

Canfor Corporation

November 2010

Don Kayne – Vice President, Wood Products Marketing & Sales





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 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, 2009 available at www.canfor.com or www.sedar.com.



Canfor Operations

Core Holdings

- 15 sawmills in Canada (4.3 BBF)
- 4 sawmills in US (0.6 BBF)
- 50.2% interest in Canfor Pulp (3 BC interior pulp mills -1 million admt)

Non Core Holdings

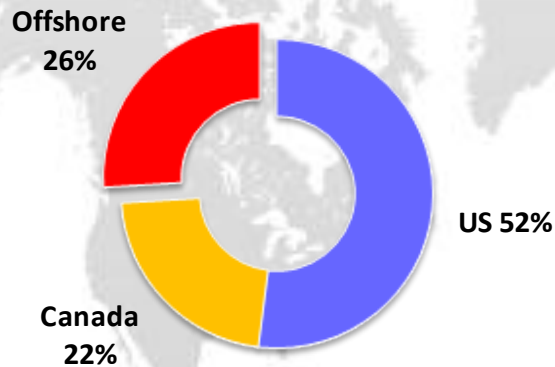
- 50% interest -Peace Valley OSB plant
- 2 panel plants in BC – OSB & plywood
- 1 BCTMP pulp mill in BC



	Locations
1	Chetywnd
2	Clear Lake
3	Ft. St. John
4	Grand Prairie, AB
5	Houston
6	Isle Pierre
7	Mackenzie
8	Plateau
9	Polar
10	Prince George
11	Quesnel
12	Radium
13	Rustad
14	Vavenby
15	Daaquam, QC
16	Darlington, SC
17	Graham, NC
18	Conway, SC
19	Camden, SC
20	Marion, SC
21	Bellingham, WA
22	Tackama
23	PolarBoard
24	Peace Valley
25	Intercontinental
26	Prince George
27	Northwood
28	Taylor

Geographic Market Diversification (SPF only)

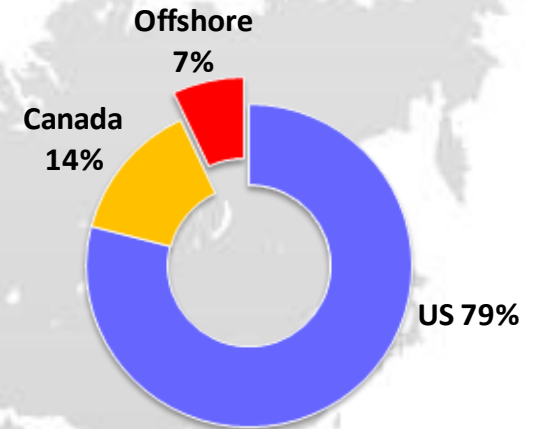
2010 Estimate



Offshore Markets

China	16 %
Japan	8 %
Korea/Other Asia	2 %

2005



Offshore Markets

China	0.3 %
Japan	6 %
Korea/Other Asia	0.7 %



Product Offerings

**Offshore
Premium**



**Home Centre
Grade**



**Construction
Grade**

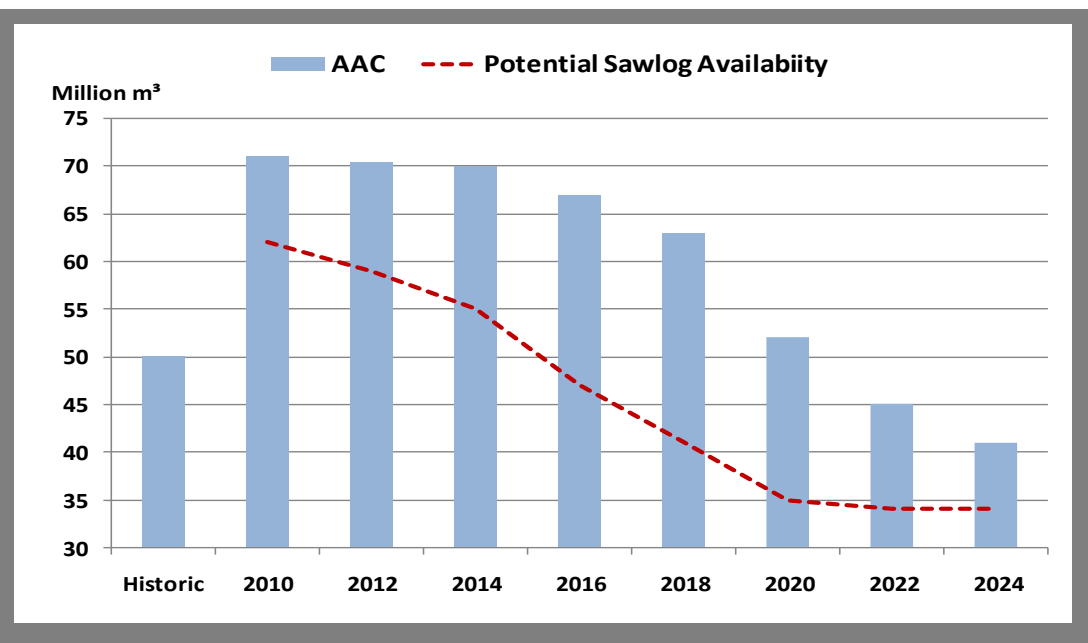


**Reman
Grade**





Projected Reduction in British Columbia Harvest Levels



Source: BC Ministry of Forests. Wood Market – March 2010

British Columbia

- Reduction in sawlog availability due to Mountain Pine Beetle epidemic
- Projected sawlog availability is 20 -35% less than AAC

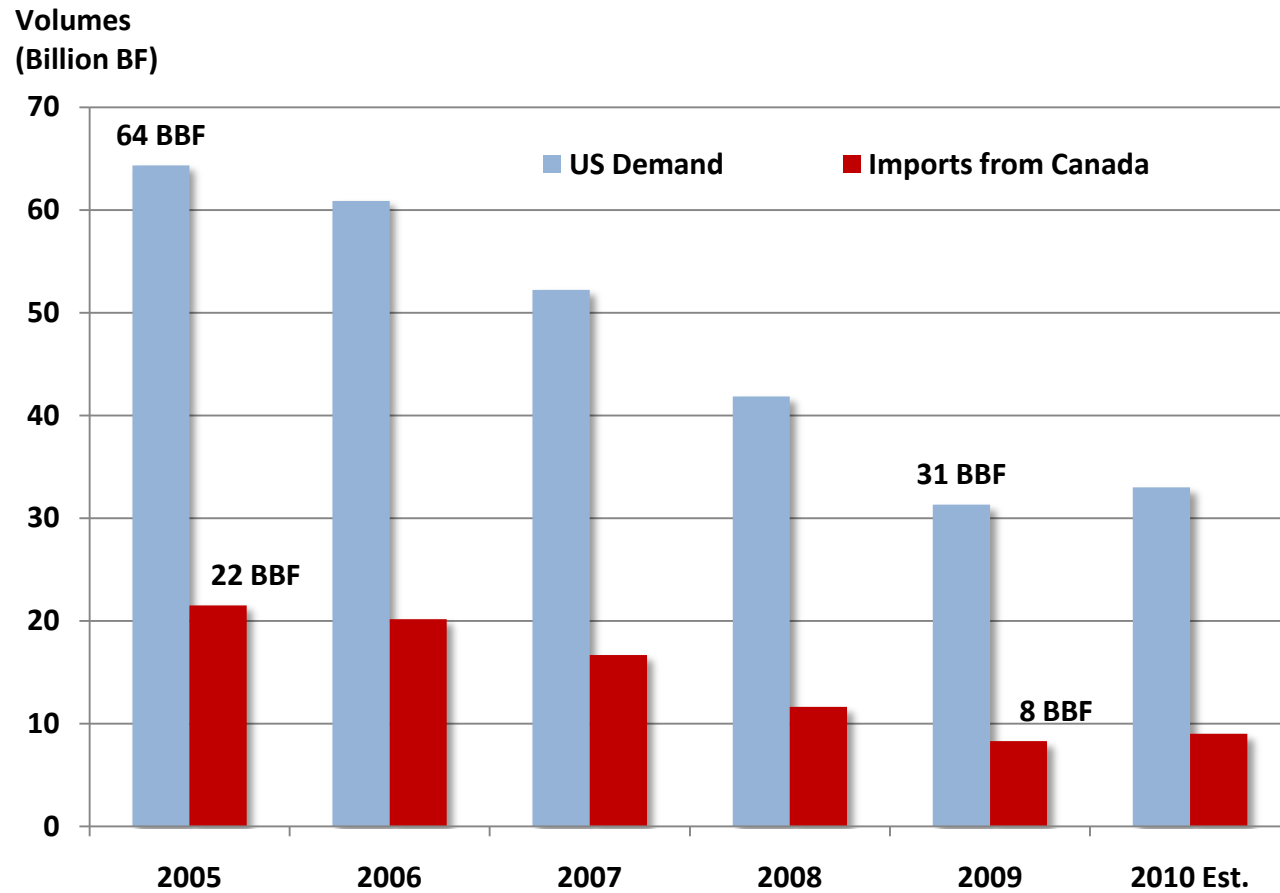
Eastern Canada

- Expecting lumber production to fall by 35% from 2010 to 2014 due to lower harvest level & downturn in pulp/newsprint industry





US Softwood Lumber Demand

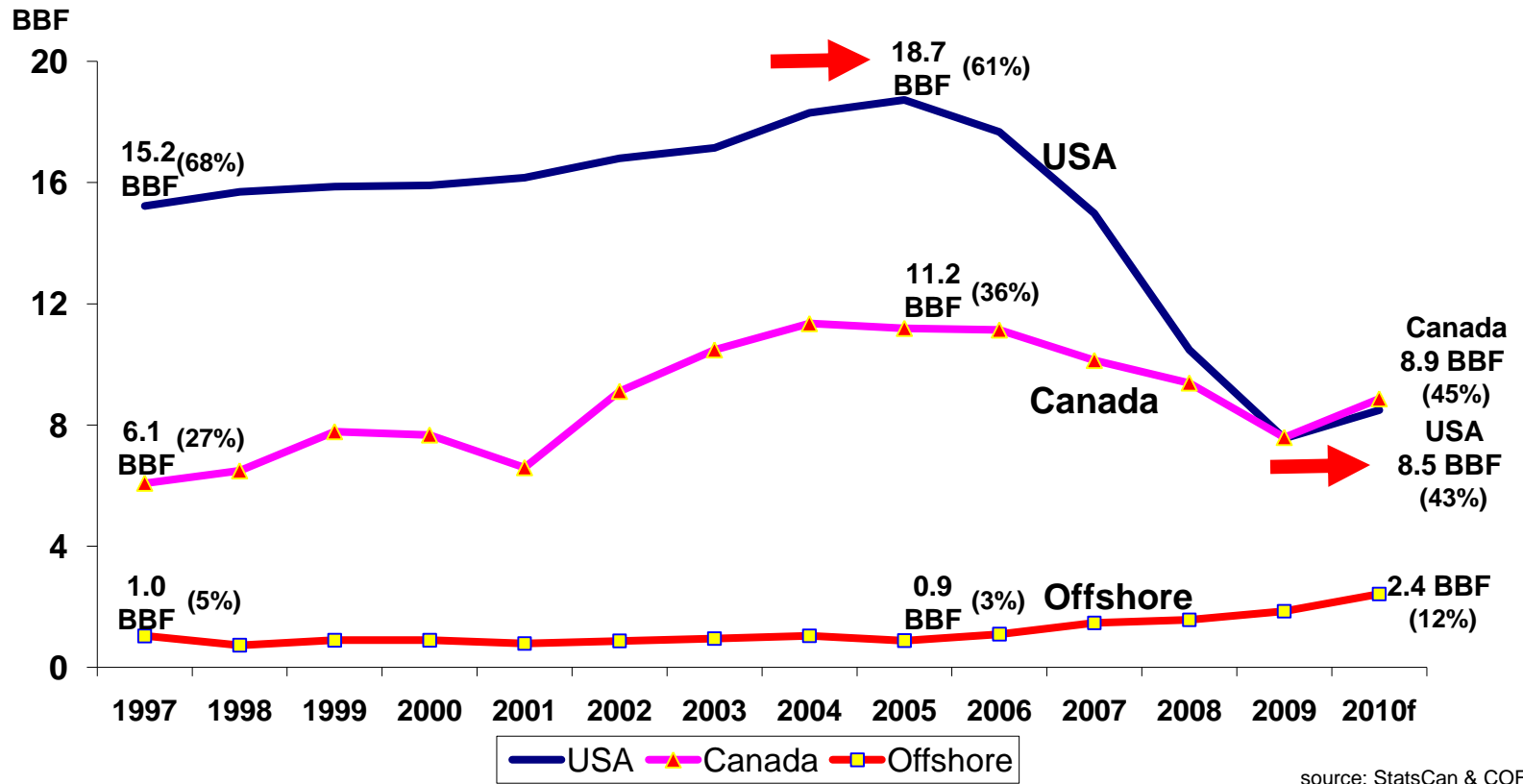


Source: WWPA



Total Canadian Shipments

Volume Shipments (BBF) & Each Market's Share of Total SPF Shipments (%)

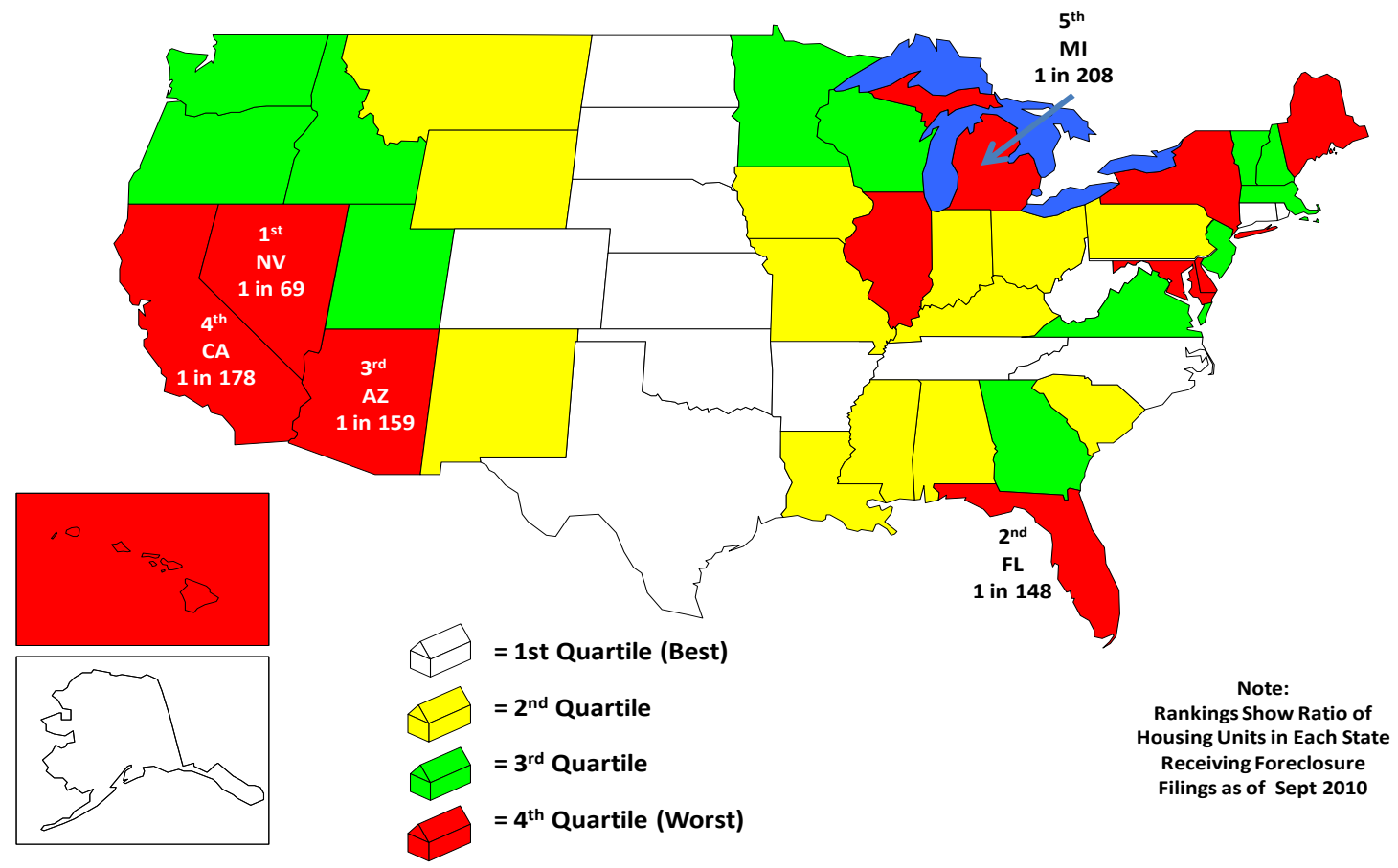


source: StatsCan & COFI



U.S. Foreclosure Rates - % Change from 2005 to 2009

In Sept 2010, 1 in 371 housing units had received a foreclosure filing & 1 in 4 homes had negative equity

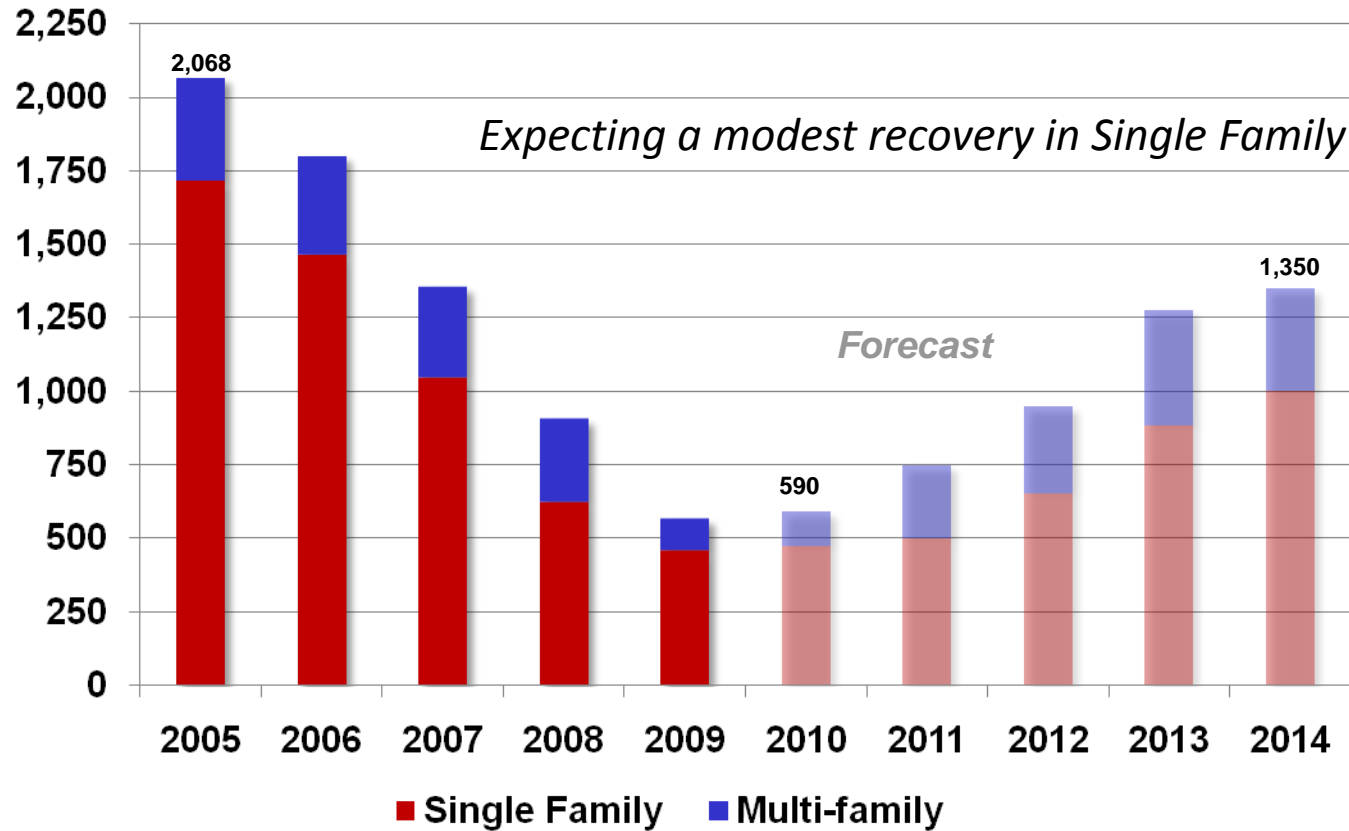


Source: Woodbridge Associates based on data and map prepared by IMF WREO October 2010 (Derived from Mortgage Bankers' Association data and IMF estimates).



U.S. Housing Starts Projections to 2014

(Thousand Units)

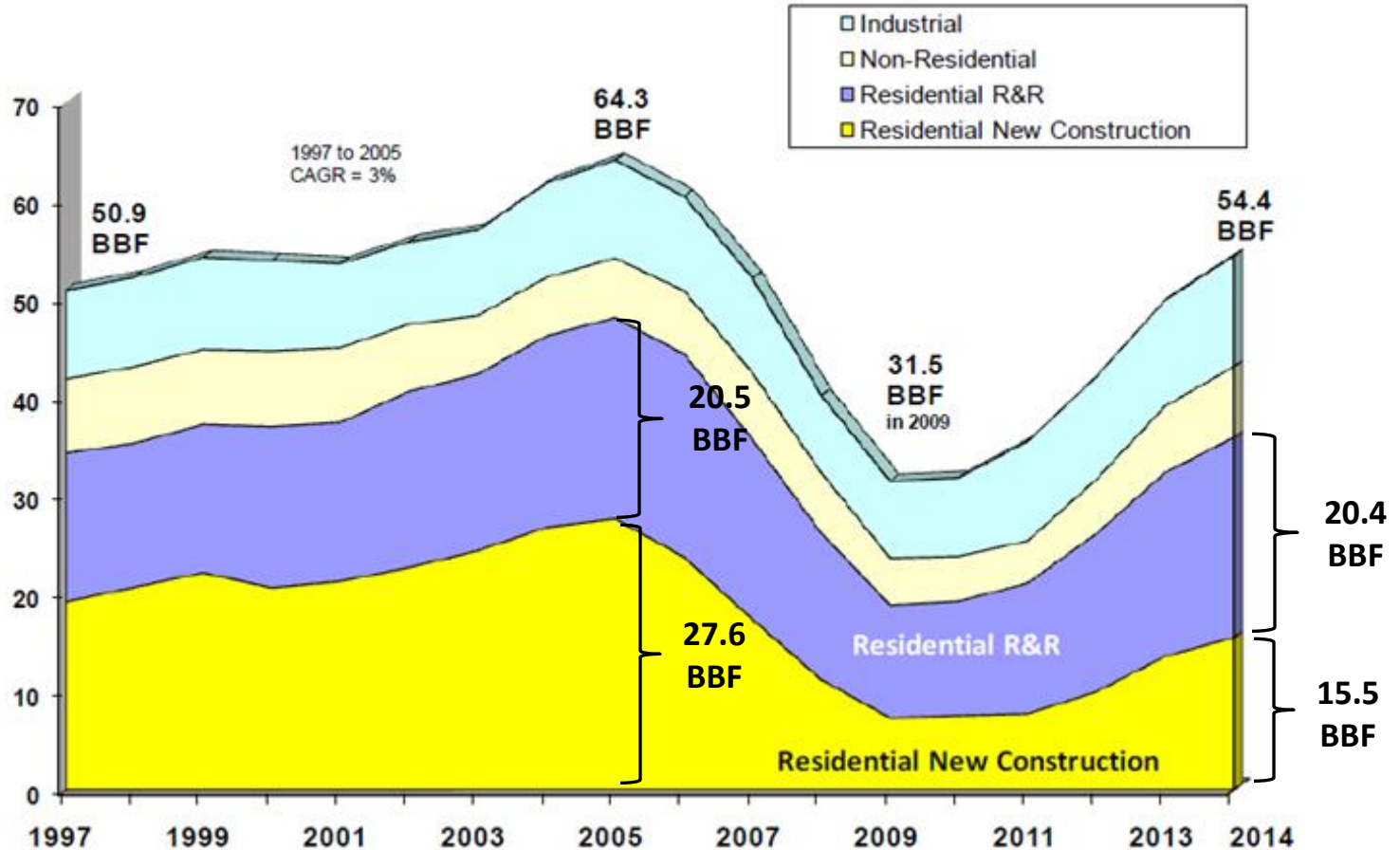


Source: US Census Bureau, Woodbridge & Associates



US Softwood Lumber Demand

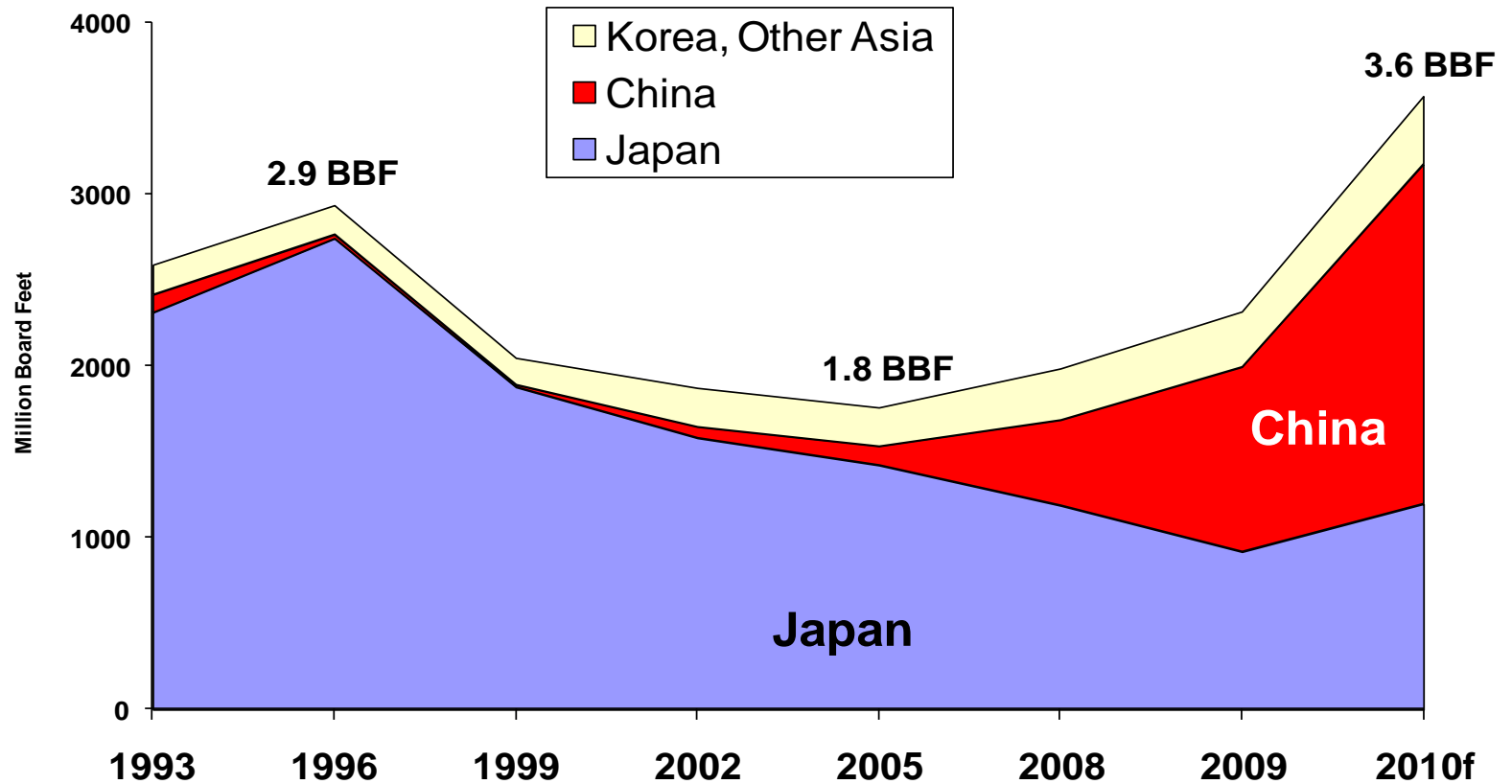
Demand will be driven by Residential R&R and New Home Construction



Source: RISI, Woodbridge & Associates



Canada's Softwood Lumber Shipments to Asia



Source: COFI, StatsCan, Woodbridge & Associates

China – Macro Picture

- **World's 2nd largest economy**
- **GDP is projected to grow 92% by 2015**
- **China, Japan, Korea, & Taiwan forecast GDP US\$ 17.6 Trillion by 2015**
(equivalent of another Japan)
- **Canada is now the largest wood exporter to China (32% market share)**
- **7 million housing units per year (40 % of the world's housing units)**
- **Tremendous growth opportunities for wood products producers**

Source: IMF, Woodbridge & Associates

China – Opportunities



- Affordable high density multi-story hybrid dwellings
 - Residential
 - Commercial
 - Public buildings
- 6 story & under
 - Interior / exterior in-fill
 - Roofs
- 7 – 18 story
 - Interior in-fill walls
- Low-density wood frame dwellings
 - Villas / 2-3 story townhomes
 - Single family / farm houses
 - Resort homes

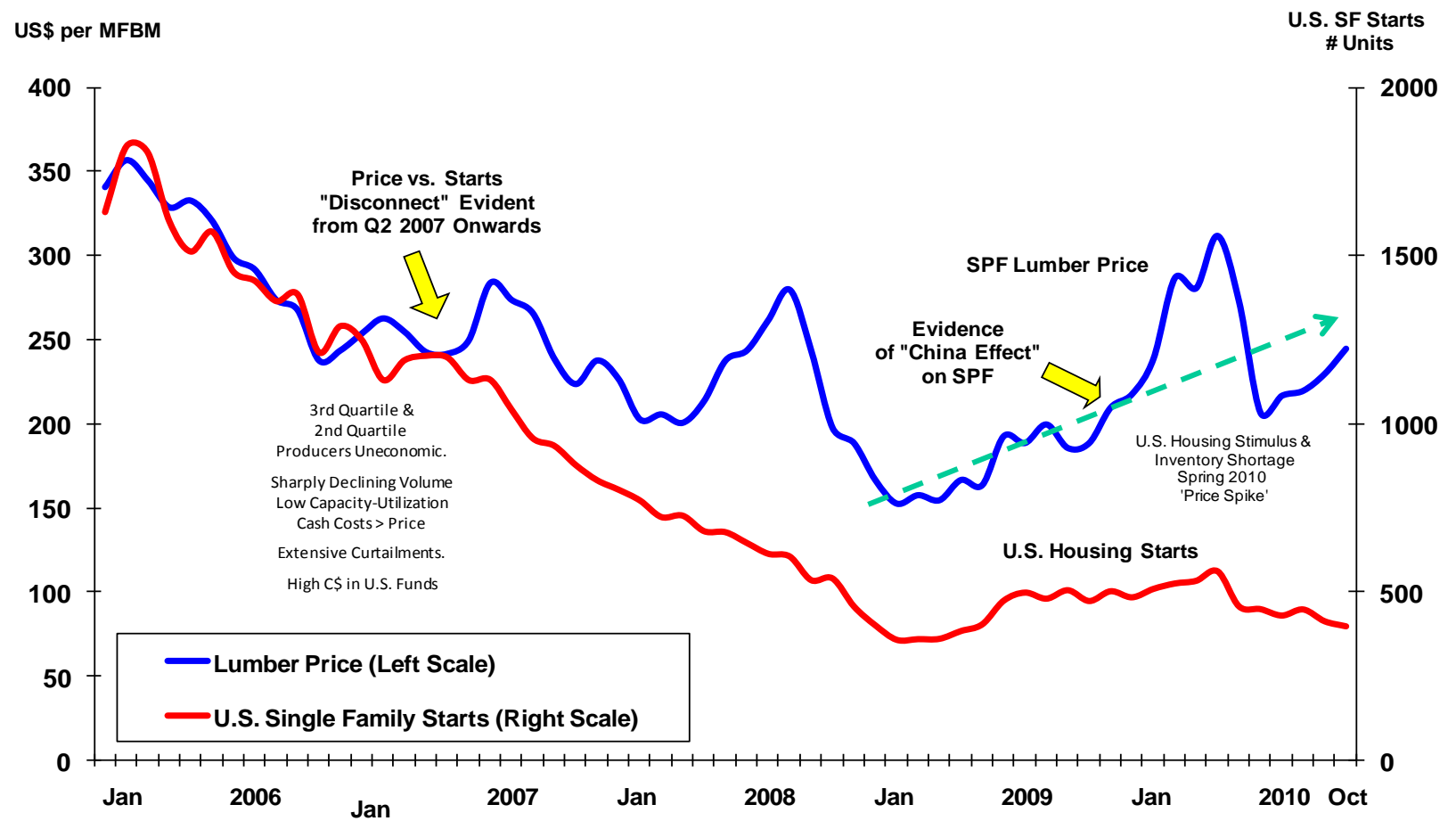
Why?

- Senior government support
- Competitive with concrete
- Building codes in place (*“keep it simple”*)
- Quality assurance
- Seismic performance
- Green housing / carbon reduction



Lumber Prices – “China Effect”

2x4 RL #2 & Better Net FOB Mill

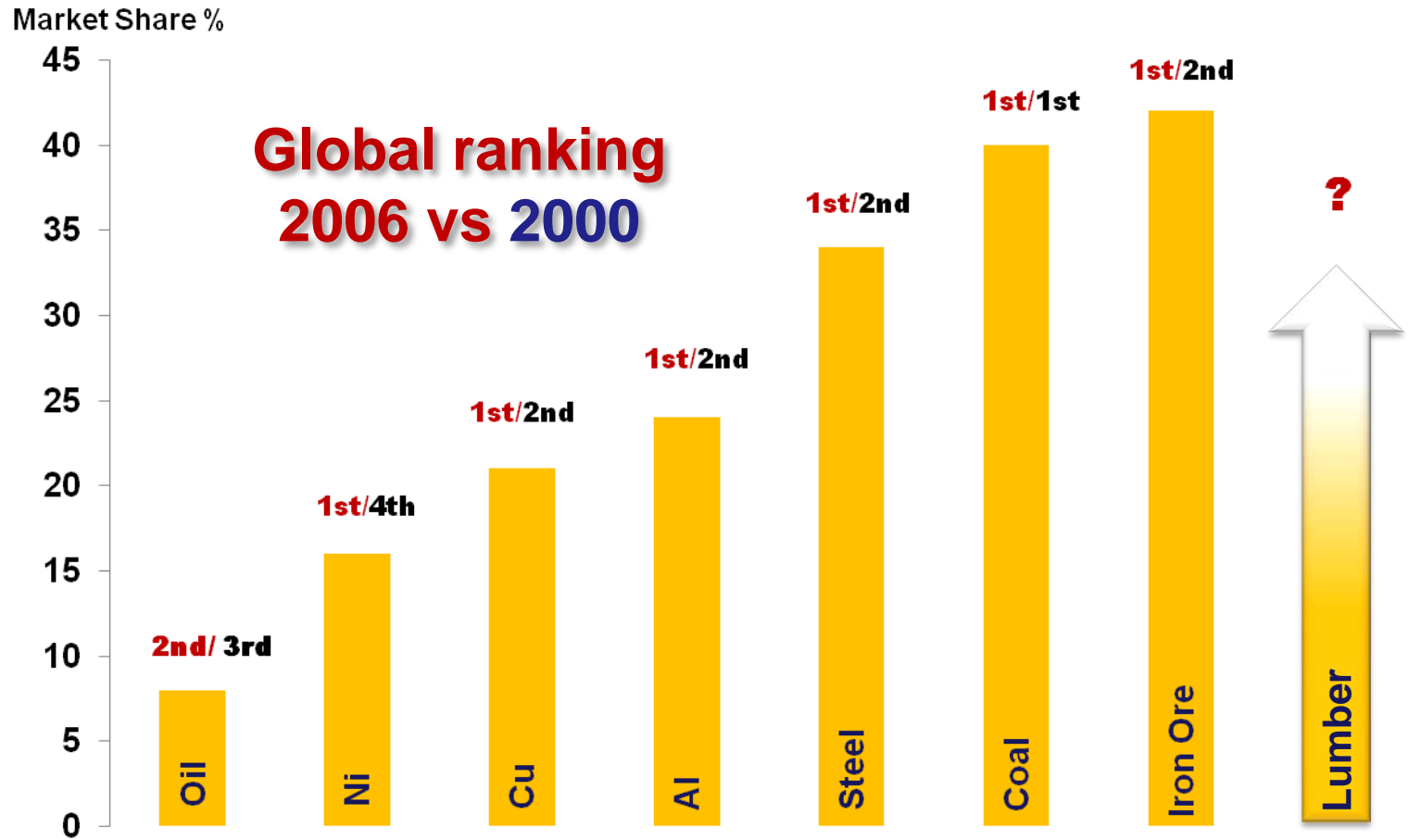


Data sources: Random Lengths; U.S. Census Bureau



China – Dominant Consumer of Commodities

Chinese Demand as Share of Global Consumption



Source: WBMS, Barlow Jonker, IEA, PB / USGS/Canfor



Optimistic about the future

- ❑ **U.S. lumber market will recover**
- ❑ **Continued growth in Asia**
- ❑ **Constraints facing global fibre supply**
- ❑ **Supply/demand imbalance points to improved global lumber prices**





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