

Western Forest Products Inc.

CIRCULAR

**Notice of
Annual and Special Meeting of Shareholders
and
Management Information Circular**

March 31, 2015

TABLE OF CONTENTS

PART ONE	Voting Information	1
PART TWO	Business of the Meeting.....	4
	1. Annual Report and Financial Statements	4
	2. Setting the Number of Directors	4
	3. Election of Directors	4
	4. Appointment of Auditors	8
	5. Amendment to the Articles	9
PART THREE	Executive Compensation Report.....	10
PART FOUR	Statement of Corporate Governance Practices.....	26
PART FIVE	Other Information	33
APPENDIX A	Special Resolution to Amend the Articles of the Corporation	35
APPENDIX B	Mandate of the Board of Directors	36



March 31, 2015

Dear Shareholder:

On behalf of the Board of Directors, I would like to invite you to attend the Western Forest Products Inc. Annual and Special Meeting of Shareholders (the "Meeting") at Suite 2800, 666 Burrard Street, Vancouver, British Columbia on May 8, 2015 at 9:00 a.m. Pacific Daylight Time. At the Meeting, we will review the business and affairs of the Corporation and ask you to elect directors and appoint auditors for the coming year.

Following the Meeting, you will have an opportunity to meet the directors and executives who will be pleased to answer your questions.

Along with the Notice of Meeting and Management Information Circular, we also enclose the Form of Proxy for registered shareholders.

I hope you can attend the Meeting and vote in person. However, if you are unable to attend in person, I encourage you to vote as soon as possible, either by mail, telephone, internet, proxy or by instructing your financial advisor or institution.

Yours truly,

A handwritten signature in black ink, appearing to read 'Lee Doney', with a large, stylized flourish at the end.

Lee Doney
Chairman
Western Forest Products Inc.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders (the "Meeting") of Western Forest Products Inc. (the "Corporation") will be held at Suite 2800, 666 Burrard Street, Vancouver, British Columbia, Canada on **May 8, 2015 at 9:00 a.m.**, Pacific Daylight Time, for the following purposes:

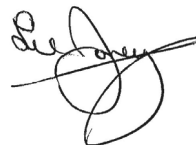
- 1) to receive the annual report to shareholders, including our consolidated financial statements, together with the auditors' report thereon, and Management's Discussion and Analysis for the fiscal year ended December 31, 2014;
- 2) to set the minimum number of directors at six (6);
- 3) to elect directors for the ensuing year;
- 4) to appoint auditors for the ensuing year and authorize the directors to fix the remuneration to be paid to the auditors;
- 5) to consider and, if deemed appropriate, to approve a special resolution authorizing an amendment to the articles of the Corporation to delete in their entirety, the authorized but unissued Non-Voting Shares; and
- 6) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The Management Information Circular accompanying this Notice provides additional information relating to the matters to be dealt with at the Meeting.

Registered shareholders who are unable to attend the Meeting in person or who wish to vote in advance of the Meeting, are invited to vote by signing and returning the enclosed form of proxy in the envelope provided for that purpose. A proxy will not be valid unless it is deposited at the office of Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, on or before 9:00 a.m. Pacific Daylight Time (12:00 p.m. Eastern Daylight Time) on May 6, 2015. Instructions for voting by telephone or via the Internet are located on the enclosed form of proxy.

Non-registered shareholders will be provided with voting instructions by the intermediaries who hold the shares on their behalf.

BY ORDER OF THE BOARD OF DIRECTORS



Lee Doney
Chairman
Western Forest Products Inc.

*Vancouver, B.C., Canada
March 31, 2015*

MANAGEMENT INFORMATION CIRCULAR

PART ONE – VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of Western Forest Products Inc. (“Western”, the “Corporation”, “us”, “we”, or “our”) of proxies from owners of common shares (“Common Shares”) of the Corporation for use at our Annual and Special Meeting of Shareholders (the “Meeting”) referred to in the accompanying Notice of Meeting (the “Notice”) to be held at the time and place and for the purposes set forth in the Notice. The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers or employees of the Corporation. The cost of solicitation will be borne by the Corporation. Unless otherwise specified, all information provided in this Circular is as at March 31, 2015 and all dollar amounts are in Canadian currency.

APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are management representatives and are directors and/or officers of the Corporation.

Each shareholder has the right to appoint any person or company, who need not be a shareholder of the Corporation, other than the persons named in the enclosed form of proxy to represent such shareholder at the Meeting or any adjournment thereof. This right may be exercised by inserting such person’s name in the blank space provided in the form of proxy.

The completed form of proxy must be deposited with our registrar and transfer agent, Computershare Investor Services Inc. 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, not later than 9:00 a.m. Pacific Daylight Time (12:00 p.m. Eastern Daylight Time) on May 6, 2015. Instructions for voting by telephone or via the Internet are located on the enclosed form of proxy.

NON-REGISTERED HOLDERS

Only registered holders of our Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- b) in the name of a depository, such as CDS Clearing and Depository Services Inc., (the “Depository”) of which the Intermediary is a participant.

In accordance with the Canada Business Corporations Act (“CBCA”) and Canadian securities law, we have distributed copies of the accompanying Notice, this Circular, and the 2014 Annual Report (collectively, the “Meeting Materials”) to Intermediaries for onward distribution to Non-Registered Holders who have not waived their right to receive them.

Non-Registered Holders who have not waived the right to receive the Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the voting instruction form can be completed, signed and returned in accordance with the directions on the form. Voting instruction forms can be completed by telephone or through the Internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Holder must complete,

sign and return the voting instruction form in accordance with the directions provided. A form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder upon receipt of the voting instruction form.

- b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise incomplete. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Holder can complete the form of proxy and deposit it in accordance with the instructions set out in the section titled "Appointment of Proxies", set out above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the Non-Registered Holder must strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided. To be valid, the completed form of proxy must be deposited with our registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, not later than 9:00 a.m. Pacific Daylight Time (12:00 p.m. Eastern Daylight Time) on May 6, 2015.

Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

REVOCAION OF PROXIES

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy and may do so: (1) by delivering another properly executed form of proxy bearing a later date and depositing it as described above; (2) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing (a) at our registered office, c/o Davis LLP, Suite 2800, 666 Burrard Street, Vancouver, BC, V6C 2Z7, Attention: Ruby Chan, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or (b) as to any matter in respect of which a vote shall not already have been cast pursuant to such proxy, with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (3) by any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote that was given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING OF COMMON SHARES REPRESENTED BY MANAGEMENT PROXIES

The management representatives designated in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they are the appointed proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

In respect of each matter identified or referred to for which no instruction is given, the management representatives will vote the Common Shares represented thereby in accordance with management's recommendation contained in this Circular.

The enclosed form of proxy confers discretionary authority with respect to amendments to or variations of matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Circular, the management of the Corporation knows of no such amendments, variations or other matters expected to come before the Meeting.

VOTING SHARES

As at March 31, 2015, the Corporation had outstanding 395,065,407 fully paid and non-assessable Common Shares. Each registered holder of Common Shares of record at the close of business on the record date of March 31, 2015 (the "Record Date") established for the purposes of determining shareholders entitled to receive notice of and to vote at the Meeting, will be entitled to one vote for each Common Share held on all matters to come before the Meeting or any adjournment thereof either in person, or by proxy. For a description of the procedures to be followed by Non-Registered Holders to direct the voting of Common Shares beneficially owned, see the section above titled "Non-Registered Holders". As at March 31, 2015, the Corporation had no outstanding non-voting shares (the "Non-Voting Shares").

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of our directors and executive officers, no party beneficially owns, or controls or directs, directly or indirectly, 10% or more of the outstanding Common Shares.

PART TWO – BUSINESS OF THE MEETING

Annual Report and Financial Statements

The Annual Financial Statements of the Corporation and Management's Discussion and Analysis for the fiscal year ended December 31, 2014, which are included in the Corporation's 2014 Annual Report, will be placed before the shareholders at the Meeting. The Corporation's 2014 Annual Report is being mailed with this Circular to all registered holders of Common Shares, except to those who have elected not to receive it, and to Non-Registered Holders who have so requested. Additional copies of the 2014 Annual Report will be available at the Meeting. Alternatively, the 2014 Annual Report can be requested from the Corporation or accessed through the Corporation's website at www.westernforest.com or on SEDAR at www.sedar.com.

Setting the Number of Directors

The shareholders of the Corporation will be asked to vote to set the number of directors on the Board of Directors of the Corporation (the "Board" or "Board of Directors") at six (6), until such time as may be otherwise determined by the Corporation's shareholders by ordinary resolution. The management representatives designated in the enclosed form of proxy intend, unless otherwise directed, to vote for the resolution setting the number of directors of the Corporation at six (6).

Election of Directors

Six nominees are proposed for election to the Board at this Meeting. ***The management representatives designated in the enclosed form of proxy intend, unless otherwise directed, to vote for the election of a Board composed of the six nominees listed below to serve until the next Annual Meeting of Shareholders of the Corporation or until their successors are duly elected or appointed.*** Management has received consents from the proposed nominees to serve as directors, but if, for any reason prior to the Meeting any of the proposed nominees is unable to serve as a director, the management representatives designated in the enclosed form of proxy, unless directed to withhold from voting in the election of directors, reserve the right to vote for other nominees at their discretion.

Majority Voting for Directors

The Board has adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes "withheld" than votes "for" will tender a resignation to the Board, effective on acceptance by the Board, immediately following the relevant shareholder meeting. The Nominating and Corporate Governance Committee will consider the offer of resignation and, absent exceptional circumstances, will be expected to recommend that the Board accept the resignation. The Board will make its decision and announce it in a press release within 90 days following the shareholder meeting, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board or any committee of the Board at which the resignation is considered.

Nominees for Directors

The following pages set out the names and place of residence of the six persons proposed to be nominated for election as directors by the holders of Common Shares, each to hold office until the next Annual Meeting or until a successor is elected or appointed, along with the principal occupation or employment of each person, major positions with the Corporation, the year in which each person was first elected a director of the Corporation and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, options and deferred share units held by each person as at March 31, 2015.

The Corporation has an Audit Committee, Environment, Health and Safety Committee, Management Resources and Compensation Committee and Nominating and Corporate Governance Committee. The members of these committees are indicated below:

James Arthurs

James Arthurs, 56, has served as a director of Western since July 2004. A resident of North Vancouver, British Columbia, Canada, Mr. Arthurs is Executive Vice President, Heavy Duty Engine Systems for Westport Innovations Inc., a developer and supplier of natural gas engine technologies. Previously, Mr. Arthurs was President of Cummins Westport Inc. from 2012 to 2013; and Vice President, Cryogenic Systems for Westport Innovations Inc. from 2011 to 2012. Previously, he was a Managing Partner with i3 Transition Partners, a Vancouver-based management consulting firm. Prior to this, Mr. Arthurs was Senior Vice President, North American Operations, Integrated Paving Concepts Inc., a manufacturer of equipment, tooling and high technology coatings for the decorative asphalt industry from 2004 to 2009. He was Managing Director, Operations, for The Jim Pattison Group, one of Canada's largest privately-held companies, from 2002 through 2004. Mr. Arthurs is currently the Chairman of Cummins Westport Inc. Mr. Arthurs holds a Bachelor of Science degree in Computer Science from the University of Calgary.

Independent Director

Chairman of the Audit Committee and member of the Environment, Health and Safety, Nominating and Corporate Governance, and Management Resources and Compensation Committees

52,436 Common Shares

5,000 Options

Donald Demens

Donald Demens, 53, has served as a director of Western since February 2013. A resident of Vancouver, British Columbia, Canada, Mr. Demens is President and Chief Executive Officer of the Corporation. Prior to this, Mr. Demens served in a number of roles for the Corporation including: President since July 2012; Chief Operating Officer since June 2011; Senior Vice President, Sales and Marketing since August 2009; and Senior Vice President, Western Red Cedar and Custom Cut since April 2009. Over the span of his 29-year career in the coastal forestry industry, Mr. Demens has successfully assumed progressively senior positions in Sales and Manufacturing including with International Forest Products (Interfor) in Canada and Japan. Mr. Demens brings this extensive experience to his current role as President and CEO of Western Forest Products. Mr. Demens holds a Bachelor of Commerce degree from the University of British Columbia.

Non-Independent Director

Nil Common Shares

5,300,000 Options

204,908 Deferred Share Units

Lee Doney

Lee Doney, 64, was appointed Chairman of the Corporation in February 2014, and has served as a director of Western since July 2004. A resident of Victoria, British Columbia, Canada, Mr. Doney is a consultant through his company, RLD Strategies, and the Chairman of the Board of Columbia Power Corporation. Mr. Doney was a Deputy Minister in the British Columbia Government for over 15 years and served in a number of other posts in the government. Most recently, he was Deputy Minister of Skills and Development and Labour from June 2001 until his retirement in April 2004. Mr. Doney's previous responsibilities include: Deputy Minister of Forests; Chief Executive Officer of Forest Renewal British Columbia; Interim Chairman, Industry Training and Apprenticeship Commission; Chief Executive Officer of the British Columbia Labour Force Development Board; Chairman of the Workers' Compensation Board of Governors; Executive Director to the Provincial Round Table on the Environment and the Economy; and Executive Director for the BC Treaty Commission. He holds a Masters degree in Economics from Queen's University.

Non-Independent Director

Chairman of the Board

Member of the Environment, Health and Safety Committee

Nil Common Shares

5,000 Options

615,178 Deferred Share Units

Daniel Nocente

Daniel Nocente, 59, joined the Board in May 2014. Until September 2012, Mr. Nocente was Vice Chairman of Corporate and Investment Banking with National Bank Financial Inc. Previously, he was Vice Chairman and BC Geography Head with RBC Dominion Securities. A resident of Vancouver, British Columbia, Canada, Mr. Nocente currently sits on the Vancouver Coastal Health Board and is Chairman of the Audit Committee. He is also currently Chairman of Savary Gold Inc., a gold exploration company with assets in Burkina Faso, Africa. Previously, he was also a Director and Audit Committee Chair with Canada Line Rapid Transit Inc. In addition, he served as Chair of St. Paul's Hospital Foundation, Vice Chair and Director of Providence Healthcare, Director and Head of the Governance Committee with the Arts Club Theatre Company, and was a member of the YMCA Cabinet. He has a Bachelor of Arts degree from the University of British Columbia and a Masters degree in Business Administration from George Washington University in Washington, DC. He has also completed the Leadership in Professional Services Firms course at the Harvard Business School.

Independent Director

Chairman of the Nominating and Corporate Governance, and Management Resources and Compensation Committees, and member of the Audit Committee

15,400 Common Shares

J. Barrie Shingleton

Barrie Shingleton, 68, joined the Board in January 2015. A resident of Toronto, Ontario, Mr. Shingleton currently serves as the Vice Chair of the Board of Directors at Norbord Inc. and as a Director of Stella-Jones Inc. Mr. Shingleton previously held the position of President and Chief Executive Officer of Norbord from 2004 through 2013, and was named #1 CEO of the Year by Financial Post Magazine. Prior to that, he has held various positions with Norbord, including Executive Vice President, Wood Products of Norbord Inc., President, Norbord Industries Inc., and Managing Director, Norbord Limited (UK). Mr. Shingleton has more than 30 years of experience in the forest products industry, having held senior marketing, sales, and operations positions for companies in North America and Europe. Mr. Shingleton holds a Degree in Mechanical Engineering from the University of Manitoba.

Independent Director

Chairman of the Environment, Health and Safety Committee, and member of the Nominating and Corporate Governance, and Management Resources and Compensation Committees

Nil Common Shares

Michael T. Waites

Michael Waites, 61, joined the Board in November 2014. A resident of Vancouver, B.C., Mr. Waites currently serves as a member of the Board of Directors for Talisman Energy Inc., and is a member of both its Audit and Reserves Committees. Mr. Waites also currently serves as a member of the Board of Directors for HudBay, and is a member of its Audit Committee. Previously, Mr. Waites served as President and CEO of Finning International Inc. for five years, retiring in 2013. Prior to that, Mr. Waites was Executive Vice President and CFO of Finning. He has also held senior positions with Canadian Pacific Railway and Chevron Canada Resources. Mr. Waites holds a Bachelor of Arts (Honours) in Economics from the University of Calgary, a Master of Business Administration from Saint Mary's College of California, and a Master of Arts, Graduate Studies in Economics from the University of Calgary. He has also completed the Executive Program at the University of Michigan Business School.

Independent Director

Vice Chairman of the Audit Committee, and member of the Environment, Health and Safety, Nominating and Corporate Governance Committee and Management Resources and Compensation Committees.

40,000 Common Shares

Director Attendance Report for Meetings Held in 2014

It is the Board's expectation that each member of the Board should attend each meeting of the Board and the committees of which they are a member. However, in circumstances where individual directors are unable to attend a meeting, the Chairman of the Board ("Chairman") or senior management will meet with the absent director at a convenient time after the meeting to brief them on the events of the meeting. Directors are invited to attend all committee meetings.

During 2014, the Board held fifteen (15) meetings and its four standing committees held twenty one (21) meetings. Committee meetings included eight (8) meetings of the Audit Committee, four (4) meetings of the Environment Health and Safety Committee, three (3) meetings of the Management Resources and Compensation Committee ("MRCC") and six (6) meetings of the Nominating and Corporate Governance Committee.

The following table summarizes directors' attendance at our Board and committee meetings during 2014:

Director ⁽¹⁾	Board Meetings	Audit Committee Meetings	Environment, Health and Safety Committee Meetings	Nominating and Corporate Governance Committee Meetings	Management Resources and Compensation Committee Meetings
James Arthurs	14 of 15	7 of 8	4 of 4	5 of 6	N/A
Donald Demens	14 of 15	N/A	N/A	N/A	N/A
Lee Doney ⁽²⁾	14 of 15	N/A	4 of 4	2 of 6	N/A
Dominic Gammiero ⁽³⁾	4 of 4	N/A	1 of 1	N/A	N/A
J. Peter Gordon ⁽⁴⁾	15 of 15	7 of 8	4 of 4	5 of 6	3 of 3
Pierre McNeil ⁽⁴⁾	13 of 15	N/A	3 of 4	3 of 6	2 of 3
John B. Newman ⁽⁵⁾	15 of 15	8 of 8	4 of 4	6 of 6	3 of 3
Daniel Nocente ⁽⁶⁾	6 of 6	3 of 3	2 of 2	N/A	1 of 1
Michael T. Waites ⁽⁷⁾	-	N/A	N/A	N/A	-

(1) Director attendance is presented on the basis of Board meetings for which each director was eligible to attend in the year.

(2) Mr. Doney was elected to the Nominating and Corporate Governance Committee on May 8, 2014.

(3) Mr. Gammiero retired effective February 21, 2014.

(4) Mr. Gordon and Mr. McNeil resigned as directors of the Corporation on November 13, 2014.

(5) Mr. Newman resigned as director of the Corporation on December 30, 2014.

(6) Mr. Nocente was elected as a director of the Corporation on May 8, 2014.

(7) Mr. Waites was appointed as a director of the Corporation on November 13, 2014.

In addition to the above meetings, there were four (4) meetings of the independent directors, as defined under the standards established by Canadian securities regulation authorities. The directors who are independent of management also meet in camera as a matter of course at regularly scheduled Board of Director meetings.

Appointment of Auditors

At the Board meeting held on February 17, 2015, the Audit Committee recommended the nomination of KPMG LLP for reappointment as our external auditors, subject to shareholder approval. KPMG LLP were first appointed as our auditors effective from our incorporation on April 27, 2004 and have served as our auditors since then. KPMG LLP were the auditors of our predecessor, Doman Industries Limited (including certain of its subsidiaries), from 1999 to 2004. The resolution to appoint KPMG LLP as auditors must be passed by a simple majority of the votes at the meeting cast either in person or by proxy.

Unless the shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld from voting in the appointment of auditors, on any ballot that may be called for on the appointment of auditors, the management representatives designated in the enclosed form of proxy intend to vote such Common Shares in favour of reappointing KPMG LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next Annual Meeting of Shareholders, and authorizing the directors to fix the remuneration to be paid to the auditors.

Audit Firm Fees

Aggregate fees billed to the Corporation for the fiscal year ended December 31, 2014 by KPMG LLP amounted to \$825,930. The Audit Committee has adopted a policy regarding the provision of non-audit services by the Corporation's external auditors. This policy requires Audit Committee pre-approval of permitted audit, audit-related and non-audit services.

The following table sets forth further information on the fees billed by KPMG LLP to the Corporation for the past two years:

	Fees Paid	
	2014	2013
Audit	\$648,600	\$622,800
Audit-related	105,010	82,500
Taxation	72,320	68,980
Total for all services	\$825,930	\$774,280

Description of Services:

Audit includes the audit of our annual financial statements, the review of our unaudited condensed consolidated interim financial statements, prospectus work and accounting consultation.

Audit-related includes audits of our pension plans, supplemental audit and review procedures conducted during the course of the year, and French translation costs.

Taxation services consist of tax compliance services and tax planning and structuring.

KPMG LLP has advised the Audit Committee that it considers itself to be independent of the Corporation and the Audit Committee has confirmed that it considers KPMG LLP to be independent.

Amendment to the Articles

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of preferred shares (the “Preferred Shares”), and an unlimited number of non-voting shares (the “Non-Voting Shares”), which have attached to them certain rights, privileges, restrictions and conditions.

As of the date hereof, the Corporation has outstanding 395,065,407 Common Shares, and there are currently no Preferred Shares or Non-Voting Shares outstanding.

As the Corporation does not currently issue nor does it have any intention to issue in the future any Non-Voting Shares, the Corporation proposes to amend its articles to remove the Non-Voting Shares.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass a special resolution (the “Special Resolution”) authorizing an amendment to the articles of the Corporation to delete in their entirety, the authorized but unissued Non-Voting Shares in the capital of the Corporation, and the rights, privileges, restrictions and conditions attaching thereto.

The full text of the Special Resolution to be considered at the Meeting is set forth in Appendix A of this Circular. To take effect, the Special Resolution must be approved by at least two thirds (2/3) of the votes cast by holders of the Common Shares present in person or represented by proxy at the Meeting.

The Board of Directors unanimously recommends that shareholders vote FOR the Special Resolution.

IF NAMED AS PROXY, THE CORPORATION’S MANAGEMENT REPRESENTATIVES INTEND TO VOTE THE SHARES REPRESENTED BY SUCH PROXY AT THE MEETING FOR THE APPROVAL OF THE SPECIAL RESOLUTION, UNLESS OTHERWISE DIRECTED IN THE FORM OF PROXY.

PART THREE – EXECUTIVE COMPENSATION REPORT

The following information is provided pursuant to the executive compensation disclosure requirements contained in *National Instrument 51-102 – Continuous Disclosure Obligations*.

COMPOSITION AND MANDATE OF THE MANAGEMENT RESOURCE AND COMPENSATION COMMITTEE

In accordance with its terms of reference, all members of the MRCC of the Board are independent directors under the standards established by Canadian securities regulatory authorities in *National Instrument 58-101 – Disclosure of Corporate Governance Practices* (“NI 58-101”). The independent directors hold in camera sessions without management present as a matter of practice at each regularly scheduled Committee meeting.

Our executive compensation program is administered by the MRCC. As part of its mandate, the MRCC makes recommendations to the Board with respect to the compensation of the President and Chief Executive Officer and reviews and approves the compensation of all other executive officers including the Chief Financial Officer and the next three most highly compensated executive officers included in the Summary Compensation Table on page 18 (collectively, the “Named Executive Officers” or “NEOs”). The MRCC is also responsible for reviewing the design and general competitiveness of our compensation and benefit programs and recommending any changes to the Board.

As at the date of this Circular, the MRCC is comprised of Daniel Nocente (Chairman), James Arthurs, Barrie Shineton, and Michael Waites. Each of these individuals has held senior executive roles which have included involvement in executive compensation issues. None of the members of the MRCC is an officer, employee or former officer of the Corporation or is eligible to participate in our executive compensation programs. The MRCC members have diverse professional backgrounds as discussed in their respective biographies provided at pages 5 to 6.

The MRCC, in accordance with its terms of reference, meet as required to monitor and review management compensation policies, management succession planning and to review the overall composition and quality of our management resources. In addition, the MRCC oversees the funding, investment management and administration of our employee retirement plans. The MRCC met three times during 2014.

Our Chief Executive Officer is not a member of the MRCC but does make recommendations to the MRCC with respect to the Corporation’s compensation policy and regarding compensation paid to senior officers.

From time to time, the MRCC uses an independent consultant to provide expert, objective advice on compensation matters. In 2014, Towers Watson was engaged as the MRCC’s independent compensation advisor and the Corporation incurred \$35,513 in executive compensation consulting fees in respect of these services.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy

Western’s compensation for executives has been primarily driven by performance rewards relative to established plans and strategies aligned with the business goals and objectives of the Corporation. This philosophy strongly focused on variable pay incentives that incorporated individual and corporate performance measures.

This approach was designed to achieve two key objectives:

- ◆ support the Corporation’s ability to attract, develop, motivate and retain high performance leadership individuals; and
- ◆ ensure business growth and financial results by aligning the decision-making and behavior of the Corporation’s key individuals with the Corporation’s business strategy.

The MRCC retained consultant Towers Watson in late 2014 to perform a comprehensive review of executive compensation programs to ensure that the Corporation could attract and retain key executive personnel. This review recommended certain revisions to the composition of executive officer compensation to address Western's competitive positioning relative to its comparator group.

The MRCC has recommended and the Board has approved the following changes to the Corporation's compensation philosophy effective for the 2015 financial year, the plan details of which are subject to finalization and approval by the Board:

- ◆ rebalancing compensation away from an emphasis on stock options towards a more balanced mix of salary, annual incentives and long-term incentives to improve competitiveness relative to the Corporation's comparator group while retaining a strong focus and weighting on long-term performance; and
- ◆ the introduction of a performance share unit program to the long term incentive place alongside a reduction in the value of compensation provided in the form of stock options.

Total Compensation

To provide a competitive overall compensation and benefits package that is tied to creating shareholder value and support business strategies, the compensation arrangements effective at December 31, 2014 for executive officers were comprised of several components, including:

- ◆ base salary;
- ◆ annual incentive awards;
- ◆ long-term incentives (consisting of stock options and deferred share units);
- ◆ retirement savings; and
- ◆ other health benefits.

Each of these components of total compensation is discussed at pages 12-15.

Together, the executive compensation arrangements form a package that is intended to be competitive within the marketplace and to align the executive officers' interests with those of our shareholders. In determining the amount of each element of compensation, as well as the total compensation and benefit package, the MRCC:

- ◆ ensures that total compensation levels are appropriate by reviewing the compensation practices of its comparator group and other Canadian companies of similar size and composition to the Corporation;
- ◆ considers whether the total compensation packages are internally consistent with each executive officer's relative scope of responsibility and accountability for overall performance;
- ◆ recognizes that the annual incentive plan requires superior individual and corporate performance in order to achieve target compensation awards;
- ◆ exercises its business judgment and discretion in setting the level of compensation within pre-established ranges; and
- ◆ reviews total compensation design to assure that compensation ranges remain appropriately competitive and continue to meet the objectives described above.

Many features of the compensation program demonstrate a commitment to the long-term performance driven strategy. These include the encouragement of long-term stock ownership by executive officers and the vesting of stock option grants over a five-year period which ensures a long-term focus on results.

Competitive Market Assessments

The MRCC periodically reviews market compensation levels amongst the Corporation's comparator group (as described below) to determine whether total compensation for its executive officers remains in the targeted median pay range (as described below) and makes adjustments when necessary. This review includes assessment of base salary, annual incentives and long-term incentives.

Our compensation policy is to set target levels consistent with the median level of the comparator group. In addition to the current pay practices of this group, from time to time, the MRCC reviews various pay surveys, including surveys of pay practices of forest products companies and comparably-sized manufacturing companies, along with general industry data for similar size companies. This information, when available, is considered by the MRCC in determining the total compensation to be paid to each executive officer.

A review of our executive compensation was undertaken by the MRCC in 2014 (the "Compensation Review"). As part of the Compensation Review, the MRCC established its comparator group which is comprised of Canadian forest and paper product companies (listed below) with annual revenue and market capitalization between \$250 million and \$4 billion.

Acadian Timber	Interfor Corporation
Ainsworth Lumber Co. Ltd.	Norbord Ltd.
Canfor Corporation	Mercer International Inc.
Canfor Pulp Products	Resolute Forest Products Inc.
Catalyst Paper Corporation	Stella-Jones Inc.
Conifex Timber Inc.	Tembec Inc.
Domtar Corporation	West Fraser Timber Co. Ltd.

Risk Management

The MRCC has considered the implications of the risks associated with our compensation policies and practices. The MRCC considered the balance between long-term objectives and short-term financial goals incorporated into our executive compensation program and whether or not Named Executive Officers are potentially encouraged to expose us to inappropriate or excessive risks. Risks, if any, may be identified and mitigated through regular meetings of the MRCC and the Board. No risks have been identified arising from our compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

Key Elements of Total Compensation

Base Salaries

Base salaries of our executives are reviewed by the MRCC and approved by the Board annually to ensure that they reflect the contribution of each executive officer. Base salaries for executive officers are established with reference to market data and internal job classification as it relates to the contribution to our strategic and financial results. Several factors are considered when setting base salaries, including each executive officer's individual performance rating, level of responsibility, prior experience, and the relationship between base salaries paid to all other employees. In addition, the Corporation believes that base salaries should be based on the median level of salaries paid to similar positions at comparable companies in the forest products and other industries.

Annual Incentive Plan

We provide annual incentive compensation to executive officers, including the Named Executive Officers, through our short-term incentive plan. The Annual Incentive Plan (the "AIP"), was expanded to include all salaried employees in 2011. The AIP is based on a corporate financial target, return on capital employed ("ROCE"), and individual performance.¹ The AIP is designed to foster an environment of continuous

¹ ROCE is a non-IFRS measure. See "Performance and Non-International Financial Reporting Standards ("IFRS") Measures" on page 34 which includes a definition of ROCE.

improvement based on key performance indicators of the business and recognize collective and individual performance directly related to our financial and strategic goals. Amounts paid in 2014 were based on the following formula:

Annual Salary x Target Award⁽²⁾ % x [(2/3 x Company Factor) + (1/3 x Individual Factor)]⁽¹⁾

- (1) The Company Factor will be zero if ROCE is 4% or less and will cap out at 2.0 with a ROCE of 30% or above. The Individual Factor will be zero if performance is less than 0.6 (below expectations) and will cap out 2.0 (exceptional). For an employee to be eligible for an award, both the corporate and individual factors must achieve at least the minimum level of performance. (defined as a ROCE level of 5% which equates to a Company Factor of 0.25 and an individual performance factor of 0.6). The MRCC reviews our financial performance as part of the award setting process.
- (2) Target awards, expressed as a percentage of base salary, have been established for all salaried employees. Target awards reflect competitive practices in the market for similar positions. Targets for executive officers ranged from 30% to 50% of base pay in 2014. For all other salaried employees the target award ranges from 5% to 20%, depending on pay grade.

The target awards for Named Executive Officers in 2014, as a percentage of base salary, were as follows:

<i>Named Executive Officer</i>	<i>Target Award</i>	<i>Maximum Bonus Opportunity</i>
Donald Demens	50%	100%
Brian Cairo ⁽¹⁾	40%	80%
Stephen Williams	40%	80%
Anton Peiffer	30%	60%
Shannon Janzen	30%	60%
Tony Sudar	30%	60%

(1) Brian Cairo resigned effective October 31, 2014 and remained with the Corporation in an advisory capacity until November 30, 2014.

Effective 2015, the MRCC has approved a revised approach to the annual incentive plan formula that will carry a greater weighting to individual factors while maintaining its focus on the Corporation's performance.

Long-Term Incentive Plan

We believe it is important that the interests of senior management be aligned with the interests of shareholders. Our Long-Term Incentive Plan is intended to reward management based on increases in the value of our Common Shares. The purpose of this arrangement is to achieve an alignment of interest between shareholders and management and to motivate executives to improve our financial success, measured in terms of enhanced shareholder value over the long-term. The Long-Term Incentive Plan consists of a Stock Option Plan and a Deferred Share Unit Plan as described below.

Stock Option Plan

Our Stock Option Plan (the "Option Plan") was adopted in 2004 and is administered by the Board with the assistance of the MRCC in accordance with our compensation policies and the policies of the Toronto Stock Exchange ("TSX").

The purpose of the Option Plan is to advance the interests of the Corporation in the following ways:

- ◆ align the interests of executives and shareholders in the success of the Corporation through increases in the value of our Common Shares;
- ◆ provide an additional incentive in lieu of cash remuneration thereby encouraging retention of executives as a result of the vesting provisions; and
- ◆ attract new executives by remaining competitive in terms of total compensation arrangements.

A limited number of executive officers are eligible to receive stock options ("Options"). To determine the size of grants, we take into consideration competitive market practices among Canadian forest industry firms. This includes the comparator group used as part of the Compensation Review as discussed on Page 12, and a wider grouping of industrial companies. The exercise price for Options granted pursuant to the Option Plan will be determined on the date of the grant, which price may not be less than the market value.

The Option Plan permits the granting of Options up to a maximum of 20,000,000 Common Shares (representing approximately 5.1% of the issued and outstanding Common Shares as of the date hereof). All Option grants are approved by the Board on the recommendation of the MRCC. Stock Option awards encourage long-term stock ownership and align management's interests with those of our shareholders through the following features:

- ◆ Options are issued at an Option strike price that is equal to or greater than the market value of our Common Shares at the time of issuance, to ensure the executives will receive a benefit only when the stock price increases; and
- ◆ Options are subject to vesting requirements. Under the current terms of the Option Plan, outstanding Options may be exercised for up to 10 years, subject to vesting at the annual rate of 20% per year beginning on the first anniversary of the date of grant. Unless otherwise determined by the Board, Options cease to be exercisable after the date of termination of the Optionee's position as a director, officer, employee or consultant (as the case may be), for any reason other than death, retirement, early retirement, sickness or disability.

On March 13, 2015, Options to purchase a total of 1,491,667 Common Shares were granted, including the following grants to each of the Corporation: Mr. Demens, 523,810; Mr. Williams, 266,667; Ms. Janzen, 114,286; and Mr. Peiffer, 137,143.

For each of the Options granted as described above, the Option exercise price is the volume weighted average closing market value of the Common Shares for the period beginning February 17, 2015 to the day immediately preceding the grant date. The Options are only exercisable if the share price at the time of exercise is in excess of \$0.70 per Common Share for 60 consecutive days on a volume weighted average price basis.

Deferred Share Unit Plan

A Deferred Share Unit Plan ("DSUP") for directors and executive officers designated by the MRCC has been in place since 2007. The DSUP is designed to focus the executive officers and directors on the long-term interests of the Corporation and growth in shareholder value. Designated executives may elect to receive all or a portion of their AIP compensation in the form of deferred share units ("DSUs"). DSUs are intended to align management with shareholder interests and enhance the retention and commitment of participants to increasing long-term shareholder value by allowing executive officers and directors an opportunity to invest in Western and allow them to benefit from increases in the price of our Common Shares. Executives must make an irrevocable election to participate in the DSUP prior to the end of each fiscal year to which the AIP compensation applies.

The DSUP is directed by the MRCC. One DSU has a value equal to one Common Share. The number of DSUs allotted is determined by dividing the dollar value of the portion of the AIP compensation that the executive previously elected to take in DSUs by the volume weighted average share price of our Common Shares over the five trading days on the TSX preceding the specified date. At the discretion of the MRCC, the number of DSUs to be allotted to the executive may be increased by a factor of up to two. Unless otherwise determined by the Board, vesting of the DSU is immediately upon allotment. None of the Named Executive Officers elected to receive their AIP award in DSUs in lieu of cash payment for 2014 (see "Summary Compensation Table" on Page 18).

In 2013, the Corporation introduced dividend payments to shareholders. Holders of DSUs are eligible to receive additional DSUs to reflect any cash dividend declared on Common Shares during the term of the participants' participation in the DSUP. The number of additional DSUs to be allocated is determined by dividing the aggregate dollar value of the declared dividend that would have been paid to the participants if the DSUs held by the participants on the relevant record date for dividends had been Common Shares, by the market price on the payment date of such dividend. In 2014 the Named Executive Officers received 10,379 DSU's which include the additional DSUs issued to participants to reflect cash dividend declared.

DSUs can only be redeemed for cash after cessation of employment with the Corporation. Participants are eligible to redeem all vested DSUs. The value of the DSUs on redemption is based on the closing price of our Common Shares, on the date the notice of redemption is received from the executive, or if no notice of redemption is received, on November 30th in the year following the year of the termination of employment and if that is not a trading day on the TSX, the next trading day.

Mr. Doney elected to take 25% of his director's fees earned in 2014 in the form of DSUs (see the section titled "Deferred Share Unit Plan for Non-Management Directors" on Pages 22 and 23 for further information).

Retirement and Other Benefits

Retirement Benefits

There are two funded industry defined benefit pension plans, two unfunded defined benefit pension plans, a funded defined contribution pension plan and several voluntary group retirement savings plans, all of which provide retirement benefits to substantially all of our salaried employees and certain hourly employees. In addition, we provide other unfunded retirement and post-employment benefits to certain former salaried and hourly employees.

The defined benefit pension plans ("DB Plans I & II") were closed effective December 31, 2010, with no further contributions for current or credited service being made to the DB Plans I & II by the Corporation. However, as the former members of DB Plans I & II have a future pension benefit entitlement from the plans, Western is responsible for ensuring that the DB Plans I & II's investments are monitored and that any funding shortfalls are addressed.

With the closure of DB Plans I & II, the former members became eligible to join our existing defined contribution pension plan (the "WFP Plan III" or "DC Plan"). As of January 1, 2011, substantially all existing salaried employees, including Named Executive Officers are members of our DC Plan and all new salaried employees also participate in the DC Plan.

For executive officers and salaried employees who participate in the DC Plan, the Corporation contributes 7% of each participant's base salary, up to the maximum contribution allowed under the *Income Tax Act* (Canada) (the "ITA Limit"). Effective 2015, the MRCC has approved the development of a supplementary program for DC Plan executive participants whereby the Corporation's contributions will be credited on both base salary and annual incentive pay and the establishment of notional accounts for members whose contributions are capped by the ITA limit.

Pension benefits derived from the DB Plans I & II are based on final average earnings at the time the member leaves the Corporation and credited service up to December 31, 2010. Under the DB Plans I & II, the normal retirement age is 65, but a member may retire and collect a pension benefit up to 10 years prior to the age of 65. If a member retires before the age of 65 and receives a pension, his or her pension will be reduced. If a DB Plan I member retires before the age of 65, he or she will receive a bridging benefit for service up to June 30, 2006. Apart from the bridging benefit, which terminates at age 65, pensions are paid for life with a guarantee of at least five years' payment should the retired member die within five years of retirement. Benefits payable under the DB Plans I & II are limited to the ITA Limit.

Finally, the Corporation also maintains a Supplementary Retirement Plan (the "WFP SERP"). The WFP SERP provides a pension supplement to executive officers who are also members of the DB Plan I and previously designated as participants by the Board in order to provide pension benefits to the level that members would receive if no ITA Limit was in place. Pensionable earnings and benefits for eligible executive officers, as supplemented by the WFP SERP are calculated upon the same basis as benefits and earnings under the DB Plans I & II with the exception that the ITA Limit does not apply. The WFP SERP is funded from general operations.

Other Benefits

All salaried employees, including executive officers, are eligible to participate in various other benefits including: health and dental coverage, life insurance, disability insurance, paid leave and paid holidays. These benefits are designed to be competitive with market practices.

INCENTIVE AND EQUITY-BASED COMPENSATION POLICIES AND GUIDELINES

Share ownership and disclosure

Minimum share ownership requirements for the Corporation's executive officers have been introduced to align executive officer interests with those of our shareholders. Ownership levels must be met by the later of March 13, 2020 or within five years of becoming an executive officer. The value of Common Shares as a multiple of base salary is set at 3 times for the Chief Executive Officer, 1.25 times for the Chief Financial Officer, and 1 time for other Vice Presidents of the Corporation. These guidelines are subject to MRCC discretion to ensure no unintended consequences arise.

All executive officers are prohibited from trading in our securities or entering into transactions through participation in the Option Plan unless such transactions are executed and disclosed in full compliance with the Corporation's Code of Business Conduct and Ethics, Communication Policy and Insider Trading Policy and all relevant securities regulations and laws. An executive who violates these policies may face disciplinary action including possible termination of employment. The violation of these policies may also violate certain securities laws. If the Corporation discovers that an executive has violated any securities laws, the matter may be referred to the appropriate regulatory authorities, which could lead to penalties and fines.

Hedging

Effective March 13, 2015, executive officers and directors are prohibited from purchasing financial instruments for the purpose of hedging or offsetting a decrease in market value of the Corporation's equity securities. Specifically, this policy prohibits the executive officers from engaging in the following transactions with respect to the Common Shares: short sales, monetization of Option awards before vesting, transactions in derivatives on Common Shares such as put and call options, any other hedging or equity monetization transactions where the individual's economic interest and risk exposure in the Common Shares are changed such as collars or forward sale contracts.

To the knowledge of the Corporation, none of the Named Executive Officers or directors have purchased any such instruments for such purpose.

Clawback policy

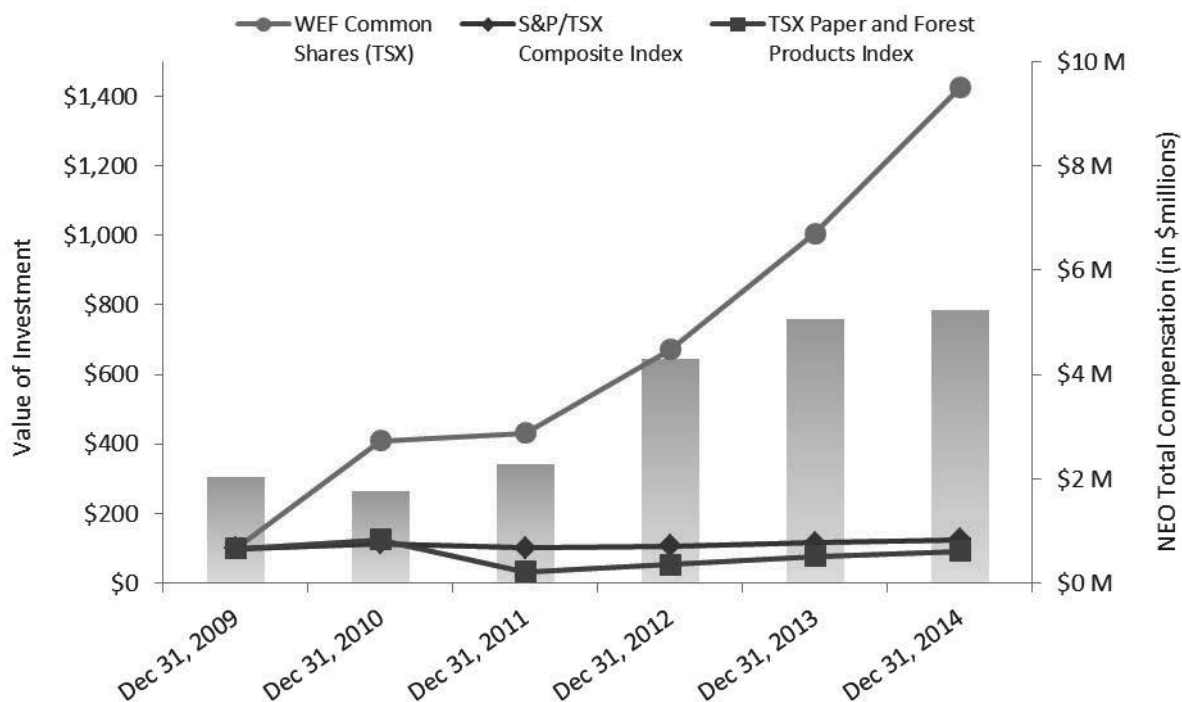
Incentive paid and equity compensation vested can be clawed back at the Board's discretion where it determines that there has been misconduct resulting in a material restatement of the Corporation's financial results.

PERFORMANCE GRAPH

The following data and graph present the total shareholder return over the last five years of an investment in our Common Shares as compared to the performance of the S&P / TSX Composite Index and the TSX Paper and Forest Products Index. This analysis assumes \$100 was invested on December 31, 2009, and assumes that all dividends are reinvested. Also presented in the graph is the trend in total shareholder return compared to the trend in Named Executive Officer compensation.

	Dec 31, 2009	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
WEF Common Shares	\$100	\$410	\$431	\$672	\$1,005	\$1,426
S&P / TSX Composite Index	\$100	\$114	\$102	\$106	\$116	\$125
TSX Paper and Forest Products Index	\$100	\$125	\$32	\$53	\$78	\$92

Note: The decline in the TSX Paper and Forest Products Index between 2010 and 2011 reflects the removal of Sino Forest Corporation from the index in 2011, which constituted a significant part of the index.



The performance of our share price relative to the S&P/TSX Composite Total Return Index and the TSX Paper and Forest Products Total Return Index has improved over the last four years. Worldwide markets for our products has improved. For the year-ended December 31, 2014, the NEO total compensation increased 4% from 2013 while total shareholder return increased 42% over the same period.

Summary Compensation Table

The following table sets forth all compensation paid or payable from Western or its subsidiaries in respect of each of the NEOs for services rendered during the three most recently completed financial years ended December 31, 2014:

Name and Principle Position	Year	Salary ⁽¹⁾	Share-Based Awards ⁽²⁾	Option-Based Awards ⁽³⁾	Non-Equity Incentive Plan Compensation		Pension Value ⁽⁴⁾	All Other Compensation ⁽⁵⁾	Total Compensation
					Annual Incentive Plan ⁽²⁾	Long Term Incentive Plan			
Donald Demens President and Chief Executive Officer	2014	\$454,231	-	\$749,200	\$300,000	-	\$24,930	\$9,399	\$1,537,760
	2013	\$390,577	\$100,000	\$887,500	\$300,000	-	\$23,820	\$2,542	\$1,704,139
	2012	\$315,192	\$87,500	\$1,388,000	\$87,500	-	\$22,063	\$2,048	\$1,902,303
Stephen Williams ⁽⁶⁾ Senior Vice President, Chief Financial Officer & Corporate Secretary	2014	\$101,538	-	\$186,930	\$120,000	-	\$7,269	\$101,125	\$516,862
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Brian Cairo ⁽⁶⁾ Former Chief Financial Officer & Corporate Secretary	2014	\$275,096	-	\$437,050	-	-	\$32,857	\$420,677	\$1,165,680
	2013	\$279,058	\$18,500	\$443,700	\$166,500	-	\$534	\$1,818	\$910,110
	2012	\$270,385	\$19,250	\$489,200	\$57,750	-	\$72,927	\$2,936	\$912,448
Shannon Janzen ⁽⁷⁾ Vice President, Chief Forester	2014	\$164,673	-	\$468,260	\$65,000	-	\$28,827	\$1,123	\$727,883
	2013	\$119,657	-	-	\$11,540	-	\$8,376	\$782	\$140,355
	2012	\$107,567	-	-	\$11,165	-	\$7,530	\$703	\$126,965
Anton Peiffer Vice President, Log Sales	2014	\$211,654	-	\$468,260	\$95,000	-	\$14,929	\$1,463	\$791,306
	2013	\$180,288	-	\$532,500	\$105,000	-	\$12,620	\$1,173	\$831,581
	2012	\$67,692	-	-	\$85,000	-	\$4,523	\$387	\$157,602
Tony Sudar Vice President, Manufacturing	2014	\$233,231	-	\$262,230	\$75,000	-	\$16,450	\$2,646	\$589,557
	2013	\$208,115	-	\$355,000	\$110,000	-	\$14,568	\$1,356	\$689,039
	2012	\$198,142	\$13,500	\$330,000	\$40,500	-	\$13,870	\$1,294	\$597,306

- (1) The amount in this column for each NEO reflects the dollar amount of base salary earned in each of the three financial years, including salary increases, if any.
- (2) The AIP awards represent bonuses earned by the NEOs in the fiscal year noted but paid subsequent to the end of the applicable year. A portion of NEO annual incentive plan compensation was eligible to be taken in the form of DSUs, where elected by the NEO. The number of DSUs allotted is determined by dividing the dollar portion of the bonus that the Named executive Officer elected to take in DSUs by the volume weighted average price of the Common Shares for the five trading days prior to the issue notification date.
- (3) The dollar value of options-based awards is the grant date fair market value of Options granted during the respective year using the Hull-White or Black Scholes option pricing models which include assumptions on expected volatility, expected life, expected termination rate, expected dividend yield, and risk-free interest rate. This value is also the accounting fair value and the assumptions applied in valuing these option grants are detailed in the Corporation's consolidated financial statements for the applicable year. The Options are only exercisable when the share price exceeds \$0.70 for 60 consecutive days on a volume weighted average price basis. **The value stated does not represent the actual value which will be realized upon exercise of the Option.**
- (4) Includes compensation relating to defined contribution pension plan or personal registered retirement saving plan. Amounts presented for Mr. Cairo and Ms. Janzen include a defined benefit pension benefit.
- (5) All other compensation represents the premiums for executive life insurance payable by the Corporation, and \$100,000 paid for consulting services received from Mr. Williams prior to his appointment as Senior Vice President, Chief Financial Officer and Corporate Secretary.
- (6) Mr. Cairo resigned as Chief Financial Officer and Corporate Secretary and Mr. Williams was appointed Senior Vice President, Chief Financial Officer and Corporate Secretary effective October 31, 2014. Mr. Cairo held an advisory role until departing November 30, 2014.
- (7) Ms. Janzen was promoted to Vice President effective January 21, 2015.

The following table sets forth awards of Options outstanding as at December 31, 2014 for each of the Named Executive Officers:

Name	Option-based Awards				Share-based Awards ⁽³⁾
	Number of securities under options unexercised ⁽¹⁾	Option exercise price (\$/Share)	Option expiration date ⁽²⁾	Aggregate value of unexercised in-the-money Options ⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed
Donald Demens	1,000,000	\$0.22	March 2, 2020	\$8,762,500	\$553,254
	500,000	\$0.77	February 22, 2021		
	550,000	\$0.95	February 21, 2022		
	1,650,000	\$0.96	July 30, 2022		
	1,000,000	\$1.27	February 20, 2023		
	600,000	\$2.61	February 20, 2024		
Stephen Williams	300,000	\$2.34	October 31, 2024	\$108,000	\$0
Brian Cairo	70,000	\$2.61	February 20, 2024	\$6,300	\$0
Shannon Janzen	375,000	\$2.61	February 20, 2024	\$33,750	\$0
Anton Peiffer	480,000	\$1.27	February 20, 2023	\$720,150	\$0
	375,000	\$2.61	February 20, 2024		
Tony Sudar	80,000	\$1.75	June 14, 2016	\$1,666,900	\$87,310
	80,000	\$2.20	August 27, 2017		
	300,000	\$0.95	February 21, 2021		
	250,000	\$0.96	July 30, 2022		
	400,000	\$1.27	February 20, 2023		
	210,000	\$2.61	February 20, 2024		

- (1) All Options were granted under the Option Plan and entitle each Named Executive Officer to purchase Common Shares.
- (2) All Options issued after March 2010 with expiry dates equal to or greater than March 2020 are exercisable only when the share price exceeds \$0.70 for a period of 60 consecutive days on a volume weighted average price basis.
- (3) The share-based awards amount is the aggregate market value for each NEO for vested DSUs that were outstanding as at December 31, 2014.
- (4) Of the in-the money options, Mr. Demens, Mr. Sudar and Mr. Peiffer each have a number of vested shares with an aggregate value totalling \$5,168,400 as at December 31, 2014.

The following table sets forth details of the value vested or earned by the Named Executive Officers under Western's Incentive Plans during the year ended December 31, 2014 on an aggregate basis:

Name	Stock Options – Value Vested During the Year ⁽¹⁾	Share-based Awards – Value Vested During the Year ⁽³⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽²⁾
Donald Demens	\$1,474,400	-	\$300,000
Stephen Williams	-	-	\$120,000
Brian Cairo	-	-	-
Shannon Janzen	-	-	\$65,000
Anton Peiffer	\$129,600	-	\$95,000
Tony Sudar	\$265,400	-	\$75,000

- (1) Represents the aggregate dollar value that would have been realized if the Options vesting during the year were exercised on the vesting date.
- (2) Relates to cash bonuses issued for 2014 under the Annual Incentive Plan – see “Summary Compensation Table”.
- (3) Relates to DSUs that vested immediately upon allotment - see Note (2) to the “Summary Compensation Table”.

For further discussion, see the sections titled “Annual Incentive Plan” and “Long-Term Incentive Plan” noted above on pages 12 through 14.

Pension Plan Benefits

As at December 31, 2014, Ms. Janzen was an active member of the DB Plan I and the WFP Supplementary Executive Retirement Plan, both defined benefit pension plans which closed for credited service at December 31, 2010.

Mr. Cairo, Mr. Demens, Mr. Sudar, and Mr. Williams are members of our defined contribution plan, the WFP Plan III (see the section titled “Retirement and Other Benefits” on Page 15 for further information). Mr. Peiffer has elected to opt-out of the defined contribution pension plan and receives pension designated contributions to a personal registered retirement savings plan.

The following table provides information on the change in the accrued liability and the estimated annual benefit payable at the normal retirement date for each of the NEOs participating in the DC Plan I and the WFP Supplementary Executive Retirement Plan:

Name	Number of Years of Credited Service	Annual Benefits Payable ⁽¹⁾		Opening present value of defined benefit obligation at January 1, 2014	Compensatory Change ⁽²⁾	Non-Compensatory Change	Closing present value of defined benefit obligation at December 31, 2014
		At December 31, 2014	At age 65				
Brian Cairo	4.83	\$13,600	\$13,600	\$306,000	\$(172,000)	\$67,000	\$201,000
Shannon Janzen	7.42	\$17,200	\$17,200	\$163,000	\$50,000	\$58,000	\$271,000

(1) Annual benefits payable are based on final average earnings and years of service as at December 31, 2010. Effective December 31, 2010 no further benefits accrue under this plan.

(2) Compensatory change represents the differences in actual compared to expected salaries.

For additional information with respect to the valuation method and significant assumptions used in determining the actuarial liability at December 31, 2014, see Note 17 “Employee Future Benefits” to our Consolidated Financial Statements for the year ended December 31, 2014, which note is incorporated herein by reference; the statements can be found on SEDAR at www.sedar.com or on our website at www.westernforest.com.

The following table provides information on the change in the accumulated value for each of the Named Executive Officers participating in the WFP Plan III:

Name	Accumulated Value at January 1, 2014	Compensatory change ⁽¹⁾	Accumulated Value at December 31, 2014
Donald Demens	\$91,231	\$27,457	\$118,688
Stephen Williams	-	\$7,357	\$7,357
Brian Cairo	\$66,213	\$26,935	\$93,148
Shannon Janzen	\$62,854	\$19,529	\$82,383
Tony Sudar	\$169,231	\$31,734	\$200,965
Anton Peiffer	-	(2)	-

(1) Compensatory change represents the Corporation’s contributions on behalf of the Named Executive Officer.

(2) Mr. Peiffer chose not to participate in the defined contribution pension plan upon his date of hire. In lieu of pension contributions, a financial institution where he has a personal registered retirement savings plan, receives payments equal to 7% of his base salary (\$14,363).

TERMINATION AND CHANGE OF CONTROL BENEFITS

Western entered into employment agreements with Messrs. Demens, Williams, Peiffer, Sudar and Ms. Janzen. The employment agreements contain severance provisions providing that in the event of a material change in control of Western, defined as a person other than the current principal shareholder (and/or its affiliates) acquiring control over greater than 50% of the Common Shares, and where the executives are not offered employment on substantially the same terms and conditions resulting in at least the same compensation as defined in their employment agreements, will be entitled for a period of six months thereafter to resign their employment and receive a lump sum payment. These payments are, in the case of Messrs. Demens, Williams, Peiffer, Sudar and Ms. Janzen equal to 14 months' base salary.

Pursuant to the Option Plan, the extent to which unvested Options may be forfeited, or continue to vest, following termination of employment, varies depending on the circumstances giving rise to the termination. See the discussion under the table "Securities Authorized for Issuance Under Equity Compensation Plans as at December 31, 2014" for further information with respect to the treatment of Options under different scenarios on ceasing employment with the Corporation.

As of December 31, 2014, in the event of a material change of control as defined and termination of employment, the Named Executive Officers would be entitled to incremental payments as follows:

<i>Name</i>	<i>Incremental Payment</i>
Donald Demens	\$466,667
Stephen Williams	\$350,000
Brian Cairo ⁽¹⁾	-
Shannon Janzen	\$192,500
Anton Peiffer	\$215,833
Tony Sudar	\$245,000

- (1) Mr. Cairo resigned as an employee on November 30, 2014. As a result, the Corporation would not have been required to have made incremental payments to Mr. Cairo pursuant to the provisions of the Change of Control Policy if a change of control had occurred on December 31, 2014, following the resignation.

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth all compensation paid or payable to the directors with respect to the financial year ended December 31, 2014:

<i>Name</i>	<i>Fees Earned</i>	<i>Share-Based Awards</i>	<i>All Other Compensation</i>	<i>Total</i>
James Arthurs	\$99,000	-	-	\$99,000
Lee Doney ⁽²⁾	\$71,250	\$23,750	\$288,100	\$383,100
Dominic Gammiero ⁽¹⁾⁽³⁾	\$25,000	-	\$1,000,000	\$1,025,000
J. Peter Gordon ⁽¹⁾	\$75,667	-	-	\$75,667
Pierre McNeil ⁽¹⁾	\$69,501	-	-	\$69,501
Daniel Nocente	\$45,333	-	-	\$45,333
John B. Newman	\$95,000	-	-	\$95,000
Michael T. Waites	\$8,333	-	-	\$8,333

- (1) Directors' fees payable in respect of Mr. Gammiero, Mr. McNeil and Mr. Gordon were paid to Brookfield Special Situations Management Limited ("BSSML").
- (2) Mr. Doney provides certain management consultancy services to the Corporation pursuant to a consultancy arrangement effective January 1, 2011 with RLD Strategies Ltd., an entity controlled by Mr. Doney. RLD Strategies Ltd. was paid \$188,100 for these services during 2014. In addition, Mr. Doney was awarded a bonus of \$100,000 for his services during 2014. Mr. Doney elected to take 25% of his directors fees earned during 2014 in the form of DSUs.
- (3) In February 2014, Mr. Gammiero received a retirement payment in the amount of \$1.0 million in recognition of almost 8 years of service, including 5 years as Chairman and 3 years as CEO, in which he received nominal compensation from the Corporation. Prior to this retirement payment, Mr. Gammiero had not received compensation since July 30, 2011 for his service to the Corporation as Chairman and CEO.

Compensation Arrangements

Our directors, who are not officers or employees, are compensated for their services as directors through a combination of retainer fees and meeting-attendance fees. For 2015, our Board has approved an annual retainer fee to be paid to such non-management directors (other than the Chairman of the Board) of \$50,000 and an annual retainer fee to be paid to the Chairman of \$80,000. In addition, our Board has approved the payment of a fee of \$15,000 per annum to the Chairman of the Audit Committee, \$5,000 per annum to the Vice-Chairman of the Audit Committee, and \$5,000 per annum to the Chairman of all other standing committees of the Board, and directors receive a fee of \$1,000 for each Board and standing committee meeting attended.

Fees for participation on any special committees established by the Board are determined by the Board at the time the work of the special committee is completed. Directors are reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings.

Deferred Share Unit Plan for Non-Management Directors

Our non-management directors may elect to take a portion of their directors' fees in the form of DSUs. The number of DSUs allotted is determined by dividing the dollar value of the portion of the fees that the director previously elected to take in DSUs by the closing price of our Common Shares on the fifth day following the quarter end with respect to which the directors fees are payable, and if that is not a trading day on the TSX, the next trading day. At the discretion of the MRCC, the number of DSUs to be allotted to the director may be increased by a factor of up to two. Following termination of Board service by a director, DSUs are redeemed for cash based on the fair market value of our Common Shares as described under the DSUP noted above.

The following table sets forth details of the value vested for each director who elected to take all or a portion of their director fees in DSUs during the financial year ended December 31, 2014 on an aggregate basis:

<i>Name</i>	<i>Deferred Share Units – Value Vested During the Year</i>
Lee Doney ⁽¹⁾	\$23,750

- (1) Represents the aggregate dollar value of DSUs earned during the year and includes, 2,665 DSUs that were earned for the quarter ended December 31, 2014 that were determined based on a January 8, 2015 closing market price for Western's Common Shares of \$2.72 per share, as required by the terms of the DSUP. DSUs can only be redeemed for cash after termination of Board service by a director. The total number of DSUs issued and outstanding held by Mr. Doney at December 31, 2014 is 615,228 with a market value of \$1,661,116. During 2014, Mr. Doney was awarded 19,473 DSUs following the payment of dividends on its shares as described on Page 14, which is not included in the total above.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AS AT DECEMBER 31, 2014

	<i>Number of Securities to be issued upon exercise of outstanding Options</i>	<i>Weighted-average exercise price of outstanding Options</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i>
<i>Plan Category</i>	<i>(a)</i>	<i>(b)</i>	<i>(c)</i>
Equity compensation plans approved by shareholders	10,431,000	\$1.35	5,418,000
Equity compensation plans not approved by shareholders	-	-	-
Total	10,431,000	\$1.35	5,418,000

Our Option Plan was adopted in 2004 and amended on May 10, 2007, May 8, 2008, June 3, 2011, May 8, 2013 and March 13, 2015. The Option Plan is administered by the Board with the assistance of the MRCC in accordance with our compensation policies and the policies of the TSX.

The Option Plan permits the granting of Options in accordance with the terms of the Option Plan to eligible participants to purchase up to a maximum of 20,000,000 Common Shares (representing approximately 5.1% of the issued and outstanding Common Shares as of the date hereof). In addition to the 10,431,000 Options outstanding at December 31, 2014, a further 1,491,667 Options were granted on March 13, 2015, and 266,000 Options were exercised in January and February 2015. Hence there are Options to purchase 11,656,667 Common Shares (representing approximately 3.0% of the issued and outstanding Common Shares as of the date hereof) that have been granted to eligible participants and are outstanding, 4,417,000 Common Shares that have been issued pursuant to the exercise of Options, and a total of 3,926,333 Common Shares that will remain available under the Option Plan. Options which have expired, were cancelled or otherwise terminated without having been exercised are available for subsequent grants under the Option Plan.

The Option Plan provides that the Board may from time to time grant Options to acquire Common Shares to any participant who is an employee, officer or director of Western or its affiliates or a consultant to the Corporation or its affiliates. The Options are non-assignable and non-transferable otherwise than by will or by laws governing the devolution of property in the event of death. Each Option entitles the holder to acquire one Common Share, subject to certain adjustments. The exercise price for Options granted pursuant to the Option Plan will be determined by the Board on the date of the grant, which price may not be less than the market value. "Market value" is defined under the Option Plan as the closing price of our Common Shares on the TSX on the trading day immediately preceding the grant day and if there is no closing price, the last sale prior thereto. The term of the Options granted is determined by the Board, which term may not exceed a maximum of ten years from the date of the grant. Pursuant to the Option Plan, additional terms and conditions, including vesting requirements, may be imposed by the Board on Options granted. The Option Plan does not contemplate that the Corporation will provide financial assistance to any optionee in connection with the exercise of the Option.

The maximum number of Common Shares that may be issued to the Corporation's insiders and their associates pursuant to Options granted under the Option Plan within any one-year period, when taken together with the number of Common Shares issued to such insiders and their associates under our other previously established or proposed share compensation arrangements, may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at the end of such period and, in the case of any one insider and his associates, may not exceed 5% of such issued and outstanding Common Shares. The maximum number of Common Shares that may be reserved for issuance under Options granted to insiders and their associates under the Option Plan together with the number of Common Shares reserved for issuance to such insiders and their associates under other previously established or proposed share compensation arrangements may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at the grant date of the Options.

Unless otherwise determined by the Board, if the holder of the Option ceases to be an eligible participant under the Option Plan:

- (a) for any reason other than death, retirement, early retirement, sickness or disability, the Options held by the participant terminate;
- (b) as a result of retirement (other than early retirement), Options that are held by the participant that have vested continue in force;
- (c) by reason only of early retirement as permitted under the provisions of our pension plan, Options that are held by the participant that have vested continue in force; and
- (d) as a result of death, the legal representatives of the participant may exercise the Options that are held by the participant within six months after the date of the participant's death to the extent such Options were by their terms vested and exercisable as of the date of the participant's death or within the period of six months following the participant's death.

For greater clarity, no Option shall be exercisable after the expiry of the option period applicable thereto.

The Option Plan also provides that if an Option expires:

- (a) within a self-imposed black-out period. The expiry date will be a date which is ten business days after expiry of the black-out period; or
- (b) within nine business days after the end of a self-imposed black-out period. The expiry date will be a date which is ten business days after expiry of the black-out period less the number of business days between the date of expiry of the Option and the date on which the black-out period ends.

The expiry dates for black-out periods are fixed under the Option Plan and are not subject to the discretion of the board of directors.

The Board may, subject where required to securities regulators' and/or TSX and security holder approval, from time to time amend, suspend or terminate the Option Plan in whole or in part. The directors also have the right, in their absolute discretion, to amend the Option Plan or any Option without shareholder approval to make the following changes:

- (a) amending the time or times that the Common Shares subject to each Option will become purchasable by an optionee, including accelerating the vesting terms, if any, applicable to an Option;
- (b) amending the process by which an optionee who wishes to exercise his or her Option can do so, including the required form of payment for the Common Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;
- (c) reducing the exercise price or extending the term of an Option, other than an Option held by an insider of the Corporation;
- (d) amending the terms of the Option Plan relating to the effect of termination, cessation or death of an optionee on the right to exercise Options (including Options held by an insider of the Corporation);

- (e) making any amendments of a typographical, grammatical or clerical nature; and
- (f) making any amendments necessary to bring the Option Plan into compliance with applicable securities and corporate laws and the rules and policies of the TSX.

Amendments which reduce the exercise price or extend the term of an Option held by an insider or which increase the fixed maximum number of Common shares issuable under the Option Plan will require shareholder approval.

On March 13, 2015, the Board approved certain amendments to the Option Plan of the nature described in (e) and (f) above. The current version of the Option Plan is available at www.sedar.com under our name and a copy may also be obtained by any shareholder by request to our Corporate Secretary at 604-648-4500.

PART FOUR – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

This section provides information about our corporate governance practices as required by the policies and rules of the Canadian Securities Administrators (“CSA”).

Corporate governance relates to the activities of the members of the Board who are elected by and are accountable to the shareholders, and takes into account the role of management who are appointed by the Board and who are charged with our ongoing management. The Board encourages sound corporate governance practices designed to promote the well-being and our ongoing development, having always as its ultimate objective our best long-term interests and the enhancement of value for all shareholders. The Board also believes that sound corporate governance benefits our employees and the communities in which we operate.

The Board is of the view that our corporate governance policies and practices, outlined below, are comprehensive and consistent with the corporate governance guidelines outlined in National Policy 58-201 – Corporate Governance Guidelines.

BOARD OF DIRECTORS

Mandate of the Board

The Board oversees the management of our affairs either directly or through its standing committees as described below. In doing so, the Board acts at all times with a view to the best interests of Western and our shareholders. The responsibilities of the Board and each committee of the Board are set out in written charters. A copy of the Board’s charter is attached as Appendix B to the Information Circular.

In fulfilling its mandate, the Board is responsible, among other matters, for the following: reviewing our overall long-term business strategies and its annual business plan; reviewing our principal business risks to assess whether these risks are within acceptable limits and the appropriate systems are in place to manage these risks; reviewing major strategic initiatives to determine whether our proposed actions accord with long-term shareholder objectives; appointing the Chief Executive Officer and other members of senior management and reviewing succession planning; assessing management’s performance against approved business plans; reviewing and approving the reports issued to shareholders, including annual and interim financial statements; promoting the effectiveness of the board of directors; and safeguarding shareholders’ interests.

Meetings of the Board

The Board meets at least once each quarter, with additional meetings held when appropriate. During 2014, there were four regularly scheduled meetings and eleven meetings to review specific matters. Four regular meetings are scheduled for 2015. Meeting frequency and agenda items may change depending on the opportunities or risks faced by the Corporation. The agenda for regularly scheduled Board meetings is prepared by the Chairman.

Size, Composition and Independence of the Board

The Board currently consists of six directors, all of whom will be standing for re-election at the Meeting. This is within the minimum and maximum number range set out in our articles, and which the Corporation considers to be appropriate at this time. A majority of the directors are independent as defined in NI 58-101, including Mr. Arthurs, Mr. Nocente, Mr. Shineton, and Mr. Waites. Mr. Demens and Mr. Doney are non-independent directors.

The Board reviewed the relationships between each of its director nominees and the Corporation and has determined that the proposed list of director nominees fairly represents the share ownership interests in the Corporation and the requirements for director independence under Canadian securities legislation. In reaching this conclusion, the Board considers that Mr. Demens is related to the Corporation due to his position as Chief Executive Officer of the Corporation. Effective January 1, 2011, Mr. Doney, who had since November 2008 acted in a non-executive capacity as Vice Chairman of the Board and effective February 21, 2014 as Chairman of the Board, began providing certain management services to the Corporation under a consultancy arrangement; accordingly he is not considered an independent director. It is the policy of the Board that all Board meetings and committee meetings include a session without the

presence of management and related directors. In the case of the Audit Committee, each meeting includes a session with only the external auditors and the committee members.

For attendance record of each director for all Board meetings during 2014, see the section titled “Director Attendance Report for Meetings Held in 2014” above.

Directors Sitting on the Boards of Other Reporting Issuers

Certain of our directors serve as directors on boards of other reporting issuers in Canada or a foreign jurisdiction as set out below:

<i>Director</i>	Daniel Nocente	Barrie Shineton	Michael T. Waites
<i>Reporting Issuer</i>	Savary Gold Corp.	Norbord Inc. Stella-Jones Inc.	HudBay Minerals, Inc. Talisman Energy Inc.

None of the Corporations directors served together as directors on the boards of other corporations at December 31, 2014.

Nomination of Directors

Each year, the Nominating and Corporate Governance Committee reviews the composition of the Board, assesses Board performance and the contributions of individual directors and, if appropriate, identifies new candidates and makes recommendations to the Board for nominees for election as directors. In that regard, the committee considers: the competencies and skills that are considered to be necessary for the Board, as a whole, to possess; the competencies and skills that each existing director possesses; the competencies and skills each new nominee will bring to the boardroom and whether the nominees can devote sufficient time to the Corporation and the Board; and the performance of existing directors.

Compensation

See the section titled “Part Three - Executive Compensation Report” above for descriptions of the process by which the Board determines the compensation for the Corporation’s directors and officers, and the responsibilities powers and operation of the MRCC.

Director Orientation and Continuing Education

The Board has established an orientation and continuing education program for directors to ensure they are equipped to fulfill their roles. New directors are provided with comprehensive information about the Corporation prior to their appointment that includes annual reports, management information circulars and strategic and operating plans. Shortly after becoming a director, new directors are invited to tour our operations and spend time at the head office for personal briefings by senior management on our strategic plan, major risks and other key business matters.

Informative updates by appropriate senior management and consultants on our business, operations and products are regularly scheduled for presentation to directors to help them understand our business environment, strategies and operations. In addition, all directors have the opportunity to meet and participate in work sessions with management to obtain further insight into the operations and our business. Directors also receive and review materials on industry trends and regulatory updates from management and other sources on a regular basis.

Periodically, directors are invited to visit our operations at various locations to tour the facilities and to meet with employees and local officials.

Directors are free to consult with members of management, whenever they so require, and to engage outside advisors at the expense of the Corporation subject to approval of the Chairman or a majority of the independent Board members. Directors may participate in outside professional development programs approved by the Chairman at the expense of the Corporation. Each committee is also authorized to engage outside advisers at the Corporation’s expense.

Committees of the Board

Board committees assist in the effective functioning of the Board. All Board standing committees are comprised primarily of independent directors (all directors are independent except for Mr. Doney following

execution of the consultancy agreement with the Corporation, and Mr. Demens, due to his current role as President and Chief Executive Officer of the Corporation), which ensures that the views of independent directors are effectively represented. The Board currently has four standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, the Environment, Health and Safety Committee, and the MRCC. We have also established a Disclosure Committee, which is composed of the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer (who is not a director of the Corporation). Special committees may be formed from time to time as required to review particular matters or transactions. All Board members have an open invitation to attend any committee meeting.

Audit Committee

The Audit Committee assists the Board in meeting its fiduciary responsibilities relating to corporate accounting and reporting practices. The Audit Committee is responsible for reviewing our quarterly and annual financial statements and management's discussion and analysis prior to their approval by the Board and release to the public. The Audit Committee is also responsible for appointing our external auditors, subject to the approval of the Board and shareholders, and for pre-approving the fees associated with any non-audit work to be performed by the external auditors. Each meeting of the Audit Committee includes a session with only the external auditors and the committee members. The Board reviews the terms of reference of the Audit Committee on a regular basis and updates such terms of reference as legislation governing audit committees changes and best practices are established. At March 31, 2015, the Audit Committee was comprised of Mr. Arthurs (Chairman), Mr. Waites (Vice-Chairman) and Mr. Nocente. The Board considers all three members of the Audit Committee to be independent and financially literate under the standards established by Canadian securities regulatory authorities in National Instrument 52-110 - Audit Committees. Additional information on the Audit Committee, including the Audit Committee's charter can be found in our Annual Information Form, under the heading "Audit Committee", which is posted on our website at www.westernforest.com or can be found on SEDAR at www.sedar.com.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for assisting the Board in the development and monitoring of our corporate governance practices. Its duties include the identification and recommendation of potential nominees or appointees to the Board, and the assessment of the effectiveness of the Board, its size and composition, its structure and the individual performance of its directors. The Nominating and Corporate Governance Committee also has responsibility for the review of our Disclosure Policy and Code of Business Conduct. At March 31, 2015, the Nominating and Corporate Governance Committee was comprised of Mr. Nocente (Chairman), Mr. Arthurs, Mr. Shingleton and Mr. Waites. All of the members of this committee are independent. A copy of the Nominating and Corporate Governance Committee charter can be found on our website at www.westernforest.com.

Environment, Health and Safety Committee

The mandate of the Environment, Health and Safety Committee is to assist the Board in carrying out its responsibilities with respect to environmental, health and safety issues. The Environment, Health and Safety Committee reviews compliance with relevant Board resolutions and with our environmental, health and safety policies, and assesses the effectiveness of our environmental management processes and health and safety programs including the review of internal audits of these processes and programs. At March 31, 2015, the Environment, Health and Safety Committee was comprised of Mr. Shingleton (Chairman), Mr. Arthurs, Mr. Doney and Mr. Waites. A copy of the Environment, Health and Safety Committee charter can be found on our website at www.westernforest.com.

Management Resources and Compensation Committee

The MRCC assists the Board with respect to our compensation and benefits policies and practices. In particular, the MRCC: recommends to the Board persons to be appointed as our executive officers; assesses the performance of the Chief Executive Officer against agreed-upon targets and recommends his compensation to the Board; approves the compensation levels for other executive officers; reviews overall compensation plans for executive officers and recommends changes thereto to the Board; and oversees the funding, investment management and administration of our employee retirement plans, as delegated to our Pension Committee. At March 31, 2015, the MRCC was comprised of Mr. Nocente (Chairman), Mr. Arthurs, Mr. Shingleton and Mr. Waites. All of the members of this committee are independent. A copy of the Management Resources and Compensation Committee charter can be found on our website at www.westernforest.com.

Disclosure Committee

The Disclosure Committee is responsible for overseeing the establishment, maintenance and implementation of our disclosure controls and procedures and supervising and participating in the evaluation of our disclosure controls and procedures. At March 31, 2015, the Disclosure Committee was comprised of Mr. Doney (Chairman), Mr. Demens (CEO) and Mr. Williams (who is CFO but not a director). A copy of the Disclosure Committee charter can be found on our website at www.westernforest.com.

Board Evaluation

The Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. The assessment considers: (a) compliance with the Board's mandate; (b) the charter of each committee of the Board; and (c) the competencies and skills that the individual director brings to the Board.

BOARD AND MANAGEMENT RESPONSIBILITIES

The Board has developed written position descriptions for the Chairman of the Board and the Chairman of each Board committee. In addition, the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. The duties and responsibilities of the Chairman and Chief Executive Officer are set out in the Board's mandate attached as Appendix B to this Circular. Our Board has also developed and approved the corporate goals and objectives that the Chief Executive Officer is responsible for meeting.

Effective February 21, 2013, the positions of Chairman of the Board and Chief Executive Officer were separated. These positions are currently held by Lee Doney and Don Demens, respectively. Additionally, the independent directors meet without management in attendance as they see necessary. Standing board committees are comprised primarily of independent directors (all directors are independent with the exception of Mr. Doney and Mr. Demens).

The Chairman is generally responsible for managing the affairs of the Board and ensures that the functions identified in its mandate are being carried out effectively. In addition the Chairman is responsible for:

- ◆ preparing the agenda for each Board meeting in consultation with the Chief Executive Officer and Chief Financial Officer;
- ◆ ensuring that all directors receive the information required for the proper performance of their duties;
- ◆ presiding over all meetings of the Board and ensuring that there is adequate time for discussion of relevant issues and for members of the Board to meet without the presence of management;
- ◆ ensuring that the appropriate committee structure is in place and assisting the Nominating and Corporate Governance Committee in recommending appointments to such committees;
- ◆ together with the Nominating and Corporate Governance Committee, leading the annual review of directors, Board committees and Board performance and making recommendations for changes when appropriate; and
- ◆ monitoring progress on corporate governance, corporate performance and to represent the Corporation to external stakeholders.

The Chief Executive Officer provides leadership for the Corporation and is generally responsible for managing the operation, organization and administration of the Corporation, subject to approved policies and direction by the Board. The responsibilities of the Chief Executive Officer include: providing vision and leadership for the Corporation; presenting a strategic plan together with the business and financial plans for the Corporation to the Board for approval; managing the business operations in accordance with the strategic and operational policies as approved by the Board; acting as the primary spokesperson for the Corporation to all its stakeholders; presenting to the Board for annual approval an assessment of the Corporation's management resources together with recommendations on appropriate rewards and incentives; developing and implementing the systems and processes to support the policies established by the Board and reporting non-compliance to the Board on a timely basis; and fostering a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

Management's Relationship to the Board

The primary responsibility of management is to safeguard Western's assets and to create wealth for its shareholders. In the event that management's performance is found to be inadequate, the Board has the responsibility to bring about change to enable the Corporation to perform satisfactorily.

Our senior management reports to and is accountable to the Board. At its meetings, the Board regularly engages in a private session with the Chief Executive Officer without other members of management present. The Board also meets independently of management at every meeting.

Management Accountability

The Board believes in the importance of developing strategic plans to ensure the compatibility of shareholder, Board and management views on direction and performance targets, and the effective utilization of shareholder capital. Each year, the Board reviews the strategic initiatives and annual strategic plan submitted by senior management. The Board's approval of the annual strategic plan provides a mandate for senior management to conduct our affairs within the terms of the plan, knowing it has the support of the Board. Material deviations from the plan are reported to and considered by the Board.

Board and Committee Information

The information provided by our management to the Board is critical to the Board's effectiveness. In addition to reports presented to the Board and its committees at regular meetings, the Board is also informed on a timely basis by management of corporate developments and key decisions taken by management in pursuing Western's strategic plan and objectives. The Board periodically assesses the quality, completeness and timeliness of information provided by management to the Board.

CODES OF BUSINESS CONDUCT

The Board has adopted two written codes of conduct (the "Codes"), an Employee Code of Conduct for employees and a Code of Business Conduct and Ethics for directors and officers, prescribing the minimum moral and ethical standards of conduct required of all directors, officers and employees of the Corporation and its subsidiaries.

These Codes address the following matters:

- (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- (b) protection and proper use of corporate assets and opportunities;
- (c) confidentiality of corporate information;
- (d) fair dealing with our security holders, customers, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

A copy of the Codes can be found on our website at www.westernforest.com or can be found on SEDAR at www.sedar.com.

We provide, on an annual basis, a copy of the Employee Code of Conduct to all salaried employees who are required to sign an acknowledgment that they have received, read and understand the contents of the Employee Code of Conduct and agree to adherence to its principles. All violations of law or of the Employee Code of Conduct must be reported. As part of the Employee Code of Conduct, we have implemented a Compliance and Code of Conduct Hotline, allowing directors, officers, employees, customers and suppliers to report, in confidence, a violation of law, the Employee Code of Conduct, or any other ethical concerns through an independent third-party ethics reporting system, called "Global Compliance". Contact information can be found on our website at www.westernforest.com.

The Nominating and Corporate Governance Committee oversees compliance with each of the Codes and policies, authorizes any waivers and confirms with management the appropriate disclosure of any waiver. Where appropriate, the Committee will also cause an investigation of any reported violation of the Code of Business Conduct and Ethics and oversee an appropriate response to any violation. The Chief Executive Officer promotes compliance with the Employee Code of Conduct, causes an investigation of any reported violations to be undertaken and determines an appropriate response to any violation.

Certain directors are directors or officers of other corporations and, to the extent that such other corporations may participate in transactions or other ventures in which we may participate, the directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Board requires that directors provide disclosure to it of all boards and committees that they are members of, and all offices held at, other issuers. Western also requires conflicts of interest to be disclosed to our Code of Business Conduct and Ethics contact person and reported to the Nominating and Corporate Governance Committee. In the event that a conflict of interest arises, a director who has such a conflict is required under the CBCA to disclose the conflict and (except in limited circumstances permitted by the CBCA), to abstain from voting for or against the approval of the matter. In addition, in considering transactions and agreements in respect of which a director has a material interest, our Board will require that the interested person absent himself from portions of Board or committee meetings so as to allow independent discussion of points in issue and the exercise of independent judgment. In appropriate cases, we may also establish a special committee of independent directors to review a matter in respect of which directors or management may have a conflict.

COMMUNICATION POLICY

We have adopted a Communication Policy that summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that our communication with the investment community are timely, consistent and in compliance with all applicable securities legislation. The Communication Policy is reviewed annually and is posted on our website at www.westernforest.com.

We endeavour to keep our shareholders informed of our progress through a comprehensive annual report, quarterly interim reports and periodic press releases. It also maintains a web site that provides summary information on Western and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with our shareholders at the Annual Meeting. Senior management is available to answer questions either directly or via e-mail. Shareholders who wish to contact the Chairman or other Board members can do so directly or through our Corporate Secretary.

We maintain an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts and financial advisors to ensure that accurate information is available to investors on our financial results. We also endeavours to ensure that the media are kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with our designated spokespersons.

BOARD RENEWAL

The term of each director expires at the end of each annual general meeting of shareholders, or when his or her successor is elected or appointed to the Board. The Corporation does not otherwise have an established term limit for its directors or a retirement policy. The Board, including in particular the Nominating and Corporate Governance Committee, considers the criteria and process mentioned under "Board Evaluation" above on an effective basis to assess board renewal and, as a result, has determined that set term limits are therefore unnecessary. The terms of the current nominees for election as directors are not high, when compared to other similar public companies and prevailing governance standards. Other than the longest serving directors, Mr. Arthurs and Mr. Doney, who have been on the Board for almost 11 years, the other four directors have been on the Board for two and a half years or less. Furthermore, the Nominating and Corporate Governance Committee recognizes that considerable Corporation and industry-specific knowledge is gained over a consistent tenure with the Board, and therefore seeks to retain this skill set among its Board members unless circumstances otherwise require.

GENDER DIVERSITY

The Corporation has not adopted a written policy relating to the identification and nomination of women directors. It has also not adopted targets for women on the Board or in executive officer positions.

Although diversity of skill and experience is a critical consideration in the assessment of the Board and its composition, the Nominating and Corporate Governance Committee does not specifically consider the level of representation of women on the Board, but instead makes its identification, nomination and appointment recommendations based on merit and the assessment of the suitability of a candidate for a particular role in light of the needs of the Corporation. The Nominating and Corporate Governance Committee will continue to take into account a broad variety of factors it considers appropriate, including skills, independence, financial acumen, board dynamics and personal characteristics, including gender.

As at December 31, 2014, there were no women on the Board and one woman in an executive officer role within the Corporation's organization.

PART FIVE – OTHER INFORMATION

INDEBTEDNESS OF DIRECTORS, EXECUTIVES AND SENIOR OFFICERS

As at the date hereof, there was no indebtedness in respect of the purchase of securities and other indebtedness owed to us or any of our subsidiaries (other than routine indebtedness) or to another entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement provided by us or any of our subsidiaries, by present and former executive officers, directors and employees of the Corporation or any of our subsidiaries.

As at the date hereof and since the beginning of our most recently completed financial year, there was no indebtedness in respect of the purchase of securities and no other indebtedness owed to us or any of our subsidiaries (other than routine indebtedness) or to any other entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement provided by us or any of our subsidiaries, by any individual who is or was since the beginning of the recently completed financial year end a present or former executive officer or director of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any of the foregoing.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Western has entered into indemnification agreements with certain of its directors, directors of its subsidiaries, and officers. There was no indemnification payable during the most recent financial year to any of Western's directors or officers.

Western maintains liability insurance for directors and officers in the aggregate amount of \$75 million, subject to a deductible of \$100,000. The premium, in the amount of \$214,000, was paid with respect to the period from November 1, 2014 to November 1, 2015. Under this insurance coverage, the Corporation is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws. Such payments could be made to directors or officers to indemnify for losses, including legal costs, arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers if they are not indemnified by the Corporation. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or have resulted in personal profit or advantage.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, none of our directors or executive officers, nor any person who has held such a position since the beginning of our last completed financial year, nor any of our proposed nominees for election as a director of the Board, nor any of their respective associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting (excluding the election of directors and the appointment of auditors).

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, we are not aware of any material interest, direct or indirect, of any informed person of the Corporation, any of our proposed nominees for election as a director of the Board, or any associate or affiliate of any of the foregoing, in any transaction which has been entered into since the commencement of our most recent completed financial year or in any proposed transaction which, in either case, has materially affected or will materially affect us or any of our subsidiaries.

On January 31, 2014, on closing of a further secondary offering of the Corporation's shares by Brookfield Special Situations Management Limited ("BSSML"), 39,050,597 Non-Voting Shares of the Corporation were converted, on a one-for-one basis, into Common Shares. Following this transaction, BSSML held no Non-Voting Shares and 163,012,474 Common Shares, representing approximately 42% of the then issued and outstanding Common Shares on a non-diluted basis.

From February 1, 2014 to July 31, 2014, BSSML's remaining Common Share ownership was reduced to 29% by transferring Common Shares to warrant holders who exercised their rights to the Corporation's Common Shares held by BSSML, pursuant to prior warrant issuance. On September 10, 2014, BSSML's

remaining 29% of Common Shares were sold through the completion of a secondary offering thereby reducing BSSML's shareholding to nil.

PERFORMANCE AND NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") MEASURES

We use a number of non-IFRS measures to measure overall performance and to assess each of our business. Non-IFRS measures are not defined terms under IFRS and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with IFRS.

A non-IFRS measure referenced in this Circular is ROCE. ROCE is defined as the earnings of Western before interest charges, taxes, depreciation and amortization ("adjusted EBITDA"), divided by capital employed (defined as net working capital, property, plant and equipment, intangible assets, biological assets and other assets).

For a discussion of adjusted EBITDA and how it relates to our reported net income, see our most recent Management's Discussion and Analysis which is available on the Corporation's website at www.westernforest.com.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

The CBCA permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management information circular relating to an Annual Meeting of shareholders. Any notice of a shareholder proposal intended to be raised at next year's Annual Meeting of our shareholders must be submitted to us at our registered office, to the attention of the Corporate Secretary, on or before December 31, 2015, to be considered for inclusion in the management information circular for the Annual Meeting of our shareholders in 2016.

AVAILABILITY OF DISCLOSURE DOCUMENTS

Financial information is provided in our comparative annual financial statements and management's discussion and analysis of financial condition and results of operations for the financial year ended December 31, 2014.

We will provide any person or company, upon request to the Corporate Secretary of the Corporation, with a copy of this Circular and: (i) the most recent Annual Information Form of the Corporation, together with a copy of any document, or pertinent pages of any document, incorporated therein by reference; (ii) the comparative financial statements of the Corporation for the fiscal year ended December 31, 2014, together with the report of the auditors thereon; (iii) the most recent annual report of the Corporation, which includes management's discussion and analysis of financial condition and results of operations; and (iv) the interim financial statements of the Corporation for the periods subsequent to the end of its fiscal year. This information, along with other information relating to the Corporation, is also available on the Corporation's web site at www.westernforest.com or on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents and sending of the Circular have been approved by the directors of the Corporation.

BY ORDER OF THE BOARD OF DIRECTORS



Lee Doney
Chairman
Western Forest Products Inc.

Appendix A

**SPECIAL RESOLUTION TO APPROVE AN
AMENDMENT TO THE ARTICLES OF
WESTERN FOREST PRODUCTS INC.**

The following special resolution is being submitted for consideration at the Meeting and, if thought advisable, approval:

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the articles of the Corporation be and are hereby amended to delete in their entirety, the authorized but unissued Non-Voting Shares in the capital of the Corporation, and the rights, privileges, restrictions and conditions attaching thereto;
2. notwithstanding that this resolution has been duly passed by the holders of common shares of the Corporation (the "Shareholders"), the directors of the Corporation, in their sole discretion, be and they are hereby authorized and empowered, without further approval of the Shareholders, to revoke, postpone and/or abandon this resolution at any time prior to the filing of articles of amendment; and
3. any one officer or director of the Corporation be and is hereby authorized and directed to prepare, execute (whether under the corporate seal or otherwise) and deliver any and all such other instrument(s) in the name and on behalf of the Corporation, and to do and to perform or cause to be done and performed any and all such other acts and things as such officer or director may determine to be necessary or advisable in order to carry out the purposes and intent of the foregoing resolutions, the execution, delivery and filing of any and all such other instrument(s) and the performance or the causing of the performance of any and all such other acts and things to be conclusive evidence of such determination.

Appendix B

MANDATE OF THE BOARD OF DIRECTORS OF WESTERN FOREST PRODUCTS INC.

1. General

The Board of Directors (the "Board") of Western Forest Products Inc. (the "Corporation") is responsible for the overall stewardship of the Corporation and is elected by the shareholders to represent and serve the interests of all shareholders of the Corporation.

The Board will appoint a competent executive management team to run the day-to-day operations of the Corporation and will oversee and supervise the management of the business of the Corporation by that team. The Board will also review the Corporation's systems of corporate governance and financial reporting and controls with the objective that the Corporation reports accurate and complete financial information to shareholders and engages in ethical and legal corporate conduct. The Board will carry out its mandate directly and through the following committees of the Board (and such other committees as it may appoint from time to time): the Audit Committee, the Management Resources and Compensation Committee, the Nominating and Corporate Governance Committee and the Environment, Health and Safety Committee.

2. Appointment, Supervision and Compensation of Management

To carry out its responsibilities, the Board will:

- Appoint the Chief Executive Officer ("CEO") and confirm the appointment of other senior officers comprising the senior management team ("SMT") and provide them with advice and counsel.
- Monitor the performance of the CEO and SMT against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- To the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers and encourage the CEO and other senior officers to create a culture of integrity throughout the organization.
- Approve CEO compensation.
- Establish a process to provide for management succession.
- Establish boundaries between the Board and management responsibilities and establish limits of authority delegated to management.
- Review and consider for approval:
 - corporate strategy and operating plans;
 - capital and operating budgets; and
 - matters of policy;and any material amendments thereto or departures therefrom proposed by management.

3. Strategic Planning and Risk Management

The Board will:

- Adopt a strategic planning process and review and approve annually a corporate strategic plan which takes into account, among other things, the opportunities and risks of the business on a long-term and short-term basis.
- Review for consistency with the corporate strategy and approve annually management's operational plans.
- Monitor management's performance against both short-term and long-term strategic plans and annual performance objectives.
- Confirm that a management system is in place to identify the principal risks to the Corporation and its business and that appropriate procedures are in place to monitor and mitigate those risks.
- Confirm that processes are in place to comply with the Corporation's by-laws, Codes of Conduct and all other significant policies and procedures.

4. Financial Reporting, Regulatory Compliance and Controls

The Board will:

- Approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- Review and approve annual operating and capital budgets.
- In addition to the Audit Committee, review and assess the adequacy and effectiveness of the Corporation's internal control and management information systems.
- Review operating and financial performance results relative to established strategy, budgets and objectives.
- Review and assess the adequacy of the Audit Committee Charter periodically.
- Confirm that management processes are in place to address and comply with applicable regulatory, corporate, securities and other compliance matters.

5. Shareholder Communication and Disclosure

The Board will:

- Confirm that management has established a system for effective corporate communications including processes for consistent, transparent regular and timely public disclosure.
- Approve the adoption of a disclosure policy relating to, among other matters, the confidentiality of the Corporation's business information (the "Communications Policy") and monitor compliance with such policy;
- Report annually to shareholders on the Board's stewardship for the previous year.
- Determine appropriate criteria against which to evaluate corporate performance against shareholder expectations and confirm that the Corporation has a system in place to receive feedback from shareholders.
- Review and assess the adequacy of the Communications Policy and Insider Trading Policy periodically.

6. Corporate Governance

The Board will:

- Establish an appropriate system of corporate governance including practices to permit the Board to function independently of management.
- Adopt, from time to time, criteria for selection of Board members.
- Approve the nomination of directors. Prior to approving such nominations, the Board should first consider what competencies and skills the Board, as a whole, should possess. It should then assess what competencies and skills each existing director possesses. It is unlikely that any one director will have all the competencies and skills required by the Board. Instead, the Board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director as these may ultimately determine the boardroom dynamic. The Board should then consider the competencies and skills each new nominee will bring and whether he or she can devote sufficient time to the Board.
- Establish committees, initially an Audit Committee, an Environment, Health and Safety Committee, a Nominating and Corporate Governance Committee and a Management Resources and Compensation Committee and approve their respective charters, the limits of authority delegated to each committee and position descriptions for the Chair of the Committee.
- The Board should regularly assess its own effectiveness, as well as effectiveness and contribution of each Board Committee and each individual director. An assessment should consider (a) compliance with this Board mandate, (b) the Charter of each Board Committee, and (c) the competencies and skills each individual director is expected to bring to the Board.
- Review on an annual basis the independence of each Board member and whether the composition of the Board needs to be changed due to independence concerns.
- Review the adequacy and form of directors' compensation.
- Arrange for non-management directors to meet regularly, and with the objective of not less frequently than quarterly, without management present.

- Establish a minimum attendance expectation for Board members in respect of Board and committee meetings, keeping in mind the principle that the Board believes that all directors should attend and participate in all meetings of the Board and each committee on which he or she sits.

7. Codes of Conduct

The Board will:

- Adopt a Code of Business Conduct and Ethics and an Employee Code of Conduct (collectively, the “Codes of Conduct”) and monitor compliance with those codes.
- Approve any waivers and require disclosure of any waivers of the Codes of Conduct in the Corporation’s annual report or management information circular.

8. The Chair of the Board

The Chair of the Board reports to the shareholders and provides leadership to the Board in matters relating to the effective execution of all Board responsibilities and works with the CEO and SMT to address the organization’s responsibilities to stakeholders including shareholders, employees, customers, governments and the public. The Chair of the Board will:

- Provide effective leadership so that the Board can function independently of management by requiring that the Board meets regularly without management and that the Board and Board members may engage outside advisors subject to the approval of the Chair or the majority of independent Board members.
- Establish procedures to govern the Board’s work including:
 - scheduling meetings of the Board and its committees;
 - chairing all meetings of the Board;
 - encouraging full participation, stimulating debate and facilitating consensus and clarity regarding decision-making;
 - developing the agenda for Board meetings with input from other Board members and management;
 - requiring that proper and timely information is delivered to the Board;
 - requiring that the Board has appropriate administrative support; and
 - addressing complaints, questions and concerns regarding Board matters.
- Require that the Board fully exercises its responsibilities and duties and complies with applicable governance and other policies.
- Meet or communicate regularly with the CEO regarding corporate governance matters, corporate performance and feedback from Board members.
- Act as a liaison between the Board and management.
- Serve as advisor to the CEO and other officers.
- Together with the Nominating and Corporate Governance Committee, establish appropriate committee structures, including the assignment of Board members and the appointment of committee chairs.
- Establish, together with the Nominating and Corporate Governance Committee, an adequate orientation and ongoing training programs for Board members.
- Together with the Board’s Nominating and Corporate Governance Committee, establish performance criteria for the Board and for individual Board members and coordinate the evaluation of performance and reporting against these criteria.
- Establish performance criteria for the CEO to facilitate the evaluation of the CEO’s performance.
- Work with the Nominating and Corporate Governance Committee to establish and manage a succession program for the CEO’s position.
- Oversee matters relating to shareholder relations and chair meetings of the shareholders.
- Work with the CEO to represent the Corporation to external stakeholders including shareholders, the investment community, governments and communities. The Chair of the Board’s performance will be measured by the Board, with the recommendations of the Nominating and Corporate Governance Committee, against the following key metrics:

- The effectiveness with which the Board functions, including satisfaction of Board members regarding the functioning of the Board.
- The extent to which the Corporation carries out its responsibilities to shareholders, employees, customers, governments, and the public.
- The quality of communications between the Board and management, including satisfaction of members of management and Board members regarding this communication.

9. The Chief Executive Officer

The CEO is accountable to the Board for achieving corporate objectives within specified limitations and in accordance with the CEO's performance objectives determined annually by the Board.

The CEO will:

- Provide vision and leadership for the Corporation.
- Develop and recommend corporate strategies, and business and financial plans for the approval of the Board.
- Execute the corporate strategy with a goal of achieving profitable growth and maximizing shareholder value for the Corporation's shareholders.
- Manage the business operations in accordance with the strategic direction approved by the Board and within operational policies as determined by the Board.
- Challenge management to set and achieve viable annual and long-term strategic and financial goals.
- Monitor the performance of management against a set of initially agreed corporate objectives directed at maximizing shareholder value.
- Recommend appropriate rewards and incentives for management.
- Report information from management to the Board in a manner and time so that the Board may effectively monitor and evaluate corporate (operational and financial) performance against stated objectives and within executive limitations.
- Report to the Board on relevant trends, anticipated media and analyst coverage, material external or internal changes, and any changes in the assumptions upon which any Board decision or approval has previously been made.
- Advise the Board if, in the CEO's opinion, the Board is not in compliance with its own policies, or legal and/or regulatory requirements.
- Provide the Board with all information and access that the Board may require in order to make fully-informed decisions.
- Report in a timely manner any actual or anticipated non-compliance with any Board approved policy or decision.
- Promote compliance with the Employee Code of Conduct, cause an investigation of any reported violations to be undertaken and cause an appropriate response to be taken to any violation of the Employee Code of Conduct.

Dated as of February 21, 2013