

THIS IS EXHIBIT "B" TO
THE AFFIDAVIT OF W. JUDSON MARTIN
SWORN MARCH 30, 2012

A Commissioner, etc.

Fildani Lee
LEE HONG KIU KILDARIA
Solicitor, Hong Kong SAR

RESTRUCTURING SUPPORT AGREEMENT

This Restructuring Support Agreement dated as of March 30, 2012 (the “**Agreement Date**”) among: (a) Sino-Forest Corporation (the “**Company**”), (b) each of the subsidiaries of the Company as listed in **Schedule A** (the “**Direct Subsidiaries**”), and (c) each of the other signatories hereto, to support agreements in the form hereof or to Joinder Agreements attached hereto as **Schedule C** (each a “**Consenting Noteholder**” and collectively the “**Consenting Noteholders**”), with each Consenting Noteholder being a holder of, and/or investment advisor or manager with investment discretion with respect to holdings in, one or more series of Notes, addresses the principal aspects of the restructuring transaction agreed to by the Company and the Consenting Noteholders as described in Section 1 hereof. The Transaction is to be effected pursuant to a plan of compromise or arrangement under the *Companies’ Creditors Arrangement Act* (Canada), R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and, if determined necessary or advisable by the Company in conjunction with the CCAA Plan, and with the consent of the Advisors, the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (the “**CBCA**”), in full and final settlement of, among other Claims, all Noteholder Claims (whether directly or pursuant to any guarantee of the Notes provided by any subsidiary of the Company, and any security provided in respect thereof). Capitalized terms used but not otherwise defined in this Agreement have the meanings ascribed thereto in **Schedule B**. The Consenting Noteholders, the Company and the Direct Subsidiaries are collectively referred to as the “**Parties**” and each (including each Consenting Noteholder, individually) is a “**Party**”. This agreement and all schedules to this agreement are collectively referred to herein as the “**Agreement**”.

1. Transaction

The principal Transaction Terms (which are subject to the other terms and conditions of this Agreement) are as follows:

Restructuring Transaction:

- (a) Pursuant to the Plan, and subject to Section 1(i) hereof, the Company will implement the Restructuring Transaction, pursuant to which:
 - (i) A new company (“**Newco**”), authorized to issue an unlimited number of common shares and having no restrictions on the number of its shareholders, will be incorporated as a private company in the BVI or the Cayman Islands (or any other jurisdiction acceptable to the Initial Consenting Noteholders, and satisfactory to the Company, acting reasonably) and otherwise organized in a manner acceptable to the Initial Consenting Noteholders, and satisfactory to the Company, acting reasonably;
 - (ii) Except as otherwise provided for herein, pursuant to the Plan, the Company shall convey, assign and transfer all of its right, title and interest in and to all of the Company’s properties, assets and rights of every kind and description (including, without limitation, all restricted and unrestricted cash, contracts, real property, receivables or other debt owed

to the Company, Intellectual Property, the Company name and all related marks, all of its shares in its subsidiaries (including, without limitation, all of the shares of the Direct Subsidiaries) and all intercompany debt owed to the Company by any of its Subsidiaries), other than the Excluded Assets, to Newco, free and clear of all Claims, options and interests;

- (iii) Pursuant to the Plan, each Noteholder shall receive the following on the Implementation Date of the Restructuring Transaction in full and complete satisfaction of its Noteholder Claims:
 - (A) its Pro Rata share of 92.5% of the Newco Shares (subject to any dilution in respect of the New Management Plan); plus
 - (B) its Pro Rata share of the Secured Newco Note; plus
 - (C) its right to receive the consideration set forth in Section 1(h)(ii)(B) hereof (if any); plus
 - (D) if applicable to such Noteholder, the Early Consent Consideration set forth in Section 1(b) hereof; and
- (iv) On the Implementation Date, the following consideration shall be placed into trust with the Monitor, for the benefit of the Junior Constituents, to be paid to such Junior Constituents in accordance with their respective legal priorities, subject to payment in full of any prior ranking Junior Constituents:
 - (A) the Contingent Value Rights; plus
 - (B) the consideration set forth in Section 1(h)(ii) hereof (if any).

Early Consent Consideration:

- (b) Each Noteholder (including the Initial Consenting Noteholders) that on or prior to the Consent Date executes (i) this Agreement, (ii) a support agreement in the form hereof or (iii) a Joinder Agreement in the form attached hereto as **Schedule C** (each a “**Consent Date Noteholder**”) and provides evidence satisfactory to the Monitor in accordance with Section 2(a) hereof of the Notes held by such Consent Date Noteholder as at the Consent Date shall receive on the Implementation Date, as additional consideration for its Notes, its Pro Rata share of 7.5% of the Newco Shares (the “**Early Consent Consideration**”).

Other Plan Matters:

- (c) Pursuant to the Plan and the Final Order in respect of the Plan, all Noteholder Claims and Claims of Other Affected Creditors (including Claims of Junior Constituents) with respect to the Company (including, thereby, all class action type claims (whether debt or equity) and related indemnification claims) shall be

forever extinguished as against the Company and its Subsidiaries, without any consideration other than as provided for herein.

- (d) Pursuant to the Plan and the Final Order in respect of the Plan, each current or former director or officer of the Company shall be released from any and all claims against them in their capacities as current or former directors or officers of the Company, except that such release shall not apply to or affect any claims that cannot be compromised under section 5.1(2) of the CCAA.
- (e) Pursuant to the Plan, the Other Affected Creditors shall receive: (A) in respect of a Restructuring Transaction, the treatment afforded to the Noteholders pursuant to Sections 1(a)(iii)(A)-1(a)(iii)(C) hereof, or such other treatment as is acceptable to the Initial Consenting Noteholders and any Other Affected Creditor, provided that the aggregate amount of the Claims of the Other Affected Creditors shall not exceed \$250,000, without the consent of the Company and the Initial Consenting Noteholders, acting reasonably, and (B) in respect of a Sale Transaction, the treatment set forth in Section 1(k) hereof.
- (f) The Plan may provide that Noteholders and Other Affected Creditors holding claims less than an amount to be agreed between the Company and the Initial Consenting Noteholders, each acting reasonably, or who agree to reduce their claims for distribution purposes to such amount, will be entitled to receive a cash distribution in respect of such amount pursuant to the Plan in lieu of the other consideration such Persons are entitled to receive pursuant to the Plan.
- (g) The Unaffected Claims shall not be impacted by the Plan, provided that the aggregate amount of the Unaffected Claims shall not exceed an amount to be agreed upon between the Company and the Initial Consenting Noteholders, each acting reasonably.
- (h) Pursuant to the Plan, the Litigation Trust will be established on the Implementation Date for the benefit of the Noteholders and the Junior Constituents, as follows:
 - (i) The Litigation Trust shall be funded with \$20 million in cash (“the **“Funding Amount”**”), which amount shall be funded by the Company into the Litigation Trust on the Implementation Date;
 - (ii) To the extent that any proceeds are realized by the Litigation Trust as a result of:
 - (A) claims by the Litigation Trust against, or settlements with, Muddy Waters, LLC or any of its affiliates or subsidiaries (collectively, “**Muddy Waters**”) or any Person acting jointly or in concert with Muddy Waters, then 100% of any and all of such proceeds shall be paid to the Monitor pursuant to Section 1(a)(iv) for the benefit of the Junior Constituents only; or

- (B) claims by the Litigation Trust against, or settlements with, any Person other than Muddy Waters or any Person acting jointly or in concert with Muddy Waters, then:
- (I) for the first \$25,000,000 of any such proceeds, 100% of such proceeds shall be paid to the Monitor pursuant to Section 1(a)(iv) for the benefit of the Junior Constituents only; and
 - (II) for any such proceeds beyond the initial \$25,000,000:
 - i. in the event that the enterprise value of Newco (as determined in accordance with generally accepted principles applied by Chartered Business Valuators or other manner agreed upon between the Company and the Advisors, acting reasonably) (“**Newco EV**”) is, at the time that any proceeds are so available for distribution from the Litigation Trust, less than the Aggregate Principal Payment Amount plus Accrued Interest up to and including the CCAA Filing Date for all series of Notes, then 30% of any such proceeds shall in each such case be allocated Pro Rata among the Noteholders (up to a maximum of the difference between: (A) the Aggregate Principal Payment Amount plus Accrued Interest and (B) the Newco EV), and 70% of any such proceeds shall be paid to the Monitor pursuant to Section 1(a)(iv) for the benefit of the Junior Constituents; and
 - ii. in the event that Newco EV is, at the time that any proceeds are so available for distribution from the Litigation Trust, greater than the Aggregate Principal Payment Amount plus Accrued Interest up to and including the CCAA Filing Date for all series of Notes, then 100% of any such proceeds shall be paid to the Monitor pursuant to Section 1(a)(iv) for the benefit of the Junior Constituents only, and the Noteholders shall not be entitled to receive any distributions from the Litigation Trust.

Alternative Sale Transaction:

- (i) Pursuant to the Sale Process Procedures, the Company shall simultaneously pursue a sale process for all or substantially all of the assets of the Company

(other than the Excluded Assets), and shall consummate a sale of all or substantially all of its assets pursuant to such process, and in lieu of the Restructuring Transaction, provided that any such sale is on terms acceptable to the Company and (i) shall be implemented pursuant to a Plan under the CCAA, and if determined necessary or advisable by the Company, the CBCA, (ii) complies with the terms, conditions and deadlines of the Sale Process Procedures, the Sale Process Order, this Agreement and the Plan, (iii) provides for a cash payment equal to the Aggregate Principal Payment Amount (being, as defined, 85% of the aggregate principal amount of the Notes outstanding as of the CCAA Filing Date, (iv) provides for a cash payment of all Accrued Interest on the Notes up to and including the CCAA Filing Date, and (v) provides for payment of the Expense Reimbursement; or (vi) is otherwise acceptable to the Company and the Initial Consenting Noteholders (any such sale on such terms, being a “**Sale Transaction**”).

- (j) In the event of a Sale Transaction, each Noteholder shall receive the following on the Implementation Date in full and complete satisfaction of its Noteholder Claims:
 - (i) a cash payment equal to all Accrued Interest due in respect of its Notes up to and including the CCAA Filing Date; plus
 - (ii) cash payment equal to its Pro Rata share of 82% of the principal amount of its Notes; plus
 - (iii) if applicable to such Noteholder, its Pro Rata share of the Early Consent Consideration (which in the case of a Sale Transaction shall be paid in the form of a cash payment to each Consent Date Noteholder in an amount equal to its Pro Rata share of 3% of the principal amount of its Notes). For greater certainty, the total amount payable under Sections 1(j)(ii) and 1(j)(iii) shall in no case exceed the Aggregate Principal Payment Amount.
- (k) In the event of a Sale Transaction, on the Implementation Date, in full and complete satisfaction of its Claims, each Other Affected Creditor shall receive the following:
 - (i) a cash payment equal to its Pro Rata share of any and all net sale proceeds realized after payment of the amounts set forth in Section 1(j) hereof (“**Excess Net Proceeds**”), up to an amount not exceeding its proven Claim.
- (l) In the event of a Sale Transaction, on the Implementation Date, the following consideration shall be placed into trust with the Monitor, for the benefit of the Junior Constituents:
 - (i) any remaining Excess Net Proceeds after payment of the amounts set forth in Section 1(k); plus

- (ii) the consideration set forth in Section 1(h)(ii) hereof (if any),
and/or such other consideration permitted by the Sale Process Procedures.

2. The Consenting Noteholder's Representations and Warranties

Each Consenting Noteholder hereby represents and warrants, severally and not jointly, to the Company and the Direct Subsidiaries (and acknowledges that each of the Company and the Direct Subsidiaries are relying upon such representations and warranties) that:

- (a) As of Agreement Date: it (i) either is the sole legal and beneficial owner of the principal amount of Notes disclosed to the Advisors as of such date or has the investment and voting discretion with respect to the principal amount of Notes disclosed to the Advisors as of such date (the amount of Notes disclosed to the Advisors by such Consenting Noteholder as of such date being the “**Relevant Notes**”; the accrued and unpaid interest and any other amount that such Consenting Noteholder is entitled to claim pursuant to the Relevant Notes is its “**Debt**”); (ii) has the power and authority to bind the beneficial owner(s) of such Notes to the terms of this Agreement; (iii) has authorized and instructed the Advisors to advise the Company, in writing, of the aggregate amount of each series of Notes held by the Consenting Noteholders collectively as of the date hereof, and shall cause the Advisors to promptly (and in any event, within five (5) Business Days) notify the Company or its advisors of any change (upon actual knowledge of such change) to the aggregate holdings of Notes held by the Consenting Noteholders, as well as update any writing delivered to the Company in respect thereof; and (iv) has authorized and instructed the Advisors to advise the Monitor, in writing, of the individual principal amount of each series of Notes held by it as of the date hereof, and shall cause the Advisors to promptly (and in any event, within five (5) Business Days) notify the Monitor or its advisors of any change (upon actual knowledge of such change) to the principal amount of Notes held by it, as well as update any writing delivered to the Monitor in respect thereof.
- (b) To the best of its knowledge after due inquiry, there is no proceeding, claim or investigation pending before any court, regulatory body, tribunal, agency, government or legislative body, or threatened against it or any of its properties that, individually or in the aggregate, would reasonably be expected to impair the Consenting Noteholder's ability to execute and deliver this Agreement and to comply with its terms.
- (c) The Debt held by the Consenting Noteholder is not subject to any liens, charges, encumbrances, obligations or other restrictions that would reasonably be expected to adversely affect its ability to perform its obligations under this Agreement.
- (d) Except as contemplated by this Agreement, the Consenting Noteholder has not deposited any of its Relevant Notes into a voting trust, or granted (or permitted

to be granted) any proxies or powers of attorney or attorney in fact, or entered into a voting agreement, understanding or arrangement, with respect to the voting of its Relevant Notes where such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Consenting Noteholder to comply with its obligations under this Agreement.

- (e) It (i) is a sophisticated party with sufficient knowledge and experience to properly evaluate the terms and conditions of this Agreement; (ii) has conducted its own analysis and made its own decision, in the exercise of its independent judgment, to enter into this Agreement; (iii) has obtained such independent advice in this regard as it deemed appropriate; and (iv) has not relied on the analysis or the decision of any Person other than its own members, employees, representatives or independent advisors (it being recognized that the Advisors are not the advisor to any individual holder of the Notes, including any Initial Consenting Noteholder or Consenting Noteholder, on an individual basis).
- (f) The execution, delivery and performance by the Consenting Noteholder of its obligations under this Agreement:
 - (i) are within its corporate, partnership, limited partnership or similar power, as applicable;
 - (ii) have been duly authorized, by all necessary corporate, partnership, limited partnership or similar action, as applicable, including all necessary consents of the holders of its equity or other participating interests where required; and
 - (iii) do not (A) contravene its certificate of incorporation, articles, by-laws, membership agreement, limited partnership agreement or other constating documents, as applicable, (B) violate any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of its assets, or (C) conflict with or result in the breach of, or constitute a default under, or require a consent under, any contract material to the Consenting Noteholder.
- (g) This Agreement constitutes a valid and binding obligation of the Consenting Noteholder enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally or by general principles of equity, whether asserted in a proceeding in equity or law.
- (h) It is an accredited investor within the meaning of the rules of the United States Securities and Exchange Commission under the *Securities Act of 1933*, as amended, and the regulations promulgated thereunder, as modified by The Dodd-Frank Wall Street Reform and Consumer Protection Act.
- (i) It is an "accredited investor", as such term is defined in National Instrument 45-106 – *Prospectus and Registration Exemptions* of the Canadian Securities

Administrators (“NI 45-106”) and it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106.

- (j) It is resident in the jurisdiction indicated on its signature page to this Agreement.

3. The Company’s and the Direct Subsidiaries’ Representations and Warranties

The Company and each of the Direct Subsidiaries hereby represent and warrant, severally and not jointly, to each Consenting Noteholder (and the Company and each of the Direct Subsidiaries acknowledge that each Consenting Noteholder is relying upon such representations and warranties) that:

- (a) To the best of its knowledge after due inquiry, except as disclosed in the Data Room, there is no proceeding, claim or investigation pending before any court, regulatory body, tribunal, agency, government or legislative body, or threatened against it or any of the Subsidiaries or properties that, individually or in the aggregate, would reasonably be expected to impair the ability of the Company or any of the Direct Subsidiaries to execute and deliver this Agreement and to comply with its terms, or which, if the Transaction was consummated, would result in a Material Adverse Effect.
- (b) The execution, delivery and performance by the Company and each of the Direct Subsidiaries of this Agreement:
 - (i) are within its corporate, partnership, limited partnership or similar power, as applicable;
 - (ii) have been duly authorized by all necessary corporate, partnership, limited partnership or similar action, as applicable, including all necessary consents of the holders of its equity or other participating interests, where required; and
 - (iii) do not (A) contravene its or any of the Subsidiaries’ certificate of incorporation, articles of amalgamation, by-laws or limited partnership agreement or other constating documents, as applicable, (B) violate any judgment, order, notice, decree, statute, law, ordinance, rule or regulation applicable to it or any of the Subsidiaries, properties or assets, or (C) result in the creation or imposition of any lien or encumbrance upon any of the property of the Company or any of its Subsidiaries.
- (c) This Agreement constitutes a valid and binding obligation of the Company and each of the Direct Subsidiaries enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally or by general principles of equity, whether asserted in a proceeding in equity or law.

- (d) To the knowledge of the Company, neither the Company nor any of its Subsidiaries has any material liability for borrowed money other than pursuant to those banking and other lending agreements that are disclosed in the Data Room.
- (e) Except as disclosed in the Information, the Company has filed with the applicable securities regulators all documents required to be filed by it under Applicable Securities Laws except to the extent that such a failure to file would not be Material.
- (f) Except as disclosed in the Information, no order halting or suspending trading in securities of the Company or prohibiting the sale of such securities has been issued to and is outstanding against the Company, and to the knowledge of the Company, and except as may be related to matters disclosed in the Information, no other investigations or proceedings for such purpose are pending or threatened.
- (g) the Company has delivered or otherwise made available to the Advisors complete copies of all employment agreements for the Executive Officers, all of which are in full force and effect, and there have been no extension, supplements or amendments thereto other than as disclosed in the Data Room.
- (h) The board of directors of the Company has: (i) reviewed the Transaction Terms; (ii) determined, in its business judgment, that the transactions contemplated by the Transaction Terms are in the best interests of the Company; (iii) resolved to recommend approval of this Agreement and the transactions and agreements contemplated hereby to the Noteholders and Other Affected Creditors; and (iv) approved this Agreement and the implementation of the Transaction Terms.
- (i) Other than pursuant to this Agreement and any Joinder thereto, there are no agreements between the Company and any Noteholder with respect to any restructuring or recapitalization matters.

4. Consenting Noteholders' Covenants and Consents

Each Consenting Noteholder covenants and agrees as follows:

- (a) Each Consenting Noteholder consents and agrees to the terms and conditions of, and the transactions contemplated by, this Agreement.
- (b) Each Consenting Noteholder agrees to:
 - (i) vote (or cause to be voted) all of its Debt in all votes and in each vote in favour of the approval, consent, ratification and adoption of the Plan and the Restructuring Transaction or Sale Transaction contemplated thereby, as the case may be (and any actions required in furtherance of the foregoing);

- (ii) support the approval of the Plan as promptly as practicable by the Court; and
 - (iii) instruct the Advisors to support the making of Initial Order and the Sale Process Order and any other matters relating thereto, and all other motions filed by the Company in furtherance of the transactions contemplated by this Agreement; provided in each case, that such orders and motions are in form and substance satisfactory to the Advisors and/or the Initial Consenting Noteholders.
- (c) Each Consenting Noteholder agrees not to sell, assign, pledge or hypothecate (except with respect to security generally applying to its investments which does not adversely affect such Consenting Noteholder's ability to perform its obligations under this Agreement) or otherwise transfer (a "**Transfer**"), between the Agreement Date and the Termination Date, any Relevant Notes (or any rights or interests in respect thereof, including, but not limited to, the right to vote) held by such Consenting Noteholder, except to a transferee, who (i) is already a Consenting Noteholder if the representations and warranties of such transferee Consenting Noteholder in Section 2 remain true and correct after such Transfer; or (ii) contemporaneously with any such Transfer, agrees to be fully bound as a signatory Consenting Noteholder hereunder in respect of the Notes that are the subject of the Transfer, by executing and delivering to the Company, with a copy to the Advisors, a Joinder Agreement, the form of which is attached hereto as **Schedule C**. For greater certainty, where the transferee is not already a Consenting Noteholder, such transferee shall be bound by the terms of this Agreement only in respect of the Relevant Notes that are the subject of the Transfer, and not in respect of any other Notes of the transferee. Each Consenting Noteholder hereby agrees to provide the Company and the Advisors with written notice and, in the case of a Transfer pursuant to subparagraph (ii) of this Section 4(c), a fully executed copy of the Joinder Agreement, within three (3) Business Days following any Transfer to a transferee described in (i) or (ii) of this Section 4(c). Any transfer that does not comply with this Section 4(c) shall be void *ab initio*. For greater certainty, where a Consenting Noteholder assigns all of its Relevant Notes pursuant to this Section 4(c), this Agreement shall continue to be binding upon such Consenting Noteholder with respect to any Notes it subsequently acquires.
- (d) Each Consenting Noteholder agrees, to the extent it effects a Transfer of any of its Relevant Notes in accordance with Section 4(c) hereof after 5:00 p.m. (Toronto time) on the Record Date and is entitled to vote on the adoption and approval of the Transaction and the Plan, to vote all of the Relevant Notes that are the subject of the Transfer on behalf of the transferee in all votes and in each vote in favour of the approval, consent, ratification and adoption of the Transaction and the Plan (and any actions required in furtherance thereof).
- (e) Except as contemplated by this Agreement, each Consenting Noteholder agrees not to deposit any of its Relevant Notes into a voting trust, or grant (or permit to

be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement, with respect to the voting of any of its Relevant Notes if such trust, grant, agreement, understanding or arrangement would in any manner restrict the ability of the Consenting Noteholder to comply with its obligations under this Agreement.

- (f) Each Consenting Noteholder agrees that it shall:
- (i) not accelerate or enforce or take any action or initiate any proceeding to accelerate or enforce the payment or repayment of any of its Debt (including for greater certainty any due and unpaid interest on its Relevant Notes), whether against the Company or any Subsidiary or any property of any of them;
 - (ii) execute any and all documents and perform any and all commercially reasonable acts required by this Agreement to satisfy its obligations hereunder including any consent, approval or waiver requested by the Company, acting reasonably;
 - (iii) forbear from exercising, or directing the Trustee to exercise, any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions with respect to any obligations under the Note Indentures, whether against the Company or any Subsidiary or any property of any of them and
 - (iv) (A) not object to, delay, impede or take any other action to interfere with the acceptance or implementation of the Transaction; (B) not propose, file, support or vote (or cause to vote) any of its Debt in favour of any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for the Company or any of its Subsidiaries that is inconsistent with the Plan or this Agreement; (C) vote (or cause to vote) any of its Debt against and oppose any proceeding under the CCAA or any other legislation in Canada or elsewhere, or any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for the Company or any of its Subsidiaries, in each case that is inconsistent with the Plan or this Agreement; or (D) not take, or omit to take, any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the consummation of, the Transaction, except as and only to the extent required by applicable Law or by any stock exchange rules, by any other regulatory authority having jurisdiction over the Consenting Noteholder or by any court of competent jurisdiction.

The Consenting Noteholders acknowledge and agree that the Subsidiaries are direct beneficiaries of this Section 4(f) and may raise any defense (including, without limitation, any estoppel) or pursue any claim or remedy for any breach of this Section 4(f) or any action taken by any

Noteholder or Trustee in contravention of this Section 4(f).

5. Company's and the Direct Subsidiaries' Covenants and Consents

The Company and each of the Direct Subsidiaries covenants and agrees as follows:

- (a) The Company and each Direct Subsidiary consents and agrees to the terms and conditions of, and the transactions contemplated by, this Agreement.
- (b) Immediately upon this Agreement being executed by the Company and the Direct Subsidiaries and the Initial Consenting Noteholders, the Company will (i) cause to be issued a press release or other public disclosure in form and in substance reasonably acceptable to the Advisors that discloses the material provisions of the Transaction Terms and all such other information as the Company is required to disclose under the terms of the Noteholder Confidentiality Agreements, subject to the terms of Section 9 hereof, and (ii) file a copy of this Agreement on SEDAR, which shall be redacted to remove any information disclosing the identity or holdings of any Noteholders.
- (c) The Company and the Direct Subsidiaries shall pursue the completion of the Transaction in good faith by way of the Plan, in accordance with the Transaction Terms, and in respect of a Restructuring Transaction or a Sale Transaction as the case may be, and shall use commercially reasonable efforts (including recommending to Noteholders and any other Person entitled to vote on the Plan that they vote to approve the Plan and taking all reasonable actions necessary to obtain any regulatory approvals for the Transaction) to achieve the following timeline (which may be amended by the Company with the consent of the Initial Consenting Noteholders or the Advisors, each acting reasonably):
 - (i) the initiation of proceedings pursuant to the CCAA (the "**CCAA Proceedings**"), as evidenced by filing the application seeking the Initial Order and the Sale Process Order with the Court, by no later than March 30, 2012;
 - (ii) approval of the Initial Order by the Court by no later than March 30, 2012;
 - (iii) approval of the Sale Process Order by the Court by no later than April 5, 2012; and
 - (iv) If no Approved Bidders are selected pursuant to the Sale Process Procedure in accordance with the terms thereof:
 - (A) filing of the Meeting Order and Plan by no later July 16, 2012;
 - (B) meeting of the Noteholders by no later than August 27, 2012;
 - (C) sanction of the Plan by the Court by no later than August 31, 2012; and

- (D) implementation of the Plan by no later than the Outside Date.
- (d) The Company shall provide draft copies of all motions or applications and other documents that the Company intends to file with the Court in connection with the Initial Order, the Sale Process Order, the Meeting Order, the Final Order, the Restructuring Transaction, any Sale Transaction, the Plan, and the transactions contemplated by any of the foregoing, to the Advisors at least two (2) Business Days prior to the date when the Company intends to file such documents (except in exigent circumstances where the Company shall provide the documents within such time prior to the filing as is practicable), and such filings shall in each case, when filed, be in form and substance acceptable to the Advisors, acting reasonably.
- (e) Subject to any order of the Court, the Company and the Direct Subsidiaries shall (and shall cause each of the Subsidiaries, as required, to) (i) pursue, support and use commercially reasonable efforts to complete the Transaction in good faith, (ii) do all things that are reasonably necessary and appropriate in furtherance of, and to consummate and make effective, the Transaction, including, without limitation, using commercially reasonable efforts to satisfy the conditions precedent set forth in this Agreement, (iii) as soon as practicable following the date hereof, in cooperation with the Initial Consenting Noteholders and the Advisors, make all such filings and seek all such consents, approvals, permits and authorizations with any Governmental Entities or third parties whose consent is required in connection with the Transaction and use commercially reasonable efforts to obtain any and all required regulatory and/or third party approvals for or in connection with the Transaction and (iv) not take any action, directly or indirectly, that is materially inconsistent with, or is intended or is likely to interfere with the consummation of, the Transaction, except as required by applicable Law or by any stock exchange rules, or by any other Governmental Entity having jurisdiction over the Company or any of its Subsidiaries.
- (f) Except as provided for in the Transaction Terms or as otherwise agreed to in writing by the Initial Consenting Noteholders, the Company shall not make any payment or pay any consideration of any nature or kind whatsoever on account of any amounts owing under the Notes.
- (g) Except as contemplated by this Agreement, including pursuant to the Plan, the Company shall not (and shall cause each of the Subsidiaries not to) amend or modify any terms or conditions of the Note Indentures.
- (h) Following a reasonable advance written request (which can be made by way of e-mail and, in terms of reasonable notice, shall in no event require more than five (5) Business Days notice and no less than two (2) Business Days notice) by any of the Advisors or any Initial Consenting Noteholder to any officer, director or employee of the Company or the Subsidiaries, and Allen Chan, with a copy in each case to any of Houlihan Lokey, Bennett Jones or the Chief Executive

Officer, the Company and the Direct Subsidiaries shall (subject, with respect to any confidential information to be provided to an Initial Consenting Noteholder or any of its representatives and affiliates, to the Initial Consenting Noteholder having executed, and its representatives and affiliates being bound by, a confidentiality agreement acceptable to the Company and the Advisors, acting reasonably):

- (i) provide the Initial Consenting Noteholder (or its representatives and affiliates, as the case may be) or the Advisor, as the case may be, with access at reasonable times to the Company's and its Subsidiaries' premises, assets, accounts, books and records for use in connection with the Transaction; and
 - (ii) make Houlihan Lokey and any other advisor to the Company or the Subsidiaries, the officers, directors and employees of the Company and the Subsidiaries, and Allen Chan, available at reasonable times and places for any discussions with the Initial Consenting Noteholder (or its representatives and affiliates, as the case may be) or the Advisor, as the case may be.
- (i) The Company shall assist the Initial Consenting Noteholders in their search for and selection of directors for the board of directors of Newco to be formed in connection with the Restructuring Transaction, and for any new senior management of Newco, to be put in place on the Implementation Date, including by establishing a search committee appointed by the Initial Consenting Noteholders, hiring a search firm chosen by the Initial Consenting Noteholders and paying all costs and expenses in respect of the search and selection process, including all reasonable costs associated with the search firm and all reasonable and documented out-of-pocket fees and expenses incurred by any Initial Consenting Noteholder in connection with such search and selection process.
- (j) The Company shall, within thirty (30) days following the date of this Agreement, provide the Advisors with a detailed budget (including any financial retainers provided to its advisors) reflecting the Company's current best estimate of (i) the costs of completing the Transaction, including any material fees anticipated to be payable in connection with the Transaction (to professionals, employees, officers, directors, third parties or otherwise on the Implementation Date or otherwise) and (ii) the anticipated fees of the professional advisors to the Company (including, but not limited to, their legal advisors, auditors, and the Board of Directors' counsel and financial advisors) for all matters being addressed by such professionals, which shall include general descriptions of the work being or to be performed by each of these professionals (the "**Restructuring Budget**"). The Company shall update the Restructuring Budget on a monthly basis to reflect any changes in the Company's current best estimate of the costs of completing the Transaction, and to report on the actual amount of each such professional's fees for the preceding month.

- (k) The Company shall pay the reasonable and documented fees of the Advisors and Conyers, Dill & Pearman LLP pursuant to their respective engagement letters with the Company within ten (10) Business Days following the receipt of any invoice from any such party.
- (l) The Company shall keep the Advisors reasonably informed regarding any material discussions with any Person (other than the legal and financial advisors to the Company, the Initial Consenting Noteholders and their legal and financial advisors) with respect to the Transaction and shall provide the Advisors with an opportunity for a representative of the Advisors or the Initial Consenting Noteholders (subject to confidentiality restrictions) to participate in such material discussions. Notwithstanding the foregoing, with respect to a Sale Transaction, the Company may provide such information and opportunities as and to the extent set out in the Sale Process Procedures.
- (m) Except to the extent they are to be continued pursuant to and in compliance with the Sale Process Procedures, the Company and the Direct Subsidiaries shall, and shall cause its Representatives and the Subsidiaries to, immediately terminate any existing solicitations, discussions or negotiations with any Person (other than the Initial Consenting Noteholders and their legal and financial advisors) that has made, indicated any interest in or may reasonably be expected to propose, any other transaction. The Company and the Direct Subsidiaries agree not to (and shall cause each of the Subsidiaries not to) release any party from any standstill covenant to which it is a party, or amend, waive or modify in any way any such standstill covenant.
- (n) Other than through and in accordance with the Sale Process Procedures, the Company and the Direct Subsidiaries shall not (and shall cause each of the Subsidiaries not to), directly or indirectly through any Representative or any of the Subsidiaries: (i) solicit, initiate, knowingly facilitate or knowingly encourage (including by way of furnishing information or entering into any agreement) any inquiries or proposals regarding any transaction that is an alternative to the Transaction (an “**Other Transaction**”); (ii) participate in any substantive discussions or negotiations with any person (other than the Initial Consenting Noteholders and the Advisors) regarding any Other Transaction; (iii) accept, approve, endorse or recommend or propose publicly to accept, approve, endorse or recommend any Other Transaction; or (iv) enter into, or publicly propose to enter into, any agreement in respect of any Other Transaction; provided, however, that notwithstanding anything to the contrary in this Section 5(n), the Company may, after consulting with the Advisors, consider an Other Transaction if:
 - (i) the Company and each of the Direct Subsidiaries is in compliance, in all material respects, with all terms and conditions of this Agreement; and
 - (ii) (A) such Other Transaction is based on a proposal received from an arm’s length third party that none of the Company or any Subsidiary has,

directly or indirectly through any Representative, solicited, initiated, knowingly facilitated or knowingly encouraged; and

(B) such Other Transaction provides for either:

(I) the repayment in full in cash of the principal amount of the Notes, all Accrued Interest and the Expense Reimbursement on closing of the Other Transaction; or

(II) is determined by the Company and its advisors to be financially superior for the Noteholders and can be implemented through a plan of arrangement with the support of the Initial Consenting Noteholders

provided for greater certainty that nothing in this Section 5(n) shall prohibit or restrict in any way the Company's rights under the Sale Procedure Process to solicit, discuss and negotiate a potential Sale Transaction with any other Person, all in each case in accordance with the terms of the Sale Process Procedures.

- (o) Except in respect of an Other Transaction that is obtained through and in accordance with the Sale Process Procedures, (i) the Company shall promptly (and in any event within 24 hours following receipt by any of the Companies) notify the Advisors, at first orally and thereafter in writing, of any proposal in respect of any Other Transaction, in each case received after the Agreement Date, of which it or any of its Representatives are or become aware, or any amendments to such proposal in respect of any Other Transaction, any request for discussions or negotiations, or any request for non-public information relating to the Company or any of its Subsidiaries in connection with such Other Transaction or for access to the books or records of any the Company or any of its Subsidiaries by any Person that informs the Company or any of its Subsidiaries that it is considering making, or has made, a proposal with respect to any Other Transaction and any amendment thereto; and the Company shall promptly provide to the Advisors a description of the material terms and conditions of any such proposed Other Transaction or request; (ii) the Company the Direct Subsidiaries shall not, and shall cause its Representatives and the Subsidiaries not to, participate in any discussions with any Person that has delivered a proposal in respect of any Other Transaction, without providing reasonable notice to the Advisors and an opportunity for the Advisors or the Initial Consenting Noteholders to participate in any such discussions; and (iii) the Company shall keep the Advisors informed of any material change to the material terms of any such proposed Other Transaction.
- (p) The Company and the Direct Subsidiaries shall not and shall cause the Subsidiaries not to materially increase compensation or severance entitlements or other benefits payable to directors, officers or employees, or pay any bonuses whatsoever, other than as required by law, or pursuant to the terms of existing

incentive plans or employment contracts, true and complete copies of which have been delivered or otherwise made available to the Advisors prior to the date hereof. Other than those outlined in the Data Room, there shall be no change of control payments paid by the Company or any of its Subsidiaries under any employment agreement, incentive plan or any other Material agreements as a result of the Transaction.

- (q) The Company and the Direct Subsidiaries shall not and shall cause each of the Subsidiaries not to amalgamate, merge or consolidate with, or sell all or substantially all of its assets to, one or more other Persons, or enter into any other transaction of similar effect under the laws of any jurisdiction, or change the nature of its business or the corporate or capital structure, except as contemplated by this Agreement or with the consent of the Advisors.
- (r) The Company and the Direct Subsidiaries shall not and shall cause each of the Subsidiaries not to (i) prepay, redeem prior to maturity, defease, repurchase or make other prepayments in respect of any indebtedness other than payments permitted or as required hereby, (ii) directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any indebtedness of any kind whatsoever (except for indebtedness that is incurred in the Ordinary Course which is in compliance with the covenants set out in the Note Indentures), (iii) create, incur, assume or otherwise cause or suffer to exist or become effective any lien, charge, mortgage, hypothec or security interest of any kind whatsoever on, over or against any of its assets or property (except for any lien, charge, mortgage, hypothec or security interest that is incurred in the Ordinary Course and that is not Material); (iv) issue, grant, sell, pledge or otherwise encumber or agree to issue, grant, sell, pledge or otherwise encumber any securities of the Company, the Direct Subsidiaries or any of the other Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, securities of the Company, the Direct Subsidiaries or any of the other Subsidiaries, except in the Ordinary Course which is in compliance with the covenants set out in the Note Indentures; or (v) enter into any new secured or unsecured lending or credit facilities of any kind, without the consent of the Advisors except to replace existing lending or credit facilities and provided that the aggregate amount of such facilities does not exceed the aggregate amount of the Company's lending and credit facilities as at the date hereof; provided, however, that nothing in this Section 5(r) shall preclude any Subsidiary organized under the laws of the PRC from obtaining additional lending or credit facilities if doing so is determined to be in the Ordinary Course of such Subsidiary and, provided further, that the Advisors are informed of, and consent to, any such lending or credit facilities.
- (s) Other than as contemplated and permitted by this Agreement, the Company and the Direct Subsidiaries shall not and shall cause each of the Subsidiaries not to, outside of the Ordinary Course, sell, transfer, lease, license or otherwise dispose of all or any part of its property, assets or undertaking (including, without limitation, by way of any loan transaction) with a value of over US\$10,000,000

at any one time or in any series of transactions aggregating over US\$30,000,000 (whether voluntarily or involuntarily) during the term of this Agreement, except on terms acceptable to the Initial Consenting Noteholders or the Advisors, acting reasonably.

- (t) The Company and the Direct Subsidiaries shall and shall cause each of the Subsidiaries to (i) operate its business in the Ordinary Course and in a manner that is intended to preserve or enhance the value of such Person, to the extent possible having regard to such Person's financial condition, and (ii) shall not enter into any Material agreement outside the Ordinary Course, except as contemplated by this Agreement and the Sale Process Procedures and except with respect to any other transactions or potential transactions disclosed to the Advisors prior to the execution of this Agreement or with the prior written consent of the Initial Consenting Noteholders or the Advisors, which consent shall not be unreasonably withheld.
- (u) The Company and the Direct Subsidiaries shall use reasonable commercial efforts, and shall cause the Subsidiaries to use reasonable commercial efforts, to maintain appropriate insurance coverage in amounts and on terms that are customary in the industry of the Company and its Subsidiaries, provided that such insurance is available on reasonable commercial terms.
- (v) Except as may be provided for as part of the Transaction Terms, the Company and the Direct Subsidiaries shall not, and shall cause the Subsidiaries not to, directly or indirectly, declare, make or pay any dividend, charge, fee or other distribution, whether by way of cash or other consideration, to or with respect to any of its issued and outstanding shares (or any rights issued in respect thereof), provided that (x) the foregoing shall not limit the ability of any Restricted Subsidiary to pay dividends or make other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary to the extent that such limitation would violate provisions of the Note Indentures, and (y) the Company and its Subsidiaries shall be entitled to engage in intercompany transactions that are in the Ordinary Course or that are necessary and appropriate to preserve the value of the business or to carry out the repatriation of onshore cash referenced in subsection 5(x) below.
- (w) The Company shall, from and after the date hereof, cause its subsidiaries to maintain a minimum aggregate cash balance (outside of Canada) of the aggregate of: (i) US\$125,000,000 (ii) the amount by which cash received (net of associated expenses) from the sale of Thai redwood timber exceeds US\$46,000,000 less (iii) the amount by which cash received (net of associated expenses) from the sale of Thai redwood timber is less than US\$46,000,000.
- (x) Subject to the other terms and conditions of this Agreement, the Company and its management shall identify, implement and monitor both short-term and long-term liquidity generating initiatives and all reasonable steps to monetize assets for the repayment of the indebtedness of the Company and its Subsidiaries. In

this regard, and subject to the need of the Company and its Subsidiaries to prioritize efforts relating to the orderly management of its PRC tax affairs and the reorganization of the ownership structure of its BVI purchased plantations, and the other terms and conditions of this Agreement, the Company and its management shall take all reasonable steps (including but not limited to seeking all necessary SAFE and other regulatory approvals) to repatriate to the Company or its offshore Subsidiaries in a timely manner all onshore cash in excess of the projected onshore operating requirements of the Company and its Subsidiaries.

- (y) The Company shall produce a rolling 90-day cash flow forecast and shall discuss the receipts and disbursements for same with the Advisors, and shall consult with the Advisors regarding the matters referenced in subsections (w), (x) and (z) on no less than a bi-weekly basis.
- (z) The Company shall keep the Advisors reasonably informed regarding any material discussions with any Person (other than legal and financial advisors to the Company) with respect to any material transactions concerning the Company and its Subsidiaries and shall provide the Advisors with an opportunity for a representative of the Advisors or of the Initial Consenting Noteholders (subject to any confidentially restrictions) to participate in such material discussions.
- (aa) The Company shall keep the Advisors reasonably informed regarding any material discussions with the Ontario Securities Commission or the Royal Canadian Mounted Police concerning the Company or the Subsidiaries, or any director or officer thereof.
- (bb) The Company shall forthwith expand its engagement of FTI Consulting (Hong Kong) Ltd. (“**FTI HK**”) and shall instruct FTI HK to: (i) attend at the premises of its Subsidiaries in Hong Kong and the PRC (including its Sino-Wood and Sino-Panel divisions) to monitor and report on operations, cash management functions (including the collection and disbursement of cash in such operations); and (ii) provide such information and reports as may be requested by the Company, the Monitor or any of the Advisors, acting reasonably (provided that all such information shall be subject to the confidentiality agreements and undertakings executed by the parties and any such information provided by FTI HK to the Advisors or the Monitor shall be made available to the Company).
- (cc) In the event that, after having received information and/or reports from FTI HK pursuant to Section 5(bb), the Initial Consenting Noteholders are not satisfied with the operations and management of the Company’s Subsidiaries, the Initial Consenting Noteholders shall have the right to notify the Company that, in their view, additional operational, management or other expertise is required in respect of the Subsidiaries (or any of them), and to require the appointment within thirty (30) days of one or more Persons having such expertise, the identity of which shall be acceptable to the Company and the Initial Consenting Noteholders.

- (dd) Any new additions to the board of directors of the Company shall be acceptable to the Initial Consenting Noteholders.
- (ee) The Company shall cause its BVI Subsidiaries to carry out commercially reasonable and prudent procedures with respect to the screening and evaluating of new timber contracts (including, without limitation, with respect to the identity and creditworthiness of the contractual counterparties, and also verification of legal chain of title, plantation rights certificates, and valuation, as the case may be) through its BVI /AI structure (the “**BVI Structure**”) (as distinct from its Wholly Foreign-Owned Entity Structure), which procedures shall be periodically reviewed and discussed with the Advisors (the “**BVI Timber Diligence Procedures**”).
- (ff) The Company shall cause its BVI Subsidiaries not to invest funds held by its AIs in the BVI Structure in new timber contracts for the BVI entities except in accordance with the BVI Timber Diligence Procedures, or in a manner otherwise acceptable to the Advisors.
- (gg) The Company and its Subsidiaries shall not directly or indirectly enter into any contract for the sale or purchase of timber (including with any AI or supplier) through the BVI Structure with a value of more than US\$5,000,000 at any one time or for any series of transactions aggregating over US\$10,000,000 without the consent of the advisors.
- (hh) The Company and its Subsidiaries shall make commercially reasonable efforts to collect all accounts receivable (including all accounts receivable payable by any AI) in the BVI Structure; and shall keep the Advisors informed of their efforts and status regarding same.

6. **Conditions Precedent to Noteholder’s Support Obligations**

- (a) Subject to Section 6(b), the obligation of the Consenting Noteholder to vote in favour of the Plan pursuant to Section 4(b)(i) shall be subject to the reasonable satisfaction of the following conditions prior to the Voting Deadline, each of which, if not satisfied prior to the Voting Deadline, can only be waived by the Initial Consenting Noteholders:
 - (i) the Initial Order, the Sale Process Order, the Meeting Order, the Plan and the proposed Final Order in respect of the Plan, and all other material filings by or on behalf of the Companies, or Orders entered by the Court, in the CCAA Proceedings to date, shall have been filed, and the Orders shall have been entered, in form and substance acceptable to the Advisors, acting reasonably;
 - (ii) the terms and conditions of the Plan shall be consistent with this Agreement or otherwise acceptable to the Initial Consenting Noteholders, acting reasonably (including, without limitation, all terms and conditions of the Litigation Trust and the Contingent Value Rights);

- (iii) the Initial Consenting Noteholders shall be satisfied with the results of due diligence concerning the Company, its Subsidiaries and their businesses;
- (iv) the Company and each of the Direct Subsidiaries shall have complied in all material respects with each covenant in this Agreement that is to be performed on or before the date that is three (3) Business Days prior to the Voting Deadline, including without limitation, by having complied with the timeline set forth in Section 5(c) hereof (as the same may have been amended with the consent of the Initial Consenting Noteholders or the Advisors, acting reasonably), and the Company shall have provided the Advisors with a certificate signed by an officer of the Company certifying compliance with this Section 6(iv) as of the date that is three (3) Business Days prior to the Voting Deadline;
- (v) the Restructuring Budget shall be in form and substance acceptable to the Initial Consenting Noteholders, acting reasonably;
- (vi) there shall have been no appointment of any new senior executive officers of the Company or any of its Subsidiaries or members of the board of directors of the Company, or any chief restructuring officer of the Company, unless such appointment, including its terms, was on terms satisfactory to the Initial Consenting Noteholders, acting reasonably;
- (vii) the composition of the board of directors of Newco and the senior management and officers of Newco to be appointed on the Implementation Date shall be acceptable to the Initial Consenting Noteholders;
- (viii) the terms of any New Management Plan shall be acceptable to the Initial Consenting Noteholders;
- (ix) the representations and warranties of the Company and the Direct Subsidiaries set forth in this Agreement shall be true and correct in all respects without regard to any materiality or Material Adverse Effect qualifications contained in them as of the date that is three (3) Business Days prior to the Voting Deadline with the same force and effect as if made at and as of such date (except to the extent such representations and warranties are by their terms given as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such date), in each case except (A) as such representations and warranties may be affected by the occurrence of events or transactions contemplated by this Agreement, and (B) where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and the Company shall have provided the Advisors with a certificate signed by an officer of the Company certifying compliance with this Section 6(a)(ix) as of the date that is three (3) Business Days prior to the Voting Deadline;

- (x) there shall not exist or have occurred any Material Adverse Effect, and the Company shall have provided the Advisors with a certificate signed by an officer of the Company certifying compliance with this Section 6(x) as of the date that is three (3) Business Days prior to the Voting Deadline;
 - (xi) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, and no action shall have been announced, threatened or commenced by any Governmental Entity in consequence of or in connection with the Transaction that restrains or impedes, or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction, and the Company shall have provided the Advisors with a certificate signed by an officer of the Company certifying compliance with this Section 6(a)(xi) as of the date that is three (3) Business Days prior to the Voting Deadline; and
 - (xii) there shall have been no breach of the Noteholder Confidentiality Agreements by the Company or any of the Sino-Forest Representatives (as defined therein) in respect of that Consenting Noteholder.
- (b) Notwithstanding Section 6(a), if the Company has, in compliance with the Sale Process Procedures, entered into a definitive agreement with respect to a Sale Transaction prior to the Voting Deadline, the obligation of the Consenting Noteholder to vote in favour of the Plan in respect of such Sale Transaction pursuant to Section 4(b)(i) shall be subject to the reasonable satisfaction of only the conditions precedent set forth in Sections 6(a)(i), 6(a)(ii), 6(a)(iv), 6(a)(xi) and 6(a)(xii) prior to the Voting Deadline, which, if not satisfied prior to the Voting Deadline, can only be waived by the Initial Consenting Noteholders.

7. **Conditions Precedent to Restructuring**

- (a) Subject to Section 7(b), the Transaction shall be subject to the reasonable satisfaction of the following conditions prior to or at the time on which the Transaction is implemented (the “**Effective Time**”), each of which, if not satisfied on or prior to the Effective Date, can only be waived by the Initial Consenting Noteholders; provided, however that (A) the conditions in sub-clauses 7(a)(i) to 7(a)(iii), 7(a)(v) to 7(a)(viii), 7(a)(xi) and 7(a)(xvii) below shall also be for the benefit of the Company and (B) if not satisfied on or prior to the Effective Time, can only be waived by both the Company and the Initial Consenting Noteholders:
 - (i) (v) the Plan shall have been approved by the applicable stakeholders of the Company as and to the extent required by the Court or otherwise, any such requirement being acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably; (w) the Plan shall have been approved by the Court and the Final Order shall be in full force and effect

prior to August 31, 2012 in respect of a Restructuring Transaction, and prior to the Outside Date in respect of a Sale Transaction; (x) the Plan shall have been approved by the applicable stakeholders and the Court in a form consistent with this Agreement or otherwise acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably; (y) the Final Order shall have been entered by the Court in a form consistent with this Agreement or otherwise acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably; and (z) the Implementation Date shall have occurred no later than the Outside Date;

- (ii) all press releases, disclosure documents and definitive agreements in respect of the Transaction shall be in a form and substance satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably;
- (iii) the new memorandum and articles of association, by-laws and other constating documents of Newco (including, without limitation, any shareholders agreement, shareholder rights plan, classes of shares (voting and non-voting)) or any affiliated or related entities to be formed in connection with the Transaction, as applicable, and all definitive legal documentation in connection with all of the foregoing shall be acceptable to the Initial Consenting Noteholders and in form and substance reasonably satisfactory to the Company;
- (iv) the composition of the board of directors of Newco and the senior management and officers of Newco shall have been put in place on the Implementation Date and shall be acceptable to the Initial Consenting Noteholders;
- (v) the terms of the New Management Plan, together with the terms of employment for the senior executive officers of Newco, shall have been put in place on the Implementation Date and shall be acceptable to the Initial Consenting Noteholders, and reasonably satisfactory to the Company;
- (vi) the terms of the Litigation Trust and the Contingent Value Rights shall be satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably;
- (vii) all Material filings under applicable Laws that are required in connection with the Transaction shall have been made and any Material regulatory consents or approvals that are required in connection with the Transaction shall have been obtained (including, without limitation, any required consent(s) of the Ontario Securities Commission) and, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or been terminated;

- (viii) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Entity, and no action shall have been announced, threatened or commenced by any Governmental Entity, in consequence of or in connection with the Transaction that restrains or impedes, or prohibits (or if granted could reasonably be expected to restrain, impede or inhibit) the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction and the Company shall have provided the Consenting Noteholders with a certificate signed by an officer of the Company certifying compliance with this Section 7(a)(viii) as at the Effective Time;
- (ix) the representations and warranties of the Company and the Direct Subsidiaries set forth in this Agreement shall be true and correct in all respects without regard to any materiality or Material Adverse Effect qualifications contained in them as of the Effective Time with the same force and effect as if made at and as of such date (except to the extent such representations and warranties are by their terms given as of a specified date, in which case such representations and warranties shall be true and correct in all respects as of such date), in each case except (A) as such representations and warranties may be affected by the occurrence of events or transactions contemplated by this Agreement, and (B) where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and the Company shall have provided the Consenting Noteholders with a certificate signed by an officer of the Company certifying compliance with this Section 7(a)(ix) as at the Effective Time;
- (x) there shall not exist or have occurred any Material Adverse Effect, and the Company shall have provided the Consenting Noteholders with a certificate signed by an officer of the Company certifying compliance with this Section 7(a)(x) as at the Effective Time;
- (xi) all securities of the Company, Newco and any affiliated or related entities that are formed in connection with the Transaction, when issued and delivered, shall be duly authorized, validly issued and fully paid and non-assessable and the issuance thereof shall be exempt from all prospectus and registration requirements and resale restrictions of applicable Securities Legislation;
- (xii) the Noteholders shall have received the consideration described in the Transaction Terms on the Implementation Date;
- (xiii) in the case of a Restructuring Transaction all Existing Shares, Equity Interests, including all existing options, warrants, deferred share units and restricted share units held by current directors and officers or other third parties, and all Equity Claims shall have been cancelled or extinguished or

otherwise dealt with to the satisfaction of the Initial Consenting Noteholders, acting reasonably to ensure that no rights in respect thereof attach to the assets and property conveyed to Newco pursuant to the Restructuring Transaction;

- (xiv) the Initial Consenting Noteholders, acting reasonably, shall be satisfied with the use of proceeds and payments relating to all aspects of the Transaction, including, without limitation, any change of control payments, consent fees, transaction fees or third party fees, in the aggregate of \$500,000 or more, payable by the Company or any Subsidiary to any Person (other than a Governmental Entity) in respect of or in connection with the Transaction, including without limitation, pursuant to any employment agreement or incentive plan of the Company or any Subsidiary;
 - (xv) the Company shall have paid the Expense Reimbursement in full on the Implementation Date, and Newco shall have no liability for any fees or expenses due to the Company's legal, financial or advisors either as at or following the Implementation Date;
 - (xvi) the Company and the Direct Subsidiaries shall have complied in all material respects with each covenant in this Agreement that is to be performed on or before the Effective Time, and the Company shall have provided the Consenting Noteholders with a certificate signed by an officer of the Company certifying compliance with this Section 7(a)(xvi) as at the Effective Time; and
 - (xvii) any Sale Transaction shall be on terms and conditions consistent with this Agreement or otherwise acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably.
- (b) Notwithstanding Section 7(a), if the Company has, in compliance with the Sale Process Procedures, entered into a definitive agreement with respect to a Sale Transaction, such Sale Transaction shall be subject to the reasonable satisfaction of only the conditions in Sections 7(a)(i), 7(a)(ii), 7(a)(vii), 7(a)(viii), 7(a)(xii), 7(a)(xv), 7(a)(xvi) and 7(a)(xvii), prior to or at the Effective Time, each of which, if not satisfied on or prior to the Effective Date, can only be waived by the Initial Consenting Noteholders; provided, however that (A) the condition in Sections 7(a)(i), 7(a)(vii), 7(a)(viii) and 7(a)(xvii) shall also be for the benefit of the Company and (B) if not satisfied on or prior to the Effective Time, can only be waived by both the Company and the Initial Consenting Noteholders.

8. Conditions Precedent to Company's Obligations

The obligations of the Company under this Agreement shall be subject to the reasonable satisfaction of the following conditions, each of which, if not satisfied, can only be waived by the Company:

- (a) the Consenting Noteholders shall have complied in all material respects with each of their covenants in this Agreement that is to be performed on or before the Implementation Date; and
- (b) the representations and warranties of the Consenting Noteholders set forth in this Agreement shall be true and correct in all material respects without regard to any materiality qualifications contained in them as of the Implementation Date with the same force and effect as if made at and as of such time, except that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date.

9. Press Releases and Public Disclosure Concerning Transaction

- (a) No press release or other public disclosure concerning the transactions contemplated herein shall be made by the Company or any of its Representatives or Subsidiaries without the prior consent of the Advisors (such consent not to be unreasonably withheld) except as, and only to the extent that, the disclosure is required (as determined by the Company) by applicable Law or by any stock exchange rules on which its securities or those of any of its affiliates are traded, by any other regulatory authority having jurisdiction over the Company or any Direct Subsidiary, or by any court of competent jurisdiction; provided, however, that the Company shall provide the Advisors with a copy of such disclosure in advance of any release and an opportunity to consult with the Company as to the contents, and to provide comments thereon, and provided further that any such disclosure shall in all cases also comply with the terms and conditions set forth in Section 16 hereof and in any of the applicable Noteholder Confidentiality Agreements.
- (b) Notwithstanding the foregoing and subject to Section 16 hereof, no information with respect to the principal amount of Notes or the number of Common Shares held or managed by any individual Consenting Noteholder or the identity of any individual Consenting Noteholder shall be disclosed by the Company or any of its Representatives or Subsidiaries in any press release or other public disclosure concerning the transactions contemplated herein.
- (c) No press release or other public disclosure concerning the transactions contemplated herein shall be made by any Consenting Noteholder without the prior consent of the Company (such consent not to be unreasonably withheld) except as, and only to the extent that, the disclosure is required (as determined by the Consenting Noteholder) by applicable Law or by any stock exchange rules on which its securities or those of any of its affiliates are traded, by any other regulatory authority having jurisdiction over the Consenting Noteholder, or by any court of competent jurisdiction; provided, however, that the Consenting Noteholder shall provide the Company with a copy of such disclosure in advance of any release and an opportunity to consult with the Consenting Noteholder as to the contents, and to provide comments thereon, and provided further that any

such disclosure shall also comply with the terms of any applicable Noteholder Confidentiality Agreement.

- (d) To the extent that there is a conflict between the provisions of this Section 9 and a Noteholder Confidentiality Agreement, the provisions of the Noteholder Confidentiality Agreement shall govern.

10. Further Assurances

Each Party shall do all such things in its control, take all such actions as are commercially reasonable, deliver to the other Parties such further information and documents and execute and deliver to the other Parties such further instruments and agreements as another Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

11. Consenting Noteholders' Termination Events

This Agreement may be terminated by the delivery to the Company and the Advisors of a written notice in accordance with Section 17(q) hereof by Initial Consenting Noteholders holding at least 66 2/3% of the aggregate principal amount of Relevant Notes held by the Initial Consenting Noteholders collectively, in the exercise of their sole discretion, or in the case of Sections 11(j) and (k) by, but only in respect of, any Initial Consenting Noteholder individually, upon the occurrence and, if applicable, continuation uncured (where such event is curable) for three (3) Business Days after receipt of such notice of any of the following events:

- (a) failure by the Company to comply with any of the deadlines set forth in Section 5(c) hereof (including if the Implementation Date has not occurred by the Outside Date), as the same may have been amended with the consent of the Initial Consenting Noteholders or the Advisors;
- (b) failure by the Company or any of the Direct Subsidiaries to comply in all material respects with, or default by the Company or any of the Direct Subsidiaries in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement, which, if capable of being cured, is not cured within five (5) Business Days after the receipt of written notice of such failure or default;
- (c) failure by the Company or any of the Direct Subsidiaries to comply with or satisfy any condition precedent set forth in Section 6 or 7 of this Agreement;
- (d) if any representation, warranty or other statement of the Company or any of the Direct Subsidiaries made or deemed to be made in this Agreement shall prove untrue in any respect as of the date when made, except where the failure of such representations and warranties or other statements to be so true and correct, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

- (e) the issuance of any preliminary or final decision, order or decree by a Governmental Entity, the making of an application to any Governmental Entity, or commencement of an action by any Governmental Entity, in consequence of or in connection with the Transaction, in each case which restrains, impedes or prohibits the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction;
- (f) the CCAA Proceedings are dismissed, terminated, or stayed or the Company whether voluntarily or involuntarily, commences or undergoes a receivership, liquidation, bankruptcy, debt enforcement proceeding or a proceeding under the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or *Winding-Up and Restructuring Act* (Canada), or under any foreign insolvency law, or any of the Subsidiaries become subject to voluntary or involuntary liquidation proceedings, unless any such event occurs with the prior written consent of the Initial Consenting Noteholders;
- (g) the appointment of a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator in respect of the Company, or any of its Subsidiaries, unless such event occurs with the prior written consent of the Initial Consenting Noteholders;
- (h) the amendment, modification or filing of a pleading by the Company, or any of its Subsidiaries, seeking to amend or modify this Agreement, any of the Transaction Terms, the Initial Order, the Sale Process Order, the Sale Process Procedures, the Plan, or any other document related to any of the foregoing or otherwise filed in the CCAA Proceedings, in a manner not acceptable to the Initial Consenting Noteholders, acting reasonably;
- (i) if there are any new additions to the board of directors of the Company that are not acceptable to the Initial Consenting Noteholders;
- (j) if the Company and the Initial Consenting Noteholders cannot agree on the Person(s) to be appointed by the Company or any of its Subsidiaries pursuant to Section 5(cc) hereof; or
- (k) if the Company fails to comply with its obligations under Section 5(h).

12. Companies' Termination Events

- (a) This Agreement may be terminated by the delivery to the Consenting Noteholders (with a copy to the Advisors) of a written notice in accordance with Section 17(q) by the Company, in the exercise of its sole discretion, upon the occurrence and continuation of any of the following events:
 - (i) the issuance of any preliminary or final decision, order or decree by a Governmental Entity, the making of an application to any Governmental Entity, or commencement of an action by any Governmental Entity, in consequence of or in connection with the Transaction, in each case which

restrains, impedes or prohibits the Transaction or any material part thereof or requires or purports to require a material variation of the Transaction; or

- (ii) if the Implementation Date has not occurred on or before the Outside Date;
- (b) This Agreement may be terminated as to a breaching Consenting Noteholder (the “**Breaching Noteholder**”) only, by delivery to such Breaching Noteholder of a written notice in accordance with Section 17(q) by the Company, in the exercise of its sole discretion and provided that the Company is not in default hereunder, upon the occurrence and continuation uncured (where such event is curable) for three Business Days after the receipt of such notice, of any of the following events:
- (i) failure by the Breaching Noteholder to comply in all material respects with, or default by the Breaching Noteholder in the performance or observance of, any material term, condition, covenant or agreement set forth in this Agreement which is not cured within five (5) Business Days after the receipt of written notice of such failure or default; or
 - (ii) if any representation, warranty or other statement of the Breaching Noteholder made or deemed to be made in this Agreement shall prove untrue in any material respect as of the date when made,

and the Breaching Noteholder shall thereupon no longer be a Consenting Noteholder.

13. Mutual Termination

This Agreement, and the obligations of all Parties hereunder, may be terminated by mutual agreement among (a) the Company, (b) the Direct Subsidiaries and (c) Initial Consenting Noteholders holding at least 66 2/3% of the aggregate principal amount of Relevant Notes held by the Initial Consenting Noteholders collectively.

14. Effect of Termination

- (a) Upon termination of this Agreement pursuant to Sections 11(a) to 11(i) Section 12(a) or Section 13 hereof, this Agreement shall be of no further force and effect and each Party hereto shall be automatically and simultaneously released from its commitments, undertakings, and agreements under or related to this Agreement, except for the rights, agreements, commitments and obligations under Sections 9(b), 14, 16 and 17, all of which shall survive the termination, and each Party shall have the rights and remedies that it would have had it not entered into this Agreement and shall, subject to the CCAA Proceedings and the terms of any Court orders made therein, be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.

- (b) Upon termination of this Agreement by the Company and the Direct Subsidiaries with respect to a Breaching Noteholder under Section 12(b), or by an Objecting Noteholder under Section 17(o), or by an individual Initial Consenting Noteholder under Section 11(j) or 11(k) (an “**Individual Noteholder**”) this Agreement shall be of no further force or effect with respect to such Breaching Noteholder, Objecting Noteholder or Individual Noteholder, as applicable, and all rights, obligations, commitments, undertakings, and agreements under or related to this Agreement of or in respect of such Breaching Noteholder, Objecting Noteholder or Individual Noteholder, as applicable, shall be of no further force or effect, except for the rights and obligations under Sections 9(b), 14, 16 and 17, all of which shall survive such termination, and each of the Company, the Direct Subsidiaries and such Breaching Noteholder, Objecting Noteholder or Individual Noteholder, as applicable, shall have the rights and remedies that it would have had it not entered into this Agreement and shall, subject to the CCAA Proceedings and the terms of any Court orders made therein, be entitled to take all actions, whether with respect to the Transaction or otherwise, that it would have been entitled to take had it not entered into this Agreement.
- (c) Upon the occurrence of any termination of this Agreement, any and all consents, votes or support tendered prior to such termination by (i) the Consenting Noteholders in the case of termination pursuant to Section 11, Section 12(a) or Section 13 hereof, (ii) the Breaching Noteholder(s) in the case of a termination pursuant to Section 12(b), (iii) the Objecting Noteholder(s) in the case of termination pursuant to Section 17(o), or (iv) the Individual Noteholder in the case of termination pursuant to Section 11(j) or 11(k) shall be deemed, for all purposes, to be null and void from the first instance and shall not be considered or otherwise used in any manner by the Parties in connection with the Transaction, this Agreement, the CCAA Proceedings or otherwise.

15. Termination Upon the Implementation Date

This Agreement shall terminate automatically without any further required action or notice on the Implementation Date (immediately following the Effective Time). The Company shall pay the Expense Reimbursement on the Implementation Date (prior to the Effective Time). For greater certainty, the representations, warranties and covenants herein shall not survive and shall be of no further force or effect from and after the Implementation Date, provided that the rights, agreements, commitments and obligations under Sections 9(b), 16 and 17 shall survive the Implementation Date.

16. Confidentiality

The Company and each Direct Subsidiary agree, on its own behalf and on behalf of its Representatives and Subsidiaries, to maintain the confidentiality of the identity and, to the extent known, specific holdings of each Consenting Noteholder; provided, however, that such information may be disclosed: (a) to the Company’s directors, trustees, executives, officers, auditors, and employees and financial and legal advisors or other agents (collectively referred to

herein as the “**Representatives**” and individually as a “**Representative**”) and provided further that each such Representative is informed of, and agrees to abide by, this confidentiality provision; and (b) to Persons in response to, and to the extent required by, (i) any subpoena, or other legal process, including, without limitation, by the Court or applicable rules, regulations or procedures of the Court, (ii) any Governmental Entity, or (iii) applicable Law; provided that, if the Company or its Representatives are required to disclose the identity or the specific holdings of a Consenting Noteholder in the manner set out in the preceding sentence, the Company shall provide such Consenting Noteholder with prompt written notice of any such requirement so that such Consenting Noteholder may (at the Consenting Noteholder’s expense) seek a protective order or other appropriate remedy or waiver of compliance with the provisions of this Agreement; and provided further, however, that each Consenting Noteholder agrees, (c) to the existence and factual details of this Agreement (other than the identity and, to the extent known, specific holdings of, any Consenting Noteholder) being set out in any public disclosure, including, without limitation, press releases and court materials, produced by the Company in connection with the Transaction and in accordance with this Agreement and the terms of any applicable Noteholder Confidentiality Agreement; and (d) to this Agreement being filed and/or available for inspection by the public to the extent required by law, and in any case in accordance with this Agreement and the terms of any Noteholder Confidentiality Agreement.

17. Miscellaneous

- (a) Notwithstanding anything herein to the contrary, this Agreement applies only to each Consenting Noteholder’s Debt and to each Consenting Noteholder solely with respect to its legal and/or beneficial ownership of, or its investment and voting discretion over its Debt (and not, for greater certainty, to any other securities, loans or obligations that may be held, acquired or sold by such Consenting Noteholder or any client of such Consenting Noteholder whose funds or accounts are managed by such Consenting Noteholder) and, without limiting the generality of the foregoing, shall not apply to:
 - (i) any securities, loans or other obligations (including the Notes) that may be held, acquired or sold by, or any activities, services or businesses conducted or provided by, any group or business unit within or affiliate of a Consenting Noteholder (A) that has not been involved in and is not acting at the direction of or with knowledge of the affairs of the Company and/or its Subsidiaries provided by any Person involved in the Transaction discussions or (B) is on the other side of an information firewall with respect to the officers, partners and employees of such Consenting Noteholder who have been working on the Transaction and is not acting at the direction of or with knowledge of the affairs of the Company and/or its Subsidiaries provided by any officers, partners and employees of such Consenting Noteholder who have been working on the Transaction;
 - (ii) any securities, loans or other obligations that may be beneficially owned by clients of a Consenting Noteholder, including accounts or funds managed by the Consenting Noteholder, that are not Notes or Debt; or

- (iii) any securities, loans or other obligations (including Notes) that may be beneficially owned by clients of a Consenting Noteholder that are not managed or administered by the Consenting Noteholder.
- (b) Subject to Section 4 hereof with respect to Consenting Noteholders' Relevant Notes and Debt and to the provisions of any applicable Noteholder Confidentiality Agreement, nothing in this Agreement is intended to preclude any of the Consenting Noteholders from engaging in any securities transactions.
- (c) This Agreement shall in no way be construed to preclude any Consenting Noteholder from acquiring additional Notes ("**Additional Notes**"). If a Consenting Noteholder acquires Additional Notes after the date hereof, the Consenting Noteholder shall be bound by the terms of this Agreement in respect of such Additional Notes, and such Additional Notes shall constitute Relevant Notes for purposes of this Agreement.
- (d) At any time, a Noteholder that is not a Consenting Noteholder may agree with the Company and the Direct Subsidiaries to become a Party to this Agreement by executing and delivering to the Company, with a copy to the Advisors, a Joinder Agreement substantially in the form of Schedule C.
- (e) The headings of the Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.
- (f) Unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing any gender shall include all genders.
- (g) Unless otherwise specifically indicated, all sums of money referred to in this Agreement are expressed in lawful money of the United States.
- (h) This Agreement, the Noteholder Confidentiality Agreements and any other agreements contemplated by or entered into pursuant to this Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both oral and written, among the Parties with respect to the subject matter hereof.
- (i) The agreements, representations and obligations of the Company and the Direct Subsidiaries are, in all respects, several and not joint and several. The Company and the Direct Subsidiaries acknowledge and agree that any waiver or consent that the Consenting Noteholders may make on or after the date hereof has been made by the Consenting Noteholders in reliance upon, and in consideration for, the covenants, agreements, representations and warranties of the Company and the Direct Subsidiaries hereunder.
- (j) The agreements, representations and obligations of the Consenting Noteholders under this Agreement are, in all respects, several (in proportion to the percentage

of the aggregate principal amount of Notes represented by a Consenting Noteholder's Relevant Notes) and not joint and several. Each Consenting Noteholder acknowledges and agrees that any waiver or consent that the Company may make on or after the date hereof has been made by the Company in reliance upon, and in consideration for, the covenants, agreements, representations and warranties of the Consenting Noteholders hereunder.

- (k) Any Person signing this Agreement in a representative capacity (i) represents and warrants that he/she is authorized to sign this Agreement on behalf of the Party he/she represents and that his/her signature upon this Agreement will bind the represented Party to the terms hereof, and (ii) acknowledges that the other Parties hereto have relied upon such representation and warranty.
- (l) Except as otherwise expressly provided herein, for the purposes of this Agreement, any matter requiring the agreement, waiver, consent or approval under this Agreement of (i) the Consenting Noteholders shall require the agreement, waiver, consent or approval of Consenting Noteholders representing at least a majority of the aggregate principal amount of Relevant Notes held by the Consenting Noteholders, and for (ii) the Initial Consenting Noteholders shall require the agreement, waiver, consent or approval of Initial Consenting Noteholders representing at least 66 2/3% of the aggregate principal amount of Relevant Notes held by the Initial Consenting Noteholders. The Company shall be entitled to rely on written confirmation from the Advisors that the Consenting Noteholders or the Initial Consenting Noteholders, as applicable, representing at least the foregoing aggregate principal amount of Relevant Notes held by the Consenting Noteholders or the Initial Consenting Noteholders, as applicable, have agreed, waived, consented to or approved a particular matter.
- (m) Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes have agreed, approved or consented to any amendment, waiver or consent to be given under this Agreement or under any documents related thereto, or have directed the taking of any action provided herein or in any of the documents related thereto to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes, Notes directly or indirectly owned by the Company or any of its Subsidiaries shall be deemed not to be outstanding.
- (n) This Agreement may be modified, amended or supplemented as to any matter by an instrument in writing signed by the Company, the Direct Subsidiaries and Initial Consenting Noteholders (as determined in accordance with Section 17(1)).
- (o) Notwithstanding anything to the contrary herein, if this Agreement is amended, modified or supplemented or any matter herein is approved, consented to or waived: (i) in a manner that materially adversely affects the consideration to be provided to the Noteholders as set forth in Section 1 hereof to be provided to Noteholders; (ii) or that limits an Individual Noteholder's ability to exercise the termination rights set forth in Sections 11(i) and 11(k) hereof; or (iii) such that

the Outside Date is extended beyond November 30, 2012, then any Consenting Noteholder that objects to any such amendment, modification, supplement, approval, consent or waiver may terminate its obligations under this Agreement upon five (5) Business Days' written notice to the other Parties hereto (each, an "**Objecting Noteholder**") and shall thereupon no longer be a Consenting Noteholder. For greater certainty, an Objecting Noteholder shall not be entitled to receive any consideration provided to Consent Date Noteholders hereunder.

- (p) Time is of the essence in the performance of the Parties' respective obligations. Any date, time or period referred to in this Agreement shall be of the essence, except to the extent to which the Parties agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.
- (q) All notices and other communications which may be or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile transmission, in each case addressed to the particular Party:

- (i) if to the Company or any Direct Subsidiary:

Sino-Forest Corporation
Room 3815-29 38/F, Sun Hung Kai Centre
30 Harbour Road, Wanchai, Hong Kong

Attention: Mr. Judson Martin, Executive Vice-Chairman and Chief
Executive Officer
Fax: +852-2877-0062;

with a copy by email or fax (which shall not be deemed notice) to:

Bennett Jones LLP
One First Canadian Place, Suite 3400
Toronto, ON M5X 1A4

Attention: Kevin J. Zych and Raj S. Sahni
Email: zychk@bennettjones.com and sahnir@bennettjones.com
Fax: 416-863-1716

- (ii) if to the Consenting Noteholders, at the address set forth for each Consenting Noteholder beside its signature hereto;

with a copy by email or fax (which shall not be deemed notice) to:

Goodmans LLP
 Bay Adelaide Centre
 333 Bay Street, Suite 3400
 Toronto, Ontario M5H 2S7

Attention: Robert Chadwick and Brendan O'Neill
 Email: rchadwick@goodmans.ca and boneill@goodmans.ca
 Facsimile: 416-979-1234

and with a copy by email or fax (which shall not be deemed notice) to:

Hogan Lovells LLP
 11th Floor, One Pacific Place, 88 Queensway
 Hong Kong China

Attention: Neil McDonald
 Email: neil.mcdonald@hoganlovells.com
 Facsimile: 852-2219-0222

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery or transmission thereof.

- (r) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.
- (s) This Agreement shall be binding upon and enure to the benefit of the Parties hereto and each of their respective successors, assigns, heirs and personal representatives, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties hereto, except that each Consenting Noteholder is permitted to assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement as set forth in Section 4(c).
- (t) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to principles of conflicts of law. Each Party submits to the jurisdiction of the courts of the Province of Ontario in any action or proceeding arising out of or relating to this Agreement.

- (u) The Parties waive any right to trial by jury in any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, present or future, and whether sounding in contract, tort or otherwise. Any Party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the Parties irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Agreement or any of the transactions contemplated by this Agreement shall instead be tried by a judge or judges sitting without a jury.
- (v) No director, officer or employee of the Company or any of its Subsidiaries or any of their legal, financial or other advisors shall have any personal liability to any of the Consenting Noteholders under this Agreement. No director, officer or employee of any of the Consenting Noteholders or any of the Advisors shall have any personal liability to the Company or any of its Subsidiaries under this Agreement.
- (w) It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach including, without limitation, an order of the Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.
- (x) All rights, powers, and remedies provided under this Agreement or otherwise in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.
- (y) No condition in this Agreement shall be enforceable by a Party if any failure to satisfy such condition results from an action, error or omissions by or within the control of such Party.
- (z) Where any representation or warranty of the Company and the Direct Subsidiaries contained in this Agreement is expressly qualified by reference to the knowledge of the Company, it refers to the actual knowledge, after due inquiry, of the Executive Vice Chairman and Chief Executive Officer and the Chief Financial Officer of the Company, and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.
- (aa) Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third-party beneficiary hereof.

- (bb) This Agreement may be signed in counterparts, each of which, when taken together, shall be deemed an original. Execution of this Agreement is effective if a signature is delivered by facsimile transmission or electronic (e.g., pdf) transmission.

[Remainder of this page intentionally left blank; next page is signature page]

This Agreement has been agreed and accepted on the date first written above.

SINO-FOREST CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-PANEL HOLDINGS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-GLOBAL HOLDINGS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-PANEL CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-WOOD PARTNERS, LIMITED

By: _____

Name:

Title:

By: _____

Name:

Title:

SINO-CAPITAL GLOBAL INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

**SINO-FOREST INTERNATIONAL
(BARBADOS) CORPORATION**

By: _____

Name:

Title:

By: _____

Name:

Title:

SINO-FOREST RESOURCES INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder: _____

Per: _____

Name: _____

Title: _____

Jurisdiction of residence for legal purposes:

Email: _____

Address: _____

STRICTLY CONFIDENTIAL

SCHEDULE A**DIRECT SUBSIDIARIES**

Sino-Panel Holdings Limited

Sino-Global Holdings Inc.

Sino-Panel Corporation

Sino-Wood Partners, Limited

Sino-Capital Global Inc.

Sino-Forest International (Barbados) Corporation)

Sino-Forest Resources Inc. [Preferred shares held by SFC]

SCHEDULE B**DEFINITIONS**

Definition	Section or Page Number
“Additional Notes”	Section 17(c)
“Agreement”	Page 1 (1 st paragraph)
“Agreement Date”	Page 1 (1 st paragraph)
“Breaching Noteholder”	Section 12(b)
“BVI Timber Diligence Procedures”	Section 5(ee)
“CBCA”	Page 1 (1 st paragraph)
“CCAA”	Page 1 (1 st paragraph)
“CCAA Proceedings”	Section 5(c)(i)
“Company”	Page 1 (1 st paragraph)
“Consent Date Noteholder”	Section 1(b)
“Consenting Noteholder(s)”	Page 1 (1 st paragraph)
“Debt”	Section 2(a)
“Early Consent Consideration”	Section 1(b)
“Effective Time”	Section 7
“Excess Net Proceeds”	Section 1(k)(i)
“FTI HK”	Section 55(bb)
“Funding Amount”	Section 1(h)(i)
“Individual Noteholder”	Section 14(b)
“Muddy Waters”	Section 1(h)(ii)(A)
“Newco”	Section 1(a)(i)
“Newco EV”	Section 1(h)(ii)(B)(II)

Definition	Section or Page Number
“NI 45-106”	Section 2(i)
“Objecting Noteholder”	Section 17(o)
“Party” or “Parties”	Page 1 (1 st paragraph)
“Relevant Notes”	Section 2(a)
“Representative(s)”	Section 16
“Restructuring Budget”	Section 5(j)
“Sale Transaction”	Section 1(i)
“Transfer”	Section 4(c)

In addition, the following terms used in this Agreement shall have the following meanings:

“**2013 Note Indenture**” means the indenture dated as of July 23, 2008, by and between the Company, the entities listed as subsidiary guarantors thereto, and The Bank of New York Mellon, as trustee, as amended, modified or supplemented prior to the date hereof.

“**2014 Note Indenture**” means the indenture dated as of July 27, 2009 entered into by and between the Company, the subsidiary guarantors thereto, and Law Debenture Trust Company of New York, as trustee, as amended, modified or supplemented prior to the date hereof.

“**2016 Note Indentures**” means the indenture dated as of December 17, 2009, by and between the Company, the entities listed as subsidiary guarantors thereto, and The Bank of New York Mellon, as trustee, as amended, modified or supplemented prior to the date hereof.

“**2017 Note Indenture**” means the indenture dated as of October 21, 2010, by and between the Company, the subsidiary guarantors thereto, and Law Debenture Trust Company of New York, as trustee, as amended, modified or supplemented prior to the date hereof.

“**2013 Notes**” means the US\$345,000,000 of 5.00% Convertible Senior Notes Due 2013 issued pursuant to the 2013 Note Indenture.

“**2014 Notes**” means the US\$399,517,000 of 10.25% Guaranteed Senior Notes Due 2014 issued pursuant to the 2014 Note Indenture.

“**2016 Notes**” means the US\$460,000,000 of 4.25% Convertible Senior Notes Due 2016 issued pursuant to the 2016 Note Indenture.

“**2017 Notes**” means the US\$600,000,000 of 6.25% Guaranteed Senior Notes Due 2017 issued

pursuant to the 2017 Note Indenture.

“2013 and 2016 Trustee” means The Bank of New York Mellon, in its capacity as trustee for the 2013 Notes and the 2016 Notes.

“2014 and 2017 Trustee” means Law Debenture Trust Company of New York, in its capacity as trustee for the 2014 Notes and the 2017 Notes.

“Accrued Interest” means, in respect of any series of Notes, all accrued and unpaid interest on the Notes, at the regular rates provided therefor pursuant Note Indentures, up to and including the CCAA Filing Date.

“Advisors” means Goodmans and Hogan Lovells, in their capacity as legal advisors to the Initial Consenting Noteholders, and Moelis, in its capacity as financial advisor to the Initial Consenting Noteholders.

“Aggregate Principal Payment Amount” means 85% of the aggregate principal amount of all Notes outstanding as at the CCAA Filing Date.

“AIs” means the authorized intermediaries of the Company and/or any of its Subsidiaries.

“Applicable Securities Laws” means all applicable securities, corporate and other laws, rules, regulations, notices and policies in the Provinces of Canada.

“Business Day” means each day other than a Saturday or Sunday or a statutory or civic holiday that banks are open for business in Toronto, Ontario.

“BVI” means the British Virgin Islands.

“Capital Stock” shall have the meaning given to the term in the Note Indentures, as applicable.

“CCAA Filing Date” means the date on which the Initial Order is granted by the Court in respect of the Company pursuant to the CCAA.

“Claim” means any right or claim of any Person against the Company in any capacity, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever of the Company, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including arising by reason of the commission of a tort (intentional or unintentional), any breach of duty (including any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or to a trust, constructive trust or deemed trust (statutory, express, implied, resulting, or otherwise) against any property or assets, any taxes and together with any security enforcement costs or legal costs associated with any such claim, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known or unknown, by guarantee, by surety, by warranty, or otherwise, and whether or not such right is executory or anticipatory in nature, including any claim arising from or caused by the termination, disclaimer, rescission, assignment or repudiation by the Company of any contract, lease or other agreement, whether written or oral, any claim made or asserted

against the Company through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, and includes, without limitation (i) any other claims of any kind that, if unsecured, would have been claims provable in bankruptcy within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 had the Company become bankrupt on the CCAA Filing Date, including any other claims arising from or caused by, directly or indirectly, the implementation of, or any action taken pursuant to, the Initial Order or the CCAA Proceedings, and (ii) Equity Claims.

“**Common Shares**” means the common shares in the capital of the Company.

“**Companies**” means, collectively, the Company and all of the Subsidiaries.

“**Consent Date**” means May 15, 2012.

“**Contingent Value Rights**” means the rights to be issued by Newco to a trustee on behalf of the Junior Constituents pursuant to the Restructuring Transaction and the Plan, pursuant to which the Junior Constituents will receive the right to receive 15% of any amounts realized in excess of \$1.8 billion plus Accrued Interest up to and including the CCAA Filing Date upon a Newco “liquidity event” that occurs, or is deemed to occur, within 7 years of the Implementation Date, which rights shall not be transferable. In lieu of paying any cash amount that may be due to the Junior Constituents in respect of the Contingent Value Rights, Newco shall be entitled to elect to pay in securities of Newco (or the form of consideration being paid to the shareholders of Newco in connection with the Newco “liquidity event”). The definitive terms of the Contingent Value Rights, including the definition of a Newco “liquidity event” shall be determined by the Company and the Initial Consenting Noteholders, acting reasonably.

“**Court**” means the Ontario Superior Court of Justice, Commercial List.

“**Creditor**” means any Person having a Claim and includes, without limitation, the transferee or assignee of a Claim or a trustee, liquidator, receiver, receiver and manager, or other Person acting on behalf of such Person.

“**Data Room**” means the virtual data room maintained by the Company through the facilities of Merrill Corporation, as of March 29, 2012, as the same may be supplemented after the Agreement Date on notice to the Advisors.

“**Equity Claim**” has the meaning set forth in section 2(1) of the CCAA.

“**Equity Interest**” has the meaning set forth in section 2(1) of the CCAA.

“**Excluded Assets**” means cash equal to, and for purposes of, the Funding Amount, the rights of the Company to be transferred to the Litigation Trust and any other assets and rights of the Company that are not transferred to Newco as determined by the Company and the Initial Consenting Noteholders and identified in the Plan.

“Executive Officers” means Judson Martin, Kai Kit Poon, David J. Horsley, Chen Hua, Zhao Wei Mao, Thomas M. Maradin, Xu Ni, Alfred Hung and George Ho.

“Existing Shares” means the Common Shares of the Company issued and outstanding at any applicable time prior to the Effective Time.

“Expense Reimbursement” the reasonable and documented fees and expenses of the Advisors and Conyers, Dill & Pearman LLP, pursuant to their respective engagement letters with the Company, and other advisors as may be agreed to by the Company.

“Final Order” means the order of the Court approving the Plan, which shall be in form and substance satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably, and as the same may be amended by the Court or with the consent of the Company and the Initial Consenting Noteholders, each acting reasonably.

“GAAP” means generally accepted accounting principles as applied in Canada.

“Goodmans” means Goodmans LLP.

“Governmental Entity” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“Hogan Lovells” means Hogan Lovells LLP.

“Implementation Date” means the date on which the Transaction is implemented.

“Information” means information set forth or incorporated in the Companies’ public disclosure documents filed with the applicable securities regulators under the Securities Legislation, as applicable, since December 31, 2009.

“Initial Consenting Noteholders” means the Consenting Noteholders who executed this Agreement on the date written on the first page of this Agreement.

“Initial Order” means the initial order of the Court to be entered in the CCAA Proceedings, which shall be in form and substance satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably, and as the same may be amended by the Court or with the consent of the Company and the Initial Consenting Noteholders, each acting reasonably.

“Intellectual Property” means: (i) Canadian and non-Canadian patents, and applications for either including divisional and continuation patents; (ii) registered and unregistered trade-marks, logos and other indicia of origin, pending trade-mark registration applications, and proposed use application or similar reservations of marks, and all goodwill associated therewith; (iii) registered and unregistered copyrights, including all copyright in and to computer software

programs, and applications for and registration of such copyright (including all copyright in and to the Companies' websites); (iv) world wide web addresses and internet domain names, applications and reservations for world wide web addresses and internet domain names, uniform resource locators and the corresponding internet sites; (v) industrial designs; and (vi) trade secrets and proprietary information not otherwise listed in (i) through (v) above, including all inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and inventors (however denominated), confidential information, technical data, customer lists, corporate and business names, trade names, trade dress, brand names, know-how, formulae, methods (whether or not patentable), designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded, or unrecorded.

“Junior Constituent” means any Person holding a Claim (including an Equity Claim) or right against the Company which is, either pursuant to any contract or otherwise pursuant to any applicable law (including, without limitation, the CCAA) subordinate in priority to the Noteholder Claims or otherwise not entitled to any distribution pursuant to the Plan until the Noteholder Claims have been paid in full, but only in respect of such Claim or right of such Person.

“Law” or **“Laws”** means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States, Hong Kong, the PRC, or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity.

“Litigation Trust” means the litigation trust to be established pursuant to the Plan pursuant to which all claims of the Company and its Subsidiaries against any Person shall be transferred on the Implementation Date, the terms and conditions of which (including without limitation, as to the selection of counsel, the trustee, governance, the allocation of funding among claims to be pursued, and provisions prohibiting claims over or any liability against the Company, its Subsidiaries, Newco or its subsidiaries) shall be satisfactory to the Company and the Initial Consenting Noteholders, acting reasonably.

“Material” means a fact, circumstance, change, effect, matter, action, condition, event, occurrence or development that, individually or in the aggregate, is, or would reasonably be expected to be, material to the business, affairs, results of operations or financial condition of the Companies (taken as a whole).

“Material Adverse Effect” means a fact, event, change, occurrence, circumstance or condition that, individually or together with any other event, change or occurrence, has or would reasonably be expected to have a material adverse impact on the assets, condition (financial or otherwise), business, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or operations of the Companies (taken as a whole); provided, however, that a Material Adverse Effect shall not include and shall be deemed to exclude the impact of any fact, event, change, occurrence, circumstance or condition resulting from or relating to: (A) changes in Laws of general applicability or interpretations thereof by courts or Governmental Entities or regulatory

authorities, which changes do not have a Material disproportionate effect on the Companies (taken as a whole), (B) any change in the forestry industry generally, which does not have a Material disproportionate effect on the Companies (taken as a whole) (relative to other industry participants operating primarily in the PRC), (C) actions and omissions of any of the Companies required pursuant to this Agreement or taken with the prior written consent of the Initial Consenting Noteholders, (D) the effects of compliance with this Agreement, including on the operating performance of the Companies, (E) the negotiation, execution, delivery, performance, consummation, potential consummation or public announcement of this Agreement or the transactions contemplated by this Agreement, (F) any change in U.S. or Canadian interest rates or currency exchange rates unless such change has a Material disproportionate effect on the Companies (taken as a whole), and (G) general political, economic or financial conditions in Canada, the United States, Hong Kong or the PRC, which changes do not have a Material disproportionate effect on the Companies (taken as a whole).

“Meeting Order” means the Order of the Court establishing the procedures for voting on the Plan, which shall be in form and substance satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably, and as the same may be amended by the Court or with the consent of the Company and the Initial Consenting Noteholders, each acting reasonably.

“Moelis” means, collectively, Moelis & Company LLC and Moelis and Company Asia Limited, in their capacity as financial advisor to the Initial Consenting Noteholders.

“Monitor” means the monitor to be appointed by the Court pursuant to the Initial Order.

“New Management Plan” means the new management incentive plan and director compensation plan in respect of Newco, on terms and conditions acceptable to the Initial Consenting Noteholders.

“Newco Shares” means the common shares of Newco that are issued and outstanding as of the Effective Time.

“Note Indentures” means collectively the 2013 Note Indenture, the 2014 Note Indenture, the 2016 Note Indenture, and the 2017 Note Indenture.

“Noteholder Claim” means any Claim of any Person (including, without limitation, any current or former Noteholder or trustee, agent or intermediary) in respect of or in relation to the Notes, including without limitation, all principal, Accrued Interest and any other amounts payable pursuant to the Notes, the Note Indentures and any agreement or instrument pursuant or ancillary thereto (including any security or pledge in respect thereof), and any claims or rights of any Person against any Subsidiary under, pursuant to or in respect of any guarantee, indemnity or similar agreement in respect of the Notes.

“Noteholder Confidentiality Agreements” means, collectively, any and all the confidentiality and non-disclosure agreements that have been entered into and are binding upon a Consenting Noteholder and the Company.

“Noteholders” means, collectively, the holders of the Notes, and **“Noteholder”** means any

individual holder of any of the Notes.

“**Notes**” means, collectively, the 2013 Notes, the 2014 Notes, the 2016 Notes, and the 2017 Notes.

“**Ordinary Course**” means, with respect to an action taken or to be taken by the Company, or any of its Subsidiaries, that such action is consistent with the past practices of the Company, or the particular Subsidiary or Subsidiaries, as applicable, and was taken or is to be taken in the ordinary course of the normal day-to-day operations of the Company, or those particular Subsidiaries or Subsidiary, as applicable.

“**Other Affected Creditors**” means any Creditor (for greater certainty, not including Junior Constituents) other than: (i) a Creditor who has a Noteholder Claim, but only in respect of and to the extent of such Noteholder Claim, or (ii) a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim.

“**Outside Date**” means November 30, 2012, as the same may be amended with the consent of the Initial Consenting Noteholders.

“**Person**” means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, Governmental Entity, and a natural person including in such person’s capacity as trustee, heir, beneficiary, executor, administrator or other legal representative.

“**Plan**” means the plan of compromise or arrangement to be filed by the Company under the CCAA and, if determined necessary or advisable by the Company in conjunction with the CCAA Plan, and with the consent of the Advisors, the *Canada Business Corporations Act* for purposes of implementing the Restructuring Transaction or the Sale Transaction, as the case may be and in each case in accordance with the Transaction Terms, and as the same may be amended by the Court or with the consent of the Company and the Initial Consenting Noteholders, each acting reasonably.

“**PRC**” means the People’s Republic of China.

“**Pro Rata**” means, unless otherwise defined in the Agreement, (i) in the case of a Noteholder, the principal amount of Notes held by such Noteholder as of the Record Date in relation to the aggregate principal amount of Notes held by all Noteholders as of the Record Date, and (ii) in the in the case of a Consent Date Noteholder, the principal amount of Notes held by such Consent Date Noteholder as of the Record Date in relation to the aggregate principal amount of Notes held by all Consent Date Noteholders as of the Record Date.

“**Record Date**” means the record date for Noteholder Claims and Claims of Other Affected Creditors to be established in the CCAA Proceedings, which date shall be acceptable to the Company and the Initial Consenting Noteholders, each acting reasonably.

“**Restricted Subsidiary**” shall have the meaning given to the term in the Note Indentures, as applicable.

“Restructuring Transaction” means the restructuring transaction described by Section 1(a) hereof pursuant to which the restructuring of the Company is to be effectuated pursuant to, and in accordance with, the Plan and this Agreement.

“SAFE” means State Administration of Foreign Exchange (China).

“Sale Process Order” means the order of the Court approving the Sale Process Procedures, substantially in the form appended as **Schedule D** hereto, which shall be in form and substance satisfactory to the Company and the Initial Consenting Noteholders, each acting reasonably, and as the same may be amended by the Court or with the consent of the Company and the Initial Consenting Noteholders, each acting reasonably.

“Sale Process Procedures” means the sale and investor solicitation procedures for the sale of all or substantially all of the assets of the Company appended to the Sale Process Order as Schedule “A” which shall in form and substance be satisfactory to the Initial Consenting Noteholders, acting reasonably, and as the same may be amended by the Court or with the consent of the Company and the Initial Consenting Noteholders.

“Secured Newco Note” means that certain secured note (or other debt instrument) to be issued by Newco on the Implementation Date under an indenture (or other similar instrument), on terms and conditions acceptable to the Initial Consenting Noteholders, and in form and substance satisfactory to the Company, and as the same may be amended in accordance with its terms.

“Securities Legislation” means all applicable Laws, regulations, rules, policies or instruments of any securities commission, stock exchange or like body in Canada, the United States, Hong Kong or the PRC.

“Subsidiaries” means all direct and indirect subsidiaries of the Company (including the Direct Subsidiaries and the subsidiaries thereof), except for Greenheart Group Limited and its subsidiaries.

“Termination Date” means the date on which this Agreement is terminated in accordance with the provisions hereof.

“Transaction” means the Restructuring Transaction or the Sale Transaction, as the case may be.

“Transaction Terms” means the terms set out in Section 1 of this Agreement.

“Trustee” means each of the 2014 and 2017 Trustee and the 2013 and 2016 Trustee.

“Unaffected Claims” means (i) any Claims of any employee, officer or director of the Company in respect of any wages, vacation pay, bonuses or other remuneration payable to such Person by the Company; (ii) any Claims in respect of which a Charge is granted pursuant to the Initial Order; (iii) any Claim required to be paid in priority to Noteholder Claims, including in accordance with section 6(3), (5) or (6) of the CCAA; and (iv) any Claim, other than a Noteholder Claim, which is secured by a lien or encumbrance on the property of the Company, which lien is valid, perfected and enforceable pursuant to applicable law, to the extent of and limited to the value of such property.

“Voting Deadline” means the date on which votes are due in respect of the Plan, as established by the Meeting Order to be entered in the CCAA proceedings, as the same may be amended by Order of the Court or with the consent of the Company and the Initial Consenting Noteholders, each acting reasonably.

SCHEDULE C**JOINDER AGREEMENT**

This Joinder to the Support Agreement (this “**Joinder Agreement**”) is made as of _____, 2012, by and among _____ (the “**Consenting Party**”), the Company (as defined below) and the Direct Subsidiaries (as defined therein) in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

WITNESSETH:

WHEREAS, reference is made to a certain Support Agreement dated as of March 30, 2012 by and among the Initial Consenting Noteholders (as defined therein), the Direct Subsidiaries (as defined therein) and Sino-Forest Corporation (the “**Company**”), as amended, modified, supplemented or restated and in effect from time to time, the “**Support Agreement**”). All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Support Agreement;

WHEREAS, the Consenting Party desires to become a party to, and to be bound by the terms of, the Support Agreement; and

WHEREAS, pursuant to the terms of the Support Agreement, in order for the Consenting Party to become party to the Support Agreement, the Consenting Party is required to execute this Joinder Agreement;

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Joinder and Assumption of Obligations

Effective as of the date of this Joinder Agreement, the Consenting Party hereby acknowledges that the Consenting Party has received and reviewed a copy of the Support Agreement, and hereby:

- (a) acknowledges and agrees to:
 - (i) join in the execution of, and become a party to, the Support Agreement as a Consenting Noteholder thereunder, as indicated with its signature below;
 - (ii) subject to subsection (iii) below, be bound by all agreements of the Consenting Noteholders under the Support Agreement with the same force and effect as if such Consenting Party was a signatory to the Support Agreement and was expressly named as a party therein; and
 - (iii) assume all rights and interests and perform all applicable duties and obligations of the Consenting Noteholders under the Support Agreement

other than those expressed therein to be solely the rights, interests, duties and obligations of the Initial Consenting Noteholders; and

- (b) confirms each representation and warranty of the Consenting Noteholders under the Support Agreement with the same force and effect as if such Consenting Party was a signatory to the Support Agreement and was expressly named as a party therein.

2. Binding Effect

Except as specifically amended by this Joinder Agreement, all of the terms and conditions of the Support Agreement shall remain in full force and effect as in effect prior to the date hereof.

3. Miscellaneous

- (a) This Joinder Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed signature page of this Joinder Agreement by email or facsimile transmission will be effective as delivery of a manually executed counterpart hereof.
- (b) This Joinder Agreement expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (c) Any determination that any provision of this Joinder Agreement or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Joinder Agreement.
- (d) This Joinder Agreement shall be governed by, construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction) and all actions or proceedings arising out of or relating to this Joinder Agreement shall be heard and determined exclusively in the courts of the Province of Ontario.

[Signature Pages Follow]

STRICTLY CONFIDENTIAL

Name of Consenting Noteholder:

[Redacted]

Per: [Redacted]

Name: [Redacted]

Title: [Redacted]

Jurisdiction of residence for legal purposes: [Redacted]

Email: [Redacted]

Address: [Redacted]

STRICTLY CONFIDENTIAL

STRICTLY CONFIDENTIAL

Accepted and agreed to as of the date first above written.

SINO-FOREST CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-PANEL HOLDINGS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-GLOBAL HOLDINGS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-PANEL CORPORATION

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-WOOD PARTNERS, LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-CAPITAL GLOBAL INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

**SINO-FOREST INTERNATIONAL
(BARBADOS) CORPORATION**

By: _____
Name:
Title:

By: _____
Name:
Title:

SINO-FOREST RESOURCES INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE D

FORM OF SALE PROCESS ORDER