

Quarter 3, 2010 Financial Performance Overview

Presented by:

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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 and labour 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.



Q3 2010 Review: Items Impacting Earnings Comparability

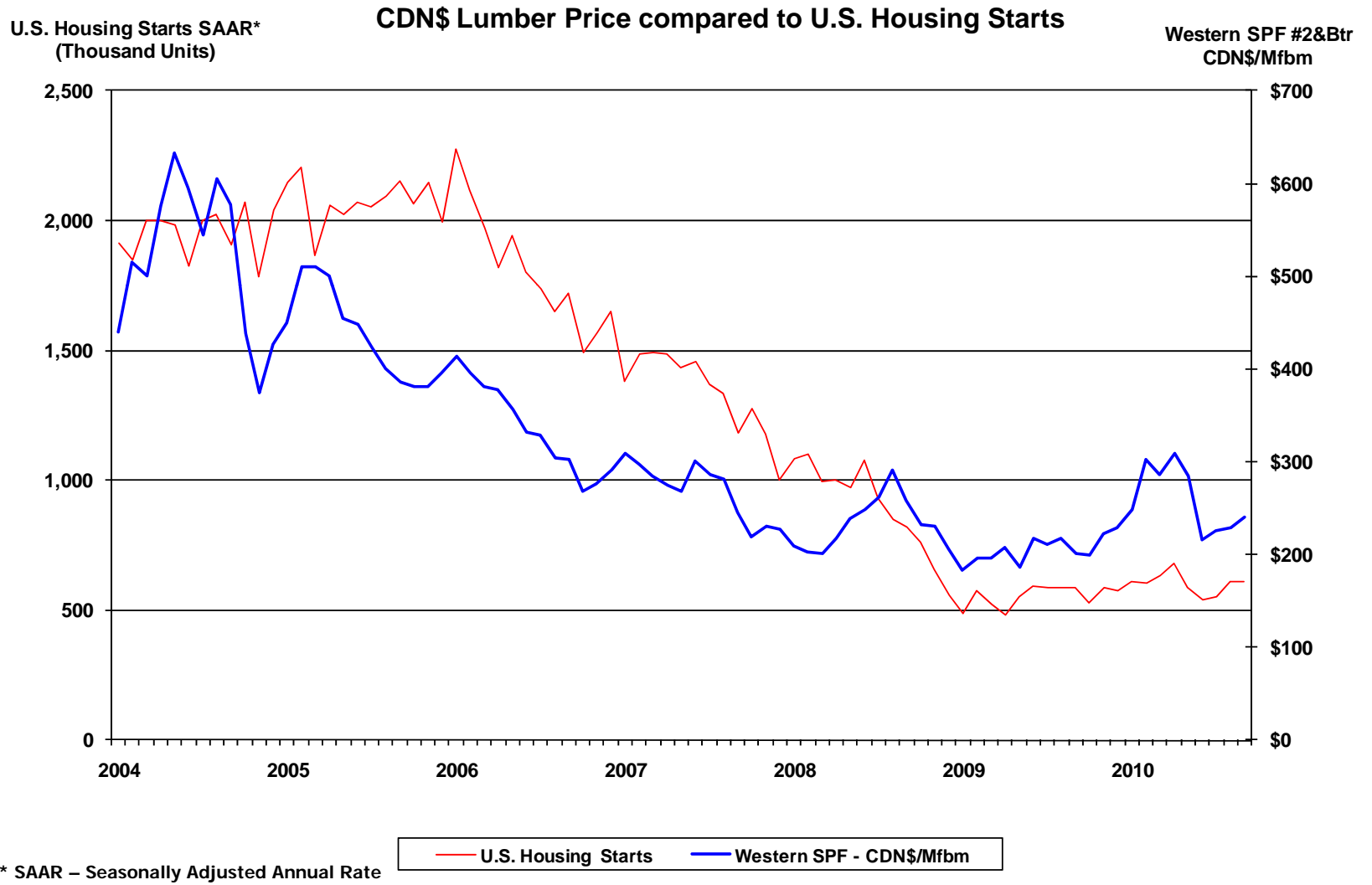
(millions of dollars, except for per share amounts)	Q3 2010		Q2 2010	
	\$	\$/Share	\$	\$/Share
Net income (loss), as reported	\$ 33.5		\$ 40.4	
Less: Non-controlling interests	\$ 27.9		\$ 22.3	
Net income (loss) attributable to equity shareholders of the Company	\$ 5.6	\$ 0.04	\$ 18.1	\$ 0.13
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Foreign exchange (gain) loss on long-term debt and investments, net (note 1)	\$ (6.3)	\$ (0.04)	\$ 9.0	\$ 0.06
(Gain) loss on derivative financial instruments (note 2)	\$ (1.1)	\$ (0.01)	\$ 1.1	\$ 0.01
Clear Lake permanent closure provision	\$ 13.4	\$ 0.09	\$ -	\$ -
Net impact of above items	\$ 6.0	\$ 0.04	\$ 10.1	\$ 0.07
Net income (loss), as adjusted	\$ 11.6	\$ 0.08	\$ 28.2	\$ 0.20
Positive (negative) impact of inventory valuation adjustments in net income (note 3)	\$ 2.0	\$ 0.01	\$ (4.1)	\$ (0.03)

Notes:

- 1 Q3/10 FX gain on US\$ debt and investments of \$8.9 million (before tax and deducting non-controlling interests) related to the stronger CDN\$.
- 2 Q3/10 net losses on derivative financial instruments of \$2.8 million (before tax and deducting non-controlling interests) reflect gains on foreign exchange collars and forward contracts (\$4.4 million) and diesel swaps (\$0.7 million) offset by losses on lumber futures (\$0.6 million) and natural gas swaps (\$1.7 million).
- 3 Q3/10 positive impact of inventory valuation adjustments in reported results of \$2.6 million (before tax and deducting non-controlling interests) principally reflects lower log volumes and higher sawmill residual chip prices.



History of Lumber Prices (in Cdn\$) and U.S. Housing Starts





Sales and EBITDA Summary

(millions of dollars unless otherwise noted)	Q3 2010	Q2 2010	Variance
Gross Sales	\$ 588.7	\$ 634.7	\$ (46.0)
EBITDA by segment:			
Lumber	\$ 4.8	\$ 38.9	\$ (34.1)
Pulp & Paper	\$ 65.0	\$ 66.8	\$ (1.8)
Unallocated and other	\$ (3.8)	\$ (3.2)	\$ (0.6)
Total EBITDA	\$ 66.0	\$ 102.5	\$ (36.5)
Inventory adjustments (logs and finished product)	\$ (2.6)	\$ 5.5	\$ (8.1)
Clear Lake permanent closure provision	\$ 17.8	\$ -	\$ 17.8
Total EBITDA adjusted for above items	\$ 81.2	\$ 108.0	\$ (26.8)
Average Exchange Rate (\$US/\$CDN)	\$ 0.962	\$ 0.973	\$ (0.011)
End of Period Exchange Rate (\$US/\$CDN)	\$ 0.971	\$ 0.943	\$ 0.028



Lumber: Q3 2010 vs. Q2 2010

(millions of dollars unless otherwise noted)	Q3 2010	Q2 2010	Variance
Sales	\$ 308.3	\$ 336.9	\$ (28.6)
EBITDA, as reported	\$ 4.8	\$ 38.9	\$ (34.1)
Total (positive) negative impact from inventory valuation adjustments (logs and finished products)	\$ (0.5)	\$ 2.2	\$ (2.7)
Clear Lake permanent closure provision	\$ 17.8	\$ -	\$ 17.8
EBITDA, adjusted for above items	\$ 22.1	\$ 41.1	\$ (19.0)
Average SPF 2x4 #2&Btr price in CDN\$	\$ 232	\$ 273	\$ (41)
Average SYP 2x4 #2 lumber price in US\$	\$ 243	\$ 379	\$ (136)
Production - SPF lumber (MMfbm)	741	725	16
Production - SYP lumber (MMfbm)	94	93	1
Shipments - Canfor-produced SPF lumber (MMfbm)	736	737	(1)
Shipments - Canfor-produced SYP lumber (MMfbm)	102	98	4

EBITDA down \$19.0 million to \$22.1 million (before inventory valuation adjustments, Clear Lake closure provision)

- Average Western SPF 2X4 #2&Btr price down \$41 to \$232/mfbm
 - After low of US\$188 at end of June, North American 2x4 #2&Btr price edged up during quarter due to seasonal factors and China demand
 - Offshore prices showed modest gain vs. Q2
 - Average export tax rate up 5% to 13.3% in Q3, reflecting 0% rate in June
- Sharp decline in SYP prices - benchmark 2x4#2 price down US\$136, or 36%
- Unit manufacturing costs maintained at previous quarter levels



Pulp & Paper: Q3 2010 vs. Q2 2010

(millions of dollars unless otherwise noted)	Q3 2010	Q2 2010	Variance
Sales	\$ 269.0	\$ 280.1	\$ (11.1)
EBITDA, as reported	\$ 65.0	\$ 66.8	\$ (1.8)
Total (positive) negative impact from inventory valuation adjustments (finished products)	\$ (0.3)	\$ 0.1	\$ (0.4)
EBITDA, adjusted for above item	\$ 64.7	\$ 66.9	\$ (2.2)
Average NBSK pulp list price delivered to U.S. - US\$	\$ 1,000	\$ 993	\$ 7
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 1,040	\$ 1,021	\$ 19
Production - Pulp (000 mt)	286	316	(30)
Shipments - Canfor-produced pulp (000 mt)	277	301	(24)

EBITDA down \$2.2 million to \$64.7 million (before inventory valuation adjustments)

- Continued high NBSK pulp prices in Q3 reflecting steady demand and balanced supply
 - Record-high NSBK price of US\$1,020 in July, slight reduction later in quarter
- Lower Q3 production reflects extended scheduled maintenance outage at CPLP's Northwood pulp mill and market curtailment at Taylor Pulp.