

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK,
NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, YUKON TERRITORY,
NORTHWEST TERRITORIES AND NUNAVUT

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE
RELIEF APPLICATIONS

AND

IN THE MATTER OF CANFOR CORPORATION

MRRS DECISION DOCUMENT

1 WHEREAS an application (the "Application") has been received by the securities regulatory authority or regulator (the "Decision Makers") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut from Canfor Corporation ("Canfor"), for a decision pursuant to National Instrument 54-101 ("NI 54-101") that, in connection with the proposed acquisition by Canfor of Slocan Forest Products Ltd. ("Slocan") pursuant to a plan of arrangement under the *Company Act* (British Columbia) (or any successor legislation) (the "Arrangement"), Canfor be exempt from the requirement to establish a record date for the 2004 annual general meeting of shareholders of Canfor (the "Canfor AGM"), which is to be held following the closing of the Arrangement, not fewer than 30 days before the date of the Canfor AGM in accordance with Section 2.1(b) of NI 54-101 (the "Record Date Requirement");

2 AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

3 AND WHEREAS Canfor and Slocan have represented to the Decision Makers that:

1. Canfor is a company incorporated under the *Company Act* (British Columbia); the common shares in the capital of Canfor ("Canfor Shares") are listed and posted for trading on the Toronto Stock Exchange (the "TSX"); Canfor is a reporting issuer in every province of Canada, and its head office is located in Vancouver, British Columbia;

2. Slocan is a company incorporated under the *Company Act* (British Columbia); the common shares in the capital of Slocan ("Slocan Shares") are listed and posted for trading on the TSX; Slocan is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec, and its head office is located in Richmond, British Columbia;

3. pursuant to a combination agreement dated November 25, 2003 between Canfor and Slocan (the "Combination Agreement"), Canfor intends to acquire through the Arrangement all of the issued and outstanding Slocan Shares; on November 25, 2003, Canfor and Slocan each issued a press release announcing the entering into of the Combination Agreement and the proposed Arrangement;
4. under the Arrangement, each Slocan Share (other than Slocan Shares held by either Canfor and its affiliates or by Slocan Shareholders who have validly exercised dissent rights under the Arrangement) will be transferred to and acquired by Canfor in exchange for 1.3147 Canfor Shares; upon completion of the Arrangement, Slocan will be a wholly-owned subsidiary of Canfor;
5. the Arrangement must be approved at a meeting of holders of Slocan Shares ("Slocan Shareholders") expected to be held on or about March 25, 2004 (the "Slocan Special Meeting");
6. the Arrangement is expected to close and take effect on or about April 1, 2004 (the "Arrangement Closing Date");
7. the board of directors of Canfor have set April 30, 2004 as the date of the Canfor AGM (the "Canfor AGM Meeting Date") in order to facilitate the orderly transition, following the completion of the Arrangement, to the new senior management of Canfor, including the replacement of the current President and Chief Executive Officer of Canfor and with the appointment of Jim Shepherd, currently the President and Chief Executive Officer of Slocan, as the new President and Chief Executive Officer of Canfor, all as contemplated by the Combination Agreement and the Arrangement and as publicly disclosed;
8. Canfor believes it is in the best interest of Canfor and its shareholders that the Meeting Date be established on the earliest workable date to achieve the goal of integrating the two businesses in a timely fashion;
9. Canfor further believes that it is in the best interests of Canfor and its shareholders that shareholder representation at the Canfor AGM be based on the shareholdings of Canfor subsequent to the Arrangement Closing Date such that Slocan Shareholders receiving Canfor Shares under the Arrangement are represented at the Canfor AGM, at which a new slate of directors, with representatives from both Canfor and Slocan, will be submitted to the shareholders;
10. in order to achieve the shareholder representation referred to in paragraph 9 above, the record date for entitlement to receive notice of the Canfor AGM (the "Record Date") must be set on a date that is subsequent to the Arrangement Closing Date;
11. Canfor will be able to comply with all other provisions of NI 54-101 applicable to the Canfor AGM, including Sections 2.3 and 2.5, and will make requests for information from depositories and intermediaries (the "Shareholder Information") and other communications under NI 54-101 in respect of shareholders of both Canfor and Slocan concurrently in connection with the Canfor AGM; Slocan has agreed to collect Shareholder Information in respect of Slocan Shareholders in

advance of the Arrangement Closing Date; this process will be facilitated by the fact that Slocan will have obtained such information in connection with the Slocan Special Meeting;

12. CIBC Mellon Trust Company is the transfer agent for both Canfor and Slocan and has advised that it will be able to collect and compile, on behalf of Canfor and Slocan, Shareholder Information in respect of shareholders of Canfor and Slocan concurrently in connection with the Canfor AGM;

4AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

5AND WHEREAS each of the Decision Makers is satisfied that the test contained in NI 54-101 that provides the Decision Makers with the jurisdiction to make the Decision has been met;

6THE DECISION of the Decision Makers under NI 54-101 is that, in connection with the Canfor AGM, Canfor shall be exempt from the Record Date Requirement provided that

(a) the Record Date is established at a date no less than 27 days before the Canfor AGM Meeting Date; and

(b) Canfor complies with all other provisions of NI 54-101 applicable to the Canfor AGM.

7March 11, 2004

Brenda Leong
Director

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 54-101 - exemption granted from requirement of section 2.1(b) to set record date at least 30 days prior to shareholders meeting - record date to be set not less than 27 days before meeting

Applicable British Columbia Provisions

National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, s. 2.1(b)