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 adm t)

Non Core Holdings
- 50% interest - Peace Valley OSB plant
- 2 panel plants in BC – OSB & plywood
- 1 BCTMP pulp mill in BC
Canfor Overview

2009 Revenues ($2.1 billion)

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

Assets ($2.7 billion)

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

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

- WFT: 2.0
- CFP: 1.5
- NBD: 0.5
- CFX: 0.5
- TMB: 0.5
- IFP: 0.5
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: 26%
- Canada: 22%
- US: 52%

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

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

**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
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
- Industrial Remanufacturing (Utility #3) – Pallets, Crates, Flooring, Furniture

31% 29% 20% 17%

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
- Industrial Remanufacturing (Utility #3) – Pallets, Crates, Flooring, Furniture

19% 30% 20% 10%
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

US Housing Starts

- 2011: RISI, FEA, RJ
- 2012: RISI, FEA, RJ
- 2013: RISI, FEA, RJ
- 2014: RISI, FEA, RJ

November 2010

SPF 2x4 #2&B Price (USD)

- 2011: RISI, FEA, RJ
- 2012: RISI, FEA, RJ
- 2013: RISI, FEA, RJ
- 2014: RISI, FEA, RJ

Q4.10 Average

EBITDA Sensitivity ($ millions)

- Full Capacity
- Current Capacity

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
Appendix
### Capitalization and Liquidity (as at September 30, 2010)

*All information excludes CPLP*

<table>
<thead>
<tr>
<th>Long Term Debt</th>
<th>$ Millions</th>
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<tbody>
<tr>
<td>Senior Unsecured Notes 8.03%</td>
<td>2011</td>
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<tr>
<td>Senior Unsecured Notes 6.18%</td>
<td>2011</td>
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<tr>
<td>Senior Unsecured Notes 6.33%</td>
<td>2012</td>
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<tr>
<td>Senior Unsecured Notes 5.42%</td>
<td>2013</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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<tr>
<td><strong>Cash</strong></td>
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<td><strong>Shareholders’ Equity</strong></td>
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<tr>
<td><strong>Net Debt to Total Capitalization</strong></td>
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<table>
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<tr>
<th>Liquidity</th>
<th>$ Millions</th>
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<tr>
<td>Syndicated credit facility</td>
<td>Oct 2013</td>
</tr>
<tr>
<td>Other credit facilities</td>
<td>2011/12</td>
</tr>
<tr>
<td>Outstanding Letters of Credit</td>
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<tr>
<td>Cash balance</td>
<td></td>
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<tr>
<td><strong>Net Liquidity</strong></td>
<td></td>
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</tbody>
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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

Capacity = 1,300Mfbm
Capacity = 1,000Mfbm
Capacity = 1,500Mfbm
Capacity = 400Mfbm
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: 36%
- Mackenzie Cundill: 14%
- Jarislowsky Fraser: 12%

*As per public filings

Source: Bloomberg
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