

REMARKS
to
2012 ANNUAL GENERAL MEETING
by
Duncan K. Davies
President & CEO
INTERNATIONAL FOREST PRODUCTS LIMITED
May 3, 2012

Good afternoon,

Thank you Lawrence. I would like to welcome everyone here today and thank you for taking the time to attend this important event and to learn more about our Company.

I am going to report now on results for 2011 and for the 1st Quarter of 2012 and then I'll turn the session back to Lawrence for closing remarks.

Financial Results

Business conditions in 2011 were similar to those in 2010 as economic and political issues in the US and Europe undermined confidence levels around the world.

In North America, lumber consumption was flat. The Chinese market, on the other hand, continued to grow, although credit issues beginning in the 2nd quarter had a moderating effect on activity levels through the balance of the year.

After starting the year on a promising note, lumber prices tailed off in the second quarter and remained soft for the balance of the year.

For the year, the Random Lengths Composite Index - which measures pricing on a basket of products - was off 4% compared with 2010.

In spite of the weak market, Interfor took advantage of its strong market position to ramp up production and sales activity. Production increased

14% to 1.3 billion board feet last year, representing a capacity utilization rate of approximately 75%. And sales kept pace with production.

In financial terms, the benefits of higher production and sales volumes were more than offset by the combination of lower prices, the strong Canadian dollar and higher log costs in the US Pacific Northwest.

All-in, excluding one-time items and the effects of unrecognized tax assets, Interfor lost \$6.4 million or \$0.12 per share last year compared with a loss of \$3.4 million or \$0.07 per share in 2010.

EBITDA was \$46.6 million in 2011 compared with \$48.4 million in 2010.

Net debt closed the year at \$100.3 million or 20% of invested capital.

Strategic Positioning

In 2011, we stayed true to our plans to position Interfor for long-term success.

Highlights during the year included:

- The introduction of the Company's new brand;
- Approval of a \$24 million capital upgrade for Grand Forks and Castlegar;
- The issuance of 8.2 new Class A shares; and
- The extension of our financing agreements to 2015.

These steps, along with others taken in prior years, have added to Interfor's position in the industry and will make the Company stronger and more profitable as markets recover.

The new identity was introduced in May to very positive reviews. It is a key element of our plan to fully leverage our size and presence in the marketplace and, to-date, has done everything we thought it would when we first embarked on the plan.

The investment at Grand Forks and Castlegar builds on the successful start-ups achieved at those plants in 2009 and 2010 respectively.

The investment at Grand Forks involves the installation of a new small log line similar to the ones installed recently at our flagship mill at Adams Lake and before that at our stud mill in Port Angeles.

The investment at Castlegar consists of a series of high return projects including an automated lumber grading system.

These projects will be completed in the first quarter of 2013. When finished, the mills will operate with a combined two-shift capacity of 375 million board feet per year and will, we expect, make a significant contribution to our profitability.

Finally, with respect to 2011, we were able to solidify the Company's financial position through the issue of 8.2 million Class A shares in March. And, we followed that move in July by extending our credit lines to mid 2015.

Maintaining a strong balance sheet has always been a key element of our management philosophy.

By adding to our equity base and extending our credit lines we have further enhanced Interfor's financial position.

We believe both moves will create significant value for our shareholders in the years ahead and I would like to take the opportunity to thank our underwriters and the members of our banking syndicate – many of whom are here today – for their support of our Company.

Q1, 2012

I would now like to report on our results for the 1st quarter of 2012 and the Outlook for the balance of the year.

As you've seen from the reports of other publicly-traded lumber companies, conditions in the industry remain challenging in spite of better news on US housing.

In our case, higher prices for North American commodities were offset by lower prices for our key Japanese grades, higher offshore shipping costs and higher log costs in British Columbia, particularly in our Coastal operations.

All-in, Interfor lost \$6.5 million or \$0.12 per share in the quarter on sales of \$187 million.

Excluding the effect of unrecognized tax assets and other one-time items, the loss in the 1st quarter was \$5.2 million or \$0.09 per share.

EBITDA remained positive at \$5.8 million. Net debt increased to \$115.1 million or 23% of invested capital reflecting a seasonal build in log inventories and the spending at Grand Forks and Castlegar.

Unlike the last two years, lumber prices in North America have remained fairly stable through the early part of the Spring, with material increases on some product lines. We also expect lumber demand in China to continue to grow.

That said, we continue to view the global economic and political climate as uncertain.

We intend to maintain a disciplined approach to managing our business with a focus on completing the Grand Forks and Castlegar projects and other initiatives that will position Interfor to deliver above-average returns in the years ahead.

Closing

In closing, I would once again like to thank the members of our Board of Directors for their wise counsel and support.

In particular, I would like this year to single out Larry Bell, who has been a member of our Board since 1998 and our Lead Director since 2008.

Larry informed us a few months ago that he would not be standing for re-election at today's Annual Meeting. Larry's steady hand and broad experience have been especially helpful over the years, most particularly during the global financial crisis in 2008/9.

I have personally enjoyed my association with Larry and know that I speak for all of the members of our Board and for our management team in thanking him for his contribution to our Company.

I would like to thank the members of our management team, our staff and our employees for their dedication to the Company.

Last but not least, I would like to thank our shareholders for their patience and support.

I continue to believe we are on track to build a company which makes us all proud.

Thank you for being here today and thank you for your interest in our Company.