



Quarter 2, 2011 Financial Performance Overview

Presented by:

Alan Nicholl - Senior Vice President, Finance & CFO



Forward-Looking Statements

- The presentation and answers to questions today contain forward-looking statements which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Factors that could have a material impact on any future oriented statements made herein include, but are not limited to: general economic, market and business conditions, product selling prices, raw material and operating costs, foreign exchange rates, interest rates, changes in law and public policy, the outcome of trade and labour disputes, and opportunities available to or pursued by the Company.
- For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation's Annual Report for the year ended December 31, 2010.



Q2 2011 Review: Items Impacting Earnings Comparability

(millions of dollars, except for per share amounts)	Q2 2011		Q1 2011	
	\$	\$/Share	\$	\$/Share
Net income, as reported	\$ 26.2		\$ 32.3	
Less: Non-controlling interests	\$ 24.1		\$ 25.3	
Net income attributable to equity shareholders of the Company	\$ 2.1	\$ 0.01	\$ 7.0	\$ 0.05
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Foreign exchange gain on long-term debt and investments, net	\$ (1.4)	\$ (0.01)	\$ (3.0)	\$ (0.02)
Gain on derivative financial instruments	\$ (0.7)	\$ (0.00)	\$ (2.9)	\$ (0.02)
Restructuring costs related to changes in management group	\$ 2.6	\$ 0.02	\$ -	\$ -
Increase in fair value of asset-backed commercial paper	\$ -	\$ -	\$ (1.0)	\$ (0.01)
Net impact of above items	\$ 0.5	\$ 0.01	\$ (6.9)	\$ (0.05)
Net income, as adjusted	\$ 2.6	\$ 0.02	\$ 0.1	\$ 0.00

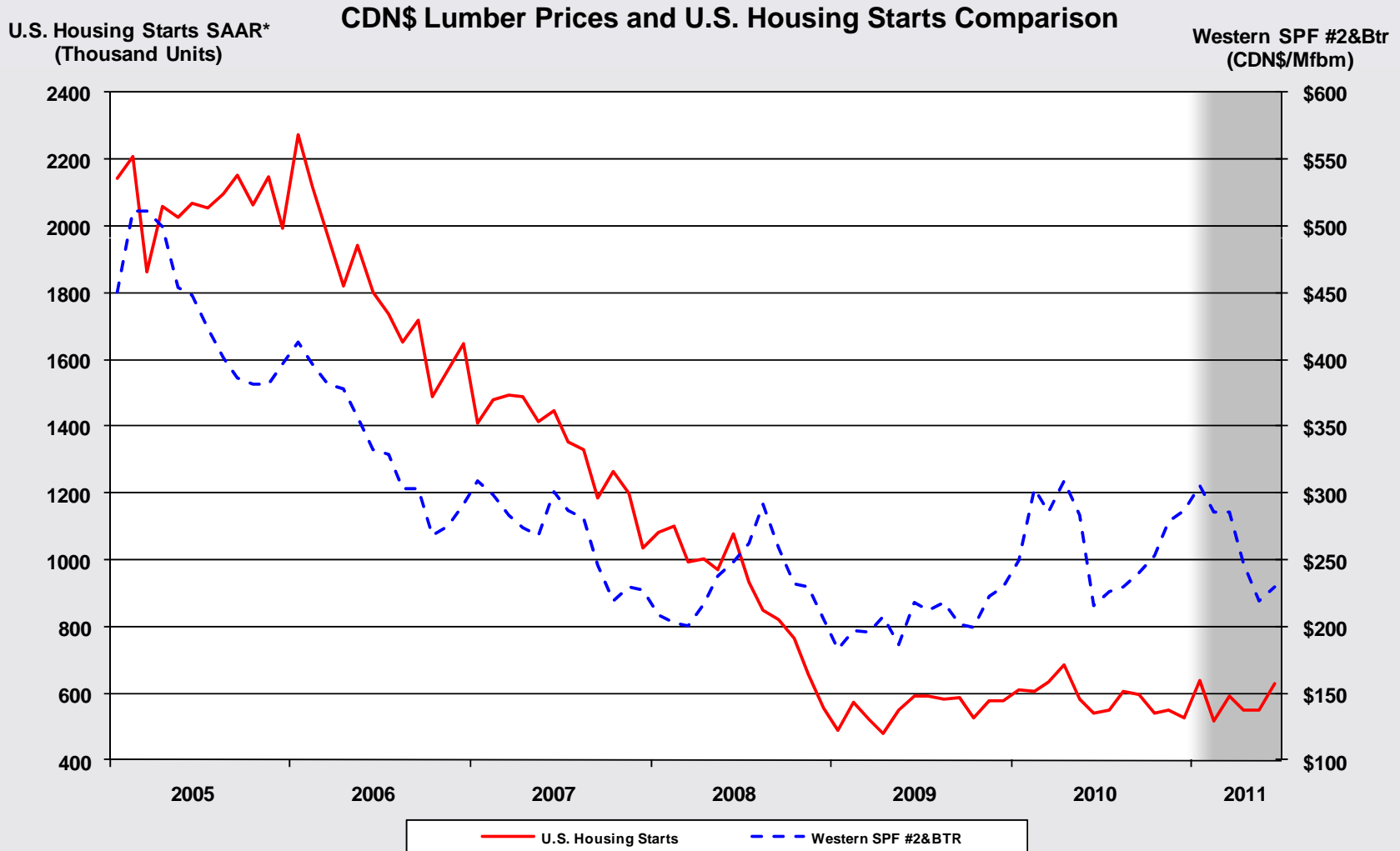


Sales and EBITDA Summary

(millions of dollars unless otherwise noted)	Q2 2011	Q1 2011	Variance
Gross Sales	\$ 619.1	\$ 624.0	\$ (4.9)
EBITDA by segment:			
Lumber	\$ 9.6	\$ 18.0	\$ (8.4)
Pulp & Paper	\$ 63.4	\$ 64.0	\$ (0.6)
Unallocated and other	\$ (6.2)	\$ (9.1)	\$ 2.9
Total EBITDA	\$ 66.8	\$ 72.9	\$ (6.1)
Inventory adjustments (logs and finished product)	\$ (1.6)	\$ 2.9	\$ (4.5)
Total EBITDA adjusted for above items	\$ 65.2	\$ 75.8	\$ (10.6)
Average Exchange Rate (\$US/\$CDN)	\$ 1.033	\$ 1.014	\$ 0.019
End of Period Exchange Rate (\$US/\$CDN)	\$ 1.037	\$ 1.029	\$ 0.008



History of Lumber Prices (CDN\$) and U.S. Housing Starts



Note: Canadian price is calculated as the US price multiplied by the average monthly exchange rate per the Bank of Canada Source: U.S. Bureau of the Census and Random Lengths Publications, Inc.
 * SAAR - Seasonally Adjusted Annual Rate



Lumber: Q2 2011 vs. Q1 2011

(millions of dollars unless otherwise noted)	Q2 2011	Q1 2011	Variance
Sales	\$ 331.2	\$ 328.6	\$ 2.6
Operating income (loss)	\$ (11.1)	\$ (2.3)	\$ (8.8)
EBITDA, as reported	\$ 9.6	\$ 18.0	\$ (8.4)
Total negative (positive) impact from inventory valuation adjustments (logs and finished products)	\$ 1.1	\$ 0.1	\$ 1.0
EBITDA, adjusted for above items	\$ 10.7	\$ 18.1	\$ (7.4)
Average SPF 2x4 #2&Btr price in CDN\$	\$ 232	\$ 292	\$ (60)
Average SYP 2x4 #2 lumber price in US\$	\$ 251	\$ 302	\$ (51)
Production - SPF lumber (MMfbm)	788	772	16
Production - SYP lumber (MMfbm)	113	95	18
Shipments - Canfor-produced SPF lumber (MMfbm)	822	715	107
Shipments - Canfor-produced SYP lumber (MMfbm)	124	91	33

EBITDA down \$7.4 million to \$10.7 million (before inventory valuation adjustments)

- Average NA Western SPF 2X4 #2&Btr price down \$60 to \$232/mfbm, SYP 2x4 price down US\$51 to US\$251
 - 2x4 benchmark price reductions not representative of other dimensions / grades which saw less marked reductions
 - NA price decreases not matched offshore which saw relatively minor drop as prices negotiated monthly/quarterly in advance
- Shipments of Canfor-produced lumber up 17% reflecting improved transportation networks after Q1 weather-related constraints and increased demand from China.
- Unit manufacturing costs down from previous quarter



Pulp & Paper: Q2 2011 vs. Q1 2011

(millions of dollars unless otherwise noted)	Q2 2011	Q1 2011	Variance
Sales	\$ 277.0	\$ 283.0	\$ (6.0)
Operating income	\$ 48.1	\$ 47.2	\$ 0.9
EBITDA	\$ 63.4	\$ 64.0	\$ (0.6)
Average NBSK pulp list price delivered to U.S. - US\$	\$ 1,025	\$ 970	\$ 55
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 992	\$ 957	\$ 35
Production - Pulp (000 mt)	315	317	(2)
Shipments - Canfor-produced pulp (000 mt)	304	318	(14)

EBITDA down \$0.6 million to \$63.4 million

- Moderate increase in US dollar pulp prices, offset in part by stronger Canadian dollar
- Lower pulp shipments and higher unit manufacturing costs