



**ACADIAN**TIMBER

**ACADIAN TIMBER CORP.**

**Notice of Meeting**

**and**

**Management Information Circular**

**Relating to the Annual Meeting  
of Shareholders**

**March 28, 2012**

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of **ACADIAN TIMBER CORP.** (the “**Corporation**”) will be held at the Hockey Hall of Fame, The Esso Theatre, Brookfield Place, 30 Yonge Street, Toronto, Ontario on Wednesday, the 2nd day of May, 2012 at 10:00 am (Toronto time) for the following purposes:

1. to receive the annual report of the Corporation and the consolidated financial statements of the Corporation for the year ended December 31, 2011 together with the auditors’ report thereon;
2. to appoint auditors of the Corporation and to authorize the directors of the Corporation to fix the remuneration of the auditors;
3. to elect directors of the Corporation; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Copies of the management information circular (the “**Circular**”) and form of proxy accompany this notice. The specific details of the matters proposed to be put before the Shareholders are set forth in the Circular accompanying and forming part of this notice. Shareholders are directed to read the Circular carefully in evaluating the matters for consideration at the Meeting.

Only Shareholders of record as at March 28, 2012, are entitled to receive notice of and vote their Common Shares at the Meeting or at any adjournment(s) or postponement(s) thereof, either in person or by proxy.

Registered holders of Common Shares who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it, in the envelope provided, to the Corporation’s transfer agent, CIBC Mellon Trust Company (the “**Transfer Agent**”), by delivering the proxy to Proxy Department, CIBC Mellon Trust Company: (i) by mail to P.O. Box 721, Agincourt, Ontario M1S 0A1; or (ii) by facsimile at (416) 368-2502 or 1 (866) 781-3111, so that it is received by 5:00 p.m. (Toronto time) on April 30, 2012 (or at least 48 hours prior to the commencement of any reconvened meeting in the event of any adjournment(s) or postponement(s) thereof).

**If you are a non-registered holder of Common Shares and received these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form, as the case may be, provided to you in accordance with the instructions provided by your broker or intermediary.**

DATED this 28<sup>th</sup> day of March, 2012.

By Order of the Board of Directors

(signed) Samuel J.B. Pollock  
Chair of the Board

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by or on behalf of management of the Corporation for use at the Meeting to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof. It is expected that the solicitation will be primarily by mail, however proxies may also be solicited personally by telephone or by facsimile by the directors and/or officers of the Corporation at nominal cost. The cost of solicitation by management will be borne by the Corporation. Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the Common Shares. The cost of any such solicitation will be borne by the Corporation.

### Appointment and Revocation of Proxies

Enclosed with this Circular is a form of proxy for registered Shareholders. The persons named in the enclosed form of proxy are directors of the Corporation (each a “**Director**” and together, the “**Directors**”) and will represent management of the Corporation at the Meeting. **A Shareholder desiring to appoint a person or company (other than the persons designated in the accompanying form of proxy), who need not be a Shareholder, to represent such Shareholder at the Meeting, may do so by striking out the names printed on the proxy and inserting the name of such other person in the blank space provided in the enclosed form of proxy and returning the completed proxy to the transfer agent, CIBC Mellon Trust Company, (the “Transfer Agent”) by delivering the proxy to Proxy Department, CIBC Mellon Trust Company (i) by mail to P.O. Box 721, Agincourt, Ontario M1S 0A1; or (ii) by facsimile at (416) 368-2502 or 1 (866) 781-3111. The form of proxy must be received by the Transfer Agent by 5:00 p.m. (Toronto time) on April 30, 2012 (or at least 48 hours prior to any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or by presenting it at the Meeting to the chairperson of the Meeting prior to commencement of the Meeting (or at the reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting).** Failure to so deposit a form of proxy will result in its invalidation.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the registered Shareholder or by his, her or its attorney duly authorized in writing, and deposited either at the registered office of the Corporation or by mail or facsimile to the Transfer Agent (as set out in the paragraph immediately above) by 5:00 p.m. (Toronto time) on April 30, 2012 (or at least 48 hours prior to the commencement of any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or with the chairperson of the Meeting prior to the commencement of the Meeting (or at the reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or in any other manner permitted by law.

### Voting of Proxies

A registered Shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. The persons named on the form of proxy must vote for or against or withhold from voting, as applicable, the registered Shareholder’s Common Shares in accordance with the registered Shareholder’s directions and on any ballot that may be called for. If the registered Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the matters outlined in the Notice of Meeting and this Circular.**

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other**

**matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. At the time of printing of this Circular, management and the Directors know of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

#### **Advice to Beneficial Holders of Common Shares**

The information set forth in this section is of significant importance to all Shareholders, as all Common Shares are registered in the name of CDS & Co. (“CDS”) (the registration name of CDS Clearing and Depository Services Inc., which acts as depository for many Canadian brokerage firms) and Shareholders hold their Common Shares through their brokers, intermediaries, trustees or other persons. Common Shares registered in the name of CDS can only be voted (for or against resolutions) upon the instructions of the Shareholders, as the beneficial holders of the Common Shares. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker’s clients. Therefore, Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate party.

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Shareholders in advance of security holders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Shareholder by his or her broker (or the agent of the broker) is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions (“**Broadridge**”). Broadridge normally prepares a “Voting Instruction Form” (the “**VIF**”) based upon the Corporation’s form of proxy, which it then distributes to Shareholders. The VIF must then be completed and returned to Broadridge by the Shareholder by mail or facsimile in accordance with the instructions provided therein. Alternatively, the Shareholder can call a toll-free number or access the internet to provide instructions regarding the voting of Common Shares held by the Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Shareholder receiving a Broadridge VIF cannot use that proxy to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted at the Meeting. Some brokers who do not use Broadridge’s services send out the Corporation’s form of proxy to Shareholders, executed by the broker but otherwise incomplete; the Shareholder must mark the proxy how he or she wishes to vote and return the proxy either directly to the Transfer Agent or to the broker, who will then forward the proxy to the Transfer Agent. **A SHAREHOLDER CANNOT VOTE THEIR COMMON SHARES IN PERSON AT THE MEETING UNLESS THE SHAREHOLDER APPOINTS HIMSELF OR HERSELF AS THEIR OWN PROXY.**

Although a Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of CDS, a Shareholder may attend at the Meeting as proxy holder for the registered Shareholder and vote the Common Shares in that capacity. Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxy holder for the registered Shareholder in this regard should enter their own names in the blank space on the form of proxy or VIF provided to them and return same to their broker or other intermediary (or the broker’s agent or other intermediary) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting. If a Shareholder has voted by mail and would like to change his or her vote, the Shareholder should contact his or her nominee to discuss whether this is possible and what procedures such non-registered holder should follow.

#### **Voting Securities and Principal Holders Thereof**

The authorized capital of the Corporation consists of an unlimited number of Common Shares. All Common Shares are of the same class with equal rights and privileges. The Common Shares are not subject to future calls or assessments, and entitle the holder thereof to one vote for each Common Share held at all meetings of Shareholders. As at the date hereof, there are 16,731,216 Common Shares issued and outstanding.

The record date for the purpose of determining the Shareholders entitled to receive notice of and to vote at the Meeting is March 28, 2012 (the “**Record Date**”). The Corporation will prepare a list of holders of Common Shares at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote at the Meeting the Common Shares shown opposite his name on the list except to the extent that such holder has transferred any Common Shares after the date on which the list is prepared or after the Record Date and the transferee, upon establishing that such person owns such Common Shares, demands at any time prior to the Meeting that the name of that person be included to vote the transferred Common Shares at the Meeting.

A quorum for the transaction of business at the Meeting will consist of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the votes attached to all of the Common Shares then outstanding.

As at the date hereof the following table sets forth the only person who, to the knowledge of the Directors and senior officers of the Corporation, based on available public records, beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation.

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of Class</u>	<u>Percentage of Votes</u>
Affiliates of Brookfield Asset Management Inc. (“ <b>Brookfield</b> ”)	7,513,262	44.9%	44.9%

#### **References to Currency**

Unless otherwise stated, all references in this Circular to monetary amounts are expressed in Canadian dollars.

#### **RECEIPT OF FINANCIAL STATEMENTS**

The audited financial statements of the Corporation for the period commencing January 1, 2011 and ended December 31, 2011 and the report of the auditors thereon will be presented at the Meeting, but the approval of the Shareholders with respect thereto is not required.

#### **ELECTION OF DIRECTORS**

The articles of the Corporation provide for the board of Directors (the “**Board**”) to consist of a minimum of three and maximum of ten Directors. It is proposed that the existing five Directors be re-elected at the Meeting to hold office until the next annual meeting of Shareholders.

**The persons named in the form of proxy accompanying this Circular intend to vote FOR the re-election of the five current Directors noted below as the Directors, unless the Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of such nominees as Directors. A majority of the votes cast by the Shareholders is required to elect the Directors.**

Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a Director for the ensuing financial year, however, if that should occur for any reason prior to the Meeting or any adjournment(s) or postponement(s) thereof, the persons named in the form of proxy accompanying this Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each Director elected will hold office until the close of the first annual meeting of the Shareholders following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation or applicable corporate law.

## Directors of the Corporation

The following table states the names and municipalities of residence of all the Directors, their respective principal occupations, business or employment within the five preceding years, their beneficial ownership of, or control or direction over, Common Shares (in each instance based upon information furnished by the nominee) and the years in which they became and served as Directors. These Directors are up for election at the Meeting.

### J.W. BUD BIRD, O.C.

- Director since January 1, 2010
- Member of the Audit Committee and the Compensation, Nominating, and Corporate Governance Committee (the “**CNCG Committee**”)

#### **Profile:**

Mr. Bird is General Manager of Bird Holdings Ltd. a private commercial real estate development company. He was the founder and former owner of the Bird-Stairs distribution company, which operates in the construction products sector throughout Atlantic Canada. He is a director of Enbridge Gas New Brunswick L.P., Atlantic Salmon Federation and Miramichi Salmon Association. Mr. Bird has been a previous director of the former Noranda Inc., Nexfor Inc. (which subsequently changed its name to Norbord Inc.) and of ADI Limited. He has been a former elected representative at all three levels of government, Mayor of Fredericton, Minister of Natural Resources for the Province of New Brunswick and a Member of Parliament. Mr. Bird is “financially literate” for the purposes of National Instrument 52-110 – *Audit Committees* and the Board has determined that he is “independent” for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. He is a resident of Fredericton, New Brunswick, Canada.

Mr. Bird owns 10,000 Common Shares of the Corporation.<sup>(1)</sup>

### REID CARTER

- Director since January 1, 2010

#### **Profile:**

Mr. Carter is the President and Chief Executive Officer of the Corporation, a Managing Partner of Brookfield and the President of Brookfield Timberlands Management GP Inc. (“**Brookfield GP**”), the general partner of Brookfield Timberlands Management LP (“**Brookfield LP**”), which provides administrative services to the Corporation as described later in this Circular, in which capacities Mr. Carter leads Brookfield’s timberlands management strategy. Mr. Carter is focused on the acquisition and management of private timberlands throughout North America and Latin America. Since his joining Brookfield in 2003, Brookfield’s timberlands portfolio has grown from a modest operation of 310,000 acres under management to the sixth largest timberland estate in North America by value, with more than 2.5 million acres under management. Mr. Carter joined Brookfield after serving as National Bank Financial’s Paper and Forest Products research analyst where he was a top-ranked analyst. Mr. Carter has a detailed understanding of the management, assets and relative global competitive positioning of North American paper and forest products companies. Mr. Carter is a BC Registered Professional Forester and has over 30 years of experience in the forest industry including senior roles in TimberWest Forest Corp. and Fletcher Challenge Canada. He is a director of SelectSeed Ltd. and Okanagan Specialty Fruits. Mr. Carter is a resident of West Vancouver, British Columbia, Canada.

Mr. Carter owns 28,300 Common Shares of the Corporation.<sup>(1)</sup>

## **DAVID MCDANIEL MANN**

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- Director since January 1, 2010
- Chair of the Audit Committee and member of the CNCG Committee

### **Profile:**

Mr. Mann is legal counsel at Cox & Palmer, a full service Atlantic provinces law firm, and has over 30 years of experience in the practice of corporate and commercial law, with particular emphasis on corporate finance and public utility regulation. Mr. Mann has held the position of Vice Chairman of Emera Inc., a diversified energy and services company listed on the Toronto Stock Exchange (the “TSX”), from November, 2004 to April, 2005, prior to which he was the company’s President and C.E.O. since January 1999. Mr. Mann was President and C.E.O. of Nova Scotia Power Inc., another TSX listed company, from 1996 to 2004. Mr. Mann is the Chairman of the audit committee for NewGrowth Corp and Allbanc Split Corp. and is also a director and member of the audit committee of Logistec Corporation and Brookfield Renewable Energy Partners, four TSX listed companies. Mr. Mann holds a Bachelor of Commerce and a Bachelor of Laws from Dalhousie University and a Master of Laws from the University of London, England. Mr. Mann is “financially literate” for the purposes of National Instrument 52-110 – *Audit Committees* and the Board has determined that he is “independent” for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Mr. Mann is a resident of Chester, Nova Scotia, Canada.

Mr. Mann owns 15,000 Common Shares of the Corporation. <sup>(1)</sup>

## **LOUIS J. MAROUN**

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- Director since January 1, 2010
- Chair of the CNCG Committee and member of the Audit Committee

### **Profile:**

Mr. Maroun is the Executive Chairman of Sigma Real Estate Advisors and was the Executive Chairman of ING Real Estate Canada, one of Canada’s leading real estate investment managers and largest industrial landlord. Mr. Maroun is a director and also a member of the compensation committee for Partners REIT, Brookfield Infrastructure Partners and Brookfield Renewable Energy. Mr. Maroun is past Chair of the National Board of Directors of the MS Society of Canada, a director of the MS Research Foundation, co-founder of Casting for Recovery Canada, Chair of the End MS Training Network Committee and a member of the Business Advisory Committee - Shannon School of Business. Mr. Maroun is “financially literate” for the purposes of National Instrument 52-110 – *Audit Committees* and the Board has determined that he is “independent” for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Mr. Maroun is a resident of Devonshire, Bermuda.

Mr. Maroun owns 134,900 Common Shares of the Corporation. <sup>(1)</sup>

## **SAMUEL J.B. POLLOCK**

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- Director since January 1, 2010
- Chair of the Board

### **Profile:**

Mr. Pollock is Senior Managing Partner of Brookfield and Chief Executive Officer of Brookfield’s infrastructure group. Since 2006, Mr. Pollock has led Brookfield’s expansion into the infrastructure sector which currently comprises approximately \$15 billion in assets under management in the transportation, energy, utilities and timber sectors. Mr. Pollock joined Brookfield in 1994 and prior to his current role acted as Brookfield’s Chief Investment Officer and led various Brookfield investment and transaction initiatives in its merchant banking and real estate businesses. He currently serves as a director of Prime Infrastructure Holdings Inc. and Clublink Enterprises. Until February 2011, Mr Pollock was a director for Fraser Papers Inc. (“**Fraser Papers**”), an integrated specialty paper company that produces a broad range of speciality packaging and printing papers. On June 28, 2009, Fraser Papers

and its subsidiaries filed for creditor protection under the Companies Creditors Arrangement Act (“CCAA”) in Canada and Chapter 15 of the U.S. Bankruptcy Code. In February 2011, The Ontario and Delaware courts overseeing these proceedings issued orders enabling the implementation of an amended plan of arrangement and compromise (the “Plan”) previously approved by Fraser Papers’ creditors. Fraser Papers completed the Plan in 2011. Mr. Pollock is a Chartered Accountant and holds a business degree from Queen’s University. Mr. Pollock is a resident of Toronto, Ontario, Canada.

Mr. Pollock owns 15,000 Common Shares of the Corporation.<sup>(1)</sup>

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Notes:

- (1) Common Shares beneficially owned or controlled. As of March 28, 2012, the Directors owned beneficially, directly and indirectly, 203,200 Common Shares representing 1.21% of the issued and outstanding Common Shares.

## RE-APPOINTMENT OF AUDITORS

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants, Ernst & Young Tower, 222 Bay St., P.O. Box 251, Toronto-Dominion Centre, Toronto, Ontario, M5K 1J7. Ernst & Young LLP was appointed as auditors of the Corporation on January 1, 2010. It is proposed that Ernst & Young LLP, Chartered Accountants, be re-appointed as auditors of the Corporation at the Meeting.

**The persons named in the enclosed form of proxy intend to vote FOR the re-appointment of Ernst & Young LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the Directors, unless the Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting. A majority of the votes cast by the Shareholders is required to approve the appointment of the auditors and to authorize the Directors to fix the remuneration of the auditors.**

## Other Matters

Unless otherwise stated, the information contained herein is given as of March 28, 2012. Management of the Corporation is not aware of any other matters that are to be presented at the Meeting other than matters referred to in the Notice of Meeting. If any matters other than those referred to in this Circular should be presented at the Meeting, however, the persons named in the enclosed proxies are authorized to vote the Common Shares represented by the proxies in accordance with their best judgment.

## ARRANGEMENTS WITH BROOKFIELD LP

During the Corporation’s financial year ended December 31, 2011, Brookfield LP, a wholly-owned subsidiary of Brookfield, assisted in the preparation and implementation of the overall strategic plan in respect of the timberland assets of AT Limited Partnership (the “**Operating LP**”), one of the operating subsidiaries of the Corporation, as well as monitoring and assisting with the day-to-day operations of the assets of the Operating LP, pursuant to an amended and restated management agreement between the Operating LP, Katahdin Forest Management LLC (“**KFM LLC**”) and Brookfield LP dated January 1, 2010 (the “**Amended and Restated Management Agreement**”). The Amended and Restated Management Agreement provides that Brookfield LP, in addition to its management duties concerning the Operating LP and KFM LLC (as more fully described below), may also provide administrative services to the Corporation, to the extent required by the Corporation. The Amended and Restated Management Agreement expires on October 3, 2025, unless terminated in accordance with its terms, subject to automatic renewals for successive ten year terms.

In connection with its duties, Brookfield LP, under the oversight, direction and authority of the Operating LP and KFM LLC, and subject to adherence with the overall strategic plan in respect of the timberland assets from time to time, is responsible for, among other things: advising with respect to marketing and sales; advising on all significant fibre supply commitments; overseeing the preparation of operational plans and budgets and making recommendations in respect thereof to KFM LLC and the Operating LP; monitoring and overseeing internal



management teams, operational plans, and operating activities; advising with respect to the best practices and new developments in silviculture and other forestry practices; advising and assisting with proposed financings; advising and assisting with acquisitions and dispositions; providing oversight of tax planning activities and oversight related to the preparation of income tax returns; providing assistance with the coordination and oversight of legal services; providing oversight of information technology support and services; and providing oversight of certain treasury services.

In addition to the management services that Brookfield LP provides to the Operating LP and KFM LLC, Brookfield LP also provides administrative services to the Corporation including advising and assisting with community and investor relations; overseeing the Corporation's reporting requirements under applicable law; providing assistance with and oversight of tax planning activities and preparation of income tax returns; providing assistance with the coordination and oversight of legal services; providing oversight of information technology support and services; providing oversight of certain treasury services; and overseeing and coordinating the issuance of press releases approved by the Board.

In consideration for the provision of its services, Brookfield LP is entitled to receive an annual base fee and an annual performance fee. For the year ended December 31, 2011, Brookfield LP earned from the Operating LP an annual fee of \$2.1 million and a performance fee of \$0.

Brookfield LP is responsible for all of its own expenses, including administrative costs, employment expenses of its personnel (who are employed by Brookfield GP, the general partner of Brookfield LP, or Brookfield), rent and other overhead expenses, and expenses of the Directors and officers of the Corporation and of Acadian Timber GP Inc. (the "GP") who are also officers or employees of Brookfield GP, the general partner of Brookfield LP, or of an affiliate of Brookfield LP<sup>(1)</sup> (except expenses incurred by Directors in attending meetings of the Board).

The following individuals are senior officers or employees of the Corporation, the GP, Brookfield GP and/or Brookfield, as applicable:

<b>Name</b>	<b>Municipality of Residence</b>	<b>Position(s)</b>
Brian Banfill	Delta, British Columbia	<ul style="list-style-type: none"> <li>• Senior Vice-President and Chief Financial Officer, Acadian Timber Corp.</li> <li>• Vice-President and Chief Financial Officer, Acadian Timber GP Inc.</li> <li>• Senior Vice-President, Finance, Brookfield Timberlands Management GP Inc.</li> </ul>
Reid Carter	West Vancouver, British Columbia	<ul style="list-style-type: none"> <li>• President and Chief Executive Officer, Acadian Timber Corp.</li> <li>• Chief Executive Officer, Acadian Timber GP Inc.</li> <li>• Managing Partner, Brookfield Asset Management Inc.</li> <li>• President, Brookfield Timberlands Management GP Inc.</li> </ul>
Joe Freedman	Toronto, Ontario	<ul style="list-style-type: none"> <li>• Vice President, Brookfield Timberlands Management GP Inc.</li> </ul>
Derek Gorgi	Toronto, Ontario	<ul style="list-style-type: none"> <li>• Vice President, Brookfield Timberlands Management GP Inc.</li> </ul>
David Grosman	Toronto, Ontario	<ul style="list-style-type: none"> <li>• Vice-President, Brookfield Timberlands Management GP Inc.</li> </ul>
Aleks Novakovic	Toronto, Ontario	<ul style="list-style-type: none"> <li>• Vice-President, Brookfield Timberlands Management GP Inc.</li> </ul>

<b>Name</b>	<b>Municipality of Residence</b>	<b>Position(s)</b>
Darshan Sihota	Nanaimo, British Columbia	<ul style="list-style-type: none"> <li>Senior Vice President, Operations, Brookfield Timberlands Management GP Inc.</li> </ul>
Leigh Tang	Port Moody, British Columbia	<ul style="list-style-type: none"> <li>Secretary and Manager, Corporate &amp; Business Services, Acadian Timber Corp.</li> </ul>

Notes:

- (1) Brookfield LP does not have officers or employees. Services are rendered on behalf of Brookfield LP by officers and employees of Brookfield GP and Brookfield.
- (2) Only those positions in which capacity the listed individual may provide services to the Corporation are listed.

For a more detailed description of the arrangements with Brookfield LP and the Amended and Restated Management Agreement, please see the section entitled “Arrangements with Brookfield LP” in the Corporation’s Annual Information Form dated March 28, 2012.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Overall Compensation Goals***

The following is a description of the compensation program of the Corporation, which is monitored and evaluated by senior management, together with the Board and its CNCG Committee, and adjusted if and when necessary. The Corporation’s compensation program aims to provide employees with base salaries consistent with regional industry norms while offering additional short-term incentives in relation to the Corporation’s financial and safety performance and personal performance against employee-specific metrics. The compensation program is designed to encourage retention while rewarding strong financial, safety and personal performances. Though the employees in respect of the Corporation’s business and operations are actually employed by the Operating LP, and its senior executives employed by Brookfield GP and/or Brookfield, the general partner of Brookfield LP, which provides certain management and administrative services to the Corporation and certain of its subsidiaries as discussed above under the heading “Arrangements with Brookfield LP”, the Corporation sets the overall compensation program in respect of such individuals.

#### ***Compensation Elements and Individual Performance Metrics***

The Corporation’s compensation program consists of base salary, a short-term incentive program that rewards performance within specific areas, and a long-term incentive program for key members of senior management of the Corporation’s business and operations that ties rewards directly to the Corporation’s financial performance. Base salary is set through the review of both formal and informal regional benchmarks with all employees subject to annual performance and compensation reviews. The Corporation’s short-term incentive program takes into account the Corporation’s financial performance (50%) and safety performance (20%), and employee-specific, annually-defined performance targets (30%). Financial and safety performance measures are standardized across all employees, while individual, annually-defined performance objectives are determined by senior management. Awards granted pursuant to the senior management long-term incentive program are based on the Corporation’s financial performance, as discussed below.

#### ***Hedging of Economic Risks for Personal Equity Ownership***

All Directors and executives of the Corporation are prohibited from entering into transactions that have the effect of hedging the economic value of any direct or indirect interests by the Director or executive in Common Shares, unless such transactions are executed and disclosed in full compliance with all applicable regulations and have been previously approved by the Chief Financial Officer and Chief Executive Officer of the Corporation and, if appropriate, the CNCG Committee. To date, no Director or executive has hedged the economic value of their direct or indirect interests.

### *Share-Based and Option-Based Awards*

Other than as described below, none of the Corporation, Acadian Timber Limited Partnership (the “**Partnership**”), the Operating LP or KFM LLC have adopted share-based or option-based award plans.

However, the Corporation’s long-term incentive program for senior management utilizes a deferred share plan (the “**DSP**”) that provides for the granting of rights to participants to receive, on a deferred basis, cash payments equal to the fair market value of the shares of the Corporation on the terms set out in the DSP. The DSP is substantially similar to the deferred share unit plan (the “**DUP**”) of the Corporation’s predecessor, Acadian Timber Income Fund (the “**Fund**”), which was in place until the Fund completed its conversion to a corporate structure on January 1, 2010. The DUP was established as of January 1, 2007 and the Corporation has incorporated into the new DSP a mechanism by which any deferred units issued pursuant to the DUP continue under the new plan.

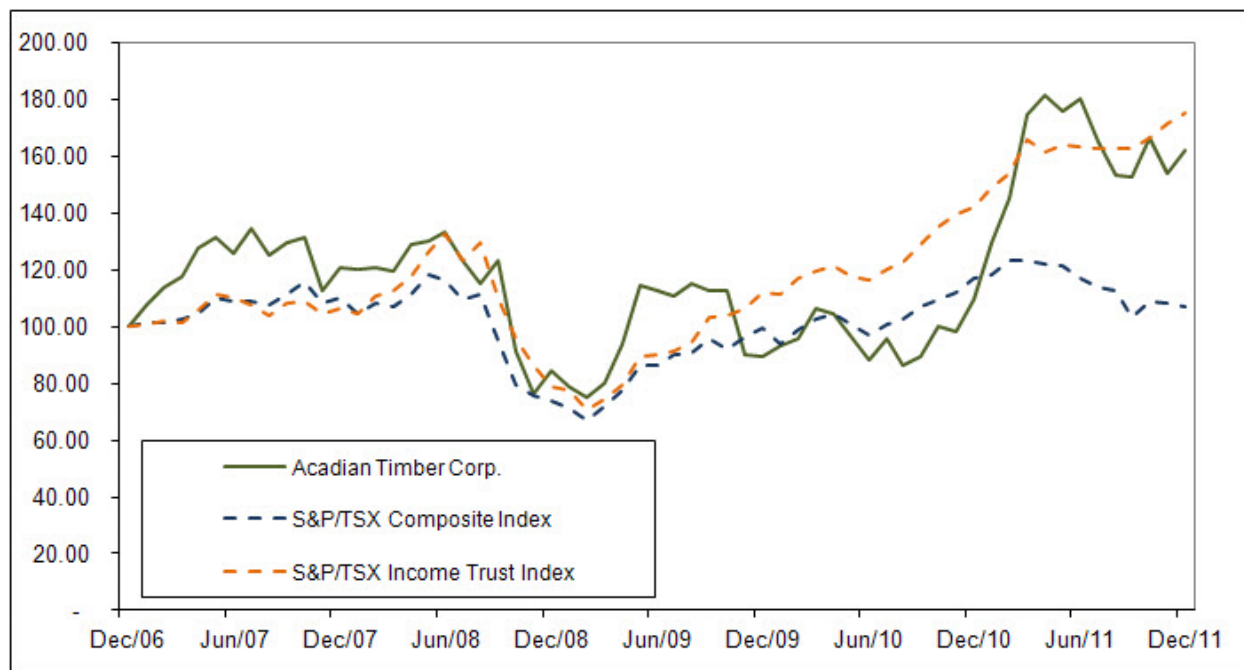
Deferred shares are offered under the DSP to select senior management in the Board’s discretion, as discussed further below. The Board believes that the DSP provides a link between individual long-term bonus compensation with the Corporation’s financial performance, as reflected by the fair market value of the Common Shares, while allowing for flexibility in recognizing individual achievement. The DSP provides that awards vest in equal one-third portions over a three-year vesting period, thereby also encouraging senior executive retention. The Board is of the view that the DSP is an effective mechanism to align senior management interests with those of the Shareholders while encouraging management retention.

The DSP is administered by the CNCG Committee, which is comprised of independent Directors. Grants under the DSP are based on individual employee performance, together with an assessment of the Corporation’s performance against annual financial targets set by senior management with input from the Board. The Corporation’s achievement of such financial targets is not a strict requirement for grants to be made, but are instead used as a guide to assist the CNCG Committee in exercising its discretion under the DSP. Senior management also provides the CNCG Committee with periodic reports and recommendations, which help identify exceptional performance. For the Fund’s 2008 and 2009 fiscal years, and for the Corporation’s 2010 and 2011 fiscal year, the CNCG Committee granted modest awards to two senior managers in each of those fiscal years to reflect their exceptional individual performance. Grants under the DSP, like the DUP, generally do not take into account grants from previous years, as the CNCG Committee tends to focus on the year in question. However, the CNCG Committee has the discretion to take into account prior grants in considering new grants where the circumstances make it appropriate to do so.

Holders of deferred shares granted under DSP are entitled to receive additional deferred shares when dividends are paid on the Common Shares calculated by dividing, (i) the dividend paid on a Common Share multiplied by the number of deferred shares credited to the DSP participant’s account, by (ii) the closing price of the Common Shares on the TSX as of the dividend payment date. The DSP is unfunded and deferred shares are non-transferrable. The Board has the authority to amend or terminate the DSP.

## Performance Graph

The following graph compares the cumulative total shareholder return on \$100 invested in the Corporation and its predecessor, the Fund<sup>(1)</sup> (assuming the reinvestment of distributions on units of the Fund or dividends on the Common Shares, as applicable) with the total cumulative return of the S&P/TSX Composite Index and the S&P/TSX Income Trust Index for the period from December 31, 2006 through December 31, 2011.



### Notes:

- (1) Pursuant to a plan of arrangement under the *Canada Business Corporations Act* completed on January 1, 2010, the units of the Fund were converted, on a one-for-one basis, for Common Shares, and the Corporation became the direct and indirect owner of the subsidiaries which own and operate the businesses which had been owned and operated by the Fund and its subsidiaries prior to January 1, 2010.

As described in more detail below, only a portion of the total compensation paid to the Corporation's Named Executive Officers (as defined in Form 51-102F6 – *Statement of Executive Compensation*) during the period reported in the above performance graph related to their services to the Fund or the Corporation, as applicable, during such period. Historically, while the Fund's unit prices declined during certain periods in tandem with other income funds included in the S&P/TSX Income Trust Index, compensation of the Fund's Named Executive Officers was more closely aligned with the Fund's performance using earnings-based measures, which differed at times from the market price of the Fund's units. Similarly, the Corporation also uses earnings-based measures as performance indicators, which may differ from the market price of the Common Shares.

## Summary Compensation Table

The following table provides a summary of the compensation for each of the Corporation's Named Executive Officers for the financial year ending December 31, 2011:

Name and Principal Position	Year	Annual Base Salary	Annual Variable Incentive Plan Awards			All Other Compensation	Total Compensation
			Non-Equity Incentive Plan	Share-Based Awards	Option-Based Awards <sup>(1)</sup>		
			Annual Cash Bonus		Options		
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
REID CARTER <sup>(2)</sup> • President and Chief Executive Officer of the Corporation, • Managing Partner of Brookfield, • President of Brookfield GP	2011	106,250	87,500	Nil	106,425	6,763	306,938
	2010	100,000	80,000	Nil	48,089	6,537	234,626
	2009	100,000	70,000	Nil	40,313	6,515	216,828
BRIAN BANFILL <sup>(3)</sup> • Senior Vice-President and Chief Financial Officer of the Corporation • Senior Vice-President, Finance, Brookfield	2011	50,000	20,000	Nil	27,090	4,090	101,180
	2010	43,750	17,500	Nil	13,834	3,767	78,850
	2009	41,500	12,500	Nil	16,125	3,572	73,697
JOSEPH CORNACCHIA <sup>(4)</sup> • Vice President and Chief Financial Officer of the Corporation • Director, Private Equity Funds – Brazil of Brookfield	2011	Nil	Nil	Nil	Nil	Nil	Nil
	2010	8,333	3,333	Nil	5,490	375	17,531
	2009	35,000	10,500	Nil	52,406	2,605	100,511

### Notes:

- (1) The Corporation does not have, nor did its predecessor, the Fund, have, a plan pursuant to which option-based awards are (or were) granted; rather, the figures reported in the table represent options granted pursuant to Brookfield's Management Share Option Plan, which options were granted in light of the respective contributions that Messrs. Carter, Banfill and Cornacchia made to the Fund or the Corporation, as applicable, during each year. Such options reflect the time and effort spent, and the respective achievements, of Messrs. Carter, Banfill and Cornacchia in providing services to the Fund or the Corporation, as applicable. The fair value of the option-based awards is derived by application of the Black Scholes option pricing model, assuming a strike price of \$32.38, an average term to exercise of 7.5 years, a volatility of 33.8%, a risk free rate of 2.8% and a dividend growth rate of 1.6%. This value has been discounted by 25% to reflect the 7.5-year vesting provisions of Brookfield's Management Share Option Plan.
- (2) The figures reported in the table above represent the portion of Mr. Carter's total compensation paid during the year by Brookfield that is attributable to his services to the Fund in 2009 and to the Corporation in 2010 and 2011. This proportionate compensation is reflective of the approximate time and effort Mr. Carter spent providing services to the Fund and the Corporation, as applicable, as a portion of his overall efforts managing Brookfield's entire timberlands portfolio. Mr. Carter's responsibilities in respect of Brookfield's entire timberlands portfolio overlapped with his responsibilities to the Fund and the Corporation, as applicable, during the years reported and thus, Mr. Carter was able to apply significant knowledge and skill acquired in his capacities as Managing Partner of Brookfield and President of Brookfield GP, the general partner of Brookfield LP, in providing services to the Fund and the Corporation.
- (3) The figures reported in the table above represent the portion of Mr. Banfill's total compensation paid during the year by Brookfield that is attributable to his services to the Corporation in 2010 (February 10, 2010 – December 31, 2010) and 2011. This proportionate compensation

is reflective of the approximate time and effort Mr. Banfill spent providing services to the Corporation as a portion of his overall responsibilities to Brookfield. Mr. Banfill's responsibilities in his role as a senior executive of Brookfield overlapped with his responsibilities to the Corporation and thus, Mr. Banfill was able to apply significant knowledge and skill acquired in his capacity as a senior executive of Brookfield in providing services to the Corporation. Mr. Banfill assumed the role of Senior Vice President and Chief Financial Officer of the Corporation on February 9, 2010, replacing Mr. Cornacchia as Chief Financial Officer.

- (4) The figures reported in the table above represent the portion of Mr. Cornacchia's total compensation paid during each year by Brookfield that is attributable to his services to the Fund in 2009 and 2008 and to the Corporation in 2010 (January 1, 2010 – February 8, 2010) prior to his resignation on February 10, 2010. This proportionate compensation is reflective of the approximate time and effort Mr. Cornacchia spent providing services to the Fund and the Corporation, as applicable, as a portion of his overall responsibilities to Brookfield. Mr. Cornacchia's responsibilities in his role as a senior executive of Brookfield overlapped with his responsibilities to the Fund and the Corporation, as applicable, and thus, Mr. Cornacchia was able to apply significant knowledge and skill acquired in his capacity as a senior executive of Brookfield in providing services to the Fund and the Corporation. Mr. Cornacchia resigned as both Vice President and Chief Financial Officer of the Corporation on February 10, 2010.

### Incentive Plan Awards

As described above under "Statement of Executive Compensation – Compensation, Discussion and Analysis – Share-Based and Option-Based Awards", the Corporation's DSP provides a mechanism for compensation under the Corporation's long-term incentive program. The DSP provides for the granting of rights to participants to receive, on a deferred basis, cash payments equal to the fair market value of the shares of the Corporation on the terms set out in the DSP. None of the Corporation's Named Executive Officers have participated under the Corporation's DSP nor did any of them participate under the DUP of the Corporation's predecessor.

### Pension Plan Benefits

The Corporation does not have a pension plan, nor have any of the Partnership, the Operating LP or KFM LLC adopted a pension plan that provide for payments or benefits to Named Executive Officers or Directors.

### Termination and Change of Control Benefits

The Corporation does not have agreements in place with its Named Executive Officers in respect of termination and change of control benefits, nor have any of the Partnership, the operating LP or KFM LLC entered into any such agreements. Furthermore, the employment agreements of the Named Executive Officers with Brookfield (or one of its affiliates) do not contemplate termination or change of control benefits in respect of such person's service to and position with the Corporation.

### Director Compensation

The following table describes compensation for Directors for the financial year ended December 31, 2011.

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
J.W. Bud Bird, O.C.	\$30,000	Nil	Nil	Nil	Nil	Nil	\$30,000
Reid Carter <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Mann	\$33,000	Nil	Nil	Nil	Nil	Nil	\$33,000
Louis J. Maroun	\$33,000	Nil	Nil	Nil	Nil	Nil	\$33,000
Samuel J.B. Pollock <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Carter does not receive any compensation in his capacity as Director. For Mr. Carter's compensation as President and Chief Executive Officer of the Corporation, see page 11 of this Circular.
- (2) Mr. Pollock, Chairman of the Board, voluntarily chose not to receive the annual Directors' compensation as he receives compensation as a senior officer of Brookfield.

The Directors were paid such reasonable remuneration for their services as the Board determined from time to time. In 2011, Director compensation was equal to \$25,000 per Director for the year and \$1,000 per Director for each board or committee meeting attended, provided that no such compensation was paid to Directors who are also officers or employees of Brookfield (or any of its affiliates). The Chair of each standing committee of the Board received additional compensation of \$3,000 per year. The Directors were also entitled to reimbursement for reasonable traveling and other expenses properly incurred by them in attending meetings of the Board, or any committee thereof, or in connection with their services as Directors. Going forward, the Board shall determine the reasonable remuneration for Director services rendered to the Corporation.

#### **Share-Based Awards, Option-Based Awards and Incentive Plans – Directors**

The Corporation does not have share-based, option-based or incentive plans applicable to its Directors, nor have any of the Partnership, the Operating LP or KFM LLC adopted any such plans applicable to the Directors.

### **OTHER INFORMATION**

#### **Indebtedness of Directors and Officers**

As of the date hereof, no individual who is a Director or executive officer of the Corporation, or at any time during the most recently completed financial year of the Corporation was, a Director or executive officer of the Corporation or any of its subsidiaries, no individual proposed as a nominee for election as a Director and no associates of any such Director, executive officer or proposed nominee, has been indebted to the Corporation or any of its subsidiaries nor has any such individual's indebtedness to another entity at any time since the beginning of the most recently completed financial year of the Corporation been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries in connection with the purchase of securities of the Corporation.

#### **Insurance and Indemnification**

The directors and officers of the GP, the general partner of the Partnership and the Operating LP, and KFM LLC, and the Directors were, during the Corporation's financial year ended December 31, 2011, covered under a directors and officers insurance policy that provided an aggregate limit of liability applicable to the insured individuals of \$50 million, inclusive of costs to defend claims. The Corporation also has indemnity agreements with each of the Directors and officers of the Corporation, which provide for the indemnification of such individuals from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties as a trustee or officer, either for the Corporation or any subsidiary entity (as applicable), subject to certain customary limits.

#### **Interests of Informed Persons in Material Transactions**

To the knowledge of management and the Directors, none of the principal Shareholders or the Directors or officers of the Corporation, or any associate or affiliate of any of the foregoing persons, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Corporation's financial year ended December 31, 2011 or in any proposed transaction involving the Corporation which has materially affected or will materially affect the Corporation or any of its subsidiaries.

#### **Shareholder Proposal for Next Year's Annual Meeting**

The *Canada Business Corporations Act* permits certain eligible Shareholders, subject to certain conditions, to submit shareholder proposals to the Corporation for inclusion in a management proxy circular for an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders of the Corporation to be held in fiscal year 2013 is December 21, 2012. Shareholders should consult their legal advisors for more information.

## Audit Committee Information

The Corporation's Annual Information Form dated March 28, 2012 contains the information required by National Instrument 52-110 – *Audit Committees* on page 39 under the heading "Audit Committee Information", including attaching the Audit Committee Mandate as its Schedule "A". See below under the heading "Additional Information" for information on how to obtain a copy of the Corporation's Annual Information Form.

## Additional Information

Additional information relating to the Corporation can be found on SEDAR under the profile of the Corporation at [www.sedar.com](http://www.sedar.com). Shareholders may contact Leigh Tang, Secretary and Manager, Business & Corporate Services for the Corporation at 550 Burrard Street, Suite 458, Box 51, Bentall V, Vancouver, British Columbia V6C 2B5 or by telephone at (604) 661-9143 to request copies of the financial statements and Management Discussion and Analysis ("MD&A"), the Circular and the Annual Information Form for the Corporation. Further information can also be found on the Corporation's website: [www.acadiantimber.com](http://www.acadiantimber.com).

Financial information for the most recently completed financial year of the Corporation is provided in its comparative financial statements and MD&A which are filed on SEDAR under the profile of the Corporation and can be found at [www.sedar.com](http://www.sedar.com).

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Governance Practices

A description of the Corporation's corporate governance practices is set out below in response to the requirements of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and in the form set forth in Form 58-101F1 Corporate Governance Disclosure. The Corporation and its Board is committed to working together to achieve strong and effective corporate governance, with the objective of promoting the long-term interests of the company and the enhancement of value for all Shareholders. Management and the Directors continue to review and improve the Corporation's corporate governance policies and practices in relation to evolving legislation, guidelines and best practices. The Board is of the view that the Corporation's corporate governance policies and practices and its disclosure in this regard are comprehensive and consistent with the guidelines established by Canadian securities regulators.

The Corporation's Board and committee mandates are attached as Appendix A. For the Audit Committee Mandate, and for further information on the Audit Committee, see the section entitled "Audit Committee Information" on page 39 of the Corporation's Annual Information Form dated March 28, 2012 available on SEDAR at [www.sedar.com](http://www.sedar.com). The position description for the Chair of the Board and the Chairs of the Board's committees are set out in Appendix B.

<b>Form 58-101F1 Corporate Governance Matters</b>	<b>Acadian Timber Corp. Governance Practices</b>
<b>1. The Board</b>  (a) Disclose the identity of Directors who are independent.	The Board considers a Director to be independent where he or she has no direct or indirect "material relationship" with the Corporation or its subsidiaries which could reasonably be expected to interfere with the exercise of the Director's independent judgement. On this basis, the Board has determined that the following Directors are independent: <ul style="list-style-type: none"><li>• J.W. Bud Bird, O.C.</li><li>• Louis J. Maroun</li><li>• David Mann</li></ul>



<p align="center"><b>Form 58-101F1 Corporate Governance Matters</b></p>	<p align="center"><b>Acadian Timber Corp. Governance Practices</b></p>
<p>(b) Disclose the identity of Directors who are not independent, and describe the basis for that determination.</p>	<p>The Board considers Reid Carter and Samuel J.B. Pollock to have material relationships with the Corporation, as follows:</p> <p>Mr. Carter is the President and Chief Executive Officer of the Corporation.</p> <p>Mr. Pollock is a Senior Managing Partner of Brookfield, which holds a significant direct and indirect interest in the Corporation</p>
<p>(c) Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>The majority of the Directors are independent, as defined by National Instrument 52-110 – <i>Audit Committees</i>.</p>
<p>(d) If a Director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.</p>	<p>David Mann is also a director of NewGrowth Corp., Allbanc Split Corp., Logistec Corporation and Brookfield Renewable Energy Partners LP.</p> <p>Lou Maroun is also a director of Brookfield Infrastructure Partners and Brookfield Renewable Energy.</p> <p>Samuel J.B. Pollock is also a director of Fraser Papers Inc., Prime Infrastructure Holdings Inc. and Clublink Enterprises Limited; the latter two companies are listed on the Australian Securities Exchange.</p>
<p>(e) Disclose whether or not the independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. If the independent Directors hold such meetings, disclose the number of meetings held since the beginning of the Corporation’s most recently completed financial year. If the independent Directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent Directors.</p>	<p>The Board has at least four scheduled meetings each year. In 2011, the Board had four meetings.</p> <p>At each Board meeting, a private session between the independent Directors is held. This practice is also adopted at some Audit Committee meetings, where independent Directors hold a private session with the Corporation’s independent auditor.</p> <p>It is the intention of the Board to continue with this process for future meetings to facilitate open and candid discussions among its independent Directors.</p>
<p>(f) Disclose whether or not the chair of the Board is an independent Director. If the Board has a chair or lead Director who is an independent Director, disclose the identity of the independent chair or lead Director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead Director that is independent, describe what the Board does to provide leadership for its independent Directors.</p>	<p>The Chairman of the Board is Samuel J.B. Pollock, who is currently not an independent Director, as described above.</p> <p>Louis J. Maroun is the lead Director and is independent, as described above.</p> <p>Where the Chair is not independent, the Board shall appoint an independent Director as lead Director to assume certain key functions of the Chair, including, without limitation, acting as a liaison between the Board and senior management of the Corporation, promoting open and constructive discussions between the Directors and senior management, monitoring the adequacy of materials provided to the Directors by senior management, ensuring that the independent Directors</p>

Form 58-101F1 Corporate Governance Matters	Acadian Timber Corp. Governance Practices
	have adequate opportunities to discuss issues without senior management present and presiding over <i>in camera</i> meetings of the independent Directors.
(g) Disclose the attendance record of each Director for all Board meetings held since the beginning of the Corporation's most recently completed financial year.	All of the five Directors attended each of the four Board meetings held during 2011.
<b>2. Board Mandate</b> Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	The Board mandate can be found attached to this Circular as Appendix A.
<b>3. Position Descriptions</b> (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.	The Board has developed written descriptions for the role of Chair of the Board and committee chairs. The Chair of the Board is responsible for, among other things, providing leadership to the other Directors in discharging their mandate, presiding over meetings of the Board, assisting Board committees and acting as a liaison between the Board and management. Chairs of the Board committees are responsible for, among other things, scheduling, setting agendas and presiding over meetings and acting as a liaison between the committee and management.
(b) Disclose whether or not the Board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and the Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.	The Board and the CEO have developed a written position description for the CEO that sets out the duties and responsibilities of the CEO, which include, without limitation, providing leadership to the Corporation, and subject to approved policies and direction by the Board, overseeing the management of the business and affairs of the Corporation and its subsidiaries.
<b>4. Orientation and Continuing Education</b> (a) Briefly describe what measures the Board takes to orient new Directors regarding <ul style="list-style-type: none"> <li>(i) the role of the Board, its committees and the Directors, and</li> <li>(ii) the nature and operation of the Corporation's business.</li> </ul>	Given that no new Directors have joined the Board since the initial public offering of the Fund, in January 2006, the Board has not been required to take any measures to orient new members. However, the Board, along with senior management, have determined that if new Directors were to join, appropriate arrangements would be made for specific briefing sessions from appropriate senior personnel to help the new Directors better understand the Corporation's strategies and operations. Invitations would also be given to existing Board members to join the sessions as a refresher.  In addition, despite the past experience of the Board, the Directors are given annual reviews by senior management of each of the Corporation's strategic business units and more detailed presentations on particular strategies. During these sessions, the Directors

Form 58-101F1 Corporate Governance Matters	Acadian Timber Corp. Governance Practices
	are provided with comprehensive information about the Corporation and its affiliates. The Directors also have the opportunity to request to meet and participate in work sessions with management, as they deem necessary, to obtain additional insight into or updates on the operations of the Corporation and its affiliates.
(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its Directors. If the Board does not provide continuing education, describe how the Board ensures that Directors maintain the skill and knowledge necessary to meet their obligations as Directors.	As noted above, each Director has been a member of the Board since the initial public offering of the Fund and also each have significant past industry experience. The Board receives industry updates from senior management on at least a quarterly basis and further, arrangements are made upon Director request, for specific briefing sessions from appropriate senior personnel to help existing Directors better understand industry related changes, when the need arises. Given the experience of the Board and each Director, the Board does not feel a formal continuing education program is necessary.
<b>5. Ethical Business Conduct</b>  (a) Disclose whether or not the Board has adopted a written code for the Directors, officers and employees. If the Board has adopted a written code:	The Board has adopted a written code of business conduct (the “Code”).
(i) disclose how a person or company may obtain a copy of the code;	The Code can be obtained from the Corporation through the contact information provided in the “Additional Information” section of this Circular. The Code can also be found on the Corporation’s website at <a href="http://www.acadiantimber.com">www.acadiantimber.com</a> or on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a> .
(ii) provide a cross-reference to any material change report filed since the beginning of the Corporation’s most recently completed financial year that pertains to any conduct of a Director or executive officer that constitutes a departure from the Code.	There have been no such departures.
(b) Describe any steps the Board takes to ensure Directors exercise independent judgment in considering transactions and agreements in respect of which a Director or executive officer has a material interest.	In the event that any transactions or agreements occur in respect of which a Director or officer of the Corporation has a material interest, such material interest is disclosed to the Board, in the course of approving the transaction or agreement, and such Director or officer thereby provides full disclosure to the Chairman of the Audit Committee of such material interest. In the event that a Director has a material interest in any transaction or agreement, such Director will abstain from voting in that regard.  Personnel with potential conflicts of interests are encouraged to consult their supervisor or department head.

<p align="center"><b>Form 58-101F1 Corporate Governance Matters</b></p>	<p align="center"><b>Acadian Timber Corp. Governance Practices</b></p>
<p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Through the above-noted methods, the Board encourages and promotes a culture of ethical business conduct.</p>
<p><b>6. Nomination of Directors</b></p> <p>(a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The CNCG Committee is responsible for identifying and proposing new nominees for the Board in a manner that is responsive to the Corporation’s needs and the interests of its Shareholders. The CNCG Committee annually reviews the performance of the Board, including the individual contributions of Board members, along with their respective skill sets. If the CNCG Committee were to determine that either replacement or additional Board candidates were required, the CNCG Committee would undertake a more thorough review of the Board’s needs to compile a skills matrix setting forth the skills and expertise that are required. The CNCG Committee would then use this matrix to identify suitable candidates for the Board’s review.</p>
<p>(b) Disclose whether or not the Board has a nominating committee composed entirely of independent Directors. If the Board does not have a nominating committee composed entirely of independent Directors, describe what steps the Board takes to encourage an objective nomination process.</p>	<p>The CNCG Committee is composed of three Directors, each of whom is independent.</p>
<p>(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The responsibilities powers and operation are described in its mandate, which can be found attached to this Circular as Appendix B.</p>
<p><b>7. Compensation</b></p> <p>(a) Describe the process by which the Board determines the compensation for the Directors and officers of the Corporation.</p>	<p>The CNCG Committee is charged with making recommendations concerning the remuneration of Directors. The CNCG Committee formulates a recommendation to the Board and the final decision is made by the Board. These recommendations are only in regard to remuneration of the independent Directors as Messrs. Carter and Pollock do not receive the annual Directors compensation.</p> <p>The Board also requires that the CNCG Committee undertake an annual review of remuneration for officers of the Corporation. As part of this review, the CNCG Committee makes recommendations regarding long-term incentives for senior management and reviews the adequacy and form of compensation and benefits provided.</p>

<p align="center"><b>Form 58-101F1 Corporate Governance Matters</b></p>	<p align="center"><b>Acadian Timber Corp. Governance Practices</b></p>
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent Directors. If the Board does not have a compensation committee composed entirely of independent Directors, describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>The CNCG Committee is composed of three Directors, each of whom is independent.</p>
<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The responsibilities powers and operation are described in its mandate, which can be found attached to this Circular as Appendix B.</p>
<p>(d) If a compensation consultant or advisor has, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Directors and officers of the Corporation, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the Corporation, state that fact and briefly describe the nature of the work.</p>	<p>No compensation consultant or advisor has been retained.</p>
<p><b>8. Other Board Committees</b> If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has no other standing committees.</p>
<p><b>9. Assessments</b> Disclose whether or not the Board, its committees and individual Directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and individual Directors are performing effectively.</p>	<p>The CNCG Committee reviews, on an annual basis, the effectiveness of the Board, all committees of the Board, and individual Directors, which includes reviewing the individual contributions of Board and committee members, along with their respective skill sets. During the review process, the CNCG Committee specifically considers: (i) input from the Directors, where appropriate (including through annual performance surveys and self-assessments); (ii) attendance of the Directors at Board and committee meetings; (iii) compliance with the Board and committee mandates; and (iv) the competencies and skill sets of the individual Board and committee members.</p>

**DIRECTORS' APPROVAL**

The contents of this Circular and the delivery thereof to the Shareholders of the Corporation have been approved by the Board. Information contained in this Circular is given as of March 28, 2012, unless otherwise stated.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) Samuel J.B. Pollock  
Chairman of the Board

Toronto, Ontario  
March 28, 2012

**APPENDICES**



**ACADIAN TIMBER CORP.**

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## APPENDIX A



# ACADIAN TIMBER

## ACADIAN TIMBER CORP.

### *BOARD OF DIRECTORS MANDATE*

The board of directors (the “**Board**”) of Acadian Timber Corp. (the “**Corporation**”) has passed a resolution as of February 9, 2010 approving this mandate (the “**Mandate**”) as the mandate of the Board.

#### **1. PURPOSE OF THE BOARD**

The Board is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of the Corporation with the highest standards of ethical conduct and in the best interests of the Corporation and its shareholders. The Board shall oversee, directly and through its committees, the business and affairs of the Corporation and its subsidiary entities, which are conducted by the officers and employees of the Corporation, its subsidiary entities and Brookfield Timberlands Management LP (“**Brookfield LP**”), to ensure that the best interest of the shareholders are advanced by enhancing shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which they operate.

#### **2. SPECIFIC AUTHORITY AND RESPONSIBILITIES**

The Board is responsible for the stewardship of the Corporation and in that regard shall be specifically responsible for:

- (a) **Strategic planning** – with the assistance of senior management of the Corporation, adopting a strategic planning process, and reviewing and approving, on at least an annual basis, as well as continuously monitoring, a strategic plan for the Corporation and its subsidiaries, which takes into account, among other things, the opportunities and risks of the Corporation’s business and activities and includes fundamental financial and business strategies and objectives;
- (b) **Risk management** – with the assistance of senior management of the Corporation, identifying and assessing the major risks facing the Corporation and ensuring the implementation of appropriate systems to manage those risks;
- (c) **Maintaining integrity** – to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and that such officers create a culture of integrity throughout the organization;
- (d) **Acquisitions and dispositions** – with the assistance of senior management of the Corporation, reviewing and evaluating potential acquisitions or dispositions recommended by senior management;
- (e) **Communication policy** – adopting and periodically reviewing, through the Compensation, Nominating and Corporate Governance Committee (the “**CNCG Committee**”) of the Board, or in any manner that the Board deems appropriate, a disclosure policy for the Corporation;



- (f) **Succession planning** – monitoring succession planning, through the CNCG Committee or in any manner that the Board deems appropriate, key matters pertaining to the appointment, training, and monitoring of the Corporation’s senior officers, which may include meeting with, and discussing such matters with, senior management of the Corporation;
- (g) **Corporate governance** – reviewing the reports and recommendations of the CNCG Committee regarding proposed nominees for the Board, the composition of the Board (including size and membership) and the committees of the Board, and with respect to the Corporation’s approach to governance and its corporate governance policies;
- (h) **Internal controls** – reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity and promote a culture of integrity within the Corporation. These controls and procedures include its disclosure controls and procedures, its internal controls and procedures for financial reporting and compliance with its Code of Business Conduct. Review and monitoring of such controls and procedures may be conducted through the Board’s Audit Committee, or in any manner that the Board deems appropriate; and
- (i) **Reports of Brookfield LP** – in connection with the Amended and Restated Management Agreement dated January 1, 2010 between AT Limited Partnership, Brookfield LP and Katahdin Forest Management LLC (the “**Management Agreement**”), regularly reviewing, with senior management of the Corporation, reports by Brookfield LP on the performance of Acadian Timber Limited Partnership and AT Limited Partnership, which own, directly and indirectly, the assets from which the Corporation currently derives its sole source of revenue.
- (j) **Performance of Brookfield LP** – in connection with the Management Agreement, monitoring the performance of Brookfield LP in connection with its provision of management services to AT Limited Partnership and administrative services to the Corporation and its subsidiaries.

In addition, directors are expected to carry out their duties in accordance with policies adopted by the Board from time to time, the current policy being annexed hereto as part of Appendix A.

### 3. COMPOSITION AND PROCEDURES

- (a) **Size of the Board and selection process** – The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. Any shareholder may propose a nominee for election to the Board at the annual meeting. The Board also recommends the number of directors on the Board to shareholders for approval, based on the recommendations of the CNCG Committee. Between annual meetings, the Board may appoint directors to fill vacancies until the next annual meeting.
- (b) **Qualifications** – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation’s, and its subsidiaries’, activities. A majority of the directors should qualify as “independent” as defined in National Instrument 52-110 – *Audit Committees*.<sup>(1)</sup>
- (c) **Meetings** – The Board shall hold at least four scheduled meetings each year. Senior management of the Corporation shall be responsible for presenting an agenda to the directors for consideration prior to each Board meeting. Materials for each meeting will be distributed to the directors in advance of the meetings. Directors are expected to have read and considered the materials sent to them in advance of the meetings and be prepared to discuss the matters contained in such materials at the meeting.

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<sup>(1)</sup> See Appendix B.

The independent directors will hold regular meetings at which the non-independent directors and members of the Corporation's senior management are not in attendance.

- (d) **Committees** – The Board has established the following standing committees to assist the Board in discharging its responsibilities: an Audit Committee and the CNCG Committee. Special committees may be established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The mandate of each standing committee will be reviewed annually by the Board (through the CNCG Committee or in any manner that the Board deems appropriate).
- (e) **Access to independent advisors** – In discharging its mandate, the Board and any committee may, at any time, retain outside financial, legal or other advisors at the expense of the Corporation.
- (f) **Compensation** – Compensation of directors shall be at a level that will attract and motivate professional and competent Board members, based on the recommendations, from time to time, of the CNCG Committee.
- (g) **Chairperson of the Board** – The Board will elect, by majority vote, a chairperson (the “**Chair**”) from its membership each year at the first meeting of the Board after a meeting of the shareholders of the Corporation at which the directors are elected, provided that if such election is not made, the director who is then serving as Chair shall continue as Chair until his or her successor is elected. The Chair's responsibilities have been determined and approved by the Board and have been set out in a written position description. The Chair shall be an independent director (determined in accordance with this Mandate) unless the Board determines otherwise.
- (h) **Lead Director** – If the Chair is not an independent director, the Board shall elect, by majority vote, a “lead director” to act as a liaison between the Board and senior management of the Corporation. The lead director's responsibilities have been determined and approved by the Board and have been set out in a written position description, which include monitoring the adequacy of materials provided to the directors, ensuring directors have adequate opportunities to meet without senior management of the Corporation being present and presiding over *in camera* meetings of the independent directors.

#### 4. ANNUAL EVALUATION

At least annually, the Board shall, through the CNCG Committee, or in any manner it determines to be appropriate:

- (a) conduct a review and evaluation of the performance of the Board and its members and committees, including compliance by the Board with this Mandate. This evaluation shall focus on the contribution of the Board to the Corporation and its subsidiaries and specifically focus on areas in which the directors and senior management believe that the contribution of the Board could be improved; and
- (b) review and assess the adequacy of this Mandate and the position descriptions for the Chair and lead director and make such changes as it considers necessary or appropriate.

## ***POLICY FOR PRACTICES FOR DIRECTORS***

### **1. Attendance at Meetings**

Each director is expected to have a very high record of attendance at meetings of the Board, and at meetings of each Board committee on which the director sits. A director is expected to:

- (a) advise the Chair as to planned attendance at Board and Board committee meetings shortly after meeting schedules have been distributed;
- (b) advise the Chair as soon as possible after becoming aware that he or she will not be able to attend a meeting; and
- (c) attend a meeting by conference telephone if unable to attend in person.

### **2. Preparation for Meetings**

Directors are expected to carefully review and consider the materials distributed in advance of a Board or Board committee meeting. Directors are also encouraged to contact the Chair, the lead director, the Chief Executive Officer and any other appropriate senior officers to ask questions and discuss agenda items prior to meetings.

### **3. Conduct at Meetings**

Directors are expected to ask questions and participate in discussions at meetings, and to contribute relevant insights and experience. In discussions at meetings, a director should:

- (a) be candid and forthright;
- (b) not be reluctant to express views contrary to those of the majority;
- (c) be concise and, in most circumstances, respect the time constraints of a meeting; and
- (d) be courteous to and respectful of other directors and guests in attendance.

### **4. Knowledge of the Corporation's Business**

Directors are expected to be knowledgeable with respect to the various fields and divisions of business of the Corporation. Although the senior officers of the Corporation, individually and as a group, have a duty to keep the directors informed about developments in the Corporation's business, directors have a primary duty of care and diligence, which includes a duty of inquiry. Directors should:

- (a) ask questions of the officers and other directors, at meetings and otherwise, to increase their knowledge of the business of the Corporation;
- (b) familiarize themselves with the risks and challenges facing the business of the Corporation;
- (c) read all internal memoranda and other documents circulated to the directors, and all reports and other documents issued by the Corporation for external purposes;
- (d) insist on receiving adequate information from the officers of the Corporation with respect to a proposal before Board approval is requested;

- (e) familiarize themselves with the Corporation's competitors by, among other things, reading relevant news, magazine and trade journal articles; and
- (f) familiarize themselves with the legal and regulatory framework within which the Corporation carries on its business.

**5. Personal Conduct**

Directors are expected to:

- (a) exhibit high standards of personal integrity, honesty and loyalty to the Corporation;
- (b) project a positive image of the Corporation to news media, the financial community, governments and their agencies, shareholders and employees;
- (c) be willing to contribute extra efforts, from time to time as may be necessary including, among other things, being willing to serve on committees of the Board; and
- (d) disclose any potential conflict of interest that may arise with the business or affairs of the Corporation and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

## APPENDIX B

### DEFINITIONS

“**independent director**” means a director who has no direct or indirect material relationship with the Corporation.<sup>1</sup>

“**material relationship**” means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgement. Without limiting the generality of the foregoing, the following individuals are considered to have a material relationship with the Corporation:<sup>2</sup>

- (a) an individual who is, or has been within the last three years, an employee or executive officer<sup>3</sup> of the Corporation;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Corporation;
- (c) an individual who:
  - (i) is a partner<sup>4</sup> of a firm that is the Corporation’s internal or external auditor,
  - (ii) is an employee of that firm, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
  - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee; and

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<sup>1</sup> For the purpose of the definitions of “independent director” and “material relationship” in this Appendix, “Corporation” includes a subsidiary entity of the Corporation and a parent of the Corporation, as applicable.

<sup>2</sup> An individual will not be considered to have a material relationship with the Corporation solely because he or she had a relationship identified in this definition if that relationship ended before March 30, 2004 or, if such relationship was with a subsidiary entity of the Corporation or a parent of the Corporation, that relationship ended before June 30, 2005. An individual will not be considered to have a material relationship with the Corporation solely because the individual or his or her immediate family member has previously acted as an interim chief executive officer of the Corporation or acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Corporation on a part-time basis.

<sup>3</sup> An “executive officer” includes any individual who performs a policy-making function in respect of the entity.

<sup>4</sup> A partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more than \$75,000 in direct compensation<sup>5</sup> from the Corporation during any 12-month period within the last three years.<sup>6</sup>

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<sup>5</sup> Direct compensation does not include: (a) remuneration for acting as a member of the board of directors or of any board committee of the Corporation; and (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.

<sup>6</sup> An individual who: (a) has a relationship with the Corporation pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or (b) is an affiliated entity of the Corporation or any of its subsidiary entities, is considered to have a material relationship with the Corporation. The indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by: (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary entity of the Corporation. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Corporation if the compensation is not contingent in any way on continued service.



ACADIAN TIMBER

ACADIAN TIMBER CORP.

*COMPENSATION, NOMINATING AND CORPORATE GOVERNANCE  
COMMITTEE MANDATE*

A committee of the board of directors (the “**Board**”) of Acadian Timber Corp. (the “**Corporation**”) to be known as the Compensation, Nominating and Corporate Governance Committee (the “**Committee**”) shall have the mandate set out below. The Board has passed a resolution as of February 9, 2010 approving this mandate (the “**Mandate**”) as the mandate of the Committee.

**1. PURPOSE OF THE COMMITTEE**

The Committee is established by the Board to discharge the Board’s responsibilities relating to:

*Compensation*

- (a) recruitment, development and retention of senior management;
- (b) appointment, performance evaluation and compensation of senior management, excluding the compensation of the Chief Executive Officer (the “**CEO**”) and Chief Financial Officer (the “**CFO**”), who are employees of Brookfield Timberlands Management LP (“**Brookfield LP**”);
- (c) succession planning systems and processes relating to senior management;
- (d) remuneration of directors;
- (e) administering and making recommendations regarding the operation of any long-term incentive plan and any other employee incentive plans, seeking to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a director or senior officer of the Corporation and align the interests of the directors with the best interests of the shareholders;

*Nominating and Corporate Governance*

- (f) development of the criteria for selecting new directors;
- (g) identification of individuals qualified to become members of the Board;
- (h) development of the Corporation’s approach to governance issues and appropriate corporate governance principles;
- (i) review of the effectiveness of the directors and the contribution of individual directors, including an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board, the written mandates of the Board and its committees, and the contributions of individual directors;
- (j) periodic review and updating of the Corporation’s written disclosure policy; and
- (k) such other initiatives as may be necessary or desirable to enable the Board to provide effective corporate governance.

## 2. SPECIFIC RESPONSIBILITIES

Although the Board may consider other duties from time to time, the Committee, to the extent it deems necessary or appropriate, will have the following specific responsibilities in light of the Committee's purpose as set out above:

### *Compensation Responsibilities*

- (a) at least annually, review with the Chief Executive Officer of the Corporation (the "CEO") and Brookfield Asset Management Inc. ("Brookfield") the long term goals and objectives of the Corporation that are relevant to the CEO's compensation to be paid by Brookfield and the CEO's performance in light of those goals and objectives, with a view to maintaining a compensation program for the CEO at a fair and competitive level, consistent with the best interests of the Corporation;
- (b) at least annually, in consultation with the CEO, review and make recommendations to the Board with respect to the compensation of all members of senior management of the Corporation other than the CEO and CFO (including incentive compensation plans, equity-based plans, the terms of employment arrangements, severance arrangements, change in control arrangements and any special or supplemental benefits), with a view to maintaining a compensation program for senior management at a fair and competitive level, consistent with the best interests of the Corporation;
- (c) at least annually, review and make recommendations to the Board with respect to the compensation of directors, the chair of the Board and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming;
- (d) exercise the authority of the Board with respect to the administration of the Corporation's existing deferred unit plan, and any other incentive stock option plans or other equity-based and employee benefit plans in place from time to time, in accordance with the terms and provisions of such plans, with authority to grant or to approve or disapprove participation of individual employees in those plans;
- (e) make recommendations to the Board with respect to senior officer development and corporate succession plans for the CEO and other members of senior management;

### *Nominating Responsibilities*

- (f) at least annually, and in any event prior to making a recommendation for the nomination of directors at the Corporation's annual meeting of shareholders, review the competencies, skills and personal qualities required of Board members in light of relevant factors, including: the objective of adding value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies, the need to ensure, to the greatest extent possible, that a majority of the Board is comprised of individuals who meet the independence requirements of the applicable securities legislation or other guidelines, and the policies of the Board with respect to board member tenure, retirement and succession and director commitments;
- (g) in co-operation with the Corporation's senior management, oversee an appropriate orientation and education program for new directors in order to familiarize them with the Corporation and the nature and operation of the Corporation's business (including the Corporation's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, senior management and the independent auditor);
- (h) actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board) to become directors for recommendation to the Board;



- (i) review and recommend to the Board the membership and allocation of directors to the various committees of the Board, and the chairs thereof;
- (j) establish procedures for the receipt of comments from all directors to be included in an annual assessment of the Board's performance;

### ***Governance Responsibilities***

- (k) review from time to time the size of the Board and number of directors who are independent for the purpose of applicable requirements;
- (l) at least annually, review the mandates and performance of the Board and its committees and, if appropriate, make recommendations to the Board in respect thereof;
- (m) at least annually, review the practices of the Board (including the holding of separate meetings of non-management and independent directors) to ensure compliance with the Board's mandate and the Corporation's internal governance guidelines and policies;
- (n) at least annually, review the relationship between senior management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of senior management;
- (o) at least annually, review the adequacy of the Corporation's Code of Business Conduct and recommend any proposed changes to the Board;
- (p) be responsible for granting any waivers from the application of the Corporation's Code of Business Conduct and review senior management's monitoring of compliance with that Code;
- (q) review, as requested by the Board, the adequacy of position descriptions for the Corporation's CEO, chairman of the Board and chairpersons of the committees of the Board;
- (r) assess the need, and to coordinate a program, for continuing education for members of the Board; and
- (s) review the performance of Brookfield LP in providing services to the Corporation and certain of its subsidiaries pursuant to the amended and restated management agreement dated January 1, 2010 between AT Limited Partnership, Katahdin Forest Management LLC and Brookfield LP.

### **3. MEMBERSHIP AND ORGANIZATION**

- (a) Following each annual meeting of the Corporation's shareholders, the Board shall appoint from its number three directors to serve on the Committee (the "**Members**") until the close of the next annual meeting of shareholders of the Corporation (provided that if such appointment is not made, the Member shall continue as a member of the Committee until his or her successor is appointed) or until the Member ceases to be a director, resigns or is replaced, whichever first occurs. In addition to possessing the qualities required of a Director, each Member shall have, or commit to develop in a timely manner, an understanding of compensation and corporate governance principles and practices.
- (b) A majority of the Members of the Committee shall be "independent" as set out in the mandate of the Board.
- (c) The Board shall appoint one of the Members as the chairperson of the Committee (the "**Chair**"). If the Chair is absent from a meeting, the Members shall select a chairperson from those in

attendance to act as chairperson of the meeting. The Chair's responsibilities have been determined and approved by the Board and have been set out in a written position description.

- (d) The compensation of Members shall be as determined by the Board.

#### 4. PROCEDURES AND ADMINISTRATION

- (a) **Meetings** – Meetings of the Committee may be called by the Chair or the chairperson of the Board. Meetings will be called not less than once annually. Notice of each meeting shall be given to each Member and to the Chairman verbally or by letter, e-mail, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.
- (b) **Quorum and voting** – The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Subject to the foregoing, and the constating documents under which the Corporation was created, and unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- (c) **Investigations** – In discharging its duties, the Committee shall have full access to all corporate books, records, facilities, personnel and outside professionals. The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.
- (d) **Independent Advisors** – The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent consultants and independent legal, accounting or other advisors, who may be regular advisors to the Corporation. The Corporation shall provide such funding as the Committee determines is appropriate in connection with the retention of such advisors.
- (e) **Reports to the Board** – The Committee shall report to the board on its proceedings, reviews undertaken and any associated recommendations.

#### 5. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

- (a) perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Mandate; and
- (b) review and assess the adequacy of this Mandate and the position description for the committee chair and recommend to the Board any improvements that the Committee believes to be appropriate.