Canfor Corporation

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

To: The Common Shareholders of Canfor Corporation

Notice is hereby given that the Annual General Meeting of the Common Shareholders of Canfor Corporation (the "Company") will be held in the Metropolitan Room, The Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia, on Thursday, April 26, 2012 at 11:30 a.m. for the following purposes:

1. To receive and consider the report of the Directors and the consolidated financial statements of the Company and its subsidiaries for the fiscal year ended December 31, 2011 and the report of the auditors thereon.

2. To elect Directors for the ensuing year.

3. To appoint auditors for the ensuing year.

4. To transact such other business as may properly come before the Meeting.

DATED at Vancouver, British Columbia this 6th day of March, 2012.

By Order of the Board of Directors

David M. Calabrigo, QC
Corporate Secretary

An Information Circular and a copy of the Annual Report of the Company for the year ended December 31, 2011 accompany this Notice of Annual General Meeting. The Information Circular contains details of matters to be considered at the Meeting. The Annual Report includes consolidated financial statements of the Company for the year ended December 31, 2011 and the auditors' report thereon and the Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company.

A shareholder who is unable to attend the Meeting in person and who wishes to ensure that its shares will be voted at the Meeting is requested to complete, date and sign the enclosed form of proxy and to deliver the form of proxy in accordance with the instructions set out in the form of proxy and the Information Circular.

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Canfor Corporation

INFORMATION CIRCULAR

DATED AS OF MARCH 14, 2012
(except as otherwise provided)

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 6, 2012 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 central securities register of the Company at the close of business on March 6, 2012 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 or senior officer of the Company. **A Common 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/her 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 Common 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. The articles of the Company provide that the revocation must be executed by the shareholder or his/her legal representative or trustee in bankruptcy authorized in writing, or where the shareholder is a corporation, by a duly authorized representative of the corporation, and delivered to the registered office of the Company at any time up to and including the last business day preceding the Meeting or delivered to the Chairman of the Meeting prior to the Meeting on the day of the Meeting.

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, 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 Common 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 Common 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 election as Directors and the appointment of PricewaterhouseCoopers LLP as auditors.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at March 6, 2012, the Company has outstanding and entitled to be voted at the Meeting 142,749,431 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	Number of Shares	Percentage of Class
Common Shares	James A. Pattison[1]	55,858,500	39.1
Common Shares	Mackenzie Financial Corporation[2]	19,764,000	13.9
Common Shares	Jarislowsky Fraser Limited[2]	17,578,000	12.3

1. The Common Shares beneficially owned by James A. Pattison, a Director of the Company, are held by companies wholly owned by Mr. Pattison.
2. Based upon publicly available information. Beneficial ownership is not known to the Company.

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 9 nominees in the list that follows. All are currently Directors of the Company. If any of the nominees do not stand for election or are unable to serve, proxies may be voted for a smaller Board at the discretion of the proxy nominee.

The term of each Director currently in office will expire on April 26, 2012. Each Director proposed as a nominee below will hold office until the Company's next Annual General Meeting, unless his office is earlier vacated in accordance with the articles of the Company.

The following is further information regarding each of the individuals who are proposed as nominees for election as Directors of the Company, including their other principal occupations, directorships and appointments and, where applicable, memberships on committees of the Board of Directors of the Company. A record of attendance at meetings of the Board and its committees during the twelve months ended December 31, 2011 is set out in the "Director Compensation - Compensation of Directors/Attendance" section of this Information Circular.

Peter J. G. Bentley, O.C., LL.D., of Vancouver, British Columbia, Canada, has served on Board of the Company since 1966.

Shareholdings	2011	2010
Common Shares	497,607	497,607
DSUs[1]	28,414	25,914

Mr. Bentley is Chairman Emeritus of the Board of Directors of the Company and a Director of Canfor Pulp Holding Inc. ("Canfor Pulp")

After working in various positions throughout the Company, Mr. Bentley became Executive Vice-President in 1970, President in 1975, and Chairman and Chief Executive Officer ("CEO") in 1985, a position he held until April 24, 1995. Mr. Bentley was reappointed to the position of President and CEO of the Company on July 25, 1997 and relinquished the position of President and CEO of the Company on January 1, 1998.

Mr. Bentley is Chairman and a Director of Sierra Mountain Minerals Inc. and a member of the Board of the Canadian Institute for Advanced Research, a member of the Advisory Board of BuildDirect.com and a Trustee and Chair Emeritus of the Vancouver General Hospital and University of British Columbia Hospital Foundation. He also served for many years as a Director of Bank of Montreal and Shell Canada Ltd. Mr. Bentley retired as Chancellor of the University of Northern British Columbia in May 2007. Mr. Bentley holds Honorary Doctorate of Law degrees from the University of British Columbia and University of Northern British Columbia.

Mr. Bentley chairs the Company's Corporate Governance Committee and is a member of the Management Resources and Compensation, Environmental, Health and Safety and Joint Capital Expenditure Committees.

Glen D. Clark, of Vancouver, British Columbia, Canada, has served on the Board of the Company since 2009.

Shareholdings	2011	2010
Common Shares	2,000	2,000
DSUs[1]	7,500	5,000

Mr. Clark is currently the President and a Director of The Jim Pattison Group and a member of the Board of Directors of Sun-Rype Products Ltd. Mr. Clark joined The Jim Pattison Group, a diversified group of companies in 2001 as General Manager of the Pattison Sign Group responsible for British Columbia. In 2002, he was promoted to Vice-President of the Pattison Sign Group for Western Canada. He held this position until January 2004 when he joined the Pattison News Group as President for Canada. In 2005, Mr. Clark was appointed Executive Vice-President and in 2011 he was appointed President of The Jim Pattison Group. In that capacity, he has corporate responsibility for Pattison Sign, Canadian Fishing Company, Jim Pattison Lease, Ripley Entertainment, Guinness World Book and News Group North America.

Prior to 2001, Mr. Clark served as Premier of British Columbia from February 1996 to August 1999. He was Minister of Finance and Corporate Relations from November 1991 to September 1993 and Minister of Employment and Investment from September 1993 until February 1996. Mr. Clark was first elected to the Legislative Assembly of British Columbia in 1986 to represent the constituency of Vancouver-East. In the 1991 and 1996 general elections, he was re-elected to represent the constituency of Vancouver-Kingsway.

Mr. Clark holds a Bachelor of Arts degree from Simon Fraser University and a Master's Degree in Community and Regional Planning from the University of British Columbia.

Mr. Clark is a member of the Company's Environmental, Health and Safety and Pension Committees.

Ronald L. Cliff, C.M., F.C.A., of West Vancouver, British Columbia, Canada, has served on the Board of the Company since 1983.

Mr. Cliff is Chairman of the Board of Directors of the Company and of the Company's principal subsidiary, Canadian Forest Products Ltd. ("CFP") and a Director and Chairman of Canfor Pulp. Mr. Cliff is Chairman of Heathcliff Properties Ltd. He is also President of the Heathcliff Foundation.

Mr. Cliff was Chairman and a Director of BC Gas Inc. (now Terasen Inc.) from 1972 to 2002. He also served as a Director of the Royal Bank of Canada and was a Director and Chairman of Southam Inc. Mr. Cliff is a Trustee and Chairman Emeritus of the Vancouver Police Foundation; a former Trustee of the Vancouver General Hospital and University of British Columbia Hospital Foundation and the Chairman of the Vancouver Symphony Foundation.

Mr. Cliff received his Commerce Degree from the University of British Columbia and qualified as a Chartered Accountant in 1954 and was elected a Fellow of the Institute of Chartered Accountants of British Columbia in 1994.

Mr. Cliff is a member of the Company's Audit and Corporate Governance Committees.

Shareholdings	2011	2010
Common Shares	74,582	74,582
DSUs[1]	28,414	25,914

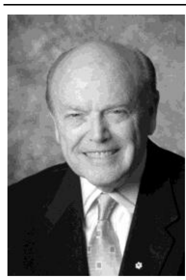
Michael J. Korenberg of West Vancouver, British Columbia, Canada, has served on the Board of the Company since 2003.

Mr. Korenberg is the Deputy Chairman & Managing Director of The Jim Pattison Group, a diversified group of companies. He was previously the Vice Chairman of The Jim Pattison Group.

Mr. Korenberg is a Director of Jim Pattison Group Inc. (and its affiliates), Sun-Rype Products Ltd., Westshore Terminals Investment Corporation and Westshore Terminals Ltd. He is an adjunct professor, Faculty of Law, University of British Columbia, a member of the Dean's Advisory Committee for the National Centre for Business Law and a member of the Law Societies of Upper Canada (Ontario) and British Columbia.

Mr. Korenberg chairs the Company's Joint Capital Expenditure Committee and is a member of the Audit and Pension Committees.

Shareholdings	2011	2010
Common Shares	15,000	15,000
DSUs[1]	25,159	22,659



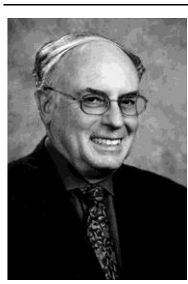
James A. Pattison, O.C., O.B.C., of West Vancouver, British Columbia, Canada, has served on the Board of the Company since 2003.

Mr. Pattison serves as the Managing Director, CEO and Chairman of The Jim Pattison Group, a diversified group of companies.

Mr. Pattison is a Director of Jim Pattison Group Inc. (and its affiliates), Brookfield Asset Management Inc. and Sun-Rype Products Ltd. and a Trustee of the Board of the Ronald Reagan Presidential Foundation.

Mr. Pattison chairs the Company's Management Resources and Compensation Committee and is a member of the Corporate Governance Committee.

Shareholdings	2011	2010
Common Shares	55,858,500[2]	50,861,200
DSUs[1]	25,159	22,659



Conrad A. Pinette of Vancouver, British Columbia, Canada, has served on the Board of the Company since 2008.

Mr. Pinette's work in the Canadian forest industry began 40 years ago as an owner and President of a family lumber business, Pinette & Therrien Mills Ltd. Mr. Pinette has also served as Executive Vice President, Tolko Industries Ltd. (2005), Executive Vice President, Riverside Forest Products Limited (2004) and served as President and Chief Operating Officer of Lignum Limited from January 1990 to April 2004.

Mr. Pinette is the former Chairman of Finning International Inc. and a former Director of TimberWest Forest Corp, Northgate Minerals Corporation, A&W Revenue Royalties Income Fund, Finning International Inc. and the British Columbia Business Council. Mr. Pinette is currently a Member of the Vancouver General Hospital and University of British Columbia Prostate Advisory Board and a member of the Board of the Cariboo Foundation.

Mr. Pinette chairs the Company's Environmental, Health and Safety Committee and is a member of the Management Resources and Compensation, Corporate Governance and Joint Capital Expenditure Committees.

Shareholdings	2011	2010
Common Shares	10,000	10,000
DSUs[1]	10,000	7,500

J. McNeill (Mack) Singleton, of Myrtle Beach, South Carolina, USA, has served on the Board of the Company since 2007.

Mr. Singleton has 37 years of experience in the wood products industry, all with New South Companies Inc. ("New South") (a wholly-owned subsidiary of CFP) or its predecessor companies, and has been CEO of New South since 1985. Mr. Singleton retired as the CEO of New South in September 2009. He has served on the boards of numerous industry associations and committees and is past Chairman of the US Coalition for Fair Lumber Imports and the Southern Forest Products Association.

Mr. Singleton received a BA degree from Presbyterian College, a J.D. degree from the University of South Carolina School of Law, and completed the PMD Program at Harvard Business School. He is currently a member of the Board of Trustees of Presbyterian College.

Mr. Singleton is a member of the Company's Environmental, Health and Safety and Joint Capital Expenditure Committees.

Shareholdings	2011	2010
Common Shares	10,000	7,000
DSUs[3]	5,000	2,500

Ross S. Smith, **F.C.A.** of West Vancouver, British Columbia, Canada, has served on the Board of the Company since 2009.

Mr. Smith had a successful 35 year career at KPMG LLP where he held various roles, including Managing Partner for British Columbia region and served for 13 years on the National Management Committee prior to his retirement in 1998. While in public practice, Mr. Smith served major public and private companies, many of which were in the forest industry, from an audit and securities perspective.

Mr. Smith is a member of the Board of Directors of Kal Tire Ltd. and Rotherham Holdings Ltd. He is also a member of the Advisory Board of Marsh Canada Limited and is Chairman of the Board of Directors for K-Bro Linen Inc and Kal Tire Holdings Ltd. Mr. Smith is a former member of the Board of Directors of HSBC Bank Canada.

Mr. Smith has served on many charitable and community boards in past years and currently is a member of the Board of Governors of the University of British Columbia.

Mr. Smith qualified as a Chartered Accountant in 1962 and was elected a Fellow of the Institute of Chartered Accountants of British Columbia (ICABC) in 1990 and in 2010 was awarded a lifetime achievement award by the ICABC.

Mr. Smith chairs the Company's Audit Committee and Pension Committee and is a member of the Management Resources and Compensation Committee.

Shareholdings	2011	2010
Common Shares	5,000	5,000
DSUs[1]	7,500	5,000

William W. Stinson, of Vancouver, British Columbia, Canada has served on the Board of the Company since 2010.

Mr. Stinson is the Chairman and CEO of Westshore Terminals Investment Corporation. Mr. Stinson is a member of the Board of Canfor Pulp. Mr. Stinson spent the majority of his business career with Canadian Pacific Ltd. retiring as Chairman and CEO in 1996 after 11 years in that position. He has served on a wide variety of boards and has held the positions of Chairman of Sun Life Financial, Chairman of the Executive Committee of United Dominion Industries and Lead Director of CHC Helicopter Corporation.

Mr. Stinson is a member of the Company's Management Resources and Compensation and Joint Capital Expenditure Committees.

Shareholdings	2011	2010
Common Shares	11,000	Nil
DSUs[1]	2,500	N/A

1. Represents deferred share units ("DSUs") under the Non-Employee Director DSU Plan (See "Director Compensation - Compensation of Directors/Attendance" herein).
2. The Common Shares beneficially owned by Mr. James A. Pattison, a Director of the Company, are held by companies wholly owned by Mr. Pattison (See "Voting Shares and Principal Holders Thereof" herein).
3. As a management Director until September 30, 2009, Mr. Singleton was previously not eligible to receive DSUs under the Non-Employee Director DSU Plan and started receiving Directors' DSUs in 2010 upon ceasing to be a member of management.

For additional information regarding current Directors of the Company, see the section of the Company's Annual Information Form dated February 8, 2012 entitled "Directors and Officers", which is incorporated by reference herein.

To the knowledge of the Company, no nominee for election as a Director of the Company is, at the date of this Information Circular, or has been within the last 10 years prior to the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that, (i) while acting in that capacity, was subject to a cease trade or similar order or an order that denied access to any exemption under securities legislation for a period of 30 consecutive days; (ii) was subject to an event that occurred while the nominee was acting in such capacity but which resulted, after he ceased to act in such capacity, in a cease trade or similar order or an order that denied access to any exemption under securities legislation for a period of 30 consecutive days. To the knowledge of the Company, no nominee for election as a Director of the Company is, at the date of this Information Circular, or has been within the last 10 years of the date of this Information Circular, a director or executive officer of any company that, while acting in that capacity or within a year of ceasing to act in such capacity, became bankrupt, made a proposal under legislation relating to bankruptcy or insolvency or was subject to any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Bentley, who was a Director and/or executive officer of HSPP General Partner Ltd. ("HSPP"), general partner of Howe Sound Pulp and Paper Limited Partnership ("HSLP"), during the period of January 29, 2008 to February 1, 2008 when HSLP completed a restructuring under the Companies Creditors Arrangement Act (Canada). On January 27, 2011, HSLP then renamed "6382 Pulp and Paper Limited Partnership" voluntarily filed for bankruptcy under the Bankruptcy and Insolvency Act (Canada) (the "BIA") after the sale of substantially all of its assets to a third party effective October 1, 2010. HSLP filed a proposal under the BIA which was subsequently approved by its creditors and finally by the British Columbia Supreme Court on July 18, 2011. Mr. Stinson was a director of Grant Forest Products Inc. ("Grant"). On June 25, 2009, Grant obtained creditor protection from the Ontario Superior Court under the Companies Creditors Arrangement Act (Canada). Mr. Stinson ceased to be a director on June 30, 2010.

To the knowledge of the Company, no nominee for election as a Director of the Company has, within the last 10 years prior to the date of this Information Circular, 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 or receiver manager or trustee appointed to hold his assets.

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 independent Directors were members of the Compensation Committee as at December 31, 2011: Messrs. P. J. G. Bentley, J. A. Pattison, C. A. Pinette, R. S. Smith and W. W. Stinson. For further information on the role and responsibility of the Compensation Committee see "Board Committees – Management Resources and Compensation Committee" herein.

All members of the Compensation Committee have experience in compensation matters either as members of compensation committees of other public companies and/or from having served as senior executives with significant responsibility for or involvement in compensation matters, including as follows: Mr. Bentley was formerly on the compensation committees of the Bank of Montreal and Shell Canada Ltd. and serves on the compensation committee of Canfor Pulp; Mr. Smith currently serves on the compensation committee for the Board of Governors of University of British Columbia and K-Bro Linen Inc. and was formerly on the National Management Committee with KPMG, which included the responsibility for compensation and benefit plans for the partners of KPMG; Mr. Stinson was formerly the CEO of Canadian Pacific Ltd. and as such had responsibility for compensation policies and programs for that company and also serves on the compensation committee of Canfor Pulp; Mr. Pinette, was a former executive in the forestry industry, with considerable experience in industry related compensation issues; Mr. Pattison, the Chair of the Committee is the CEO of The Pattison Group which runs a diversified group of companies with extensive experience in compensation matters as a senior executive, director and has extensive experience with compensation issues for numerous companies; Mr. Smith also sits on the Audit and Pension Committees of the Company; Mr. Stinson and Pinette on the Joint Capital Committee; and Mr. Pattison, Mr. Pinette and Mr. Bentley on the Corporate Governance Committee. The cross memberships between committees supports the oversight of compensation polices and standards and ensures alignment with the Company's risk management principles.

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Policies, Programs and Objectives

The Company's executive compensation policies relating to the main elements of compensation awarded to, earned by or paid to the Named Executive Officers (as defined under the section entitled "Summary Compensation Table" below) are designed to enable it 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 compensation package for executives includes base salary and incentive bonus programs. The incentive programs are designed to provide the potential for top quartile compensation when compared to similar positions in the Canadian forest products sector and to a broader industry comparison, when performance warrants. No Director of the Company or Named Executive Officer as defined below, is permitted to purchase financial instruments for hedging purposes related to compensation.

The Compensation Committee periodically engages the services of an independent consulting firm, Hay Group ("Hay"), to provide advice and counsel on executive compensation matters, such as base salary, incentive and bonus programs including the long term incentive plan, short term incentive plan and bridge bonus plan, all as described further below. Hay is an independent resource for advice to the Compensation Committee and has assisted the Committee in reviewing compensation trends including market competitive information, designing compensation programs, and assisting the Committee in assessing the compensation of the CEO. The fees paid to Hay in 2010 and 2011 were $8,170 and $23,380 respectively.

Compensation oversight and risk management are closely aligned. Mr. Smith, who is the Chair of the Audit and Pension Committees, also is a member of the Compensation Committee. These Committees review the Company's compensation policies and practices to ensure that they do not encourage any Named Executive Officer or other members of senior management to take inappropriate or excessive risks or otherwise give rise to risks that would reasonably be likely to have a material adverse effect on the Company.

Elements of Compensation

Pay for Performance Review

In 2011, the Compensation Committee reviewed all the Company's bonus programs , particularly the Canfor Salary Incentive Program (the "CSIP") and the Long Term Incentive Program (the "LTIP"). The purpose of the review was to test for the effectiveness of such programs and, where necessary, consider adjustments to them and the possible creation of a new plan that would better align bonuses with performance combining financial risk, strategic and operational objectives. The intent of the Committee's review was to determine if the Company's existing plans adequately established a clear relationship between pay and performance by providing, in particular, higher compensation for outstanding performance and less compensation when performance expectations are not met. The Committee determined that changes were required to the Company's compensation policies and programs to achieve these objectives. Accordingly, effective January 1, 2012, the Compensation Committee created the Senior Executive Performance Bonus Plan as described below. This plan replaces the LTIP in 2012 and is designed to directly link the Company's financial performance to executive bonuses. In addition, certain revisions have been made to CSIP effective in 2012 to ensure that awards are better aligned with the interests of shareholders. The CSIP described below is the plan in place for 2012 as revised, with revisions from the 2011 plan noted within this plan description.

The Board, through the Compensation Committee, retains the discretion to award compensation to senior executives, including the Named Executive Officers, even when performance goals or targets are not achieved. In making such awards, the Compensation Committee will consider a number of factors, including the recommendation of the CEO, the financial condition of the Company, the performance of the individual being considered for the award, the state of the markets generally and any other factor the Compensation Committee considers relevant. However, discretionary awards will only be granted by the Compensation Committee to individuals who have shown exemplary or outstanding performance beyond normal job performance.

The Compensation Committee does not anticipate making significant further changes to its compensation policies and practices in 2012, but has reserved the right to do so if the Compensation Committee is of the view that it would be necessary to achieve the Company's compensation objectives.

Base Salaries

Base salaries and salary ranges for all of the Company's executive officers are established using market-competitive information provided by Hay, the independent consulting firm retained by the Compensation Committee for this purpose. The Compensation Committee has also retained Hay to provide advice on market base salary and bonus information for its senior executives, including the CEO and the other Named Executive Officers. Market information is updated annually and salaries are reviewed annually. The mid-point for salary ranges is set at the median of the marketplace. The primary source for market information is the Hay Forest Industry Survey (FIS) which contains companies engaged in the forest products business similar to the Company. The companies included in the peer group market data are AV Nackawic Inc., Ainsworth Engineered Canada L.P., Alberta-Pacific Forest Industries Inc., Daishowa-Marubeni International Ltd., International Forest Products Limited, Minas Basin Pulp & Power Co. Ltd., Northern Pulp Nova Scotia Corp., Tembec Inc., TimberWest Forest Corp., Tolko Industries Ltd., Twin Rivers Paper Company, West Fraser Timber Co. Ltd. and Zellstoff Celgar Partnership Limited. The FIS data have been "point adjusted" and takes into account, and arithmetically adjusts for, size/complexity differences between the companies. The Compensation Committee has sole responsibility for recommending for approval by the Board the compensation of the CEO.

Canfor Salaried Incentive Plan

The CSIP for 2012 is a short-term incentive program that provides for salaried employee participation in the success of the Company, recognizes employee contribution to the Company's business improvement objectives and supports a "one team" approach. The CSIP is designed to meet the following objectives:

- to focus on the Company's key strategic financial measure, Return on Invested Capital ("ROIC");
- to reinforce the Company's goal of achieving a minimum ROIC threshold;
- to help align corporate, team and individual performance objectives; and
- to provide market-competitive incentive opportunities.

Target incentive levels for participating employees under the CSIP are determined by job or position and may change if the employee's position within the Company changes. The table below outlines the structure of the CSIP's target incentive levels, representing the percentage of annual base salary payable to senior management (which until 2011 included the CEO and senior vice presidents including the Named Executive Officers other than Mr. Shepard), on achieving the target payout requirements of the plan, as discussed below. All other salaried employees participate in the CSIP at incentive target levels ranging from 10% to 20%. Payments under the incentive program are based on annual base salary as of December 31 of the year for which the incentive is payable.

Employee Group	**Target Incentive Level (as a % of salary)**
Senior Management (including the Named Executive Officers[1] until 2012)	40%
Management	30%

1. Prior to 2012, the CEO's target incentive level was 55%

The CSIP is based on two components: rolling 5 year average ROIC; and controllable performance gains, as measured against goals and objectives established at the beginning of each year. ROIC is defined as the sum of operating income / (loss), realized gains / (losses) on derivative financial instruments and other income/(expense), all net of any minority interest, divided by the average invested capital during the year, and accounts for 50% of the CSIP program. Controllable performance gains also account for 50% of the CSIP program, and are measured by four factors: safety, quality, cost and delivery as well as the degree of individual contributions during that year. Individual performance is rated by scoring individuals on a rating scale ranging from outstanding performance to performance standards not met. Payments are subject to threshold, target and maximum levels established under the CSIP. Threshold is defined as the minimum level of performance required to qualify for a 50% payout under a component of the CSIP. Target is defined as the level of performance required to receive a 100% payout under a component of the CSIP. Maximum is defined as the level of performance required to receive a payout of 150% under a component of the CSIP.

The ROIC payout factors are as follows:

Performance Level	**Payout factor of ROIC Target Incentive**	**5 year Rolling Average ROIC Rate**
Threshold	0.5	10%
Target	1.0	15%
Maximum	1.5	20%

When the rolling 5 year average ROIC level is below the threshold performance level, no payment under this component will be made.

In 2011, the CSIP included senior executives including the Named Executive Officers, was based on a Return on Capital Employed (ROCE) as the corporate component (as described under the LTIP section below) and had performance levels of 0% (threshold), 3% (target) and 8% (maximum).

For 2011, the amount of $4,900,000 was paid pursuant to the CSIP. Reference is made to the Summary Compensation Table below for amounts paid to Named Executive Officers (as defined below) pursuant to CSIP awards.

Long Term Incentive Plan

In 2008 and through 2011, the Company had an LTIP which as noted above, has been replaced for 2012 by the Senior Executive Performance Bonus Plan described below. The LTIP was a cash payment plan based on Return on Capital Employed ("ROCE") earned by the Company, with a rolling 5 year average as the measurement period. ROCE was defined as the solid wood business net income plus interest, after tax, divided by average solid wood business capital employed during the year. Capital employed consisted of funds invested or retained in the form of shares or liabilities and it was composed of unpresented cheques, current bank loans (net of cash and temporary investments), long-term debt and shareholders' equity.

Eligibility for participation in the LTIP was restricted to executive employees approved by the Board and senior management employees proposed by the CEO and approved by the Compensation Committee. All Named Executive Officers other than Mr. Shepard were participants in the LTIP. To be eligible, participants must have completed 5 years of service with the Company before the completion of the calendar year for which payment was made, although employees with shorter service were eligible with the approval of the Compensation Committee. Target levels for awards under the LTIP varied depending on the participant's position. Target awards were expressed as a percentage of salary and varied from 20% to 50% for senior management employees and 100% for senior executives including all of the Named Executive Officers (other than the CEO). Under the LTIP, the performance of the Company was measured based on the 5 year rolling average of the annual ROCE percentage (which is published by the Company in its Annual Report) compared to a minimum threshold (or hurdle) rate and then based on the application of target and maximum payout parameters as detailed below:

a. Threshold (or Hurdle) ROCE Rate was based on 5 year rolling average of the interest rate on 5-year Government of Canada bonds (annual average rate), plus a premium of 75 basis points, calculated on an after-tax basis. The tax rate used for this calculation was the Company's general income tax rate for the year in respect of which the ROCE calculation was being made.

No payout was made under the LTIP unless this threshold was met or exceeded. At the Threshold ROCE Rate, the payout is 20% of the target award.

b. Target ROCE Rate, was the rate at which LTIP participants would receive target award payout levels (100% of target award) and is calculated as the Threshold ROCE Rate + 5%.

c. Maximum ROCE Rate, a rate at which LTIP participants would receive the maximum payout available (200% of target award) was calculated as the Threshold ROCE Rate + 11%.

Payouts were based on actual 5 year rolling average ROCE (to the nearest 0.1%) interpolated on a linear basis between Threshold, Target or Maximum ROCE Rates, as appropriate. For each measurement period (new 5 year average), a new Threshold rate will be calculated which will in turn created new Target and Maximum ROCE Rates under the LTIP.

For 2011 no, LTIP payments were made as the Threshold ROCE Rate for the measurement period was not achieved. Effective January 1, 2012, the LTIP has been terminated.

Bridge Bonus Plan

In 2008, the Company implemented a bridge bonus plan (the "Bridge Plan") which was intended to be available on a temporary basis and not be a continuing plan and which expired in 2011 and is now terminated. The Bridge Plan participants were all those individuals who are participants in the previous LTIP and was a retention bonus program designed to seek to ensure the longer term retention of the participants by the Company during the challenges facing the forest industry both in Canada and worldwide commencing in 2008. All participants in the Bridge Plan received a bonus payment equal to 85% of their LTIP target of which 50% was paid in 2010 and the balance was paid in 2011. A participant must have remained with the Company until a payment date in order to receive the portion of the payment due on that date. Any participant with less than 5 years of service had awards pro rated. The total maximum amount allocated by the Company for payments under the Bridge Plan was $5,000,000 and, as noted above, was payable over 2010 and 2011. For 2011, the amount of $2,377,813 was paid in accordance with the Bridge Plan. All the Named Executive Officers other than Mr. Shepard were participants in the Bridge Plan. Reference is made to the Summary Compensation Table below for amounts paid to Named Executive Officers pursuant to the Bridge Plan

Senior Executive Performance Bonus Plan

Effective January 1, 2012, the Company implemented a Senior Executive Performance Bonus Plan (the "PBP") that applies to all senior executives of the Company, including the Named Executive Officers, and other senior management selected by the CEO. Pursuant to the PBP, bonuses are awarded based on a 5 year rolling average of the annual ROIC percentage. PBP bonus payment factors for the senior executives including the Named Executive Officers are:

Average ROIC	Payout as a Percent of Annual Salary
10% - 14%	**50%**
15% - 19%	**75%**
20% and above	**100%**

Bonuses are capped at 100% of salary and payments are made on the basis of 50% at the time of the award and the balance paid in equal installments in each of the following two years. If the rolling 5 year average ROIC is below 10%, no payment will be made under the PBP. However if the threshold ROIC of 10% is not met, the Compensation Committee has the discretion to award bonuses, on the recommendation of the CEO, to individuals who have exemplified superior or exceptional performance during the year.

For the purpose of the PBP, the 5 year rolling average ROIC is deemed to be at 10% on January 1, 2012.

Compensation of Former Chief Executive Officer – CEO DSU Plan

Upon being appointed as CEO and President in 2007, Mr. James Shepard the former CEO of the Company voluntarily reduced his annual base salary as established for his position as CEO by the Compensation Committee by 25% to $495,000 per year as a cost reduction initiative and agreed to be paid in deferred share units ("DSUs") pursuant to the Company's CEO Deferred Share Unit Plan (the "CEO DSU Plan") Mr. Shepard retired as the CEO of the Company on May 5, 2011. Accordingly, for the fiscal year ending December 31, 2011, the compensation of Mr. Shepard, the CEO of the Company, consisted entirely of DSUs under the CEO DSU Plan in lieu of a cash payment. On March 27, 2010, Mr. Shepard's salary was reinstated to $660,000 per year. Effective July 1, 2010, the Compensation Committee approved Mr. Shepard's annual salary compensation be increased to $875,000 and that the $477,000 total roll-back amount (relating to the roll-back of Company base salaries effective May, 2007 and March 31, 2008 for other employees - see "Summary Compensation Table" below) be paid to Mr. Shepard in two equal payments of $238,500 on April 1 and July 2, 2010, each payment consisting of DSUs. The Committee also authorized that a cash bonus be paid to Mr. Shepard in the amount of $300,000 payable on Mr. Shepard's retirement from the Company.

Pursuant to the CEO DSU Plan, Mr. Shepard received his annual salary in DSUs, which were allocated on a monthly basis, based on the proportion of Mr. Shepard's salary payable that month and the then market price of the Company's Common Shares. As with DSUs issued under the Non-Employee Director DSU Plan (see "Director Compensation - Compensation of Directors/Attendance" herein), a DSU issued under the CEO DSU Plan is a notational entry having the same value as one Common Share of the Company, but is not paid out until such time as the CEO leaves this position, thereby providing the financial equivalent of an ongoing equity stake in the Company throughout his period of service. Payment in respect of DSUs may be made in cash or Common Shares of the Company purchased on the open market or both.

On June 13, 2011 Mr. Shepard converted all of his DSUs and was paid the amount $3,182,000 representing 331,461 DSUs at $9.60 per unit representing the market price of the Company's Common shares at the time of conversion. The CEO DSU Plan has been terminated by the Board in accordance with its terms.

Mr. Shepard did not participated in the Company's CSIP or LTIP programs or the Bridge Plan, and elected not to join the Company pension plan.

Compensation of Current Chief Executive Officer

The Compensation Committee monitors and assesses the performance of the CEO and other senior executives and determines their pay levels. For the fiscal year ending December 31, 2011, the compensation of Mr. Don Kayne, the CEO of the Company, consisted of base salary and eligibility for a short term incentive bonus under the CSIP and LTIP and a payment under the Bridge Plan. In setting the base salary of the CEO, the Compensation Committee considered market competitive information and compared similar positions in the Canadian and British Columbia forest products industry and a broader industry group provided by Hay, an independent consulting firm engaged for this purpose (see "Compensation Discussion and Analysis - Elements of Compensation" herein).

In February, 2012, Mr. Kayne advised the Compensation Committee that he had made a personal decision to relinquish any CSIP bonus payable to him for 2011. Mr. Kayne's CSIP target for 2011 was 55% of base salary which, if achieved, could have resulted in a bonus payment of $302,500.

Stock Options

In 1998, the Company established a Performance Stock Option Plan (the "PSO Plan"), subject to approval by ordinary resolution of the Common Shareholders which was granted at the annual general meeting held on April 20, 1999. The PSO Plan was subsequently broadened and, with shareholder approval, the number of Common Shares which may be issued upon exercise of options under the PSO Plan was increased to 5,800,000, which represents 4.07% of the Company's currently outstanding Common Shares.

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 will be not less than the closing price of the Common Shares on the Toronto Stock Exchange ("TSX") on the day prior to the day on which the option is granted.

Stock Options Granted Pursuant to PSO Plan

Date Options Granted	No. Of Individuals as at December 31, 2011	Aggregate No. Of Common Shares as at December 31, 2011	Value of Unexercised in the Money Option as at December 31, 2011	Exercise Price per Share $	Option Expiry Date
February 5, 2002	7	32,667	$347,903.55	9.80	February 5, 2012
April 29, 2002	2	6,000	$63,900.00	10.10	April 29, 2012

The maximum number of Common Shares issuable to all insiders under the PSO Plan is 10% of the Company's outstanding Common Shares, and to any one insider is a maximum of 5% of outstanding Common Shares. Entitlements under the PSO Plan cease on termination of an employee's employment as a result of the employee's death, disability or retirement (after three years), termination for cause (immediately) and for any other reason other than cause, normal retirement, death or disability (30 days). The rights of the employees under the PSO Plan are not assignable except to certain family members and personal representatives upon death.

During the year-ended December 31, 2011, 52,417 Common Shares were issued pursuant to the exercise of options and as at the date of this Information Circular there were a total of 3,000 options outstanding, representing 0.02% of the Company's currently outstanding Common Shares.

No stock options were granted in 2011. The Company does not plan to grant further stock options and has not granted options since 2002. Accordingly, option grants are not currently considered as part of the determination of compensation for Named Executive Officers.

Employee Share Purchase Plan

The Company has established an employee share purchase plan (the "Employee Purchase Plan") for employees of the Company's wholly owned subsidiary, CFP. CFP is the direct employer of virtually all of the Company's employees, including all of the Named Executive Officers. The Employee Purchase Plan was approved by the shareholders of the Company by special resolution on April 20, 1999.

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

The purpose of the Employee Purchase 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 its outstanding Common Shares. All regular employees of CFP are eligible to participate in the Employee Purchase Plan upon completion of one year of employment with CFP.

Enrolment in the Employee Purchase 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 Employee Purchase Plan and may make a supplementary contribution of up to an additional 5% of such wages or salary. Until June 2007, CFP made a basic contribution each month in an amount equal to 30% of each participant's basic contribution and also pays the cost of brokerage and commissions. In June 2007, CFP discontinued its contributions to the Employee Purchase Plan.

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

Change of Control Agreements

In 2000, the Company entered into change of control agreements with certain senior executives, including two of the Named Executive Officers, as described below. Other than the two Named Executive Officers referred to below, all other change of control agreements have been terminated as a result of these senior executives ceasing employment with the Company.

The agreements with Mr. Kayne and Mr. Calabrigo 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 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 salary equal to the target bonus for that period and a pro-rated bonus for the year in which his or her employment ceased (including target bonuses under the Company's CSIP, but not including the LTIP or Bridge Plan), and in the case of the salary continuation, certain continued benefits.

For the purposes of these agreements, a "change in control" is defined as an acquisition by a person or group of persons of more than twenty (20%) percent of the Company's outstanding Common 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 Company's assets 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.

Assuming a change in control and termination of employment for the two Named Executive Officers having a change of control agreement with the Company referred to above occurred on December 31, 2011, the following table represents the amounts that would be payable to each of them.

Name	Position	Base Salary $	Bonus[1] $	Benefits $	Total $	Present Value of Additional Pension $
D. B. Kayne	President and CEO	550,000	302,500	61,000	1,161,000	2,838,000
D. M. Calabrigo	Senior Vice President, Corporate and Legal Affairs / Corporate Secretary	300,000	120,000	33,000	633,000	336,000

1. Includes the CSIP target payout bonus.

Summary Compensation Table

The following Summary Compensation Table sets forth, for each of the Company's three most recently completed financial years, the compensation of each person who served as the CEO or the CFO during the fiscal year ended December 31, 2011 and the three most highly compensated executive officers of the Company, other than the CEO and CFO, who were serving as executive officers at December 31, 2011 (such CEO, CFO and executive officers are referred to collectively as the "Named Executive Officers"). For the year-ended December 31, 2011, the Company paid aggregate direct remuneration to its Directors and senior officers in the total amount of $4,462,322.

SUMMARY COMPENSATION TABLE

Name and principal position[1]	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation[2,3] ($)	Total compensation ($)
					Annual incentive plans[4]	Long-term incentive plans[5]			
D. B. Kayne President and Chief Executive Officer	2011 2010 2009	465,384 340,313[6] 238,327	- - -	- - -	- 82,600 -	165,000 165,000 -	125,000[7] 192,000 47,000	32,748 24,749 27,880	788,132 804,663 304,486
J. F. Shepard[8] Former President and Chief Executive Officer	2011 2010 2009	292,000 685,000[6] 495,000	- - -	- - -	300,000 - -	- - -	- - -	16,327 39,449 38,907	608,327 1,201,000[6] 533,907
A. Nicholl Senior Vice President, Finance and Chief Financial Officer	2011 2010 2009	238,019 221,308[6] 206,769	- - -	- - -	56,660 48,180 -	36,000 25,000 -	32,208 23,100 25,561	25,566 17,897 17,992	388,453 335,485 250,323
T. Sitar[9] Former Vice-President, Finance and Chief Financial Officer	2011 2010 2009	123,231 343,677[6] 314,238	- - -	- - -	22,030 98,940 -	45,000 37,000 -	97,000 67,000 68,000	9,920 32,006 32,299	200,181 685,425 414,537
M. A. Feldinger Senior Vice-President, Forestry, Environment and Energy	2011 2010 2009	300,000 322,673[6] 225,087	- - -	- - -	74,160 69,260 -	165,000 165,000 -	65,000 223,000 48,000	11,015 20,107 23,750	606,175 785,088 280,865
D. M. Calabrigo Senior Vice President, Corporate and Legal Affairs / Corporate Secretary	2011 2010 2009	278,845 301,415[6] 210,257	- - -	- - -	74,160 62,870 -	155,000 155,000 -	87,000 52,000 47,000	18,536 9,654 10,262	613,542 580,938 267,520
A. L. W. Cook Senior Vice President, Wood Products Operations - Canada	2011 2010 2009	269,192 259,278[6] 185,365	- - -	- - -	74,160 64,240 -	135,000 135,000 -	68,000 40,000 37,000	20,492 21,327 24,240	566,845 519,845 246,606

1. *Messrs Kayne, Nicholl, Feldinger, Calabrigo and Cook were appointed to these positions on May 5, 2011. Prior to these appointments Mr. Kayne was Vice President, Wood Products Marketing & Sales, Mr. Nicholl was Corporate Controller, Mr. Feldinger was Vice President, Wood Products Manufacturing, Mr. Calabrigo was Vice President, Corporate Development, General Counsel & Corporate Secretary, and Mr. Cook was Vice President, Capital Projects.*
2. *The aggregate amount of compensation by way of perquisites or other personal benefits, securities or property under this column paid to the Named Executive Officers does not exceed the lesser of $50,000 and 10% of the total annual salary for the applicable financial year. The Company's perquisite plan for senior officers consists of an automobile lease, financial counselling and club membership. The maximum annual amount available under the perquisite plan to the CEO is $35,000 and to Senior Vice-Presidents $30,000.*
3. *For all Named Executive Officers these amounts may also include flexible benefit cash allocations, medical and life insurance benefits and other minor items not included in the perquisite plan.*
4. *These amounts include amounts paid under the Company's CSIP for 2010 and 2011. No amounts were paid under CSIP for 2009. Mr. Shepard did not participate in CSIP but received a $300,000 bonus upon his retirement. Mr. Kayne declined receiving a CSIP bonus for 2011 see "Compensation of Current Chief Executive Officer" herein.*

5. *No payments were made in respect of 2009, 2010 and 2011 under the Company's current LTIP (See "Executive Compensation – Compensation Discussion and Analysis - Long Term Incentive Plan" herein for a description of the LTIP). These amounts are payments made in 2010 and 2011 under the Bridge Plan (see "Executive Compensation – Compensation Discussion and Analysis - Bridge Bonus Plan" herein).*
6. *The amounts for 2010 include the repayment of salary which was deducted as a part of the rollback of base salaries in 2007 (for Mr. Shepard) and 2008 (for the other Named Executive Officers). For Mr. Shepard this amount was $477,000, Mr. Kayne $79,660, Mr. Nicholl $11,308, Mr. Sitar $106,802, Mr. Feldinger $76,500, Mr. Calabrigo $71,460 and Mr. Cook $56,547.*
7. *Mr. Kayne was appointed the CEO in May, 2011. At that time, his base annual salary was increased from $300,000 to $550,000. Based on his 31.5 years with the Company this salary increase results in a $1,790,000 pension value as at December 31, 2011. See "Pension Plan Benefits – Defined Benefit Plan" herein. The number contained in the table above is the normalized pension value assuming Mr. Kayne's salary remains at $550,000 per annum with a 3.0% increase per year.*
8. *Mr. Shepard received his salary in DSUs (see "Executive Compensation - Compensation Discussion and Analysis - Compensation of Former Chief Executive Officer –CEO DSU Plan" above). Mr. Shepard's base annual salary was increased to $875,000 effective July 1, 2010. Mr. Shepard retired on May 5, 2011.*
9. *Mr. Sitar ceased as the Vice-President Finance and CFO on May 5, 2011.*

OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table sets out all share and option based awards of the Company outstanding at December 31, 2011, including awards granted before the financial year ending on that date.

	Option-based Awards				Share-based Awards		
Name[1]	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
D. B. Kayne	-	-	-	-	-	-	-
J.F. Shepard	-	-	-	-	-	-	-
A. Nicholl	-	-	-	-	-	-	-
T. Sitar	-	-	-	-	-	-	-
M. A. Feldinger	-	-	-	-	-	-	-
D.M. Calabrigo	-	-	-	-	-	-	-
A. L. Cook	-	-	-	-	-	-	-

1. *The Named Executive Officers do not hold any stock options in the Company.*

INCENTIVE PLAN AWARDS - VALUE VESTED OR EARNED DURING THE YEAR

Name	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
D. B. Kayne	-	-	-
J. F. Shepard	-	685,000[2]	-
A. Nicholl	-	-	-
T. Sitar	-	-	-
M.A. Feldinger	-	-	-
D.M. Calabrigo	$9,172.80[1]	-	-
A. L. Cook	-	-	-

1. *During 2011 Mr. Calabrigo exercised an option consisting of 16,000 shares at an exercise price of $9.80 per share. This amount represents the difference in the exercise price of the shares and the market value of the shares at the date of exercise.*
2. *DSUs granted to the CEO reflect the value of his annual salary at the time of the grant – see "Executive Compensation – Compensation Discussion and Analysis - Compensation of Chief Executive Officer – CEO DSU Plan" herein.*

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AS AT DECEMBER 31, 2011

Equity Compensation Plan Information

Plan Category	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A)) (C)
Equity compensation plans approved by securityholders	97,418[1]	$9.73	3,780,270
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	97,418		3,780,270

1. *All of these securities are issued under the PSO Plan referred to above (see "Executive Compensation – Compensation Discussion and Analysis - Stock Options Granted Pursuant to PSO Plan" herein).*

PENSION PLAN BENEFITS

Defined Benefit Plan

The Company's accrued pension liability is calculated following the method prescribed by the Canadian Institute of Chartered Accountants and is based on management's best estimate of future events that affect pension liabilities, including assumptions about future salary adjustments and bonuses. Changes in accrued pension liabilities for the Named Executive Officers are summarized in the following table. These changes include the fiscal 2010 expense attributed to service and compensation as reported in the "Summary Compensation Table" above as well as the normal changes/increases[1] to pension liabilities.

Other than Mr. Nicholl and the former CEO Mr. Shepard, the Named Executive Officers are members of the Company's Canadian defined benefit pension plans, which provide retirement benefits determined primarily by: (i) highest average pensionable earnings which includes regular salary and 50% of CSIP bonuses (100% for the CEO, if a member) and lump sum performance awards in a highest period of five consecutive years; and (ii) years of service. Mr. Nicholl, Senior Vice President, Finance and Chief Financial Officer is a member of the Company's defined contribution plan. Mr. Shepard elected not to participate in the Company's pension programs.

The estimated annual benefits payable upon retirement to the Named Executive Officers under the Company's defined benefit pension plans are in accordance with the following table.

Name	Number of years credited service (#)	Annual benefits payable[1] ($)		Accrued obligation at start of year[1,2,3] ($)	Compensatory Change[1,3,4] ($)	Non-compensatory Change[3] ($)	Accrued obligation at year end[5] ($)
		At year end	At age 65				
D. B. Kayne	31.50	216,400	289,700	2,253,000	1,790,000	(17,000)	4,026,000
M.A. Feldinger	25.00	144,300	219,600	1,690,000	56,000	26,000	1,772,000
D. M. Calabrigo	11.00	63,100	131,600	777,000	87,000	16,000	880,000
A. L. W. Cook	17.83	85,800	171,100	987,000	68,000	34,000	1,089,000
T. Sitar	5.65	43,000	48,100	416,000	97,000	15,000	528,000

1. *The normal changes include interest on the beginning of year liability, employee contributions to the pension plan and changes in interest rate assumptions as the result of changes in long-term bond yields. The compensatory change includes the impact of changing the measurement date from September 30 to December 31. This change in measurement date was required under IFRS accounting standard. As such the compensation change includes 1.25 years of benefit accrual for the above members.*
2. *The accrued liability at December 31, 2011 is based on the 2010 salary and 50% of any CSIP attributed to 2011.*
3. *The change in accrued liability for 2011 excludes the impact of investment returns on the Company's pension plan assets.*
4. *The accrued liability at December 31, 2011 is based on the 2011 salary and 50% of CSIP attributed to 2011.*
5. *The calculation of reported amounts uses actuarial assumptions and methods that are consistent with those used for calculating pension liabilities and annual expense as disclosed in the Company's 2010 and 2011 Consolidated Financial Statements. As the assumptions reflect the Company's best estimate of future events, the values shown in the above table may not be directly comparable to similar estimates of pension liabilities that may be disclosed by other corporations.*

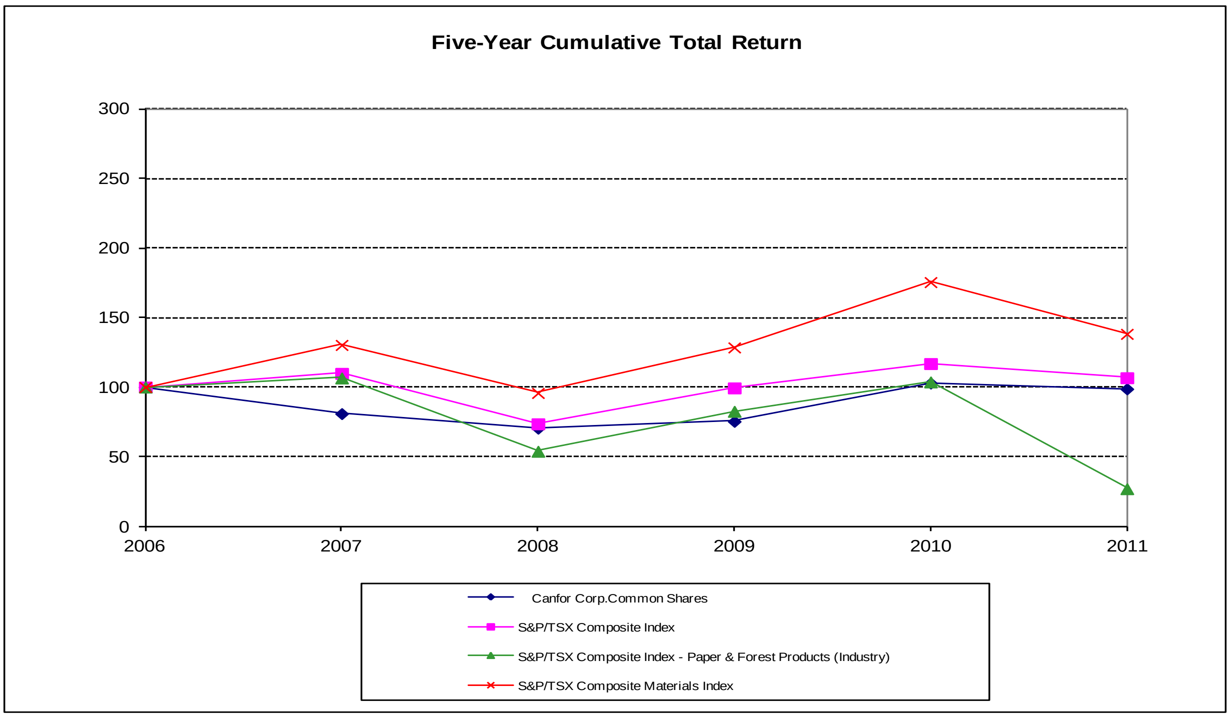
Defined Contribution Plan

The following table sets forth the benefits attributable to A. Nicholl, the only Named Executive Officer that is a member under the Company's defined contribution plan.

Name	Accumulated value at start of year ($)	Compensatory ($)	Accumulated value at year end ($)
A. Nicholl	82,219	32,208	115,354

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in Common Shares of the Company on December 31, 2006 with the cumulative total shareholder return of the S&P/TSX Composite Index, S&P/TSX Composite Index - Paper & Forest Products (Industry) and S&P/TSX Composite Materials Index for the five most recently completed financial years.



	2006	2007	2008	2009	2010	2011
Company Common Shares	100	81	70	75	103	99
S&P/TSX Composite Index	100	110	74	99	117	107
TSX Paper & Forest Index	100	107	54	83	104	27
S&P/TSX Composite Materials Index	100	130	96	128	175	138

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 S&P/TSX Composite Index and the TSX Paper and Forest Index are similarly based on the reinvestment of dividends.

In 2011**,** the Company's Common Shares underperformed the S&P**/**TSX Composite index, and the S&P/TSX Composite Materials Index but outperformed the TSX Paper and Forest Index. As a part of the Company's cost saving initiatives, the former CEO implemented a 25% reduction in base salary in 2007 for himself. All other Named Executive Officer's base salary as well as the base salaries for all other senior executives of the Company were reduced by 15% effective March 31, 2008. Other salary rollbacks included 7% for senior managers and 3% for all other salaried staff. In addition, no CSIP incentives were paid in 2009. Salaries were reinstated effective March 27, 2010 with the total roll-back amount paid in two equal payments on May 21 and July 2, 2010. No LTIP awards were paid in 2009, 2010 or 2011. In addition for 2012 changes was made to CSIP and the PBP was implemented to link compensation to corporate performance.

DIRECTOR COMPENSATION

Compensation of Directors/Attendance Fees

Until May 2007, the Directors who are not officers of the Company were paid a retainer of $20,000 and were also paid an attendance fee of $1,000 for each day of a scheduled meeting and an attendance fee of $2,000 for each day of a non-scheduled meeting of the Board or any Committee of the Board. 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 and, the Chairman of each Committee of the Board was paid a fee of $3,000. The Chairman of the Board was paid a quarterly fee of $25,000 for serving as Chairman of the Board. Effective May 2007, the Board approved a temporary one-third reduction in Directors' fees for 2009.

In order to support the Company in its cost reduction initiatives, the Board approved a further temporary reduction to 50% in all Directors' fees effective February 19, 2009 and thereafter, the Board agreed to defer receipt of their discounted fees for the period commencing April 1, 2009 to March 31, 2010. Directors' fees were reinstated effective April 1, 2010.

Effective May 1, 2011, the Board determined that the Chair of the Audit Committee is to receive a $10,000 retainer and a $10,000 annual fee and each Audit Committee member is to receive a $10,000 annual fee. The Board also determined that there will be a Joint Capital Expenditure ("Capex") Committee with Canfor Pulp Limited Partnership ("the Partnership"), and the Capex Chair will receive a $10,000 retainer and a $10,000 annual fee and each member will receive a $10,000 annual fee and that there will be no meeting fees. The Company and the Partnership will pay fees to each of their representatives on the Capex Committee except where such representative sits on both the Partnership Board and the Company Board, then the fee shall be split 50/50 between the two companies. Annual Director compensation for Board and Committee meetings is summarized in the following table (which sets out the fees both before and after the 2007 and 2009 fee reductions, 2010 reinstatement and revised fees as of May 1, 2011).

	Fees as revised July 1, 2011	Fees after March 31, 2010 reinstatement	Fees after February 19, 2009 reduction	Fees after May 4, 2007 reduction	Fees prior to May 4, 2007 reduction
Annual Board Chair retainer	$150,000	$100,000	$50,000	$66,666	$100,000
Annual Board retainer	$75,000	$20,000	$10,000	$13,333	$20,000
Board/Committee meeting fees for scheduled meeting[1]	$2,000	$1,000	$500	$666	$1,000
Board/Committee meeting fees for non-scheduled meeting[1]	$2,000	$2,000	$1,000	$1,333	$2,000
Annual Audit & Joint Capex Committee Chair retainer	$10,000	$3,000	$1,500	$2,000	$3,000
Annual Audit & Joint Capex Committee retainer	$10,000	$3,000	$1,500	$2,000	$3,000
Annual Committee Chair retainer	$5,000	$3,000	$1,500	$2,000	$3,000
Annual Committee retainer	$5,000	$3,000	$1,500	$2,000	$3,000
Joint Capex Committee meeting fees	$0	n/a	n/a	n/a	n/a

[1] excluding Joint Capex Committee

Effective January 1, 2002, the Company instituted a non-employee Director DSU plan (the "Non-Employee Director DSU Plan"). Each non-employee Director of the Company receives 2,500 DSUs annually in accordance with the Non-Employee Director DSU Plan. A DSU under this plan is a notational entry having the same value as one Common Share of the Company, but is not paid out until such time as the Director leaves the Board, thereby providing the financial equivalent of an ongoing equity stake in the Company throughout the Director's period of Board service. Payment in respect of DSUs may be made in cash or Common Shares of the Company purchased on the open market or both. The Non-Employee Director DSU Plan provides that Directors holding DSUs are credited with additional units reflecting an equivalent value to dividends paid from time to time in respect of the Company's Common Shares and also allows for the adjustment to the outstanding DSUs held by the Directors which are appropriate to reflect any significant reorganizations or other corporate changes affecting the Company's Common Shares. As at December 31, 2011, the accrual in respect of the DSUs currently outstanding to Board members was $1,239,402. Effective July 27, 2011 the Board determined not to issue any further DSU's to Directors under the Non-Employee Director DSU Plan.

The Board has instituted shareholding expectations for each of its Directors. These guidelines provide that each Director is expected to own 10,000 Common Shares of the Company. The Directors have a period of two years in which to achieve the guidelines and DSUs are included in the ownership guideline.

Directors' Compensation Summary for 2011

The following table summarizes the aggregate amount of total fees paid to Directors for the fiscal year ending December 31, 2011 (as discussed under "Director Compensation - Compensation of Directors/Attendance Fees" above) and the value of DSUs issued to each Director in 2011 as at December 31, 2011.

Name	Fees earned[1] ($)	Share-based awards[2] ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Peter J. G. Bentley	97,833.33	27,150	-	-	-	-	124,983.33
Glen D. Clark	76,500.00	27,150	-	-	-	-	103,650.00
Ronald L. Cliff	208,166.67	27,150	-	-	-	-	235,316.67
Michael J. Korenberg	94,833.33	27,150	-	-	-	-	121,983.33
James A. Pattison	81,500.00	27,150	-	-	-	-	108,650.00
Conrad A. Pinette	101,166.67	27,150	-	-	-	-	128,316.67
James F. Shepard[3]	-	-	-	-	-	-	-
J. M. (Mack) Singleton	77,166.67	27,150	-	-	-	-	104,316.67
Ross S. Smith	107,833.34	27,150	-	-	-	-	134,983.34
William W. Stinson	62,166.66	27,150					89,316.66

1. *Before deduction of applicable taxes.*
2. *Share based awards are the value of the Directors' DSUs issued to directors in 2011, as at December 31, 2011. Effective July, 2011, no further DSU's will be issued to directors.*
3. *As an executive of the Company, Mr. Shepard was not paid board/committee retainers, meeting fees or Director DSUs. Mr. Shepard retired as CEO and a Director on May 5, 2011.*

Summary of Board/Committee Meetings Held
For the 12-month period ended December 31, 2011

Board	6
Audit	6
Corporate Governance	3
Environmental, Health and Safety	4
Joint Capital Expenditure	6
Management Resources and Compensation	5
Pension	2

Summary of Attendance of Directors
For the 12-month period ended December 31, 2011

Director (Age)	Board Meetings Attended[1]	Committee Meetings Attended
Peter J. G. Bentley (81)	6 of 6	18 of 18
Glen D. Clark (54)	6 of 6	6 of 6
Ronald L. Cliff (82)	6 of 6	9 of 9
Michael J. Korenberg (51)	6 of 6	14 of 14
James A. Pattison (83)	6 of 6	8 of 8
Conrad A. Pinette (72)	6 of 6	18 of 18
James F. Shepard (73)[2]	2 of 2	n/a
J. M. (Mack) Singleton (66)	6 of 6	10 of 10
Ross S. Smith (72)	6 of 6	13 of 13
William W. Stinson (78)[3]	5 of 5	9 of 9

1. *In 2011, there were four scheduled Director meetings and two unscheduled meetings.*
2. *James F. Shepard retired as the CEO and a Director on May 5, 2011. As a management director, Mr. Shepard was not a member of any committees of the Board.*
3. *William W. Stinson was appointed Director on May 5, 2011.*

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

There are no material loans outstanding as at March 6, 2012 payable by officers, directors, employees and former directors, officers and employees of the Company or any of its subsidiaries to the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Introduction

National Instrument 58-101 "*Disclosure of Corporate Governance Practices*" ("N1 58-101") requires public companies to disclose annually their corporate governance practices, including the constitution and independence of their board of directors, their mandates, roles, responsibilities and membership, and various items dealing with effective corporate governance. The following disclosure describes the Company's current corporate governance practices.

Board Responsibilities

Under a set of Governance Principles and a Code of Conduct adopted by the Board, the Board has explicitly acknowledged its responsibility for the stewardship of the Company, including the supervision of the management of its affairs and business. The basic objective of the Board is to ensure that shareholder value is preserved and maximized over the longer term and that the highest ethical standards are maintained throughout the Company's operations. 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. Under the Governance Principles and the Code of Conduct, the Board (directly or through its Committees) has expressly assumed responsibility in the areas listed below, among others.

Culture of Integrity

The Board has assumed responsibility for satisfying itself, to the extent practical, as to the integrity of the CEO and the other executive officers of the Company and that those officers work to create a culture of integrity throughout the Company. The Governance Principles and Code of Conduct are designed to assist the Board in defining and maintaining appropriate standards of integrity throughout the organization (see also "Ethical Business Conduct" below).

Strategic Planning

The Board participates in the strategic planning process by reviewing, evaluating and providing input to management's strategic plan. The Board sets aside at least one meeting per year to review and comment on management's strategic plan. This allows the Directors to gain a better appreciation of management's strategic planning priorities. Updates are provided to the Board throughout the year. The Board held two strategic planning sessions in 2011.

Risk Management

Risk Management is a primary responsibility of the CEO and includes the identification and management of the principal risks of the Company's business. Regular reports on risk issues are made to the Audit Committee and management conducts an annual corporate risk assessment. In its deliberations, the Board considers the principal risks of the Company's business and satisfies itself that management has systems in place to manage those risks. In order to facilitate the management of the Company's business risks, the Board has adopted a risk management controls policy which sets out the responsibilities, reporting and counterparty credit requirements associated with all risk management activities as well as a specific energy risk management policy which sets out principles for managing energy price exposure risks. See "Overview of Compensation Policies, Programs and Objectives" herein for a discussion on risk as it relates to compensation issues.

Succession

The Compensation Committee reviews succession planning for the CEO and other key senior executives as well as personal development plans for senior management. The Compensation Committee is provided with regular updates on the succession and development programs from the CEO and reports to the Board on succession planning matters.

Communication Policy and Disclosure Control

The Company has adopted a Corporate Disclosure Policy covering timely dissemination of material information. The policy establishes guidelines relating to how material/sensitive company information is disclosed, responsibilities of officers, avoidance of selective disclosure and blackout periods. The Company also communicates through the dissemination of continuous disclosure materials such as annual and quarterly reports, news releases and its Annual Information Form. The Company maintains and regularly updates its website and conducts briefing sessions and group meetings.

Integrity of Internal and Financial Disclosure Controls

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, as well as its disclosure controls and procedures to ensure that financial information for public disclosure is properly recorded, processed, summarized and reported to the Board and the Audit Committee. The Company has established a Disclosure Committee comprised of senior managers of the Company. The Disclosure Committee reviews and assesses the financial disclosure of the Company. The Disclosure Committee reports its findings to the CEO and CFO. The Audit Committee regularly meets with the internal auditor, external auditor and management to review the effectiveness of such controls.

THE BOARD OF DIRECTORS

Independence

The Board is currently composed of 9 Directors, 8 of whom are independent Directors as defined in NI 58-101. Mr. Singleton was the former President and CEO of New South and retired on September 30, 2009. Therefore he is not considered an independent director. Mr. Cliff, Chairman of the Company, does not exercise any management functions and is considered to be an independent director. No current independent Director has entered into any contracts with the Company, received remuneration from the Company in excess of Director's compensation or worked for the Company in the last 5 years other than Mr. Pinette, a Director, who worked as a consultant with the Company in 2007 and received consulting fees. This consulting relationship was terminated and will not be renewed as long as Mr. Pinette is a Director. The Board has provided a means whereby individual Directors may engage outside advisors at the expense of the Company in appropriate circumstances. In 2011, no advisors were engaged on behalf of individual Directors.

Of the 9 individuals proposed as nominees for election as Directors at the Meeting, 8 are considered to be independent as defined in NI 58-101.

Other Directorships

The names of other reporting issuers in respect of which each Director and proposed Director presently serves as a Director are set out under the "Election of Directors" section of this Information Circular.

Board Meetings

The independent Directors, as part of each Board meeting, hold *in camera* sessions without the presence of management and if necessary Mr. Singleton (as a non-independent Director) to discuss issues relating to management and governance of the Company generally. The Board held six such meetings in 2011. The Chairman of the Board meets annually with the CEO and Chairman of the Corporate Governance Committee to discuss the relationship between management and the Board and reports the results of these discussions to the Board.

Attendance Record

The attendance record of each Director for Board meetings and committee meetings is disclosed under the "Summary of Attendance of Directors" section of this Information Circular.

Chairman

Mr. Cliff was appointed Chairman of the Board of Directors on April 30, 2009. As discussed under "Independence" above, Mr. Cliff is considered to be an independent Director as defined in NI 58-101. As Chairman, Mr. Cliff is responsible for ensuring the effective functioning of the Board, independent of management, and in a manner consistent with the Governance Principles and Code of Conduct, as described under "Code of Conduct" below. A written position description of the Chair of the Board is available on the Company's website at *www.canfor.com*.

BOARD MANDATE

The Board has adopted a written Board Mandate entitled The Board Terms of Reference, which defines the Board's roles and responsibilities. The Board Terms of Reference have been filed on SEDAR at *www.sedar.com* and on the Company's web site at *www.canfor.com.*

POSITION DESCRIPTIONS

The Board has adopted position descriptions for the Chair of the Board, the Chair of each Board Committee and for the CEO, each of which is available on the Company's web site at *www.canfor.com*.

ORIENTATION AND CONTINUING EDUCATION

Programs for the orientation of new Directors and the ongoing education of existing Directors are the responsibility of the Governance Committee and the Chairman of the Board oversees these programs. New Directors are provided with a Directors Orientation Manual containing details of the Company's organizational structure, terms of reference for the Board and Committees, the Company's Annual Information Form and other relevant materials. Visits to various operations sites of the Company are organized for such members by the Chairman of the Board. The Board receives updates and other information from management relating to changes in law or other matters relevance to the Board.

ETHICAL BUSINESS CONDUCT

Code of Conduct

As noted above, the Board has adopted a set of Governance Principles and a Code of Conduct. The Governance Principles deal with issues such as the role of the Board and management, functions of the Board, qualifications of Directors, independence of Directors, ethics and conflicts of interest. The Code of Conduct defines the standards and values which the Company expects all of its employees to follow in their dealings with stakeholders and is consistent with the Company's corporate values of integrity, trust, openness and respect for people. The Board Governance Principles and Code of Conduct have been filed on SEDAR at *www.sedar.com and* on the Company's website at *www.canfor.com* and a copy may be obtained from the Corporate Secretary of the Company.

The CEO of the Company reports to the Corporate Governance Committee on his efforts to monitor and promote a culture of integrity consistent with the Code of Conduct which includes meetings and discussions with senior managers and other stakeholders of the Company. A further description of the roles and responsibilities of the Corporate Governance Committee is set out under the section "Board Committees" below.

On an annual basis, each Director is required to disclose and the Board reviews all of the Directors' personal or business relationships with the Company in order to allow the Board to determine whether such relationships could reasonably be expected to interfere with the Director's independent judgment. If a conflict of interest arises between the Director and the Company, that Director would not participate in the relevant decision.

NOMINATION OF DIRECTORS

The responsibility for the identification of new candidates for Board nomination resides with the Company's Corporate Governance Committee.

The Corporate Governance Committee canvasses Board members for their suggestions regarding potential appointees to the Board and identifies and recommends annually to the Board, for its consideration, a short list of proposed nominees for election to the Board. In considering the candidates on the list, the Committee considers individual backgrounds, skills and expertise, geographic representation and the requirements of the Board in terms of skills and mix (see "Election of Directors" herein). The Board does not currently have a retirement policy.

The Governance Committee is composed entirely of independent Directors. A further description of the responsibility, power and operations of this Committee is set out under the Section entitled "Board Committees" below.

COMPENSATION

The process for the determination of the compensation of the Company's Directors and officers is overseen by the Company's Compensation Committee. As described under the "Executive Compensation" section of this Information Circular, the Compensation Committee engaged the services of Hay to assist the Compensation Committee in determining the Company's compensation levels in 2011.

The Compensation Committee annually reviews Directors' and officers' compensation, with the assistance of its outside independent consultants, as required, to amend compensation as required to reflect adequate compensation aligned with shareholder interests.

The Compensation Committee is composed entirely of independent Directors. A description of the responsibilities, powers and operations of the Company's Compensation Committee is set out under the section of this Information Circular entitled "Board Committees" below.

BOARD COMMITTEES

Set out below is a description of the written charters of the six Committees of the Board, their mandates and their activities. All Board Committees are composed of a majority of independent Directors.

Audit Committee

The overall purpose of the Audit 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 its annual general meeting. The Audit Committee also reviews with management and the external auditors of the Company the impact of significant risks, potential liabilities and uncertainties which may affect the Company, any 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 earnings information before their release to the public, and reports the results of such reviews and any associated recommendations to the Company's Board. In addition, the Audit 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 Audit 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 and reviews the Company's annual financing plan, any proposed financings and the method by which the Company measures financial results and performance. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The Audit Committee has regular sessions with the internal auditor and the external auditor (both with and without management) to discuss issues as it deems appropriate and requires management to implement and maintain appropriate internal controls and reviews these controls regularly at Committee meetings.

The Audit Committee has implemented controls to approve non-audit work performed by the external auditor. The Audit Committee is composed of three independent Directors.

For further information regarding the Company's Audit Committee, see the Section of the Company's Annual Information Form dated February 8, 2012 entitled "Audit Committee Information", which is incorporated by reference herein and which is available on SEDAR at *www.sedar.com*.

Corporate Governance Committee (the "Governance Committee")

The principal role and function of the Governance Committee is to ensure that the Company, through its Board, sustains an effective approach to corporate governance. The Governance Committee monitors best practices for corporate governance and reviews practices and terms of reference to ensure the Company's compliance with industry standards and applicable laws and regulatory rules and policies. An additional function of the Governance Committee is to review the Board's overall relationship with management. The Governance 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 size and effectiveness of the Board and the Board Committees. The Governance Committee also develops and periodically reviews compliance with the Board Governance Principles and the Code of Conduct and the resolution of potential or real conflicts of interest and also functions 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 Governance Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The Governance Committee is composed of four independent Directors.

Management Resources and Compensation Committee (the "Compensation Committee")

The overall purpose of the Compensation Committee is to oversee compensation policies approved by the Board and to make recommendations to the Board regarding executive compensation.

The Compensation 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 Compensation Committee annually assesses the performance of the CEO, recommends for approval by the Board of that officer's compensation and benefits and approves the compensation for all other designated senior officers of the Company, its subsidiaries and affiliates (other than Canfor Pulp, which has its own compensation committee). This is done after considering the recommendations of the CEO, all within the compensation policies, guidelines and pay and performance systems approved by the Board. The Compensation Committee also reviews from time-to-time, as and when required, the Company's broad policies and programs in relation to pension and other benefits. In addition, the Compensation Committee reviews from time-to-time with the CEO, policies on compensation for all employees. It also annually reviews the adequacy and form of the compensation of the Directors and reports and makes recommendations to the Board accordingly. The Compensation Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The Compensation Committee is composed of four independent Directors.

Environmental, Health and Safety Committee (the "EH&S Committee")

The overall purpose of the EH&S Committee is to develop, review and make recommendations as required on matters related to the Company's environmental, health and safety policies and practices and to monitor compliance with government regulations and with the Company's commitment to excellence on these issues. The EH&S Committee is also responsible for reviewing and making recommendations to the Board concerning the Company's compliance with policy statements and implementation standards adopted from time to time by the Company on environmental, health and safety issues, the Company's environmental disaster response plan and degree of readiness for each of its operations and the Company's management programs and standards addressing the health of its employees and the public and the safety of the workplace. The EH&S Committee monitors the Company's development of policies and initiatives in the area of environment, health and safety. The EH&S Committee requires that at least one meeting per year is held at one of the Company's operations. The EH&S Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The EH&S Committee is composed of four Directors, three of whom are independent.

Pension Committee

The overall purpose of the Pension Committee is to oversee the administration, financial reporting and investment activities of the Company's defined benefit pension plans. The Pension Committee also has an oversight role with regard to the Company's defined contribution plan. The Pension Committee is also responsible for reporting to the Board in respect of the actuarial soundness of the plans, the administration of the plans, investment policy, the performance of plan investments and compliance with government legislation. Where contemplated by the Company's pension plan documents, the Pension Committee may appoint actuaries, auditors, trustees and investment counsel for each plan and seek to ensure that actuarial valuation studies are completed and contain such calculations, recommendations and information as required by applicable legislation or by the Company. The Pension Committee reviews and approves annually a statement of investment policies and procedures for each plan. The Pension Committee may, from time to time, recommend to the Board changes to the plans and their administration. The Pension Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and may retain special legal, accounting or other experts in the performance of its duties. The Pension Committee is composed of three independent Directors.

Joint Capital Expenditure Committee (the "Capex Committee")

The overall purpose of the Capex Committee is to act on behalf of the Board in reviewing and making recommendations on expenditures for capital projects that are in excess of the management limit, but within the authority of the Capex Committee, as set by the Board from time to time. The Capex Committee also have the authority to review capital projects proposed by Canfor Pulp Limited Partnership, the Company's subsidiary. Subject to any change by the Board, the Capex Committee reviews and considers individual capital expenditures of $5 million or more. The Capex Committee has the authority to approve any capital expenditure between $5 million and $25 million. Any project approval in excess of $25 million is subject to the approval of the full Board. In addition, the Capex Committee reviews any lesser capital expenditures referred to it by the Board or the CEO. The Capex Committee is composed of six Directors, five of which are independent. Two of the members of the Committee are directors of Canfor Pulp Holding Inc.

BOARD/COMMITTEE ASSESSMENTS

The Governance Committee undertakes assessments of the size and effectiveness of not only the Board's Committees, but also of the Board as a whole. It also reviews attendance by individual members at Committee and Board meetings. The Board evaluates its performance by either asking each Director to complete a questionnaire, the contents of which are summarized by an independent consultant, evaluated by the Governance Committee and then discussed at a meeting of the full Board or by the Chairman interviewing each Director on Board effectiveness and reporting the results to the Board. The Governance Committee consults with the Company's CEO regarding periodic assessments of the relationship between management and the Board and after such reviews advises the Board of its findings.

At the Meeting, 9 Directors will stand for election. The Company has implemented a policy whereby if a Director changes his/her principal occupation, they will offer their resignation as a Board member. The Board may accept or not accept the resignation.

APPOINTMENT OF AUDITOR

On the recommendation of the Audit Committee, subject to confirmation at the Meeting, the Board has re-appointed PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company to hold office until the next Annual General Meeting. The persons named in the enclosed proxy will, unless otherwise directed, vote for the confirmation of such reappointment.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit, Tax and Financial Services Fees	Consulting Services	Total Fees
December 31, 2011	$928,000	$105,000	$1,033,000
December 31, 2010	$1,014,000	$77,000	$1,091,000

The Audit Committee has the responsibility to approve any non-audit related services provided by the auditors of the Company exceeding $100,000 and the Chairman of the Audit Committee has the authority to approve any such services exceeding $50,000 but not in excess of $100,000.

OTHER INFORMATION

These securityholder materials are being sent to both registered and non-registered owners of the Company's securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Company's Annual Report which contains the audited Financial Statements for the year ended December 31, 2011 and Management's Discussion and Analysis of Financial Condition and Results of Operations, which contain financial information relating to the Company, 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 Statements, and additional information regarding the Company may be obtained from the Corporate Secretary of the Company and may be accessed on the Company's website *www.canfor.com*. Additional information relating to the Company is available on SEDAR at *www.sedar.com*.

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, Q.C.

Corporate Secretary

Vancouver, B.C.
March 6, 2012