



TIMBERWEST FOREST CORP.

**NOTICE OF ANNUAL GENERAL MEETING
AND
INFORMATION CIRCULAR**

March 15, 2011

IMPORTANT INFORMATION FOR UNITHOLDERS

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TIMBERWEST FOREST CORP.
NOTICE OF ANNUAL GENERAL MEETING
TO BE HELD ON APRIL 26, 2011

TO THE UNITHOLDERS:

The Annual General Meeting (the "Meeting") of the holders (the "Unitholders") of Stapled Units of TimberWest Forest Corp. (the "Company"), in their capacity as holders of Common Shares without par value of the Company ("common shares"), will be held at the Westin Grand Hotel, 433 Robson Street, Vancouver, British Columbia, Canada on Tuesday, April 26, 2011, at 2:00 pm (Vancouver time) for the following purposes:

1. To receive the report of the directors to the Unitholders.
2. To receive the consolidated financial statements of the Company for the financial year ended December 31, 2010, and the report of the auditors thereon.
3. To elect the directors of the Company for the ensuing year.
4. To appoint KPMG LLP as auditors of the Company for the ensuing year.
5. To authorize the directors to fix the remuneration to be paid to the auditors for the ensuing year.
6. To transact such other business as may properly come before the Meeting.

The consolidated financial statements of the Company for the financial year ended December 31, 2010, and the auditors' report thereon, which will be presented at the Meeting, are contained in the 2010 Annual Report accompanying this Notice.

The names of the persons proposed to be nominated for election as directors of the Company are set out in the Information Circular that follows. The directors of the Company have fixed March 15, 2011 as the record date for determining Unitholders entitled to receive notice of and to vote at the Meeting. Registered Unitholders who are unable to be present in person at the Meeting are requested to date, execute and return the accompanying form of proxy to TimberWest Forest Corp., c/o Valiant Trust Company, P.O. Box 6510 Stn. Terminal, Vancouver, British Columbia, V6B 4B5, not later than 48 hours before the time of the Meeting or any adjournment thereof. A self-addressed postage paid envelope is enclosed.

All non-registered Unitholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with instructions or follow the procedures provided to them by such broker or intermediary in order to have their units voted.

DATED as of the 15th day of March 2011.

BY ORDER OF THE BOARD OF DIRECTORS

Brenda G. Blue
Secretary



TimberWest

TIMBERWEST FOREST CORP.

INFORMATION CIRCULAR

AS AT MARCH 15, 2011

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of **TIMBERWEST FOREST CORP.** (the “Company”) for use at the Annual General Meeting (the “Meeting”) of the holders (“Unitholders”) of Stapled Units of the Company to be held on Tuesday, April 26, 2011, at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting (the “Notice”). In this Information Circular, “Board of Directors” and “Board” refers to the board of directors of the Company.

PROXIES

Deposit of Proxy

In order to be valid and effective, a completed proxy must be delivered to the Company, c/o Valiant Trust Company, P.O. Box 6510 Stn. Terminal, Vancouver, British Columbia, V6B 4B5, not later than 48 hours before the time of the Meeting or any adjournment thereof. A self-addressed postage paid envelope is enclosed.

Revocation of Proxies

A Unitholder who has given a proxy may revoke it by (a) signing a proxy bearing a later date and depositing it as provided under ‘Deposit of Proxy’, (b) signing and dating a written notice of revocation (in the same manner as the enclosed form of proxy is required to be executed, as set out under ‘Validity of Proxy’, and delivering such notice either to the head office of the Company, Third Floor, 856 Homer Street, Vancouver, British Columbia, Canada, V6B 2W5, Attention: Brenda G. Blue, or to the registered office of the Company at P.O. Box 10424 Pacific Centre, Suite 1300 – 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2, Attention: R. Balfour, at any time up to and including the last business day preceding the day of the Meeting or to the Chairman of the Meeting at the Meeting or (c) attending the Meeting in person and registering with the scrutineer thereat as a Unitholder present in person and signing and dating a written notice of revocation. Such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

Voting of Shares Represented by Proxy

The individuals named as management’s proxy nominees in the form of proxy enclosed with this Information Circular are currently directors or officers of the Company. On any ballot or poll or voting otherwise, the common shares of the Stapled Units represented by a proxy in this form will be voted for or against or withheld from voting in accordance with the instructions of the Unitholder 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 of the Stapled Units represented by a proxy given to the individuals named as proxy nominees in the enclosed form of proxy will be voted in favour of such matter. A Unitholder has the right to appoint a person (who need not be a Unitholder) other than the individuals named in the enclosed form of proxy to attend and act for the Unitholder and on the Unitholder’s behalf at the Meeting and may exercise such right by inserting the name and address of the desired proxy nominee in the blank space provided in the form of proxy. In this case, if a voting choice is not so specified on such a proxy, the proxy nominee so named shall be entitled to vote the common shares represented by such proxy as that person sees fit.**

A proxy in the form enclosed will confer discretionary authority upon the proxy nominee named therein with respect to amendments and variations to the matters identified in the accompanying Notice and any other matter

that may properly be brought before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters to be presented for consideration at the Meeting.

Validity of Proxy

A proxy will not be valid unless it is dated and signed by the Unitholder or by the Unitholder's attorney duly authorized in writing. In the case of a Unitholder that is a corporation, a proxy will not be valid unless it is executed under its seal, or by a duly authorized officer or agent of, or attorney for, such corporate Unitholder. If a proxy is executed by an attorney or agent for an individual Unitholder or joint Unitholders, or by an officer, attorney, agent or other authority for a corporate Unitholder, the instrument empowering the officer, attorney or agent, as the case may be, or a notarial copy thereof, should accompany the proxy or be delivered to the Company.

A vote cast in accordance with the terms of a proxy will be valid notwithstanding the previous death, incapacity or bankruptcy of the Unitholder or intermediary on whose behalf the proxy was given or the revocation of the appointment of the proxy nominee, unless written notice of such death, incapacity, bankruptcy or revocation is received at the registered office of the Company at any time up to and including the last business day before the day of the Meeting or by the Chairman of the Meeting at the Meeting before any vote in respect of which the proxy has been taken.

PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Company. The cost of the solicitation has been and will be borne by the Company. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone or other means of communication by directors and regular employees of the Company without special compensation. In addition, the Company may retain the services of agents to solicit proxies on behalf of management of the Company. In that event, the Company will compensate any such agent for such services, including reimbursement for reasonable out-of-pocket expenses, and will indemnify them in respect of certain liabilities that may be incurred by them in performing their services.

STAPLED UNITS AND PRINCIPAL HOLDERS THEREOF

Each Stapled Unit of the Company consists of one common share of the Company and a Subordinate Note Receipt representing approximately \$8.98 face amount of Series A Subordinate Notes of the Company ("Series A Notes"). The common share and Series A Subordinate Note Receipt trade together as a Stapled Unit on the Toronto Stock Exchange under the symbol "TWF.UN".

As a holder of one common share comprising a part of each Stapled Unit, each Unitholder is entitled to receive notice of and to attend all meetings of shareholders of the Company and to one vote for each such common share at such meetings.

As at March 15, 2011, there were 91,628,218 Stapled Units issued and outstanding, each of which includes one common share, which carries the right to one vote at the Meeting. The quorum for the Meeting is two persons present at the Meeting and representing in person or by proxy common shares carrying not less than 10% of the votes eligible to be cast at the Meeting.

Only persons registered as Unitholders on the books of the Company as of the close of business on March 15, 2011 (the "Record Date") are entitled to receive notice of and to attend and vote at the Meeting.

To the knowledge of the directors and executive officers of the Company based upon a review of publicly available information, other than as set forth below, no person beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Stapled Units.

<u>Name</u>	<u>Number of Stapled Units</u>	<u>Percentage of Issued and Outstanding Stapled Units</u>
Invesco Trimark Ltd. and Invesco Asset Management, Limited	13,511,426	14.75%

As at March 15, 2011, the directors and senior officers of the Company and its subsidiaries, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, less than 1% of the issued and outstanding Stapled Units.

INFORMATION FOR BENEFICIAL HOLDERS OF STAPLED UNITS

The information set forth in this section is of significant importance to any Unitholders of the Company who do not hold Stapled Units which are registered on the records of the Company in the Unitholders' own name. Unitholders who do not hold their Stapled Units in their own name (referred to in this Information Circular as "Beneficial Unitholders") should note that only registered holders of Stapled Units may attend and vote in person at the Meeting or deposit proxies for use at the Meeting. Beneficial Unitholders will not be recognized at the Meeting for the purpose of voting the common shares of the Stapled Units in person unless appointed by the broker, bank or intermediary as a proxy nominee.

If Stapled Units are listed in an account statement provided to a Unitholder by a brokerage firm, bank or other intermediary, then in almost all cases those Stapled Units will not be registered in the name of the Beneficial Unitholder, the broker, the bank or other intermediary. In Canada, the vast majority of such Stapled Units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited), which acts as nominee for many Canadian brokerage firms, banks and other intermediaries. Brokers, banks, other intermediaries and their nominees can only deposit a proxy upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers, banks, other intermediaries and their nominees are prohibited from voting the common shares of the Stapled Units on behalf of their clients.

The Company has not sent any proxy-related materials that solicit votes or voting instructions DIRECTLY to any Beneficial Unitholders. Applicable regulatory policy requires brokers, banks and intermediaries to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every broker, bank and intermediary has its own procedures to seek such voting instructions. These should be carefully followed by Beneficial Unitholders in order to ensure that the common shares of their Stapled Units are voted at the Meeting. The majority of brokers in Canada have delegated responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge prepares a separate "voting instruction" form, mails those forms to the Beneficial Unitholders and asks Beneficial Unitholders to return the voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares contained within the Stapled Units to be represented at the Meeting. A Beneficial Unitholder receiving a voting instruction form cannot deposit on the Meeting Date that form to vote common shares contained within the Stapled Units at the Meeting. The form must be returned to Broadridge in advance of the Meeting in order to allow the common shares contained within the Stapled Units to be voted by the named proxy nominee at the Meeting.

IF YOU ARE A BENEFICIAL UNITHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT IN SUFFICIENT TIME IN ADVANCE OF THE MEETING TO DETERMINE AND FOLLOW THE PROCEDURES OF THE RELEVANT INTERMEDIARY FOR APPOINTING YOU AS PROXY IN RESPECT OF YOUR UNITS SO THAT YOU CAN VOTE THEM IN PERSON AT THE MEETING.

MATTERS TO BE ACTED UPON

Report of the Directors to the Unitholders

The report of the directors to the Unitholders is included in the 2010 Annual Report, which has been mailed to Unitholders with this Information Circular and is also filed on SEDAR at <http://www.sedar.com>.

Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2010, are included in the 2010 Annual Report, which has been mailed to Unitholders with this Circular and is also filed on SEDAR at <http://www.sedar.com>.

Election of Directors

The directors of the Company are elected each year at the annual meeting of the Company and hold office until their successors are elected or appointed, or until he or she sooner ceases to hold office.

Nominees

The Board of Directors of the Company (the "Board") has determined pursuant to the Articles of the Company that the number of directors to be elected at the Meeting shall be six (6).

The following pages set out the name of each of the six persons nominated for election as directors. All of the nominees are presently directors of the Company. **Management of the Company proposes to nominate each of the persons listed below for election as a director of the Company and the persons named in the enclosed form of proxy intend to vote for the election of these nominees.** The position and office with the Company presently held by each such person, their present principal occupation or employment, the year in which they were first elected or appointed as a director, other principal directorships held by them, their committee memberships and the number of Stapled Units that they have advised are beneficially owned, or over which control or direction is exercised, by them at the date of this Information Circular is set forth below:



The Honourable David L. Emerson, P.C., 65, of Vancouver, British Columbia joined the Board in January 2009.

Nationally Mr. Emerson has held senior positions that include Minister of Foreign Affairs, Minister of International Trade with responsibility for Pacific Gateway and Vancouver – Whistler Olympics, and Minister of Industry. In British Columbia he was Deputy Minister to the Premier and Secretary to the Cabinet, Deputy Minister of Finance and Secretary to Treasury Board, and President, British Columbia Trade Development Corporation. In the private sector, his career included President and CEO, Canfor Corporation, President and CEO, Vancouver Airport Authority, and Chairman and CEO, Canadian Western Bank.

Mr. Emerson is currently a director of Finning International Inc., director of Stantec Inc., Chair, Alberta Premier's Council for Economic Strategy, Chair, Energy Policy Institute of Canada, Co-Chair, Prime Minister's Advisory Committee on the Public Service, Senior Advisor to CAI Capital Management Co. and Member, China Investment Corporation International Advisory Council.

Chairman of the Governance and Human Resources Committee

Member of the Audit Committee

Ownership of securities:

11,631 Stapled Units

37,841 Options, all eligible for Distribution Equivalent Awards



Robert J. Holmes, 66, of Bellevue, Washington, United States, has served on the Board since April 2007. Mr. Holmes is the founder and manager of THG, LLC, (The Holmes Group), a real estate advisory firm. Mr. Holmes served as President and CEO of Harbor Properties, Inc. and as President and Manager of Harbor Mountain Company from 1994 to 2005. In the decade before he joined Harbor Properties, Mr. Holmes was President, CEO and then Chairman of Intrawest USA. He currently serves as a director or advisor to the University of Washington's certificate program in commercial real estate, the Bellevue Chamber of Commerce and its Executive Committee, and Henbart LLC, a real estate subsidiary of Bartell Drugstore, Inc. Mr. Holmes serves on associations including Urban Land Institute and its Recreational Development Council.

Chairman of the Real Estate Committee

Member of the Risk Management, Environment, Health and Safety Committee

Ownership of securities:

32,419 Stapled Units

49,841 Options, all eligible for Distribution Equivalent Awards



Maureen E. Howe, 53, of Vancouver, British Columbia, joined the Board in March 2009. Ms. Howe has extensive experience in corporate finance and the capital markets sector, most recently as Managing Director-Equity Research, Energy Infrastructure with RBC Capital Markets. Ms. Howe was previously Treasurer of BC Gas Inc. She was Adjunct Professor in Finance at the University of British Columbia and has lectured in finance at both UBC and the University of Manitoba. Ms. Howe is a member of a number of associations, including the Board of Governors of the University of British Columbia, the Board of UBC Investment Management Trust Inc., the Board of the Canadian Securities Institute Foundation and Chairperson of Phillips, Hager & North Centre for Financial Research.

Chairwoman of the Risk Management, Environment, Health and Safety Committee

Member of the Audit Committee

Ownership of securities:

21,083 Stapled Units

49,261 Options, all eligible for Distribution Equivalent Awards



Paul J. McElligott, 58, President and Chief Executive Officer of the Company, of North Vancouver, British Columbia, joined the senior management of TimberWest Forest Corp. in January 2001. A director of TimberWest since 1997, Mr. McElligott had been President and CEO of British Columbia's BC Rail Group of Companies since 1989. Mr. McElligott has extensive experience in BC's real estate, rail transportation and deep-sea port terminal sectors. Prior to joining BC Rail, he had been President of Voyageur Enterprises Ltd., a wholly owned subsidiary of Montreal based the CSL Group. Mr. McElligott currently serves as a governor of the BC Business Council, a director of the Coast Forest Products Association and the Faculty Advisory Committee of the UBC Faculty of Forestry and is a former director of the Board of Trade and World Forestry Center.

Ownership of securities:

78,139 Stapled Units

708,801 Options, all eligible for Distribution Equivalent Awards

\$136,089 aggregate principal amount of Convertible Debentures (convertible into 39,608 Stapled Units)⁽¹⁾



Robert W. Murdoch, 68, of Salt Spring Island, British Columbia, has served on the Board since 2001. Mr. Murdoch was President and CEO of Lafarge Corporation. He interrupted his 20-year career with Lafarge to be Executive Assistant to Canadian Prime Minister Pierre Trudeau for five years. Mr. Murdoch currently serves as Chairman of the Board of Ritchie Bros. Auctioneers Incorporated and is on the board of Lallmand Inc. and on the International Advisory Board of Lafarge, SA Paris. He is currently a governor and past chairman of the Board of Shawnigan Lake School located on Vancouver Island.

Member of the Real Estate Committee

Member of the Governance and Human Resources Committee

Ownership of securities:

15,297 Stapled Units

49,841 Options, all eligible for Distribution Equivalent Awards



Maria M. Pope, 46, of Portland, Oregon, United States has served on the Board since April 2008. Ms. Pope is the Senior Vice President, Finance, Chief Financial Officer and Treasurer of Portland General Electric. Prior to January 1, 2009, Ms. Pope was Vice President, Chief Financial Officer of Mentor Graphics from July 2007. Previously Ms. Pope was with Pope & Talbot as Vice President-General Manager of the company's wood products division and President of the company's Canadian subsidiary from 2003 to 2007. She joined Pope & Talbot in 1995 and was named Vice President, Chief Financial Officer and Corporate Secretary in 1999. Ms. Pope is a board member of Premera Blue Cross and Oregon Health Sciences University. She was a past board member of Portland General Electric (PGE). Ms. Pope is a past chair of the Council of Forest Industries.

Chairwoman of the Audit Committee
Member of the Real Estate Committee
Ownership of securities:
11,631 Stapled Units
43,841 Options, all eligible for Distribution Equivalent Awards

⁽¹⁾ On February 11, 2009, the Company issued 9% extendible convertible debentures of the Company. In October 2009, January 2010 and April 2010, the Company paid interest on the convertible debentures by issuing additional principal amounts of convertible debentures in lieu of cash. As at January 17, 2011, the convertible debentures are convertible into Stapled Units at the option of the holder at a conversion price of approximately \$3.44 per Stapled Unit. The conversion price is subject to adjustment under standard antidilutive provisions.

Each of the nominees named above has consented to act as a director of the Company. In the event the Company is advised prior to the election of directors at the Meeting that any such individual is unable or unwilling to so act, a proxy in the enclosed form of proxy will confer discretionary authority on the proxy nominee so named to vote for the election of such other individuals who may be nominated at the Meeting.

In connection with the private placement of convertible debentures to two wholly-owned subsidiaries of British Columbia Investment Management Corporation (the "bcIMC Investors") on February 11, 2009, the Company agreed to provide the bcIMC Investors with the right to nominate up to two individuals for election to the Company's board of directors. Mr. Emerson and Ms. Howe are the nominees of the bcIMC Investors for this purpose.

Record of Attendance by Directors for the twelve months ended December 31, 2010

Director	Board Meetings		Committee Meetings ⁽²⁾	
	Held	Attended	Held	Attended
V. Edward Daughney ⁽¹⁾	12	11	11	9
David L. Emerson	12	12	10	10
Robert J. Holmes	12	12	13	13
Maureen E. Howe	12	11	10	10
Paul J. McElligott	12	12	n/a ⁽²⁾	n/a ⁽²⁾
Robert W. Murdoch	12	11	14	14
Conrad A. Pinette ⁽³⁾	4	4	7	7
Maria M. Pope	12	11	11	11

- (1) Mr. Daughney is not standing for re-election as he has attained the age of 70 years.
- (2) Committees of the Board are composed entirely of independent directors. Mr. McElligott does, however, attend Committee meetings.
- (3) Mr. Pinette retired from the Board on May 5, 2010.

For details in relation to orientation and continuing education for the directors, please see “Statement of Corporate Governance Practices – Orientation and Continuing Education”.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Appointment and Remuneration of Auditors

Management proposes that KPMG LLP, Chartered Accountants (“KPMG”) be reappointed as the auditors of the Company to hold office until the termination of the next annual meeting of the Company. Management further proposes that, as in the past, the remuneration to be paid to the auditors be determined by the Board. Unless otherwise instructed the persons named in the enclosed form of proxy intend to vote for the reappointment of KPMG as the auditors of the Company until the termination of the next annual meeting of the Company at a remuneration to be fixed by the directors of the Company.

Other Matters to be Acted Upon

The management of the Company knows of no matters, which may be brought before the Meeting other than those referred to in the Notice. However, if other matters are properly brought before the Meeting, the persons named in the enclosed form of proxy intend, in their discretion, to vote on such matters in accordance with the judgment of the person so voting.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company’s Board of Directors and senior management consider good corporate governance to be central to the effective, efficient and prudent operation of the Company. During the past year, both management and the Board have monitored and, where appropriate, responded to regulatory developments aimed at improving corporate governance practices, increasing corporate accountability and enhancing the transparency of public company disclosure and will continue to monitor developments in corporate governance practices.

On June 30, 2005, National Instrument 58-101, Disclosure of Corporate Governance Practices (the “Instrument”) and a related National Policy 58-201, Corporate Governance Guidelines (the “Guidelines”) issued by the Canadian Securities Administrators (CSA) came into effect, replacing the guidelines previously issued by the Toronto Stock Exchange. The Guidelines and the Instrument require listed companies to annually disclose their

approach to corporate governance with reference to specific matters. The following disclosure is in accordance with the Instrument.

Board of Directors

The Guidelines recommend that a board of directors should be constituted by a majority of individuals who qualify as “independent directors”. For the purpose of the Guidelines, a director is independent if he or she has no direct or indirect material relationship with the issuer. A “material relationship” is a relationship which could in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement and there are certain relationships that are considered to be a “material relationship” under section 1.4 of National Instrument 52-110 (“NI 52-110”) (as referred to in the Instrument and the Guidelines).

The directors of the Company have examined the relevant definitions in the Guidelines, the Instrument and under section 1.4 of NI 52-110 and have individually considered their respective interests in and relationships with the Company. As a consequence, the Board has determined that on a rigorous application of these definitions, the majority of the Board’s directors are independent (six of the Company’s seven directors and five of the six directors proposed to be nominated for re-election satisfy applicable independence requirements). Specifically, Mr. V. Edward Daughney, Mr. David L. Emerson, Mr. Robert J. Holmes, Ms. Maureen E. Howe, Mr. Robert W. Murdoch and Ms. Maria M. Pope are all independent directors. Mr. Daughney is not standing for re-election. Mr. McElligott, by virtue of his position as the President and Chief Executive Officer (the “CEO”) of the Company, is the only director who is not an independent director.

Certain directors of the Company are presently directors of other reporting issuers. For further details and information, please refer to pages 6 to 8 under the heading “Election of Directors”.

The Guidelines recommend that a board of directors should have in place appropriate structures and procedures to enable the board to function independently of management. The Guidelines recommend that the chair of the board of directors be an independent director. The Chairman of the Board of the Company, Mr. Daughney, is not an employee of the Company and is not regularly involved in the day-to-day management of the Company and satisfies the definition of independence under the Guidelines. The Chairman is responsible for managing the affairs of the Board and works with the CEO and other management to ensure effective relations with members of the Board, the Unitholders and the public. The Guidelines also recommend that the independent directors hold regularly scheduled meetings that are not attended by non-independent directors. At the conclusion of each quarterly Board meeting, there is an in-camera session of independent directors in which the independent directors can discuss matters without presence of the non-independent director and the management. In 2010, the independent directors met in such a manner at the conclusion of each of the Board meetings. Board committees also have “in-camera” sessions as a standing agenda item without the presence of the non-independent director and management.

Individual directors of the Company may engage outside advisors at any time at the Company’s expense, subject to the approval of the Chairman of the Board, to provide advice with respect to a corporate decision or action. In addition, each Committee of the Board has the power to engage outside advisors to advise and assist them in situations that they deem necessary, subject to the approval of the committee chair.

For information on attendance of members of the Board at Board meetings and Committee meetings, please refer to page 9 under the heading “Record of Attendance by Directors for the Twelve Months Ended December 31, 2010”.

The Guidelines recommend that a board of directors should examine its size having regard to its effectiveness and, where appropriate, consider reducing the number of directors to facilitate more effective decision-making.

The Board has adopted a policy that directors should not be proposed for election at the annual meeting of Unitholders next held following the date on which they attain the age of 70 years. The Board may request a director to extend his/her term of service beyond the regular retirement age. In such cases, the director’s term will be extended in one-year increments. The Board will be reduced in size by one director after the 2011 Annual General Meeting as Mr. Daughney attains the age of 70 years.

Committees of the Board

The Guidelines recommend that the nominating committee and the compensation committee should be composed of independent directors. NI 52-110 requires the audit committee to be composed of independent directors satisfying all criteria as set out in NI 52-110. The Board currently has established four standing

committees: the Audit Committee, the Risk Management, Environment, Health and Safety Committee, the Governance and Human Resources Committee and the Real Estate Committee. Each of such committees has adopted a written charter and is composed entirely of independent directors as defined under the Guidelines. Mr. McElligott is not a member of such committees but attends all committee meetings. For detail of the members of each committee, please refer to pages 6 to 8 under the heading “Election of Directors”.

The Governance and Human Resources Committee is both a nomination committee and a compensation committee for the purposes of the Guidelines and the Instrument.

Audit Committee

In addition to its statutory duties, and as required under NI 52-110, the Audit Committee assists the Board in its oversight of the integrity of the Company’s financial statements, the external auditors’ qualifications, independence and objectivity, the performance of the internal auditors and of the external auditors, the adequacy and effectiveness of internal controls and compliance with legal and regulatory matters. The Board, through the Committee, identifies principal financial risks in the business and ensures that those risks are appropriately managed. The Committee also reviews management policies and procedures for appropriateness and effectiveness.

All members of the Committee are financially literate. “Financial literacy” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. None of the members of the Committee receives, directly or indirectly, any compensation from the Company other than compensation described in this Information Circular (see page 30 under the heading “Compensation of Directors”).

Subject to the powers of the Unitholders under corporate legislation to appoint and revoke the appointment of the external auditors, the Audit Committee has the authority and responsibility to recommend the appointment and revocation of appointment of the external auditors and to fix their remuneration. The Audit Committee is directly responsible for the oversight of the work of the external auditors, including reviewing relationships between the external auditors and the Company and resolution of disagreements between management and the external auditors regarding financial reporting. The Committee has the sole authority to approve all audit engagement fees and terms as well as the provision of any legally permissible non-audit services provided by the external auditors. The Committee is also charged with reviewing with the external auditors any audit problems or difficulties and management’s response.

The Audit Committee, which has oversight responsibility for management reporting on internal controls, requires that management implement and maintain appropriate internal control procedures. The Committee meets with the internal auditors and with management to assess the adequacy and effectiveness of these systems of internal control. The Committee also reviews reports from the internal auditors on the Company’s control environment and internal controls implemented to ensure any weaknesses identified have been remedied. The internal audit function at the Company is provided by PricewaterhouseCoopers. The chair of the Committee has direct access to the partner in charge of this engagement and the Committee approves internal audit engagement fees and terms provided by the internal auditors.

The Audit Committee terms of reference provide that the Committee will meet separately with the external auditors, the internal auditors and senior management on a regular basis to discuss and review specific issues as appropriate.

The Audit Committee also ensures that there are adequate procedures in place for the review of the Company’s public disclosure of financial information. Among other things, the Audit Committee reviews:

- Quarterly Interim Financial Statements and related Management’s Discussion and Analysis (“MD&A”), the Annual Consolidated Financial Statements and related MD&A, the Annual Information Form and this Information Circular;
- earnings press releases;
- prospectuses relating to the issuance of securities by the Company; and
- any significant issues reported to management by the internal audit function and management’s responses to any such reports.

The Charter of the Audit Committee can be found on the Company's website at www.timberwest.com (the "Company's Website") or on www.sedar.com as an attachment to the Company's Annual Information Form. Additional disclosure relating to the Company's audit committee, as required under National Instrument 52-110, is contained in the Company's Annual Information Form under the heading "Audit Committee". The Annual Information Form of the Company has been filed with SEDAR and is available at <http://www.sedar.com>. A copy of the Company's Annual Information form may also be obtained by making a request to the Secretary of the Company.

Report on the Audit Committee Mandate

The Audit Committee has met all of the requirements of its mandate. In particular, the Audit Committee is comprised of three independent directors all of whom are financially literate.

In addition, during 2010, the external auditors attended the four quarterly Audit Committee meetings and in-camera meetings were held with the external auditors. In particular, the Committee reviewed the independence criteria for external auditors and was satisfied the independence criteria have been met. The Chair of the Audit Committee met separately with the engagement partners from both the external and internal audit firms during the year independently of the Committee and management. The Audit Committee met four times in total during the year.

During 2010, the Audit Committee encouraged adherence to and continuous improvements of the Company's policies, procedures and practices at all levels. In particular, the Committee has established that the Chair of the Audit Committee is the person to receive complaints regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of concerns regarding such matters (whistle-blowing). The Company's internal audit function also has a direct reporting relationship to the Chair of the Audit Committee.

Risk Management, Environment, Health and Safety Committee

The Risk Management, Environment, Health and Safety Committee has specific authority to review, approve and revise the risk management, environmental and safety policies of the Company, to monitor the Company's risk and environmental management systems, including results of internal and external audits of these policies and systems, to provide direction to management on the frequency and focus of external independent environmental audits and to investigate any activity of the Company that relates to risk, environmental and safety matters. The Committee also monitors the status of the Company's compliance with ISO and SFI[®] certifications to ensure certification standards are being met. The Committee also monitors safety statistics such as the Medical Incident Rate and Incident Severity and Lost Time Injury to ensure the Company and its contractors are working to achieve or exceed high safety standards. In 2010, the Committee met four times.

Governance and Human Resources Committee

The Governance and Human Resources Committee has responsibility to review and recommend for approval by the Board all remuneration of the directors and officers of the Company. As recommended in the Guidelines, the Governance and Human Resources Committee reviews the amount and the form of compensation for directors. In making recommendations to the Board for appropriate adjustments in director compensation, the Committee considers the time commitment, risks and responsibilities of directors, as well as general comparative data including data derived from broad-based director compensation surveys and reports published by independent outside consultants. For a further discussion of director compensation, and specifically, compensation to the directors of the Company for 2010, please refer to page 30 under the heading "Director Compensation". For a detailed discussion on the process adopted by the Governance and Human Resources Committee in respect of Executive Compensation, please refer to page 17 under the heading "Executive Compensation".

The Governance and Human Resources Committee is also responsible for Board succession planning and for identifying, evaluating and recommending nominees to the Board of Directors and its committees, in consultation with the Chairman and the CEO. The Committee determines what competencies, skills and personal qualities it should seek in new board members to add value to the Company. In certain circumstances the Committee may retain outside consultants to conduct searches for appropriate nominees.

The Governance and Human Resources Committee assists the Board in applying governance principles and practices, and tracks developments in corporate governance, adapting best practices to the needs and circumstances of the Company. In particular, the Committee has reviewed and responded to the provisions under the Instrument and the Guidelines. The Committee will modify its practices and the practices of the Board and its

other committees as necessary and from time to time to maintain a high standard of governance. In 2010, the Committee met five times.

Real Estate Committee

In July 2009, the Board established the Real Estate Committee to provide oversight to the real estate activities of the Couverdon division of the Company. The Real Estate Committee has specific authority to review Couverdon's annual operating and capital plan, provide on-going oversight, guidance and strategic input into management plans for sales, planning, entitlement and development of land and to provide a review function for management regarding major decision points within the Company's sales, planning, entitlement and development of land. In 2010, the Committee met six times.

Mandate and Responsibilities of the Board

The Board adopted "Terms of Reference for the Board", which is available on the Company's Website. During 2010, the Board undertook a comprehensive review of the Terms of Reference for the Board and committees to ensure that such terms were relevant and current.

The Guidelines provide that a board of directors should explicitly assume responsibility for the stewardship of a corporation. The Board's terms of reference provide that the Board act in a supervisory role and that any responsibilities not delegated to management remain with the Board. In this regard, the Board approves the corporate objectives which management is responsible for meeting and assesses management against these objectives. The Chairman of the Board is not a member of management.

The scope of the Board's supervisory role expressly includes such matters as the strategic planning process, identification and management of risks, internal controls, communications policy, succession planning and governance. To support it in its supervisory role, the Board expects management, among other things, to:

- undertake an ongoing review of the Company's strategies and their implementation in light of evolving conditions, and to present a comprehensive annual operating plan and report regularly on the Company's performance and results relative to that plan, as well as on the Company's business and other affairs, with a focus on matters of material consequence for the Company and its Unitholders;
- implement systems to identify, monitor and manage the principal risks of the Company's businesses;
- implement and maintain appropriate systems of internal controls and management information systems; and
- implement and maintain effective communications practices, ensuring timely and accurate reporting to investors and the capital markets.

The Guidelines recommend that a board of directors should assume responsibility for the adoption of a strategic planning process. Long-term goals and strategies for the Company are developed as part of an annual strategic planning process with the Board. The Company developed a long-term strategic plan and this plan is updated annually. The strategic planning process also includes the preparation of a detailed one-year operating plan. Through this process, led by the CEO and senior management of the Company, the Board adopts the operating plan for the coming financial year and monitors senior management's relative progress through a regular reporting and review process. The Board reviews, on a quarterly basis, the extent to which the Company has met the current year's operating plan.

The Guidelines recommend that a board of directors should identify a corporation's principal business risks and ensure implementation of appropriate risk management systems. The Board has identified the principal risks of the Company's business and monitors, through established systems and procedures, the efficiency and use of forestry resources and monetary resources as well as compliance with regulatory standards and ISO 14001 standards and certification under the Sustainable Forestry Initiative (SFI®) Program. The primary regulatory compliance risk relates to adherence to the Forest Practices Code of British Columbia, the Private Land Forest Practices Regulation of British Columbia and environmental standards. The Risk Management, Environment, Health and Safety Committee of the Board is responsible for establishing policy, practice and control mechanisms and for conducting regular reviews of issues and audits.

The Guidelines recommend that a board of directors should assume responsibility for the integrity of a corporation's internal control and management information systems. The Board, through its Audit Committee, meets with the Company's external auditors to discuss the results of the annual audit, which includes, in accordance with Canadian generally accepted auditing standards, consideration of internal controls in planning

the audit. The Audit Committee also reviews the Company's internal control and management information systems with management annually as part of its financial risk assessment.

The Guidelines recommend that a board of directors should assume responsibility for a corporation's communications policy. The Company's Board reviews and approves the contents of major disclosure documents, including the Annual Consolidated Financial Statements and MD&A, the Quarterly Interim Reports and Interim MD&A, the Annual Information Form, this Information Circular, and all material press releases.

The Company's communications practices for communication with securities and investment analysts and the public are designed to avoid selective disclosure. In this regard:

- quarterly earnings conference calls are broadcast live over the internet and are accessible on a live and recorded basis;
- procedures are in place to provide timely information to investors and potential investors and to respond to investor inquiries and concerns;
- the CEO, the CFO and other senior executives meet periodically with financial analysts and institutional investors regarding the Company's results of operations;
- staff are also available to Unitholders by telephone and fax and the Company maintains comprehensive investor relations communications on the Company's website; and
- presentations made by senior management at investor conferences and other investor meetings are webcast and promptly made available on the internet.

In addition, the Company conducts an active Unitholder relations program, under the direction of the CFO of the Company. The program involves meeting with a broad spectrum of investors and potential investors, including open briefing sessions for analysts, investment fund managers and others with respect to reported financial results and other announcements by the Company. The CEO and the CFO report regularly to the Board with respect to these matters.

The Guidelines recommend that a board of directors should assume responsibility for succession planning, including appointing, training and monitoring senior management. Through its Governance and Human Resources Committee, the Board reviews all appointments of officers, including the CEO. The Governance and Human Resources Committee also has responsibility for assessing the requirements and performance, on an overall basis, of the CEO and other officers in order to recommend salaries and incentive awards for performance. The CEO has in place a process whereby senior managers develop objectives, review them with the CEO and are measured against them. Goals and objectives are also established each year for the CEO by the Board of Directors. The Board, through the Governance and Human Resources Committee, review and monitor the CEO and other executive officers of the Company to satisfy itself of the integrity of such officers and to oversee that they create a culture of integrity throughout the Company. In addition, position descriptions and terms of reference have been developed for the directors, the Chairman and the CEO. Delegations of authority have been implemented by the Board to define the limits of management's authority and responsibilities.

Code of Business Conduct and Ethics

The Company's Board adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees of the Company and a Code of Ethics for the CEO and Senior Financial Officers (together, the "Codes"). These Codes were implemented by the Company in 2004 and can be found on the Company's Website. These Codes have also been filed with SEDAR at www.sedar.com. The Board monitors compliance with the Codes by requiring that all employees have read and signed the Codes (as applicable to them) and by charging management with raising to the Board's attention any issues that arise with respect to the Codes. In addition, the Board has adopted a Whistle-Blower Procedure and process, which allows for anonymous submission of complaints or issues relating to the Codes or to any accounting or financial improprieties that may arise. Should any director or officer depart from or violate the Codes, a material change report may be required to be filed. There have been no such departures or violations, and hence no material change reports have been filed in 2010.

Decisions Requiring Prior Approval by the Board

The Board has delegated to the CEO and senior management the responsibility for day-to-day management of the business of the Company, subject to compliance with the plans approved from time to time by the Board. In addition to those matters which must by law or by the Articles of the Company be approved by the Board, the

Board has specified limits to management's responsibility and retains responsibility for significant changes in the Company's affairs such as approval of major capital expenditures, debt and equity financing arrangements and significant acquisitions and divestitures.

Expectations of Senior Management

As part of its annual strategic planning process, the Board's expectations of senior management over the next financial year, and in the context of the longer-term strategic plan, are specified. As recommended in the Guidelines, the Board also reviews and approves the annual corporate performance objectives for which the CEO is responsible. The CEO and other members of the senior management team review the Company's progress at Board and committee meetings, normally held every quarter. The reviews report on strategic, operational and financial issues facing the Company.

Directors' and Officers' Liability Insurance

The Company has purchased, at its expense, Directors' and Officers' Liability Insurance, which is split into two separate coverages in the insuring agreement. The first coverage relates to protection provided for directors and officers against liability incurred by them in their capacities as directors and officers of the Company and its subsidiaries. This section has a policy limit of \$50,000,000 for each claim, subject to an aggregate limit of \$50,000,000 for the 12 months ending July 1, 2011. There is no deductible under this coverage that applies in circumstances where indemnification is not provided by the Company.

When the Company provides an indemnity to a director or officer, the second coverage applies and provides payment on behalf of the Company under the indemnity, subject to a deductible of \$100,000. This section has a policy limit of \$50,000,000 for the 12 months ending July 1, 2011.

Orientation and Continuing Education

The Guidelines recommend that a corporation should provide an orientation and education program for new directors. In addition to having extensive discussions with the Chairman of the Board and the CEO with respect to the business and operations of the Company, a new director receives an orientation package, which includes a record of public and other information concerning the Company, prior Board briefing packages and prior minutes of meetings of the Board and applicable committees. Familiarization tours of both the Company's timberland operations and real estate properties are also provided. The CEO also keeps all members of the Board advised of significant events in both the Company and industry on a timely basis throughout the course of a year.

Each director assumes responsibility for keeping themselves informed about the Company's business and relevant developments outside the Company which affect its business. Individual directors also periodically attend conferences and seminars related to the industry and have toured operations of other companies in the industry. In addition, directors periodically attend professional development conferences and seminars related to audit, pension, governance and regulatory matters organized by professional organizations. Management assists directors by providing them with regular updates on relevant developments and other information which management considers of interest to the Board. The Board also meets regularly to discuss issues outside of the presence of management.

In addition, the directors annually take part in tours of the Company's operations in order to assist the directors in better understanding the Company's business. These tours include informal presentations and discussions with local management and employees. The Board also encourages senior management to ensure that employees who are seen as potential future senior executives of the Company interact with the Board from time to time to allow the Board members themselves to assess that future potential. The Board also receives quarterly briefings presented by outside experts in the timber and land management business.

Assessments

Ensuring the effectiveness of the Board is an ongoing process. A system for evaluation of the Board as a whole has been established and is performed annually.

Each year the Board reviews its own performance, the performance of each committee of the Board and the performance of the CEO. In 2010, the Company engaged an independent consultant to conduct a survey among directors to review the performance of the Board and the Chairman of the Board. The Board has not formalized an individual director peer assessment because the Board has determined the comprehensive performance assessment that it performs for the Board as a whole and its various committees gives the Chair sufficient information on individual director's performance.

Stapled Unit Ownership Guidelines for Directors

In 2010, the Board implemented Stapled Unit ownership guidelines for directors. The goal is to have directors accumulate and hold a meaningful position of Stapled Units and convertible debentures over a three year period. The three year dollar target for directors is three times their annual retainer (cash plus equity). This represents a target level of investment of \$390,000 for the Chairman of the Board and \$150,000 for other independent directors. Directors are expected to reach this target level over a three year period in a gradual manner.

Ownership guidelines were also adopted for the Company's executive officers in 2010. The goal is to have Company executives accumulate and hold a meaningful position of Stapled Units and convertible debentures over a five year period. The five year dollar target for the CEO's position is two times annual salary, the target for the President and Chief Operating Officer of Couverdon is one and one-half times annual salary, and the target for vice presidents is one times annual salary. Recently appointed executives or newly appointed executives will be provided an additional two years to reach their target level in a gradual manner over the time period involved.

Director Ownership

The following two tables set the number and value of all securities held by the directors.

Number of Securities Held					
Director Ownership at March 15, 2011					
Director	Vested Options (#)	Unvested Options (#)	Total Options (#)	Stapled Units (#)	Convertible Debentures (#)
V.E. Daughney	54,733	47,368	102,101	12,215	614
D.L. Emerson	11,420	26,421	37,841	11,631	Nil
R.J. Holmes	21,420	28,421	49,841	32,419	Nil
M.E. Howe	22,840	26,421	49,261	21,083	Nil
P.J. McElligott	305,765	403,036	708,801	78,139	1,360
R.W. Murdoch	21,420	28,421	49,841	15,297	Nil
M.M. Pope	15,420	28,421	43,841	11,631	Nil

Value of Securities Held						
Director Ownership at March 15, 2011						
Director	Vested Options Value (\$)	Unvested Options Value (\$)	Total Options Value (\$) (1)	Stapled Units Value (\$) (1)	Convertible Debentures Value (\$) (2)	Total Value of all Equity Holdings (\$)
V.E. Daughney	64,332	32,169	96,501	57,411	61,471	215,383
D.L. Emerson	19,300	19,301	38,601	54,666	Nil	93,267
R.J. Holmes	19,300	19,301	38,601	152,369	Nil	190,970
M.E. Howe	47,736	23,870	71,606	99,090	Nil	170,696
P.J. McElligott	330,128	220,087	550,215	367,253	136,089	1,053,557
R.W. Murdoch	19,300	19,301	38,601	71,896	Nil	110,497
M.M. Pope	19,300	19,301	38,601	54,666	Nil	93,267

(1) The value of the Stapled Units was calculated using the closing price of the Stapled Units on the Toronto Stock Exchange on March 15, 2011 of \$4.70.

(2) The value of the convertible debentures was calculated using the face value of the convertible debentures.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section provides information regarding the compensation the Board intended the Company to pay, make payable, award, grant, give or otherwise provide to each person serving as the CEO and CFO in the 2010 fiscal year and each of the other executive officers serving in the 2010 fiscal year (collectively, the “Named Executive Officers”).

Governance and Human Resources Committee

The Governance and Human Resources Committee of the Board (the “Committee”) performs the functions of a compensation committee in the determination of compensation of the executive officers. The members of the Committee who served during the financial year ended December 31, 2010 were Messrs. Daughney, Emerson, Holmes and Murdoch. Each of these directors is independent directors and none of whom is a current chief executive officer of any public company.

Compensation Philosophy and Objectives

The Committee reviews and makes recommendations to the Board regarding the remuneration of the senior management of the Company, including the CEO. The Committee recommends approval by the Board of salaries, bonuses, securities-related and other incentive plans, pensions and other benefit plans that would be considered compensation to senior management.

Compensation Strategy

Compensation is a key mechanism used by the Company to attract, retain and motivate employees with the skills and commitment needed to enhance unitholder value. The Company ensures that it provides competitive compensation by periodically engaging the services of external compensation consultants and regularly participating in executive compensation surveys. Most recently, the Committee retained the services of Towers Watson in 2010 to conduct a comprehensive competitive review of total direct compensation (salary, annual and long term incentives) for the Company’s executives. The Committee’s goal is to target senior management compensation at the market median for comparable Canadian publicly traded companies. The Committee and the Board take into consideration the advice from external consultants and other relevant information and factors when making the final decisions on the Company’s compensation policy.

Total compensation for senior management includes base salary, annual and long-term incentives, including but not limited to grant of Stapled Unit options and Distribution Equivalent awards, and a program of benefits and perquisites.

In addition to attracting and retaining a senior management team that demonstrates superior leadership skills and strategic management focus, the compensation strategy has the objective of linking the interests of the senior management group with those of the holders of Stapled Units. The Committee believes that its objectives can be met by providing for base salaries at levels prevailing in the marketplace, together with an emphasis on annual and long-term incentives based on the performance of the Company to provide total compensation competitive with a reference group of comparatively sized North American forest product and real estate companies with similar operations.

The Committee receives and considers recommendations of the CEO in relation to the base salary and annual and long-term incentives of the executive officers other than the CEO.

Chief Executive Officer’s Compensation

The Committee annually assesses the overall performance of the CEO on the basis of his contribution to:

- amount of distributable cash generated relative to the annual plan,
- the CEO’s performance relative to a set of goals and objectives established for his position each year by the Board at the beginning of each year,
- the strategic plan for the Company, and
- the management, including risk management and leadership, of the organization.

The Committee's assessment of Mr. McElligott's performance over fiscal year 2010 included how he performed relative to the goals and objectives established for his position at the start of the year. His key goals were to:

- Raise new equity to strengthen the company's balance sheet and improve liquidity
- Update the company's long run strategic plan
- Review the feasibility of amending the company's corporate structure
- Achieve a targeted level of operating cash flow in the timberlands division
- Improve safety results with a Medical Incident Rate (MIR) of 0.5 and no fatalities
- Demonstrate strong environmental stewardship with not more than four minor environmental non-conformances and no major non-conformances in third party compliance audit findings
- Achieve a targeted level of operating cash in the real estate division
- Progress entitlement work at the company's core development nodes
- Achieve 130 PLA lot line adjustments so as to create product for the company non-core land sales program

The Committee assesses the CEO's performance in achieving the goals and objectives set out for each year by the Board. The Committee's assessment is considered by the Board in (i) annually assessing whether Mr. McElligott's base salary is competitive; (ii) annually assessing whether an award under the Company's Senior Management Annual Incentive Plan (the "Annual Incentive Plan") described under "Annual Incentive Plan" has been achieved (iii) granting long term incentive awards, including Stapled Unit options and Distribution Equivalent awards to the CEO.

Senior Management Base Salary, Benefits and Perquisites

As described above, base salary and benefits and perquisites for senior management have been recommended to the Board with the assistance of independent consultants and on the basis of market surveys sponsored by the independent consultants in relation to the reference group. The CEO and other executive officers are compared to executives occupying similar positions in the reference group.

The performance of other executive officers is assessed by the CEO through the Company's performance management process. Individual goals and objectives are set annually for each executive officer and following the end of the year the CEO makes an assessment regarding the performance of the other executive officers in achieving their goals and objectives. This assessment is considered by the Committee and Board in (i) annually assessing whether the executive officer's base salary is competitive; (ii) annually assessing whether an award under the Annual Incentive Plan has been achieved (iii) granting long term incentive awards, including Stapled Unit options and Distribution Equivalent awards to the executive officer.

Annual Incentive Plan

The Company has in place a formal plan, known as the Annual Incentive Plan for Salaried Employees, which defines objective criteria governing the payment of cash incentives. The intention of the Annual Incentive Plan is to encourage senior management to focus on strategies and results. The Annual Incentive Plan also allows a measure of subjective discretion for the Committee and the CEO to differentiate incentive compensation paid on the basis of individual performance.

Incentive awards are determined for executives based on a combination of corporate, divisional and individual performance. Each component is to be measured separately. The Board establishes the corporate and divisional targets for the executives at the beginning of the year, as well as the individual performance targets for the CEO. The CEO is responsible for setting individual performance targets for each of the executive officers.

Target levels of performance are based on a range of possible achievements. If less than the minimum of the range is achieved, annual incentive awards will not be made. If target performance is achieved then 100% of the

target payout will be awarded. If the maximum level of performance is achieved, then twice the target payout level will be awarded.

For 2010, the corporate target was a distributable cash measure. The minimal level was not achieved. Divisional performance was measured using both financial and non-financial targets. The targets for the timberland division were operating cash flow as well as safety and environmental performance, which were all achieved. The targets for Couverdon were operating cash flow and rezoning achievements. Three of the four specific targets were achieved for 2010.

For 2010, the CEO was awarded an incentive payment of \$155,375 for divisional and individual performance. Bev Park, President and COO of Couverdon was awarded an incentive payment of \$89,000. Dave Whiteley, Vice President, Timberland Operations was awarded an incentive payment of \$95,500. John Kelvin, Vice President, Log Marketing and Sales was awarded an incentive payment of \$102,000. Robert Allen, Chief Financial Officer received an incentive award in the amount of \$25,500.

The Committee uses its discretion from time to time to award bonuses for special or specific projects that are completed during the year.

Annual Cash Incentives, Prior to 2010

Prior to 2010, a target award was established for each participant in the Annual Incentive Plan using a percentage of base salary. The target award for members of senior management (other than the CEO) for achieving 100% of the Company's target performance was established at 35% of salary. Of the 35%, 25% was non-discretionary and 10% was discretionary. For the CEO, the target award for achieving 100% of the Company's target performance was established at 50% of salary. Of the 50%, 35% was non-discretionary and 15% was discretionary. Non-discretionary award amounts were determined for all participants based on the actual performance of the Company or its Couverdon real estate division relative to its target for the financial year.

In 2009, Couverdon reached its performance target while overall target results for the Company were not achieved. Some executives, such as the CEO, had 100% of their annual incentive entitlement tied to how the Company performs overall. Others, such as the Vice President, Timberland Operations, had 25% of their annual incentive plan tied to the performance of the Couverdon division. This recognizes the important support role that some functions in the timberlands division played in Couverdon's success.

For the year 2009, no incentive bonus was awarded to the CEO. Bev Park was appointed President and COO of Couverdon in March 2009 while continuing her role as Chief Financial Officer. She was awarded a \$76,500 bonus for her contribution to Couverdon's success. Dave Whiteley, Vice President, Timberland Operations, had 25% of his bonus entitlement tied to Couverdon and he was awarded an incentive payment of \$35,000 for the role that he played in supporting Couverdon's efforts. A discretionary bonus award of \$17,500 was paid to John Kelvin, Vice President, Log Marketing and Sales for 2009.

During 2008 no annual cash incentives were paid to any of the Named Executive Officers.

Stapled Unit Option Plan

On April 27, 2007, the Unitholders approved the amended and restated Stapled Unit Option Plan of the Company, initially adopted as of March 1, 2000, pursuant to which directors, officers or employees of the Company or of any of its subsidiaries who are in active service or employment with the Company or any of its subsidiaries (defined under the Stapled Unit Option Plan as "Eligible Persons") may be granted options to purchase Stapled Units.

The purpose of the Stapled Unit Option Plan is to promote the interests of the Company by (i) furnishing certain directors, officers and employees of the Company and its subsidiaries with greater incentive to further develop and promote the business and financial success of the Company, (ii) furthering the identity of interests of persons to whom options may be granted with those of the Unitholders generally through securities ownership in the Company and (iii) assisting the Company in attracting, retaining and motivating its directors, officers and employees.

The Committee exercises its discretion under the Stapled Unit Option Plan to provide a target level of incentive based on a percentage of base salary. The percentage of base salary varies with the seniority of the employees' positions. In February, 2004, the Board established a maximum annual grant level and a maximum number of outstanding options a participant may hold at a maximum of five times an annual grant level.

As a matter of normal practice, the Committee typically makes grants of options under the Stapled Unit Option Plan in the first quarter of the year following the year to the grant relates, as part of the compensation in relation to such prior year. The Committee consults with and receives recommendations from the CEO regarding grants of options to other executive officers and employees. In determining to grant options, the Committee takes into account previous grants of options to the grantee and others.

The total number of options granted to employees in 2010 was 765,047 representing grants to the CEO and other executives, senior management and employees. 115,000 options were granted to directors in 2010. The total number of options granted to employees in 2009 was 1,422,399 representing grants to the CEO and other executives, senior management and employees. 296,928 options were granted to directors in 2009, including a new director who was appointed in March. The total number of options granted to employees in 2008 was 209,844, representing grants to the CEO and other executives, senior management and employees. 52,000 options were granted to directors in 2008, including a new director who was appointed in April. The total number of options granted to employees in 2007 was 293,670, representing grants to the CEO and other executives, senior management and employees, including two new vice-presidents who were appointed in May and June. 46,000 options were granted to directors in 2007, including a new director who was appointed in April. In 2006, 205,238 options were granted to the CEO and other executives, senior management and employees. 40,000 options were granted to directors in 2006. In 2005, 302,998 options were granted to the CEO and other executives, senior management and employees and 46,000 options were granted to directors, including a new director who was appointed in April. In 2004, 273,220 options were granted to the CEO and other executives, senior management and employees and 40,000 options were granted to directors.

At the same time all persons granted such options were awarded the same number of distribution equivalent awards under the Company's Distribution Equivalent Plan, with the same expiry date and vesting terms as the corresponding options.

Distribution Equivalent Plan

On November 24, 2001, the Board approved and the Company adopted a Distribution Equivalent Plan pursuant to which directors, officers or employees of the Company or any of its subsidiaries who are in active service or employment with the Company or any of its subsidiaries may be granted distribution equivalent awards under the Distribution Equivalent Plan.

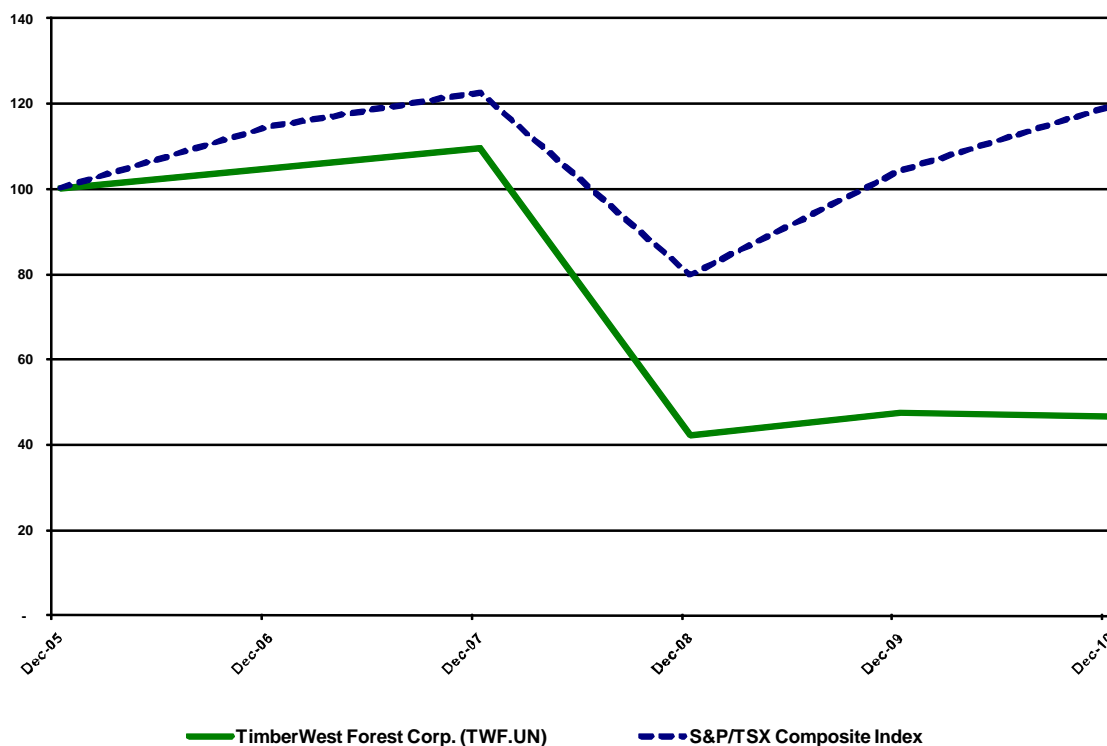
The purpose of the Distribution Equivalent Plan is very similar to that of the Stapled Unit Option Plan. It is intended to complement the Stapled Unit Option Plan so that recipients of options, by receiving corresponding distribution equivalent awards, will, upon exercise of the relevant options, have the benefit of distributions paid by the Company in respect of Stapled Units subject to the granted options. The Distribution Equivalent Plan does not involve issuance of Stapled Units from treasury of the Company.

The Distribution Equivalent Plan is administered by the Committee. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding granted options. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such paid distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in trust to that participant in accordance with the terms of the Distribution Equivalent Plan. If the underlying Stapled Unit options are forfeited or expire, the Distribution Equivalent awards revert to the Company.

Performance Graph

The following graph compares the Company’s cumulative total unitholder return on its Stapled Units with the cumulative total return of the S&P/TSX Composite Index (the “**S&P/TSX Index**”) over the period from December 31, 2005 to December 31, 2010. The Stapled Unit performance as set out in the graph does not necessarily indicate future price performance.

The Company’s unit price performance over the five year period fluctuated with the market conditions that existed within the log market within that time frame. Log prices reached a peak during 2006 and 2007, declining in the following years. In 2008 and 2009, North American housing starts, the key driver of log demand during those times, reached historic lows and as a result, the industry was characterized by low market demand and prices. The Company incurred operating losses in 2007 through 2009 but the unit price performance began to improve during 2009 and 2010 as a result of improvement in market conditions as well as cost-cutting measures and strategic divestitures.



	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
TimberWest Forest Corp.	\$100	\$105	\$109	\$42	\$47	\$47
S&P/TSX Composite Index	\$100	\$115	\$123	\$80	\$104	\$119

Summary Compensation Table

The following table sets out the compensation earned from the Company and its subsidiaries by the Named Executive Officers during the three financial years ended December 31, 2010.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽³⁾	Total compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans			
PAUL J. MCELLIGOTT President and Chief Executive Officer	2010	470,385	Nil	500,000	155,375	Nil	69,000	34,421	1,229,181
	2009	470,385	Nil	376,310	Nil	Nil	105,000	25,000	976,695
	2008	470,385	Nil	376,310	Nil	Nil	(42,900)	333,413	1,137,208
ROBERT R. ALLEN Vice-President Finance and Chief Financial Officer	2010	135,417 ⁽⁵⁾	Nil	62,500	25,500	Nil	16,250	Nil	239,667
BEVERLEE F. PARK President & COO, Couverdon	2010	300,000 ⁽⁴⁾	Nil	204,000	89,000	Nil	40,590	3,596	637,186
	2009	293,803 ⁽⁴⁾	Nil	120,000	76,500	Nil	35,453	Nil	525,756
	2008	275,213	Nil	110,083	Nil	Nil	36,894	91,706	513,896
JOHN A. KELVIN Vice-President, Log Marketing & Sales	2010	257,538	Nil	128,768	102,000	Nil	31,955	2,592	522,853
	2009	257,538	Nil	103,015	17,500	Nil	30,917	Nil	408,970
	2008	257,538	Nil	103,015	Nil	Nil	31,727	52,621	444,901
DAVID J. WHITELEY Vice-President, Timberland Operations	2010	267,354 ⁽⁴⁾	Nil	126,500	95,500	Nil	34,183	2,185	525,722
	2009	240,854 ⁽⁴⁾	Nil	90,602	35,000	Nil	28,905	Nil	395,361
	2008	226,500	Nil	90,602	Nil	Nil	25,718	28,793	371,613

(1) For 2010, represents the grant date fair value of options to purchase Stapled Units granted during the relevant financial year. In determining the grant date fair value of the options, a Black-Scholes factor of \$2.00 was used based on the following assumptions (i) risk-free interest rate: 1.5 – 2.6%; (ii) expected volatility in the market price : 30.1%; (iii) expected distribution yield: 0.0%; and (iv) expected lifetime: 5 years. The options are accompanied by Distribution Equivalent Awards. See footnote (1) in the table for “Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year”. The grant date fair value of the options does not include any incremental value for accompanying Distribution Equivalent Awards. Distribution Equivalent payments made to the trustee under the Distribution Equivalent Plan with respect to the vested awards are included in the “All other compensation” column. The accounting value has been determined using the intrinsic value method and is disclosed in Note 17 of the Consolidated Financial Statements for the years ended December 31, 2010 & 2009.

For 2009, represents the grant date fair value of options to purchase Stapled Units granted during the relevant financial year. In determining the grant date fair value of the options, a Black-Scholes factor of \$0.96 was used based on the following assumptions (i) risk-free interest rate: 3.6-3.8%; (ii) expected volatility in the market price : 26.0%; (iii) expected distribution yield: 0.0%; and (iv) expected lifetime: 5 years. The options are accompanied by Distribution Equivalent Awards. See footnote (1) in the table for "Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year". The grant date fair value of the options does not include any incremental value for accompanying Distribution Equivalent Awards. Distribution Equivalent payments made to the trustee under the Distribution Equivalent Plan with respect to the vested awards are included in the "All other compensation" column. The grant date fair value differs from the accounting for the options issued in 2010 and 2009. The accounting value has been determined using the intrinsic value method and is disclosed in Note 17 of the Consolidated Financial Statements for the years ended December 31, 2010 & 2009.

For 2008, the Board determined the value it intended to award as compensation and ascribed the grant date fair value of options granted in 2008 to be \$5.50. The grant date fair value of the options does not include any incremental value for accompanying Distribution Equivalent Awards. Distribution Equivalent payments made to the trustee under the Distribution Equivalent Plan with respect to the vested awards are included in the "All other compensation" column. The ascribed grant date fair value differs from the accounting fair value of \$0.81 using a Black-Scholes model determined in accordance with Section 3870 of the CICA Handbook.

(2) The annual incentive bonus payments are reported in the financial year in which they are earned, not in the year in which they are actually paid. They are paid in cash in the year following the financial year in which they were earned. In 2009, the CEO did not receive an annual incentive award. No annual incentive awards were earned in 2008.

(3) All other compensation includes additional cash pension payments of \$25,000 to Mr. McElligott. Perquisites and other personal benefits provided to Named Executive Officers in 2010 did not exceed, with respect to any Named Executive Officer, the lesser of \$50,000 and 10% of the total annual salary of such Named Executive Officer. This column includes aggregate amounts paid by the Company to the trustee of the trust formed in relation to the Distribution Equivalent Plan with respect to vested awards awarded to the Named Executive Officers. In 2010, amounts paid to the trustee were: Mr. McElligott: \$9,421; Mr. Allen: Nil; Ms. Park: \$3,596; Mr. Kelvin: \$2,592; and Mr. Whiteley: \$2,185. In 2009, no amounts were paid by the Company to the trustee as the Company did not pay distributions on the underlying Stapled Units. In 2008, amounts paid to the trustee were: Mr. McElligott: \$307,254; Ms. Park: \$87,331; Mr. Kelvin: \$49,241; and Mr. Whiteley: \$25,444.

(4) 2010 and 2009 salary increases related to the assumption of additional responsibilities.

(5) Mr. Allen joined the Company on June 14, 2010.

Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year

The following table sets forth information concerning outstanding options to purchase Stapled Units granted to the Named Executive Officers and includes awards granted before the most recently completed financial year, in their capacities as executive officers of the Company, as at December 31, 2010.

Name	Option -based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units that have not vested (#)	Market or payout values of share-based awards that have not vested (\$)
Paul J. McElligott	64,810	13.94	2/8/2011	Nil	Nil	Nil
	64,810	16.26	2/8/2012	Nil	Nil	Nil
	68,420	5.45	11/16/2013	Nil	Nil	Nil
	325,571	3.01	2/16/2014	387,429	Nil	Nil
	250,000	5.25	3/19/2015	Nil	Nil	Nil
Robert R. Allen	31,250	4.14	6/13/2015	1,875	Nil	Nil
Beverlee F. Park	17,743	13.94	2/8/2011	Nil	Nil	Nil
	19,530	16.26	2/8/2012	Nil	Nil	Nil
	20,015	5.45	11/16/2013	Nil	Nil	Nil
	124,585	3.01	2/16/2014	148,256	Nil	Nil
	102,000	5.25	3/19/2015	Nil	Nil	Nil
John A. Kelvin	17,743	13.94	2/8/2011	Nil	Nil	Nil
	17,750	16.26	2/8/2012	Nil	Nil	Nil
	18,730	5.45	11/16/2013	Nil	Nil	Nil
	89,451	3.01	2/16/2014	106,447	Nil	Nil
	64,384	5.25	3/19/2015	Nil	Nil	Nil
David J. Whiteley	6,350	13.94	2/8/2011	Nil	Nil	Nil
	7,120	16.26	2/8/2012	Nil	Nil	Nil
	3,000	16.64	6/18/2012	Nil	Nil	Nil
	16,473	5.45	11/16/2013	Nil	Nil	Nil
	94,061	3.01	2/16/2014	111,933	Nil	Nil
	63,250	5.25	3/19/2015	Nil	Nil	Nil

(1) The options entitle the holder to acquire Stapled Units of the Company upon exercise. These options become vested and eligible for exercise over a three-year period, with one-third of the annual grants exercisable after one year, two-thirds after two years and all exercisable on the third anniversary. The Company adopted a Distribution Equivalent Plan on November 24, 2001. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding options that are granted. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of

exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in the trust to that participant in accordance with the terms of the Distribution Equivalent Plan.

(2) The closing price of the Stapled Units on the Toronto Stock Exchange on December 31, 2010 was \$4.20 and on December 31, 2009 was \$4.34. The closing price of the Stapled Units on the Toronto Stock Exchange on December 31, 2008 was \$3.54.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth information concerning the value of incentive plan awards that vested or were earned during the year.

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Paul J. McElligott	272,177	Nil	155,375
Robert R. Allen	Nil	Nil	25,500
Beverlee F. Park	86,794	Nil	89,000
John A. Kelvin	74,509	Nil	102,000
David J. Whiteley	65,528	Nil	95,500

(1) Amount that would have been realized on exercise of \$3.01 options on vesting date. All other options that vested during the year had an exercise price that exceeded the market price of the underlying securities on the vesting date. Under the Company's Distribution Equivalent Plan, at any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company is to pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distributions based on the number of awards granted under the Distribution Equivalent Plan. During 2010, the Company paid one distribution on the Stapled Units. See footnote (1) in the table for "Incentive Plan Awards Outstanding at the End of the Most Recently Completed Year".

Retirement Plans

The following table sets forth information regarding all defined benefit pension plans, excluding defined contribution plans, that provide for payments or benefits to any of the Named Executive Officers, at, following, or in connection with retirement.

Name	Defined Benefit Pension Plan						
	Number of years credited service (#)	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change ⁽¹⁾ (\$)	Non-Compensatory change ⁽²⁾ (\$)	Accrued obligation at year end (\$)
		At year end	At age 65				
Paul McElligott	10	139,000	222,000	1,390,000	69,000	322,000	1,781,000

(1) The compensatory change is comprised of the cost of benefits earned during the year and the change in the accrued benefit obligation related to the difference between actual and estimated earnings.

(2) The non-compensatory change captures the increase in the accrued benefit obligation at year-end related to the reduction in the discount rate used to calculate the obligation. The accrued obligation at the beginning of the year was determined using a 6% discount rate. The accrued obligation at the end of the year was determined using a 5.25% discount rate. For additional information on assumptions related to the Defined Benefit pension plan see Note 15 of the audited Consolidated Financial Statements of the Company for the year ended December 31, 2010, available at www.sedar.com.

Mr. McElligott is a member of the defined benefit segment (“DB segment”) of the Supplemental Retirement Plan for Senior Management (“Supplemental Plan”). Under the DB segment, the member’s pension payable at age 65 is determined by multiplying his credited service by 2% of his best average pensionable earnings. Supplemental Plan benefits are offset by the benefits earned under the Company’s Base Pension Plan, which has a 1.3%/2.0% integrated final average earnings formula. Neither Plan is subject to deductions for Canada Pension, social security or other offset amounts. The normal form of pension under the Supplemental Plan is a life annuity with a spousal benefit of 60% of the member’s pension. Retirement benefits vest after two years of Plan participation or the attainment of age 55, whichever occurs first.

Mr. McElligott’s years of credited service are currently 10 and will be 17.25 years at age 65, his normal retirement date. Under the Supplemental Plan, pensionable earnings include salary and 50% of annual cash incentives. Pensionable earnings in the Base Pension Plan include salary and all annual cash incentives. The value of options or other long term incentives are not included as pensionable earnings under either plan. Pensionable earnings are averaged over the highest consecutive 60 months of compensation during the final 10 years of service. Mr. McElligott’s average pensionable earnings at December 31, 2010 are \$571,729 under the Supplemental Plan and \$686,223 under the Base Pension Plan. Mr. McElligott’s average pensionable earnings at December 31, 2010 under both salaried and supplemental plans are the same as 2009. In particular, his 2005 earnings are higher than his 2010 earnings. Therefore, his 2010 earnings have not been used to determine his average pensionable earnings at December 31, 2010.

To clarify, based on Mr. McElligott’s current service of 10 years, his accrued pension at age 65 is \$114,346 ($\$571,729 \times 2\% \times 10$ years). At age 65, based on his current pensionable earnings, his pension will be \$197,246 ($\$571,729 \times 2\% \times 17.25$ years).

The non-cash pension expense charged to the Company’s net earnings for 2010 in relation to the defined benefit segment of the Retirement Plan for Salaried Employees (the Company’s Base Pension Plan) for Mr. McElligott was \$38,000. In 2010, the Company contributed \$51,000 to the Plan with respect to Mr. McElligott. The contributions are made in accordance with the December 31, 2009 actuarial valuation of the Plan. The total obligations related to the Supplemental Plan for Mr. McElligott are secured by Letters of Credit. The non-cash pension expense charged to the Company’s net earnings for 2010 in relation to the Supplemental Plan for Mr. McElligott was \$173,000.

Mr. McElligott is receiving an additional pension of \$25,000 per year, which is a supplemental payment related to service forgone with his previous employer. This commenced in April, 2008.

Other Named Executive Officers (Allen, Park, Kelvin, and Whiteley) are members of the defined contribution segment (“DC segment”) of the Supplemental Plan. Under the DC segment, the Company allocates 12% of the member’s pensionable earnings, minus contributions made to the Company’s Base Pension Plan, to individual retirement accounts. Pensionable earnings under the DC segment of the Supplemental Plan include salary and 50% of annual cash incentives. Contributions to DC member accounts in the Base Pension Plan consist of 7% of salary and annual cash incentives. Pensionable earnings do not include the value of options or other long term incentives in either the Base or Supplemental Plans. The contributions that are allocated to the Supplemental Plan are held in notional accounts, to which the Company also allocates investment earnings equal to the average returns in the balanced funds of the Company’s Base Pension Plan. Such allocations may be positive or negative. The obligations related to the Named Executive Officers under the Supplemental Plan are secured by letters of credit.

The following table sets forth information regarding all pension plans that provide for payments or benefits to Named Executive Officers at, following or in connection with retirement, excluding defined benefit plans. The obligations related to the Supplemental Plan are secured by letters of credit.

Name	Defined & Supplemental Contribution Pension Plan			
	Accumulated Value at Start of Year (\$)	Compensatory ⁽¹⁾ (\$)	Non-Compensatory ⁽²⁾ (\$)	Accumulated Value at Year End
Robert R. Allen	-	16,250	609	16,859
Beverlee F. Park	493,106	40,590	43,522	577,218
John A. Kelvin	946,172	31,955	29,419	1,007,546
David J. Whiteley	386,282	34,183	32,411	452,876

(1) The compensatory change is comprised of employer cash contributions paid in the year to the base plan and non-cash notional allocations for the year related to the supplemental plan.

(2) The non-compensatory change is comprised of regular investment earnings credited during the year for the base plan and notional earnings based on a performance indicator credited during the year for the supplemental plan.

The non-cash pension expense charged to the Company's net earnings for 2010 in relation to the Supplemental Plan for the Named Executive Officers was \$86,000.

Termination and Change of Control Agreements

Employment Agreements

The Company entered into an employment contract with Mr. McElligott for a term of three years commencing January 22, 2001, subject to automatic renewal of further three year terms unless either party gives written notice of non-renewal not less than 90 days prior to the expiry of the relevant term. The contract was renewed in 2010 for another three years, through to 2013, subject to the automatic renewal term. Nonetheless, the Company may terminate the employment of the executive upon death, breach of the employment agreement or for cause without making severance payments. In addition, the executive may terminate his employment at any time upon at least six (6) weeks written notice.

The employment agreement for Mr. McElligott provides that if the Company terminates the employment of the executive for any reason other than those stated above or takes any action which could be construed as constructive dismissal, then the executive is entitled to the following amounts, subject to applicable withholdings:

- (i) An amount equal to twenty four (24) months base salary, where severance is payable within 30 days of the termination date and not subject to mitigation;
- (ii) twenty four (24) months of the average annual "Senior Management Annual Incentive Plan" incentive earned in the twenty four (24) months prior to termination;
- (iii) Executive prerequisites, insurance and other company benefits, will be maintained on a month to month basis for up to twenty four (24) months;
- (iv) Severance payments will not be considered as "earnings" for pension purposes. However, twenty four (24) additional months of service in the Pension Plans will be recognized past the termination date for Mr. McElligott;
- (v) All options issued under the Stapled Unit Option Plan and all awards granted under the Distribution Equivalent plan to the Executive on or before the termination date become vested at the termination date and must be exercised within 90 days of the termination date;

- (vi) The payment of any earned but unused vacation days and any amounts due under the executive's business expense accounts, as authorized.

The following table shows estimated incremental payments triggered pursuant to termination of employment of Mr. McElligott in accordance with the termination provisions described above, assuming that the triggering events described above took place on December 31, 2010:

Named Executive	Severance (\$) ⁽¹⁾	Cost of Benefits (\$) ⁽²⁾	Cost of Option Vesting (\$)	Total (\$)
PAUL J. MCELLOGOTT	940,770	282,231	-	1,223,001

(1) Does not include unpaid annual salary to termination date or pro-rated bonus for year of termination.

(2) Assumes 30% benefit costs for CEO.

Mr. McElligott's employment agreement provides that he shall retire any time after attaining the age of 60 years, at the option of the Company, with no compensation. In the event the Company requests retirement, the Company and the Executive will agree on a reasonable termination date and public announcement.

The Company does not have employment agreements with any of the other Named Executive Officers.

Change of Control Agreements

The Company has entered into change of control agreements (the "Change of Control Agreements") with each of the Named Executive Officers. Under such agreements, in the event of a potential change of control (as defined in the Change of Control Agreements), or within 24 months following a change of control, the executive's employment with the Company or with a successor to all or substantially all of the business of the Company shall be terminated, by the Company or such successor for any reason whatsoever other than excluded termination or, by the executive for good reason, the following provisions will apply:

- (a) The executive shall be entitled to receive, and the Company will pay to the Executive, immediately following the date of termination of employment and in any event within 30 days of such date, a lump sum cash amount (subject to statutory deductions and withholdings) equal to the aggregate of the following:
 - (i) A severance amount determined by multiplying the annual compensation by the number of years (or calendar months thereof expressed as a fraction with twelve (12) as the denominator) in the severance period;
 - (ii) the unpaid annual base salary to the date of termination of employment;
 - (iii) an amount in lieu of bonus for the calendar year in which the date of termination of employment occurs, determined by multiplying 12 times the average monthly bonus over 24 months preceding the date of termination in the case for Mr. McElligott, in the case of Ms. Park and Messrs. Allen, Kelvin and Whiteley the average of the percentage bonus for the three (3) complete calendar years immediately preceding termination date multiplied by the base annual salary. The "percentage bonus" calculation excludes any signing bonus or similar one-off non-recurring bonus payment;
 - (iv) any other amounts to which the executive is entitled at law or under any other terms and conditions of the executive's employment with the Company;
 - (v) unless the Company and the executive otherwise agree in writing, the executive shall continue to receive, until the end of the severance period, all benefits, fringe benefits and prerequisites including, without limitation, health, dental, life insurance, pension and savings plan benefits and car allowance on the scale provided by the Company as at the date of termination, and the executive will continue to accrue throughout the severance period pension benefits;
 - (vi) if at the date of termination the named executive holds options under the Option Plan or DE awards under the DE Plan, all options and DE Awards so held shall immediately vest to the

extent they have not already vested at such date, and shall continue to be held on the same terms and conditions applicable to such options and awards and shall be exercised as if the executive continued to be employed by the Company until the end of the severance period;

- (vii) the Company will provide or cause to be provided to the executive career counselling and relocation support of the quality and extent being provided to senior executives of similar status according to prevailing practice.

Severance may be triggered after a Change of Control by any of the following:

- (i) Substantial reduction in the responsibilities or status of the executive without the executive's express written consent
- (ii) Reduction by the Company in the executive's annual base salary
- (iii) Material adverse changes to the executive's benefits, including incentives, compensation, pension, life insurance, health, accident disability and other similar plans in which the executive is participating at the date hereof
- (iv) The requirement that the executive relocate, substantially increased business travel or failure to reimburse executive for costs associated with relocation or business travel
- (v) Failure of the company to obtain from a successor an agreement to be bound by the change of control agreement
- (vi) Any reason that would be considered to be constructive dismissal by a court of competent jurisdiction.

Change of control covered compensation multiples are set out at three times for the CEO and two times for CEO direct reports. The following table sets out the payments that would have been made to the Named Executive Officers in the event that such an executive was terminated without cause or terminated for good reason on December 31, 2010 or within 24 months following the change of control.

Name	Termination Provisions Value (1) (2) (3) (\$)
PAUL J. McELLAGOTT	1,834,502
ROBERT R. ALLEN	625,000
BEVERLEE F. PARK	750,000
JOHN A. KELVIN	643,845
DAVID J. WHITELEY	698,750

- (1) Does not include unpaid annual salary to termination date or pro-rated bonus for year of termination.
- (2) Assumes 30% benefit costs for CEO and 25% for VP's.
- (3) Signing, discretionary, or similar one-off non-recurring bonus payments are not included

DIRECTOR COMPENSATION

The directors of the Company who are not employees of the Company are entitled to compensation for services rendered and to be reimbursed for expenses incurred in the performance of the duties of a director of the Company.

The Governance and Human Resources Committee of the Board reviews the amount and form of compensation for directors. From time to time, based on this review, the Committee makes recommendations to the Board for approval of appropriate adjustments or changes to the amount and form of such compensation. In making such recommendations the Committee considers the time commitment, risks and responsibilities of directors as well as general comparative data, including data derived from broad-based director compensation surveys and reports prepared or published by independent compensation consultants.

From time to time the Committee engages an independent compensation consultant to conduct a review of the Company's compensation for directors. However, decisions as to compensation are made by the Committee and the Board and reflect various factors, including information and advice received from external consultants and are not solely made based on recommendations, if any, received from consultants. In January, 2010, the Company retained Towers Watson to conduct a high level review of the competitiveness of the Company's compensation for directors.

Annual compensation is \$20,000 for each director, plus \$1,500 for each meeting of the Board or a committee of the Board attended. The Chairman of the Board is paid annual compensation of \$80,000. Each member of a committee of the Board (other than the chair of the committee) is paid an annual fee of \$3,000, and a chair of a committee of the Board is paid an annual fee of \$4,500, except for the chair of the Audit Committee who is paid an annual fee of \$12,000. In addition, directors traveling from out of province are paid a travel fee of \$1,500 per trip.

Directors may, from time to time, be requested to carry out special assignments by the Board and are compensated at a rate of \$1,000 per day for such services.

In addition to annual retainers and meeting fees, non-executive directors are eligible to be granted options to acquire Stapled Units under the Stapled Unit Option Plan of the Company and distribution equivalents under the Company's Distribution Equivalent Plan. The Stapled Unit Stock Option Plan is more fully described under "Executive Compensation Stapled Unit Option Plan" on page 19 and "Securities Authorized for Issuance Under Equity Compensation Plans" on page 34. The Distribution Equivalent Plan is more fully described under "Executive Compensation-Distribution Equivalent Plan" on page 20.

Mr. McElligott, who is also an employee of the Company, is not entitled to and has not received any of the compensation described above but receives compensation as the President and Chief Executive Officer of the Company as disclosed in the section under "Executive Compensation".

During 2010, the non-employee directors who were serving at that time were each granted options to acquire 15,000 Stapled Units under the Company's Stapled Unit Option Plan with an exercise price of \$5.25, except for the Chairman who was granted options to acquire 25,000 Stapled Units with an exercise price of \$5.25. During 2009, the non-employee directors who were serving at that time were each granted options to acquire 34,261 Stapled Units under the Company's Stapled Unit Option Plan with an exercise price of \$3.01, except for the Chairman who was granted options to acquire 57,101 Stapled Units with an exercise price of \$3.01. Ms. Howe was granted an option to acquire 34,261 Stapled Units with an exercise price of \$2.61 on March 4, 2009. During 2008, the non-employee directors who were serving at that time were each granted options to acquire 6,000 Stapled Units with an exercise price of \$5.45, except for the Chairman who was granted options to acquire 10,000 Stapled Units with an exercise price of \$5.45. During 2007, the non-employee directors were each granted options to acquire 6,000 Stapled Units with an exercise price of \$16.26, except for the Chairman who was granted options to acquire 10,000 Stapled Units with an exercise price of \$16.26 and Mr. Holmes was granted options to acquire 6,000 Stapled Units in April 2007 with an exercise price of \$17.20. In each case, at the same time the directors granted such options were awarded the same number of distribution equivalent awards under the Company's Distribution Equivalent Plan, with the same expiry date and vesting terms as the corresponding options. Effective 2010, the directors have adopted share ownership guidelines – see "Stapled Unit Ownership Guidelines for Directors" page 16.

The following table sets out the compensation for each director for the year ended December 31, 2010.

Name	Fees earned (\$)	Share based awards (\$)	Option-based awards (\$)⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)⁽²⁾	Total (\$)
V. Edward Daughney ⁽³⁾	113,500	Nil	50,000	Nil	Nil	1,795	165,295
David L. Emerson	60,750	Nil	30,000	Nil	Nil	Nil	90,750
Robert J. Holmes	72,500	Nil	30,000	Nil	Nil	342	102,842
Maureen E. Howe	61,500	Nil	30,000	Nil	Nil	443	91,943
Robert W. Murdoch	71,250	Nil	30,000	Nil	Nil	634	101,884
Conrad A. Pinette ⁽⁴⁾	28,365	Nil	30,000	Nil	Nil	Nil	58,365
Maria M. Pope	77,000	Nil	30,000	Nil	Nil	78	107,078

- (1) Represents the grant date fair value of options to purchase Stapled Units granted during the relevant financial year. In determining the grant date fair value of the options, a Black-Scholes factor of \$2.00 was used based on the following assumptions (i) risk-free interest rate: 1.5 – 2.6%; (ii) expected volatility in the market price : 30.1%; (iii) expected distribution yield: 0.0%; and (iv) expected lifetime: 5 years. The options are accompanied by Distribution Equivalent Awards. See footnote (1) in the table for “Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year”. The grant date fair value of the options does not include any incremental value for accompanying Distribution Equivalent Awards. Distribution Equivalent payments made to the trustee under the Distribution Equivalent Plan with respect to the vested awards are included in the “All other compensation” column. The accounting value has been determined using the intrinsic value method and is disclosed in Note 17 of the Consolidated Financial Statements for the years ended December 31, 2010 & 2009.
- (2) This column includes aggregate amounts paid by the Company to the trustee of the trust formed in relation to the Distribution Equivalent Plan with respect to vested awards awarded to the directors. In 2010, amounts paid to the trustee were: Mr. Daughney: \$1,795; Mr. Emerson: Nil; Mr. Holmes: \$342; Ms. Howe: \$443; Mr. Murdoch: \$634; Mr. Pinette: Nil and Ms. Pope: \$78.
- (3) Mr. Daughney is not standing for re-election as he has attained the age of 70.
- (4) Mr. Pinette retired and did not stand for re-election in May 2010 as he attained the age of 70.

Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year

The following table sets forth information concerning outstanding options to purchase Stapled Units granted to the directors and includes awards granted before the most recently completed financial year, in their capacities as directors of the Company, as at December 31, 2010.

Name	Option -based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units that have not vested (#)	Market or payout values of share-based awards that have not vested (\$)
V. Edward Daughney	10,000	13.94	2/8/2011	Nil	Nil	Nil
	10,000	16.26	2/8/2012	Nil	Nil	Nil
	10,000	5.45	11/16/2013	Nil	Nil	Nil
	57,101	3.01	2/16/2014	67,950	Nil	Nil
	25,000	5.25	3/19/2015	Nil	Nil	Nil
David. L. Emerson	22,841	3.01	2/16/2014	27,181	Nil	Nil
	15,000	5.25	3/19/2015	Nil	Nil	Nil
Robert J. Holmes	6,000	17.20	4/27/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil
	22,841	3.01	2/16/2014	27,181	Nil	Nil
	15,000	5.25	3/19/2015	Nil	Nil	Nil
Maureen E. Howe	34,261	2.61	3/4/2014	54,475	Nil	Nil
	15,000	5.25	3/19/2015	Nil	Nil	Nil
Robert W. Murdoch	6,000	13.94	2/8/2011	Nil	Nil	Nil
	6,000	16.26	2/8/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil
	22,841	3.01	2/16/2014	27,181	Nil	Nil
	15,000	5.25	3/19/2015	Nil	Nil	Nil
Conrad A. Pinette	6,000	13.94	2/8/2011	Nil	Nil	Nil
	6,000	16.26	2/8/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil
	34,261	3.01	2/16/2014	40,771	Nil	Nil
	15,000	5.25	3/19/2015	Nil	Nil	Nil
Maria M. Pope	6,000	5.45	11/16/2013	Nil	Nil	Nil
	22,841	3.01	2/16/2014	27,181	Nil	Nil
	15,000	5.25	3/19/2015	Nil	Nil	Nil

(1) The options entitle the holder to acquire Stapled Units of the Company upon exercise. These options become vested and eligible for exercise over a three-year period, with one-third of the annual grants exercisable after one year, two-thirds after two years and all exercisable on the third anniversary. The Company adopted a Distribution Equivalent Plan on November 24, 2001. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the

Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding options that are granted. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in the trust to that participant in accordance with the terms of the Distribution Equivalent Plan.

(2) The closing price of the Stapled Units on the Toronto Stock Exchange on December 31, 2010 was \$4.20.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth information concerning the value of incentive plan awards that vested or were earned during the year.

Name	Option-based awards - Value vested during the year⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
V. Edward Daughney	39,779	Nil	Nil
David L. Emerson	23,868	Nil	Nil
Robert J. Holmes	23,868	Nil	Nil
Maureen E. Howe	31,519	Nil	Nil
Robert W. Murdoch	23,868	Nil	Nil
Conrad A. Pinette	23,868	Nil	Nil
Maria M. Pope	23,868	Nil	Nil

(1) Amount that would have been realized on exercise of \$3.01 options on vesting date, All other options that vested during the year had an exercise price that exceeded the market price of the underlying securities on the vesting date. Under the Company's Distribution Equivalent Plan, at any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company is to pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distributions based on the number of awards granted under the Distribution Equivalent Plan. During 2010, the Company paid one distribution on the Stapled Units.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only compensation plan of the Company under which equity securities are currently authorized for issuance to employees and non-employees is the Stapled Unit Option Plan. The table below summarizes information in relation to the Stapled Units reserved for issuance under the Stapled Unit Option Plan as of December 31, 2010.

Plan	Securities to be issued upon exercise of outstanding options	Weighted average price of outstanding options	Securities remaining available for future issuance
Stapled Unit Option Plan	2,894,500 (3.2 % of the issued and outstanding Stapled Units)	\$5.51	1,679,211 (1.8 % of the issued and outstanding Stapled Units)

The Company has a Stapled Unit Option Plan under which directors, officers or employees of the Company or of any of its subsidiaries who are in active service or employment with the Company or of any of its subsidiaries (defined under the Stapled Unit Option Plan as “Eligible Persons”) may be granted options to purchase Stapled Units.

Under the Stapled Unit Option Plan, options may be granted to Eligible Persons as described under the plan from time to time. The maximum number of Stapled Units which may be issued pursuant to the Stapled Unit Option Plan and all options granted thereunder will not exceed 7,000,000 Stapled Units, which amounts to approximately 7.7% of the issued and outstanding Stapled Units. 2,894,500 Stapled Units have been reserved for issuance upon exercise of options currently outstanding under the Stapled Unit Option Plan, which amounts to 3.2 % of the issued and outstanding Stapled Units. The number of Stapled Units subject to any option granted under the Stapled Unit Option Plan and the related exercise price are subject to conventional provisions for their adjustment in certain events, including subdivision or consolidation of the Stapled Units. The number of Stapled Units that may be reserved for issuance to any one person pursuant to options granted under the Stapled Unit Option Plan may not exceed 5% of the issued and outstanding Stapled Units from time to time on a non-diluted basis (the “Outstanding Stapled Units”), the number of Stapled Units that may be reserved for issuance to insiders of the Company pursuant to options granted may not exceed 10% of the Outstanding Stapled Units and the number of Stapled Units that may be reserved for issuance to directors of the Company (who are not employees of the Company) pursuant to options granted may not exceed 1% of the Outstanding Stapled Units. In addition, the number of Stapled Units that may be issued to all insiders of the Company in the aggregate, or to any one insider, pursuant to options granted under the Stapled Unit Option Plan and pursuant to any other compensation arrangement involving the issuance of Stapled Units, within a one year period, may not exceed 10% and 5% of the Outstanding Stapled Units, respectively.

The Stapled Unit Option Plan is administered by the Governance and Human Resources Committee. The Committee may select Eligible Persons who may be granted options under the Stapled Unit Option Plan and determine the number of Stapled Units and exercise price in respect of which options are to be granted to such persons. The Committee may also determine the expiry date of the options, provided that the date of expiry may not be later than the date which is ten years after the date of grant. Since the inception of the Distribution Equivalent Plan, the expiry date of the options is five years. All options are not transferable. If an optionee ceases to be in active employment or service with the Company or any of its subsidiaries due to death, retirement or termination with or without cause, the options held by such optionee will be subject to early expiry as follows, unless otherwise determined by the Board of Directors:

- (a) termination for cause – expire immediately;
- (b) death – expire by the end of one year after death;
- (c) disability – continue to be exercisable in accordance with its terms;
- (d) retirement – expiry by the end of three years from the date of retirement; and
- (e) Cessation of active employment or service for any other reason – expire on the 90th day after cessation.

Options granted under the Stapled Unit Option Plan may not be exercised except in accordance with such limitations, based on the passage of time after the option is granted or the satisfaction or fulfilment of any other conditions, and subject to such other provisos as the Committee may in its discretion determine to be appropriate. As long as the Stapled Units are listed on the Toronto Stock Exchange, the exercise price per Stapled Unit for each option granted pursuant to the Stapled Unit Option Plan may not be less than the weighted average trading price of the Stapled Units on the Toronto Stock Exchange over the period of five consecutive trading days ending on the trading day immediately before the date of grant.

Under the Stapled Unit Option Plan, the Committee has the right to suspend, amend or terminate the plan without approval of optionees or Unitholders (provided that no such suspension, amendment or termination will materially prejudice the rights of any optionee under any previously granted option without the consent or deemed consent of such optionee), including without limitation:

- (a) changing the eligibility for and limitations on participation in the plan (other than participation by non-employee directors in the plan);
- (b) making any addition to, deletion from or alteration of the provisions of the plan that are necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange;
- (c) making any amendment of a typographical, grammatical, administrative or clerical nature or clarification correcting or rectifying any ambiguity, defective provision, error or omission in the plan; and
- (d) changing the provisions relating to the administration of the plan or the manner of exercise of the options; including
 - (i) changing or adding of any form of financial assistance provided by the Company pursuant to any Stapled Unit compensation plan; and
 - (ii) Adding provisions relating to a cashless exercise (which will provide for a full deduction of the underlying Stapled Units from the maximum number reserved under the plan for issuance).

Notwithstanding the foregoing powers of amendment accorded the Committee, none of the following amendments to the plan may be made without Unitholder approval:

- (a) any amendment to the maximum number of Stapled Units reserved for issuance upon exercise of options granted under the plan;
- (b) any reduction in the Exercise Price or cancellation and reissuance of options;
- (c) any amendment that extends the term of an option beyond the original expiry date;
- (d) any amendment to Eligible Persons that may permit the introduction or re-introduction of non-employee directors on a discretionary basis or change the cap on grants of options to non-employee directors;
- (e) any amendment which would permit equity-based awards granted under the plan to be transferable or assignable other than for normal estate settlement purposes;
- (f) any amendment to increase the maximum limit of the number of securities that may be:
 - (i) issued to insiders within any one year period; or
 - (ii) issuable to insiders of the Company at any time;
 - (iii) under the Plan, or combined with the Company's other Stapled Unit compensation arrangements, which could exceed 10% of the total issued and outstanding Stapled Units of the Company, respectively;
- (g) adding provisions relating to a cashless exercise (other than a surrender of options for cash) which does not provide for a full deduction of the underlying Stapled Units from the maximum number reserved under the Plan for issuance; and
- (h) Any amendment to the amending provisions of the Plan.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Information Circular, none of the directors or senior officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the beginning of the Company's last completed financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the most recently completed financial year of the Company, no informed person of the Company, nor any person proposed to be elected as a director of the Company, nor any associate or affiliate of such persons, has had any material interest in any transaction involving the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the aggregate indebtedness (other than routine indebtedness, as defined under applicable securities laws) to the Company and its subsidiaries of all directors and executive officers or former executive officers of the Company or any of its subsidiaries and any proposed nominee for election as a director of the Company, and any associates of any such director, executive officer or former executive officer or proposed nominee. The table sets out information in respect of each director, executive officer or former executive officer or proposed nominee for election as a director of the Company, or any associate of any such individual, who is, or at any time since the beginning of the financial year ended December 31, 2010 has been, indebted to the Company or any of its subsidiaries.

Aggregate Indebtedness

Purpose	To the Company or its Subsidiaries (\$)	To Another Entity (\$)
Share purchases	-	-
Other	475,000	-

This indebtedness reflects a housing loan made to a former employee of the Company which is repayable by March 31, 2011

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at <http://www.sedar.com>. Financial information relating to the Company is provided in the Company's comparative financial statements and MD&A for the fiscal year ended December 31, 2010, and is also available on SEDAR.

The Company will provide to any person or company, upon request to the Secretary of the Company, copies of the Company's Annual Information Form (together with a copy of any document, or the pertinent pages of any document, incorporated therein by reference), the Company's comparative consolidated financial statements for its most recently completed financial year together with the accompanying report of the auditor, any interim financial statements of the Company that have been filed for any period subsequent to the financial statements for the Company's most recently completed financial year and the Company's information circular in respect of its most recent annual meeting of Unitholders. The Company may require the payment of a reasonable charge if the request for information is made by a person who is not a holder of the Company's securities.

EFFECTIVE DATE

Except as otherwise specified, the information set forth in this Information Circular is provided as of March 15, 2011.

APPROVAL OF THE BOARD

The contents of this Information Circular have been approved and its mailing has been authorized by the Board of Directors of the Company.

DATED as of the 15th day of March 2011.

BY ORDER OF THE BOARD OF DIRECTORS

Brenda G. Blue
Secretary