

For Immediate Release

CANFOR ANNOUNCES PERMANENT CLOSURE OF RUSTAD AND TACKAMA OPERATIONS

December 5, 2011, VANCOUVER, BRITISH COLUMBIA, CANADA – After a lengthy indefinite shut that followed the collapse of the United States residential housing market in 2008, Canfor Corporation (TSX:CFP) has decided to close its historic Rustad Sawmill in Prince George, British Columbia and Tackama Mill in Fort Nelson, British Columbia.

Canfor has determined that the capital investment needed to bring the Rustad facility up to globally competitive operating standards is prohibitive. The company has instead focused a \$300 million, 3-year capital investment plan on other facilities where smaller amounts of capital spending can realize significant improvements in cost performance and capacity.

Canfor acquired the Rustad Sawmill in 1999, and operated the facility for 10 years until slowing US lumber demand forced operations to cease in 2009. To that point, the mill had been in continuous operation for 62 years. The Tackama operation in Fort Nelson was part of Canfor's 2004 acquisition of Slocan Forest Products, and at the time was BC's largest plywood facility.

Although the decision has been made to cease manufacturing operations at these locations, Canfor is proud to have been part of the impressive legacy both plants had in their communities. Further information will be available over the next several weeks on plans to repurpose portions of the Rustad site for trades training and education.

"Canfor remains fully committed to the BC Interior, the communities of Prince George and Fort Nelson and to our employees" said CEO Don Kayne. "The Province of British Columbia, Government of Canada and BC forest industry are seeing tremendous success in the joint effort to develop new markets for BC wood products throughout the Asia Pacific. We believe that demand for green, environmentally sustainable building materials will continue to grow in our core United States market and around the world, and that a bright and prosperous future is ahead for the BC forest sector and forest communities."

Rustad and Tackama employees will receive statutory payments and severance as negotiated with the United Steelworkers.

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, bleached chemi-thermo-mechanical pulp 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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