

THE SECURITIES ACT

)

Order No. 4824

)

Section 20(1)

)

July 6, 2005

TAIGA FOREST PRODUCTS LTD. AND TAIGA BUILDING PRODUCTS LTD.

WHEREAS:

(A) Application has been made on behalf of Taiga Forest Products Ltd. (“Taiga”) and Taiga Building Products Ltd. (“Building Products”) to The Manitoba Securities Commission (the “Commission”) for an order under Section 20(1) of The Securities Act, R.S.M. 1988, c.S50 (as amended) (the “Act”) to exempt from the dealer registration requirement and the prospectus requirement contained in sections 6 and 37 of the Act trades made in connection with a proposed plan of arrangement (the “Arrangement”) under the provisions of the Business Corporations Act (British Columbia) (the “BCA”) involving Taiga, Building Products and the shareholders (“Shareholders”) of Taiga.

(B) It has been represented to the Commission that:

1. Taiga is a corporation formed under the Company Act (British Columbia) pursuant to articles of amalgamation dated October 1, 1984.
2. Taiga, through certain Canadian and United States subsidiaries, is an independent wholesale distributor of building products in Canada, the United States and internationally. Taiga distributes building products, including dimension lumber, panel products including plywood, particle board and oriented strand board, treated wood products, engineered wood and allied products such as roofing materials, moldings, composite decking, polyethylene sheeting and insulation, primarily to “big box” building product retailers, independent retailers and industrial manufacturers. Taiga is the largest such independent distributor in Canada by revenue, having approximately \$1.3 Billion in revenue in fiscal 2005.
3. The authorized share capital of Taiga is comprised of 53,886,210 common shares (“Taiga Shares”). As of May 25, 2005, there were 7,961,420 Taiga Shares issued and outstanding.
4. Taiga is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Prince Edward Island and the Taiga Shares are listed for trading on the Toronto Stock Exchange.
5. There are currently 90,000 options outstanding under Taiga’s stock option plan under which holders of such options may acquire 90,000 Taiga Shares. It is a

condition of the Arrangement that all outstanding options are exercised or cancelled prior to the time at which the Arrangement is made effective.

6. Envirofo Preservers (BC) Ltd., Envirofor Preservers (Alta) Ltd, Dynamic Forest Products Ltd., Elmira Wood Products Ltd. and Taiga Logistics Limited are wholly-owned subsidiaries of Taiga.

7. On June 15, 2005 the Toronto Stock Exchange conditionally approved the listing of Building Products units (“Stapled Units”), each comprised of one common share of Building Products and a subordinated note of Building Products, and Building Products common shares. The subordinated notes of Building Products will not be listed on an exchange.

8. Taiga currently has two major shareholders. Berjaya Group (Cayman) Limited (“Berjaya”) indirectly owns 3,167,452 Taiga Shares (39.79%). and 3Cs Investments Limited (“3Cs”) indirectly owns 1,559,600 Taiga Shares (19.57%). The directors and officers of Taiga own collectively, directly or indirectly, 225,070 Taiga Shares (2.83%). The remaining 3,009,299 Taiga Shares (37.80%) are widely held. Berjaya and 3Cs, together with any entities controlled by Berjaya or 3Cs which acquire an interest in Taiga prior to the effective date of the Arrangement, are referred to as “Significant Shareholders”.

9. The management information circular of Taiga dated May 27, 2005 contains prospectus level disclosure of the Arrangement and the entities party to the arrangement.

10. On June 30, 2005 the Supreme Court of British Columbia made an order approving the Arrangement.

Building Products

11. Building Products is a corporation incorporated under the BCA pursuant to articles of incorporation dated May 20, 2005.

12. The authorized share capital is an unlimited number of common shares without par value, an unlimited number of Class A Common shares with a par value of \$0.0001, an unlimited number of Class A Preferred shares with a par value of \$1,000 and unlimited number of Class B Preferred shares without par value. There are two Class A Common shares issued and outstanding on the date hereof.

The Arrangement

13. The purpose of the Arrangement is to permit Shareholders to exchange their Taiga Shares for Stapled Units in order to create value for the Shareholders,

increase trading liquidity and enhance the business' capital market profile through initial and secondary public offerings of Stapled Units.

14. Prior to the implementation of the Arrangement, all of the Canadian subsidiaries of Taiga that are not incorporated under the BCA will be continued under the BCA.

15. Pursuant to the Arrangement, each of the events set out below will, except as otherwise expressly provided in the Arrangement, be deemed to occur in the order set out below without further act or formality:

(a) the Taiga Shares held by Shareholders ("Dissenting Shareholders") who exercise their dissent rights which remain valid immediately before the effective date will be deemed to have been transferred to Taiga and cancelled and cease to be outstanding and such Dissenting Shareholders cease to have any rights as Shareholders other than the right to be paid the fair value of their Taiga Shares;

(b) Taiga will transfer the shares of Envirofor Preservers (B.C.) Ltd., Envirofor Preservers (Alta) Ltd., Dynamic Forest Products Ltd., Elmira Wood Products Ltd. and Taiga Logistics Limited to Building Products in return for Class A common shares of Building Products;

(c) Building Products will complete an initial public offering (the "IPO") of Stapled Units;

(d) Building Products will use the net proceeds of the IPO to subscribe for Taiga Shares;

(e) each issued and outstanding Taiga Share other than those held by Building Products will be transferred to Building Products for a price equal to four (4) times the price at which Stapled Units will be issued pursuant to the IPO. Building Products will satisfy this price by delivering four Stapled Units to each Shareholder (other than Building Products) for each Taiga Share held and the disposition of the Taiga Shares will be deemed to occur concurrently with the acquisition of Stapled Units; and

(f) The Significant Shareholders will complete a secondary public offering (the "Secondary Offering") of Stapled Units held by them, which will at a minimum reduce Berjaya's shareholdings of Building Products to below 25%.

All trades made in connection with the Arrangement, other than the trades in securities made pursuant to the IPO and the

Secondary Offering, are hereby collectively referred to as the "Arrangement Trades".

16. The Arrangement Agreement requires two separate approvals of the Arrangement by Shareholders (in addition to all other necessary approvals) as follows:

(a) the affirmative vote of not less than three-quarters of the votes cast by Shareholders present in person or by proxy at the meeting of Shareholders; and

(b) the affirmative vote of a simple majority of the votes cast by Shareholders present in person or by proxy at the meeting of Shareholders, excluding any votes cast by Berjaya, 3Cs and their associates and affiliates (as required by Ontario Securities Commission Rule 61-501 and Local Policy Statement Q-27 of the Autorite des Marches Financiers of Quebec).

17. Each of these levels of shareholder approval were obtained at the meeting of Shareholders on June 27, 2005.

18. Building Products has filed a preliminary prospectus and obtained a preliminary receipt dated June 2, 2005 in connection with the IPO and the Secondary Offering.

19. Following the Arrangement, the Taiga Shares will be delisted from the Toronto Stock Exchange.

20. On the day following the effective date of the Arrangement, Building Products will amalgamate with Taiga's subsidiaries. On or before April 1, 2006, Building Products will amalgamate with Taiga.

21. Once the Arrangement and related transactions are complete, Building Products will own, directly or indirectly, all of the businesses of Taiga and its subsidiaries. The common shares of Building Products will be owned by the (former) Shareholders (other than Dissenting Shareholders), who will have received Stapled Units pursuant to the Arrangement, and the purchasers of Stapled Units under the IPO and the Secondary Offering.

22. The Arrangement will be carried out in accordance with the requirements of the BCA and the interim order of the Supreme Court of British Columbia dated May 27, 2005, which set out the procedures and other requirements for the Arrangement to be carried out, including the sending of a management information circular to Shareholders describing the Arrangement, the holding of a meeting of Shareholders and the granting of rights of dissent to Shareholders.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED:

1. THAT, pursuant to Section 20(1) of the Act, the Arrangement Trades are exempt from sections 6 and 37 of the Act; and

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION.

DEPUTY DIRECTOR - LEGAL