Canfor Corporation

Thomas Sitar – Vice President, Finance and CFO
RBC Capital Markets - Paper, Packaging & Forest Products Conference
November 30, 2010
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. Daquam, 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
Canfor Overview

2009 Revenues ($2.1 billion)

- Lumber: 55%
- Pulp: 43%
- Unallocated: 2%

Assets ($2.7 billion)

- Lumber: 48%
- Pulp: 32%
- Unallocated: 20%

Market Capitalization (billions $) – at November 22/10

- WFT
- CFP
- CPLP
- NBD
- TMB
- IFP
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)
- **US**: 52%
- **Canada**: 22%
- **Offshore**: 26%

### Offshore Markets
- **China**: 16%
- **Japan**: 8%
- **Korea/Other Asia**: 2%

### 2005 (5.1 Bfbm)
- **US**: 79%
- **Canada**: 14%
- **Offshore**: 7%

### Offshore Markets
- **China**: 0.3%
- **Japan**: 6%
- **Korea/Other Asia**: 0.7%
North American Supply and Demand - Lumber

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

Product Offerings

- Offshore Premium
- Home Centre Grade
- Construction Grade
- Reman Grade
Canfor Lumber to China

- Long term commitment to China
- Building codes are now more conducive to wood frame construction ("WFC")
- Increasing use of #2&Better grade in emerging WFC housing sector
Market Price Compression and the “China Effect”

Average excess price of #2&B to Utility #3 in US$:
- 10 year average: $68
- 2010 average: $34
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)

2010
- 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

2014
- 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

Source: Woodbridge Associates Inc. and Company Estimates
Canfor Pulp

- Controlling interest in Canfor Pulp Limited Partnership
- 2010 estimated declared cash distributions of $81 million*
- NBSK pulp markets are currently balanced
- Low cost mills

* Assumes current monthly distribution of $0.25 continues for the remainder of 2010
Leveraged to a Lumber Market Recovery

**U.S. Housing Starts**
- 2011: 400
- 2012: 500
- 2013: 1,000
- 2014: 1,500

- October 2010

**SPF 2x4 #2&B Price (USD)**
- 2011: 200
- 2012: 250
- 2013: 300
- 2014: 400

- Q3.10 Average

**EBITDA Sensitivity (C$ millions)**
- Full Capacity: 35
- Current Capacity: 30

**US$10 Lumber Price Change**
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
Canfor Corporation

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.

TSX:CFP

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Appendix
BC Fibre Outlook – Production Capacity

Capacity = 1,300Mfbm

Capacity = 1,000Mfbm

Capacity = 1,500Mfbm

Capacity = 400Mfbm
Projecte Reduction in British Columbia Harvest Levels

**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

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

**Average Daily Trading Volume (in shares)**

- CFP
- WFT
- IFP

**Average Daily Trading Value (in $)**

- CFP
- WFT
- IFP

**Major Shareholders**

- The Pattison Group 35%
- Jarislowsky Fraser 15%
- Mackenzie Cundill 14%

*As per public filings

Source: Bloomberg
Capital Expenditures

- 2010 projected capital spend of $95 million:
  - Maintenance capital - $20 million
- 2011 projected capital spend - $140 million
  - Mill modernization and cost reduction
  - Improvement projects have a high ROI (+ 20%)

![Capital Expenditures (MM$)](chart)

- New South Acquisition
## Capitalization and Liquidity
(As at September 30, 2010)

### Long Term Debt

<table>
<thead>
<tr>
<th>Description</th>
<th>Interest Rate</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Unsecured Notes</td>
<td>8.03%</td>
<td>2011</td>
<td>32</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>6.18%</td>
<td>2011</td>
<td>52</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>6.33%</td>
<td>2012</td>
<td>52</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>5.42%</td>
<td>2013</td>
<td>78</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>214</td>
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### Liquidity

<table>
<thead>
<tr>
<th>Description</th>
<th>Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Syndicated credit facility</td>
<td>Oct 2013</td>
<td>350</td>
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<tr>
<td>Other credit facilities</td>
<td>2011/12</td>
<td>48</td>
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<tr>
<td>Outstanding Letters of Credit</td>
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<td>(18)</td>
</tr>
<tr>
<td>Cash balance</td>
<td></td>
<td>196</td>
</tr>
<tr>
<td><strong>Net Liquidity</strong></td>
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<td>576</td>
</tr>
</tbody>
</table>

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*All information excludes CPLP*