive Officer of Westcoast Energy Inc. (an energy company)	1990	2,458
RONALD THOMAS RILEY . . . . Canada(4)	Vice-President of L.B.G. Capital, a division of National Bank Financial (an investment dealer)	1987	5,504
CAROLE TAYLOR . . . . Canada(2)	Corporate Director	2000	5,000

(1) *Member of the Executive Committee*

(2) *Member of the Audit Committee*

(3) *Member of the Management Resources and Compensation Committee*

(4) *Member of the Corporate Governance Committee*

* As an executor of an estate and pursuant to a power of attorney, Mr. P.J.G. Bentley exercises direction over an additional 707,962 Common Shares of the Company.

** As an executrix of an estate, Mrs. M.E. Hurst exercises direction over an additional 356,136 Common Shares of the Company.

EXECUTIVE COMPENSATION

COMPOSITION OF THE COMPENSATION COMMITTEE

The Board of Directors has final authority to approve the recommendations of its Management Resources and Compensation Committee (the "Compensation Committee"), regarding the compensation of the executives of the Company. The following Directors were members of the Compensation Committee during all or part of 2000: P. J .G. Bentley, R. L. Cliff, C. W. Daniel, E. P. Newell and M. E. J. Phelps.

REPORT ON EXECUTIVE COMPENSATION

The executive compensation policies of the Company are designed to attract and retain high calibre executives who will successfully lead the organization so as to ensure a satisfactory return to its shareholders, financial soundness and competitiveness within its business sectors. The executive compensation package for certain executives of the Company includes base salary, annual incentive and long-term incentives, with the objective of total compensation being at the 75th percentile compared to total compensation for similar positions in the forest products sector.

Base Salaries

Salary ranges and position worth are determined by an independent consulting firm's quantitative evaluation system. These positions are compared on a point factor system to similar positions in the forest products sector. The mid-point for the salary ranges is set at the median of the market place. The Company's policy is determined annually through surveys conducted by the same independent consulting firm.

Salaries are reviewed annually taking into consideration the contribution each executive has made against pre-established performance targets.

Recommendations for executive compensation, except for the Chief Executive Officer, are presented by management to the Compensation Committee for review and approval. The Compensation Committee has sole responsibility for recommending for approval by the Board the compensation of the Chief Executive Officer.

Short Term Incentive Program

In 1994, all salaried employees of the Company began participating in a pay and performance system known as "Growing Together", which included as a key component a "Profit Pay" arrangement that allowed participants to share in the Company's profit, provided certain financial thresholds were met. The Company has replaced this pay and performance system with a short term incentive plan for senior management and individual performance awards for other salaried employees, at management's discretion.

Long Term Incentive Plan

The Company introduced a stock appreciation rights plan in 1993, known as the Senior Management Participation Plan (the "SAR Plan"), under which certain executives, including the Named Executive Officers, had received, at the discretion of the Compensation Committee, annual awards of appreciation rights based on the market price of the Company's Common Shares at the date of awards and a percentage of the executive's base salary.

In February 1996, the Board of Directors discontinued the SAR Plan except with respect to existing unexercised stock appreciation rights. All unexercised stock appreciation rights matured and terminated upon the expiration of the final five-year term on January 2, 2000. Except in the event of termination of employment other than for cause, no amounts were payable before the end of the term and no amounts were paid under the SAR Plan to former executive officers of the Company in 2000.

In February 1996, on the recommendation of the Compensation Committee, the Board of Directors approved the creation of a new Long Term Incentive Plan for executives designated by the Compensation Committee (the "LTI Plan").

Under the LTI Plan, the Compensation Committee made annual awards to participating executives consisting of firstly, an amount equal to a percentage determined annually by the Compensation Committee of the executive's salary which was used to purchase outstanding Common Shares of the Company at market prices on The Toronto Stock Exchange (the "TSE"); and, secondly, an amount for payment of normal income taxes on the total award so that all of the first portion of the award can be used to purchase such Common Shares. The Common Shares purchased vested in the executive immediately, but the executive was required to agree not to sell the Common Shares purchased under the LTI Plan for five years from the date of purchase, subject to earlier termination of employment. It is not intended that any further awards will be made under the LTI Plan.

Options

In connection with the appointment on November 6, 1997 of David L. Emerson as a Director, President and Chief Executive Officer of the Company, all effective January 1, 1998, the Board of Directors approved the issuance on December 31, 1997 to Mr. Emerson of an option to purchase up to 100,000 Common Shares of the Company at a price of $8.66 per share which complies with the policy of the TSE, calculated as at December 31, 1997, such option to vest over a four year period.

In June 1998, following the recommendations of the Compensation Committee, the Board of Directors approved the establishment of the 1998 Performance Stock Option Plan (the "PSO Plan"). The PSO Plan was established on June 10, 1998, subject to approval by ordinary resolution of the members which was granted at the annual general meeting on April 20, 1999.

Under the PSO Plan, the Company may grant to employees of the Company or its subsidiaries or affiliates, options to purchase a specified number of Common Shares of the Company. The exercise price for options granted under the PSO Plan, unless otherwise determined by the Company, will be the market price of the Common Shares calculated on the basis of the closing price of the Common Shares on the TSE on the day prior to the day on which the option is granted. Notwithstanding the foregoing, the exercise price may not be less than such market price.

On June 10, 1998 options were conditionally granted to 15 individuals to purchase an aggregate of 2,435,000 Common Shares at a price of $9.25 per share and on February 5, 1999 options were conditionally granted to two individuals to purchase an aggregate of 120,000 Common Shares at $7.30 per share.

The PSO Plan originally provided for the granting of options to purchase up to an aggregate of 3,000,000 Common Shares. On November 19, 1999, the Board of Directors of the Company resolved to amend the PSO Plan to increase to 5,300,000 the number of Common Shares which could be issued upon exercise of options granted under the PSO Plan. The principal reasons for the increase were: to permit options to be granted to former Northwood Inc. employees who were joining the Company following the acquisition of Northwood Inc. by the Company; to reflect increased responsibilities of certain individuals; and to broaden substantially the scope of the PSO Plan to the manager level.

On February 8, 2000, subject to the approval of the amendment to the PSO Plan by ordinary resolution of the members, options were conditionally granted to 37 individuals to purchase 1,245,000 Common Shares at a purchase price of $15.80 per share and on April 13, 2000 options were conditionally granted to 17 individuals to purchase an additional 155,000 Common Shares at $18.75 per share.

The options granted under the PSO Plan in 1998 and 1999 have a term of five years from the date of grant and may be exercised by each holder as to one-third of the optioned shares in each of the second, third and fourth years after the date of grant. Further, the options granted in 1998 and 1999 may be exercised only as to 25% of the shares upon the market price of the Common Shares having attained $15 or greater and as to further portions of 25% each upon the market price having attained $20, $25 and $30, respectively. The options granted in 2000 expire on June 10, 2003 and may be exercised only as to 50% of the shares upon the market price having attained $20 or greater and as to further portions of 25% each upon the market price having attained $25 and $30, respectively.

Two individual holders of options exercised options in 2000 as to an aggregate of 10,400 Common Shares and at the election of the Company, two individual holders of options received cash under Section 4.6 of the PSO Plan in lieu of exercising the option.

On January 29, 2001, subject to the approval of the amendment to the PSO Plan by ordinary resolution of the members, options were conditionally granted to 57 individuals to purchase 909,750 Common Shares at a purchase price of $8.30 per share. The options are for a term of ten (10) years and vest as to one-third in each year over a three (3) year period. The options may only be exercised if the market price of the Common Shares attains $10.00 or greater.

Employee Share Purchase Plan

On March 5, 1999, the Directors of the Company approved an employee share purchase plan (the "ESP Plan") for employees of the Company's wholly-owned subsidiary Canadian Forest Products Ltd. ("CFP"). CFP is the direct employer of virtually all of the Company's employees. The ESP Plan was approved by the members of the Company by special resolution on April 20, 1999.

The ESP Plan is an employee profit sharing plan in accordance with section 144 of the *Income Tax Act* (Canada).

The purpose of the ESP Plan is to develop an interest by the employees of CFP in the growth and development of the Company by providing them with the opportunity to participate in the ownership of the Company through the purchase of outstanding Common Shares of the Company. All regular employees of CFP will be eligible to participate in the ESP Plan upon completion of a year of employment with CFP. Employees of former Northwood Inc. (acquired by the Company in November 1999) became eligible to participate in the ESP Plan as of November 23, 1999.

Enrollment in the ESP Plan is voluntary. Each participating employee is entitled to contribute as a basic contribution a minimum of 1% and a maximum of 5% of his or her basic wages or salary to the ESP Plan and may make a supplementary contribution of up to an additional 5% of such wages or salary. CFP will make a basic contribution each month in an amount equal to 30% of each participant's basic contribution and also contributes to the cost of brokerage and commissions.

All Common Shares acquired for the ESP Plan are outstanding shares purchased in the market or by private purchase by the trustee appointed from time to time for the ESP Plan (the "Trustee"). No Common Shares will be issued from treasury to the ESP Plan. All cash dividends received by the Trustee in respect of Common Shares held in the ESP Plan will be reinvested by the Trustee in additional Common Shares.

Change of Control Agreements

The Company has entered into Change of Control Agreements with its 17 senior executives, including the Named Executive Officers as defined herein. The agreements provide that if during a period commencing on a Change in Control of the Company and ending eighteen (18) months later, the senior executive's employment is terminated or he or she is constructively dismissed, the senior executive may elect to accept either a salary continuation or a lump sum payment. In either case, the senior executive will be entitled to a severance payment equal to twenty-four (24) months salary, a percentage of annual base target bonus for that period, bonus for the period up to the date of termination and, in the case of the salary continuation, certain continued benefits. The Executive Vice-President, Operations is entitled to a payment based on thirty (30) months and the Chief Executive Officer is entitled to a payment based on thirty-six (36) months.

For the purposes of the agreement, a "Change in Control" is defined as an acquisition by a person or group of more than twenty (20%) percent of the Company's outstanding voting shares, a change in a majority of the Board of Directors (other than through solicitation by management of the Company), a business combination involving the Company or any of its subsidiaries where, as a consequence, the book value of the assets of the resulting entity is more than one hundred and fifty (150%) per cent of the book value of the assets of the Company on a consolidated basis before the business combination or any disposition of assets comprising more than fifty (50%) per cent in book value of the Company's assets on a consolidated basis.

This report is made by the members of the Compensation Committee.

P. J. G. Bentley

R. L. Cliff

C. W. Daniel

E. P. Newell

M. E. J. Phelps, Chairman

The following Summary Compensation Table sets forth, for each of the Company's three most recently completed financial years, the compensation of the Chief Executive Officer and the four most highly compensated executive officers of the Company, other than the Chief Executive Officer (the Chief Executive Officer and such four executive officers are referred to collectively as the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Securities Under Options/ SARs Granted (#)[1]	Restricted Shares or Restricted Share Units ($)[1]	LTIP Payouts ($)[2]	All Other Compensation ($)
D. L. Emerson President and Chief Executive Officer[3]	2000 1999 1998	600,788 421,278 400,000	417,290 452,640 100,000[4]	– – –	– – 675,000	– – –	– – 20,894	– – –
C. T. Hazelwood Executive Vice-President, Operations[6]	2000 1999	335,000 34,648	197,880 –	– –	300,000 –	– –	– –	– –
R. A. Luoma Group Vice-President, Pulp[6]	2000 1999	280,909 28,111	137,120 –	1,095[7] 124[7]	200,000 –	– –	– –	– –
B. R. Hislop Group Vice-President, Wood Products	2000 1999 1998	279,999 217,448 210,000	132,320 158,424 –	– – –	– – 300,000	– – –	– – 41,788	– – –
C. W. Reid Group Vice-President, Finance and Chief Financial Officer[5]	2000 1999 1998	215,028 155,968 121,036	99,760 87,699 –	1,250[7] 1,200[7] –	160,000 60,000 –	– – –	– – –	11,626[3] – 11,820[8]

(1) *Stock options.*

(2) *A portion of the LTIP award was used to purchase Common Shares of the Company which, although vested, require the Executive to agree not to sell the shares for five years from the date of purchase. The remaining portion of the award was used to satisfy the income tax arising on the receipt of the award.*

(3) *On November 6, 1997 Mr. David L. Emerson was appointed President and Chief Executive Officer of the Company, all effective January 1, 1998.*

(4) *D. L. Emerson received this bonus based on the terms contained in his Employment Contract.*

(5) *C. W. Reid was appointed the Group Vice-President, Finance and Chief Financial Officer on November 23, 1999. From September 1, 1998 to November 22, 1999, Mr. Reid was Controller of the Company and from 1991 to August 1998, Mr. Reid was Group Controller, Pulp and Paper*

(6) *C. T. Hazelwood and R. A. Luoma became employees of the Company on November 23, 1999 as a result of the acquisition of Northwood Inc. by the Company on that date.*

(7) *Imputed interest benefit on loans.*

(8) *Reimbursement of mortgage interest benefit.*

Effective January 1, 1993, the Company introduced a SAR Plan (see REPORT ON EXECUTIVE COMPENSATION – Long Term Incentive Plan).

In June 1998, the Company introduced the PSO Plan (see REPORT ON EXECUTIVE COMPENSATION – Options). In February 2000, 660,000 options were granted to three Named Executive Officers pursuant to the PSO Plan.

OPTION/SAR GRANTS DURING THE YEAR ENDED DECEMBER 31, 2000

Name	Securites Under Options/SARs Granted	% of Total Options/SARs Granted to Employees in December 31, 2000	Exercise or Base Price ($Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant ($/Security)	Expiration Date
D. L. Emerson	—	—	—	—	—
C. T. Hazelwood	300,000	21%	$15.80	$15.80	June 10, 2003
B. R. Hislop	—	—	—	—	—
R. A. Luoma	200,000	14%	$15.80	$15.80	June 10, 2003
C. W. Reid	160,000	11%	$15.80	$15.80	June 10, 2003

AGGREGATED OPTION/SAR EXERCISES DURING THE YEAR ENDED DECEMBER 31, 2000 AND YEAR-END OPTION/SAR VALUES

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options (5)/ SARs at December 31, 2000 (#)(1)	Value of Unexercised In-the-Money Options (5)/ SARs (2) at December 31, 2000 ($)
D. L. Emerson	—	—	506,250	—
	—	—	168,750	109,687(3)(7)
	—	—	25,000	31,000(4)(6)
	—		—	93,000(4)(7)
C. T. Hazelwood	—	—	300,000(5)	—
B. R. Hislop	—	—	225,000	—
	—	—	75,000	49,750(3)(7)
R. A. Luoma	—	—	200,000(5)	—
C. W. Reid	—	—	160,0000(5)	—
	—	—	60,000	

(1) *Based on Common Shares of the Company.*

(2) *"In-the-money" means the excess of the market value of the Common Shares of the Company on December 31, 1999 ($16.90) over the base price of the SARs ($18.50) issued during 1995. The SARs matured on January 2, 2000.*

(3) *"In-the-money" means the excess of the market value of the Common Shares of the Company on December 31, 2000 ($9.90) over the exercise price of the Options ($9.25) issued during 1998. Note, however, that restrictions as to exercise, described in note (5) below, apply.*

(4) *"In-the-money" means the excess of the market value of the Common Shares of the Company on December 31, 2000 ($9.90) over the exercise price of the Options ($8.66) issued during 1997.*

(5) *None of the options granted in 1998 and 1999 were capable of being exercised in the first year of the five year life of the option. One-third of the options may be exercised by the participants in the second and following years of the option. A further one-third may be exercised in the third and following years and the final one-third may be exercised in either the fourth and fifth*

years of the option. No options, however, otherwise available to be exercised can be exercised if the market price of the Common Shares of the Company has not exceeded $14.99 after the date of grant, namely June 10, 1998. Twenty-five per cent (25%) of the options otherwise available to be exercised can be exercised if the share price has exceeded $14.99 after the date of grant. A further 25% of the options otherwise available to be exercised can be exercised if the share price has exceeded $19.99 after the date of grant. A further 25% of the options otherwise available to be exercised can be exercised if the share price has exceeded $24.99 after the date of grant and the final 25% can be exercised if the share price has exceeded $29.99 after the date of grant.

The options granted in 2000 may be exercised only as to 50% of the shares upon the market price having attained $20 or greater and as to further options of 25% each upon the market price having attained $25 and $30.

In the event of a "change of control", as defined in the stock option agreements held by the Named Executive Officers for options granted under the PSO Plan, all outstanding options will vest, 50% of the options will be exercisable immediately and the remaining options may be exercised depending on the compounded annual growth rate of the Common Shares since the dates on which the options were granted.

(6) *Non-exercisable.*

(7) *Exercisable, subject to insider trading regulations.*

Pension Plans

The Named Executive Officers of the Company are members of the Company's defined benefit pension plans, which provide retirement benefits determined primarily by (i) highest average earnings in a period of thirty-six consecutive months during the final ten years of employment and 50% of profit pay and bonus received over six consecutive years which produces the highest average in the final ten years of employment and (ii) years of service. The estimated annual benefits payable upon retirement under those plans are in accordance with the following Table.

PENSION PLAN TABLE

Remuneration ($)	Years of Service (not limited to 35 years)				
	15	20	25	30	35
125,000	33,584	44,778	55,973	67,167	78,362
150,000	41,084	54,778	68,473	82,167	95,862
175,000	48,584	64,778	80,973	97,167	113,362
200,000	56,084	74,778	93,473	112,167	130,862
225,000	63,584	84,778	105,973	127,167	148,362
250,000	71,084	94,778	118,473	142,167	165,862
300,000	86,084	114,778	143,473	172,167	200,862
400,000	116,084	154,778	193,473	232,167	270,862
500,000	146,084	194,778	243,473	292,167	340,862

The earnings upon which benefits under the plans are based are those shown in the columns headed "Salary" and "Bonus" in the Summary Compensation Table. Benefits are computed on the basis of a straight life annuity, guaranteed for a minimum of five years, and are subject to deductions for personal income tax.

The estimated credited years of service for C. T. Hazelwood, B. R. Hislop, R. A. Luoma, and C. W. Reid are approximately 15 years, 23 years, 3 years, and 22 years. The 23 years of service for B. R. Hislop entitle her to a pension of $111,423 per year and the 22 years of service for C. W. Reid entitle him to a pension of $70,176 per year. Northwood Inc., which was acquired during 1999, has a separate pension plan for its employees. Two of the Named Executive Officers are covered under the Northwood pension plan. The 15 years of service for C. T. Hazelwood entitle him to a pension of $102,296 per year. The 3 years of service for R. A. Luoma entitle him to a pension of $13,872 per year.

D. L. Emerson has a pension that provides for a benefit entitlement of 3% per full employment year based on the average of the last three years base salary and 50% of any cash bonuses paid out during that same period. No pension benefits will vest if he voluntarily retires from the Company in the first three years of employment. D. L. Emerson has completed three years of service with the Company. If these three years of service entitled him to pension benefits, he would be eligible for a pension of $50,928 per year.

Employment Contract

D. L. Emerson has an employment contract with the Company wherein the Company reserves the right, prior to his reaching age 60, to terminate his employment without cause with the equivalent of 24 months notice. If the Company were to terminate Mr. Emerson's employment contract, the Company would be obligated to pay him an amount equal to 24 months base pay, 50% of previous average achieved bonus and such contributions to pension arrangements as would be made by continuing employment for the 24 month period. "Termination" includes any situations such as change of control or disposition of a substantial part of the Company's assets or otherwise, whereby, the content, scope or duties of his position would be substantially diminished.

Indebtedness of Directors, Executive Officers and Senior Officers

The aggregate indebtedness to the Company or any of its subsidiaries of all officers, directors, employees and former directors and employees of the Company or any of its subsidiaries outstanding as at February 1, 2001 amounted to $308,698.

TABLE OF INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During year ended December 31, 2000 ($)	Amount Outstanding as at February 1, 2001 ($)
K.O. Higginbotham, Vice-President, Forestry & Environment	Lender	5,000[(1)]	Nil
R. A. Luoma, Group Vice-President, Pulp	Lender	39,500[(3)]	33,415
C. W. Reid, Group Vice-President, Finance and Chief Financial Officer	Lender	20,000[(2)]	15,000

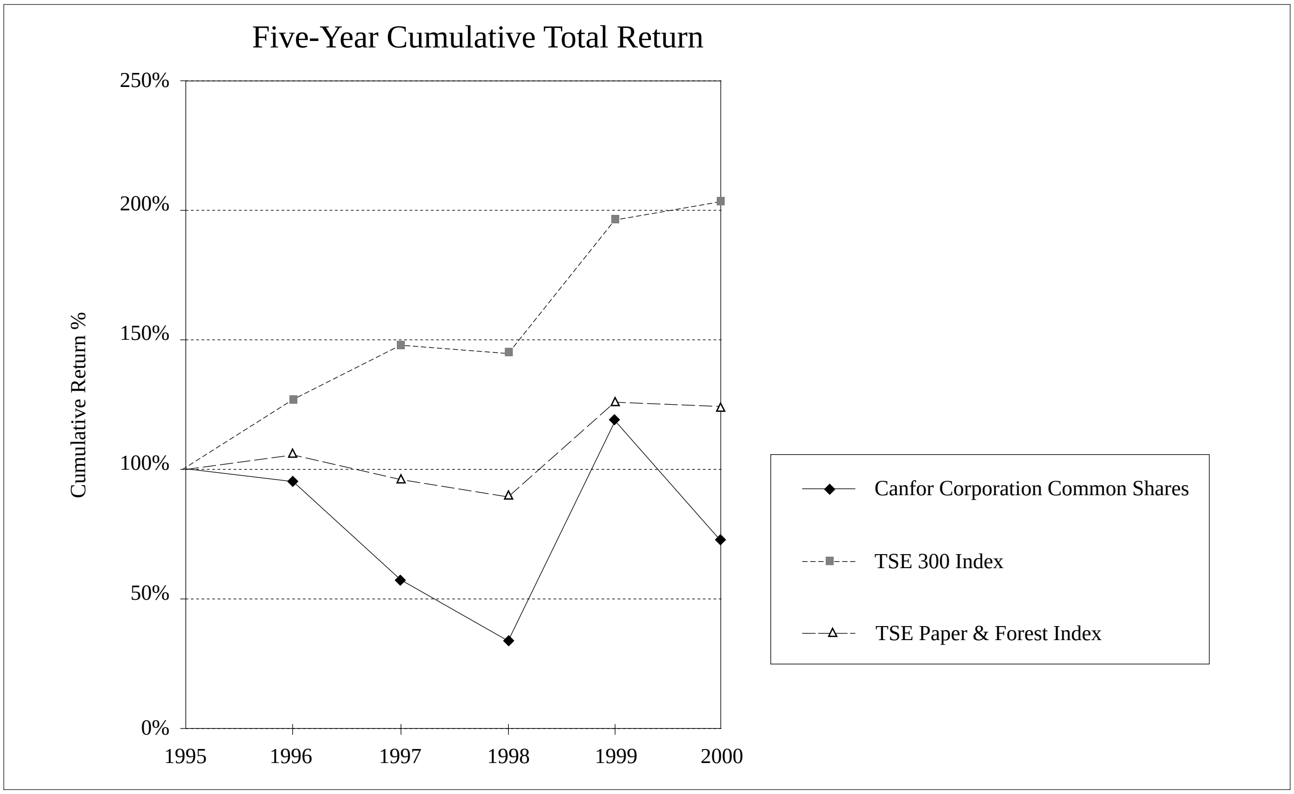
(1) *Interest-free loan. Repayable at $5,000 per year to 2000.*

(2) *Interest-free loan. Repayable at $5,000 per year to 2003.*

(3) *Interest-free loan. Repayable quarterly to 2007.*

Performance Graph

The following graph compares the total cumulative shareholder return for $100 invested in Common Shares of the Company on December 31, 1995 with the cumulative total shareholder return of the TSE 300 Stock Index and the TSE Paper and Forest Index for the five most recently completed financial years.



	1995	1996	1997	1998	1999	2000
Company Common Shares	100	95	60	33	119	71
TSE 300 Stock Index	100	128	148	145	191	205
TSE Paper & Forest Index	100	110	97	87	130	123

Note: Dividends declared on Common Shares of the Company are assumed to have been reinvested at the market price of the Company's shares on the payment date. The TSE 300 Stock Index and the TSE Paper and Forest Index are similarly based on the reinvestment of dividends.

Compensation of Directors

For the fiscal year ended December 31, 2000 the Directors who are not officers of the Company were paid a retainer of $14,000 and were also paid an attendance fee of $1,000 for each day of a meeting of the Board or any Committee of the Board, except the Executive Committee. Those Directors who are not officers of the Company and serve on a Committee of the Board were also paid a retainer of $3,000 for the most recently completed financial year. In addition, the Chairman of each Committee of the Board, except the Executive Committee, was paid a fee of $3,000 for the most recently completed financial year. The Chairman of the Board was paid a quarterly fee of $10,000 for serving as Chairman of the Board. Commencing in 1997, the Directors who are not officers of the Company became entitled to receive each year 500 Common Shares of the Company to be purchased for them in the open market. On May 15, 2000 each of the eligible Directors received 500 Common Shares of the Company.

CORPORATE GOVERNANCE

General

Since 1995, the TSE has required listed companies to disclose annually their corporate governance practices with specific reference to 14 Guidelines. These Guidelines deal with matters such as the constitution and independence of boards of directors, their mandates, roles and responsibilities, the effectiveness of corporate boards and their members and various items dealing with effective corporate governance. This disclosure describes the Company's corporate governance practices. In the judgment of the Corporate Governance Committee, the Company is in full compliance with the TSE Guidelines on corporate governance.

Mandate of the Board

The principal duty of the Board is the stewardship of the Company and to supervise the management of the affairs and business of the Company. The Board has explicitly acknowledged its responsibility for the stewardship of the Company. Other principal responsibilities of the Board relate to the strategic planning process; the identification and monitoring of the principal risks of the business and affairs of the Company; the appointment, development and succession of senior management; the implementation of effective communications and environmental policies and the adoption of relevant and reliable internal systems to enable the Board to fulfil these responsibilities. The basic objective of the Board is to ensure that shareholder value is maximized over the longer term. In pursuing this objective, consideration is given to the interests of other stakeholders and to balancing gain against risk in order to ensure the financial viability of the business of the Company.

The Board met five times during the fiscal year ended December 31, 2000. The frequency of meetings and the nature of items discussed depend upon the state of the Company's affairs and the opportunities or risks which the Company faces. During 2000 the Board actively participated in the strategic planning process by reviewing and evaluating management's strategic plan. In its deliberations, the Board considered the principal risks of the Company's business and satisfied itself that management had systems in place to manage those risks. The Board has dealt with succession issues and explicitly assumed responsibility for appointing and monitoring senior management. The Board frequently discusses timely disclosure issues and has satisfied itself that the Company has an effective communications policy in place. The Board regularly receives and discusses environmental audit reports and has satisfied itself that the Company has effective environmental systems in place. From time to time the Board directly and through its Audit Committee reviews and assesses the adequacy and integrity of the Company's internal controls and management and information systems.

Composition of the Board

The TSE Guidelines on corporate governance issued in 1995 recommend that a board of directors be constituted with a majority of individuals who qualify as "unrelated" directors as defined in the Guidelines.

The Board is composed of twelve Directors, ten of whom (R. L. Cliff, M. L. Cullen, C. W. Daniel, M. E. Hurst, J. B. Jarvis, P. A. Lusztig, E. P. Newell, M. E. J. Phelps, R. T. Riley and C. Taylor) are unrelated Directors as defined in the Guidelines. Only one of the present Directors, D. L. Emerson, is a member of senior management and therefore is to be considered by definition as a related, inside Director. Mr. P. J. G. Bentley, the Chairman of the Company, who had served as President and Chief Executive Officer ("CEO") of the Company in 1997, is considered by the Board to be a related Director. Mr. Bentley relinquished the position of President and CEO of the Company on January 1, 1998, when Mr. D. L. Emerson's appointment as a Director, President and CEO of the Company became effective. The unrelated Directors have never worked for the Company except Mr. Jarvis, who worked for the Company until February 28, 1987. None of the unrelated Directors (except Mr. Jarvis who had an implied contract of employment with the Company) ever entered into any contracts with the Company, or received remuneration from the Company in excess of Directors' fees or their annual 500 Common Shares. The Board has expressed its intention to maintain a Board of Directors that has a majority of unrelated Directors. The Company does not have a "significant shareholder" which is defined in the Guidelines as a shareholder with the ability to exercise a majority of votes for the election of the Board of Directors.

The Board considers its size of twelve Directors to be appropriate at the present time.

Board Committees

Set out below is a description of the four Committees of the Board, their mandates and their activities.

Audit Committee

The overall purpose of the Audit Committee (the “Committee”) is to oversee the Company’s financial reporting process and to review with the Company’s external auditors, the Company’s audited financial statements that are to be submitted to an annual general meeting. The Committee also reviews with management and the external auditors of the Company the impact of significant risks, potential liabilities and uncertainties, financial statements that are to be included in a prospectus or take-over bid circular of the Company as required by securities law, as well as certain interim unaudited financial statements and all public disclosure documents containing audited or unaudited financial information before their release to the public, and reports the results of such reviews and any associated recommendations to the Company’s Board. Those interim unaudited financial statements that are not reviewed by the Committee are reviewed with management by the Chairman of the Committee. In addition, the Committee makes recommendations to the Board regarding the appointment of independent auditors, reviews the nature and scope of the annual audit plan presented by the Company’s external auditors, and reviews with management the risks inherent in the Company’s business and the management of such risks. The Committee also reviews with both external and internal auditors and with management of the Company the adequacy of the internal accounting procedures and systems established by the Company.

The Committee is composed of four outside, unrelated Directors. The Committee met four times during 2000.

Corporate Governance Committee

The principal role and function of the Corporate Governance Committee (the “Committee”) is to ensure that the Company through its Board sustains an effective approach to corporate governance. An additional function of the Committee is to review the Board’s overall relationship with management. The Committee is also responsible for identifying and recommending proposed nominees for election to the Board, recommending the assignment of Directors to Committees of the Board and undertaking an annual assessment of the effectiveness of the Board, the Board Committees and individual Directors. The Committee will also develop and periodically review codes of conduct for senior officers of the Company, guidelines governing conflicts of interest and the resolution of potential or real conflicts of interest and will also function as a forum for concerns of individual Directors about matters that are not readily or easily discussed in a full meeting of the Board.

The Committee is composed of six unrelated, outside Directors and the Chairman of the Company as an ex officio member. While the Committee did not meet formally during 2000, it did have discussions on certain matters and made recommendations to the Board concerning corporate governance issues during the year.

Management Resources and Compensation Committee

The overall purpose of the Management Resources and Compensation Committee (the “Committee”) is to oversee human resources and compensation policies approved by the Board of Directors of the Company, its subsidiaries and affiliates and to make recommendations to the Board regarding human resources policies and executive compensation.

The Committee is responsible for ensuring that the Company has in place programs and policies to attract and retain high calibre executives and a process to provide for the orderly succession of management. The Committee annually assesses the performance of the CEO, recommends for approval by the Board that officer’s compensation and benefits and approves the compensation for all other designated officers of the Company, its subsidiaries and affiliates. This is done after considering the recommendations of the CEO, all within the human resources and compensation policies, guidelines and pay and performance systems approved by the Board. The Committee also reviews from time-to-time, as and when required, the Company’s broad policies and programs in relation to pension benefits. In addition, the Committee reviews from time-to-time with the CEO of the Company, broad policies on compensation for all employees and overall labour relations strategy for organized employees of the Company. It also periodically reviews the adequacy and form of the compensation of the Directors and reports and makes recommendations to the Board accordingly. The Committee annually provides a report on executive compensation for inclusion in the Company’s Information Circular.

The Committee is composed of four unrelated, outside Directors and the Chairman of the Company. The Committee met four times in 2000.

Executive Committee

The overall purpose and primary role of the Executive Committee (the “Committee”) is to approve during intervals between meetings of the Board, capital expenditures that are in excess of the management limit, but within the authority of the Committee as set from time-to-time by the Board. Such approved expenditures are subsequently ratified by the Board.

During intervals between meetings of the Board, the Committee exercises such powers as the Board may have specifically delegated to the Committee at a meeting of the Board.

The Committee is composed of five Directors, three of whom (Cliff, Jarvis and Phelps) are outside and unrelated Directors, and two of whom (Bentley and Emerson) are related Directors. In 2000 the Committee met three times.

Board's Independence from Management

The Board has functioned and will continue to function independently of management. Mr. Bentley, the Chairman of the Board, is no longer a member of management. The Board has on occasion met without management present. The Corporate Governance Committee will consider and make recommendations to the full Board regarding the Board's overall relationship with management. The Board has provided a means whereby individual Directors can engage outside advisors at the expense of the Company in appropriate circumstances.

Decisions Requiring Prior Board Approval

By law the Board must supervise the management of the affairs and business of the Company and has the authority to exercise all such powers of the Company as are not required by the "B.C. Company Act" or by the articles of the Company to be exercised by the shareholders of the Company. In addition to those matters, which must by law or by the articles of the Company be approved by the Board, management is required to seek Board approval for major transactions such as significant corporate acquisitions or divestments and debt-financing arrangements. Decisions regarding the adequacy and form of the compensation paid to Directors, major capital expenditure proposals, the declaration of dividends and dividend policy generally, all require prior approval by the Board. The Board retains responsibility for all significant changes in the Company's affairs.

Procedures for Recruiting New Directors and Assessment of Board Performance

The Corporate Governance Committee will canvass Board members for their suggestions regarding potential appointees to the Board and will recommend periodically to the Board for its consideration, a short list of proposed nominees for election to the Board. The Corporate Governance Committee will periodically undertake an assessment of the effectiveness of not only the Board's Committees, but also of the Board as a whole. It will also review attendance by individual members at Committee and Board meetings. The Corporate Governance Committee will consult with the Company's CEO regarding periodic assessments of the relationship between management and the Board and after such reviews will advise the Board of its findings. The Board evaluates its performance by asking each director to complete a Questionnaire, the contents of which will be evaluated and summarized by the Corporate Governance Committee and will then be discussed at a meeting of the full Board.

Programs for the orientation for new Directors and the ongoing education of existing Directors are the responsibility of the Chairman of the Board.

Measures for Receiving Shareholder Feedback and for Dealing with Shareholder Concerns

The Board in its mandate has explicitly acknowledged its responsibility for monitoring the Company's communications program, which includes providing useful and accurate information to the shareholders of the Company on a regular and timely basis. The Company's senior management receives and responds to shareholder enquiries or concerns promptly. In addition, the Company's Finance and Legal Department functions as the Company's Investor Relations Department and supplies information to shareholders whenever requests for information are received. Shareholder concerns are dealt with at the very senior level of the Company's management. An active shareholders' relations program is conducted by the Group Vice-President, Finance. The program involves meeting with a broad spectrum of investors, including briefing sessions for analysts, investment fund managers and shareholders with respect to reported financial results and other significant announcements by the Company. The Group Vice-President, Finance reports regularly to the Board with respect to these matters.

Board Expectations of Management

The Board has developed a mandate for the CEO of the Company and has defined the limits to management's responsibilities. The Board also reviews and approves the corporate objectives of the Company's CEO. The Board insists that management of the Company have in place an effective system of internal financial controls as well as other systems to ensure that all legal requirements regarding financial reporting and environmental stewardship are in compliance. The Board also expects management to pay particular attention to other aspects of corporate, social, legal and ethical responsibilities as well as safety and environmental issues.

The Corporate Governance Committee will develop and review periodically codes of conduct for senior officers of the Company, guidelines governing conflicts of interest and the resolution of potential or real conflicts of interest.

The Board believes that the Board and its Committees carry out effective governance of the Company's affairs. The Company's Corporate Governance Committee will ensure that the Company through its Board sustains an effective approach to corporate governance.

APPOINTMENT OF AUDITOR

The persons named in the enclosed form of proxy will, unless otherwise directed, vote for the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company to hold office until the next Annual General Meeting, and to authorize the Directors of the Company to fix their remuneration.

1998 PERFORMANCE STOCK OPTION PLAN

In June 1998, following the recommendations of the Management Resources and Compensation Committee, the Board of Directors approved the establishment of the 1998 Performance Stock Option Plan (the "PSO Plan"). The PSO Plan was established on June 10, 1998, subject to approval by ordinary resolution of the members which was granted at the annual general meeting on April 20, 1999.

Under the PSO Plan, the Company may grant to employees and consultants of the Company or its subsidiaries or affiliates, options to purchase a specified number of Common Shares of the Company. The exercise price for options granted under the PSO Plan, unless otherwise determined by the Company, will be the market price of the Common Shares calculated on the basis of the closing price of the Common Shares on the TSE on the day prior to the day on which the option is granted. Notwithstanding the foregoing, the exercise price may not be less than such market price.

For particulars of options granted by the Company under the PSO Plan, see REPORT ON EXECUTIVE COMPENSATION – Options, herein.

The persons named in the enclosed proxy form will, unless otherwise directed, vote in favour of the resolution to amend the PSO Plan to increase the number of Common Shares which may be issued upon exercise of options granted under the PSO Plan from 3,000,000 to 5,300,000.

OTHER INFORMATION

The Company's current Annual Information Form, audited Financial Statements for the year ended December 31, 2000 and Management's Discussion and Analysis of Financial Condition and Results of Operations accompany this Information Circular. An additional copy of those documents, this Information Circular and any interim financial statements filed subsequent to the annual audited financial may be obtained from the Corporate Secretary of the Company.

The contents and the sending of this Information Circular have been approved by the Board of Directors of the Company.

By Order of the Board of Directors

David M. Calabrigo

Corporate Secretary

Vancouver, B.C.

March 12, 2001