

TAIGA BUILDING PRODUCTS LTD.

Annual Information Form
for the fiscal year ended December 31, 2024

Dated February 27, 2025

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INTRODUCTION

In this annual information form (the "AIF"):

- all dollar amounts are in Canadian dollars, except where otherwise indicated;
- references to "Taiga" mean Taiga Building Products Ltd. and its consolidated subsidiaries;
- references to the "Company" mean Taiga Building Products Ltd.; and
- unless otherwise stated, information is given as of February 27, 2025.

The reporting currency of the Company is the Canadian dollar. Some figures and percentages may not total exactly due to rounding. The accounts of the self-sustaining foreign operation are accounted for by the current rate method under which assets and liabilities are translated at prevailing rates of exchange at each balance sheet date.

Certain general information contained in this AIF concerning the industry in which Taiga operates has been obtained from publicly available information from third party sources. While Taiga believes such sources are reliable, Taiga has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, Taiga has not determined if there has been any omission by any such third party to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information became publicly available or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

Forward-Looking Information

Certain statements contained in this AIF constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to Taiga or its management, are intended to identify forward-looking information, but not all forward-looking information contains such words. By their nature, statements constituting forward-looking information involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, and projections contemplated by the forward-looking information will not occur.

Although our management believes that the expectations represented by forward-looking information are reasonable, there is significant risk that they may not be achieved, and the underlying assumptions will not prove to be accurate. Forward-looking information in this AIF includes, but is not limited to, statements concerning Taiga's expectations about:

- the competitiveness of Taiga's products and results of operations;

- its business strategy, including expanding operations in other jurisdictions;
- its environmental compliance;
- its liquidity risks;
- the continued supply of important components of its product mix;
- the ability of its customers to meet their credit obligations;
- laws and regulations governing its business operations or changes thereto;
- its employees and specifically its key personnel, including its senior management team; and
- legal or regulatory proceedings commenced against Taiga.

With respect to the forward-looking information contained in this AIF, numerous assumptions have been made regarding, among other things:

- Taiga's ability to maintain the competitiveness of its products and operations within the industry and retain its current customer base;
- Taiga's ability to implement its business strategy to, among other things, successfully expand operations into new markets;
- the nature and extent of Taiga's environmental requirements and liabilities, including levels of contamination at various facilities;
- Taiga's ability to make scheduled payments or refinance debt obligations, including raising additional capital, if necessary;
- Taiga's ability to successfully grow its business and implement cost reduction strategies;
- Taiga's ability to continue to acquire important components of and expand its product mix, including during the winter season;
- Taiga's ability to maintain its relationships with its customers;
- the ability of Taiga's customers to meet their credit obligations and for Taiga to collect amounts owing to it;
- Taiga's ability to maintain adequate insurance coverage for product liability;
- Taiga's ability to comply with all applicable laws and regulations;
- Taiga's ability to retain key personnel or find suitable replacements thereof;
- Taiga's ability to maintain its relationship with its employees and avoid major labour disruptions and higher labour costs;
- Taiga's ability to operate its Enterprise Resource Planning ("ERP") information management system and its other information systems, as well as its effectiveness in improving financial controls and developing sales and marketing strategies; and
- Taiga's assessment of third parties' legal proceedings commenced against it.

The foregoing list of assumptions is not exhaustive.

Actual results, performance or achievements could differ materially from those expressed or implied in any forward-looking information, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including, but not limited to:

- dependence on market and economic conditions;
- liquidity risks;
- tax risks;
- sales and margin risk and fluctuations in commodity prices;
- supply of commodities;
- supply-side risks;
- commodity price risk;
- currency risk;
- credit risk;
- environmental risk;
- interest risk;
- competition;
- seasonal and cyclical nature of Taiga's business;
- debt service obligations;
- product liability claims;
- new regulations;
- dependence on key personnel;
- information systems risk;
- availability of future financing;
- level of dividends; and
- creditworthiness.

The section entitled "Risk Factors" herein discusses these and other risks and uncertainties. These risks and uncertainties could cause Taiga's actual results, performance or achievements to vary materially and adversely from those described herein as intended, planned, anticipated, believed, estimated or expected. Statements constituting forward-looking information speak only as of the date of this AIF and Taiga does not intend, and does not assume any obligation, to update such statements, except as required by applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

Taiga Forest Products Ltd. ("Old Taiga") in its English form (Produits Forestiers Taiga Ltee in its French form) was formed on October 1, 1984 through the amalgamation of Taiga Wood Products Ltd. (Produits de Bois Taiga Ltee) and Caneda Forest Products Ltd. pursuant to the *Company Act* (British Columbia). On May 26, 2005, Old Taiga entered into an arrangement agreement with a newly incorporated subsidiary of Old Taiga, Taiga Building Products Ltd. (Produits de Batiment Taiga Ltee in its French form), a company formed under the *Business Corporations Act* (British Columbia) (the "BCBCA"), which resulted in the Company acquiring all of the issued and outstanding common shares of Old Taiga ("Taiga Shares") in exchange for stapled units of the Company ("Stapled Units"), each comprised of one common share of the Company (a "Common Share") and one 14% subordinated note (a "Note"), issued under an indenture dated as of September 1, 2005 (the "Indenture"), all pursuant to an arrangement under the BCBCA (the "Arrangement") which became effective on September 1, 2005. The purpose of the Arrangement was to establish the Company as a publicly traded company carrying on, directly or indirectly, the business and operations of Old Taiga. References to the "Company" or "Taiga" in this AIF may refer to Old Taiga, where applicable.

On May 17, 2006, the Company purchased and cancelled a portion of its outstanding Notes. In connection with this repurchase, the Company also solicited consents to amend certain provisions of the Indenture. As a result, the Stapled Units were separated into Notes and Common Shares, and the Notes and the Common Shares began trading separately on the Toronto Stock Exchange (the "TSX") on May 4, 2006, under the symbols "TBL.NT" and "TBL", respectively.

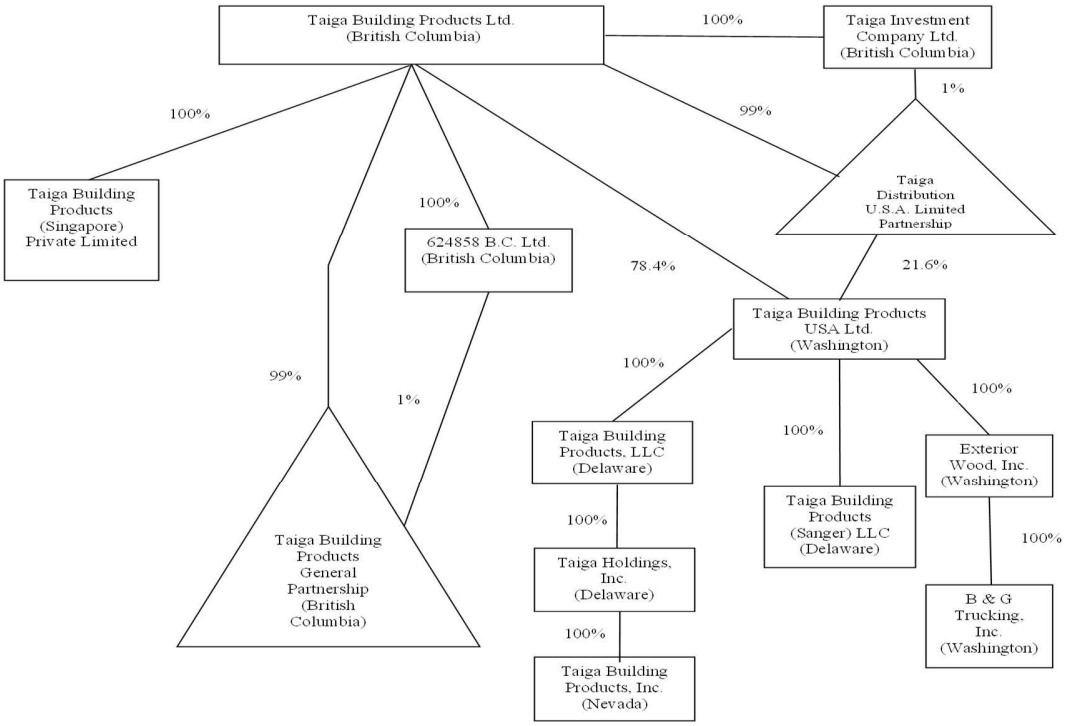
On November 17, 2017, the Company completed an exchange offer (the "Exchange Offer"), pursuant to the terms and conditions set forth in the Company's Exchange Offer and Consent Solicitation Statement dated September 29, 2017 (the "Exchange Offer Circular"), to purchase any and all of its outstanding Notes in exchange for new 7% senior notes of Taiga (the "New Notes") due five years from the date of issuance, Common Shares at a rate of 833.33 Common Shares for each $1,000 principal amount of Notes, or any combination of the foregoing at the option of the holder. As a result of the Exchange Offer, the Company exchanged an aggregate of $113,791,000 principal amount of Existing Notes, representing approximately 88.4% of the Existing Notes outstanding. Holders of Existing Notes who participated in the Exchange Offer elected to exchange their Existing Notes for an aggregate of $12,500,000 principal amount of New Notes and 84,408,831 Common Shares.

On December 23, 2017 the Company redeemed all of its remaining Notes in the aggregate principal amount of $15,043,218 for a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest.

The principal and head office of the Company is located at 800 - 4710 Kingsway, Burnaby, British Columbia, V5H 4M2. The registered and records office is located at 20th floor, 250 Howe Street, Vancouver, British Columbia, Canada V6C 3R8.

Intercorporate Relationships

The following diagram illustrates the current organizational structure of the Company and its respective principal operating subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

History of Taiga

Taiga was created in 1973 as a British Columbia based building products distributor. For over 50 years, Taiga has established and expanded its business and network centres in Canada. Certain significant steps in the growth of Taiga's business include:

- In 1987, Taiga established a wood preservation plant at its distribution centre then located in New Westminster, British Columbia to take advantage of increasing demand for treated wood. In 1997, this plant was replaced with a more modern facility based in Langley, British Columbia. In May 1999, Taiga completed the construction of a wood preservation plant in Edmonton, Alberta. In 2005, Taiga purchased a wood preservation plant in Monetville, Ontario. Taiga's treated wood products are sold through its distribution network under the brand name "Taiga Exterior Wood".

- In 1993, Taiga became a public company. In 1994, Berjaya Group Berhad of Malaysia ("Berjaya") acquired approximately 60% of Taiga's outstanding shares by way of a takeover bid made to existing shareholders.

- In 1999, Taiga established a lumber trading division in Eastern Canada with administration and sales offices in Concord, Ontario and Laval, Quebec that distributes lumber and related building products within Canada and the United States from reload centres owned by third parties that are located principally in Windsor and Fort Erie, Ontario.

- In 2002, Taiga purchased a distribution centre in Rocklin, California thereby increasing its sales in the United States. This distribution centre services Northern California and Western Nevada.

- In late 2003, Genghis S.á.r.l. ("Genghis") (formerly 3Cs Investments Limited) acquired an approximate 19.6% equity interest in Taiga, primarily through the purchase of approximately one third of Berjaya's interest in Taiga, and Dr. Kooi Ong Tong, a representative of Genghis, was appointed as a director and chairman of the Company.

- In early 2017, Genghis and Berjaya sold their Common Shares to a subsidiary of Avarga Limited (formerly UPP Holdings Limited) ("Avarga"), a public company listed on the Singapore exchange. Dr. Tong, a current director of the Company, is the Executive Chairman and a major shareholder of Avarga. Ian Tong, the current chairman of the Company, is the Chief Executive Officer and an Executive Director at Avarga. As a result of this transaction, Avarga acquired 18,908,208 Common Shares, representing approximately 58.34% of the then issued and outstanding Common Shares. See "*Significant Developments over the Last Three Fiscal Years – Canada Revenue Agency Reassessment*".

- In late 2017, in connection with the Exchange Offer, Avarga acquired an additional 38,339,847 Common Shares, which combined with the other new Common Shares issued as part of the Exchange Offer and the Common Shares already held by Avarga, resulted in Avarga holding approximately 49% of the then outstanding Common Shares.

- In late 2017, in connection with the Exchange Offer, Genghis acquired 18,460,760 Common Shares, or approximately 15.8% of the then outstanding Common Shares.

- In late 2018, Avarga acquired Genghis' 18,460,760 Common Shares, which increased the number of Taiga shares owned by Avarga to 75,708,814 Common Shares, representing approximately 65.1% of the outstanding Common Shares.

Significant Developments over the Last Three Fiscal Years

Normal Course Issuer Bid

On August 25, 2022, the Company announced a renewal of its NCIB to purchase for cancellation up to 5,410,448 Common Shares, representing 5% of the outstanding Common Shares as of August 16, 2022, during the 12-month period from August 29, 2022 to August 28, 2023 (the "2022 NCIB"). Pursuant to the 2022 NCIB, the Company purchased for cancellation a total of 139,208 Common Shares at a weighted average price of $2.63 per Common Share.

On August 29, 2023, the Company announced a further renewal of its NCIB to purchase for cancellation up to 5,403,488 Common Shares, representing 5% of the outstanding Common Shares as of August 22, 2023, during the 12-month period from August 31, 2023 to August 30, 2024 (the "2023 NCIB"). Pursuant to the 2023 NCIB, the Company purchased for cancellation a total of 125,232 Common Shares at a weighted average price of $2.89 per Common Share.

On September 4, 2024, the Company announced a further renewal of its NCIB to purchase for cancellation up to 5,397,226 Common Shares, representing 5% of the outstanding Common Shares as of August 25, 2024, during the 12-month period from September 4, 2024 to September 3, 2025 (the "2024 NCIB"). Pursuant to the 2024 NCIB, and as of the date hereof, the Company has purchased for cancellation a total of 10,488 Common Shares at a weighted average price of $3.09 per Common Share, and there are 5,386,738 remaining Common Shares permitted to be purchased by the Company under the terms of the 2024 NCIB.

Change of Directors and Officers

On February 28, 2022 the Company announced the appointment of Michael Sivucha as the Chief Operating Officer of the Company.

On January 30, 2024 the Company announced the resignation of Trent Balog from the Board.

On May 3, 2024 the Company announced the appointment of Sylvester Ong Pai Koo to the Board.

Dividend

On November 15, 2023 the Company announced a special one-time dividend of $25,000,000 which was declared payable to shareholders of record on November 24, 2023. The dividend was paid on December 8, 2023.

Redemption of New Notes

On November 17, 2022, the Company redeemed all of the outstanding New Notes, pursuant to the terms of the New Notes, for an aggregate of $12,500,000.

New Credit Facility

On December 21, 2022 the Company announced it had entered into a new $250,000,000 senior secured revolving credit facility (the "2022 Facility") with a syndicate of lenders led by the Bank of Montreal and including Scotiabank, Bank of America, TD Bank and CIBC. The 2022 Facility will mature on December 20, 2027 and is secured by a first perfected security interest in all real and personal property of the Company and certain of its subsidiaries.

Change of Control in the Company's Major Shareholder

On November 12, 2024, the Company announced that, as disclosed in the early warning report filed by Dr. Kooi Ong Tong ("Dr. Tong") on November 11, 2024 in Canada, Dr. Tong, through TKO Pte. Ltd. ("TKO") (a wholly-owned subsidiary of ZICO Trust (S) Ltd., which holds all of the shares of TKO in its capacity as sole trustee of Phileo Trust, a family trust constituted under a trust deed pursuant to which Dr. Tong is the sole beneficiary), indirectly acquired (the "Acquisition") ownership of, or control or direction over, a total of 183,246,925 ordinary shares of Avarga, being the Company's largest shareholder.

Subsequently, Dr. Tong, through TKO, made an unconditional mandatory general offer for all remaining issued and paid-up ordinary shares of Avarga not already owned or controlled by him, Phileo Capital Limited, or Genghis S.à.r.l., at a cash offer price of S$0.25 per share (the "General Offer"). As of December 27, 2024, the General Offer closed, and Dr. Tong, through TKO and related concert parties, held, to the best of the Company's knowledge, a total of 787,353,453 ordinary shares of Avarga, representing approximately 86.68% of the total issued and outstanding ordinary shares of Avarga.

As of the date hereof, Avarga currently owns, directly or indirectly, or exercises control or direction over 77,708,814 common shares of the Company, representing approximately 72% of the total number of issued and outstanding common shares of the Company. Accordingly, Dr. Tong indirectly owns or controls the same 77,708,814 common shares of the Company, maintaining his control over approximately 72% of the total number of issued and outstanding common shares of the Company.

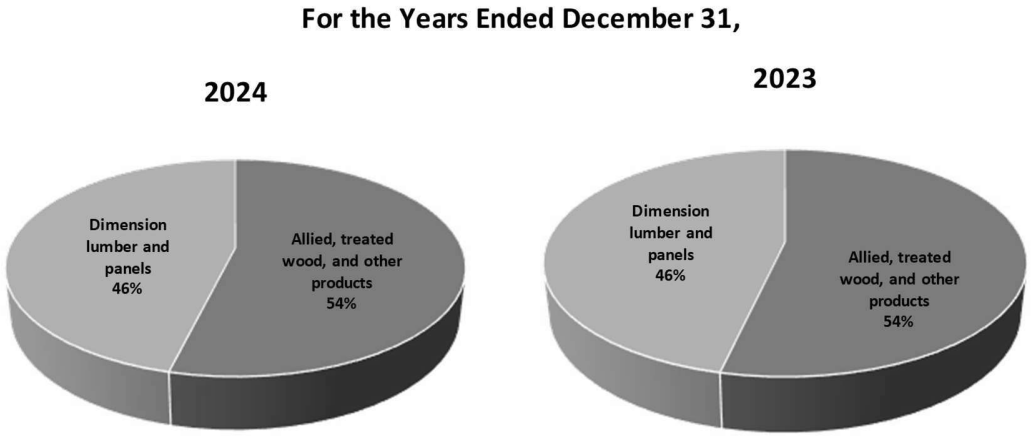
BUSINESS OF TAIGA

Business Overview

Taiga is one of the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and elsewhere. As a wholesale distributor, Taiga maintains substantial inventories of building products at 15 distribution centres strategically located throughout Canada, 2 distribution centres located in California and another located in Washington state. In addition, Taiga regularly distributes products through the use of third party reload centres. Taiga also owns and operates four wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include sales levels, price fluctuations and product mix.

Taiga distributes the following products: (i) dimension lumber; (ii) panel products, including plywood, particle board and oriented strand board; and (iii) allied and treated products such as roofing materials, mouldings, composite decking, polyethylene sheeting, batt and foam insulation, flooring, engineered wood and treated wood.

The following is a breakdown of the percentage of revenue generated by each product that accounted for 15 percent or more of Taiga's total consolidated revenue in the last two fiscal periods:



Products

Dimension Lumber and Panel Products

Dimension Lumber

Dimension lumber is lumber cut to standard sizes and used as building material. Dimension lumber is a commodity product because it exhibits standardization across suppliers, as opposed to the quality and design differences associated with branded products such as insulation and roofing. Taiga's gross margins on dimension lumber are achieved by offering value-added services to its customers, such as just-in-time delivery, extended payment terms, and consistent supply.

Taiga has over 50 years of experience in the dimension lumber commodity market. This experience, coupled with daily participation in the lumber market, provides Taiga with extensive knowledge of the lumber market and facilitates trading activities. Dealing in commodities allows Taiga to build substantial volume

into its distribution network and promotes higher capacity usage of in-bound and out-bound transportation which reduces cost. Taiga's expertise and scale enable Taiga to be price competitive in both supply and sales.

Panel Products

Panel products are standard size wooden building panels such as plywood, particle board, medium density fibre board and oriented strand board. Like dimension lumber, panel products are also commodity products that are marketed and sold in a manner similar to sales of dimension lumber. However, certain panel products are subject to greater price volatility than dimension lumber.

Allied, Treated Wood and Other Products

Allied Products

Allied products are building products that have a natural connection to Taiga's principal products and that generally have a brand presence. "Johns Manville" residential insulation, "LP SmartSide" siding, "DOW" rigid insulation, "Trex" composite decking and “Iko” roofing products are all examples of allied products which Taiga distributes to its customers on behalf of their producers. Taiga also sells allied products under its Taiga brand name including flooring, mouldings and siding. Allied products complement Taiga's other product lines. Management believes that producers distribute their product through Taiga because of the scale of Taiga's operations and its national market penetration. Taiga has targeted the allied products segment for growth and believes that the higher margins generally attributable to branded products can enhance profitability. Expanding sales of these building products can also smooth the volatility that characterizes commodity markets.

Treated Wood

Treated wood is lumber that has been chemically treated to increase its ability to withstand variable weather conditions. It is used for fencing, decking, foundations, landscaping and for other external applications. Taiga produces treated wood at its four wood preservation plants located in British Columbia, Alberta and Ontario, Canada and Washington, U.S.A. This product is marketed under the brand name "Taiga Exterior Wood". Taiga intends to continue to support the growth of its treated wood brand. In addition to distributing its own treated wood, Taiga also distributes treated wood produced by other manufacturers. Taiga also provides wood treatment services to other lumber producers on a contract basis. Sales of treated wood generally have higher gross margins than sales of untreated dimension lumber and other panel products.

Distribution

Facilities and Operations

Taiga's head office is located in Burnaby, British Columbia. Taiga has 15 distribution centres across Canada and 3 in the United States all strategically located to access key markets. Taiga also utilizes facilities owned by third parties as reload centres in the United States and Canada. The table below shows all of Taiga's distribution centres, each of which generally consists of a large yard, ancillary office space, open and covered racking and open and enclosed warehousing. Many of these distribution centres are serviced by rail spur lines and all are in close proximity to major highways.

Location	Size	Nature of Interest	Year Opened
Kelowna, British Columbia	14,500 sq. ft. building on 2.5 acres	leased	1990
Nanaimo, British Columbia	10,500 sq. ft. building on 2.0 acres	leased	1992
Langley, British Columbia	105,000 sq. ft. building on 10.0 acres	leased	1999
Calgary, Alberta	50,000 sq. ft. building on 15.0 acres	leased	1974
Edmonton, Alberta	85,000 sq. ft. building on 14.0 acres	leased	1988
Regina, Saskatchewan	21,000 sq. ft. building on 4.2 acres	leased	1984
Saskatoon, Saskatchewan	14,400 sq. ft. building on 4.0 acres	leased	2000
Winnipeg, Manitoba	14,000 sq. ft. building on 4.0 acres	leased	1994
Milton, Ontario	68,000 sq. ft. building on 11.5 acres	leased	1979
Sudbury, Ontario	14,000 sq. ft. building on 5.0 acres	leased	1995
Boucherville, Quebec	52,923 sq. ft. building on 12.0 acres	leased	1996
St. Augustin, Quebec	36,000 sq. ft. building on 7.0 acres	leased	1996
Moncton, New Brunswick	20,000 sq. ft. building on 2.0 acres	leased	2011
Paradise, Newfoundland	11,000 sq. ft. building on 1.5 acres	leased	2006
Dartmouth, Nova Scotia	58,000 sq. ft. building on 6.5 acres	leased	2013
Washougal, Washington	38,000 sq. ft. building on 15.1 acres	leased	1975[(1)]
Rocklin, California	100,000 sq. ft. building on 15.0 acres	owned	2002
Sanger, California	109,250 sq. ft. building on 12.6 acres	owned	2006

Notes:

(1) Exterior Wood, located in Washougal, Washington, has been in operation since 1975. Taiga acquired the business of Exterior Wood and the related leased facilities in 2018.

Methods of Distribution

Distribution of lumber and building materials is performed by wholesale distributors and office wholesalers (sometimes referred to as lumber brokers). Taiga acts as both. As a wholesale distributor, Taiga maintains substantial inventories of lumber, panels and other building products owned by it at its strategically located distribution centres. As an office wholesaler, Taiga buys and sells products using third party reload facilities located in Canada and the United States.

❖ *Distribution Centres*

Taiga's main method of distribution is the delivery of its own inventory to its customers from its distribution centres. Inventory is purchased from suppliers and warehoused at Taiga's distribution centres for re-sale to Taiga's customers. Inventory is generally delivered to a customer's location by a third-party carrier on a contract basis. In addition, Taiga maintains its own small fleet of trucks to facilitate the delivery of its products.

❖ *Reload Facilities*

Taiga also sells building materials in Canada and the United States through the use of reload facilities. Reload facilities are commercial storage yards owned and operated by third parties which receive rail car or truck shipments principally of dimension lumber and panel products. These shipments are then broken down into smaller quantities, often combined with other items, for delivery by truck to customers. Taiga pays service charges for the use of the reload facilities. These reload facilities are strategically located either in close proximity to certain United States markets or in areas that provide economical transportation links to them. The principal reload facilities used by Taiga during the most recently completed fiscal year were located in British Columbia, Alberta, Saskatchewan, Ontario, and Quebec, Canada and California, New York, Texas, South Carolina, Pennsylvania, and Michigan, U.S.A.

❖ *Direct Shipments*

Taiga also arranges for delivery of products directly from its suppliers' facilities to its customers' yards. This allows Taiga to avoid the expense of holding inventory and benefits customers by facilitating quicker delivery of the products.

❖ *Inventory Management*

In addition to the purchase of building products from suppliers as inventory for resale, Taiga has Vendor Managed Inventory ("VMI") programs with a number of key suppliers. Under the VMI program, Taiga holds and sells product on a consignment basis. Taiga's VMI program benefits suppliers by allowing them to get their products to national markets directly and can also increase a supplier's market share. Utilizing VMI, products can be sold to customers before they have been purchased by Taiga. Benefits to Taiga from employing a VMI program include the ability to access certain building products without having to commit working capital for the purchase of inventory as well as the ability to carry a wider product range from an individual supplier. Using the VMI program reduces Taiga's risk from commodity price fluctuations.

Value-Added Manufacturing

Taiga operates four wood preservation plants that produce treated wood products.

Facilities and Operations

Location	Nature of Operations	Size	Nature of Interest	Year Facility Opened
Langley, British Columbia	Wood preservation plant	42,000 sq. ft. building on 12.4 acres	leased	1998
Edmonton, Alberta	Wood preservation plant	54,000 sq. ft. building on 8.5 acres	leased	1999
Monetville, Ontario	Wood preservation plant	20,924 sq. ft. building on 10.8 acres	leased	1990(1)
Washougal, Washington	Wood preservation plant	155,379 sq. ft. building on 17.8 acres	leased	1975(1)

Notes:

(1) Exterior Wood, located in Washougal, Washington has been in operation since 1975. Taiga acquired the business of Exterior Wood and the related leased facilities in 2018.

❖ *Wood Preservation Plants*

Taiga's wood preservation plant in British Columbia uses two different chemicals: chromated copper arsenate ("CCA") and copper azole (CA). Taiga's British Columbia plant uses Copper Azole in 80% of its production and its Alberta plant uses Copper Azole in 100% of its production. Taiga's British Columbia plant also uses CCA for treating wood used in non-residential applications. In 2005, a third pressure-treating plant was purchased in northern Ontario and converted to run with the CA preservative. All three plants have met the stringent design and operation standards stipulated by Environment Canada and Wood Preservation Canada. "Taiga Exterior Wood" preserved wood products are now covered by the Canadian Wood Preservation Certification Authority ("CWPCA").

Taiga's wood preservation plant in Washington state uses Copper Azole for 76% of its production. The rest of its production is CCA (8%), Dricon FS (2%) and Borate (14%). Dricon FS is a fire retardant preservative. Borate wood preservatives are comprised of disodium octoborate tetrahydrate.

Suppliers

Taiga has established strong, stable relationships with its suppliers. Taiga's scale offers efficiencies that management believes are superior to suppliers whose core competency is manufacturing. As a buyer for the producer's bulk product shipments, Taiga offers the producer reduced distribution costs. Compared to directly selling to small and medium sized accounts, Taiga's distribution network is intended to offer its suppliers access to a large and diverse market at less risk. Taiga also provides a high level of marketing and product support to its suppliers.

Although Taiga believes it has strong relationships with its current suppliers and that it has access to alternate suppliers if needed, any disruption in Taiga's sources of supply is subject to certain risks. See "*Risk Factors – Supply-side Risks*".

Customers

Taiga's primary customers are "big-box" and other building products retailers, building supply yards and industrial manufacturers. Building products retailers and building supply yards sell building products to either "do-it-yourself" consumers or contractors. Taiga's customers include national retail chains such as RONA Inc. and Home Hardware Stores Limited, regional retail chains and members of buying groups such as Sexton, Tim-BR Mart, Castle Building Centres and Independent Lumber Dealers of Canada. Buying groups provide advertising and promotional programs on behalf of their members. Buying groups facilitate access to geographically dispersed dealers. Products sold by Taiga's Rocklin and Sanger, California and Washougal, Washington distribution centres are sold primarily to building supply yards. The scale of Taiga's operations enables it to satisfy its customers' needs by providing large uniform volumes of its focused range of products.

By keeping product inventories close to customers at its distribution centres, Taiga enables these customers to achieve just-in-time inventory management practices. Taiga caters to small, mixed-load needs and can typically deliver products within 48 hours of receiving an order. Taiga offers its customers product availability, reduced inventory requirements, storage and handling costs, and favourable credit and financing options. Taiga's strength is also in its individual relationships with its customers. Some relationships between Taiga employees and customers extend back over 20 years.

Employees

As of December 31, 2024, Taiga had 597 employees. Of these, none are unionized employees. Management believes that Taiga has a good relationship with its employees.

Competition

The distribution of building products is highly competitive. In Canada, Taiga's principal competitors fall into two categories. The first category of competitor is comprised of regional or national distributors. Taiga's competitive position is influenced by its size, geographic diversification and financial strength. Since much of the value in distribution is derived from volume discounts on large purchases, Taiga's size is an important advantage with respect to this category of competitors. The second category of competitor is comprised of producers that sell directly to retailers. Taiga believes it has an advantage over such producers in terms of distribution because Taiga is able to acquire products from a diverse range of suppliers. This generally lowers Taiga's inventory costs. Industry consolidation has made the lumber and building materials industry more competitive. Both suppliers and retailers have grown in size in order to take advantage of economies of scale. Management believes that Taiga is well positioned in Canada to service these growing companies because of its national presence and the strength of its logistics network. In the United States, while Taiga faces the same types of competitors as in Canada, those competitors are greater in number and size. See "*Risk Factors – Competition*".

Cyclicality and Seasonality

The building products industry is cyclical. This industry tends to be highly profitable during periods of economic expansion and faces challenges during economic recessions. Profits are also tied to the prices of the commodities that Taiga sells. Profits in the industry are closely tied to housing starts, which are cyclical and do not necessarily mirror the economic cycle. In order to mitigate the effects of the business cycle and reductions in housing starts, Taiga is developing a counter-cyclical business strategy. By tying employee bonuses to profits, Taiga has increased the variable portion of total employee compensation, thus reducing compensation expenses during downturns in the business cycle. An increased emphasis on Taiga's VMI program is expected to reduce the effect of cyclicality because products are sold on a consignment basis and, accordingly, commodity price fluctuations have less of an effect on Taiga's inventory costs. Taiga's gross margins are increasingly driven by engineered wood, treated wood and allied products, which do not generally trade as commodities. By expanding its focus on the sale of products that are common in the home renovations market, Taiga believes it will reduce the impact of housing starts on its business.

The building products industry is also seasonal in nature. The new home construction season in Canada typically extends from early March through to late October, and is dependent on the weather in each local market. Retailers typically build up inventories shortly before the start of the building season in anticipation of sales. Taiga's sales mirror the building season. However, Taiga has developed a significant mix of products that are sold during the winter season such as mouldings, insulation and finished panel products. Taiga's goal is to further increase sales in these and other winter season products in order to smooth fluctuations in quarterly earnings attributable to the building season. Taiga's business strategy of expanding its operations in the United States and Asia is also expected to reduce seasonality because of their different building seasons. See "*Risk Factors – Seasonal and Cyclical Nature of Taiga's Business*".

Environmental Compliance

Taiga is committed to operating its facilities in an environmentally responsible manner. Taiga's business activities are subject to federal, state, provincial and local environmental and occupational health and safety laws and regulations, including requirements relating to air emissions, storage and handling of chemicals and hazardous substances, wastewater and storm water discharge, ownership and operation of underground storage tanks and cleanup of contaminated soil and groundwater. Management believes that Taiga is in material compliance with such applicable laws and regulations. Under applicable environmental laws, Taiga could be potentially responsible for cleanup of contamination at owned or leased facilities caused by its operations or, potentially, by the past operations of others.

Environmental protection and compliance requirements do not and are not expected to have any material financial or operational effects on Taiga's capital expenditures, earnings or competitive position. However, such requirements and anticipated liabilities are subject to substantial uncertainty and there can be no assurance that environmental liabilities or compliance or cleanup requirements will not increase or develop in the future beyond management's current expectations, which may result in a material adverse effect on Taiga's financial condition and results of operations. See "*Risk Factors – Environmental Risk*".

All three of Taiga's "Envirofor Preservers" treating plants have achieved the highest standard in Canada by being certified by Environment Canada and Wood Preservations Canada. "Taiga Exterior Wood" preserved wood products are now covered by the CWPCA.

All laminate flooring products sold by Taiga are produced, tested and compliant according to both the European E1 and California Air Resource Board (CARB) standards for formaldehyde emissions. Taiga vinyl flooring products are Phthalate free, and are tested before, during and after manufacturing to ensure a safe and consistent final product.

Softwood Lumber Anti-dumping and Countervailing Duties

On July 27, 2023, the U.S. Commerce Department announced the final results of its fourth administrative reviews of the countervailing duty and anti-dumping investigations on Canadian softwood lumber imports, resulting in final combined duties ranging from approximately 6% to 8%

There can be no assurance that the United States Government will not conduct further investigations, impose further duties in the future, or enact other legislation affecting trade. See "*Risk Factors – New Regulations*".

RISK FACTORS

The following are risk factors relating to Taiga that current or prospective investors should carefully consider before making an investment decision relating to the Common Shares. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF or incorporated by reference. These risks and uncertainties may not be exhaustive. Additional risks and uncertainties not currently known to Taiga, or that Taiga currently considers immaterial, may also impair the operations of Taiga or relate to the holding of Common Shares. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of Taiga, and the ability of Taiga to make distributions on the Common Shares, or the value of the Common Shares, could be materially adversely affected.

Dependence on Market and Economic Conditions

Demand for Taiga's products depends significantly upon the residential construction market and home improvement market. The level of activity in these markets depends on many factors, including the general demand for housing, interest rates, availability of financing, housing affordability, levels of unemployment, shifting demographic trends, gross domestic product growth, consumer confidence, changes in the rate of housing starts, and other general economic conditions, all of which are beyond Taiga's control. Also, since such markets are sensitive to cyclical changes in the economy, future downturns in the economy or lack of further improvement in the economy could have a material adverse effect on Taiga's financial condition and results of operations.

Liquidity Risks

Taiga's ability to make scheduled payments of its obligations depends on its successful financial and operating performance, cash flows and capital resources, which in turn depend upon prevailing economic conditions and certain financial, business and other factors, many of which are beyond Taiga's control.

The Company's ability to maintain compliance with certain of its debt covenants under the 2022 Facility depends on the borrowing base connected to a defined percentage of accounts receivable and inventories, which is subject to the Company's future financial and operating performance.

The Company's ability to meet its future debt service and other obligations may depend in significant part on the extent to which the Company can successfully implement its business growth and cost management strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized. The Company expects to meet future cash requirements in part through the 2022 Facility.

In 2024, the housing markets in the United States and Canada experienced varied trends, with significant regional differences. While some areas showed resilience with steady housing starts and demand, others faced challenges due to economic uncertainties and shifting demographic patterns. These variations in the housing markets adversely affected the availability of credit and the financial markets in general. Continued volatility and uncertainty in the housing sectors of both countries could materially impact Taiga's operations, liquidity, and financial results. The Company remains vigilant in monitoring these market conditions and adapting its strategies to mitigate potential adverse effects.

Tax Risk

Taiga believes that it is in material compliance with all applicable federal, provincial, and state income tax legislation in Canada and the United States. However, income tax returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Taiga, such reassessment

may have an impact on current and future taxes payable.

Taiga is subject to ongoing examination by tax authorities in each jurisdiction in which it has operations. Taiga regularly assesses the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for current and deferred income taxes, as well as the provision for indirect, withholding and other taxes as well as related penalties and interest. This assessment relies on estimates and assumptions, which involves judgments about future events. It also relies on interpretations of tax law, including general anti-avoidance provisions (GAAR), and prior experience. New information may become available that causes Taiga to change its judgment regarding the adequacy of its provisions related to income and other taxes and any changes will be recorded prospectively in the period that such determinations are made. There is no assurance that adequate provisions have been or will be made by Taiga to fully cover its possible exposure to tax related liabilities, and any material tax reassessment may have a material adverse impact on Taiga's liquidity, financial condition and results of operation.

Sales and Margin Risk and Fluctuations in Commodity Prices

Taiga's profitability depends on its ability to maintain and grow sales to its customers and to sustain its profit margins. If Taiga's operating costs increase or if the prices for which Taiga is able to sell its products fall, its sales or margins, or both, will be adversely affected.

Taiga's sales volumes are affected by general economic conditions impacting the housing industry, competition, as well as its relationships with customers and suppliers. Adverse changes in any one of these factors can significantly reduce Taiga's sales volumes.

Commodity prices fluctuate with market supply and demand and other factors, and these fluctuations can be volatile. Taiga's profitability is directly influenced by the cost of certain commodity products, such as plywood, oriented strand board, panel boards and dimension lumber. The prices of such commodity products are beyond the control of Taiga. Sudden changes in commodity prices may adversely impact Taiga's operating results. There can be no assurance that Taiga's producers or manufacturers will continue to have these commodity products available to them at reasonable prices or that significant increases in the costs of such commodities will not materially adversely affect Taiga's operations.

Supply of Commodities

Dimension lumber and panel products are important components of Taiga's product mix. Due to political and environmental restrictions on logging in North America, the availability of adequate lumber supply in the future could adversely affect Taiga's growth. Taiga's policy of buying from as many established producers as possible, and its practice of establishing a number of supply arrangements are both designed to ensure continued supply, but there can be no assurance that such measures will reduce the risk of limited supply in the future.

Supply-Side Risks

Taiga distributes building products produced or supplied by a number of major suppliers. Taiga currently does not have long term contracts with any of its major suppliers and many of its arrangements with its suppliers are not contained in written agreements. Although Taiga believes that it has access to similar products from competing suppliers, any disruption in Taiga's sources of supply, or any material fluctuation in the quality, quantity or cost of such supply, could have a material adverse effect upon Taiga's results of operations and financial condition.

In addition, many of Taiga's suppliers and other service providers have unionized work forces. If one or more of Taiga's suppliers or service providers experience a material work stoppage or slow down, it could materially adversely affect Taiga's ability to secure sufficient inventory and therefore could materially adversely affect its business, financial condition, results of operations and cash flows. Also, supply shortages occur at times as a result of unanticipated demand, production difficulties or delivery delays. In such cases, building material and commodity suppliers often allocate products among distributors. Therefore, future supply shortages may occur from time to time and may have a short term material adverse effect on Taiga's results of operations and financial conditions.

Commodity Price Risk

The wholesale building products distribution industry is characterized by large sales volumes and low gross margins. It is highly sensitive to price, quality, timeliness of delivery and continuity of supply. In addition, the demand for some of Taiga's products is cyclical and prices can change rapidly.

Taiga's buying practices are designed to minimize the risk of rapidly changing prices, although there can be no assurance that such practices will actually reduce risk. Generally, Taiga does not hedge its inventory risk through the purchase of lumber futures contracts. Substantially all purchases are made based on current orders and anticipated sales, and most sales are made from inventory or against product on order. Inventory levels are monitored in an attempt to achieve balance between maximum inventory turnover and anticipated customer demand. Although Taiga strives to reduce the risk associated with price changes by maximizing inventory turnover, Taiga maintains significant quantities of inventory, which is affected by fluctuating prices.

Currency Risk

The performance of the Canadian dollar compared to the US dollar presents a certain valuation risk for inventories purchased specifically for United States markets. Taiga does not generally hedge these inventories with United States exchange forwards, relying instead on rapid inventory turnover. Taiga continually monitors exchange trends and currently does not have a material economic foreign currency exposure, however, there can be no assurance that exchange rate fluctuations will not adversely affect Taiga's financial position and profitability going forward.

Credit Risk

Taiga extends to its customers credit, which is generally unsecured. Taiga has credit management procedures in place to mitigate the risk of losses due to the insolvency or bankruptcy of customers. The Company regularly reviews customer credit limits, monitors the financial status of customers, and assesses the collectibility of accounts receivable. However, risk exists that some customers may not be able to meet their obligations and the loss of a large receivable would have a significant negative impact on Taiga's profitability.

The Company is also exposed to credit risk from the potential default by any of its counterparties on the interest swap and lumber futures contracts. The Company mitigates this credit risk by dealing with counterparties who are established major financial institutions. Taiga evaluates potential counterparties in advance of entering into such agreements and deals only with parties it anticipates will satisfy their obligations under the contracts.

Environmental Risk

Taiga's operations are subject to a wide range of general and industry-specific environmental laws and regulations imposed by federal, provincial, and local authorities in Canada and the United States, including those governing the use, storage, handling, generation, treatment, emission, release, discharge and disposal of certain hazardous materials and wastes, and the remediation of contaminated soil and groundwater. Taiga may be subject to liability for the investigation and remediation of environmental contamination (including contamination caused by other parties) at properties that it owns or operates and at other properties where it or its predecessors have operated or arranged for the disposal of hazardous substances.

In February 2005, environmental studies were performed on Taiga's distribution centres in Langley, Kelowna, Calgary, Edmonton, Sudbury, Milton, Brampton, Boucherville and St. Augustin, along with the wood preservation plants in Langley and Edmonton. In August 2006 environmental studies were performed on Taiga's distribution centre in Sanger, California. In August 2013, environmental studies were performed on Taiga's distribution centres in Edmonton, Winnipeg, Saskatoon, Regina, and Dartmouth. These studies have shown that there is likely some contamination associated with on-site activities. There may also be some contamination associated with third party off-site industrial activities on adjacent sites. The presence

or absence of such contamination has not been confirmed at this time, but is not expected by management to be material. Also, prior to acquiring the wood preservation plant in Monetville, Ontario, Taiga obtained a Phase II environmental study, the results of which show that there was likely some contamination associated with on-site activities.

In May 2018 environmental studies were performed on Taiga's distribution centre and wood preservation plant in Washougal Washington. These studies have shown that some parts of the properties contain contamination associated with on-site activities. Taiga's landlord in Washougal Washington has agreed to indemnify Taiga for any clean-up costs associated with environmental contamination that existed prior to the sale of Exterior Wood to Taiga. Under the Exterior Wood purchase agreement, the sellers have agreed to indemnify the Company for certain losses due to breach of representations and for certain undisclosed environmental matters stemming from sellers' operations preceding the closing of the transaction. Indemnities must exceed a certain minimum threshold to be claimed and are up to a maximum dollar amount specified. The Company is entitled to claim against a portion of the purchase price, which is being held in trust for a specified period set out in the purchase agreement. In January 2023, the sellers agreed to release $2,903,797 of the escrow funds to Taiga to cover remediation costs for the drip pad at the Washougal facility. The estimated costs to remediate the drip pad are $4,000,000.

Failure to comply with applicable environmental requirements, including permits related thereto, could result in civil or criminal fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of equipment or remedial actions, any of which could result in significant expenditures or reduced results of operations. Management believes that Taiga is in material compliance with all applicable environmental laws and regulations and Taiga incurs capital and operating expenditures in the ordinary course to maintain such compliance. However, future events such as any changes in these laws and regulations, or any change in their interpretation or enforcement, the discovery of currently unknown conditions, or future claims or remediation activities, may give rise to additional expenditures, liabilities or cleanup requirements beyond management's current expectations. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Taiga has made provisions for known claims and expected remediation, but such costs are uncertain and there is a risk that Taiga's provisions will not be sufficient. These future events could have a material adverse effect on Taiga's business, financial condition, results of operations and cash flows.

Interest Risk

Taiga utilizes significant leverage to finance day-to-day operations. The interest cost of the 2022 Facility is predominately prime-based. Increased interest rates will increase Taiga's operating costs and may reduce net profit after income tax. Taiga monitors current interest rates and selectively utilizes interest rate swap agreements.

Competition

Taiga faces competition from one or more competitors in all geographic areas where it sells products. Taiga competes with many local, regional and national distributors as well as producers that engage in direct sales. Taiga's competition varies by product line, customer classification and geographic market.

The highly competitive market in which Taiga conducts its business may require it to reduce its prices from time to time. If competitors offer discounts on certain products or services in an effort to capture or gain market share or to sell other products, Taiga may lower prices or offer other favourable terms in order to compete successfully. Any such changes could reduce Taiga's margins and adversely affect operating results.

Competitors may provide price guarantees. This practice could, over time, limit the prices that Taiga charges for its products. If Taiga cannot offset price reductions with a corresponding increase in sales or with reduced expenses, then Taiga's margins and operating results would be adversely affected.

Some of the companies that compete with Taiga have greater financial and other resources than those of Taiga or may have access to government incentives, labour or products that are not available to Taiga.

There can be no assurance that Taiga's principal competitors will not be successful in capturing, or that new competitors will not emerge and capture, a share of Taiga's present or potential customer base. See "*Business of Taiga – Competition*".

In addition, it is possible that some of Taiga's suppliers or customers could become competitors of Taiga if they decide to distribute their own building products and bypass distributors like Taiga. This risk could be increased as a result of the recent consolidation by both producers and retailers of building products, who may be encouraged to deal directly rather than through distributors. Furthermore, if one or more of Taiga's competitors were to merge or partner with another of its competitors, the change in the competitive landscape could adversely affect Taiga's ability to compete effectively. Competitors may also establish or strengthen relationships with parties with whom Taiga has relationships, thereby limiting Taiga's ability to distribute certain products. Disruptions in Taiga's business caused by these events could reduce its revenues.

Seasonal and Cyclical Nature of Taiga's Business

The business of Taiga is, to a significant degree, seasonal and cyclical, and fluctuates in advance of the normal building season. Inventory is built up during the first and fourth quarters of the calendar year in anticipation of the building seasons, and the busy selling season begins in the last half of the first quarter and extends to the end of the third quarter of the calendar year. Additionally, Taiga is subject to the normal economic cycle, the housing cycle and to macroeconomic factors, such as interest rates. Although Taiga anticipates that these seasonal and cyclical fluctuations will continue in the foreseeable future, it is seeking to reduce their impact on its operations and sales. See "*Business of Taiga – Cyclicality and Seasonality*".

Debt Service Obligations

Taiga has debt service obligations under the 2022 Facility. The degree to which Taiga is leveraged could have important consequences to shareholders, including its ability to obtain additional financing for working capital, capital expenditures or acquisitions on acceptable terms. Taiga's ability to make payments on its indebtedness will depend on future cash flow, prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond its control.

The 2022 Facility contains restrictive covenants and maintenance and reporting requirements which place restrictions on certain aspects of its business or ability to enter into additional material transactions. A failure to comply with the obligations of the 2022 Facility could result in an event of default which, if not cured or waived, could permit acceleration of the 2022 Facility, and in such event there can be no assurance that Taiga's assets would be sufficient to repay the amounts owing in full, which could have a material adverse effect on the business.

Taiga may need to refinance its indebtedness and there can be no assurance that it will be able to do so on terms acceptable to Taiga or at all. If Taiga is unable to refinance its debt, or is only able to refinance its debt on less favourable and/or more restrictive terms, there may be a material adverse effect on Taiga's financial position, results of operations and its ability to pay dividends in the future.

Product Liability Claims

Taiga may from time to time be subject to claims for damages resulting from defects in products that it distributes. Product liability claims, even if unsuccessful, may result in significant litigation costs to defend such claims as well as other costs incurred to remedy the problem, which could substantially increase Taiga's expenses. Taiga believes that it maintains adequate insurance coverage for risks of product liability claims.

New Regulations

With the exception of the application of environmental regulations, in particular those affecting the treatment of Taiga's treated wood products, Taiga's business is currently subject to few laws and regulations. Generally, there are laws that regulate credit practices, transporting products, importing and exporting

products and employment. Such laws, regulations and related rules and policies are administered by various federal, state, provincial, municipal, regional and local agencies and other governmental authorities. New laws affecting Taiga's business could be enacted or changes to existing laws could be implemented, each of which might have a significant impact on Taiga's business. Failure of Taiga to comply with applicable laws and regulations may subject Taiga to civil or regulatory proceedings which may have a material adverse effect on its financial condition and results of operations. As Taiga may expand its United States operations in the future, the potential for greater risk due to greater exposure of Taiga to United States regulations would also increase accordingly.

Dependence on Key Personnel

Taiga is dependent on the continued services of its senior management team, and its ability to retain other key personnel. Although Taiga believes that it could replace such key employees in a timely fashion should the need arise, the loss of such key personnel could have a material adverse effect on Taiga. Taiga's workforce is currently non-unionized. There can be no assurance that there will not be any labour disruptions, or that Taiga will not incur higher labour costs in the future, either of which could materially adversely affect Taiga's business, financial condition, results of operations and cash flows. Furthermore, as part of Taiga's growth strategy, Taiga may need to hire additional highly qualified individuals, including finance, sales and marketing personnel. There can be no assurance that Taiga will be able to attract, assimilate or retain qualified personnel in the future, which would adversely affect its ability to distribute new product lines and increase revenues.

Information Systems and Cyber Security Risk

Taiga's operations depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as expenses for the purpose of mitigating the risk of potential failures. Taiga operates an enterprise wide information system and accounting system that are designed to provide information to Taiga's management which is expected to be used to enhance financial controls and to develop sales and marketing strategies. The failure of such systems could adversely impact Taiga's results of operations. Taiga also relies on third party vendors to support, maintain and upgrade its ERP and other systems. Failure by such vendors to provide the necessary support could disrupt Taiga's operations. Any delay in converting to an alternative system, could have a material adverse impact on Taiga's results of operations. There can therefore be no assurance that the new systems will provide the information and benefits expected by management.

Taiga could be materially and adversely affected in the event that its information technology systems or networks are compromised by malicious cyber-attacks. This information technology infrastructure may be subject to security breaches or other cyber security incidents. In addition, these systems may be compromised by natural disasters or defects in software or hardware systems. The consequences of Taiga's information technology systems being compromised potentially include material and adverse impacts on its financial condition, operations, production or sales, due to disruption of its business activities, and access to, and/or comprising of, proprietary sensitive information, including confidential customer or employee information, litigation and regulatory costs and reputational harm. While Taiga believes it takes appropriate precautions in light of cyber security risks, there can be no assurance that it may not be subject to cyber security risks or attack, which could have a material adverse effect on Taiga's business or financial results.

Availability of Future Financing

Taiga expects that going forward its principal sources of funds will be cash generated from its operating activities and borrowing capacity remaining under the 2022 Facility or future credit facilities. Taiga believes that these funds will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations, as well as to provide funds for its financing requirements, capital expenditures and other needs for the foreseeable future. Despite its expectations, however, Taiga may require additional equity or, beyond the 2022 Facility, debt financing to meet its cash requirements and financial obligations. Such financing may not be available when required or may not be available on commercially favourable terms or on terms that are otherwise satisfactory to Taiga.

Level of Dividends

While the Company is contractually obligated to make interest payments on its outstanding indebtedness, subject to certain deferral provisions, cash distributions by the Company on the Common Shares are not guaranteed and will fluctuate with the performance of the business of Taiga at the discretion of the board of directors.

Litigation Risk

Third parties have threatened or may commence legal proceedings against Taiga in its ordinary course of business. An adverse determination in litigation proceedings could subject Taiga to significant liabilities to third parties. Although such disputes are often settled before trial, the costs associated with such arrangements may be substantial. Taiga closely monitors the progress of all threatened litigation and, where the directors consider it appropriate, makes the appropriate provisions and reserves in its financial statements.

Significant Shareholder

To the knowledge of the directors and officers of Taiga, as at February 27, 2025, Avarga holds 77,708,814 Common Shares, representing approximately 72% of the outstanding Common Shares. Avarga is a public investment holding company listed on the Singapore exchange. Dr. Kooi Ong Tong is the Executive Chairman and the indirect controlling shareholder of Avarga and is also an executive director of Taiga. Ian Tong is the Chief Executive Officer and an Executive Director at Avarga and is also the Chairman and an executive director of Taiga.

The Company's principal shareholder may have the ability to substantially affect the outcome of matters submitted to Shareholders of the Company for approval, including, without limitation, the election and removal of directors, amendments to the Company's constating documents and the approval of any business combination. This may delay or prevent an acquisition of the Company or cause the market price of Common Shares to decline. The interests of the Company's principal shareholders may conflict with the interests of other Shareholders and there is no assurance that the Company's principal shareholder will vote its Common Shares in a way that benefits minority Shareholders.

Subject to compliance with applicable securities laws, the Company's principal shareholder may sell some or all of its Common Shares in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on market prices of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Company's principal shareholder, or the perception that such sale could occur, could adversely affect prevailing market prices of the Common Shares.

DIVIDENDS

Dividend Policy

Taiga's board has rescinded Taiga's dividend policy set on October 15, 2008. At the Company's board meeting on February 25, 2021, a special one-time dividend of $30,000,000 was declared, payable to shareholders on record on March 5, 2021. The dividend was paid on March 19, 2021. On November 15, 2023, the Company also announced a special one-time dividend of $25,000,000, payable to shareholders on record on November 24, 2023. The dividend was paid on December 8, 2023.

GENERAL DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares, unlimited number of class A common shares, unlimited number of class A preferred shares and unlimited number of class B preferred shares. As at the date hereof, 107,944,523 Common Shares, no class A common shares and no class A or class B preferred shares were issued and outstanding.

The holders of Common Shares are entitled to one vote per Common Share and to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of Common Shares are entitled to receive dividends if, as and when declared by the board of directors of the Company on Common Shares as a class. The holders of Common Shares will be entitled to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

The holders of class A common shares are entitled to one vote per every two class A common shares held and to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of class A common shares are entitled to receive dividends if, as and when declared by the board of directors of the Company on class A common shares as a class. The holders of class A common shares will be entitled to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs.

The holders of class A preferred shares are not entitled to vote for the election of directors or for any other purpose, nor are they entitled to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of class A preferred shares are entitled to receive dividends if, as and when declared by the board of directors of the Company at a rate to be determined by the directors at the time of issue of such shares. The holders of class A preferred shares will be entitled, before any distribution of any part of the assets of the Company among holders of any other class, to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs. The Company may, by resolution of the board of directors, redeem at any time the whole or from time to time any part of the then outstanding class A preferred shares on payment for each share of the amount of $1,000, together with any dividends declared thereon and unpaid. Any holder of class A preferred shares may, at any time upon giving notice to the Company, require the Company to redeem the whole or from time to time any part of the class A preferred shares.

The holders of class B preferred shares are not entitled to vote for the election of directors or for any other purpose, nor are they entitled to receive notice of, and attend any meeting of the shareholders of the Company (other than meetings of a class or series of shares of the Company). The holders of class B preferred shares are entitled to receive dividends if, as and when declared by the board of directors of the Company at a rate to be determined by the board of directors at the time of issue of such shares. The holders of class B preferred shares will be entitled, after distribution to the holders of the class A preferred shares, but before any distribution of any part of the assets of the Company among holders of the Common Shares, to share rateably in any distribution of the assets of the Company in the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs. The Company may, by resolution of the board of directors, redeem at any time the whole or from time to time any part of the then outstanding class B preferred shares on payment for each share of the amount set by the directors at the time of issuance of such class B preferred shares together with any dividends declared thereon and unpaid. Any holder of class B preferred shares may, at any time upon giving notice to the Company, require the Company to redeem the whole or from time to time any part of the class B preferred shares.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the trading symbol "TBL". The monthly price ranges and volumes of the Common Shares traded on the TSX for the most recently completed financial year are as follows:

Month	Price Range	Total Volume
Dec-24	$3.70 - $3.90	111,835
Nov-24	$3.70 - $3.90	159,202
Oct-24	$3.70 - $3.88	113,302
Sep-24	$3.50 - $3.90	82,398
Aug-24	$3.60 - $4.00	119,881
Jul-24	$3.57 - $4.00	80,360
Jun-24	$3.18 - $4.72	526,428
May-24	$3.28 - $3.45	190,404
Apr-24	$3.15 - $3.40	230,145
Mar-24	$2.97 - $3.25	123,015
Feb-24	$2.85 - $3.16	277,959
Jan-24	$2.85 - $2.96	150,576

DIRECTORS AND OFFICERS

The following table sets out, as at the date hereof, for each of the directors and senior officers of the Company, the person's name, province or state and country of residence, position(s) with the Company and principal occupation within the five previous years, and includes the period during which each director has served as a director of the Company. The term of office for each of the directors will expire at the next annual meeting of shareholders of the Company or until the earlier of the director's death, resignation or removal. Each senior officer serves at the discretion of the board of directors of the Company and holds office until his or her successor is appointed or until the earlier of such officer's death, resignation or removal.

Name, Position with Taiga and Province or State and Country of Residence	Principal Occupation	Director Since
KOOI ONG TONG[1] Director Kuala Lumpur, Malaysia	Executive Chairman, Avarga Ltd	May 20, 2005
JIM TEH[2] Director Singapore	Group Head, Corporate Development, Pan-United Corporation	November 12, 2020
BRIAN FLAGEL[2] Director British Columbia, Canada	President of Custom Consulting	November 17, 2010
IAN TONG Chairman and Director Singapore	Executive Director and Chief Executive Officer, Avarga Ltd.	July 20, 2012
GRANT SALI Director British Columbia, Canada	Business Consultant	May 6, 2021
GARSON LEE[2] Director British Columbia, Canada	Business Consultant	November 8, 2019

Name, Position with Taiga and Province or State and Country of Residence	Principal Occupation	Director Since
SYLVESTER ONG PAI KOO Director Singapore	Independent Non-Executive Chairman and Director of 3Cnergy Limited	May 3, 2024
RUSS PERMANN[3] Chief Executive Officer and President Alberta, Canada	Chief Executive Officer and President of Taiga	N/A
MARK SCHNEIDEREIT-HSU Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary British Columbia, Canada	Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary of Taiga	N/A
MICHAEL SIVUCHA[4] Chief Operating Officer British Columbia, Canada	Chief Operating Officer of Taiga	N/A

Notes:

(1) Dr. Tong has been a director of Old Taiga since September 29, 2003.
(2) Member of the Company's audit committee.
(3) Mr. Permann held the position of Vice President – Prairie Operations, Envirofor Preservers and US Operations, prior to his appointment as Executive Vice President, Operations and Chief Operating Officer in March 2015. Mr. Permann was promoted to Co-CEO and President effective January 1, 2021. Effective as of January 1st, 2022, Mr. Permann took over as the Company's sole CEO and President.
(4) Mr. Sivucha was promoted to Chief Operating Officer on February 28, 2022

To the knowledge of the directors and officers of Taiga and as of the date hereof, the directors and executive officers of the Company collectively held, directly or indirectly, or exercised control or direction over less than 1% of the outstanding Common Shares (excluding the Common Shares controlled by Avarga Ltd). As of the date hereof, Avarga holds 77,708,814 Common Shares, representing approximately 72% of the outstanding Common Shares. Dr. Tong, as the Executive Chairman and a Director of Avarga, and Ian Tong, as the Chief Executive Officer and an Executive Director of Avarga, exercises control or direction over the 77,708,814 shares of Taiga held by Avarga.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of Taiga is, or has been, within the past ten years, a director, chief executive officer or chief financial officer of any company, that while that person was acting in that capacity (i) was subject to a cease trade order or similar order or an order that denied that other company access to any exemptions under securities legislation for a period of more than 30 consecutive days, (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days. No director, executive officer or, to the best of Taiga's knowledge, shareholder holding a sufficient number of securities of Taiga to affect materially the control of Taiga (i) is, at the date of this AIF, or has been within the past ten years, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

To the knowledge of Taiga, there are no existing or potential material conflicts of interest between the Company or its subsidiaries, and any director or officer of the Company or its subsidiaries. In accordance with the BCBCA, any director who has a material interest or any person who is a party to a material contract or a proposed material contract with the Company is required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the Company's directors are required to act honestly and in good faith with a view to the best interests of the

Company. Certain of the Company's directors have either other employment or other business or time restrictions placed on them and accordingly these directors will only be able to devote part of their time to the Company's affairs.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as described herein, the Company and its subsidiaries are not involved nor have they been involved in any material legal proceedings (including any such proceedings which are pending or threatened of which the Company or its subsidiaries are aware) within the preceding financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than transactions carried out in the normal course of Taiga's business and other than as previously disclosed herein, none of the directors, executive officers or securityholders of greater than 10% of the outstanding Common Shares of Taiga, nor any associate or affiliate of any of the foregoing persons has, within the three most recently completed financial years or since commencement of the current financial year, had any material interest, direct or indirect, in any transactions which materially affected Taiga or in any proposed transaction which has or would materially affect Taiga.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Common Shares is Computershare Investor Services Inc. and the trustee for the New Notes is Computershare Trust Company of Canada at their principal offices in Vancouver, British Columbia and Toronto, Ontario, respectively.

MATERIAL CONTRACTS

Other than in the ordinary course of business, no material contracts were entered into by Taiga within the most recently completed year ended December 31, 2024.

AUDIT COMMITTEE

As of the date here, the Company's audit committee consists of three directors (Jim Teh, Sylvester Ong Pai Koo and Garson Lee) each of whom is financially literate and independent as defined under National Instrument 52-110 - *Audit Committees*. The audit committee has a written charter setting out its mandate and responsibilities, which is set out in its entirety at Schedule "A" hereto. The audit committee assists the board of directors in fulfilling its responsibilities for oversight and supervision of financial and accounting matters and supervises the adequacy of Taiga's internal accounting controls and financial reporting practices and procedures and the quality and integrity of Taiga's audited and unaudited financial statements, including directly overseeing the external auditors and pre-approving all non-audit services to be provided by the external auditors. The committee reviews the business plan and operating and capital budgets. The audit committee also reviews Taiga's financial statements, management's discussion and analysis and the annual and interim earnings press releases prior to public disclosure. The committee is responsible for ensuring efficient and effective assessment of management of risk throughout Taiga.

The audit committee is responsible for recommending to the board of directors the external auditors to be nominated and the compensation of the external auditors, and reviewing the independence of the external auditors. The audit committee has the authority to engage independent advisors, to approve the compensation of the independent advisors, and to communicate directly with the external auditors. The committee is responsible for overseeing the resolution of disagreements in connection with financial reporting between management and the external auditors. The audit committee has established procedures to respond to complaints received regarding accounting, internal accounting control and auditing matters. Also, the audit committee has established a confidential, anonymous process for the submission of employee concerns regarding questionable accounting or auditing matters.

Relevant Educational and Professional Experience

Set out below is a description of the education and experience of each audit committee member relevant to the performance of his responsibilities as an audit committee member:

Jim Teh – Mr. Teh is currently the Group Head, Corporate Development at Pan-United Corporation Limited where he heads capital markets, treasury, and overall finance functions. He also manages corporate strategy, particularly examining mergers and acquisition opportunities and corporate finance initiatives. Mr. Teh also manages Pan-United's slag cement grinding plant in Malaysia. Mr. Teh has extensive experience in wholesale banking, having spent 17 years with CIMB Group Berhad prior to joining Pan-United. Mr. Teh is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and a Member of the Malaysia Institute of Accountants (CA).

Sylvester Ong Pai Koo – Mr. Koo brings a wealth of experience in the construction and finance sectors to his new role. Educated at Simon Fraser University in Canada, he holds both Bachelor's and Master's degrees in Economics and Business Administration, with a focus on Accounting and Finance. His career is marked by significant leadership positions, notably as the Independent Non-Executive Chairman and Director at 3Cnergy Limited. He has also held directorships at PKS Jaya Sdn Bhd and previously, King Fraser International Pte Ltd. Sylvester's previous experience includes roles at Reinforced Earth (SEA) Pte Ltd, where he climbed the ranks from Commercial Manager to General Manager of Finance, managing significant financial operations and strategic planning for the company and its Asian subsidiaries.

Garson Lee - Mr. Lee is an experienced accounting professional with over 45 years of business and professional public practice experience in Canada. Upon graduating from the University of British Columbia, he joined Price Waterhouse & Company ("PwC") where he successfully completed his articles and obtained his Chartered Accountant degree. Mr. Lee left PwC to join Macmillan Bloedel Limited, which was Canada's largest forest products company. He managed the company's Internal Audit Division and after 10 years, left to enter the public accounting field. He has 35 years of public practice experience as a Partner and retired in 2015. His firm was ranked among the top 30 Chartered Accounting firms in Canada. He was also the Managing Director of several private corporations which provide management, consulting and other professional services. He was also appointed as a Director of Vancouver Bullion & Currency Exchange Limited ("VBCE") in February 2018 and as a Director of Avarga Limited in March 2017 which he resigned from in September 2019. Avarga Limited is the Company's major shareholder. Mr. Lee holds a Bachelor of Commerce degree from the University of British Columbia. He also holds a Chartered Professional Accountant (CPA) and a Chartered Accountant (CA) designation. He is a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Alberta.

Pre-Approval Policies and Procedures

The audit committee charter includes responsibilities regarding the provision of non-audit services by Taiga's external auditors. The audit committee charter states that the audit committee shall: (i) pre-approve all non-audit services to be provided by the external auditors; and (ii) on an annual basis, review and discuss with the external auditors all significant relationships they have with Taiga that could impair the auditors' independence. The audit committee charter is attached as Schedule "A" to this AIF.

Audit Fees

The aggregate fees billed by Taiga's external auditor for audit services and for services normally provided by the external auditor, such as services in connection with statutory and regulatory filings, were $455,000 for the fiscal year ended December 31, 2024, and $405,000 for the year ended December 31, 2023.

Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by Taiga's external auditor that are reasonably related to the performance of the audit or review of Taiga's financial statements and not reported above under "Audit Fees" were nil for the fiscal year ended December 31, 2024 and nil for the year ended December 31, 2023.

Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by Taiga's external auditor for tax compliance, tax advice and tax planning were $120,000 for the fiscal year ended December 31, 2024 and $144,000 for the year ended December 31, 2023.

All Other Fees

There were no other fees billed in the fiscal year ended December 31, 2024 and the year ended December 31, 2023.

INTERESTS OF EXPERTS

The auditors of the Company are Dale Matheson Carr-Hilton Labonte LLP at their offices in Vancouver, British Columbia. Dale Matheson Carr-Hilton Labonte LLP has advised the Company that they are independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, where applicable, will be contained in the Company's information circular dated April 9, 2025 relating to the Company's annual general meeting to be held on May 8, 2025, a copy of which will be made available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Additional financial information is provided in the Company's Consolidated Financial Statements and related Management's Discussion and Analysis for the fiscal year ended December 31, 2024, copies of which may be obtained upon request from the Company at Suite 800, 4710 Kingsway, Burnaby, British Columbia, V5H 4M2. These and other regulatory filings and information may also be found under the Company's profile on SEDAR+ at www.sedarplus.ca. Information relating to Taiga can also be found at Taiga's website address at www.taigabuilding.com.

SCHEDULE "A" – AUDIT COMMITTEE CHARTER

CHARTER FOR THE MANDATE AND RESPONSIBILITIES OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF TAIGA BUILDING PRODUCTS LTD. (the "Company")

1. Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities.

The Audit Committee's primary duties and responsibilities are to:

a) Identify and monitor the management of the principal risks that could impact the financial reporting of the Company.

b) Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.

c) Monitor the independence and performance of the Company's external auditors.

d) Provide an avenue of communication among the external auditors, management, and the Board of Directors.

e) Report to the Board of Directors on its ability to fulfill its mandate and bring to the Board's attention all matters it considers significant.

f) Monitor compliance with legal and regulatory requirements, applicable to the Company.

g) Encourage adherence to, and continuous improvements of, the Company's policies, procedures and practices at all levels.

h) Establish procedures with complaints regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous submission by employees of concerns regarding such matters (whistle-blowing).

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine if the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements on an annual basis. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to external auditors, company legal counsel as well as anyone in the organization.

The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

The Audit Committee is entitled to rely in good faith on the financial statements and other representations made to it by management, the external and internal auditors, and other consultants or experts.

2. The Audit Committee Composition and Meetings

a) The Audit Committee members shall meet the requirements of the Business Corporations Act (British Columbia) and those of the Stock Exchange upon which the Company's shares are listed and traded. The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be outside directors who are unrelated, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Audit Committee shall be financially literate, being defined as being able to read and understand basic financial statements, and at least one member of the Audit Committee shall have accounting or related financial management expertise.

b) Audit Committee members shall be appointed by the Board on recommendation from the nomination process. If an Audit Committee Chair is not designated or present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee membership.

c) The Audit Committee shall meet at least four times annually or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve the agenda in advance of the meeting. The Audit Committee should meet privately in executive session at least annually with management and the external auditors and as a committee to discuss any matters the Audit Committee or each of these groups believe should be discussed. In addition, the Audit Committee should meet with management and the external auditors, if it is part of their engagement, quarterly to review the Company's interim financial statements and any significant events or findings that took place or came to the attention of management or the auditors.

3. Audit Committee Responsibilities and Duties

Review Procedures

a) Periodically review and reassess the adequacy of this Mandate, make amendments as necessary, and submit the Mandate to the Board for approval.

b) Review the Company's annual audited financial statements and related documents prior to filing or distribution. The review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates or judgments.

c) Annually, in consultation with management and external auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposure and the steps management has taken to monitor, control and report such exposure. Review significant findings prepared by the external auditors together with management's responses.

d) Review the effectiveness of the overall process for identifying principal risks affecting financial reporting and provide the Committee view to the Board of Directors.

e) Review with financial management the Company's quarterly financial results and related documents prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles.

f) Be aware of any ongoing or significant business relationship among the external auditors and Board of Directors and senior management. Ensure that these relationships will not impair the external auditor's independence.

g) Exercise oversight over the internal auditor by reviewing the annual work plan, reviewing summary reports on all whistle blower incidents, reviewing the summary reports of work completed, and discussing the major reports with both the internal and external auditor as well as with the CFO.

4. External Auditors

a) The external auditors are primarily accountable to the shareholders and to the Audit Committee and the Board of Directors as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the nomination of the external auditors or approve of any discharge of auditors when circumstances warrant.

b) Approve the fees and other significant compensation to be paid to the external auditors. Pre-approve all non-audit services to be provided by the external auditors.

c) On an annual basis, the Audit Committee should receive a report from and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence. The report should explicitly acknowledge that the auditors' primary client is the shareholders.

d) Review the external auditors' audit plan - discuss and approve audit scope, staffing, reliance upon management, locations, and general audit approach.

e) Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.

f) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied to the Company's financial reporting.

5. Legal Compliance

On at least an annual basis, or otherwise as required, the Audit Committee should review with the Company's counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

6. Other Audit Committee Responsibilities

The Audit Committee shall:

a) Periodically and at least annually, report to the Board any aspect of the Mandate which they (individually or collectively) feel they have been unable to perform effectively and, in writing, request that the external auditor, the internal auditor, the Secretary, the CFO, the CEO, and the Chairman of the Board report directly to the Board any failures they have noted in the performance of the Audit Committee.

b) Prepare and disclose the Mandate to shareholders.

c) Perform any other activities consistent with this Mandate, the Company's articles, and governing laws, as the Audit Committee or the Board deems necessary.

d) Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the Audit Committee's activities.

e) Review financial and accounting personnel succession planning within the Company.