

CODE OF BUSINESS CONDUCT AND ETHICS



Island Timberlands LP

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CODE OF BUSINESS CONDUCT AND ETHICS

To all Directors, Officers and Employees of Island Timberlands LP

This Code of Business Conduct and Ethics (the “Code”) applies to the directors, officers and employees of Brookfield Asset Management Corporation and its wholly owned subsidiaries (collectively, “Brookfield” or the “Corporation”), including Island Timberlands LP.

It is the policy at Island Timberlands (Island) that all our activities should be conducted with the highest standards of honesty and integrity and in compliance with all legal and regulatory requirements. In varying degrees, as a director, officer or employee of Island, each of us represents the Company in our dealings with others, whether they are other employees, customers, suppliers, competitors, governments or the general public.

At Island, we are all expected, as directors, officers and employees, to conduct our dealings on behalf of the Company in accordance with this policy. So that there can be no doubt as to what is expected of each of us in this regard, the Board of Directors of Brookfield has endorsed this Code, which is to be followed by each Brookfield director, officer and employee.

SUMMARY OF THE CODE

As a director, officer or employee, when acting on behalf of Island you are expected to:

1. Protect the Company’s assets, and use them properly and with care for the benefit of Island, and not for personal use.
2. Use email, the internet, telephone and other forms of communication provided by Island appropriately, which means primarily for business-related purposes.
3. Not speak on behalf of Island unless authorized to do so.
4. Avoid situations in which your personal interests conflict or might conflict with the interests of Island.
5. Obtain permission before joining the board of directors of another company or related organization.
6. Not take personal opportunities discovered by using property of Island or in your role with Island.
7. Protect the confidentiality of Island’s “non-public information”.
8. Ensure that Island’s books and records are complete and accurate.
9. Provide accurate and fair public disclosure.
10. Investigate and report any accounting, auditing or disclosure concerns.
11. Be committed to the prevention of workplace discrimination and harassment.
12. Be committed to ensuring the health and safety of fellow employees, officers and directors.
13. Know and comply with all laws, rules and regulations applicable to your position.
14. Deal fairly with Island’s customers, suppliers and competitors.
15. Not offer expensive gifts or other benefits to persons, including public officials and political parties that might influence or be perceived as influencing a business decision.
16. Not accept expensive gifts or other benefits from persons doing or seeking to do business with Island.

EXPLANATION OF THE CODE

The Code prescribes the minimum moral and ethical standards of conduct required of all directors, officers and employees of Island. Violations of the Code can have severe consequences and will result in the appropriate discipline being taken, up to and including discharge where warranted by the circumstances.

An explanation of each of the rules is set forth below. If you are an employee or an officer who has questions regarding the application of any rule or about the best course of action in a particular situation, you should seek guidance from your supervisor. The President, senior management team and directors should seek guidance from Brookfield's Senior Vice-President & Chief Internal Auditor who shall consult, as appropriate, with the Chairperson of Brookfield's Governance and Nominating Committee.

1. BUSINESS ETHICS AND PRACTICES

PROTECTING ISLAND ASSETS AND RESOURCES

ISLAND assets are to be used only for the purposes of fulfilling your corporate responsibilities.

The Company's assets are meant for business use, not for personal use. We all have a responsibility to protect and safeguard Island's assets from loss, theft, misuse and waste.

The Company's property should never be used for personal gain, and you should not allow Island's property to be used for illegal activities. If you become aware of theft, misuse or waste of our assets or funds or have any questions about your proper use of them, you should speak with your supervisor. However, if you feel uncomfortable approaching your supervisor with your concern, you may contact the President or Brookfield's Chief Internal Auditor.

Misappropriation of Island's assets is a breach of your duty to the Company and may be an act of fraud against the Company. Taking the Company's property from Island facilities without permission is regarded as theft and could result in dismissal. In addition, carelessness or waste of Island's assets may also be a breach of your duty to the Company and could result in dismissal.

The Company's assets include all memos, notes, lists, records and other documents (and copies of each of these) that you make or compile relating to Island's business. All of these are to be delivered to the Company promptly after your employment ceases, or at any time that Island requests.

POLICY REGARDING E-MAIL, THE INTERNET, TELEPHONES AND OTHER FORMS OF COMMUNICATION

Use Island's various forms of communication properly and appropriately.

We provide our employees with access to e-mail, the internet, telephones and other forms of communication for business purposes, and while we understand the need for limited and occasional use of these tools for personal purposes, this use should not be excessive or cause detriment to Island. Internet use must be conducted in a professional manner. For example, accessing internet sites containing obscene or offensive material, or sending e-mails that are derogatory or harassing to another person or group of people or chain e-mails, is prohibited. In addition, employees must be vigilant to ensure that the network security is maintained.

MEDIA, PUBLIC AND GOVERNMENTAL INQUIRIES

Do not speak on behalf of Island unless you are authorized to do so.

We have professionals who are trained and qualified as spokespersons to release information to the public. When members of the media, financial analysts or government authorities contact the Company to request information, the response can have far-reaching implications, including Island's ability to compete. When we provide information on the Company's operational strategies or financial results, we must ensure that the information is accurate and that it is an appropriate time to "go public" with that information.

If you receive a request for information from outside the Company, you must forward it to the Director of Human Resources if you are not authorized to speak on behalf of Island.

CONFLICTS OF INTEREST

Avoid situations in which your personal interests conflict, might conflict or might appear to conflict with the interests of Island.

As an employee, officer or a director, we expect that you will act honestly and ethically and in the best interests of Island by avoiding conflicts of interest in your personal and professional relationships. While we respect your right to manage your personal affairs and investments and we do not wish to intrude on your personal life, Island employees should place the Company's interest in any business transaction ahead of any personal interest or gain.

As an employee, officer or director, you may have a conflict of interest if you are involved in any activity that prevents you from performing your duties to Island properly, or that may create a situation that would affect your judgment or ability to act in the best interests of Island. For example, no employee should have a significant interest in a business that supplies goods or services to, or secures goods or services from, Island, without receiving approval of his or her supervisor.

To avoid conflicts of interest, you should identify potential conflicts when they arise and notify your supervisor if you are unsure whether a relationship or transaction poses a conflict or appears to pose a conflict. Your supervisor will be able to clear or resolve certain conflicts, or will be able to contact someone else who can.

MEMBERSHIP ON BOARDS OF OTHER ORGANIZATIONS

If you are an officer or employee of Island, obtain permission before you join the board of directors of another company or government organization.

Serving as a director of another company, even one in which Island has an interest, may create a conflict of interest. Being a director or serving on a standing committee of some organizations, including government agencies, may also create a conflict.

Before accepting an appointment to the board or a committee of any organization whose interests may conflict with Island's interests, employees must receive written approval from the President of Island.

Employees are permitted, however, to serve on boards of charities or non-profit organizations or in private family businesses that have no relation to Island and its businesses. Prior approval is not required for these types of situations. If you hold a position with a charity or non-profit organization and if you speak publicly for the entity, you should ensure that you are seen as speaking on behalf of the entity or as an individual, and not on behalf of Island.

PERSONAL OPPORTUNITIES

Do not take personal opportunities that are discovered through the use of property or information of Island or in your role with Island.

As an employee, officer or director, you are prohibited from taking for yourself opportunities that you discover through the use of Island property, information or position; from using Island property, information or position for personal gain; and from competing with the Company. Employees, officers and directors owe a duty to Island to advance its legitimate interests when the opportunity arises.

CONFIDENTIAL INFORMATION

Protect the confidentiality of “non-public information” concerning Island.

Except where it is authorized or legally required, all directors, officers and employees must keep confidential, and not use for themselves or other persons including relatives or friends, all information concerning Island or its business that is not generally available to the public.

Information is considered to be public if it has been disclosed in a management information circular (unless marked confidential), or press release. The obligation to keep certain information confidential applies both during appointment or employment with Island, and after termination of appointment, or employment, including on retirement.

Protect the confidentiality of “non-public information” about customers and others.

We also respect confidentiality of information regarding other companies. If you learn of confidential information about another company in the course of your position, you should protect it the same way that you would protect confidential information about Island. Data protection and privacy laws that affect the collection, use and transfer of personal customer information are rapidly changing areas of law, and you should consult with your supervisor if you have any questions regarding appropriate uses of customer information.

Disclosure of confidential information can be harmful to Island and could be the basis for legal action against the Company and/or the employee, officer or director responsible for the disclosure.

For more information you should refer to Brookfield’s Corporate Disclosure Policy, available at www.brookfield.com.

ACCURACY OF BOOKS AND RECORDS

Ensure that the books and records of Island are complete and accurate.

The books and records of Island must reflect in reasonable detail all its transactions in a timely and accurate manner in order to, among other things, permit the preparation of accurate financial statements in accordance with generally accepted accounting principles. All assets and liabilities of Island must be recorded as necessary to maintain accountability for them.

All business transactions must be properly authorized. All transactions must be supported by accurate documentation in reasonable detail and recorded properly. The recorded value for assets must be compared to the existing assets at reasonable intervals and appropriate action taken with respect to any differences.

No information may be concealed from the auditors, the internal audit function, the Audit Committee or the Advisory Board.

In addition, it is unlawful to fraudulently influence, coerce, manipulate or mislead any independent public or certified accountant who is auditing our financial statements.

ACCOUNTING, AUDITING OR DISCLOSURE CONCERNS

Provide accurate disclosure.

We all have a responsibility to submit good faith questions and concerns regarding accounting, auditing or disclosure matters. Complaints and concerns related to such matters include, among others, actions involving:

- (a) fraud or deliberate errors in the preparation, maintenance, evaluation, review or audit of any financial statement or financial record;
- (b) deficiencies in, or noncompliance with, internal accounting controls;
- (c) misrepresentation or false statements to or by a senior management team member or accountant regarding a matter contained in the financial records, financial reports or audit reports; or
- (d) deviations from full and fair reporting of Island's financial condition.

2. WORK ENVIRONMENT

DISCRIMINATION AND HARASSMENT FREE ENVIRONMENT

Island has zero tolerance for workplace discrimination and harassment, and all directors, officers and employees must be committed to preventing an inhospitable work environment.

All directors, officers and employees must ensure that Island is a safe and respectful environment, free of discrimination and harassment where high value is placed on equity, fairness and dignity. Harassment on the basis of race, gender, sexual orientation, colour, national or ethnic origin, religion, marital status, family status, citizenship status, veteran status, age or disability is prohibited. Harassment generally means offensive verbal or physical conduct that singles out a person to the detriment or objection of that person. Harassment covers a wide range of conduct, from direct requests of a sexual nature to insults, offensive jokes or slurs, which results in an inhospitable work environment. Harassment may occur in a variety of ways and may, in some circumstances, be unintentional. Regardless of intent, such conduct is not acceptable and may also constitute a violation of human rights legislation.

No senior management team member or employee may harass another employee, customer, vendor, supplier, visitor or any other person on Island's premises or while doing its business regardless of location.

SAFE WORKING CONDITIONS

We are committed to ensuring the health and safety of our employees.

We all have the right to work in an environment that is safe and healthy. In this regard, we must:

- (a) comply strictly with the letter and spirit of applicable occupational, health and safety laws and the public policies they represent;
- (b) follow work instructions or procedures on health and safety laws;
- (c) not engage in illegal or dangerous behaviors; and
- (d) not possess or use weapons or firearms or any type of combustible materials in Island's facilities or at Island-sponsored functions unless you are authorized by Island or the law to do so.

Island has zero tolerance for acts of violence, threats of violence, acts of intimidation and hostility towards another person or group of persons. Promptly report to your supervisor or in accordance with the Reports and Complaints section of this Code, any accident, injury or unsafe equipment, practices or conditions, violent behavior or weapons possession.

3. LEGAL AND REGULATORY COMPLIANCE

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Know and comply with all laws, rules and regulations applicable to your position.

Many of Island's activities are subject to complex and changing laws, rules and regulations. Ignorance of the law is not, in general, a defense to an action for contravention. We expect directors, officers and employees to make every reasonable effort to become familiar with laws, rules and regulations affecting their activities and to exert due diligence in complying with these laws, rules and regulations and, to ensure that those individuals reporting to them are also aware of these laws, rules and regulations. Our objective is to restrict willful or negligent violations of these laws, rules and regulations.

We will make information concerning applicable laws, rules and regulations available to directors, officers and employees. If you have any doubts as to the applicability of any law, you should refer the matter to your supervisor who may obtain advice from the Director of Human Resources.

Island's policy is to meet or exceed all applicable governmental requirements regarding its activities. As an employee, you must be aware of the applicable governmental requirements and report any violations thereof to your supervisors or in accordance with the Reports and Complaints section of this Code. Similarly, no employee, officer or director may enter into any arrangement contrary to applicable requirements or laws.

SECURITIES LAWS AND INSIDER TRADING

Do not trade in Brookfield Asset Management securities if you possess material "non-public information". If you have material information about a company with which Island does business that is not known to the investing public, you should not buy or sell securities of that company until after the information has become public.

Information about Brookfield is "material":

- (a) if publicly known, results in or would reasonably be expected to result in a significant change in the market price or value of any Brookfield securities; or
- (b) if there is a substantial likelihood that a reasonable shareholder or investor would consider it important in making a decision to buy, sell or hold Brookfield securities.

If you are not sure whether information is material or "non-public", consult with Brookfield's Chief Financial Officer for guidance before engaging in any transaction in Brookfield securities.

You are also prohibited from disclosing material "non-public information" about Brookfield to other people, such as relatives or friends, who may trade on the basis of the information. Securities laws also prohibit trades made on the basis of these "tips". In addition, you should avoid trading in puts and calls relating to Brookfield securities.

For more information on insider trading, you should consult the full text of the Brookfield Corporate Disclosure Policy.

FAIR DEALING

Deal fairly with Island's customers, suppliers and competition.

You must endeavor to deal fairly with Island's customers, suppliers, competitors and employees, and should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

GIFTS TO PERSONS

Use your best judgment in giving and receiving gifts.

Directors, officers and employees should not offer expensive gifts or other benefits to persons, including public officials and political parties, that might influence or be perceived as influencing a business decision.

Employees whose duties permit them to do so, such as employees in marketing, may offer modest gifts, entertainment or other benefits to persons who have a business relationship with the Company. The benefits must be given in accordance with generally accepted ethical business practices. For example, it is acceptable to take a customer to dinner but it is not acceptable to give a customer cash.

Any donation or benefit to a public official or political party must be in accordance with Island's Code. We encourage you to become involved in political activity acting on your own behalf, but not as a representative of Island.

GIFTS FROM PERSONS

Directors, officers and employees must not accept expensive gifts or other benefits from persons doing or seeking to do business with Island.

As a director, officer or employee, you cannot solicit, encourage or receive bribes or other payments, contributions, gifts or favors that could influence your or another person's decisions. It is acceptable to accept modest gifts, entertainment or other benefits from persons doing or seeking to do business with Island, provided the benefits are given in accordance with generally accepted ethical business practices.

For example, a pair of tickets to a baseball game may be accepted from a supplier. However, it is not appropriate to accept a trip from a supplier, unless there is a specific business purpose and the trip has been approved by the head of the employee's department and Director of Human Resources.

COMPLIANCE WITH THE CODE

Each salaried employee of Island will be provided with a copy of the Code and will be required to sign an acknowledgement in the form of the Statement of Compliance, included with and forming part of this Code as Schedule A. Each director and officer of Island will be required to sign an acknowledgement in the form of the Statement of Compliance of Brookfield's Code.

The Code is intended to serve as a guide for your own actions and decisions and for those of your co-workers.

REPORTS AND COMPLAINTS

As an employee, if you believe that a violation of the Code or any law, rule or regulation has been or is likely to be committed by you or someone else who is a representative of Island, you have an obligation to promptly report the relevant information to your supervisor, since your supervisor will generally be in the best position to resolve the issue. However, if you feel uncomfortable approaching your supervisor with your concern, or if you

have any specific or general questions, you may contact Brookfield's Chief Internal Auditor or the Director of Human Resources.

If you believe it is inappropriate to raise your complaint or report of a violation with either your supervisor or the Brookfield Chief Internal Auditor, you can write to the Chairperson of the Audit Committee (for issues related to accounting controls, auditing or disclosure) or the Chairperson of the Governance and Nominating Committee (for all other types of issues such as harassment or discrimination, misuse of the internet, conflicts of interest or inappropriate gift giving or receiving).

Directors should promptly report violations to the Chairperson of the Board, or to the relevant committee Chairperson.

Directors, officers and employees can raise concerns either orally or in writing although reports to the Chairpersons of the Board or of the committees can only be made in writing.

If you are not comfortable with any of the above options, you can also call the Island Ethics Hotline at 1-800-665-0831 (in North America). This service is managed by an independent third party called the Network and provides an 800 number which any employee can call anonymously to report suspected unethical, illegal or unsafe behaviour. The Hotline is available toll-free, 24-hours a day, 7 days a week.

The most important thing to remember when dealing with these types of questions or concerns is: When in doubt, ask.

TREATMENT OF REPORTS AND COMPLAINTS

Confidentiality of reported violations will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review and subject to law. You may make a report anonymously, in which case you should write a letter and include as specific details as possible, including back-up documentation where feasible, in order to permit adequate investigation of the concern or conduct reported. Vague, non-specific or unsupported allegations are inherently more difficult to pursue.

The party receiving the complaint must make a record of its receipt, document how the situation was dealt with and file a report with Brookfield's Chief Internal Auditor. The Chief Internal Auditor will retain all such reports, but will also maintain a separate log that will track the receipt, investigation and resolution of reported complaints specifically related to accounting controls, auditing and disclosure matters. Based on this log, the Chief Internal Auditor will periodically compile a comprehensive summary of all of these types of complaints and the corrective actions taken and will bring the summary to the attention of the Chairperson of the Audit Committee for his or her review, since the Chairperson of the Audit Committee is ultimately responsible for Brookfield's compliance with the accounting, auditing and disclosure-related aspects of the Code. The Chief Internal Auditor will bring any other complaints or reported violations that are not related to accounting controls, auditing or disclosure but are significant to the attention of the Chairperson of the Governance and Nominating Committee.

PENALTIES FOR VIOLATING THE CODE

Retaliation is prohibited. We want you to know that we will not discharge, demote or suspend you if you, in good faith, bring forward concerns about actual or potential violations of laws, rules or regulations, or the Code. However, we reserve the right to discipline you if you make an accusation without a reasonable, good faith belief in the truth and accuracy of the information or if you knowingly provide or make false information or accusations. "Good faith" does not mean that you have to be right - but it does mean that you must believe you are providing truthful information.

If you believe that you have been unfairly or unlawfully retaliated against, you may file a complaint with your supervisor or Brookfield's Chief Internal Auditor. If you are a director, an executive officer or an employee and you believe your complaint concerning retaliations cannot be appropriately addressed by your supervisor or the Brookfield Chief Internal Auditor, you should file a report with the Chairperson of the Governance and Nominating Committee, Brookfield Asset Management.

HELPFUL CONTACT INFORMATION

President Island Timberlands LP

Mr. Darshan Sihota
Island Timberlands LP
65 Front St, 4th Floor
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Tel: 250 755-3531

Director, Human Resources Island Timberlands LP

Mr. Mike Cass
Island Timberlands LP
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Tel: 250 755-3518

Director, Finance & Accounting Island Timberlands LP

Mr. Scott MacLean
Island Timberlands LP
65 Front St, 4th Floor
Nanaimo, BC
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Tel: 250 755-3510

Brookfield Chief Internal Auditor

Mr. Rui M. Senos
Brookfield Asset Management
Corporate Audit Services
39 Wynford Drive
Don Mills, Ontario
M3C 3K5

Tel: 416-510-5825

Governance and Nominating Committee Chairperson

Mr. Frank J. McKenna
TD Bank Financial Group
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66 Wellington St. W.
4th Floor, TD Tower
Toronto, Ontario
M5K 1A2

Tel: 416-982-2909

Audit Committee Chairperson

Mr. Marcel R. Coutu
Canadian Oil Sands Limited
2500 First Canadian Centre
350 – 7th Avenue SW
Calgary, Alberta
T2P 3N9

Tel: 403-218-6222

ISLAND Ethics Hotline

Tel: 1-800-665-0831 (in North America)

DISCIPLINARY ACTION FOR CODE VIOLATIONS

We will impose discipline for each Code violation that fits the nature and particular facts of the violation. If you fail to comply with laws or regulations governing Island's business, this Code or any other Island policy or requirement, you may be disciplined up to and including immediate termination, and if warranted, legal proceedings may be brought against you.

WAIVERS

Waivers of the Code for Island employees may be granted only in writing by Brookfield's Chief Internal Auditor. Any waiver of the Code for Brookfield executive officers or directors may only be made in writing by the Board or the Governance and Nominating Committee and will be promptly disclosed to shareholders to the extent required by law, regulation or stock exchange requirement.

LEGAL NOTICE

This Code serves as a reference to you. Island reserves the right to modify, suspend or revoke this Code and any and all policies, procedures, and programs in whole or in part, at any time. Island also reserves the right to interpret and amend this Code and these policies in its sole discretion as it deems appropriate. Any amendments to the Code will be disclosed and reported as required by law.

Neither this Code, these policies nor any statements made by any employee of Island, whether oral or written, confer any rights, privileges or benefits on any employee, create an entitlement to continued employment at Island, establish conditions of employment, or create an express or implied employment contract of any kind between employees and Island. In addition, all employees should understand that this Code does not modify their employment relationship, whether at will or governed by a written contract.

The version of the Code that appears online at www.Islandtimberlands.com may be more current and up to date and supersedes any paper copies, should there be any discrepancy between paper copies and what is posted online.

