



2010 Annual General Meeting

April 22, 2010

2009 in Review

- ***Global financial crisis → collapse of U.S. housing market***
- ***Housing starts at 554,000 units; lowest level in more than 50 years***
- ***Lumber prices down 18% year-over-year***
- ***Interfor lost \$23.9 million or \$0.51 per share***
- ***Book value at \$7.60 per share vs. \$8.62 at the end of 2008***

2009 in Review

- *Decision to curtail operations in 2008 was correct*
- *In spite of losses, Interfor generated \$5.0 million in cash from operations (after working capital changes) in 2009*
- *Net debt was reduced by \$27 million; ratio of net debt to invested capital at 28%*

2009 in Review

- ***Significant progress was made on “strategic initiatives” in 2009***
 - ***Queensboro was sold***
 - ***Adams Lake was completed***
 - ***Grand Forks was re-commissioned***
 - ***Important in-roads were made into Chinese market***
 - ***Financing agreements were extended***
- ***Achievements make Interfor much stronger***

Adams Lake Sawmill - Dawn of a New Era



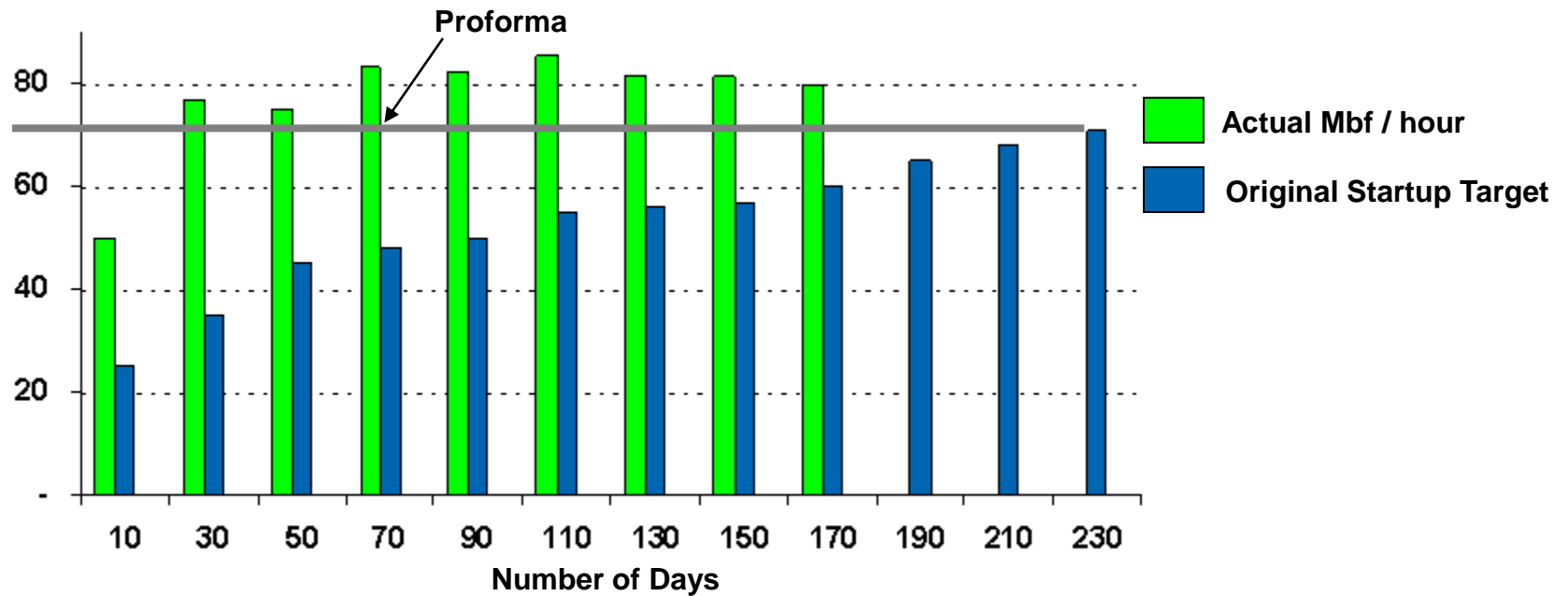
Adams Lake began start-up on April 20th, 2009

Adams Lake Sawmill - Dawn of a New Era

- *Final stage of Master Plan*
- *Prior stages: new kilns and planer, energy system, site improvements*
- *New mill approved in April 2007; capital budget \$100 million*
- *Ground broken: August 2007*
- *Start-up: April 20, 2009*
- *Record start-up*

Adams Lake Sawmill - Dawn of a New Era

Adams Lake Sawmill Startup (Mbf / hour)



Adams Lake exceeded proforma on its 17th shift

Q1 2010 in Review

- ***Business conditions different from 2009***
- ***Housing market has stabilized, albeit at historically depressed levels***
- ***Lumber prices up 30% vs. Q4; up 74% vs. Q1 '09***
- ***Higher log costs, weak markets for cedar and rising C\$ offset price gains (in part)***
- ***Interfor lost \$3.4 million or \$0.07 per share in Q1***
- ***Cash from operations after working capital changes was \$9.1 million***
- ***Net debt increased to \$152 million; ratio of net debt to invested capital at 30%***

Outlook

- *Lumber prices continue to firm; SPF > US\$300*
- *Duty rates dropping to 10%*
- *Considerable uncertainty remains*
 - *foreclosures*
 - *end of housing stimulus*
 - *higher interest rates*
- *Higher C\$ adds to challenge*

Outlook

- *Matching production to demand is key*
- *Interfor will focus on cash; realizing on benefits of strategic activities*
- *Castlegar sawmill scheduled for July start-up; should make a positive contribution*

Interfor remains focused on building value for its shareholders