

Canfor Corporation
Canfor Pulp Products Inc.



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, 2011 available at www.canfor.com or www.sedar.com.



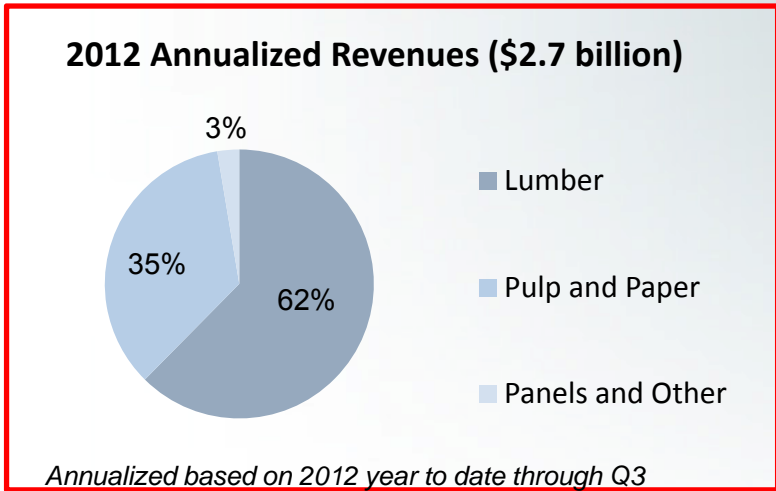
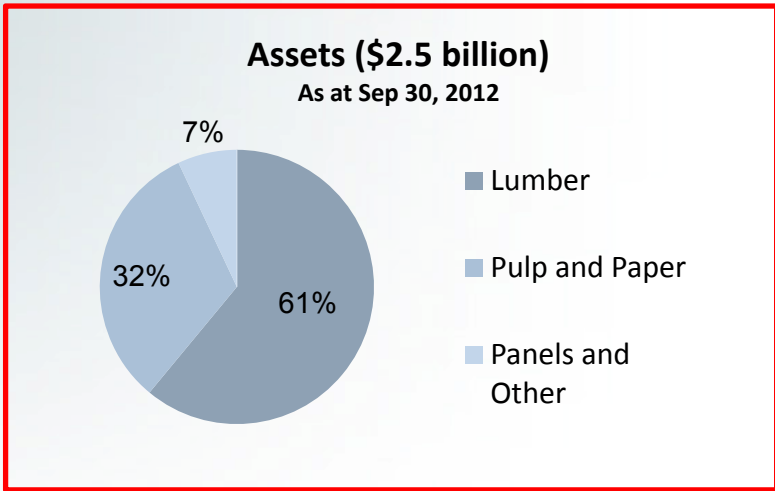
Canfor Corporation (CFP)

NORTH AMERICAN ROOTS WITH A GLOBAL VISION

Who We Are

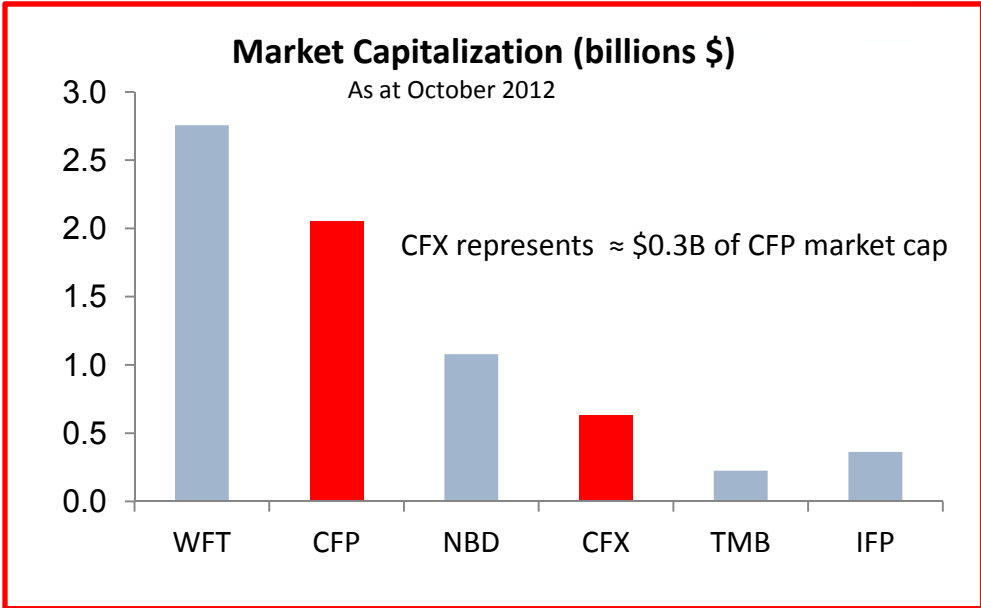
- 2nd largest global producer of softwood lumber
- 50.2% owner of Canfor Pulp Products Inc.
- Builder of market demand in the world's fastest-growing economies
- Company with a strong reputation for quality, customer service and excellence in logistics support
- Supplier of products the world wants – smart green solutions
- Top performer, anchored by an exceptional balance sheet





Key Facts

- 19 sawmills in Canada and the US (5 Bfbm of capacity)
- Controlling interest in 3 NBSK pulp mills through Canfor Pulp Products Inc. (1.1 million admt of capacity)
- 16 million m3 of annual log harvest



Overview

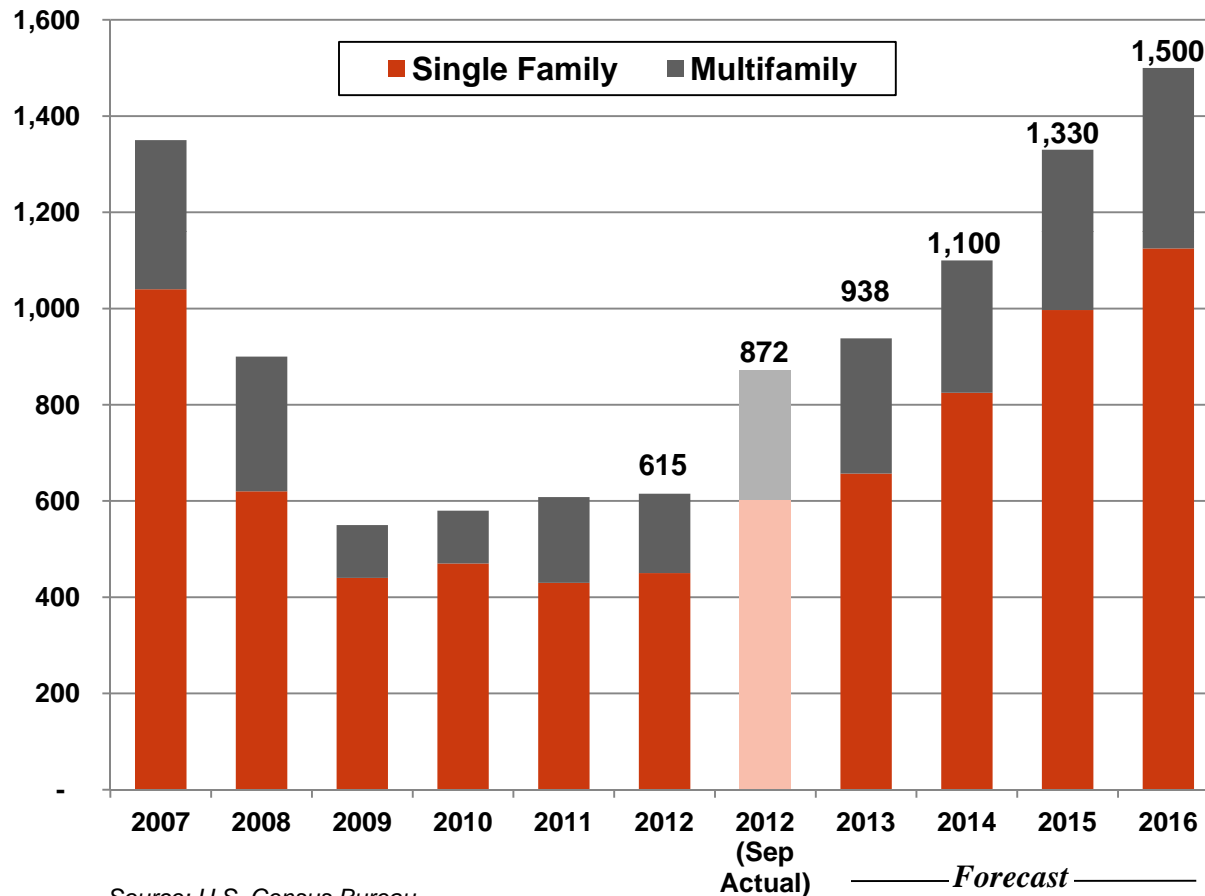


- US market demand slowly recovering, reflecting improved housing prices, pent up demand and falling unemployment; Canadian market continues to be steady and strong
- China shipments have increased in volume and value for 2012, despite the general economic slowdown; Japan demand for the highest quality lumber remains consistent
- Supply constraints in Canada will limit production upswing as markets recover; US supply response beginning but muted by permanent curtailments
- Global customer base is expecting significant future growth in demand and product quality
- Benefits of \$300 million capital program and Tembec strategic acquisition, upgrades are being realized
- Strategic growth targeted in strong fibre areas

U.S. Housing Starts Forecast



(Thousands of Units)



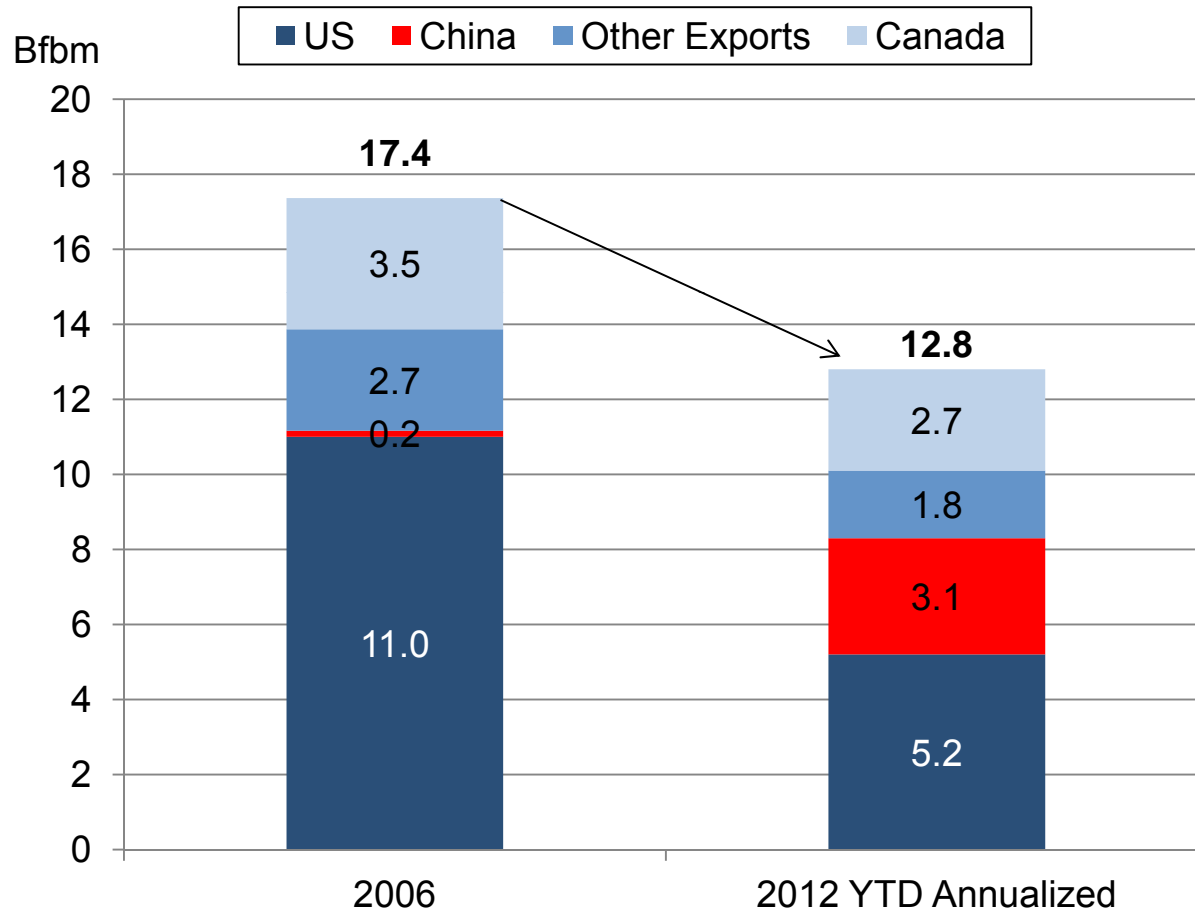
Source: U.S. Census Bureau

Note: Forecast for 2014-2016 based on analyst consensus forecast

Forecasts (000)	2012	2013
Moody's Analytics-Oct 9	800	1,100
Mesirow Financial- Oct 11	750	980
RBC-Sep 18	750	922
Mortgage Bankers-Sep 18	756	898
NAHB- Oct 9	751	903
Wells Fargo Oct 10	760	890
RISI-Oct 25	750	920
APA-Oct 17	770	905
FEA-Nov 8	<u>744</u>	<u>920</u>
Average	759	938

Source: APA (Oct Report)

BC Production & Exports – All Species



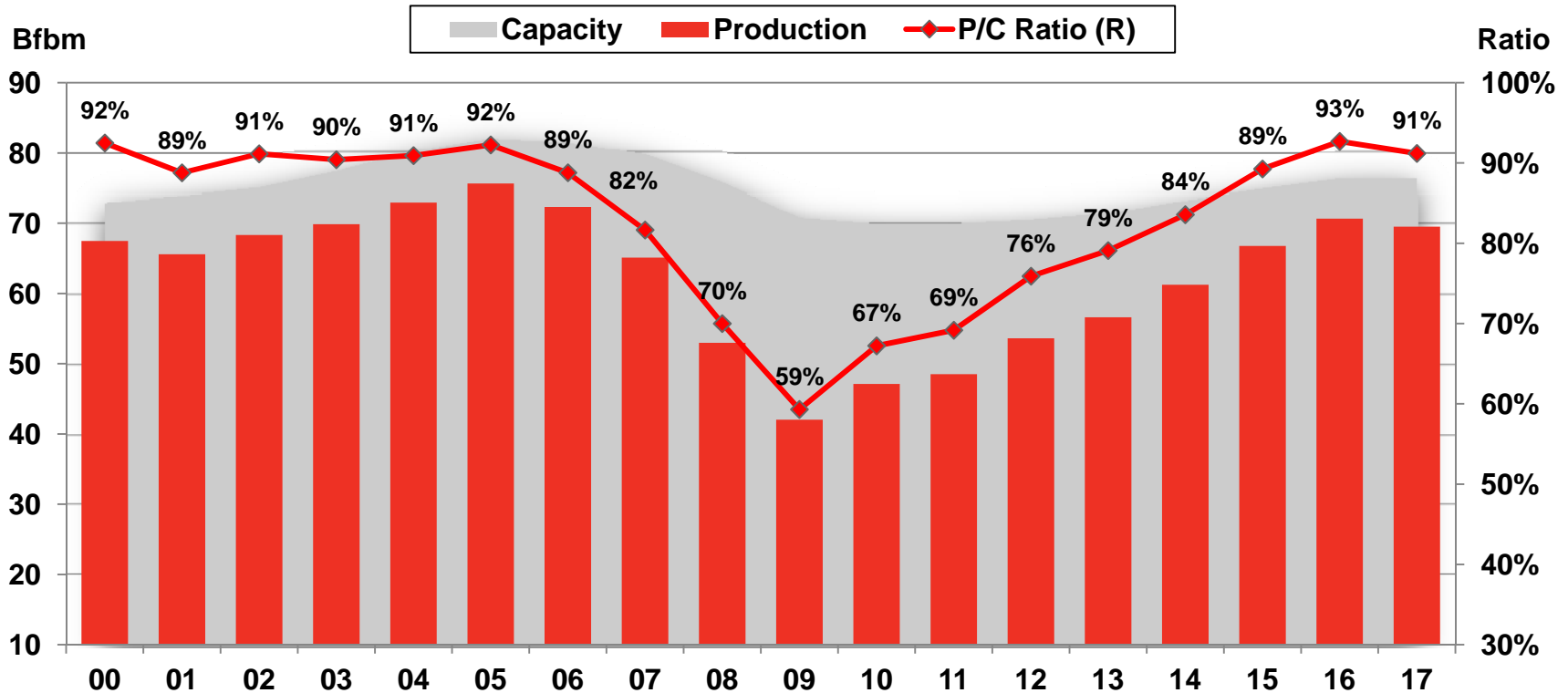
- Current production at 74% of 2006 levels
- Significant growth in offshore shipments partly offsetting weaker US demand
- Fibre constraints are projected to limit future increases in production

Source: U.S. Census Bureau / CMHC

North American Lumber Production versus Theoretical Capacity



P/C Ratio (%)	2012	2013	2014	2015	2016	2017
RBC	75	81	88	96	102	-
RISI	72	78	84	89	83	86
FEA	76	79	84	89	93	91



SOURCE: FEA

Sales Regions



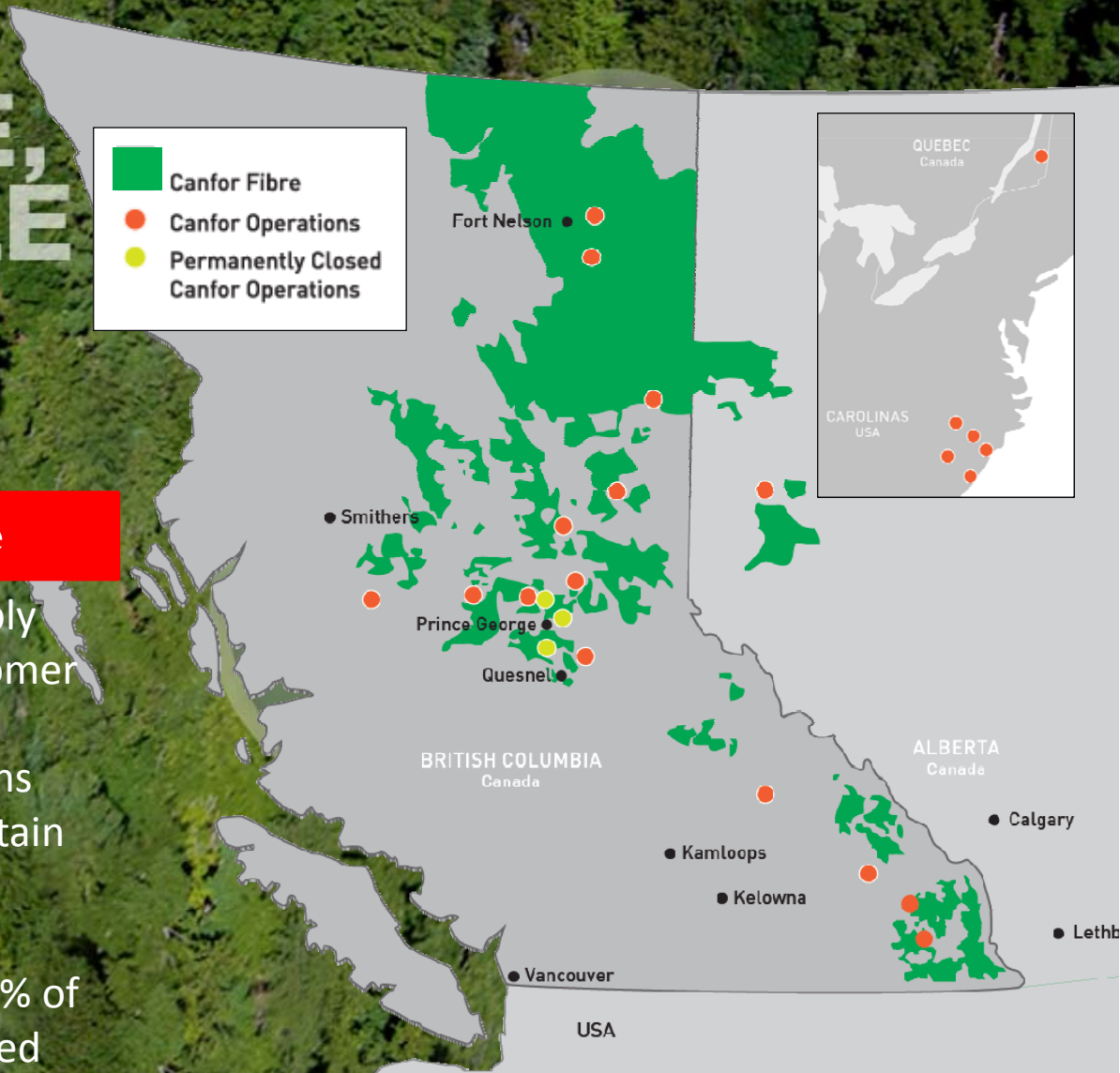
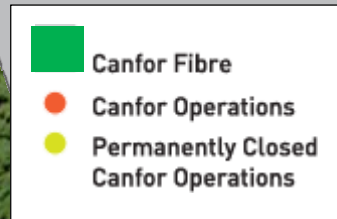
Canfor is aggressively building demand in the world's fastest growing economies, while maintaining our commitment to our valued customers.

- **North America:** US market continues to be our largest, representing 45% of SPF sales; Market demand and pricing are improving; Canada is a strong, steady market for 20% of our SPF production.
- **China:** Continued growth in market volume and increased demand for higher value products, driven by a strong remanufacturing segment and steady demand from housing construction supporting significant urbanization.
- **Japan:** Mature, high value market with strong cultural tradition of wood construction that Canfor has served for more than 30 years.

VERSATILE, ADAPTABLE AND GREEN

Operations and Fibre

- Strong, sustainable fibre supply
- Fibre base supports our customer focused strategy
- Well capitalized mills in regions minimally impacted by mountain pine beetle
- Acquisition of Tembec tenure strengthens fibre security (75% of all Canfor fibre from committed tenure)





In Summary - CFP

- Improving demand signals in existing and emerging markets
- Canfor has aggressive and proven program of building markets, recognition of our products around the world
- Canfor well positioned to meet increasing global demand for premium products:
 - High quality, secure fibre supply
 - Low cost asset base realizing benefits of \$300 million capital program and strategic acquisitions
 - Committed to growth with our key customers

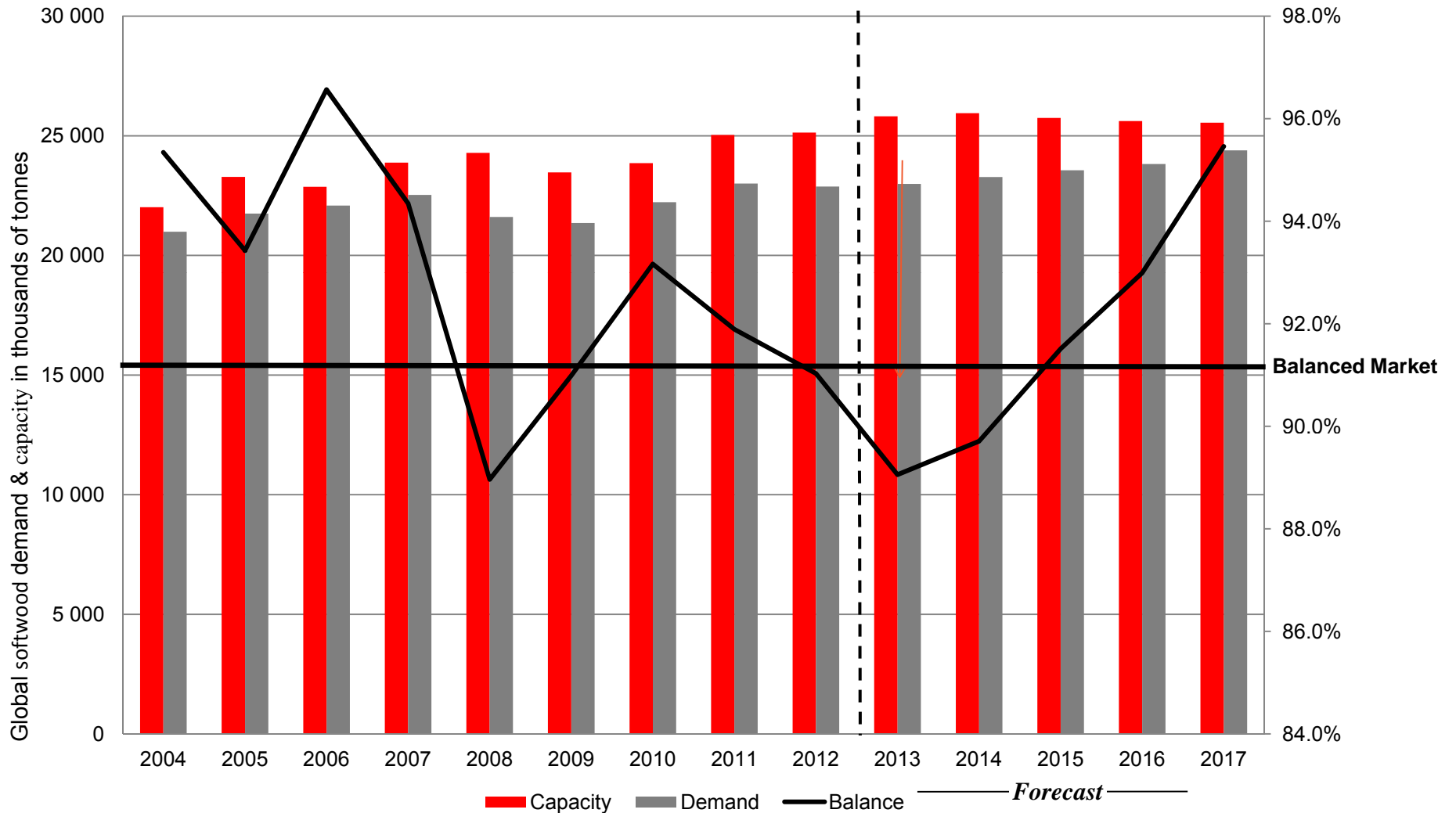
Canfor Pulp Products Inc. (CFX)



Canfor Pulp Overview

- 3 facilities located in close proximity within Prince George, BC
 - Well capitalized mill operations with stable, low cost fibre supply
 - Significant recent capital investment (~\$200M) preserving top quartile performance
 - Mills currently running at target levels after challenging Q3
 - Growing energy revenues from current and future high return capital investment
- Market pulp capacity of 1.1 million tonnes, kraft paper capacity of 140,000 tonnes
 - Fourth largest NSK producer in the world
- Market conditions expected to remain fairly challenging in the near term
- Marketing focus on premium product sales to high quality customers

Softwood Operating Rates



Source: PPPC – Sept 2012

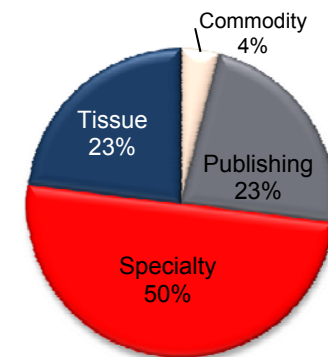
Diversified Customer Base



▶ Targeting customers that need reinforcing pulp

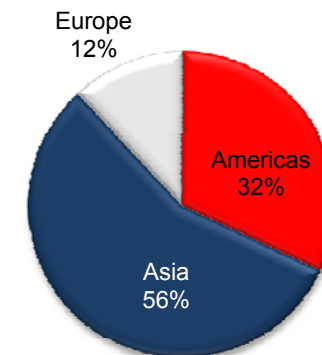
- Specialty
 - Décor, Masking tape base, Abrasive backing, Labels
- Publishing
 - Magazines / Catalogues
- Tissue
 - Branded top quality lightweight tissue
- Commodity
 - Photocopy paper

2012 End Uses



▶ Geographically diversifying sales

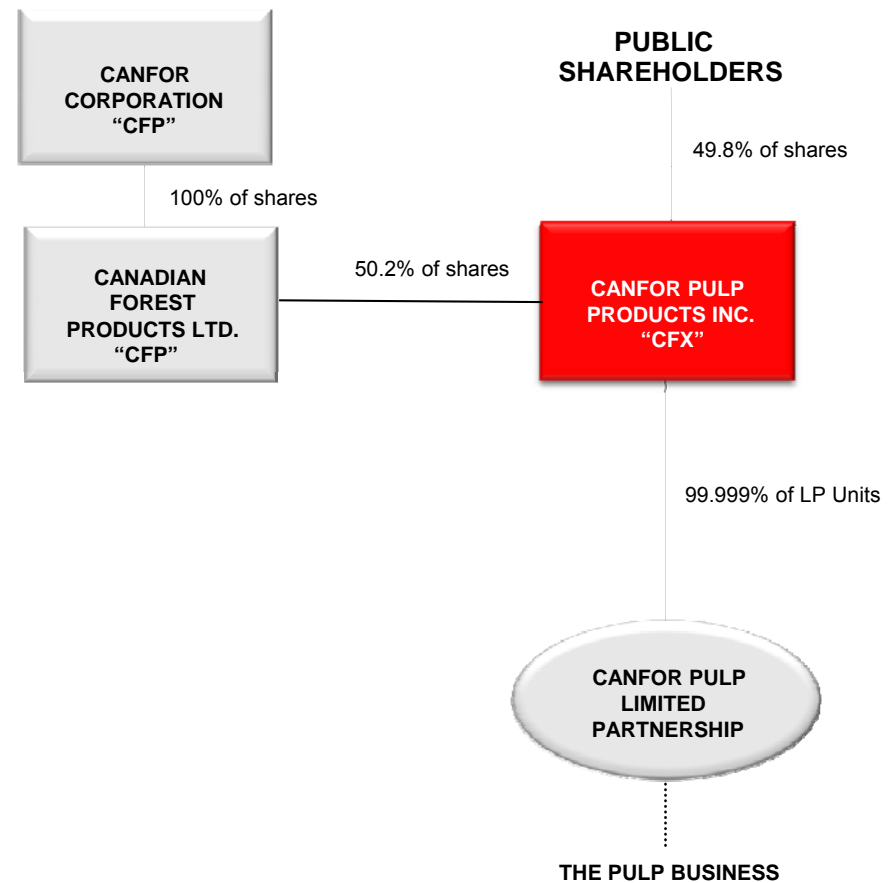
Sales Projected 2012



Recent Changes to Corporate Structure



- Canfor Corporation (“CFP”) converted its 50.2% interest in Canfor Pulp Limited Partnership to 50.2% of the shares of Canfor Pulp Products Inc. (“CFX”), in March 2012
- Tax benefits from partnership structure ceased, effective 2011
- A majority of CFX board members are selected by CFP
- Consolidation of certain functions within CFP and CFX (fibre, transportation, finance and administration) undertaken starting in August 2012 to capitalize on significant synergies
- Non-CFP selected Board members of CFX approve non-arm’s length transactions between CFP and CFX (e.g. residual fibre contracts, various service agreements, cost allocations)





In Summary - CFX

- Softwood pulp markets projected to remain below balanced levels over the next 2 years
- Continued focus on development and expansion of premium product markets
- Low cost mill operations will be competitive throughout the cycle, boosted by recent capital spending; future capex principally focused on high return energy projects
- Significant synergies being realized from consolidation of certain key functions

These materials have been prepared by Management of the Company. No regulatory authority has approved or disapproved of the contents of these materials. These materials do not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company and shall not constitute an offer, solicitation or sale of the Company's securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Securities of the Company may not be offered or sold in the United States absent their prior registration or qualification or an applicable exemption from the applicable registration or qualification requirements.

Investor Contacts

TSX Ticker: CFP, CFX



Contacts:

Alan Nicholl – Senior Vice President, Finance and CFO

Alan.Nicholl@canfor.com

604-661-5370

Pat Elliott - Vice-President & Treasurer

Patrick.Elliott@canfor.com

604-661-5441

