Canfor Corporation
Don Kayne, President and Chief Executive Officer
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, 2010 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 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. Ft. St. John
3. Grand Prairie, AB
4. Houston
5. Isle Pierre
6. Mackenzie
7. Plateau
8. Polar
9. Prince George
10. Quesnel
11. Radium
12. Rustad
13. Vavenby
14. Daququam, QC
15. Darlington, SC
16. Graham, NC
17. Conway, SC
18. Camden, SC
19. Marion, SC
20. Bellingham, WA
21. Tackama
22. PolarBoard
23. Peace Valley
24. Intercontinental
25. Prince George
26. Northwood
27. Taylor
Canfor Southern Operations – Southern Yellow Pine

- 600 million board feet of capacity
- Strong management team
- Excellent fibre supply
- Modern facilities
- Traditional thinking has led to highly regional markets
- Creating new opportunities to diversify our markets

1. Graham, NC
2. Darlington, SC
3. Conway, SC
4. Camden, SC
5. Myrtle Beach, SC
Canfor Overview

2010 Revenues ($2.4 billion)
- Lumber
- Pulp
- Panels and Other

Assets ($2.8 billion)
- Lumber
- Pulp
- Panels and Other

Market Capitalization (billions$)
- CFP/CFX
- WFT
- NBD
- TMB
- IFP
2010 capital spend of $90 million:
- Maintenance capital - $25 million

2011 projected capital spend - $140 million (part of 3 year/ $300 million program)
- Mill modernization and cost reduction
- Improvement projects have a high ROI (+ 20%)
- Announced $62 million in specific projects
Fort St. John Upgrade

- $45 million project, completed in 2011
- Rebuild of portions of sawmill and planer to increase grade recovery, productivity and to reduce costs
- Increase in capacity from 220 to 300 million board feet
- Top quartile mill with assured green fibre supply
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 2011 Q1 volumes
Customer Centric Organization

Product Offerings

- Offshore Premium
- Home Centre Grade
- Construction Grade
- Reman Grade
North America

- Focus on repair and remodel and pro dealer markets
- 45% of total SPF sales for 2011 are destined for the U.S.
- Key customer relationships provide broad market diversification
- Significant integration with customers
- Multi-story/multi-family and non-residential
Japan

- Traditional market in 2x4 house construction for our highest value lumber
- New opportunities in post and beam market (EWP & J-Grade)
- Tsunami rebuild will increase demand in 12-18 months

Market Breakdown

- 2x4 House Construction: 76%
- Post and Beam: 21%
- Pre-Fabrication: 3%
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
## China – Moving up the Value Chain

<table>
<thead>
<tr>
<th>Construction Type</th>
<th>2011E</th>
<th>2013E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wood Frame Construction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Single family rural</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>• Multi-family 6-storey</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hybrid Construction – Infill Walls &amp; Interior Partitions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wood Truss Replacement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wood Products Remanufacturing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Specialty products</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>• Engineered wood products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Doors, flooring and furniture</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Concrete Forming</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Residential high-rises</td>
<td>48%</td>
<td>39%</td>
</tr>
<tr>
<td>• Infrastructure projects</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Company Estimates
China’s Rapid Urbanization

**Shift to Urbanization**
- From 2000 to 2010, ~ 218 million people moved from rural to urban area.
- By 2025, urban population will represent 62% of China’s population.

**By 2025, China will have...**
- 221 Cities
  - > 1 million people
- 23 Cities
  - > 5 million people
- 22 Cities
  - > 10 million people
- 15 Cities
  - > 25 million people

Source: Chinadaily.com

Source: United Nations
Market Pricing - “The China Effect”

- SPF 2x4 #2&B in USD (left axis)
- US Housing Starts 000's (right axis)
Freight Advantage - Asia

2011 Growth Forecast

- PG/Prince Rupert: 126%
- Edmonton: 520%
- Vancouver: 1.6%

- Strategic location as closest Canadian port to Asia
- New breakbulk program to assist in diversification from containers
- Container stuffing capacity growth at Port of Vancouver
- Prince Rupert offers several opportunities for throughput increase
- Edmonton Reload – container stuffing for China utilizing back haul rate
Green Building Focus

- Planted 30 million trees in 2010, twice the number harvested
- Signatory to the Canadian Boreal Forest Agreement
- 97% of our annual allowable cut is certified under the Canadian Standards Association for Sustainable Forest Management
- Committed to being carbon neutral
- Utilizing virtually 100% of wood residuals in value added applications
BC Fibre Outlook – Production Capacity

- **Fort St. John**: Capacity = 1,000Mfbm
- **Houston**: Capacity = 1,300Mfbm
- **Prince George**: Capacity = 1,500Mfbm
- **Vavenby**: Capacity = 400Mfbm
Long Term Outlook – Lumber Markets

New Home R&R Non-Residential Industrial Canada Asia North American Capacity

Operating Rate: 95%, Average Price: C$517
Operating Rate: 93%, Average Price: ?
Operating Rate: 60%, Average Price: C$205

US Housing Starts (000’s)
2010 – 590
2011 – 600
2012 – 725
2013 – 1,000
2014 – 1,350

Source: Woodbridge Associates Inc., Company Estimates, USDA
Capacity growth rate estimated at 2.2% based on historic figures
Controlling interest in Canfor Pulp Limited Partnership (50.2%)
2010 declared cash distributions of $92 million
NBSK pulp markets remain tight (high prices)
Optimistic about the Future

- U.S. lumber market will recover
- Continued growth in Asia
- Significant increased demand for Green Building Products
- Improving lumber prices
- Supply/Demand metrics point to lumber shortage in the future
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

www.canfor.com

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Alan.Nicholl@canfor.com  Patrick.Elliott@canfor.com
Leveraged to a Lumber Market Recovery

**US Housing Starts**
- April 2011
- 2011: 500
- 2012: 1,000
- 2013: 1,500
- 2014: 2,000

**SPF 2x4 #2&B Price (USD)**
- Q1.11 Average
- 2011: 200
- 2012: 300
- 2013: 400
- 2014: 500

**EBITDA Sensitivity ($ millions)**
- Full Capacity
- Current Capacity
- US$10 Lumber Price Change
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 6.33% 2012</td>
<td>50</td>
</tr>
<tr>
<td>Senior Unsecured Notes 5.42% 2013</td>
<td>75</td>
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<tr>
<td>Total Debt</td>
<td>125</td>
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<tr>
<td>Cash</td>
<td>119</td>
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<tr>
<td>Shareholders’ Equity</td>
<td>1,476</td>
</tr>
<tr>
<td>Net Debt to Total Capitalization</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liquidity</th>
<th>$ Millions</th>
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<tbody>
<tr>
<td>Syndicated credit facility Oct 2013</td>
<td>350</td>
</tr>
<tr>
<td>Other credit facility Jan 2012</td>
<td>12</td>
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<tr>
<td>Outstanding Letters of Credit</td>
<td>(18)</td>
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<tr>
<td>Cash balance</td>
<td>119</td>
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<tr>
<td>Net Liquidity</td>
<td>463</td>
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CFP Trading Liquidity

Average Daily Trading Volume (in shares)

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<th>Year</th>
<th>CFP</th>
<th>WFT</th>
<th>IFP</th>
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<tbody>
<tr>
<td>2006</td>
<td>600,000</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>2007</td>
<td>500,000</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>400,000</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>2009</td>
<td>300,000</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>200,000</td>
<td>100,000</td>
<td>0</td>
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</tbody>
</table>

Average Daily Trading Value (in $)

<table>
<thead>
<tr>
<th>Year</th>
<th>The Pattison Group</th>
<th>Mackenzie Cundill</th>
<th>Jarislowsky Fraser</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4,000,000</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td>2007</td>
<td>5,000,000</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td>2008</td>
<td>6,000,000</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td>2009</td>
<td>7,000,000</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td>2010</td>
<td>4,000,000</td>
<td>1,000,000</td>
<td>0</td>
</tr>
</tbody>
</table>

Major Shareholders*

- The Pattison Group 36%
- Mackenzie Cundill 14%
- Jarislowsky Fraser 12%

* As per public filings

Source: Bloomberg
US Employment will drive US Housing Starts

Source: US Bureau of Labour, US Census Bureau
Housing Inventory Overhang - U.S. Vacant Units

- Total Vacancies (millions)
- Percentage of Total Housing Inventory (right axis)

Q2.00 Q2.01 Q2.02 Q2.03 Q2.04 Q2.05 Q2.06 Q2.07 Q2.08 Q2.09 Q2.10