



Executing the Plan

August 2008

Duncan Davies,
President and CEO

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 2007 Annual Report, 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.

Section 1

Introduction

Interfor's Goal

*Interfor's goal is to become one of North America's leading
lumber and building products companies and, in doing so, to
provide superior returns for shareholders*

Why Interfor?

- *Highest lumber EBITDA margins in North America*
- *Clear vision and strategy*
- *Proven track record of acquiring and turning around businesses*
- *Balanced portfolio of lumber products and geography*
- *Strong balance sheet*
- *Attractive valuation*
- *Well-positioned to capitalize on market recovery and for superior long-term performance*

Section 2

Strategy Implementation and Plans

Interfor's Key Strategies

- 1. Monetize non-core and non-performing assets**
- 2. Invest in core facilities to achieve top quartile (top decile) performance**
- 3. Grow in regions with attractive fundamentals**
- 4. Enhance product and customer positioning**
- 5. Maintain a strong financial position**

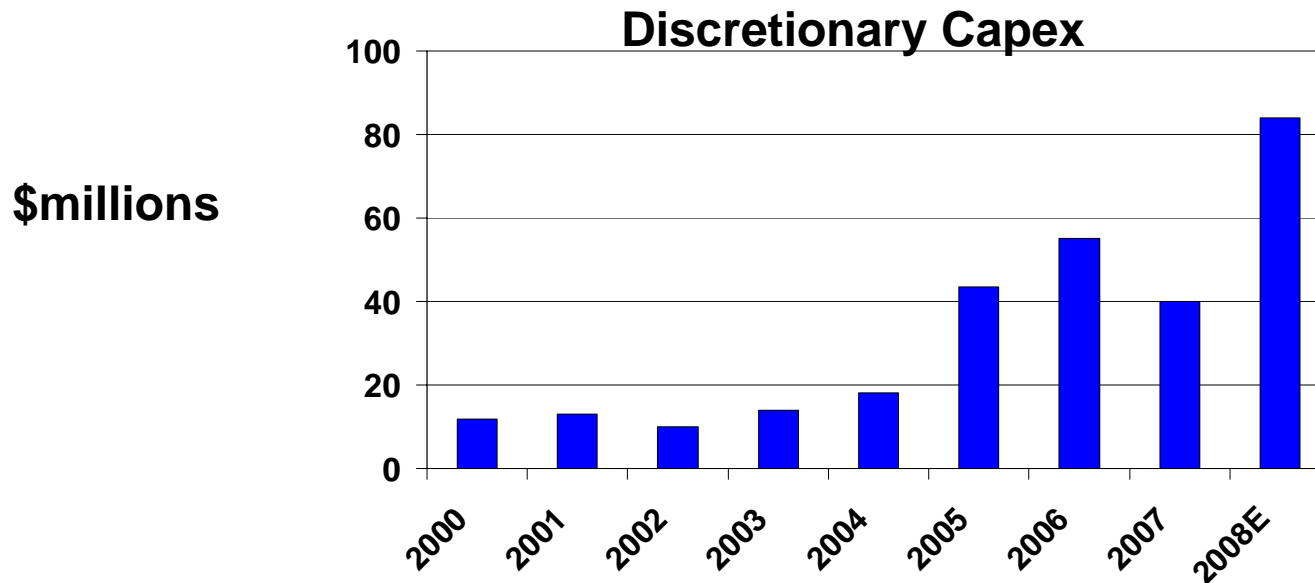
1. Monetize Non-core and Non-Performing Assets

- *Interfor has generated \$193 million through its monetization program in the last 4 years*
- *The sale of the Queensboro site will generate another \$45-\$50 million (pre-tax)*



2. Invest in Core Assets

- *Interfor has accelerated its capex plan to ensure core operations are capable of achieving top quartile (decile) performance*



In addition, Interfor spends \$20 - \$30 million per year to maintain the efficiency of operations and on logging roads. 2008 capex includes ~80% of the new Adams Lake sawmill

- *Discretionary spending will peak in '08 at \$84 million; '09 spending will return to '05-'07 levels*

2. Invest in Core Assets – Port Angeles

Port Angeles new primary breakdown line came on-line in early 2007

**Wave Log Feeders
and Full Line**



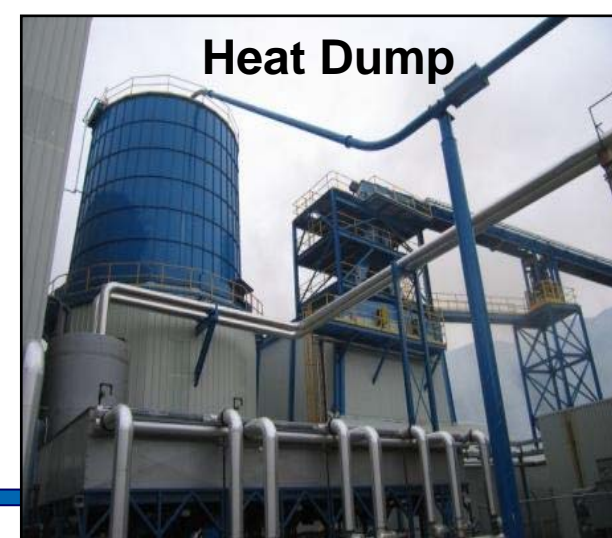
New Line Building

**Double Length Infeed
(DLI) Canter Line**



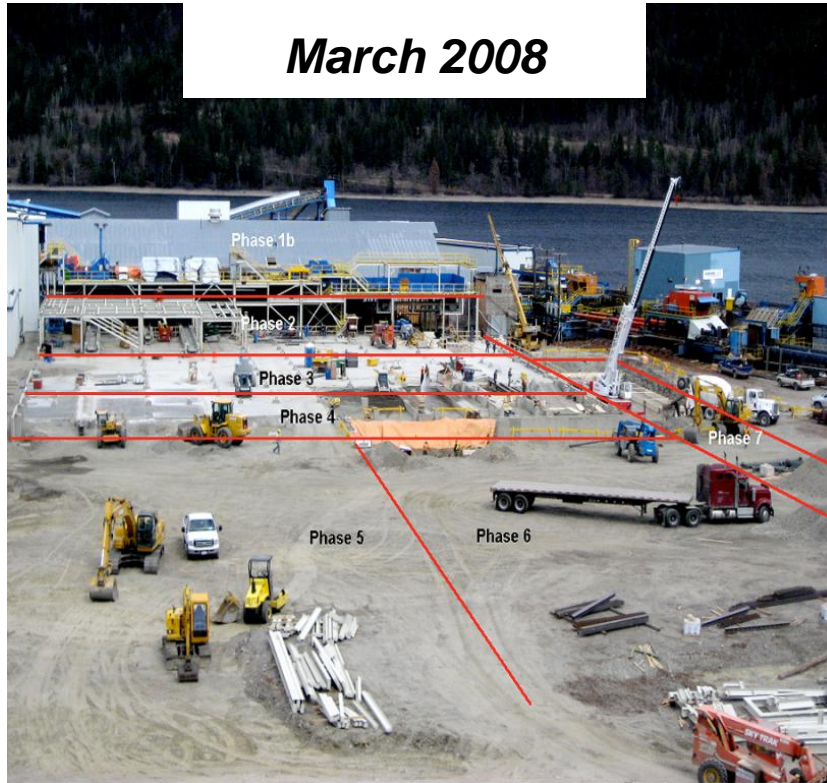
2. Invest in Core Assets – Adams Lake

Wood Waste Energy System & Site Improvements installed in 2006/7



2. Invest in Core Assets – New Adams Lake Sawmill

Project is 60% complete and on-budget; the new mill will be on-line in early 2009



- Phase:**
- | | |
|-------------------|-----------------------|
| 1a. Sorter | 4. Edgers |
| 1b. Trim Line | 5. Canter Lines |
| 2. Drop Sort Area | 6. Debarkers |
| 3. Gang / Resaw | 7. Log Infeed / Merch |

2. Invest in Core Assets – Acquisition of WY's Tenure

- *Agreement announced to acquire a portion of WY's timber tenure located in Adams Lake's timber basket*
- *AAC of approximately 356,000 m³*
- *Increases Adams Lake's tenured wood supply from 25% to 50%*
- *Helps to offset the impact of the Mountain Pine Beetle*
- *Expected to close in Q3-2008*

Note:

Interfor's Adams Lake and P&T operations, located in the southern B.C. Interior, are in an advantaged position with respect to the Mountain Pine Beetle, relative to sawmills in B.C.'s central and northern Interior (see slide 26)

3. Grow - Acquisition of P&T Mills

- *Draws on Interfor's core strengths of restructuring and repositioning underperforming assets*
- *Adds ~1.0 million cubic meters of AAC in the Southern B.C. Interior*
- *Broadens product lines in specialty and commodity grades*
- *Attractive price enhances potential ROA*
- *Purchase price is equivalent to:*
 - *1.9 X 2004 peak EBITDA*
 - *\$126/Mbf of lumber capacity*
- *Acquisition closed on April 30, 2008*
- *Mills are curtailed while operating standards are addressed*



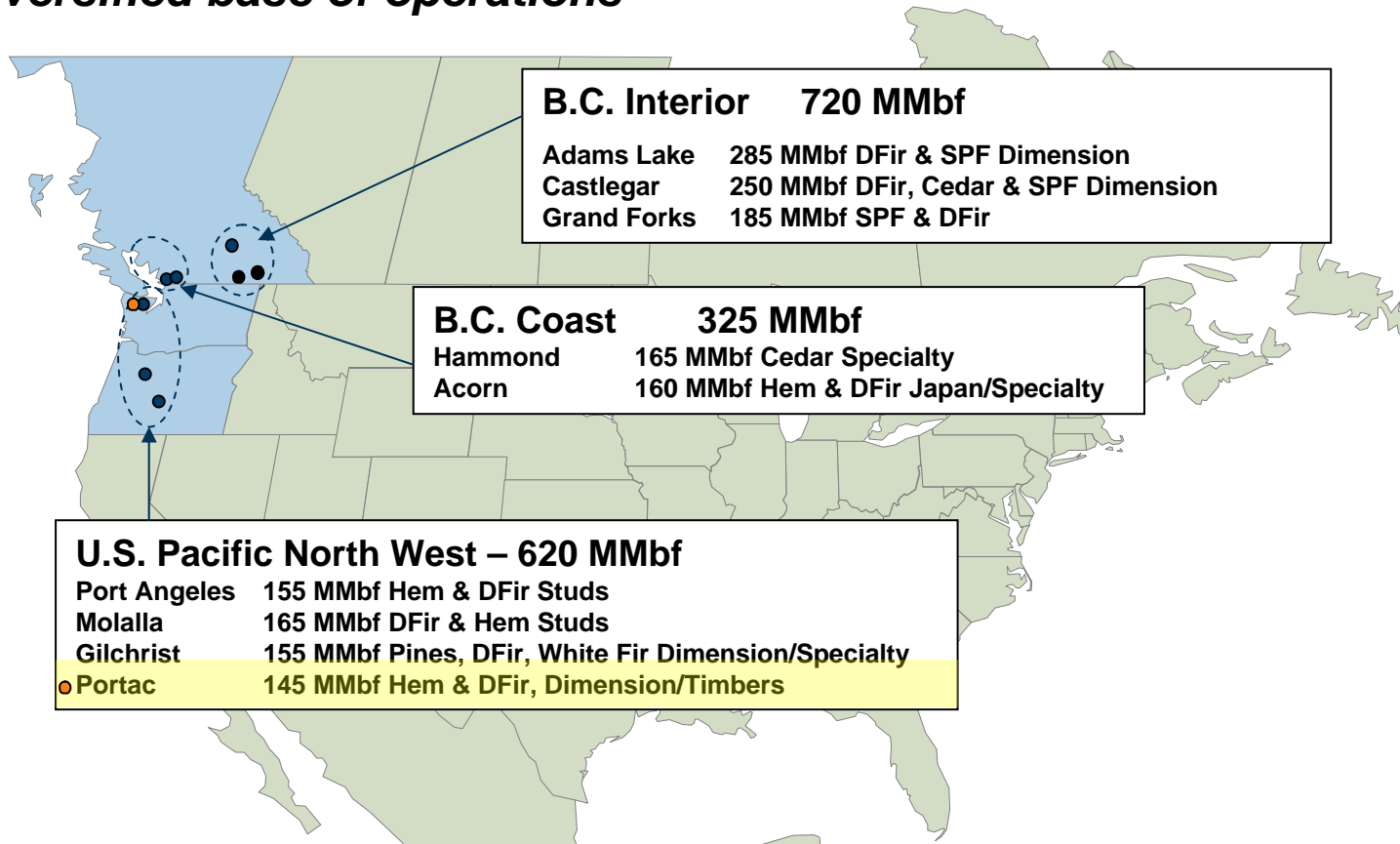
3. Grow – Acquisition of Portac Assets

- *Assets include a dimension sawmill and planer mill located at Beaver and Forks respectively, on the Olympic Peninsula*
- *Annual production in the range of 140 MMfbm*
- *Broadens product lines in the US PNW*
- *Offers synergies with Port Angeles (45 miles west)*
- *Purchase price \$28.25 million (plus inventories), with an option to pay up to \$15.25 million in Interfor stock (maximum 2.3 million shares)*
- *Purchase price is equivalent to:*
 - *1.7 X 2004/5 peak EBITDA*
 - *\$200/Mbf of lumber capacity*
- *Acquisition scheduled to close on September 30, 2008*



3. Post Acquisition: 1,665 MMbf Lumber Capacity

Interfor has increased its production capacity by 73% since 2003 and has a diversified base of operations



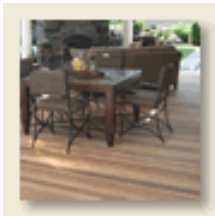
Interfor is continuing to look for opportunities to grow in regions with attractive fundamentals

4. Enhance Product and Customer Positioning

- *Interfor's strengths include a diversified product mix of both commodity and specialty products*



Cedar siding



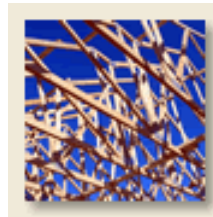
Cedar decking



Japan structural



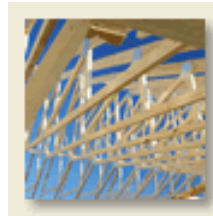
Millwork



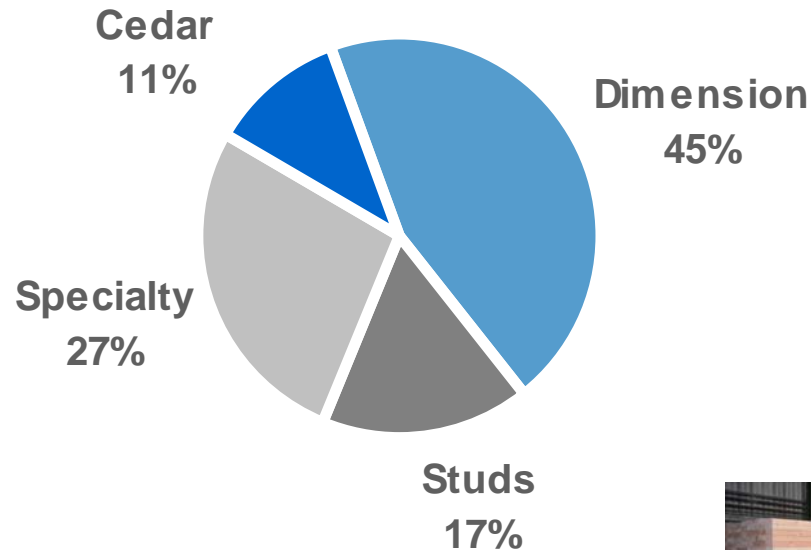
Structural dimension



Studs



Pro Forma



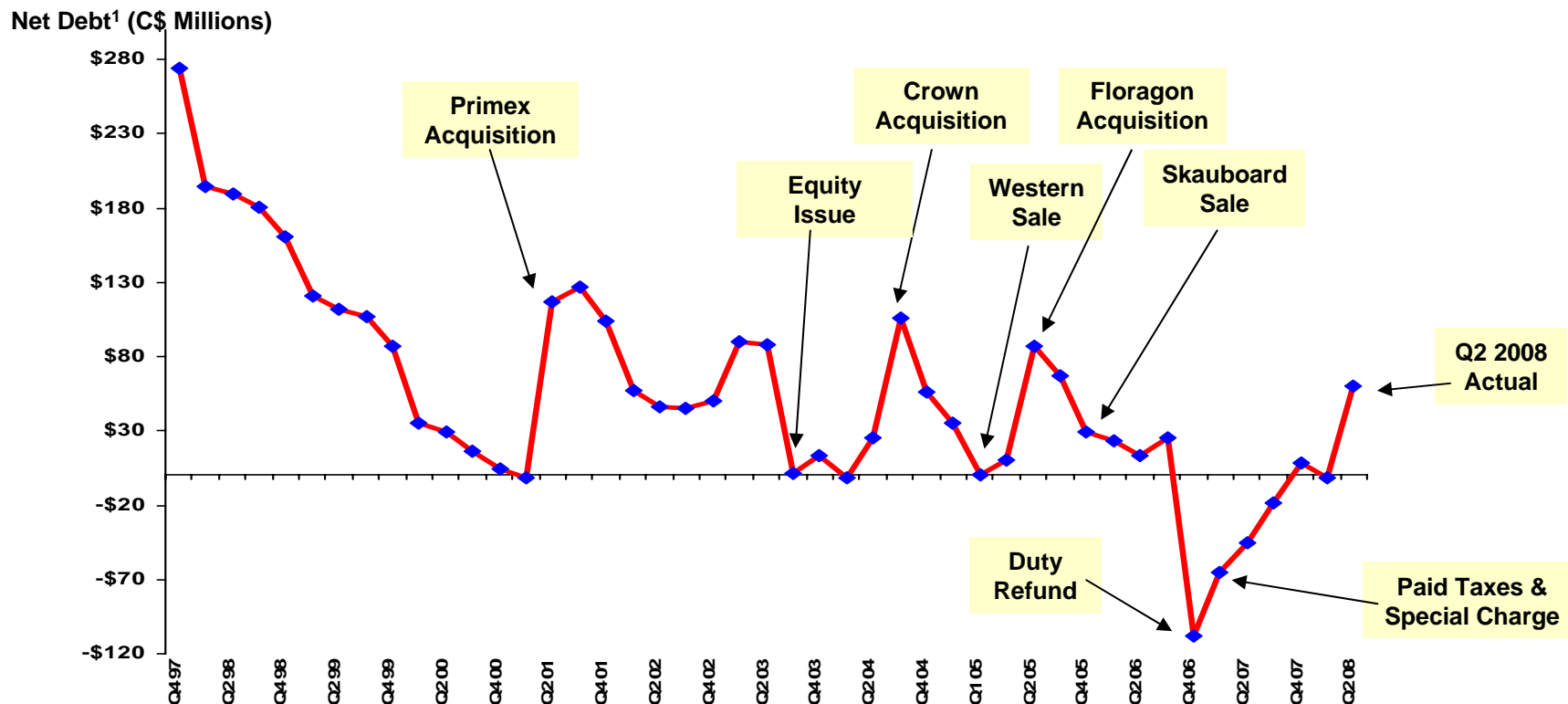
- *Higher % of specialty items → greater stability of prices/profitability*



Provide Superior Returns For Shareholders

5. Maintain a Strong Financial Position

- Interfor had net debt of \$60.5 million and D/IC of 13% at the end of Q2



1. Short and long-term debt net of cash

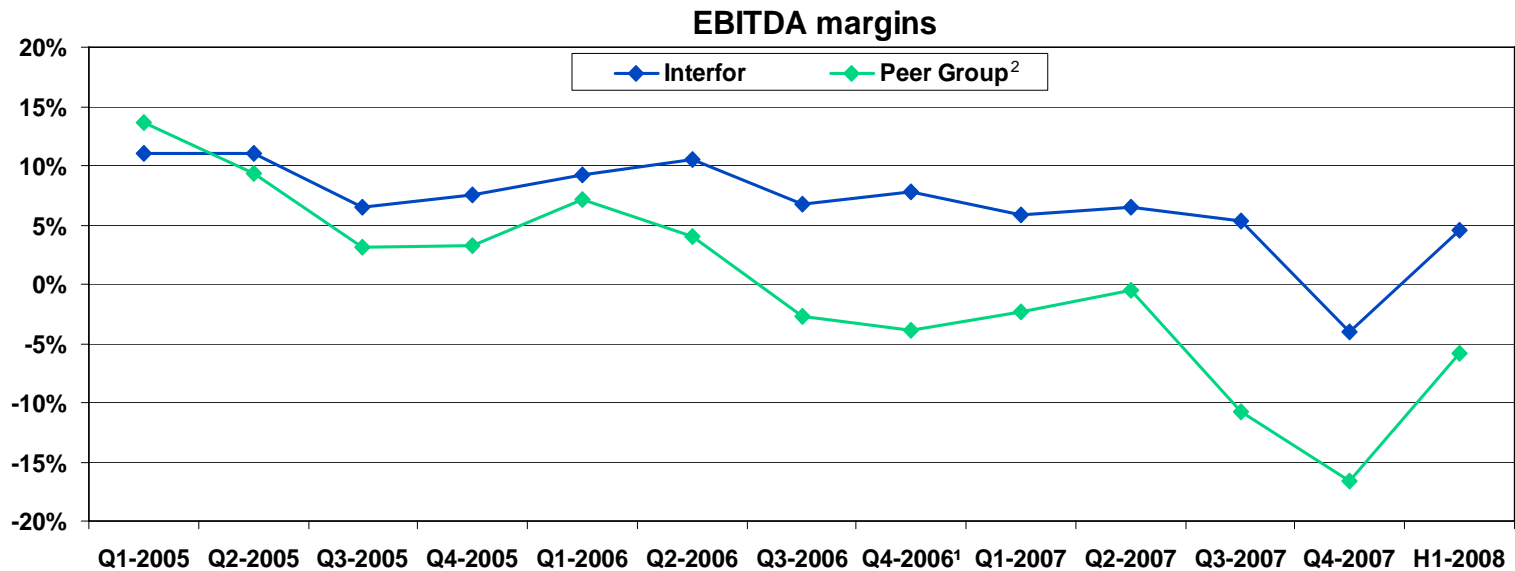
- Interfor has credit lines of \$260 million in place
- Pro forma D/IC is forecasted to be in the 20%-25% range post the P&T, Adams Lake, WY timber, and Portac acquisitions and post the Queensboro sale

Section 3

Key Takeaways

Interfor's Strategy is Working

- **Interfor is the only company generating positive EBITDA at the bottom of the cycle**
- **Interfor is well positioned to capitalize on the cyclical recovery**



Interfor rank	3	3	2	2	2	1	1	1	2	2	1	1	1
----------------------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------	----------

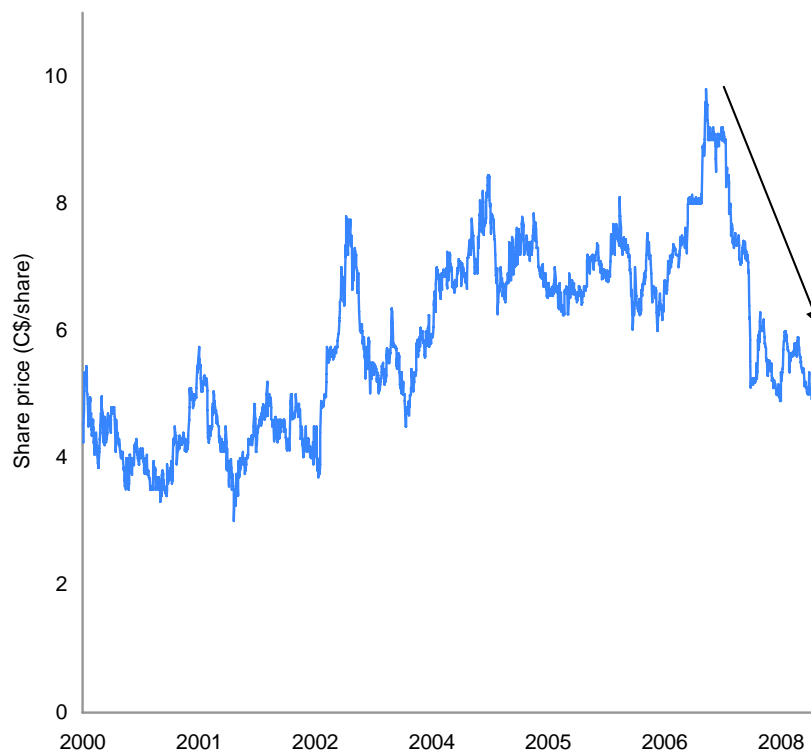
Notes:

- 1 Excludes impact of lumber duty refunds
- 2 Peer group includes Canfor, West Fraser, Western Forest, Pope & Talbot (lumber or solid wood segments only); peer group excludes P&T effective Q3'07 (no longer reporting)



Provide Superior Returns For Shareholders

Underlying Value is not Reflected in Today's Share Price



- ***Interfor's share price is trading at its lowest level in 5 years and at 58% of NBV despite the Company's repositioning efforts and track record***
- ***Interfor's current enterprise value (~\$300m) does not reflect the balance sheet, quality of assets, or cash generating ability of the business***

Key Takeaways

- *Interfor is generating positive EBITDA at the bottom of the market*
- *Interfor is investing for the long term*
- *Interfor is taking advantage of the downturn to acquire assets at attractive prices*

Interfor's underlying value is not reflected in today's share price

APPENDIX 1

Historical Financial Information

Operating Results

<i>(C\$ millions, except per share amounts)</i>	YTD June 2008	2007	2006	2005	2004	2003
Total sales	231.8	611.0	824.4	842.6	843.9	641.0
Operating earnings (loss) before US duty refunds, net of restructuring costs and asset write-downs	(13.1)	(25.3)	14.4	10.2	23.8	(42.4)
Operating earnings (loss)	(48.3)	(27.2)	103.7	(31.5)	(2.2)	(45.6)
Net earnings (loss) per share - basic	(0.65)	(0.28)	1.97	0.41	0.51	(0.58)
Cash flow from operations per share¹	0.16	0.53	2.95	0.93	1.20	(0.12)
Shares outstanding - weighted average (millions)	47.1	47.6	48.5	48.7	48.4	39.5
Adjusted EBITDA²	10.4	25.8	68.6	74.7	88.0	1.3

Notes:

1 Cash generated from operations before taking account of changes in operating working capital

2 Adjusted EBITDA represents EBITDA adjusted for US duty refunds and other income

Financial Position

<i>Jun 08</i>	<i>Dec 07</i>	<i>Dec 06</i>
---------------	---------------	---------------

(\$millions except ratios)

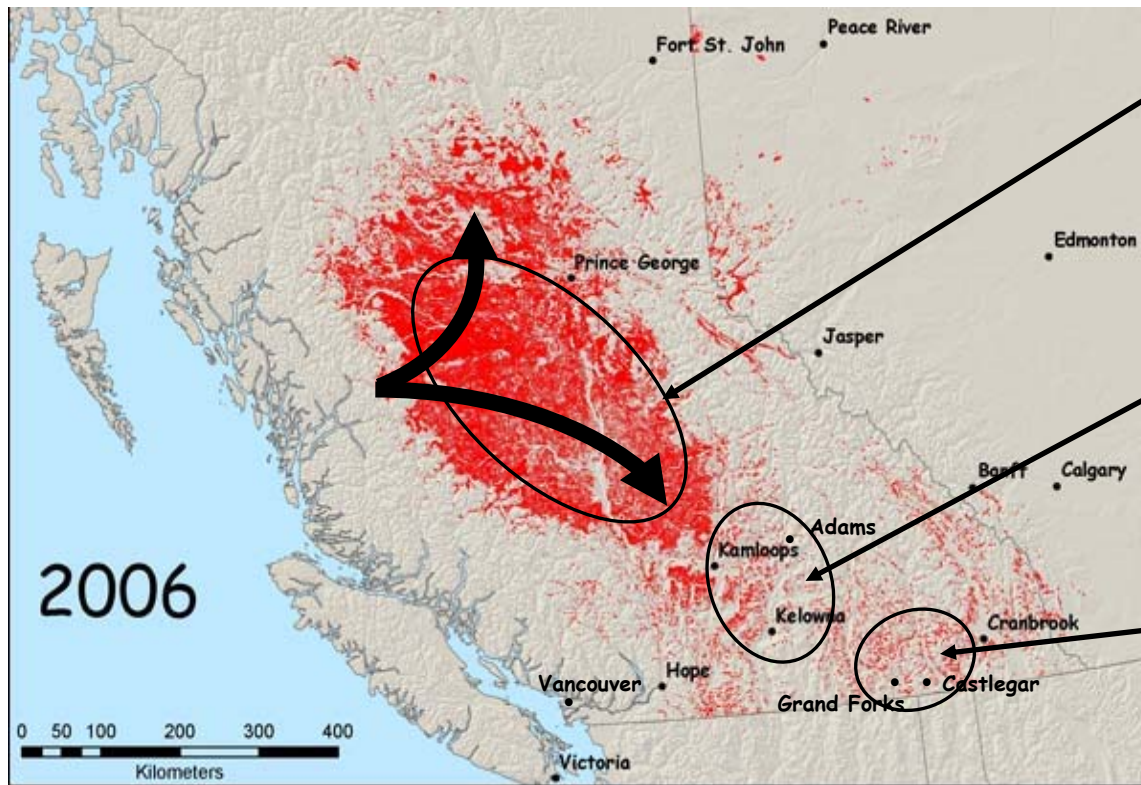
Total Debt	\$64.1	\$34.7	\$41.4
Less Cash & Deposits	\$(3.6)	\$(26.6)	\$(149.2)
Net Debt	\$60.5	\$8.1	\$(107.8)
Equity	\$404.3	\$428.2	\$478.0
Net Debt / IC	13.0%	1.9%	(29.1)%
Book Value / Share	\$8.58	\$9.09	\$9.93

Mountain Pine Beetle

Areas Affects by the Mountain Pine Beetle

Interfor's southern B.C. Interior wood baskets are less exposed to the MPB than B.C.'s central and northern interior regions

Mountain Pine Beetle (MPB) – Area Affected



Central and Northern B.C.
50 – 75% Pine

Adams Lake in Southern B.C.
28 – 30% Pine

Acquired P&T Mills in Southern B.C.
17% Pine

Source: Ministry of Forests, COFI