



Building Value

**Duncan Davies,
President and CEO**

**John Horning
Senior Vice President and CFO**

October 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.

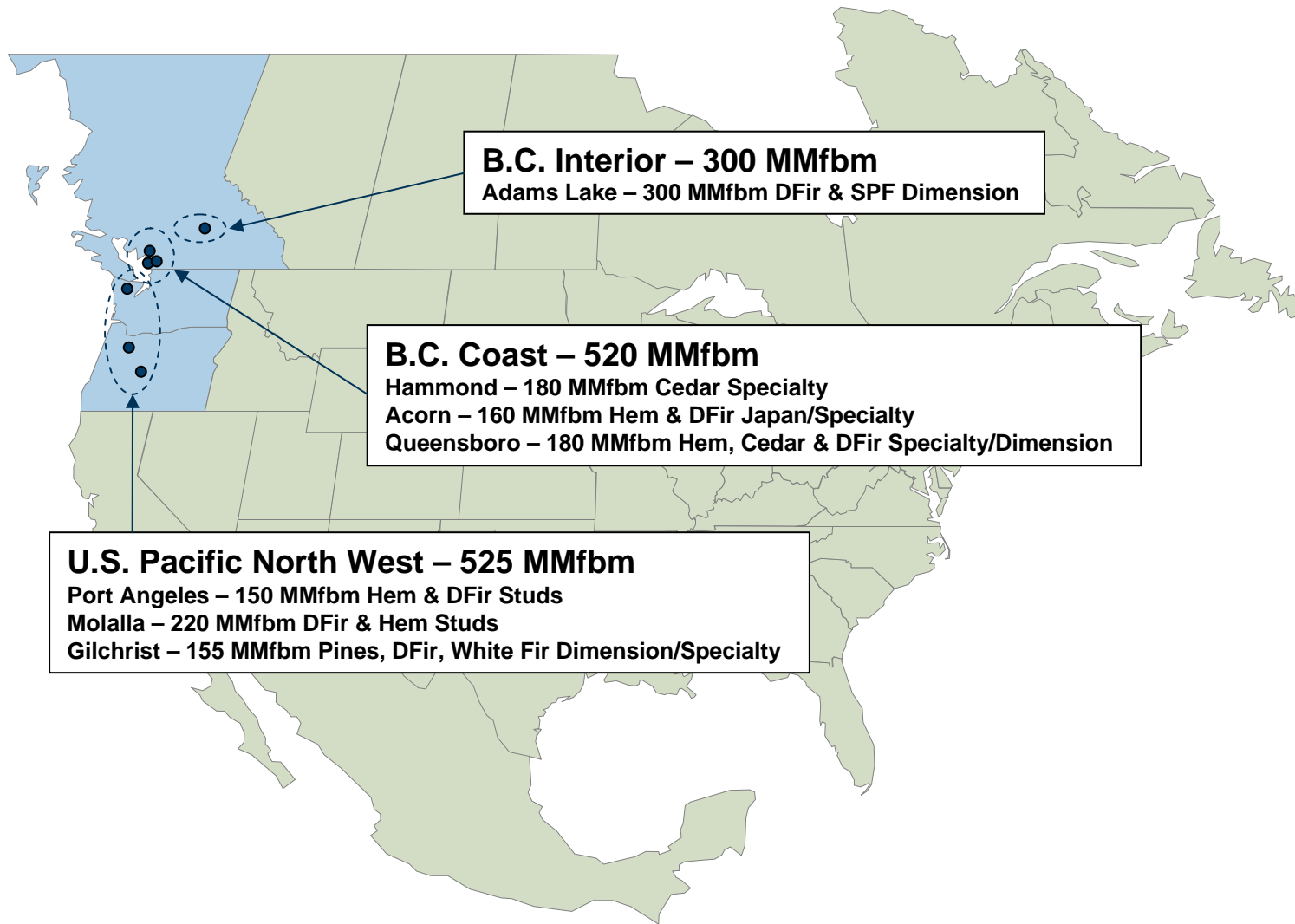
Interfor's Goal

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

Interfor's Transformation

- *Over the last 6 years Interfor has undergone significant restructuring. Non-core and non-performing assets have been sold and cash redeployed to fund growth in the B.C. Interior and the U.S. PNW*
- *The Company's product line, market exposure and geographic base of operations have been diversified*
- *Interfor's balance sheet is very strong and provides a base for value-creating strategic initiatives including internal projects and acquisitions*

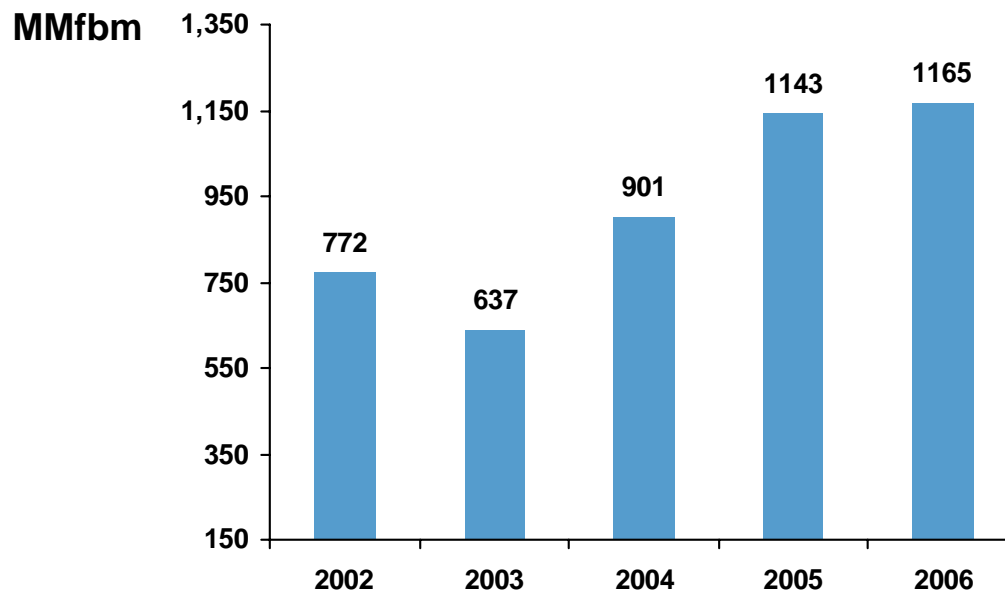
Map of Operations - North America



Results - Increasing Scale Of Operations

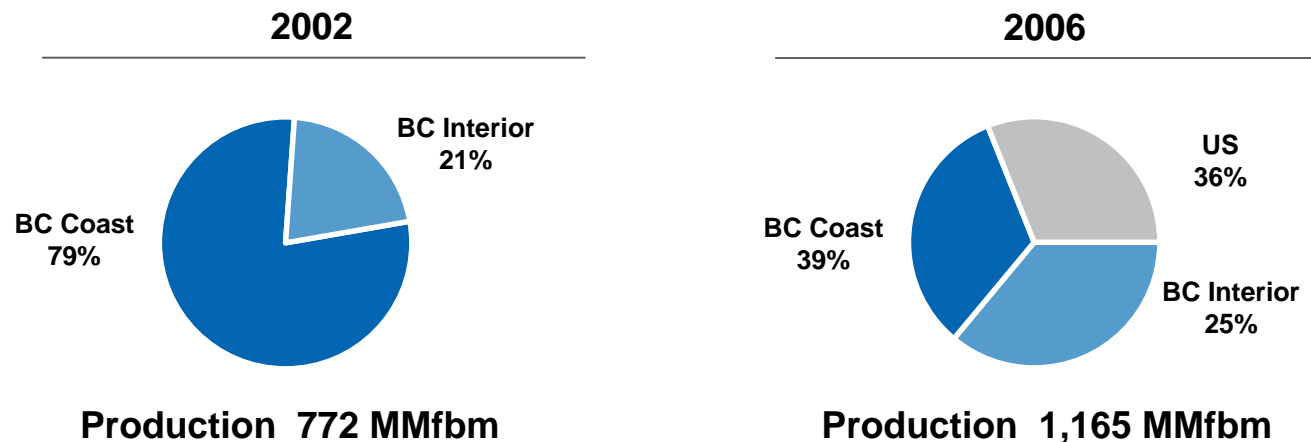
- *Lumber production reached a new record in 2006 at 1.16 billion board feet (fbm).*
- *2007 production will be lower due to continuing weak North American structural lumber markets and the B.C. Coast labour dispute*

Interfor Lumber Production
2002 – 2006 Annual

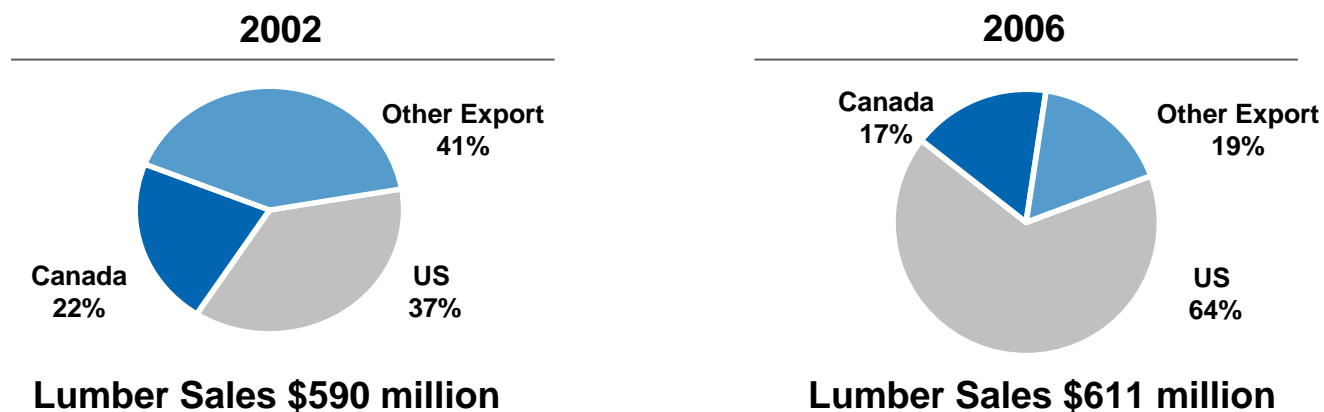


Results – Diversified Operating Platform & Markets

- *Interfor's operating platform has been diversified*



- *And, its market exposure has changed significantly*



Provide Superior Returns For Shareholders

Results – Balanced Species and Product Mix

- *Interfor's product mix is unlike other companies*



Cedar siding



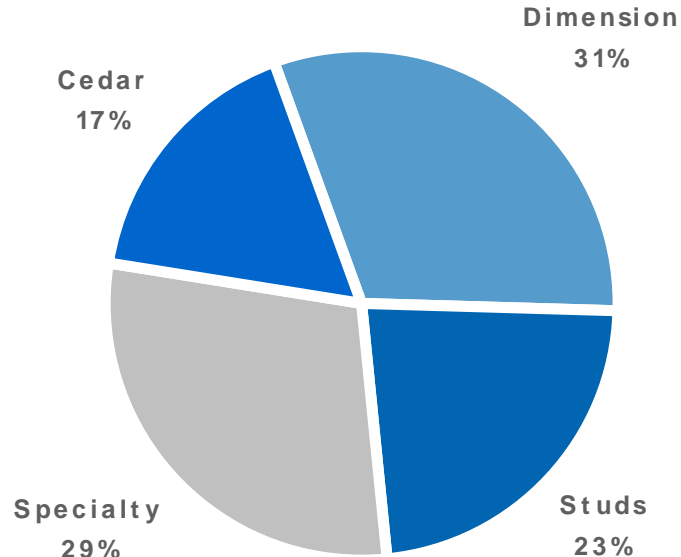
Cedar decking



Japan structural



Millwork



Structural dimension



Studs



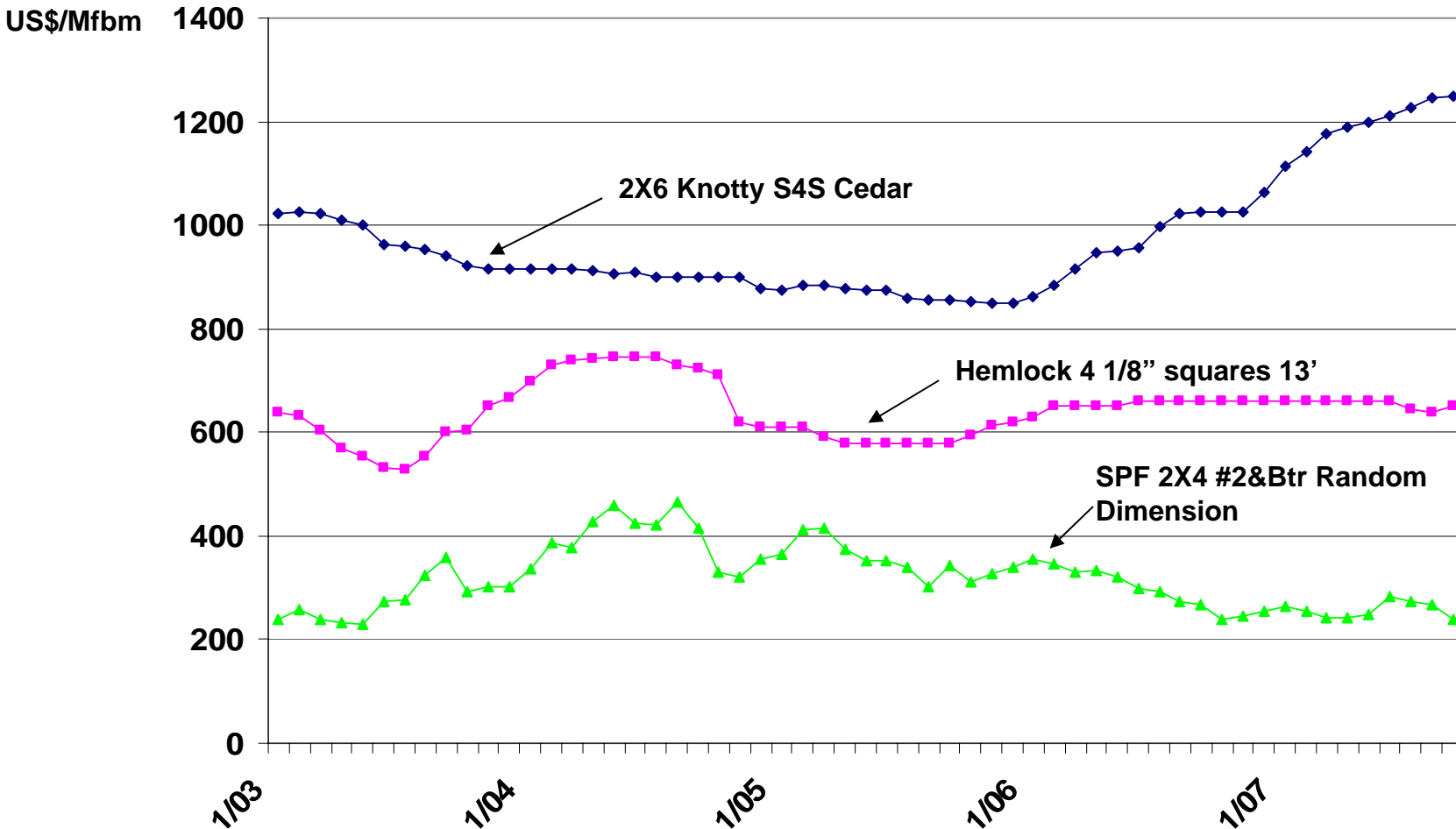
- *Higher % of specialty items → greater stability of prices/profitability*



Provide Superior Returns For Shareholders

Benchmark Price Movements (Jan. 2003 – Sept. 2007)

- Cedar and Japan have been strong vs. N.A. commodity prices



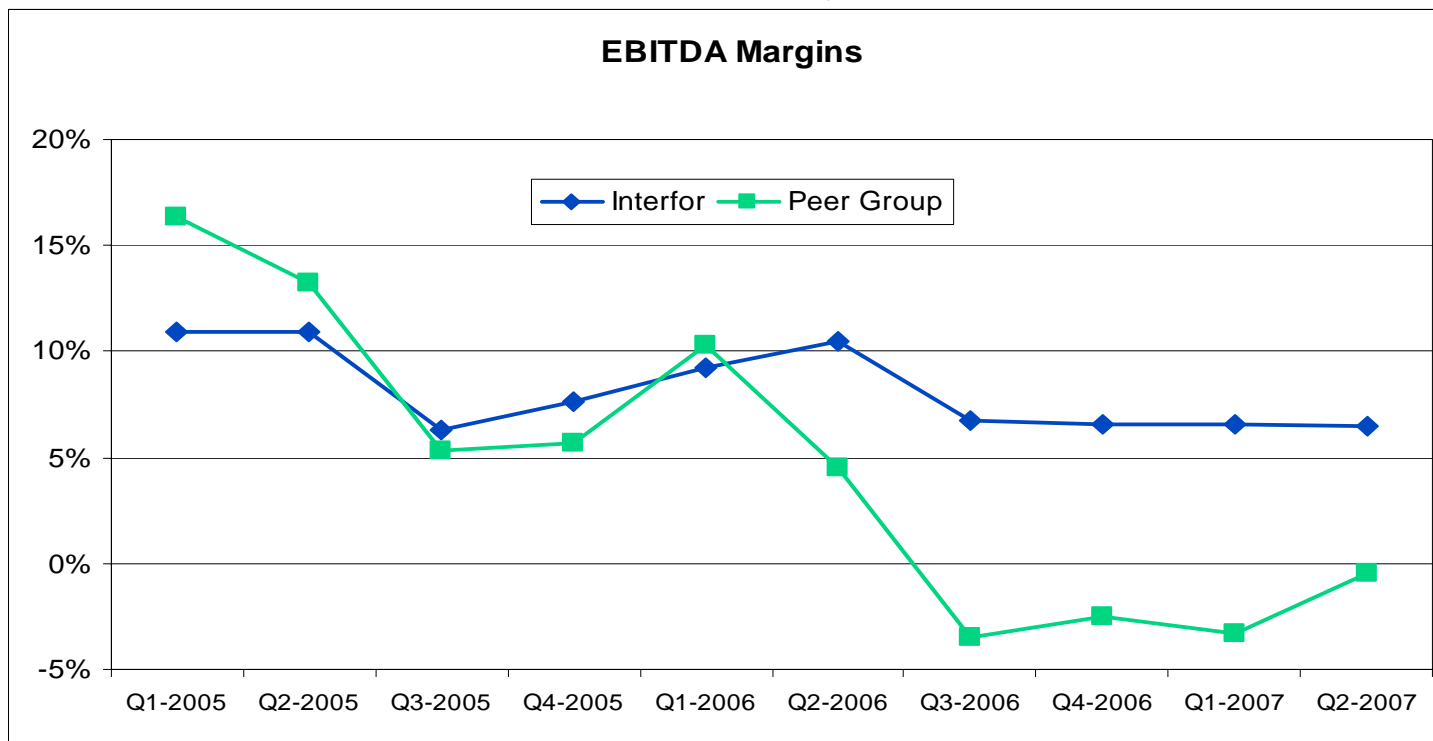
Source: Random Lengths Publications Inc.



Provide Superior Returns For Shareholders

Results – Strong Relative Performance

- **Interfor's EBITDA margin has improved relative to its peers, and for the last two years has ranked No. 1 or 2 in the industry**



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

Peer group: Canfor, West Fraser, Western Forest, Pope & Talbot (lumber or solid wood segments only)

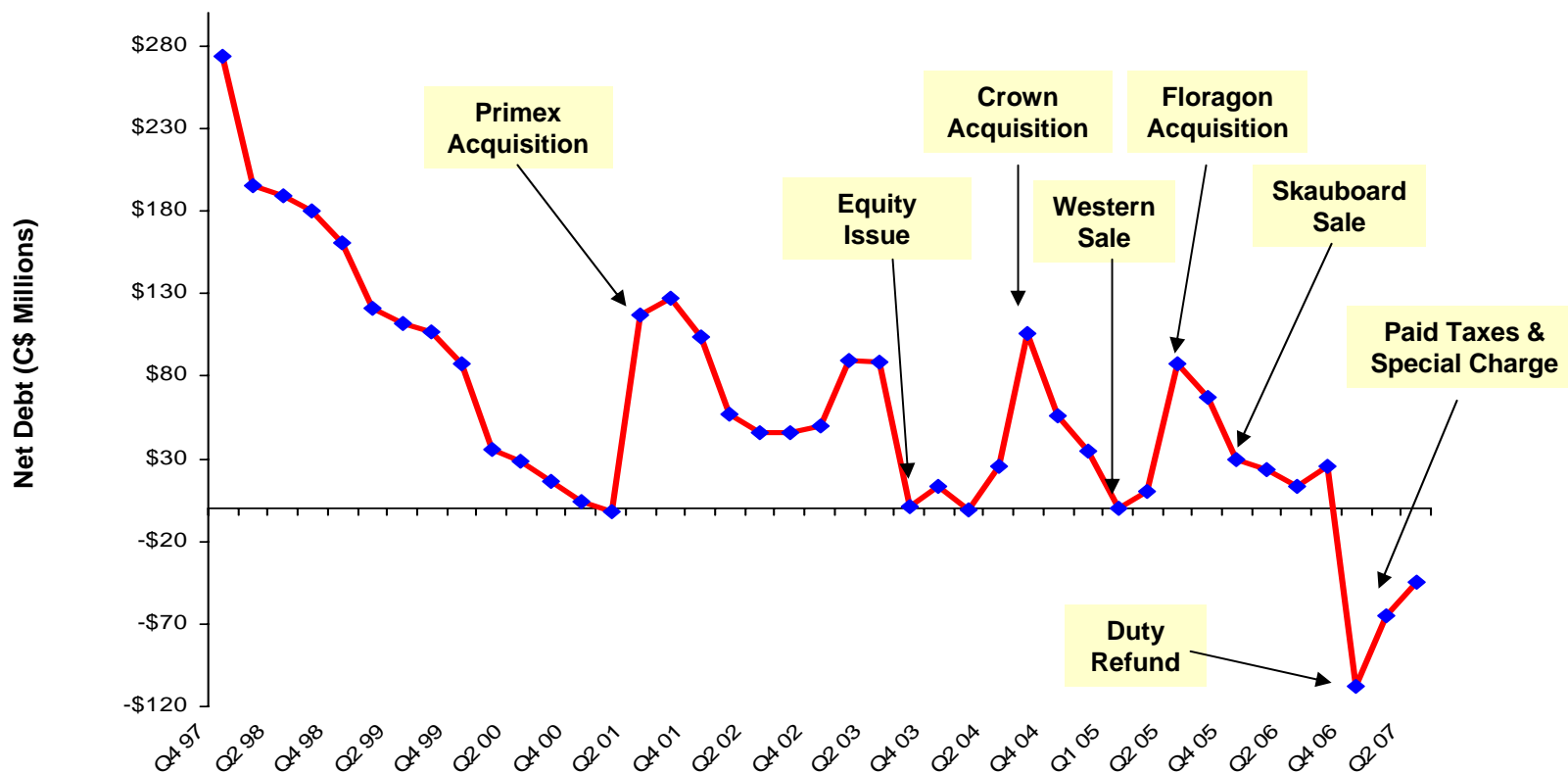
- **Interfor's relative performance reflects the Company's restructuring efforts and higher percentage of specialty items**



Provide Superior Returns For Shareholders

Results – Strong Financial Position

- At June 30, 2007 Interfor had net cash¹ of \$44.5 million and \$290 million in incremental financial capacity (based on 35% debt/invested capital ratio)



- Interfor's strong balance sheet provides a platform for growth

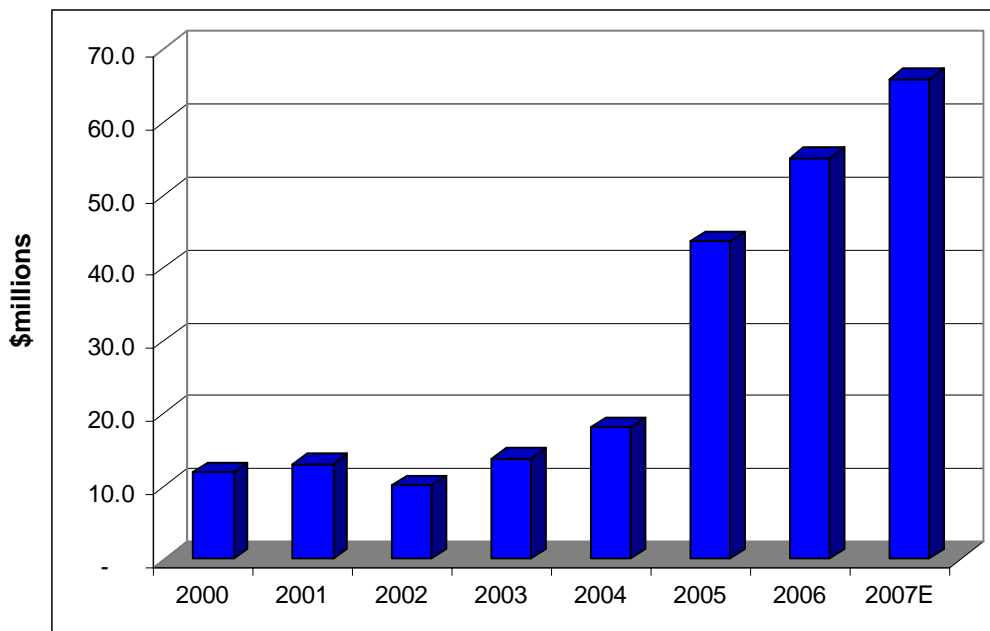
1. Cash net of short and long-term debt

Current Focus

- *Invest in core assets*
- *Grow in regions and products with attractive fundamentals*
- *Maintain a strong balance sheet*

Current Focus - Capital Investments in Core Assets

- *Interfor has accelerated its discretionary capex program in recent years to ensure core operations incorporate state-of-the-art technology, and achieve top quartile (decile) performance*



In addition, Interfor spends \$20 - \$30 million per year to maintain the efficiency of operations and on logging roads

- *The benefits of the 2006 discretionary capex are impacting 2007 results*
- *Interfor's 2007 discretionary capex program includes approximately 1/3 of the total cost of the new Adams Lake sawmill (scheduled completion 2008)*

Port Angeles – Primary Breakdown Line

New Line Building



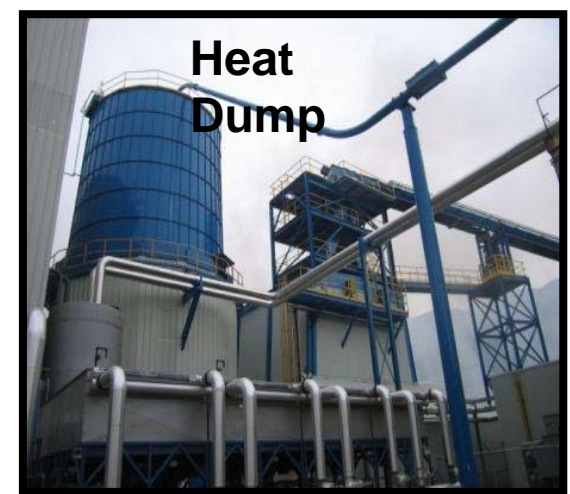
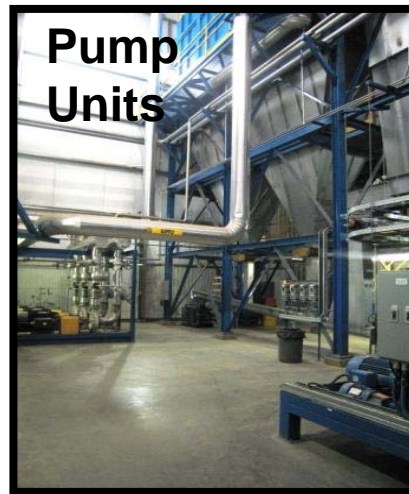
Wave Log Feeders
and Full Line



Double Length Infeed
(DLI) Canter Line



Adams Lake – Wood Waste Energy System & Site Improvements

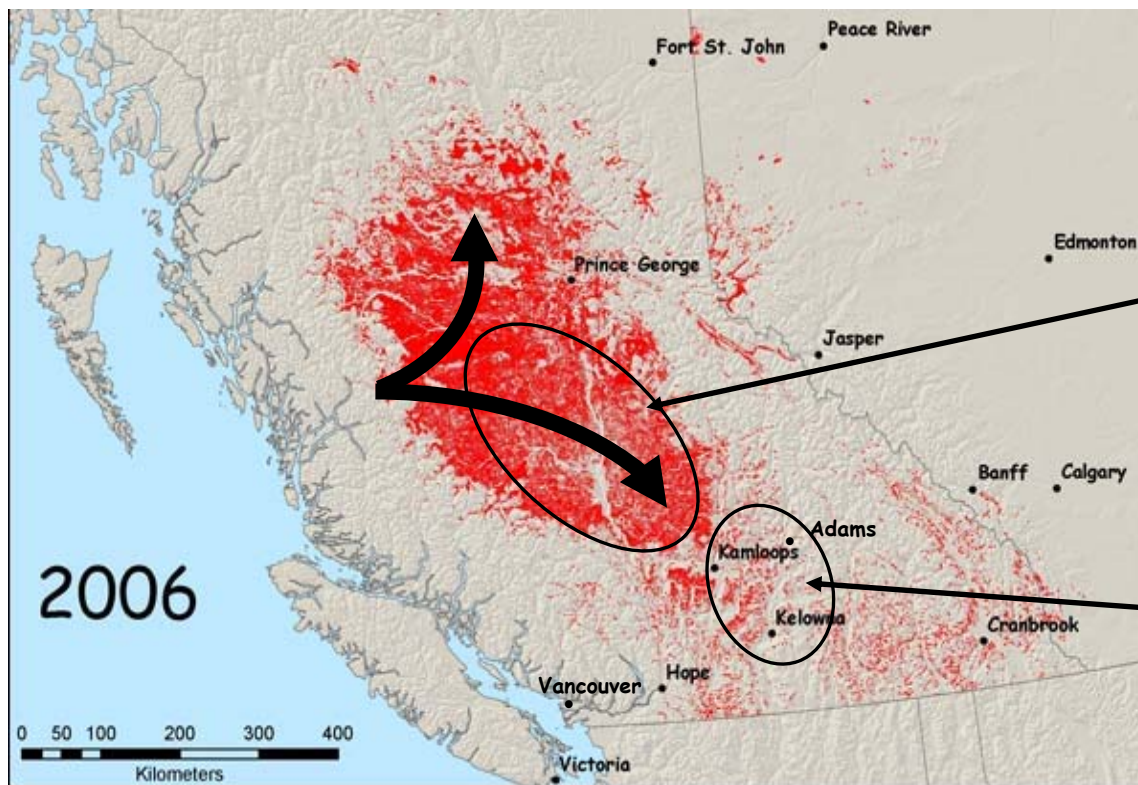


Current Focus - Capital Investments in Core Assets

- In April, Interfor announced plans to construct a new \$100 million sawmill at Adams Lake to replace the existing mill. The rationale for the mill includes:
 - *Good fit with the timber resource*
 - *World-class cost structure*
 - *No loss of production during construction*
 - *Excellent timing:*
 - *Takes advantage of the MPB bubble*
 - *Mill construction during industry downturn*
 - *Start-up during next upturn in housing cycle*
 - *Attractive ROA*
- Construction will be completed in late 2008

Mountain Pine Beetle – Area Affected 2006

- *Wood supply for Adams Lake is predominantly from the Kamloops and Okanagan TSA's*



50 – 75% Pine

100 Mile TSA
Williams Lake TSA
Vanderhoof TSA
Quesnel TSA
Lakes TSA

28 – 30% Pine

Kamloops TSA
Okanagan TSA

Source: Ministry of Forests, COFI

- *Interfor's operating area has a lower % of pine than the Central & Northern Interior*

Adams Lake - Wood Quality Impact on Mill Design

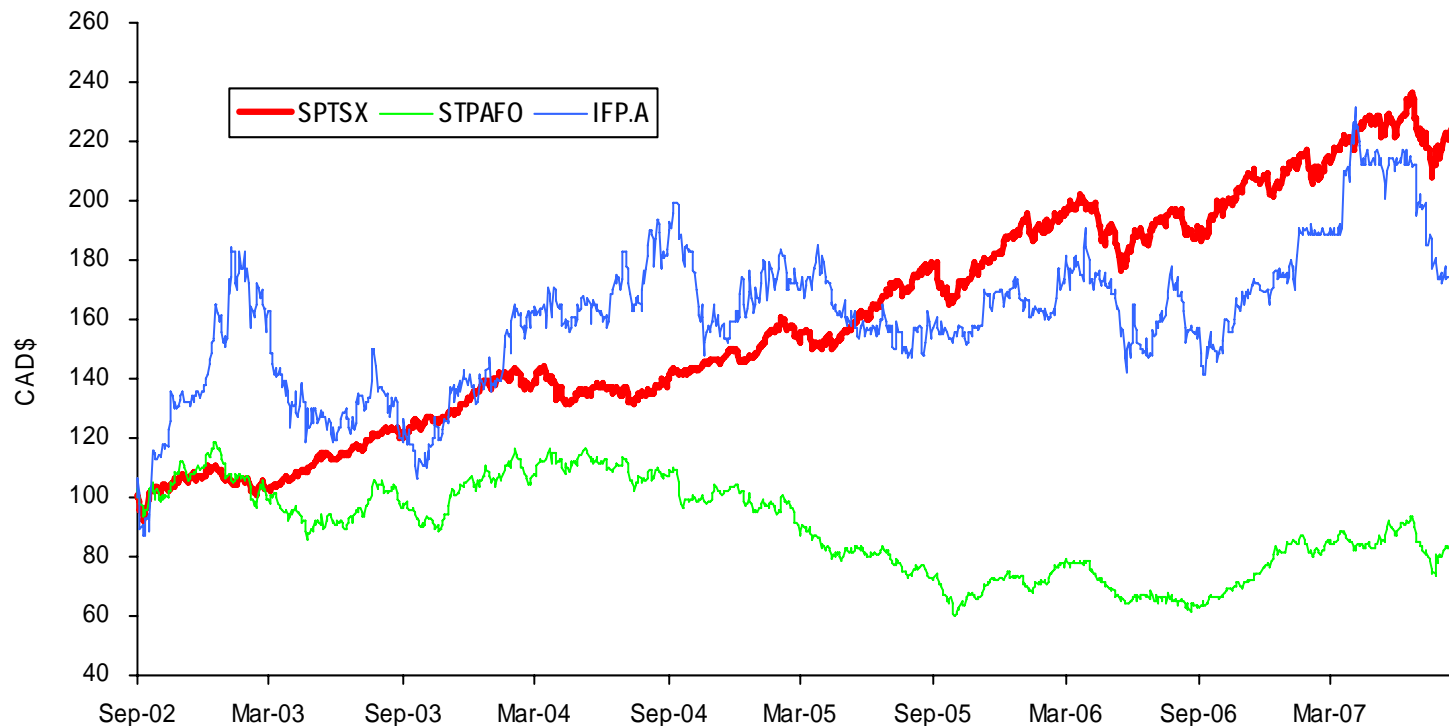
- Adams Lake is one of 4 or 5 Interior mills which can store wood in water
 - ⇒ maintains moisture; reduces checking
- In addition, the mill design has been modified to address MPB issues:
 - *Advanced optimization technology* ⇒ *ensures optimal orientation of each log/piece*
 - *Additional debarking capacity* ⇒ *reduces feed speeds and potential breakage*
 - *Additional chain runs* ⇒ *enhances movement of short pieces*
 - *Improved drop-outs after equipment centres* ⇒ *improves disposal of short pieces*
 - *Larger residual system* ⇒ *improves disposal of broken pieces*
 - *New energy system* ⇒ *provides gentle heat (improves drying & grade out-turn)*

Adams Lake Operation – New Sawmill Outline



Total Shareholder Return

- In spite of the recent drop in share price, Interfor has delivered a CAGR of 11% since September 2002, significantly exceeding the TSX Paper and Forest Products Index***



Listed on the Toronto Stock Exchange, Symbol: IFP.A; Value of \$100 invested September 30, 2002 at September 30, 2007

Relative Valuation

- In spite of its strong relative performance and balance sheet, Interfor continues to trade at a discount to its peers***

	Ticker Symbol	Share Price Oct 15, 2007	Market Cap	Net Debt	EV	EBITDA ⁽¹⁾			EV / Trend EBITDA	P / BV	Net Debt / IC
						2007E	2008E	Trend			
Ainsworth Lumber	ANS	\$6.70	\$98.1	\$889.3	\$987.5	(\$30.2)	(\$57.0)	N/A	N/A	0.4x	78%
Canfor Corp.	CFP	\$9.42	\$1,343.2	\$110.0	\$1,762.2 ⁽²⁾	(\$18.7)	\$108.3	\$399.5	4.4x	0.6x	4%
Interfor	IFP.A	\$7.32	\$348.4	(\$44.5)	\$303.9	\$50.2	\$68.2	\$83.5	3.6x	0.8x	-11%
Norbord	NBD	\$7.91	\$1,147.9	\$564.3	\$1,712.3	\$73.9	\$139.7	\$226.8	7.5x	2.9x	59%
Pope & Talbot (US\$)	PTBT	\$0.25	\$4.1	\$357.8	\$361.9	(\$3.0)	\$7.6	N/A	N/A	0.1x	82%
Tembec	TBC	\$0.54	\$46.2	\$1,506.0	\$1,583.2 ⁽³⁾	\$40.2	\$79.6	\$73.0	21.7x	0.1x	72%
Timberwest Forest	TWF.UN	\$15.33	\$1,191.7	\$918.4	\$2,110.1	\$92.4	\$83.3	N/A	N/A	5.0x	79%
West Fraser Timber	WFT	\$35.83	\$1,533.5	\$697.8	\$2,231.3	\$174.8	\$301.3	\$470.5	4.7x	0.7x	25%
Western Forest Products	WEF	\$2.00	\$408.8	\$141.6	\$550.4	N/A	N/A	N/A	N/A	0.9x	23%
Average			\$680.2	\$571.2	\$1289.2				8.4x	1.3x	46%

Note: All figures in C\$ millions except for per share data or otherwise stated

(1) EBITDA based on consensus estimates

(2) Enterprise value includes minority interest

(3) Enterprise value includes minority interest and redeemable preferred shares



Provide Superior Returns For Shareholders

Summary

- *Interfor has a clear goal and action-based strategy that has demonstrated positive results for shareholders*
- *The Company has a strong balance sheet and significant financial capacity*
- *Interfor's relative valuation provides an attractive opportunity for investment*

Building Value

The journey of “Building Value” continues

APPENDIX 1

Financial Statements

Income Statement – Last 12 Months

Restructuring and Other Income after-tax

<i>(\$millions except per share amounts)</i>	Q2 07	Q1 07	Q4 06	Q3 06	LTM
Net Earnings	(3.4)	0.6	77.2	1.6	76.0
Earnings per share	\$(0.07)	\$0.01	\$1.60	\$0.03	\$1.57
Add: Other FX (gains) losses	3.5	0.8	(1.5)	-	2.8
Add: Restructuring	0.9	0.1	-	-	1.0
Less: U.S. Duty Refund & Other Income	(1.3)	(1.4)	(76.7)	(0.1)	(79.5)
Net Earnings (loss) – before one time items	(0.3)	0.1	(1.0)	1.5	0.4
EPS – before one time items and other FX (gains) losses	\$(0.01)	\$0.00	\$(0.02)	\$0.03	\$0.01
Adjusted EBITDA *	12.6	10.8	11.5	13.9	48.8

* Adjusted EBITDA represents EBITDA adjusted for U.S. duty refunds and other income

Balance Sheet

	<i>Jun 07</i>	<i>Dec 06</i>	<i>Jun 06</i>
<i>(\$millions except ratios)</i>			
Total Debt	\$37.3	\$41.4	\$39.1
Less Cash	\$(81.8)	\$(149.2)	\$(25.4)
Net Debt	\$(44.5)	\$(107.8)	\$13.7
Equity	\$455.0	\$478.0	\$397.0
Net Debt / IC	(10.9)%	(29.1)%	3.4%
Book Value / Share	\$9.51	\$9.93	\$8.20