



CATHAY FOREST PROVIDES FOURTH DEFAULT STATUS REPORT

FOR IMMEDIATE RELEASE

TSX Venture Exchange symbol: CFZ

TORONTO, ON, January 28, 2011 – Cathay Forest Products Corp. (“Cathay Forest” or the “Company”) provides this bi-weekly Default Status Report in accordance with National Policy 12-203 – *Cease Trade Order for Continuous Disclosure Defaults* (“NP 12-203”). On December 1, 2010 the Company announced that it was not able to timely file its interim financial statements and accompanying management’s discussion and analysis and related CEO and CFO certifications for the period ended September 30, 2010 (collectively, the “Third Quarter Financial Statements”).

In accordance with NP 12-203, and as previously announced, the Company applied to the applicable securities commissions for Management Cease Trade Orders related to the common shares of Cathay Forest to be imposed against certain of the Company’s executive officers (and at the discretion of the applicable securities commissions, some or all of the directors, officers or insiders of the Company) instead of a general Cease Trade Order being imposed against all common shares of the Company. On December 20, 2010, the Ontario Securities Commission issued a Permanent Management Cease Trade Order related to the Company’s common shares against certain executive officers of the Company expiring two full business days following the filing of the 2010 Third Quarter Financial Statements. The issuance of such Management Cease Trade Orders does not generally affect the ability of persons who have not been directors, officers or insiders of the Company to trade the common shares of the Company. A general Cease Trade Order may be imposed by the applicable securities commissions if the Company fails to satisfy the provisions of the Alternative Information Guidelines required pursuant to NP 12-203 (the “Alternative Information Guidelines”).

Cathay Forest is working with its auditors to complete the review of the 2010 Third Quarter Financial Statements as soon as possible. Until the 2010 Third Quarter Financial Statements are filed, the Company intends to satisfy the Alternative Information Guidelines by issuing bi-weekly Default Status Reports, each of which will be issued in the form of a press release. If the 2010 Third Quarter Financial Statements are not filed beforehand, the Company intends to issue its next Default Status Report on February 11, 2011.

The Company reports that since its original announcement on December 1, 2010 (the “Notice”) in respect of the delay in filing its 2010 Third Quarter Financial Statements, there have not been any material changes to the information provided in the Notice other than as described herein nor any failure by the Company in fulfilling its stated intention with respect to satisfying the Alternative Information Guidelines. In addition, there has not been any other specified default by the Company under NP 12-203, nor are any anticipated and there is no other material information concerning the affairs of the Company that has not been generally disclosed.

About Cathay Forest Products

Cathay Forest is a forest products company that manages approximately 1,000,000 hectares of standing timber properties and fast-growth, high-yield poplar plantations in China and Russia. Cathay Forest is building a world-class forest products company through a customer base that includes the domestic Chinese pulp and paper industry and other wood products customers in the Japanese market.

Forward-Looking Statements

All statements, other than statements of historical fact, in this news release are forward-looking statements that involve various risks and uncertainties, including, without limitation, statements regarding the future plans and objectives of Cathay Forest. Actual results and future events could differ materially from those anticipated in such statements. Except as required under applicable securities laws, Cathay Forest assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of this release.

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