



***Acquisition of Three Sawmills
from Pope & Talbot***

Updated December 4, 2007

Forward-Looking Statements

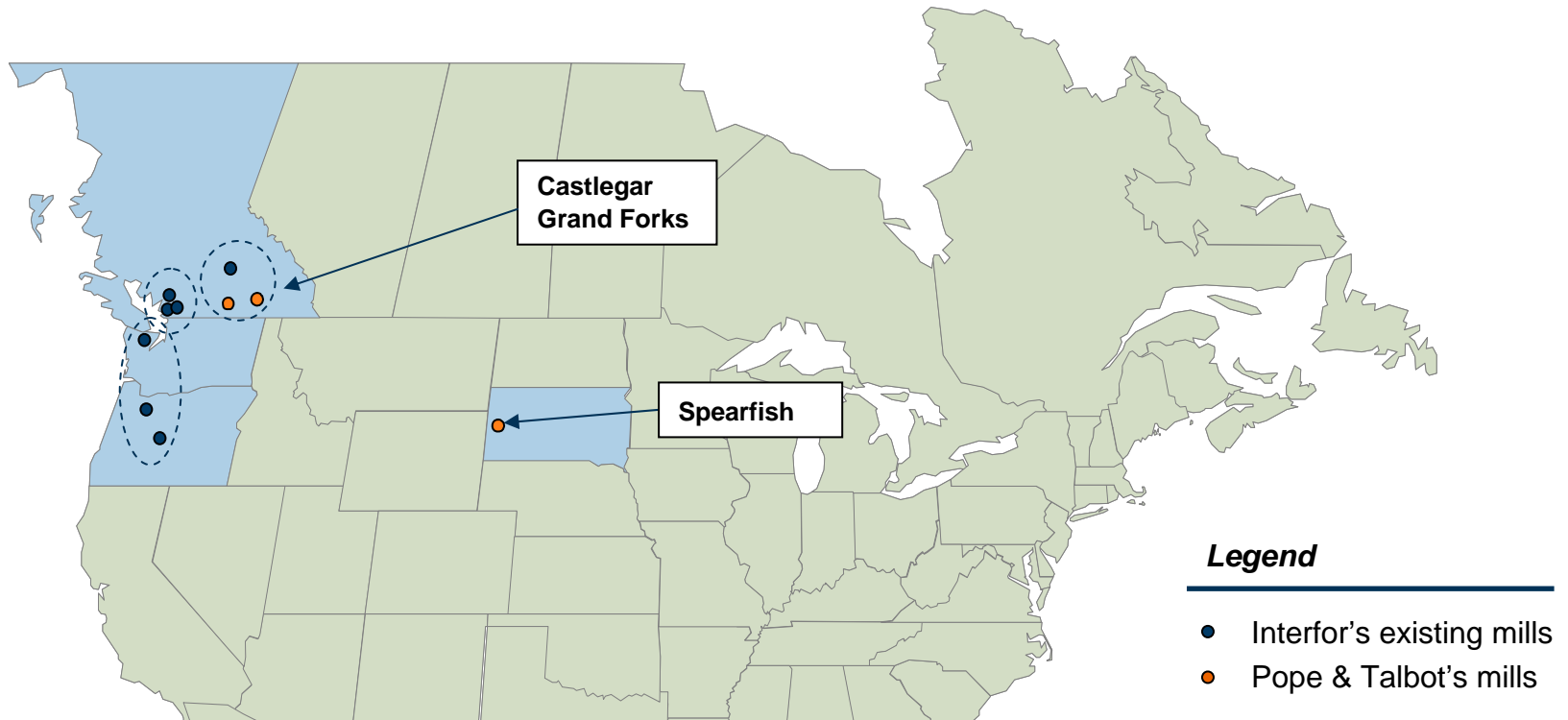
Information contained herein constitutes forward-looking statements. Forward-looking statements, which include all statements that are not historical facts, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in or suggested by the forward-looking statements, see additional risks described in the Company's MD&A under "Risks and Uncertainties" in the Company's 2006 Annual Statutory Information, which is incorporated by reference. All forward-looking statements made are qualified by these cautionary statements.

Participants should not place undue reliance on the forward-looking statements, which reflect Management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Transaction Overview

- ***Agreement to acquire the Castlegar (British Columbia), Grand Forks (British Columbia) and Spearfish (South Dakota) sawmill assets and related timber tenures of Pope & Talbot, Inc.***
- ***Purchase price of US\$69 million for the fixed assets (less adjustments for specified liabilities assumed). Interfor will also purchase certain current assets which could total up to US\$20 million, assuming P&T meets specified target inventory requirements***
- ***Transaction with Interfor's agreement as the "stalking horse" bid has been approved by the U.S. Bankruptcy Court and the Canadian Bankruptcy Court and will be effected under procedures that provide for the possibility of competing bids***
 - ***Break-up fee and expense reimbursement of US\$3.0 million***

Review of Operations



Mill	Species mix	Capacity (MMBF)	Annual allowable cut (M m ³)
Castlegar	SPF, DFir, Hemlock, Cedar	264	503
Grand Forks	SPF, DFir	197	504
Spearfish	Ponderosa Pine	122	n/a
Total		583	1,007

Strategic Rationale

- *Acquisition is “on strategy” and in core market*
- *Draws on Interfor’s core strengths of restructuring and repositioning underperforming assets*
- *Increases operating capacity from 1.3 to 1.9 billion board feet*
- *Broadens product lines in both specialty and commodity grades*

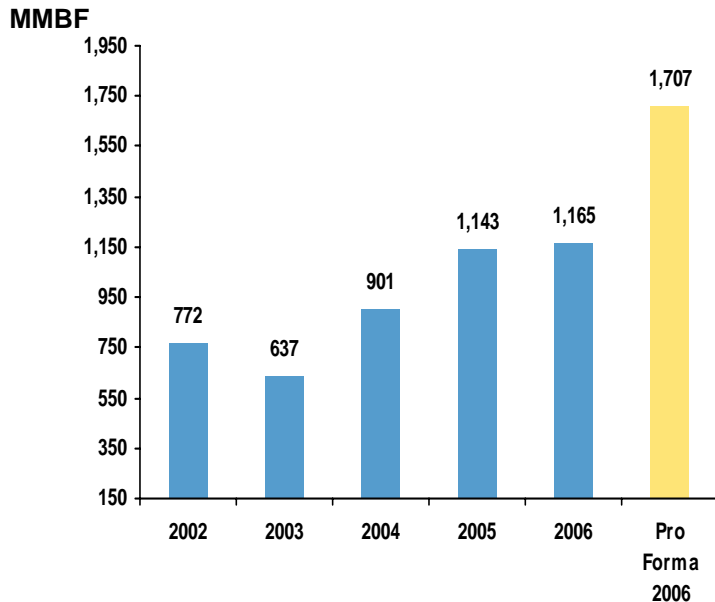
Strategic Rationale (Continued)

- **Adds approximately 1.0 million cubic meters of cutting rights in the Southern Interior of British Columbia**
 - **Attractive species mix: Cedar, Douglas Fir and low Lodgepole Pine content relative to B.C.'s Central and Northern Interior**
- **Utilizes current balance sheet strength, without undue debt exposure**
- **Opportunities to improve the financial performance of the acquired mills through improvements in operational efficiency and other non-capital initiatives**

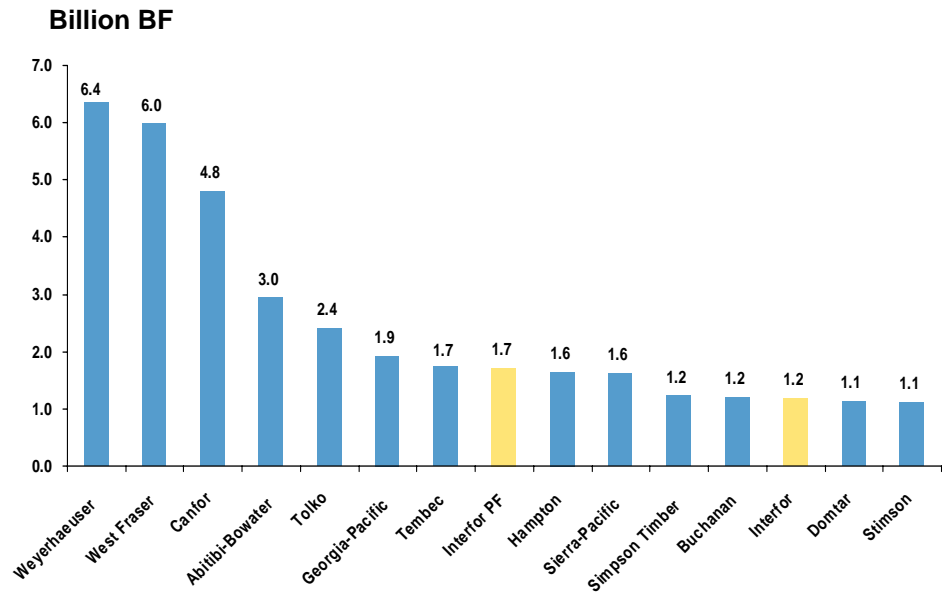
Impact – Continuing Our Growth

- *Pro forma lumber production increase of 47%*
- *Pro forma 2006 would rank Interfor 8th in North America*

**Interfor Lumber Production
2002 – 2006 Annual**



**North America's Largest Lumber Producers
2006 Production**



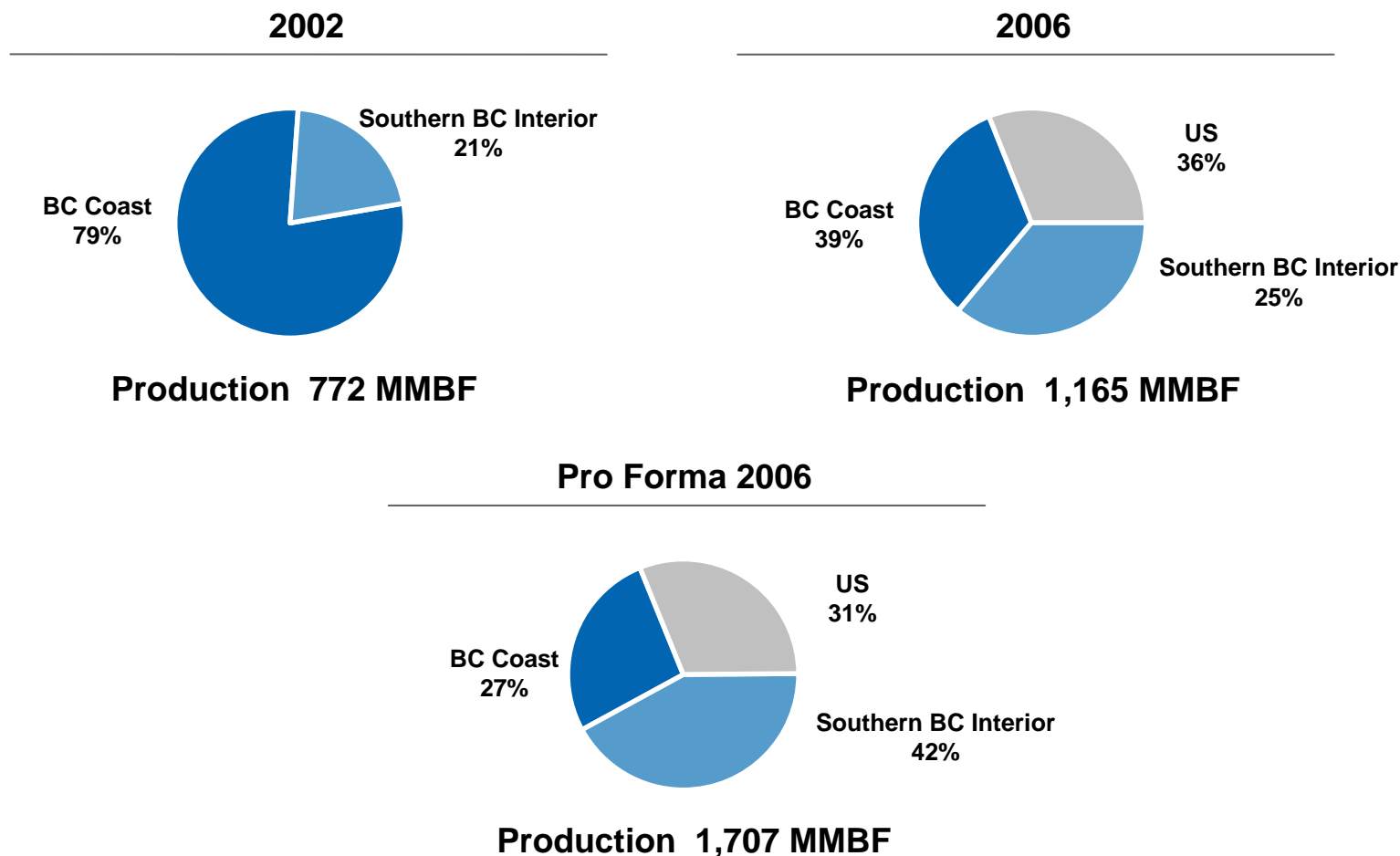
Source: World Markets monthly – March 2007



Provide Superior Returns For Shareholders

Impact – Continuing Our Diversification

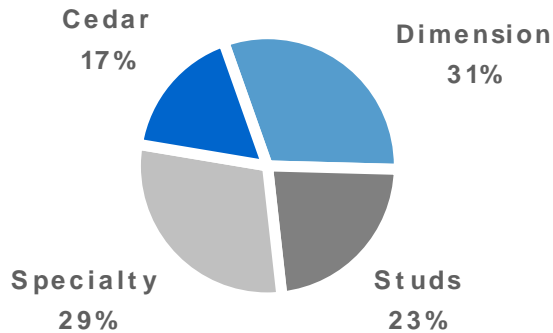
- *Interfor's operating platform has been diversified with targeted growth in regions exhibiting attractive fundamentals*



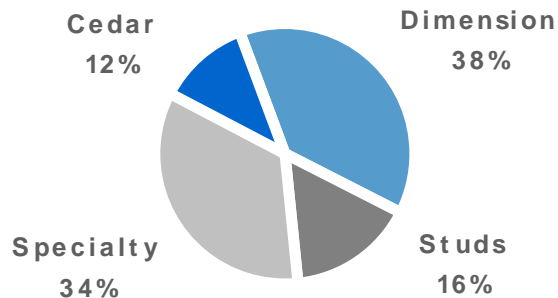
Impact – Broadening Our Species and Product Mix

- *Interfor's product mix is diversified, with a mix of specialty and commodity products*

Current mix



Pro Forma



Cedar siding



Cedar decking



Japan structural



Millwork



Structural dimension



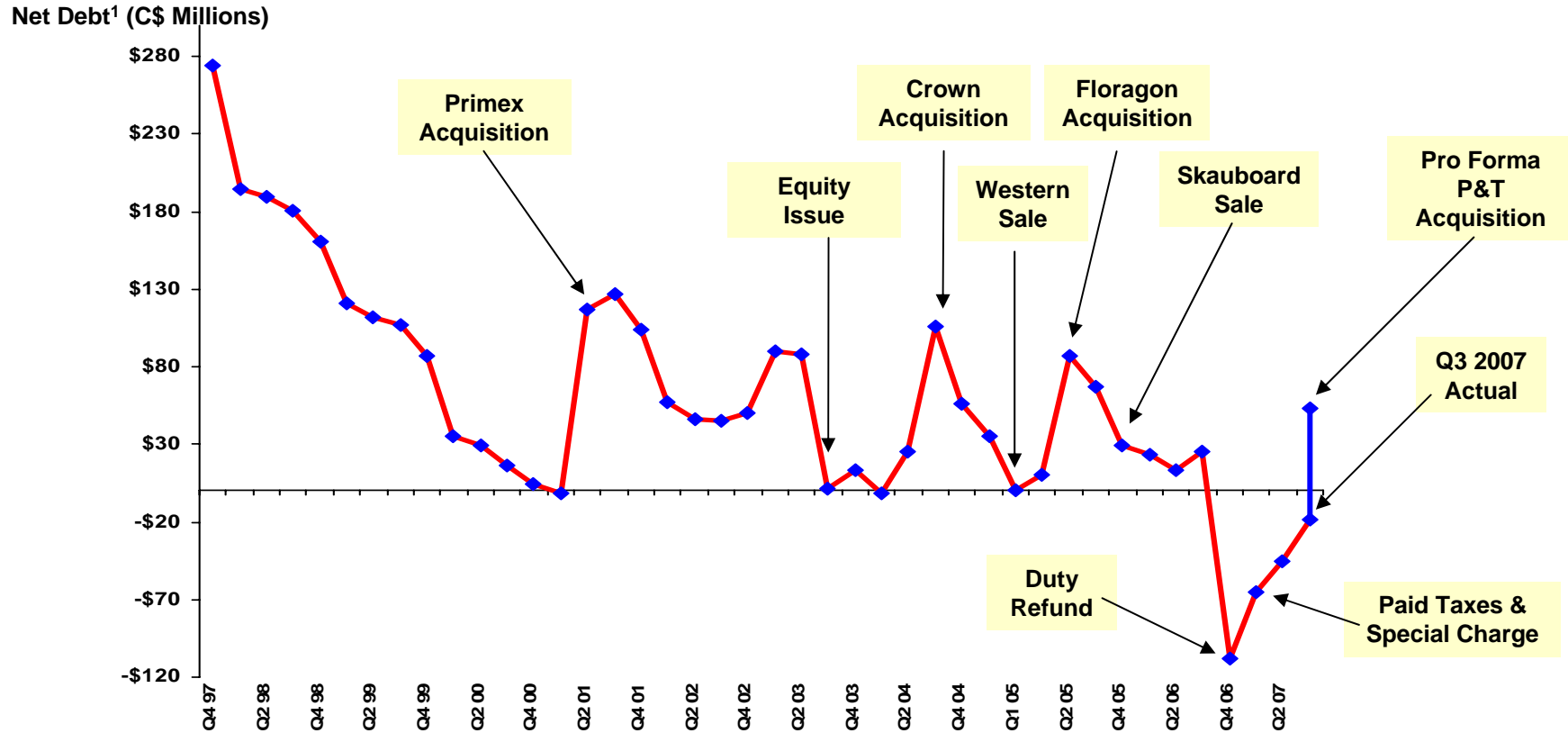
Studs



- *Higher % of specialty items → greater stability of prices/profitability*

Financing Plan

Interfor will finance the acquisition with cash on hand and existing credit facilities



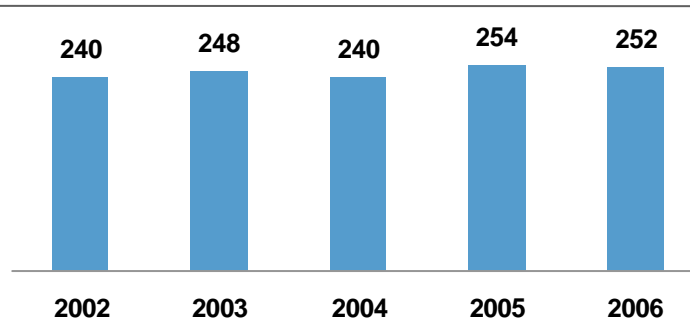
With pro forma debt / invested capital at 11% (based on Q3 2007), Interfor has capacity for further growth

Castlegar, British Columbia



- *503,000 m³ of AAC*
- *Species mix – SPF, Douglas Fir, Hemlock, Cedar*
- *Product mix – MSR, Long Lengths, Cedar, J Grade, Timbers, Dimension Lumber*

Historical Production (MMBF)

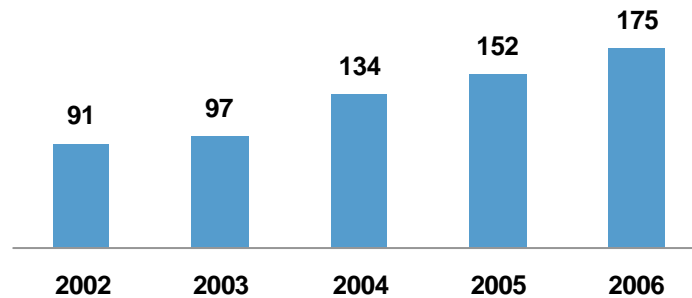


Grand Forks, British Columbia



- *503,860 m³ of AAC*
- *Species mix – SPF, Douglas Fir*
- *Product mix – MSR, Long Lengths, J Grade, Dimension Lumber*
- *New planer line in 2006*

Historical Production (MMBF)

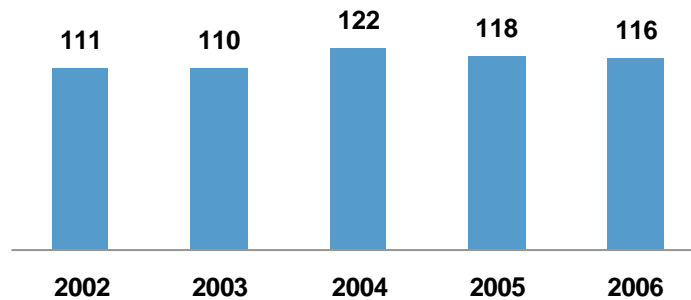


Spearfish, South Dakota



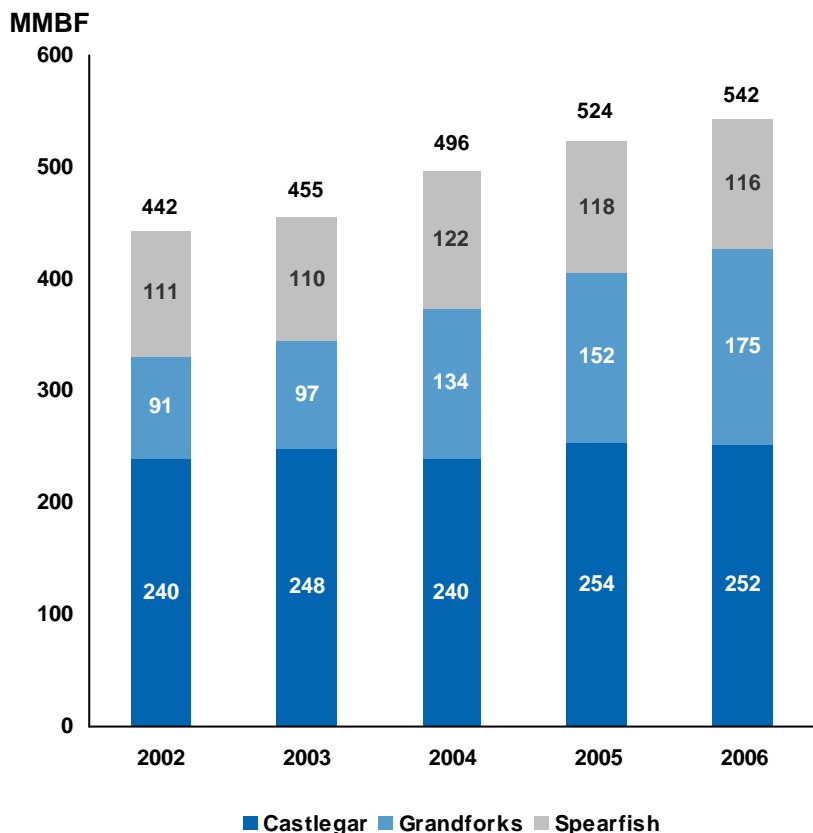
- *Timber purchased from public and private sources*
- *Species mix – Ponderosa Pine*
- *Product mix – Pine Boards, Dimension Lumber, Wood Pellets*
- *Includes the Heartland Wood Pellet plant which produced 36,500 tons in 2006*

Historical Production (MMBF)

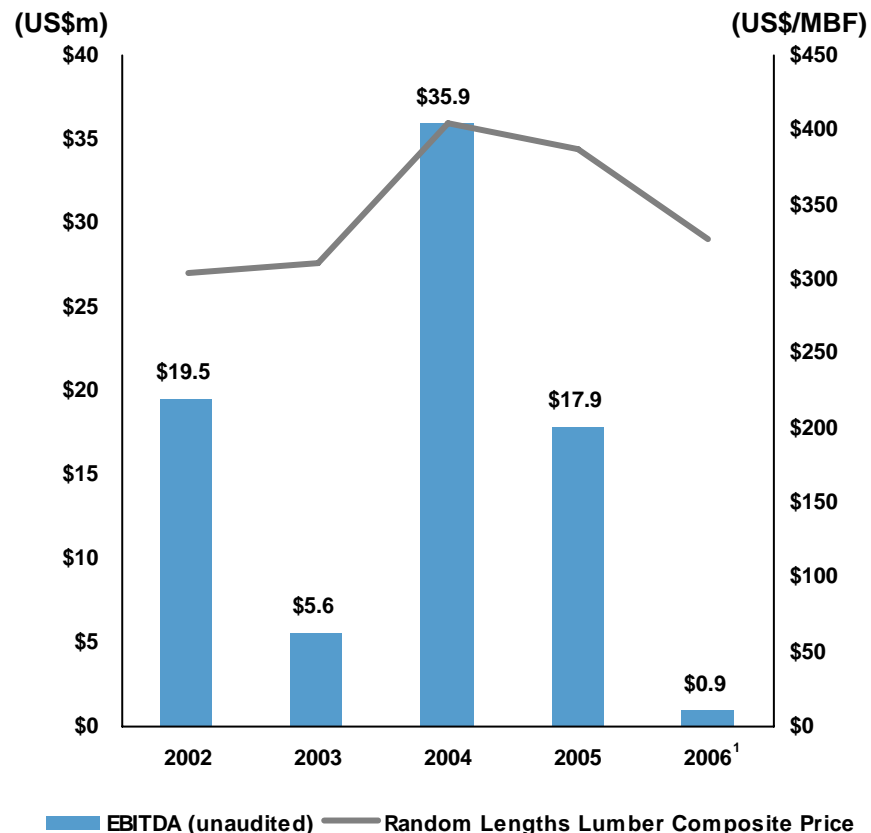


Combined Historical Production and EBITDA Profile

Combined Historical Production (MMBF)



Combined Historical EBITDA (unaudited) and Random Lengths Lumber Composite Price²



Note:

- 1 Before softwood lumber duty refunds
- 2 Source: Random Lengths

Building Value

The journey of “Building Value” continues