

**CANFOR CORPORATION (the “Company”)  
CORPORATE DISCLOSURE POLICY**

**OBJECTIVE AND SCOPE**

The objective of this disclosure policy is to ensure that communications to the investing public about the Company are:

< timely, factual and accurate; and

< broadly disseminated in accordance with all applicable legal and regulatory requirements.

This disclosure policy extends to all directors, officers and employees of the Company, and those authorized or designated to speak on its behalf. It covers all methods of communication by the Company with the public, including disclosures in documents filed with securities regulators, written statements made in the Company’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on the Company’s Web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

This disclosure policy outlines the Company’s approach towards the determination and dissemination of material information, the circumstances under and methods through which the confidentiality of information will be maintained, and restrictions on the trading of the Company’s securities. It also provides guidelines designed to achieve consistent disclosure practices across the Company.

**DISCLOSURE POLICY ADMINISTRATION**

The Disclosure Policy shall be administered and interpreted by the Chief Executive Officer (“CEO”). The CEO may at anytime, request the assistance or advice of other officers of the Company or third parties in the administration and interpretation of this policy. The CEO will decide when developments are material and justify release to the public and will review the Company’s prior disclosures of material information in regulatory filings and other statements to determine whether any updating or correcting is appropriate. The CEO will review this disclosure policy on an annual basis and recommend to the board of directors updating this policy, if necessary.

**PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION**

Material information is any information relating to the business and affairs of the Company that results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s securities or that would reasonably be expected to have a significant influence on a reasonable investor’s investment decisions.

In complying with the requirement to disclose all material information under applicable laws and stock exchange rules in a timely manner, the Company will adhere to the following basic disclosure principles:

1. Subject to the terms of this policy, material information will be publicly disclosed immediately via news release.
2. In certain circumstances, the CEO may determine that such disclosure would be detrimental to the Company's interests (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the CEO determines it is appropriate to publicly disclose or that the Company has a legal obligation to do so. In certain circumstances, the CEO may cause a confidential material change report to be filed with the applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential (also see 'Rumours').
3. Disclosure must be factual and non-speculative and must include any information the omission of which would make the rest of the disclosure misleading (half-truths are misleading).
4. Unfavourable material information must be disclosed as promptly and completely as favourable information.
5. No selective disclosure. Previously undisclosed material information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed material information has been inadvertently disclosed, such information must be broadly disclosed immediately via news release. In certain circumstances, applicable securities laws allow for selective disclosure where doing so is in the "necessary course of business". Selective disclosure of material information under this exception should generally be reviewed and confirmed with the Company's General Counsel.
6. Disclosure on the Company's Web site alone does not constitute adequate disclosure of material information.
7. Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

## **TRADING RESTRICTIONS AND BLACKOUT PERIODS**

It is illegal for anyone to purchase or sell securities of any public company with knowledge of material information affecting that company that has not been publicly disclosed. Except in the "necessary course of business" (see the exception referred to above), it is also illegal for anyone to inform any other person of material non-public information. Therefore, insiders and employees with knowledge of confidential or material information about the Company, any counter-parties in negotiations of material potential transactions and other parties in possession

of undisclosed material information, are prohibited from trading securities in the Company or any such counter-party until the information has been fully disclosed and a reasonable period of time has passed for the information to be widely disseminated to the public. Accordingly, please refer to the Company's share trading and trading window policy attached hereto as Schedule A.

## **MAINTAINING CONFIDENTIALITY**

Any director, officer or employee privy to confidential corporate information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information.

Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts. All confidential information being transmitted over the Internet must be secured by appropriate encryption and validation methods.

Outside parties privy to undisclosed material information concerning the Company will be told that they must not divulge such information to anyone else, and that they may not trade in the Company's securities until the information is publicly disclosed. Such outside parties may be requested to confirm their commitment to non-disclosure under a written confidentiality agreement of the Company as and when determined by the Company.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

1. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who need to know that information in the necessary course of business and code names should be used if necessary.
2. The utmost caution must be adhered to when confidential matters are being discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
3. Confidential matters should not be discussed on wireless telephones or other wireless devices unless such devices are secure.
4. Confidential documents should not be displayed in public places and should not be discarded where others can retrieve them.
5. Directors, officers and employees must ensure they maintain the confidentiality of information in their possession outside of the Company's office as well as inside the office.
6. Transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.

7. Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
8. Access to confidential electronic data should be restricted through the use of passwords.

## **AUTHORIZED SPOKESPERSONS**

The Company designates a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The CEO will be the primary and official spokespersons for the Company. The CEO may, from time to time, designate others within the Company to speak on behalf of the Company or to respond to specific inquiries. There could be blanket delegation on routine matters.

Directors, officers or employees who have not been designated by the CEO must not respond under any circumstances to inquiries from the investment community, the media or others. All such inquiries should be referred to the CEO or his designate.

## **NEWS RELEASES AND FILINGS**

Once the CEO determines that a development is material and must be disclosed, he will authorize the issuance of a news release. Should a material statement inadvertently be made on a selective basis, the Company will immediately issue a news release in order to fully disclose that information.

If The Toronto Stock Exchange is open for trading at the time of a proposed announcement, prior notice (at least thirty (30) minutes) of a news release announcing material information must be provided to the market surveillance department to enable a trading halt, if deemed necessary by the Exchange or the Company. If a news release announcing material information is issued outside of trading hours, market surveillance must be notified before the market opens.

Annual and interim financial results will be publicly released immediately following board approval of the financial statements.

News releases will be disseminated through an approved news wire service that provides simultaneous national and/or international distribution.

News releases will be posted on the Company's Web site immediately after release over the news wire. The news release page of the Web site shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.

Where necessary, the Company will file a material change report with securities regulators.

## **CONFERENCE CALLS**

Conference calls and/or webcasts will be held for quarterly earnings and major corporate developments, whereby discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. Any such call and/or webcast will be preceded by a news release containing all relevant material information. At the beginning of the call and/or webcast, a Company spokesperson may provide appropriate cautionary language with respect to any future oriented information.

The Company will provide advance notice of the conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and/or webcast. In addition, the Company may send invitations to analysts, institutional investors, the media and others invited to participate. A tape recording of the conference call and/or an archived audio webcast on the Internet will be made available following the call for a minimum of 30 days, for anyone interested in listening to a replay.

A copy, detailed records and/or transcripts of any conference call and webcast will be maintained by the Company. If during the conference call or webcast, there is inadvertent selective disclosure of previously undisclosed material information, the Company will immediately disclose such information broadly via news release.

## **RUMOURS**

The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Company's authorized spokespersons or designates will respond consistently to those rumours, saying, "It is our policy not to comment on market rumours or speculation." Should The Toronto Stock Exchange request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the stock, the CEO will consider the matter and decide whether to make a policy exception.

If material undisclosed information of the Company appears to be affecting trading activity in the Company's securities, the CEO will consider taking immediate steps to issue a public announcement by news release of the information. This may also include contacting The Toronto Stock Exchange and asking that trading be halted pending the issuance of a news release.

## **CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Company intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that meetings with analysts, institutional investors and other market professionals are an important element of the Company's investor relations program. The Company will meet with analysts, institutional investors and other market professionals on an

individual or small group basis as needed and will initiate contacts or respond to their calls in a timely, consistent and accurate fashion in accordance with this disclosure policy.

The Company will maintain a frequently asked questions section on its Web site.

A debriefing among some or all of the Company participants will be held after individual or group meetings and if such debriefing uncovers inadvertent selective disclosure of previously undisclosed material information, the Company will immediately disclose such information broadly via news release.

## **REVIEWING ANALYST DRAFT REPORTS**

It is the Company's policy to review, upon request, analysts draft research reports. It is imperative that the control of the process be centralized through the CFO. The Company will review the report for the purpose of pointing out errors in fact based on publicly disclosed historical information. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analysts report or earnings estimates.

## **DISTRIBUTING ANALYST REPORTS**

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by the Company of the report. For these reasons, the Company will not provide analyst reports through any means to persons outside of the Company, including posting such information or links to such information on its Web site. The Company may post on its Web site a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company. If provided, such list will not include links to the analysts or any other third party Web sites or publications.

## **FORWARD-LOOKING INFORMATION**

It is the Company's policy not to provide forward-looking earnings information and only to discuss general trends, events, commitments and uncertainties that are reasonably expected based on historical and currently known data.

## **MANAGING EXPECTATIONS**

The Company will try to ensure, through its regular public dissemination of quantitative and qualitative information, that analyst's estimates are in line with the Company's own expectations. The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' models and earnings estimates.

## **QUIET PERIODS**

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company will observe a quarterly quiet period, during which the

Company will not initiate or participate in any meetings or telephone contacts with analysts, institutional investors or other market professionals, other than responding to unsolicited inquiries concerning factual matters. The quiet period shall be the two weeks prior to normal quarterly and annual earnings announcements.

## **RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

This disclosure policy also applies to electronic communications. Accordingly, directors, officers and employees responsible for written and oral public disclosures shall also be responsible for electronic communications.

The Director, Public Affairs & Corporate Communications is responsible for updating the investor relations section of the Company's Web site and is responsible for monitoring all Company information placed on the Web site to ensure that at the time it was placed on the Web site it is accurate, up-to-date and in compliance with this disclosure policy.

The Director, Public Affairs & Corporate Communications must approve all links from the Company Web site to a third party Web site. Any such links will include a notice that advises the reader that he or she is leaving the Company's Web site and that the Company is not responsible for the contents of the other site.

Investor relations material will be contained within a separate section of the Company's Web site and will include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the Web site, including text and audiovisual material, will show the date such material was issued.

Disclosure on the Company's Web site alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosures of material information on the Company's Web site will be preceded by the issuance of a news release.

The Director, Public Affairs & Corporate Communications will also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this disclosure policy will be utilized in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, directors, officers and employees are prohibited from participating in Internet chat rooms, bulletin boards, email or newsgroup discussions on matters pertaining to the Company's activities or its securities. Directors, officers or employees who encounter such a discussion pertaining to the Company should advise the Director, Public Affairs & Corporate Communications immediately, so the discussion may be monitored.

## **COMMUNICATION AND ENFORCEMENT**

This disclosure policy extends to the Company's board of directors, officers, employees, authorized spokespersons and spokespersons designated by the CEO. Any person who violates

this disclosure policy or the attached trading policy may face disciplinary action up to and including termination of his or her position or employment with the Company without notice. The violation of this disclosure policy or attached trading policy may also violate certain securities laws which could lead to penalties, fines or imprisonment.

## SCHEDULE A

### CANFOR CORPORATION SHARE TRADING POLICY

#### **Introduction:**

The following summarizes the policy of Canfor Corporation (the “Company”) regarding the trading of shares or other securities of the Company by insiders and other employees who have access to publicly undisclosed material information regarding the Company. This policy is applicable to all insiders and employees of the Company. Directors and senior officers of the Company and its subsidiaries are “insiders”, as are shareholders owning 10% or more of the Company’s voting shares.

Under securities laws, insiders, together with those who are in what is referred to as a “special relationship” with the Company (which includes all employees and persons such as the Company’s business and professional advisors and insiders of parties to any proposed reorganization, merger or comparable business combinations with the Company), may be liable to fines, penalties and/or imprisonment if they buy or sell shares or other securities (including options) of the Company while in possession of publicly undisclosed material information, or if they “tip” such information to others (including friends and family members), unless sharing the information is necessary in the ordinary course of business of that person. “Material information” is generally defined as any information relating to the business and affairs of the Company that results in or would reasonably be expected to result in, a significant change in the market price or value of the Company’s securities (which includes major purchases or sales of property or assets by the Company, the signing of important contracts, etc.).

#### **Policy:**

##### **1. Trading in Securities and Tipping**

The burden of complying with the applicable securities laws rests with the individuals involved and not with the Company. As a matter of Company policy, the following rules apply at all times:

- No director or officer or other employee of the Company shall disclose any confidential material information about the Company on a selective basis to any person other than to another employee or advisor of the Company or an affiliated company who needs to know the information to perform his/her function. Reference is made to the Company’s Corporate Disclosure Policy for further particulars with respect to disclosure obligations.
- No director or officer or other employee with knowledge of confidential material information may trade in any security of the Company or make use of such information to achieve any other personal benefit for himself/herself or another person. The trading of Company securities with knowledge of material undisclosed information constitutes insider trading and is expressly forbidden.

The directors, officers and employees of the Company may become aware of publicly undisclosed material information relating to another company (e.g. as a result of business dealings or negotiations with respect to a significant transaction or activity). If they do, the prohibitions on insider trading and tipping apply to the securities of the other company.

Any breaches of this policy will be reviewed by the Company and may result in dismissal.

## **2. Blackout Period**

In addition to the policy set out above, the Company has adopted Regular Quarterly Blackout periods, which restrict trading during certain periods each year. All directors, officers and employees of the Company who have access to confidential or publicly undisclosed material information of the Company should refrain from purchases or sales of the Company's securities during the "Regular Quarterly Blackout". This blackout period commences on the first day of the month following the end of each financial quarter (including the year end) and ends two days following the public release by the Company of its financial results for each quarter and year end (e.g. if the news release announcing the quarterly results is dated the 27th, employees are permitted to trade on the 30th). In addition, any such director, officer or employee who intends to trade in the Company's securities after the expiry of the Regular Quarterly Blackout period, must first notify the General Counsel to advise of his/her intention to trade such securities. The General Counsel in his/her discretion may prohibit any such trading.

The Regular Quarterly Blackout period prohibits all directors, officers and employees of the Company who have access to confidential or publicly undisclosed material information of the Company, from trading in the Company's securities during the time that the quarterly financial results, which are material information, are being developed and compiled and allows sufficient time for the quarterly results to be disseminated to the public.

In addition to the Regular Quarterly Blackout, the General Counsel may notify insiders and other Company employees and persons in a special relationship with the Company of additional trading "blackout" periods in the event of pending undisclosed material events or developments.

Any questions with respect to the interpretation of the policy should be referred to the General Counsel.