

Canfor Corporation

Thomas Sitar – Vice President, Finance and CFO
CIBC World Markets – Whistler Institutional Investor Conference
January 20, 2011





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.



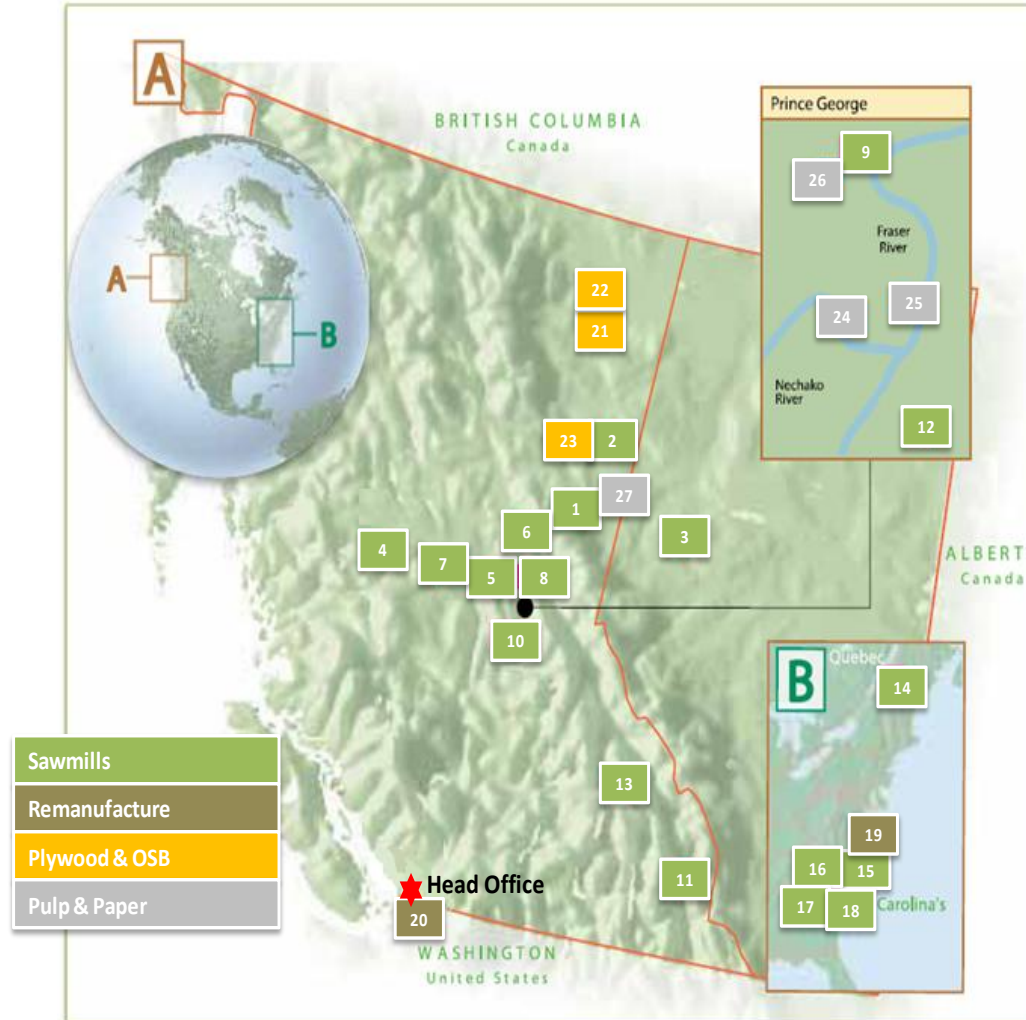
Canfor Operations

Core Holdings

- 14 sawmills in Canada (4.3 Bfbm)
- 4 sawmills in US (0.6 Bfbm)
- 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

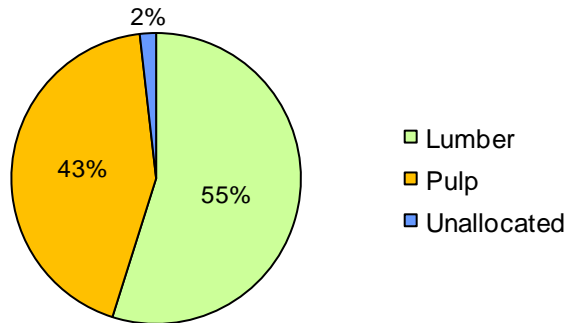


	Locations
1	Chetywnd
2	Ft. St. John
3	Grand Prairie, AB
4	Houston
5	Isle Pierre
6	Mackenzie
7	Plateau
8	Polar
9	Prince George
10	Quesnel
11	Radium
12	Rustad
13	Vavenby
14	Daaquam, QC
15	Darlington, SC
16	Graham, NC
17	Conway, SC
18	Camden, SC
19	Marion, SC
20	Bellingham, WA
21	Tackama
22	PolarBoard
23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

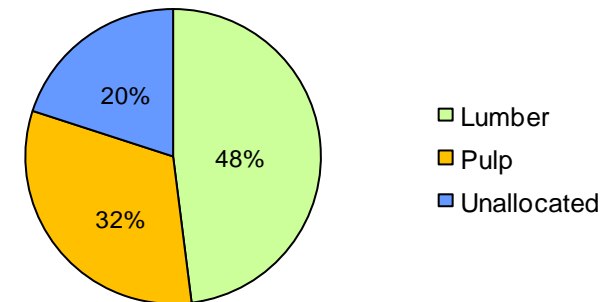


Canfor Overview

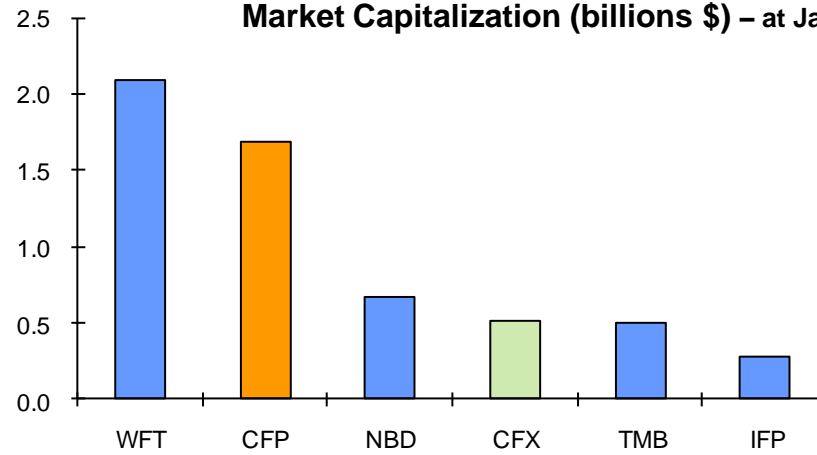
2009 Revenues (\$2.1 billion)



Assets (\$2.7 billion)

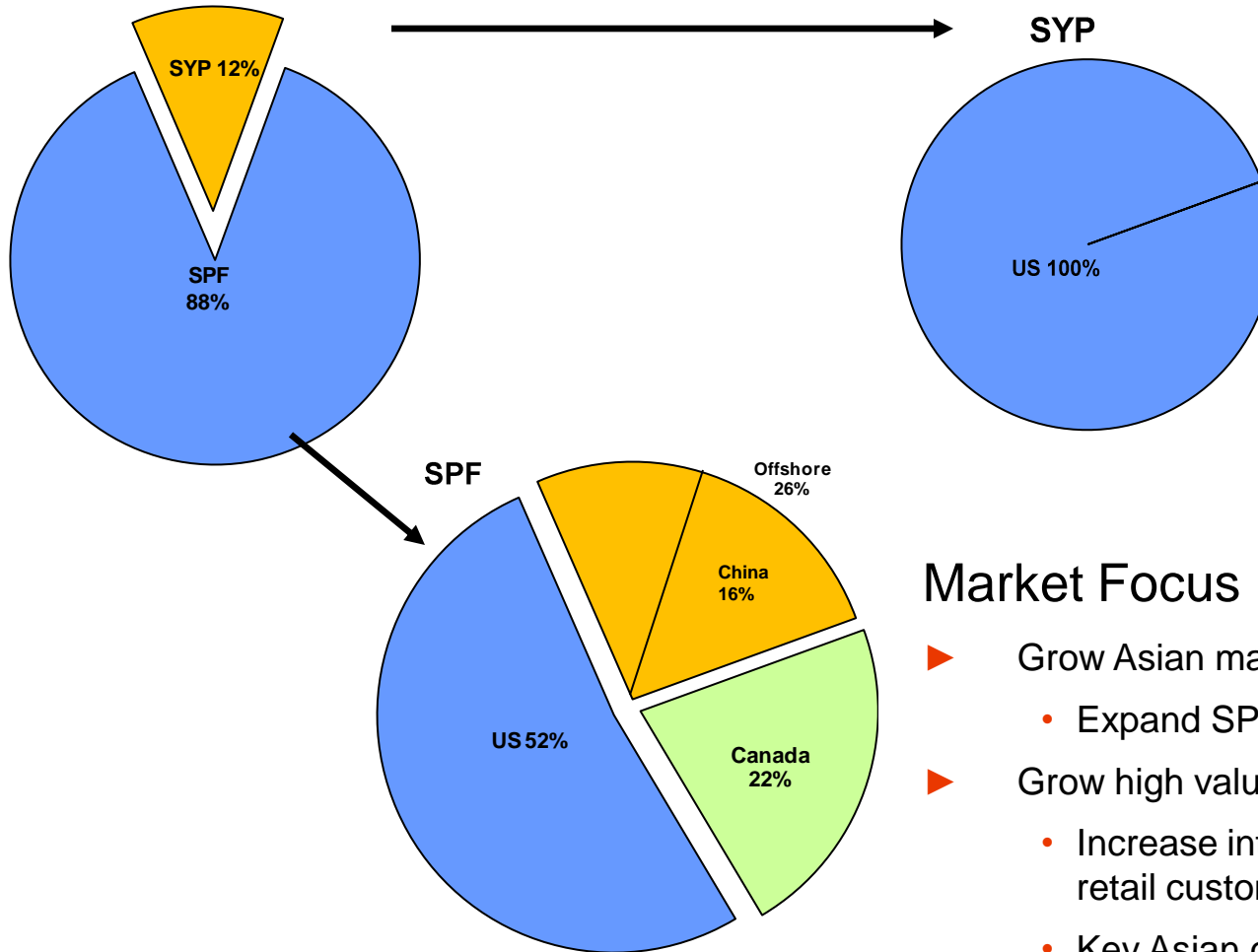


Market Capitalization (billions \$) – at January 14/11





Our Markets - Lumber



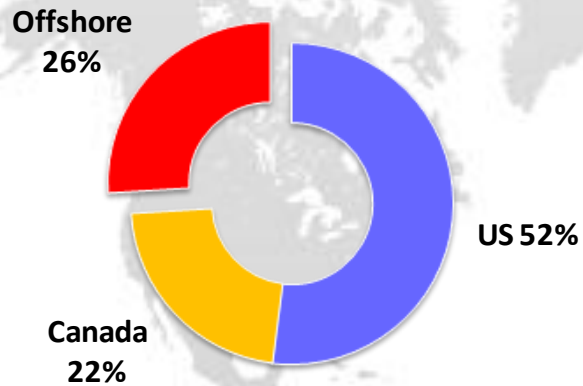
Market Focus

- ▶ Grow Asian markets
 - Expand SPF uses in China
- ▶ Grow high value customers
 - Increase integration with U.S. retail customers
 - Key Asian customers

Represents September 2010 YTD volumes

Geographic Market Diversification (SPF only)

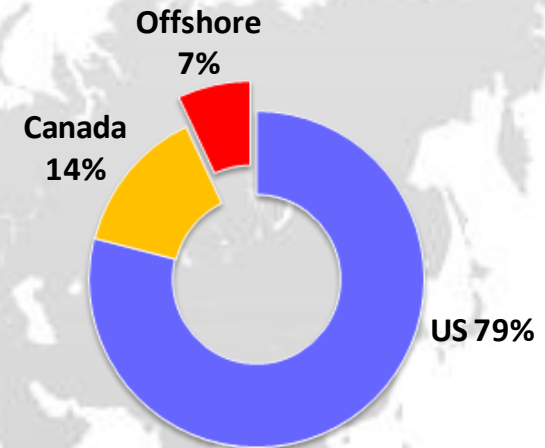
2010 Estimate (2.8 Bfbm)



Offshore Markets

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

2005 (5.1 Bfbm)



Offshore Markets

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



Customer Centric

Product Offerings

**Offshore
Premium**



**Home Centre
Grade**



**Construction
Grade**

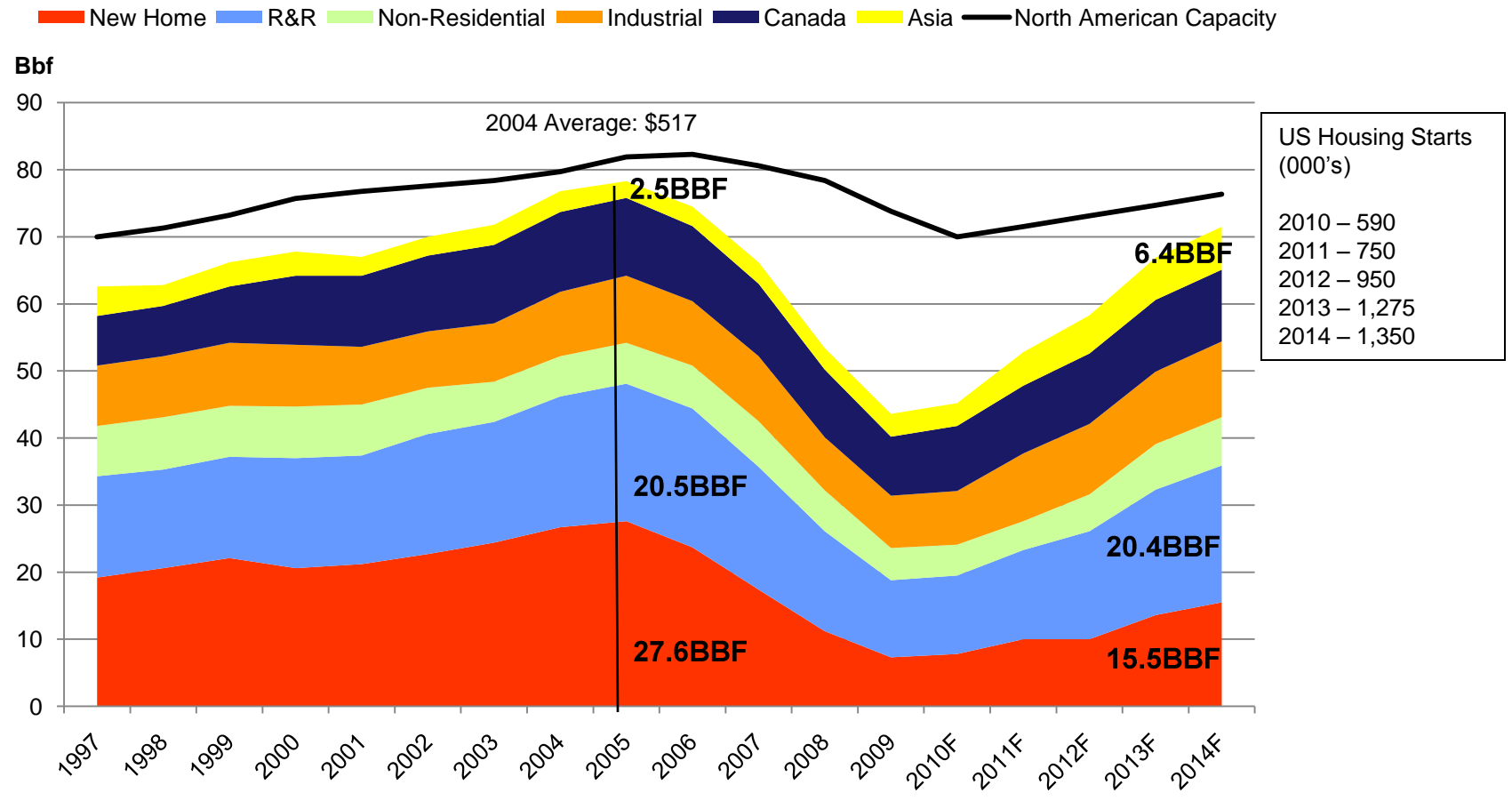


**Reman
Grade**





North American Supply and Demand - Lumber



Source: Woodbridge Associates Inc., Company Estimates, USDA
 Capacity growth rate estimated at 2.2% based on historic figures

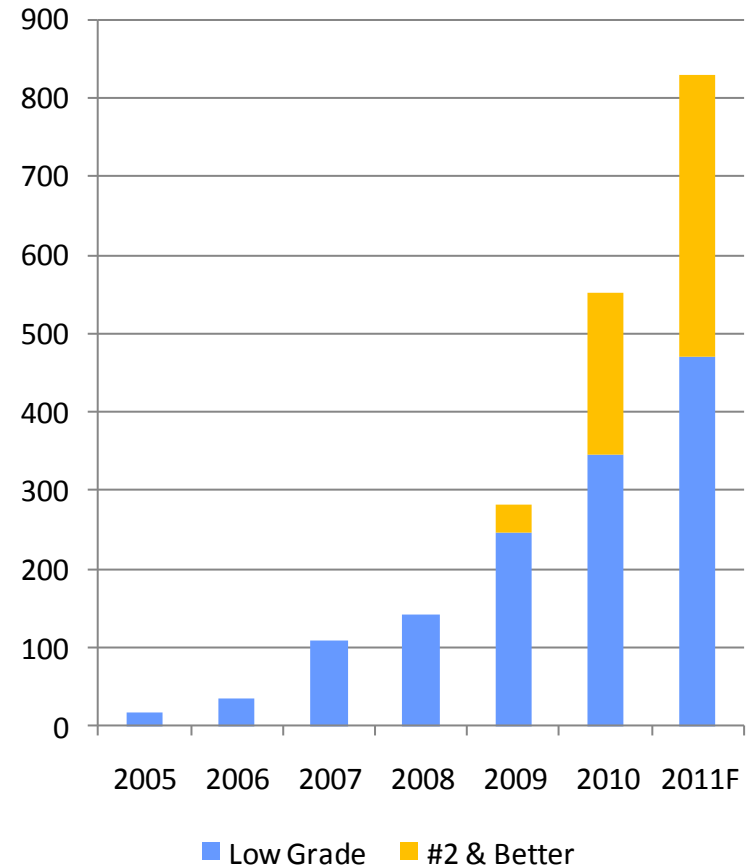


Canfor Shipments to China



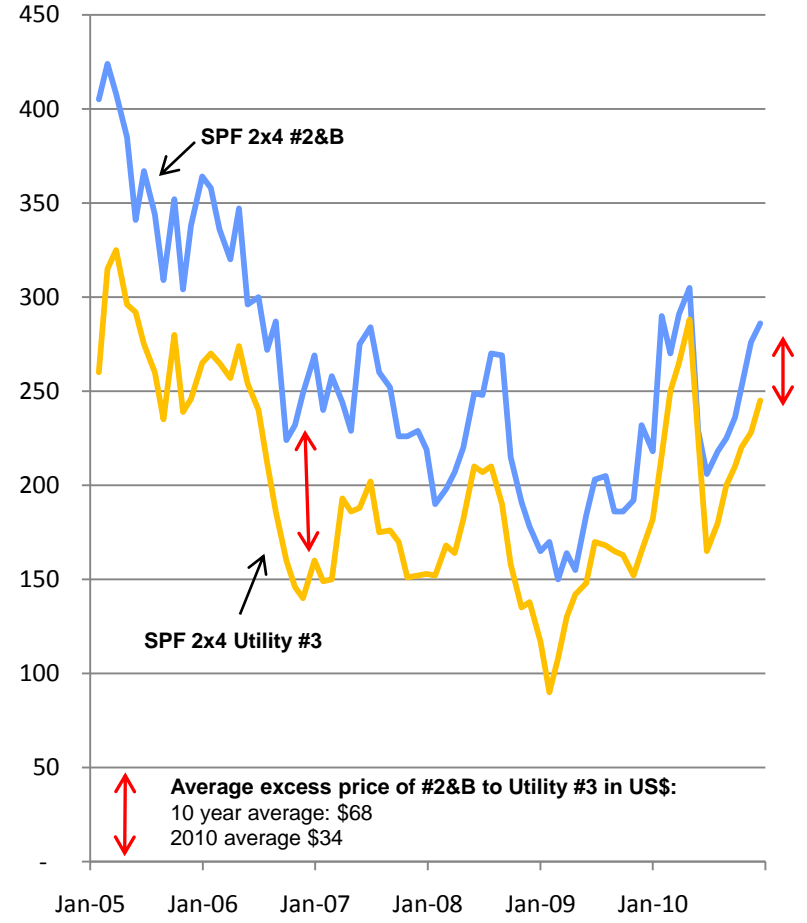
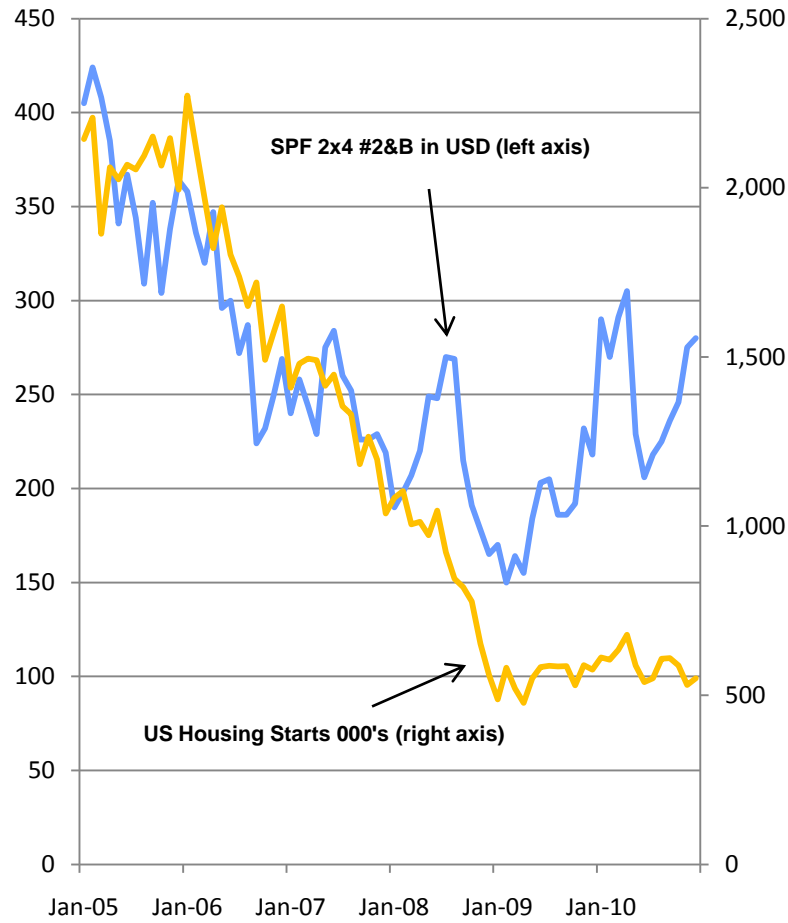
- ▶ Long term commitment to China
- ▶ Building codes are now more conducive to wood frame construction (“WFC”)
- ▶ Establishing 2 x 4 for the emerging WFC housing sector

Mmfbm





Market Price Compression and the “China Effect”



China – Opportunities



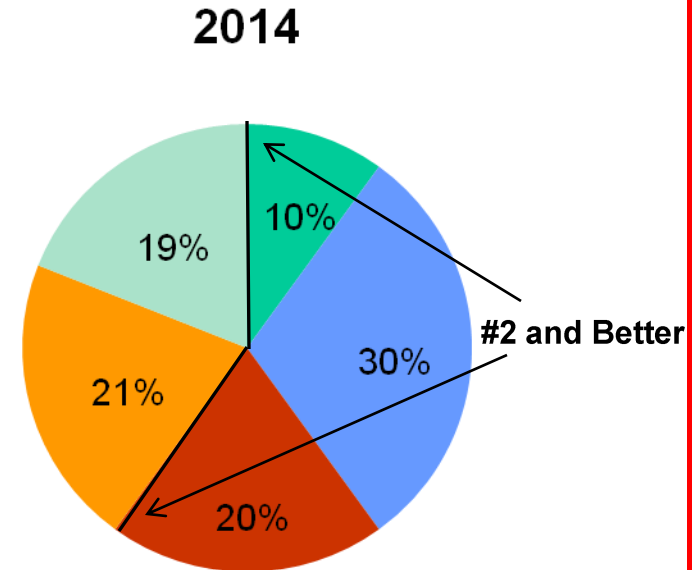
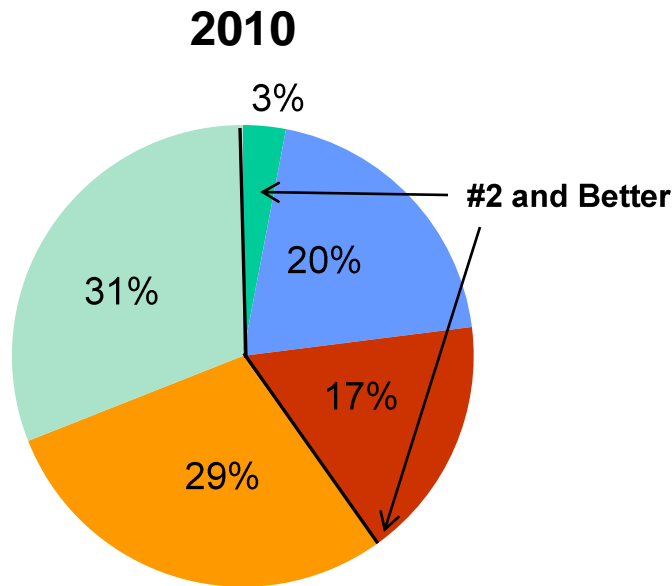
- Affordable high density multi-story hybrid dwellings
 - Residential
 - Commercial
 - Public buildings
- 6 story & under
 - Interior / exterior in-fill
 - Roofs
- 7 – 18 story
 - Interior in-fill walls
- Low-density wood frame dwellings
 - Villas / 2-3 story townhomes
 - Single family / farm houses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

Why?

- Senior government support
- Competitive with concrete
- Building codes in place
- Quality assurance
- Seismic performance
- Green housing / carbon reduction



China – End Uses (Current and Projected)



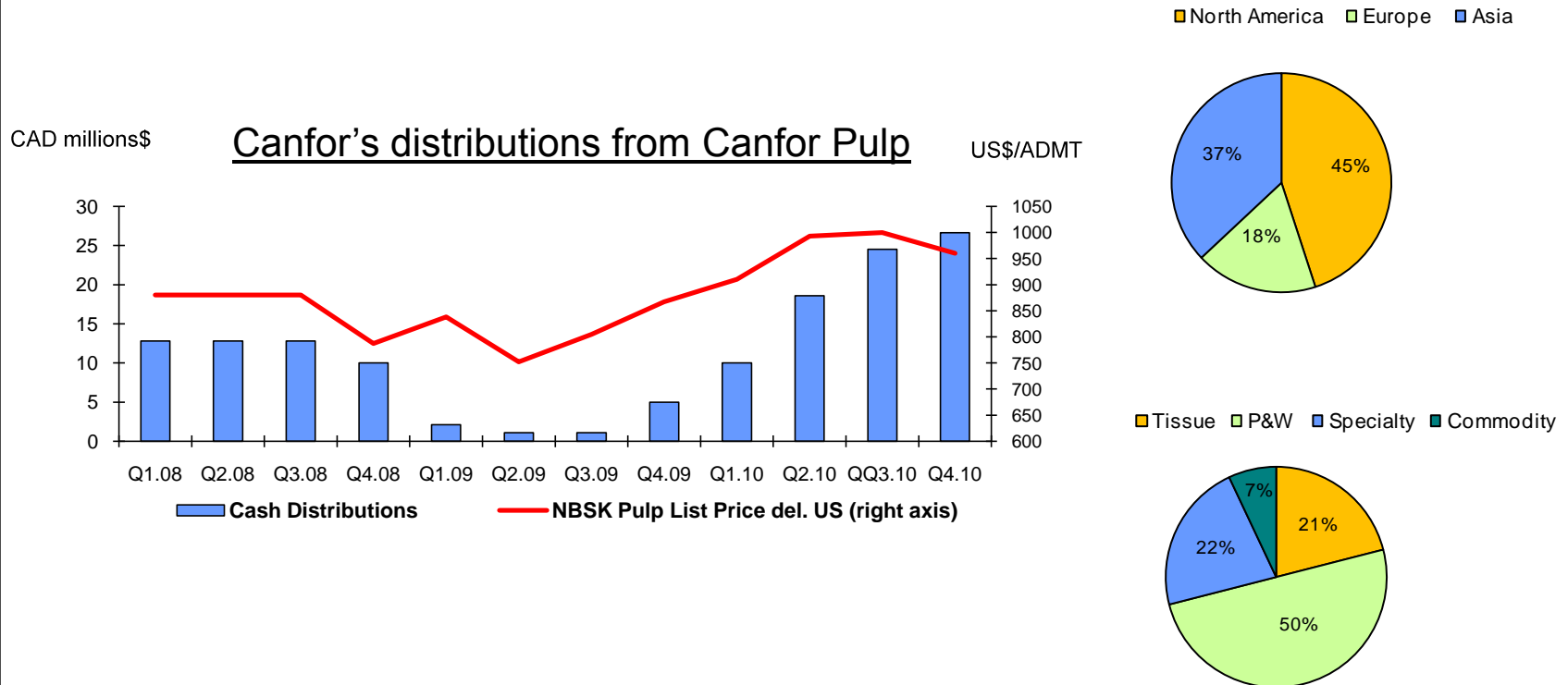
- House Construction (#2&Btr.) – Interior and Exterior Walls, Trusses, Concrete Forms, Scaffolding
- Industrial Remanufacturing (#2&Btr.) – Pallets, Crates, Flooring, Furniture
- Site Construction (#2&Btr.) – Concrete Forms, Scaffolding
- Site Construction (Utility #3) – Concrete Forms, Scaffolding
- Industrial Remanufacturing (Utility #3) – Pallets, Crates, Flooring, Furniture

Source: Woodbridge Associates Inc. and Company Estimates



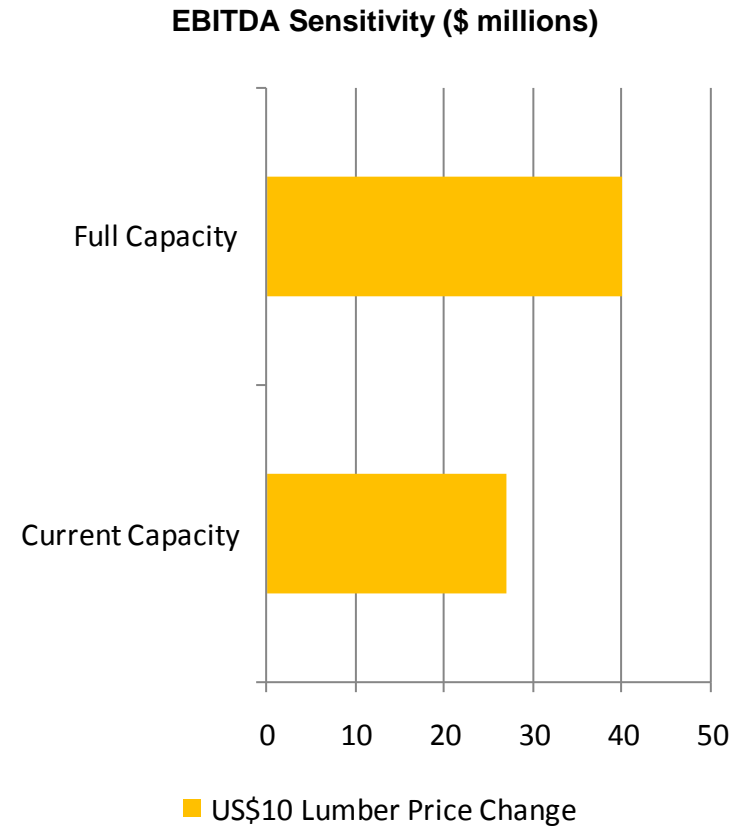
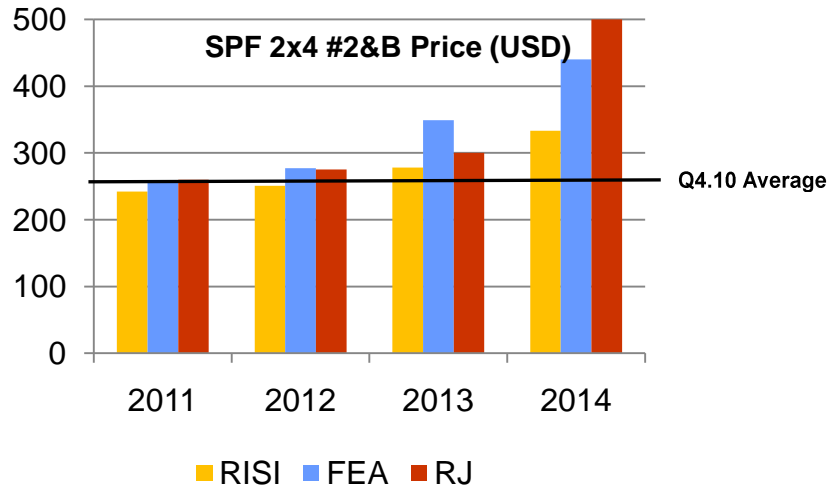
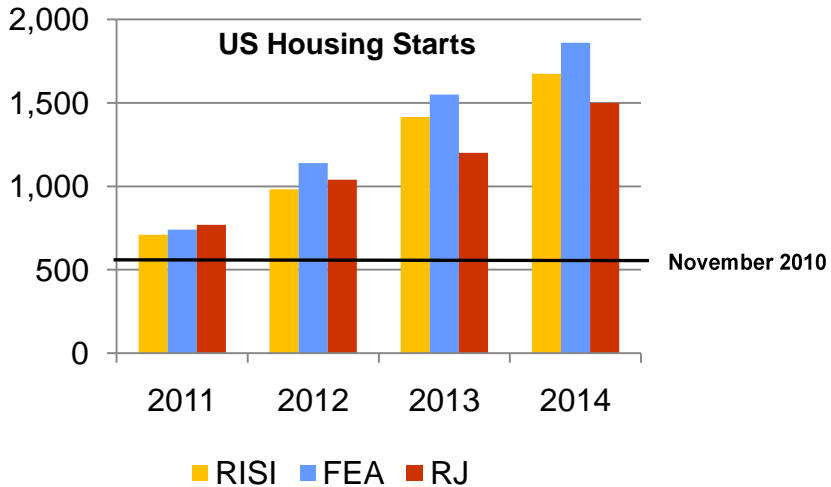
Canfor Pulp

- ▶ Controlling interest in Canfor Pulp Limited Partnership
- ▶ 2010 declared cash distributions of \$92 million
- ▶ NBSK pulp markets remain tight (high prices)





Leveraged to a Lumber Market Recovery





Optimistic about the future

- ▶ U.S. lumber market will recover
- ▶ Continued growth in Asia
- ▶ Constraints facing global fibre supply
- ▶ Improving lumber prices
- ▶ Supply/Demand metrics point to lumber shortage in the future



Appendix





Capitalization and Liquidity (as at September 30, 2010)

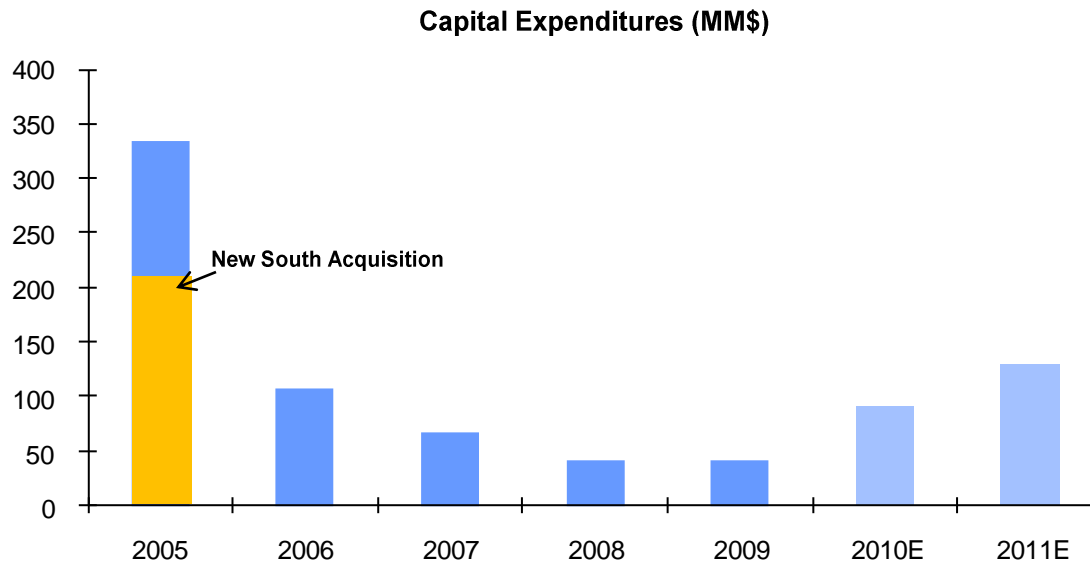
All information excludes CPLP

Long Term Debt				\$ Millions		Liquidity			\$ Millions	
Senior Unsecured Notes	8.03%	2011	32	Syndicated credit facility	Oct 2013	350				
Senior Unsecured Notes	6.18%	2011	52	Other credit facilities	2011/12	48				
Senior Unsecured Notes	6.33%	2012	52	Outstanding Letters of Credit		(18)				
Senior Unsecured Notes	5.42%	2013	78	Cash balance		196				
<hr/>				Total		214	Net Liquidity		576	
Cash				196						
Shareholders' Equity				1,444						
Net Debt to Total Capitalization				1%						



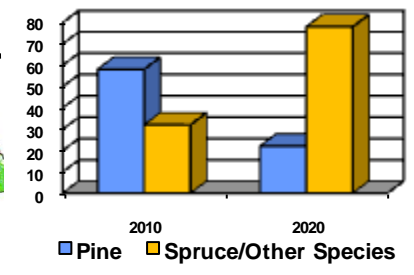
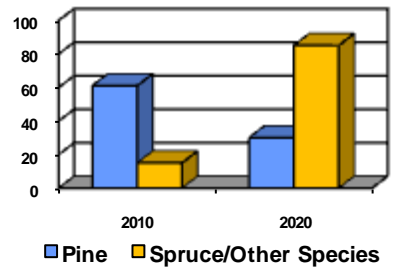
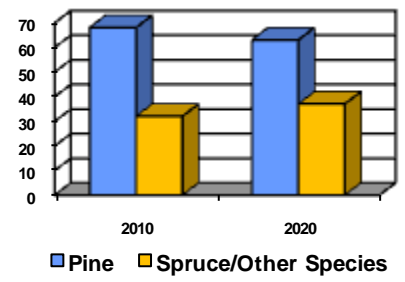
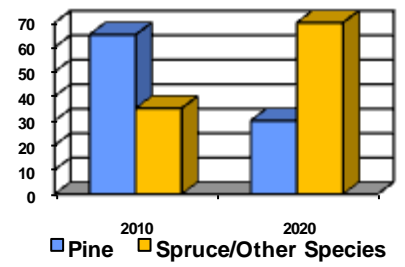
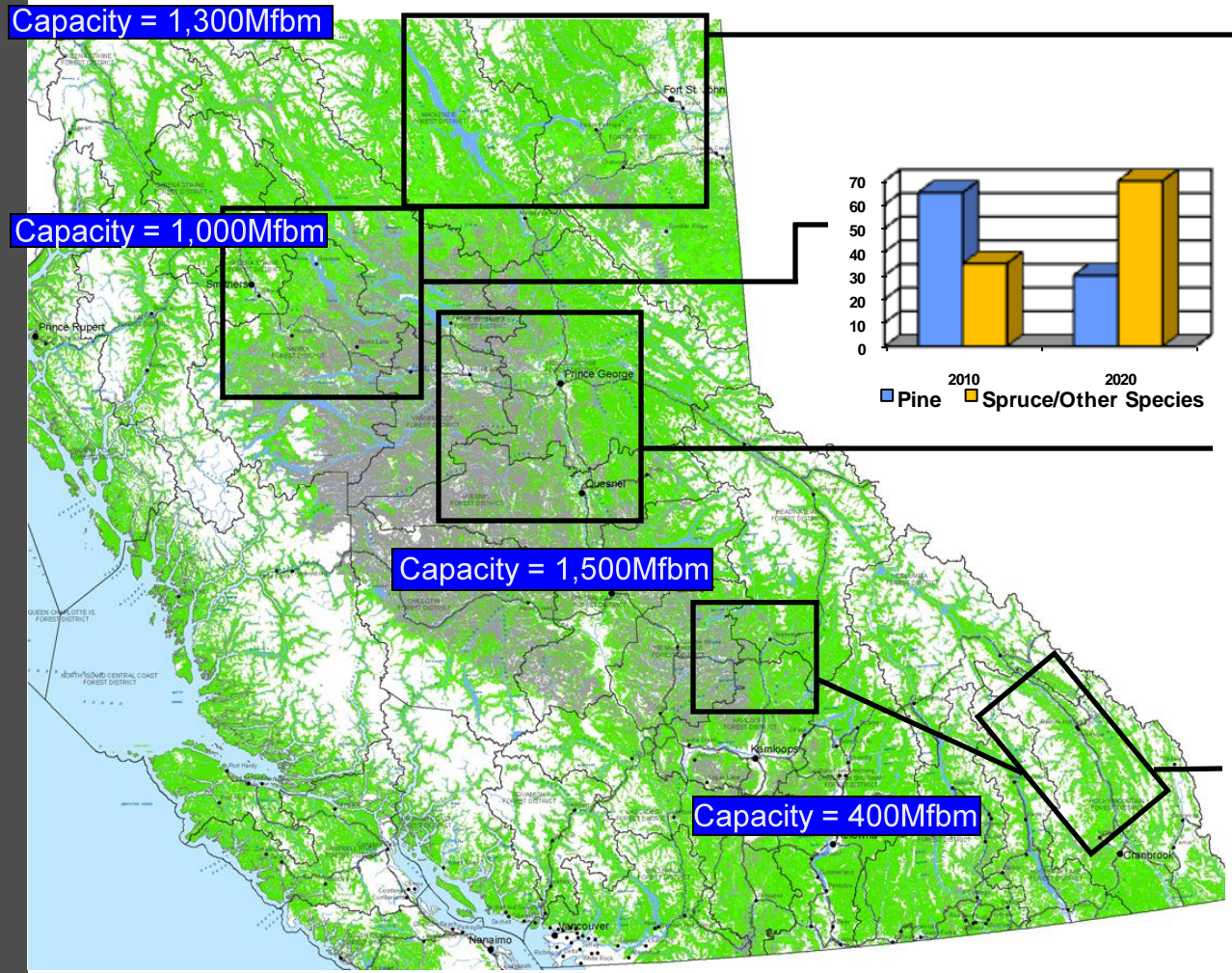
Capital Expenditures

- ▶ 2010 projected capital spend of \$90 million:
 - Maintenance capital - \$25 million
- ▶ 2011 projected capital spend - \$130 million
 - Mill modernization and cost reduction
 - Improvement projects have a high ROI (+ 20%)





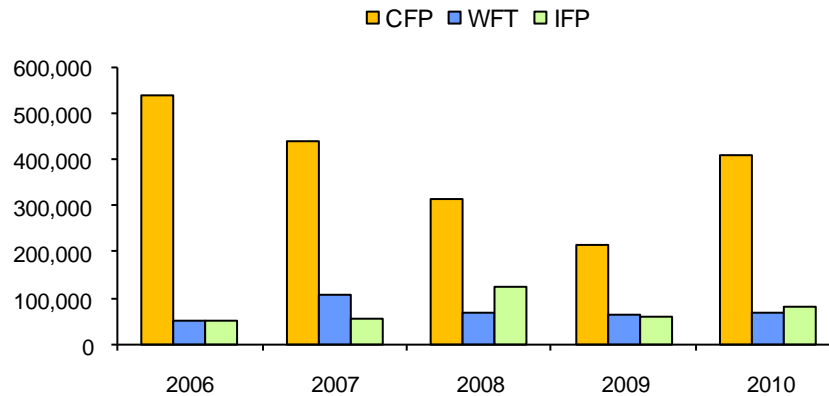
BC Fibre Outlook – Production Capacity



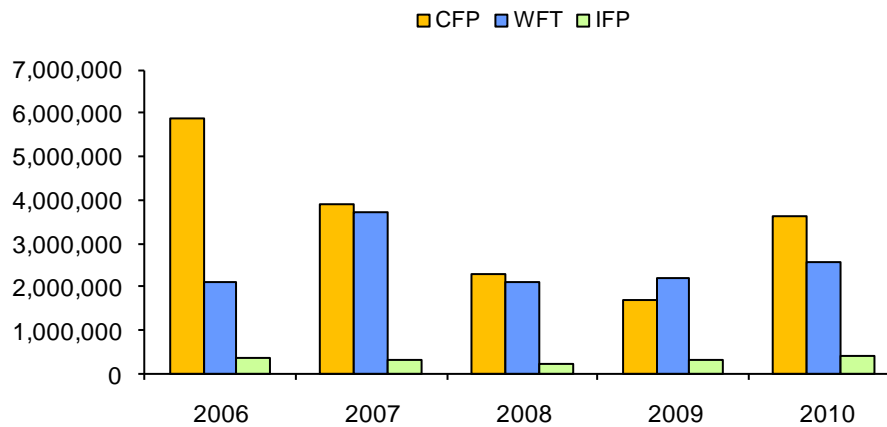


CFP Trading Liquidity

Average Daily Trading Volume (in shares)



Average Daily Trading Value (in \$)



Major Shareholders*

The Pattison Group	36%
Mackenzie Cundill	14%
Jarislowsky Fraser	12%

* As per public filings

Source: Bloomberg



Canfor Corporation

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TSX:CFP



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