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 Overview

► 15 sawmills in Canada (Capacity – 4.3 Bfbm)
► 4 sawmills in the US (Capacity – 0.6 Bfbm)
► 50.2% interest in Canfor Pulp (3 BC interior pulp mills) (Capacity - 1 million admt)

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

2009 Revenues ($2,100 million)

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

2009 Assets ($2,700 million)

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

Market Capitalization (MM$) – at May 28/10

- WFT
- CFP
- NBD
- CPLP
- IFP
- TMB
The Downturn

- Reduced sawmill capacity to below 60%, idled OSB and plywood plants
- Reduced corporate and support staff levels by 25%
- Rolled back salaried staff wages 3-15%
- Rolled back contractor and supplier invoices by 10-15%
- Reduced peak working capital by approximately $100 million
- Reduced capital expenditures to minimal levels ($40 million)
Improved Lumber Prices

**Lumber EBITDA (MM$)**

- Represents EBITDA adjusted for restructuring and inventory devaluation.

**SPF 2x4 (CAD)**

- Graph showing the change in SPF 2x4 (CAD) prices from Q1.09 to Q1.10.
Our Markets - Lumber

**Market Focus**

- Grow high value customers
  - Increase integration with US retail customers
  - Key Asian customers
- Grow Asian markets

**SPF**

- US 52%
- Canada 21%
- Offshore 27%

**SYP**

- Offshore 1%
- US 99%

**Represent Q1 2010 volumes**
U.S. Lumber Demand

2009 – Repair & Remodelling - 40% of the total US Demand

* Source - RISI
Canfor’s Top 10 Global Customers

► Alpa Forest Products Inc.
  Pro Dealer

► Lowes Companies
  Home Center

► Millman Lumber Company
  Pro Dealer

► Pro Build
  Pro Dealer

► Universal Forest Products
  House Components

► Home Depot
  Home Center

► LMC
  Pro Dealer

► Mitsui Homes (Japan)
  Home Builder

► Stock Building Supply
  Pro Dealer

► Wing Corp (Japan)
  Industrial

These represent approximately 50% of total lumber revenues.
Developing Asia

► Japan
  • Further develop the DIY segment
  • Further develop Post & Beam / 2X4 hybrid market
  • Increase committed volumes to strategic customers

► China
  • Sichuan wood frame reconstruction
  • Infill partition walls, trusses / floor systems in concrete structures
  • Custom remanufacturing for Japan and other countries

► Korea
  • Increase market share of wood frame construction homes

Guangzhou, China
China

- Long term commitment to China
- Building codes are more conducive to wood frame construction
- Establishing 2 X 4 for the emerging housing sector
- Significant demand for low grade product
- Provincial and Federal government support for market development

Lumber Volume - MMfbm

- Low Grade
- #2 & better

Canfor Corporation
Margin Focused

Margin (% of Sales) – Lumber Segment

Canfor Corporation

Competitor A
Competitor B
Competitor C
Competitor D
Competitor E
BC Interior Annual Allowable Cut

(millions of cubic metres)

Source: Ministry of Forests
BC Fibre Outlook – Production Capacity

- Capacity = 1,200Mfbm
- Capacity = 1,200Mfbm
- Capacity = 1,400Mfbm
- Capacity = 400Mfbm
# Elements of a Lumber Supply Shortage

<table>
<thead>
<tr>
<th></th>
<th>2010F</th>
<th>Change</th>
<th>2014F*</th>
<th>Normalized</th>
</tr>
</thead>
<tbody>
<tr>
<td>North American Capacity</td>
<td>70</td>
<td></td>
<td></td>
<td>70</td>
</tr>
<tr>
<td>MPB/Canadian Cut Reduction</td>
<td></td>
<td>(1)</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>European Imports</td>
<td>3</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Capacity Growth (2.2%)</td>
<td>6</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Capacity (Bfbm)</strong></td>
<td>70</td>
<td>8</td>
<td>78</td>
<td>77</td>
</tr>
<tr>
<td>US Consumption</td>
<td>37</td>
<td>23</td>
<td>60</td>
<td>54</td>
</tr>
<tr>
<td>Canadian Consumption</td>
<td>10</td>
<td>0</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Offshore</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Consumption (Bfbm)</strong></td>
<td>51</td>
<td>27</td>
<td>78</td>
<td>72</td>
</tr>
<tr>
<td><strong>Operating Rate</strong></td>
<td>73%</td>
<td></td>
<td>100%</td>
<td>94%</td>
</tr>
</tbody>
</table>

*Sources: Capacity as per USDA; Consumption as per FEA (except 2014 Offshore), company estimates

Normalized assumes 1.5 million housing starts
Lumber Price/Operating Rate

Forecast operating rate is high by historic standards…

Sources: FEA, RISI, Company estimates
Capital Expenditures

► 2010 projected capital spend of $115 million:
  ▪ Maintenance capital - $25 million
► 2011+ projected capital spend - $125 million annually
  ▪ Mill modernization and reductions of fossil fuel usage
Canfor Pulp

- Controlling interest in Canfor Pulp Limited Partnership
- 2007 contributed $74 million cash to Canfor (2010 estimate: $70 million*)
- NBSK pulp markets are currently very tight (all time record prices)

* Assumes current monthly distribution of $0.20 continues for the remainder of 2010
Leveraged to Lumber Market Recovery

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>RISI 2x4 (CAD)</td>
<td>$275</td>
<td>$300</td>
<td>$351</td>
</tr>
</tbody>
</table>

Change in EBITDA*

*(in millions $)

* Base year 2009
CFP Trading Liquidity

Average Daily Trading Volume

- CFP
- WFT
- IFP

Average Daily Trading Value

- CFP
- WFT
- IFP

Major Shareholders*

- The Pattison Group 31%
- Mackenzie Cundill 15%
- Jarislowsky Fraser 15%

* As per public filings

Source: Bloomberg
Canfor Corporation

TSX: CFP

www.canfor.com

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Tom.Sitar@canfor.com

Patrick Elliott – Treasurer
604 661 5441
Patrick.Elliott@canfor.com
Appendix
Canfor Corporation

Historic North American Capacity and Consumption

Peak to Trough Annual Growth Rate: 2.2%

Capacity
- BC Capacity - 15.8 Bfbm (22% vs. peak of 24%)
- Non-BC Canadian Capacity - 14.7 Bfbm (21% vs. peak of 25%)

Consumption
- Offshore Shipments - 3.7 Bfbm (8% of total)
- Projected Offshore Shipments - 7.7 Bfbm (11% of total compared to 4% in last peak)

Source: USDA
US Housing Starts – What is Normalized Demand?

Source: RISI

Current Housing Starts Level
## Impact of Normalized Housing Demand

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Normalized</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Starts (000’s)</td>
<td>650</td>
<td>1,500</td>
<td>850</td>
</tr>
<tr>
<td>Square Feet per House</td>
<td>2,300</td>
<td>2,300</td>
<td>-</td>
</tr>
<tr>
<td>Board feet per Sq. Foot</td>
<td>6.35</td>
<td>6.35</td>
<td>-</td>
</tr>
<tr>
<td>Total Consumption (Bfbm)</td>
<td>9.5</td>
<td>21.9</td>
<td>12.4</td>
</tr>
</tbody>
</table>

Note: Increase to normalized level assumes all new starts are single family. At the peak another 3 Bfbm of consumption in multi-family and mobile home applications.
# Capitalization and Liquidity

*All information below excludes CPLP*

## Canfor Corp. Debt

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>Interest Rate</th>
<th>Year</th>
<th>$ Millions</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>50</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>6.33%</td>
<td>2012</td>
<td>50</td>
</tr>
<tr>
<td>Senior Unsecured Notes</td>
<td>5.42%</td>
<td>2013</td>
<td>75</td>
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</table>

**Total**: 207

## Cash

<table>
<thead>
<tr>
<th></th>
<th>$ Millions</th>
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</thead>
<tbody>
<tr>
<td>Cash</td>
<td>53</td>
</tr>
</tbody>
</table>

## Shareholders’ Equity

<table>
<thead>
<tr>
<th></th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ Equity</td>
<td>1,398</td>
</tr>
</tbody>
</table>

## Liquidity

<table>
<thead>
<tr>
<th>Liquidity Type</th>
<th>Year</th>
<th>$ Millions</th>
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</thead>
<tbody>
<tr>
<td>Syndicated operating facility</td>
<td>2011</td>
<td>355</td>
</tr>
<tr>
<td>Operating facility “A” &amp; “B”</td>
<td>2011/12</td>
<td>49</td>
</tr>
<tr>
<td>Outstanding Letters of Credit</td>
<td></td>
<td>(18)</td>
</tr>
<tr>
<td>Cash balance</td>
<td></td>
<td>53</td>
</tr>
</tbody>
</table>

**Net Liquidity**: 439

### Net Debt to Total Capitalization

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt to Total Capitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>(5)</td>
</tr>
<tr>
<td>2005</td>
<td>15</td>
</tr>
<tr>
<td>2006</td>
<td>25</td>
</tr>
<tr>
<td>2007</td>
<td>(15)</td>
</tr>
<tr>
<td>2008</td>
<td>(25)</td>
</tr>
<tr>
<td>2009</td>
<td>(35)</td>
</tr>
</tbody>
</table>

Net Debt to Total Capitalization trend for the years 2004 to 2009.