Canfor Corporation

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Don Kayne – Vice President, Wood Products Marketing & Sales
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. Chetwynd
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
Geographic Market Diversification (SPF only)

### 2010 Estimate

- **Offshore Markets**
  - China: 16%
  - Japan: 8%
  - Korea/Other Asia: 2%
- **US**: 52%

### 2005

- **Offshore Markets**
  - China: 0.3%
  - Japan: 6%
  - Korea/Other Asia: 0.7%
- **US**: 79%

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Two pie charts showing geographic market diversification. The left chart represents the estimated market share for 2010, with the majority coming from the US (52%), followed by Canada (22%) and Offshore (26%). The right chart shows the market share for 2005, with the US accounting for 79%, followed by Canada (14%) and Offshore (7%).
Product Offerings

- Offshore Premium
- Home Centre Grade
- Construction Grade
- Reman Grade
Projected Reduction in British Columbia Harvest Levels

- Reduction in sawlog availability due to Mountain Pine Beetle epidemic
- Projected sawlog availability is 20-35% less than AAC

**British Columbia**

**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
US Softwood Lumber Demand

Source: WWPA
In Sept 2010, 1 in 371 housing units had received a foreclosure filing & 1 in 4 homes had negative equity.
U.S. Housing Starts Projections to 2014

Expecting a modest recovery in Single Family

Forecast

Source: US Census Bureau, Woodbridge & Associates
US Softwood Lumber Demand

Demand will be driven by Residential R&R and New Home Construction

Source: RISI, Woodbridge & Associates
Canada’s Softwood Lumber Shipments to Asia

Source: COFI, StatsCan, Woodbridge & Associates
China – Macro Picture

• World’s 2nd largest economy
• GDP is projected to grow 92% by 2015
• China, Japan, Korea, & Taiwan forecast GDP US$ 17.6 Trillion by 2015 (equivalent of another Japan)
• Canada is now the largest wood exporter to China (32% market share)
• 7 million housing units per year (40% of the world’s housing units)
• Tremendous growth opportunities for wood products producers

Source: IMF, Woodbridge & Associates
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 ("keep it simple")
- Quality assurance
- Seismic performance
- Green housing / carbon reduction
Lumber Prices – “China Effect”

2x4 RL #2 & Better Net FOB Mill

Price vs. Starts
"Disconnect" Evident from Q2 2007 Onwards

SPF Lumber Price
Evidence of "China Effect" on SPF

U.S. Housing Starts
U.S. Housing Stimulus & Inventory Shortage Spring 2010 ‘Price Spike’

3rd Quartile & 2nd Quartile
Producers Uneconomic.
Sharply Declining Volume
Low Capacity-Utilization
Cash Costs > Price
Extensive Curtailments.
High C$ in U.S. Funds

U.S. SF Starts # Units

Data sources: Random Lengths; U.S. Census Bureau
China – Dominant Consumer of Commodities

Chinese Demand as Share of Global Consumption

Global ranking 2006 vs 2000

Market Share %

Source: WBMS, Barlow Jonker, IEA, PB / USGS/Canfor
Optimistic about the future

- U.S. lumber market will recover
- Continued growth in Asia
- Constraints facing global fibre supply
- Supply/demand imbalance points to improved global lumber prices
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