

For Immediate Release

CANFOR ANNOUNCES CAPITAL INVESTMENTS IN GRANDE PRAIRIE AND PRINCE GEORGE SAWMILL OPERATIONS

July 28, 2011 – Vancouver, B.C. – Canfor Corporation (TSX:CFP) announced today that, following a review with its Board of Directors, the Company will be proceeding with capital improvement projects totaling \$46.7 million at its Grande Prairie, Alberta facility and at the Prince George Sawmill in British Columbia.

In Grande Prairie, investments include the purchase of a cogeneration facility from TransAlta and a planer upgrade. A planer upgrade at Prince George Sawmill was also included in the approved capital investment package.

The projects are part of a capital spending plan for 2011 totaling \$140 million, and a three year strategic plan that calls for total investment in sawmill improvement projects of \$300 million.

“We are continuing to invest significantly in modernizing our Canadian facilities” said Don Kayne, Canfor President and CEO. “Going forward, our capital investment program will continue to enhance productivity and cost performance.”

Forward Looking Statements

Certain statements in this press release constitute “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. Words such as “expects”, “anticipates”, “projects”, “intends”, “plans”, “will”, “believes”, “seeks”, “estimates”, “should”, “may”, “could”, and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and the Company assumes no obligation to update such information to reflect later events or developments, except as required by law.

Canfor is a leading integrated forest products company based in Vancouver, British Columbia (BC) with operations in BC, Alberta, Quebec, Washington state, and North and South Carolina. The Company produces primarily softwood lumber and also produces oriented strand board (OSB), remanufactured lumber products and specialized wood products. Canfor also owns a 50.2% interest in Canfor Pulp Limited Partnership, which is one of the largest producers of northern softwood kraft pulp in

Canada and a leading producer of high performance kraft paper. Canfor shares are traded on the Toronto Stock Exchange under the symbol CFP.

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For further information, please contact:

Media Contact:

Christine Kennedy
Director, Public Affairs &
Corporate Communications
Direct line (604) 661-5225
Christine.Kennedy@canfor.com

Investor Contact:

Pat Elliott
Vice President and Treasurer
Direct line (604) 661-5441
Patrick.Elliott@canfor.com