

COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985 c. C-34, as amended;

AND IN THE MATTER OF the acquisition of Slocan Forest Products Ltd. by Canfor Corporation;

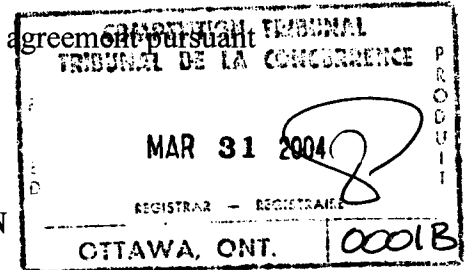
AND IN THE MATTER OF the filing and registration of a consent agreement pursuant to section 105 of the *Competition Act*,

BETWEEN:

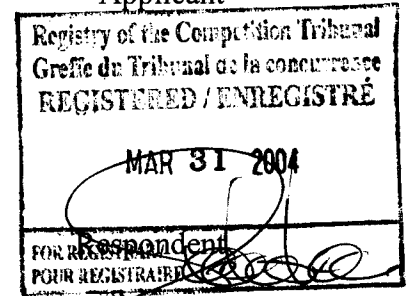
THE COMMISSIONER OF COMPETITION

-and-

CANFOR CORPORATION



Applicant




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CONSENT AGREEMENT IN RELATION TO THE ACQUISITION  
BY CANFOR CORPORATION OF SLOCAN FOREST PRODUCTS LTD.

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WHEREAS Canfor Corporation ("Canfor") proposes to acquire all of the shares of Slocan Forest Products Ltd. ("Slocan") pursuant to a plan of arrangement under the *Company Act* (British Columbia) or successor legislation thereto (the "Transaction");

AND WHEREAS the Commissioner of Competition, having completed her review of the Transaction, has concluded that the Transaction, if substantially completed, is likely to substantially lessen competition in and around Prince George, British Columbia in respect of the purchase of logs; supply of inputs to re-manufacturers and sale and supply of wood chips;

AND WHEREAS the Commissioner has alleged certain material facts and Canfor does not agree with the facts alleged and does not admit to any substantial lessening or prevention of competition in any relevant market, but, for the purpose of this Consent Agreement and any proceedings related thereto including any proceeding pursuant to section 106 of the *Competition Act* R.S.C. 1985 c.c-34 as amended (the "Act"), does not contest the Commissioner's conclusions based on those facts ;

AND WHEREAS the Commissioner declares herself satisfied that the actions required to be taken by Canfor pursuant to this Consent Agreement will ensure that the Transaction does not prevent or lessen competition substantially in any relevant market;

**AND WHEREAS** with the execution of this Consent Agreement, the Commissioner will not oppose the Transaction, in whole or in part, pursuant to sections 92, 100 or 104 of the Act.

**NOW THEREFORE** Canfor and the Commissioner have agreed to the terms of this Consent Agreement as follows:

**Definitions**

1. For the purposes of this Consent Agreement, the following capitalized terms have the following meanings:
  - (a) “Affiliate” has the meaning given to it in subsection 2(2) of the Act;
  - (b) “Associated Tenure” means an agreement as that term is defined in section 53 of the *Forest Act* to harvest standing timber in the Prince George Timber Supply Area, the allowable annual cut, operating areas and timber profile of which shall:
    - (i) within the Initial Divestiture Period, be negotiated between the Purchaser (as hereinafter defined) and Canfor; or
    - (ii) within the Trustee Divestiture Period shall be negotiated by the Trustee to a maximum allowable annual cut as set out in, and in such operating areas and with such timber profile as generally described in, the attached Confidential Schedule “A” to this Consent Agreement;
  - (c) **[CONFIDENTIAL]**
  - (d) “Commissioner” means the Commissioner of Competition appointed pursuant to section 7 of the Act;
  - (e) “Confidential Information” means any information pertaining to the operation and business of the FSJ Mill including, without limitation, all manufacturing, operations, financial information, operating costs and revenues, together with any information relating to the FSJ Mill owned by, or in the possession or control of Canfor that is not independently known to Persons other than Canfor;
  - (f) “Consent Agreement” means this Consent Agreement entered into by Canfor and the Commissioner together with all Schedules attached hereto;
  - (g) "Divest" means to implement a Divestiture;
  - (h) “Divestiture” means the sale, transfer, assignment or other disposal pursuant to which Canfor shall have no further direct or indirect interest in any asset to be divested, except as permitted herein or upon the consent of the Commissioner;
  - (i) **[CONFIDENTIAL]**

- (j) “*Forest Act*” means the *Forest Act* (British Columbia) [R.S.B.C. 1996] Chapter 157 as same may be amended, or any successor legislation thereto;
- (k) “FSJ Mill” means the Canfor sawmill located at Fort St. James, British Columbia;
- (l) “Initial Divestiture Period” means the Initial Divestiture Period specified in Confidential Schedule “B” to this Consent Agreement, together with any extensions to such period;
- (m) **[CONFIDENTIAL]**
- (n) “Person” means any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity;
- (o) “Prince George Timber Supply Area” means the timber supply area comprised of the Prince George, Vanderhoof and Fort St. James forest districts established by the Minister of Forests (British Columbia);
- (p) “Purchaser” has the meaning given to it in paragraph 3;
- (q) “Transaction” has the meaning given to it in the first Recital to this Consent Agreement;
- (r) “Tribunal” means the Competition Tribunal established by the *Competition Tribunal Act*;
- (s) “Trustee” means **[CONFIDENTIAL]** and any replacement of such Trustee pursuant to paragraph 14(p); and
- (t) “Trustee Divestiture Period” means the Trustee Divestiture Period specified in Confidential Schedule “C” to this Consent Agreement, together with any extensions to such period.

**Application**

- 2. The provisions of this Consent Agreement shall apply to:
  - (a) Canfor, including each Affiliate or any other Person controlled by Canfor and each officer, director, employee, or other Person acting for or on behalf of Canfor with respect to any of the matters referred to in this Consent Agreement, and any successors and assigns of Canfor; and all other Persons acting in concert or participating with any successor(s) or assign(s) in respect of the matters referred to in this Consent Agreement who shall have received actual notice of this Consent Agreement;
  - (b) Until the completion of the Transaction, Slocan, including each Affiliate or any other Person controlled by Slocan and each officer, director, employee, or other Person acting for or on behalf of Slocan with respect to any of the matters referred to in this Consent Agreement, and any successors and assigns of Slocan; and all other Persons acting in concert or participating with any successor(s) or assign(s) in respect of the matters

referred to in this Consent Agreement who shall have received actual notice of this Consent Agreement;

- (c) the Commissioner; and
- (d) the Trustee (if any), or any substitute thereof appointed pursuant to this Consent Agreement, and each employee, agent, or other Person acting for or on behalf of the Trustee.

**Divestiture**

- 3. Canfor will use reasonable commercial efforts to Divest to an independent purchaser (“Purchaser”), within the Initial Divestiture Period, all of its right, title, control and interest in and to the FSJ Mill including all assets used in the operation of the FSJ Mill including, but not limited to, all assets used solely in the operation of the FSJ Mill, namely the equipment on the mill site owned or leased by Canfor, all inventories of logs, lumber and materials, and all information in books and records relating to the foregoing (excluding cash or accounts receivable) together with Associated Tenure, and contractual arrangements such that Canfor does not, directly or indirectly, retain any right, title, control or interest in and to the FSJ Mill assets in a manner inconsistent with this Consent Agreement except as permitted upon consent of the Commissioner as provided for herein.
- 4. Any Divestiture [CONFIDENTIAL] is subject to the prior approval of the Commissioner in accordance with the terms of this Consent Agreement, such approval not to be unreasonably withheld or delayed.
- 5. [CONFIDENTIAL]
- 6. Divestiture of the FSJ Mill, whether by Canfor or the Trustee, shall be completed on the following terms:
  - (a) by way of disposition of the FSJ Mill for use as a going concern;
  - (b) to one or more Purchasers who:
    - (i) shall use the FSJ Mill for the same purpose for which it was used prior to the Transaction; and
    - (ii) shall have the managerial, operational and financial capability to operate the FSJ Mill, provided that nothing in this paragraph 6(b)(ii) shall imply that a Purchaser is not a *bona fide* purchaser merely because such Purchaser requires certain post-Divestiture arrangements with Canfor or others following the Divestiture pursuant to paragraph 24, and subject to the Commissioner’s approval thereof.
- 7. Any Person making a *bona fide* inquiry of Canfor or the Trustee regarding the possible purchase by that Person or its principal of the FSJ Mill shall be notified that the sale is being made pursuant to this Consent Agreement and shall be

provided with a copy of this Consent Agreement, with the exception of the provisions hereof which are confidential and the attached confidential Schedules.

8. Subject to paragraph 9 below, any prospective Purchaser who demonstrates, in the reasonable opinion of Canfor, or the Trustee, as applicable, its *bona fide* interest in purchasing the FSJ Mill, shall:
  - (a) be furnished with all pertinent information regarding the FSJ Mill within fourteen (14) days of a request therefor; and
  - (b) be permitted to make such reasonable inspection of the FSJ Mill and of all financial, operational or other non-privileged documents and information which relate solely to the FSJ Mill and which may be relevant to the Divestiture, except for any documents which shall at the time of request for the inspection of such documents have been made the subject of an order of confidentiality of the Tribunal.
9. Access by a prospective Purchaser to the information and assets identified in paragraph 8 of this Consent Agreement shall be conditional on the execution of a customary confidentiality agreement containing, among other things, non-solicitation terms relating to personnel and suppliers.
10. Canfor shall promptly commence the Divestiture process and shall use all reasonable commercial efforts to effect any Divestiture for such price and on such terms as are most favourable to Canfor.
11. Canfor shall during the Initial Divestiture Period, within fourteen (14) days following receipt of a written request of the Commissioner or her representative, file a report with the Commissioner describing the progress of the Divestiture process. Notwithstanding the foregoing, Canfor will promptly notify the Commissioner in writing of any negotiations with a prospective Purchaser that may in the reasonable opinion of Canfor, lead to a sale and shall forward copies to the Commissioner of any legal agreement which it signs with a prospective Purchaser of the FSJ Mill.
12. If, prior to the expiry of the Initial Divestiture Period, Canfor has entered into an agreement in principle with a prospective Purchaser to purchase the FSJ Mill, the time for effecting the Divestiture shall be extended by a period that is reasonable in the circumstances within which time the Divestiture must be completed, such period not to exceed six (6) months. If the Divestiture has not been completed within the time specified in this paragraph, or as otherwise provided for in paragraph 15, the provisions of paragraph 14 will apply.
13. If the transfer of any Associated Tenure is negotiated with a Purchaser as part of the Divestiture of the FSJ Mill, Canfor will request, pursuant to the provisions of the *Forest Act*, for a subdivision of one or more forest licenses to facilitate the transfer of such Associated Tenure to a Purchaser.

**Trustee Sale**

14. Subject to the provisions of this Consent Agreement, if the Divestiture of the FSJ Mill [CONFIDENTIAL] is not completed within the Initial Divestiture Period, the Commissioner shall appoint the Trustee to effect the sale of the FSJ Mill as a going concern pursuant to the provisions of paragraph 6 [CONFIDENTIAL] by the Trustee pursuant to the following terms:
- (a) the Trustee shall execute a confidentiality agreement satisfactory to Canfor and the Commissioner and shall not communicate any Confidential Information [CONFIDENTIAL] except to the extent reasonably required to effect the Divestiture.
  - (b) [CONFIDENTIAL]
  - (c) [CONFIDENTIAL]
  - (d) the Trustee shall have all the powers necessary to effect the Divestiture of the FSJ Mill and Associated Tenure [CONFIDENTIAL] and will use all reasonable commercial efforts to realize such Divestiture; provided that the Trustee shall have no powers with respect to the management, operation or maintenance of the business or assets of the FSJ Mill [CONFIDENTIAL]
  - (e) within such time prior to the expiry of the Initial Divestiture Period as the Trustee shall request, such period not to exceed thirty (30) days, Canfor will provide the Trustee with full and complete access, as is reasonable, to all information contained in books and records relating to the FSJ Mill and its Associated Tenure [CONFIDENTIAL] and, on fourteen (14) days advance written notice to Canfor, to the FSJ Mill [CONFIDENTIAL] and to those Canfor personnel employed in connection with, or who have a direct responsibility for, the FSJ Mill [CONFIDENTIAL]
  - (f) a Divestiture by the Trustee shall be carried out in accordance with the provisions of this Consent Agreement.
  - (g) if, prior to the expiry of the Trustee Divestiture Period, the Trustee has received from a prospective Purchaser a formal offer or other written indication of intent to purchase the FSJ Mill [CONFIDENTIAL] which the Trustee has accepted, the Trustee Divestiture Period shall be extended by a period that is reasonable in the circumstances within which time the Divestiture must be completed.
  - (h) the Trustee shall implement a Divestiture at the price and on the terms and conditions most favourable to Canfor then reasonably available in the opinion of the Trustee. No minimum price shall apply to the sale of the FSJ Mill [CONFIDENTIAL].
  - (i) Canfor will use commercially reasonable efforts to assist the Trustee in realizing the Divestiture and shall execute any document and take such

further actions as may be reasonably required by the Trustee in connection with such Divestiture. **[CONFIDENTIAL]**

- (j) The Trustee shall have the full power and authority to retain, on usual and reasonable commercial terms, financial, legal and other professional advisors, including investment bankers, that may be reasonably necessary or advisable in advising and assisting the Trustee in implementing a Divestiture.
- (k) following the Trustee's appointment, the Trustee will provide to both Canfor and the Commissioner every thirty (30) days a report satisfactory to the Commissioner containing reasonable detail on the steps being taken by the Trustee to effect the Divestiture, including but not limited to, the identity and status of negotiations with prospective Purchasers and including copies of all confidentiality and other agreements entered into by such prospective Purchasers. Either the Commissioner or Canfor may request additional information from the Trustee regarding the status of the Divestiture, and the Trustee shall respond within ten (10) days following receipt of such request.
- (l) notwithstanding paragraph 14(k), the Trustee will promptly notify Canfor and the Commissioner of the commencement of any negotiations undertaken with a potential Purchaser.
- (m) all direct fees and expenses reasonably and properly incurred by the Trustee in connection with the Trustee's performance of its obligations under this Consent Agreement will be paid for by Canfor out of the proceeds of the Divestiture.
- (n) the net proceeds of a sale by the Trustee shall be paid to Canfor or as Canfor may direct.
- (o) Canfor shall hold the Trustee harmless against any unpaid fees, losses, claims, damages or liabilities arising out of, or in connection with, the performance of the Trustee's duties under this Consent Agreement except to the extent that such liabilities, damages or claims result from the Trustee's malfeasance, negligence, bad faith or breach of this Consent Agreement.
- (p) if either Canfor or the Commissioner reasonably concludes that the Trustee appointed pursuant to this Consent Agreement has ceased to act or failed to act diligently or otherwise in accordance with this Consent Agreement, the Commissioner will appoint a replacement Trustee.

### **Extensions of Time**

15. If, in the opinion of the Commissioner, either Canfor or the Trustee, as the case may be, is using all reasonable commercial efforts to complete the Divestiture as provided for herein, the Commissioner may extend any of the time periods applicable to the Divestiture as set out herein. **[CONFIDENTIAL]**

**Preservation of Assets and Competition**

16. Subject to the provisions of this Consent Agreement and any applicable federal and provincial laws and regulations, from the date of this Consent Agreement to the Divestiture of the FSJ Mill, Canfor will not take any action or cause or permit any Affiliate or any other Person to take any action that will materially adversely affect the FSJ Mill or any part thereof so as to inhibit or delay the Divestiture as provided for in this Consent Agreement.
17. **[CONFIDENTIAL]**
18. **[CONFIDENTIAL]**
19. Except in the circumstances set out in paragraph 21, until the completion of the Divestiture of the FSJ Mill, Canfor will, with respect to the FSJ Mill:
  - (a) take such steps as are reasonably necessary to maintain the competitive viability of the FSJ Mill and shall not dispose of any material assets of the FSJ Mill other than inventory in the ordinary course of business, without the prior written consent of the Commissioner, such consent not to be unreasonably withheld or delayed;
  - (b) provide such physical mill maintenance, sales, managerial, administrative, operational and financial support as reasonably necessary in the ordinary course of business to promote the continued effective operation of the FSJ Mill in accordance with standards similar to those existing prior to the Closing Date;
  - (c) not, without the prior written consent of the Commissioner, such consent not to be unreasonably withheld or delayed, enter into or terminate any material contract or arrangement with respect to the FSJ Mill (other than pursuant to a material breach by the other party or parties thereto entitling Canfor to terminate a material contract in accordance with its terms), make any material change to the operations of the FSJ Mill other than as contemplated herein, or terminate any current employment, salary or benefit agreements for any key management employees **[CONFIDENTIAL]** and, without limiting the generality of the foregoing, Canfor will perform its obligations under its contracts with lumber re-manufacturers in accordance with their terms; and
  - (d) ensure that log purchasing for the FSJ Mill is independent from log purchasing for the rest of Canfor.
20. Without limiting the generality of the foregoing, until the implementation of a Divestiture of the FSJ Mill by Canfor or the Trustee, Canfor shall provide such sales, managerial, administrative, operational and financial support as is necessary in the ordinary course of business to promote the continued effective operation of the FSJ Mill in accordance with standards similar to those existing prior to the Transaction.



21. **[CONFIDENTIAL]**
22. In the event that the Commissioner has reason to believe, acting in good faith, that information relevant to determining or securing Canfor's compliance with its commitments under this Consent Agreement is located therein or possessed thereby, Canfor shall allow any duly authorised representative of the Commissioner, upon written request to counsel to Canfor:
  - (a) upon seven (7) days' notice, to access without restraint or interference from Canfor, during office hours and in the presence of counsel to Canfor, to inspect any of its Canadian facilities and to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of Canfor, in either case relating to any matters contained in this Consent Agreement, excluding documents that are subject to solicitor-client or other legal privilege; and
  - (b) upon fourteen (14) days' notice and without restraint or interference from Canfor, to interview officers, directors, or employees of Canfor or its affiliates, who may have counsel to Canfor present, relating to any matters contained in this Consent Agreement.

#### **Approval of Divestiture**

23. A Divestiture shall be subject to the approval of the Commissioner. The Commissioner's approval shall be obtained pursuant to the procedure set out in this Consent Agreement, and based on the criteria outlined in paragraph 6 of this Consent Agreement. The Commissioner shall also take into consideration in connection with her approval of a proposed Divestiture the effect of such Divestiture on competition.
24. Subject to the consent of the Commissioner, and at the request of a prospective Purchaser, Canfor may enter into post-Divestiture arrangements with the Purchaser provided that such arrangements do not permit Canfor to influence or control, directly or indirectly, the operations or the business of the FSJ Mill **[CONFIDENTIAL]** after the Divestiture. Notwithstanding the foregoing, Canfor and the Purchaser may enter into an agreement with respect to the purchase and sale of wood chips produced at the FSJ Mill **[CONFIDENTIAL]**
25. Either Canfor or the Trustee, as the case may be, may request that the Commissioner review a prospective Purchaser. The Commissioner shall, within ten (10) days following the date of request, communicate to Canfor or the Trustee, as the case may be, any objection to a proposed Purchaser provided that a failure to provide such objection does not prejudice the Commissioner's right to object to such a proposed Purchaser following notification pursuant to the provisions of this Consent Agreement.
26. Either Canfor or the Trustee, as the case may be, shall notify the Commissioner in writing (the "Divestiture Notice") (and in the case of a proposed Divestiture by an agent, the Trustee shall concurrently notify Canfor) of the execution by a

Purchaser of any agreement in principle, in relation to a Divestiture. The Divestiture Notice will set out the particulars of the proposed Divestiture in reasonable detail.

27. Within fourteen (14) days following receipt of the Divestiture Notice, the Commissioner, and in the case of a Divestiture by the Trustee, Canfor, may request, in writing, further information and particulars regarding the Divestiture and Canfor, or the Trustee, as the case may be, will provide such further information and particulars within fourteen (14) days following receipt of such request, or such longer period as the Commissioner agrees to in writing.
28. Within fourteen (14) days following the Divestiture Notice or, where the Commissioner or Canfor requests additional information pursuant to paragraph 27, within thirty (30) days following receipt of the additional information, the Commissioner will notify Canfor and, in the case of a sale by the Trustee, the Commissioner or Canfor will notify the Trustee, in writing, of any objection to the Divestiture.
29. Notwithstanding any term of this Consent Agreement, nothing in this Consent Agreement shall be construed to abrogate the notification obligations set out in Part IX of the Act.
30. Pursuant to the Trustee's obligations set out in paragraph 14 of this Consent Agreement, Canfor may object to a Divestiture proposed by the Trustee.
31. Where neither Canfor nor the Commissioner objects within the time specified in paragraph 28, and where the criteria outlined in this Consent Agreement are met, the Divestiture may proceed subject to the provisions of Part IX of the Act, if applicable.
32. Where the Commissioner objects to the proposed Divestiture, or where Canfor, pursuant to paragraph 30 objects to the proposed Divestiture, the proposed Divestiture may only proceed with the approval of the Tribunal.
33. Where the Divestiture is able to proceed in accordance with this Consent Agreement, the Commissioner shall, within fourteen (14) days following the completion of the Divestiture, notify the Tribunal in writing that the Divestiture has taken place.

#### **Confidentiality of Sale Period**

34. The sale period, described in Confidential Schedules "A" and "B" to this Consent Agreement shall not be disclosed by the parties or Trustee except in the opinion of the Trustee that such disclosure is necessary to effect a Divestiture within the periods prescribed by this Consent Agreement, and only if the Trustee has: (i) first obtained from a prospective Purchaser an agreement to maintain the confidentiality of such information; and (ii) extensions of time have been sought from the Commissioner pursuant to paragraph 15 by the Trustee prior to disclosure.

**General**

35. Canfor and the Commissioner may mutually agree to amend this Consent Agreement in any manner pursuant to subsection 106(1) of the Act.
36. Whenever a provision of this Consent Agreement requires an approval, consent or action of the Commissioner, Canfor or the Trustee, such approval, consent or action shall be, unless otherwise expressly stated herein, not unreasonably withheld or delayed and words such as “consent” or “approval” or any action of a party indicated by the words “may” or “shall” shall be read together with the words “acting reasonably” immediately thereafter.
37. If the Commissioner’s approval is sought pursuant to this Consent Agreement and such approval is not granted, or if a decision of the Commissioner is unreasonably delayed or withheld, Canfor may apply to the Tribunal for approval.
38. In the event of a dispute as to the interpretation or application of this Consent Agreement, the Commissioner, the Trustee or Canfor shall be at liberty to apply to the Tribunal for an order interpreting any of the provisions of this Consent Agreement.
39. Canfor will provide a copy of this Consent Agreement to its directors and to the directors and officers of any Affiliate of Canfor having a direct or indirect interest in the FSJ Mill **[CONFIDENTIAL]**
40. Notices and other communications required or permitted pursuant to this Consent Agreement shall be in writing and shall be delivered by courier or facsimile transmission to the persons set out in Schedule “E” to this Consent Agreement.
41. This Consent Agreement shall remain in effect until the Commissioner notifies the Tribunal in writing that the last of its requirements is fulfilled.
42. This Consent Agreement constitutes the entire agreement between the Commissioner and Canfor with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral.
43. In the event the Transaction does not substantially complete for any reason this Consent Agreement shall be null and void *ab initio*.

44. This Consent Agreement may be executed in counterpart and by facsimile and each such counterpart shall constitute an original and all of which taken together shall constitute one and the same instrument, dated as of the date set forth below.

DATED this 30th day of March, 2004.

Gaston Jorré [signed]

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Acting Commissioner of Competition

Canfor Corporation

By:

David Calabrigo [signed]

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**CONFIDENTIAL SCHEDULE "A"**

**CONFIDENTIAL SCHEDULE "B"**

**CONFIDENTIAL SCHEDULE "C"**

**CONFIDENTIAL SCHEDULE "D"**



**SCHEDULE "E"**

**NOTICES**

**(A) To the Commissioner:**

Senior Deputy Commissioner of Competition (Mergers Branch)  
Competition Bureau, Industry Canada  
Place du Portage, Phase I, 50 Victoria Street  
Gatineau, Quebec K1A 0C9

Telephone: (819) 994-1863  
Facsimile: (819) 994-0998

With a copy to

Director, Competition Law Division  
Department of Justice Canada  
Competition Bureau, Industry Canada  
Place du Portage, Phase I, 50 Victoria Street  
Gatineau, Quebec K1A 0C9

Telephone: (819) 997-3325  
Facsimile: (819) 953-9267

**(B) To Canfor Corporation:**

Canfor Corporation  
1500 – 550 Burrard St.  
Vancouver, BC V6C 2C1

Attention: David Calabrigo  
Telephone: 604-661-5255  
Facsimile: 604-661-5435

With a copy to:  
Lawson Lundell  
Barristers & Solicitors  
1600 – 925 West Georgia St.  
Vancouver, BC V6C 3L2

Attention: Valerie Mann  
Telephone: 604-685-3456  
Facsimile: 604-669-1620

**THE COMPETITION TRIBUNAL**

**IN THE MATTER OF THE** *Competition Act*, R.S.C. 1985, c. C-34, as amended;

**AND IN THE MATTER OF** the acquisition of Slocan Forest Products Ltd. by Canfor Corporation;

**AND IN THE MATTER OF** the filing and registration of a consent agreement pursuant to section 105 of the *Competition Act*.

**BETWEEN:**

**THE COMMISSIONER OF COMPETITION**

**Applicant**

**- and -**

**CANFOR CORPORATION**

**Respondent**

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**CONSENT**

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**THE PARTIES** hereby irrevocably consent to the registration of a consent agreement pursuant to section 105 of the *Competition Act* in the form attached hereto.

**Commissioner of Competition**

By: Gaston Jorré [signed]  
\_\_\_\_\_

Dated at Gatineau, Quebec, this 30<sup>th</sup> day of  
March, 2004

Deputy Commissioner of Competition

Competition Bureau, Industry Canada  
Place du Portage, Phase 1, 50 Victoria Street  
Gatineau, PQ  
K1A 0C9

Telephone: (819) 994-1863  
Facsimile: (819) 994-0998

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**Canfor Corporation**

By: David Calabrigo [signed]  
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Dated at Vancouver, British Columbia, this  
30<sup>th</sup> day of March, 2004.

Counsel to Canfor Corporation

1500 - 550 Burrard St.  
Vancouver, BC  
V6C 2C1

Telephone: (604) 661-5255  
Facsimile: (604) 661-5435

Signature witnessed by:

Dated at Vancouver, British Columbia, this  
30<sup>th</sup> day of March, 2004

Julie Bradbeer [signed]  
\_\_\_\_\_