

Investor Update

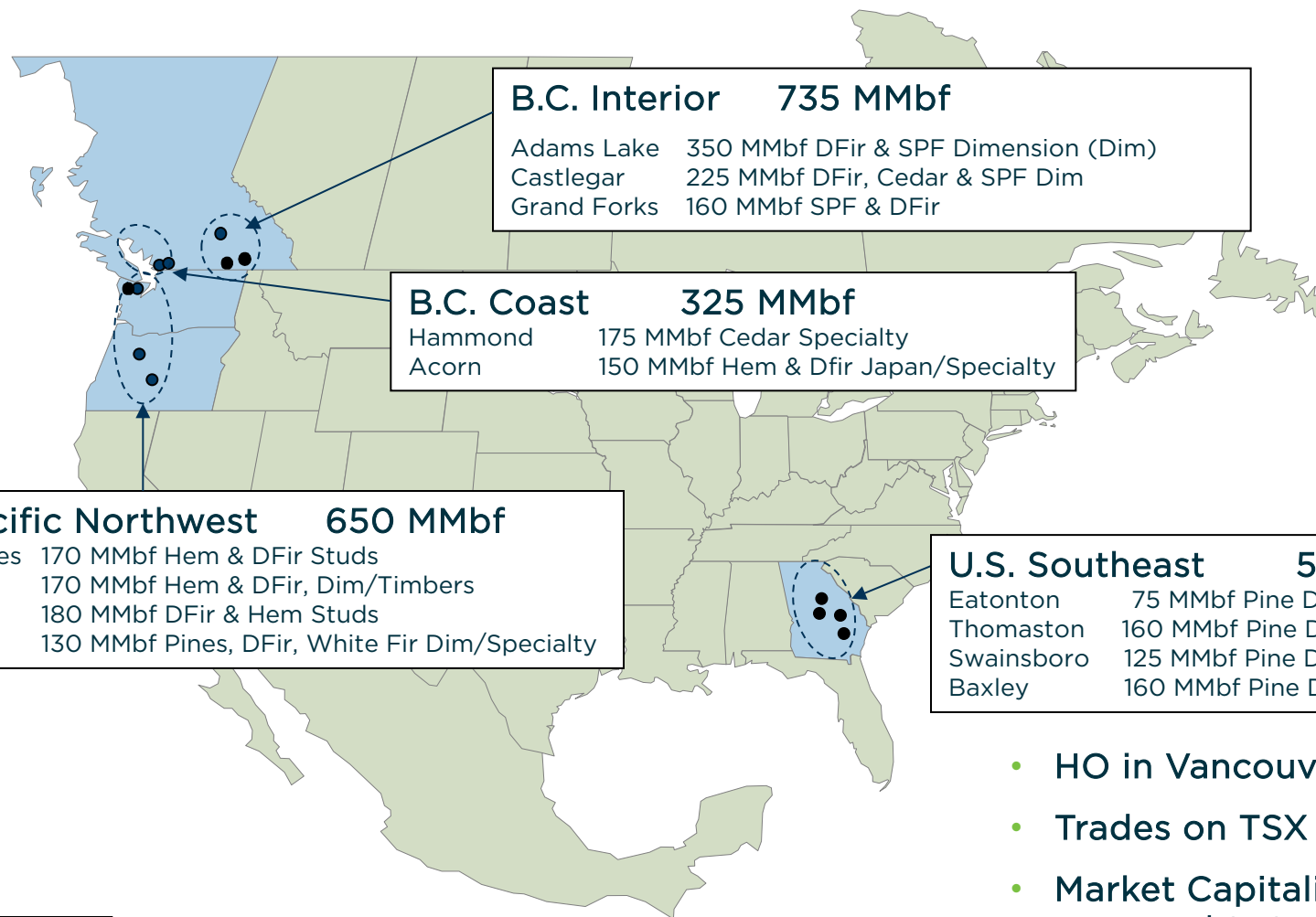
October 2013

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 2012 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.

Four Operating Regions



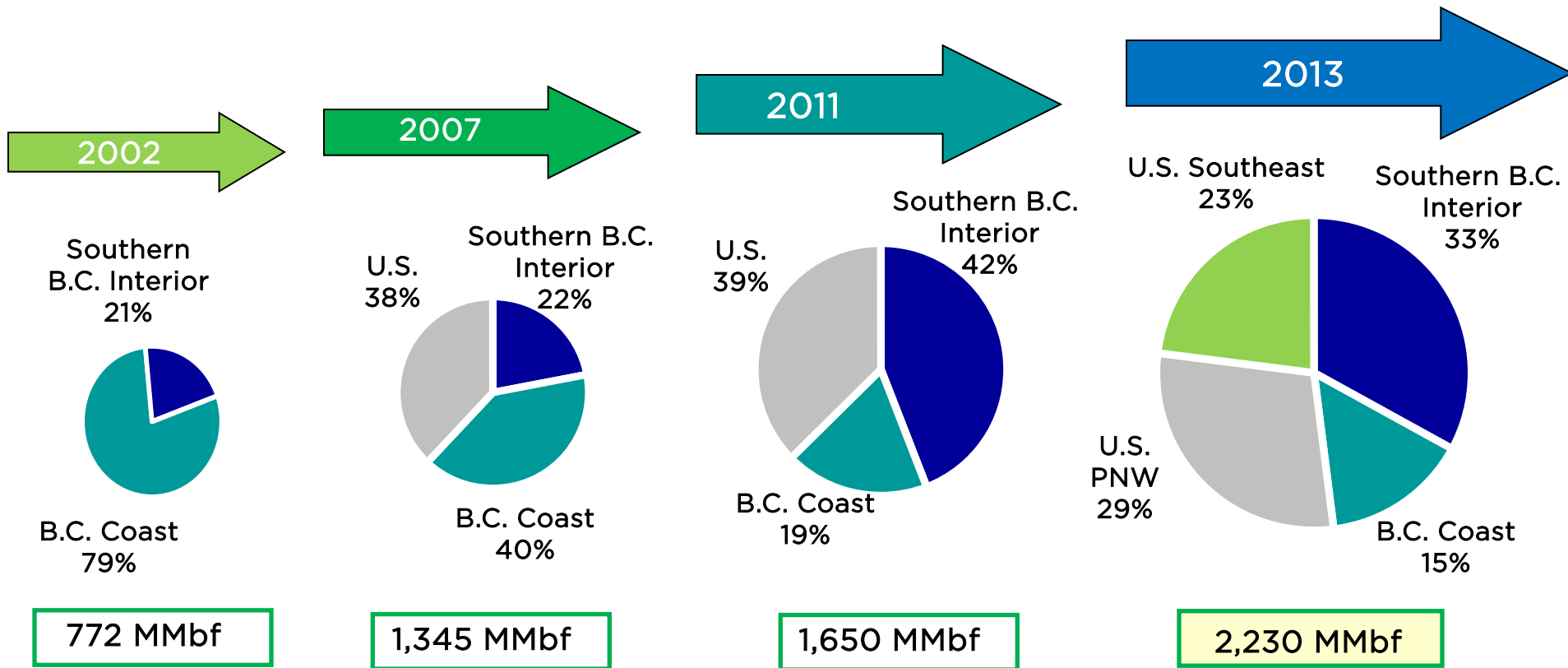
- HO in Vancouver, BC
- Trades on TSX - IFP.A
- Market Capitalization of approx. \$670 million².

¹. Capacity based on 2-shift operation

². As of August 6, 2013.

Total Capacity 2,230 MMbf¹.

The Transformation of Interfor



Interfor has grown rapidly and transformed its operating platform over the last 10 years - with a goal of continued growth

US Southeast Strategic Rationale

- The US Southeast is considered an attractive region:
 - Favorable wood supply fundamentals
 - Proximity to the largest US lumber market
 - Track record of leading profitability in the NA lumber industry ¹.
- Timing is right to take advantage of the US housing up-cycle.

¹. Based on surveys per The Beck Group

US Southeast Acquisitions

Interfor acquired 3 sawmills in Georgia from Rayonier, Inc. (March '13)

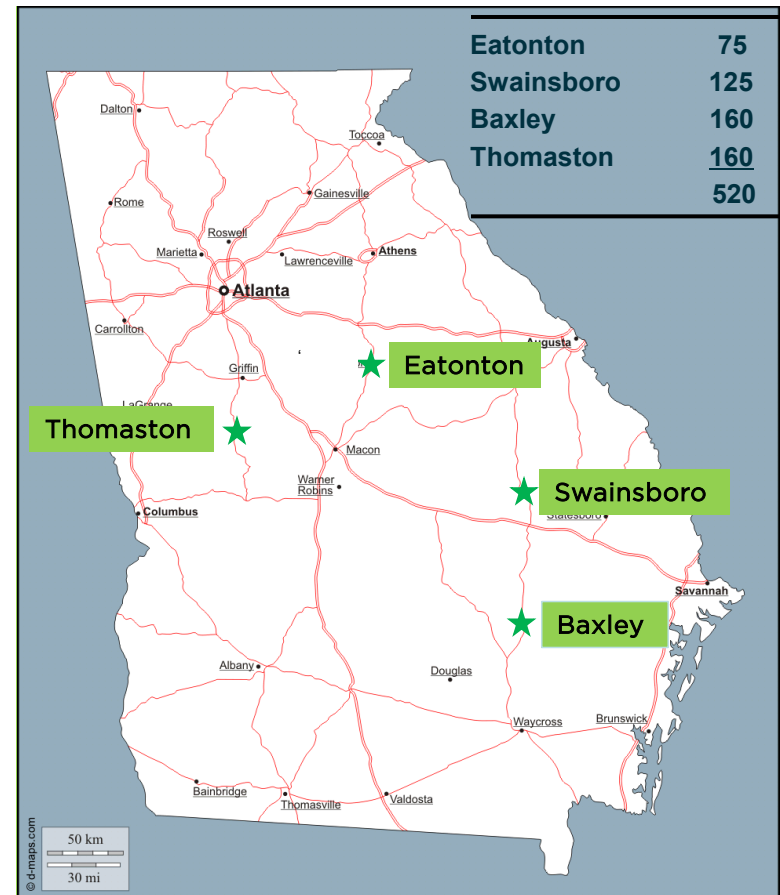
- Total capacity of 360 MMBf
- The acquisition was accretive from the outset
- Two kiln projects underway; to be completed in Q3/Q4 2013

Interfor recently completed the acquisition of Keadle Lumber in Thomaston, GA

- Closed on July 1st
- Large log mill (90% of log mix is 8" minimum top), with focus on production of premium wide dimension lumber (approximately 35-40% of the mix is 2x10 & 2x12)
- Plans are underway to add a 2nd shift

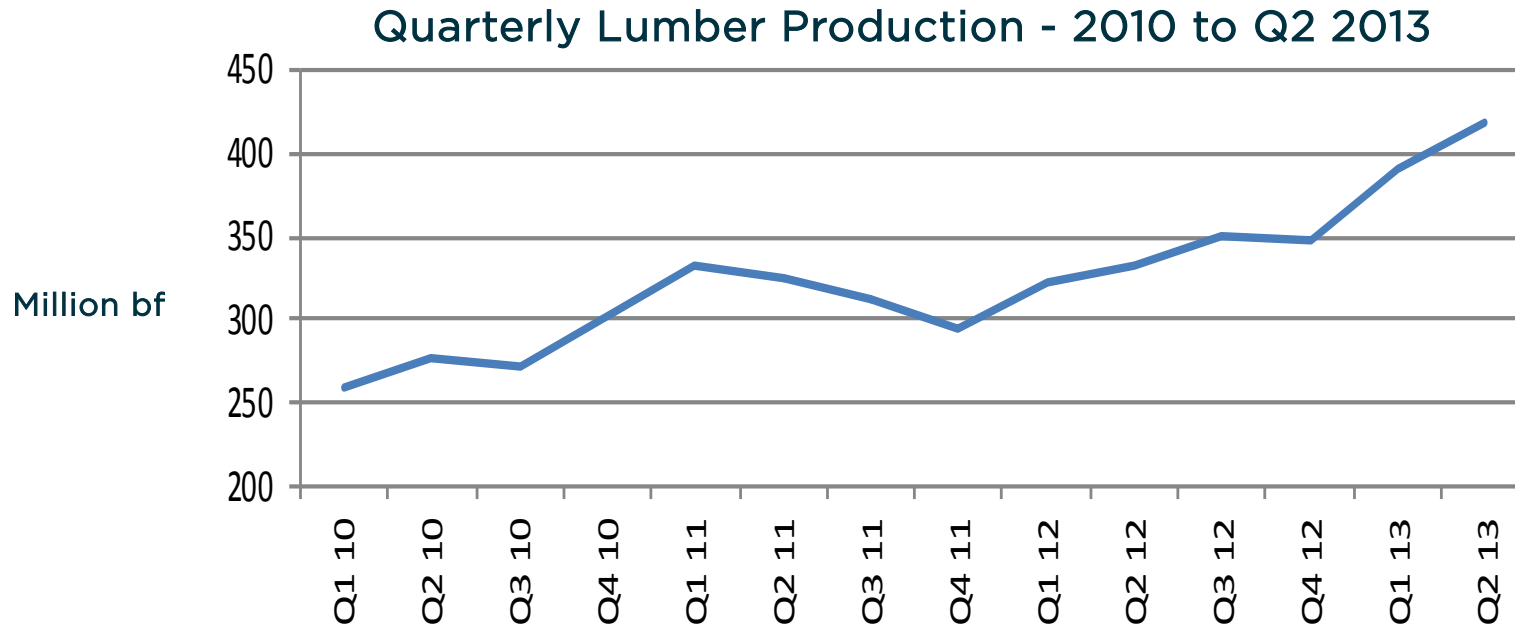
Facilities and Capacity MMBf

Georgia



Lumber Production Growth

- Interfor's lumber production has increased by over 60% since early 2010



- Additional operating initiatives underway:
 - Springer Creek timber acquisition (174,000 m³) will enhance Castlegar's production capability - Q3 2013
 - US Southeast kiln projects - Swainsboro Q3 2013, Baxley Q4 2013
 - Keadle acquisition closed July 1st 2013; add 2nd shift in 2014

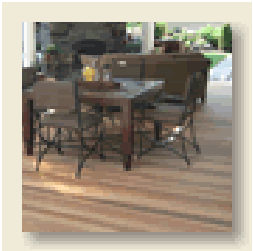
Product Mix Diversification



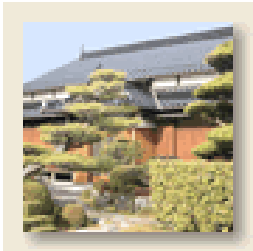
Cedar siding



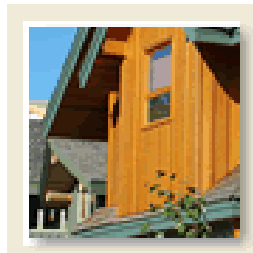
Rough cedar



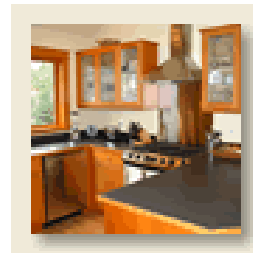
Cedar decking



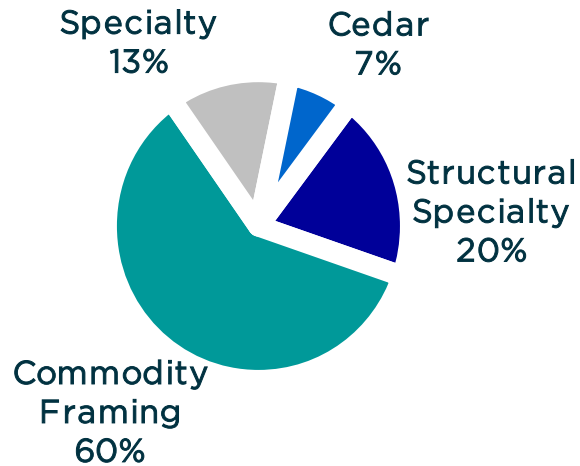
Japan structural



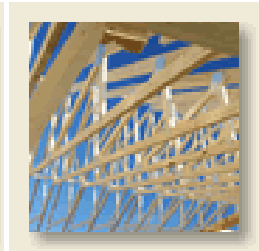
Facia & trim



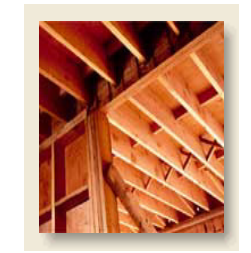
Millwork



Lumber



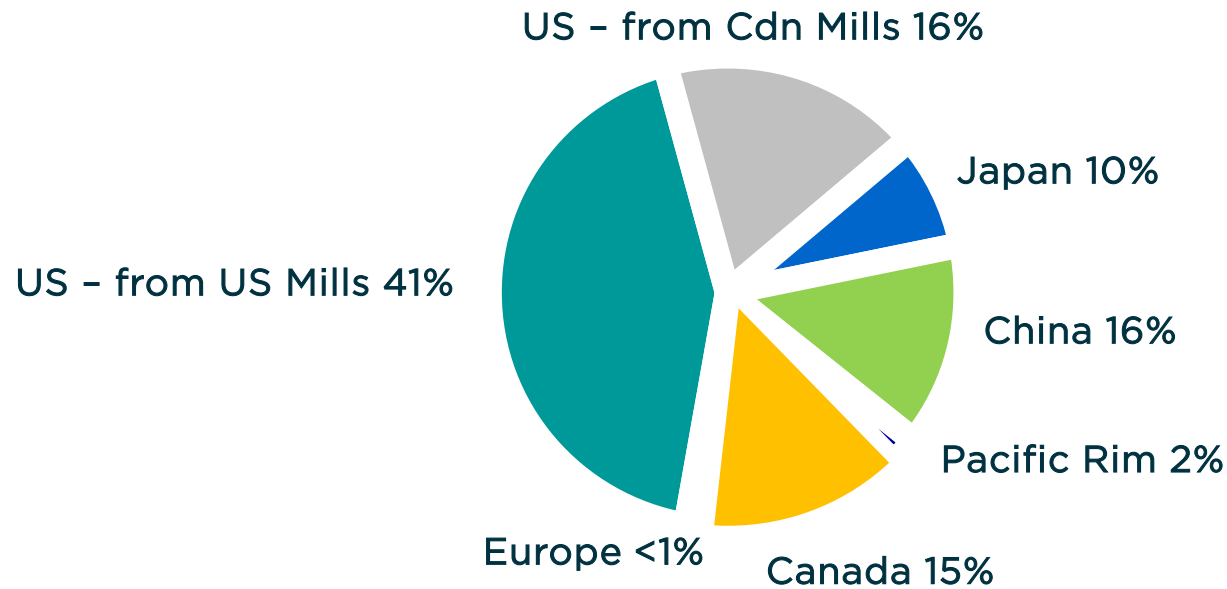
Studs



Structural dimension

Interfor's product line offering is the broadest of the major lumber producers

End Markets - Geographic Diversification ¹.

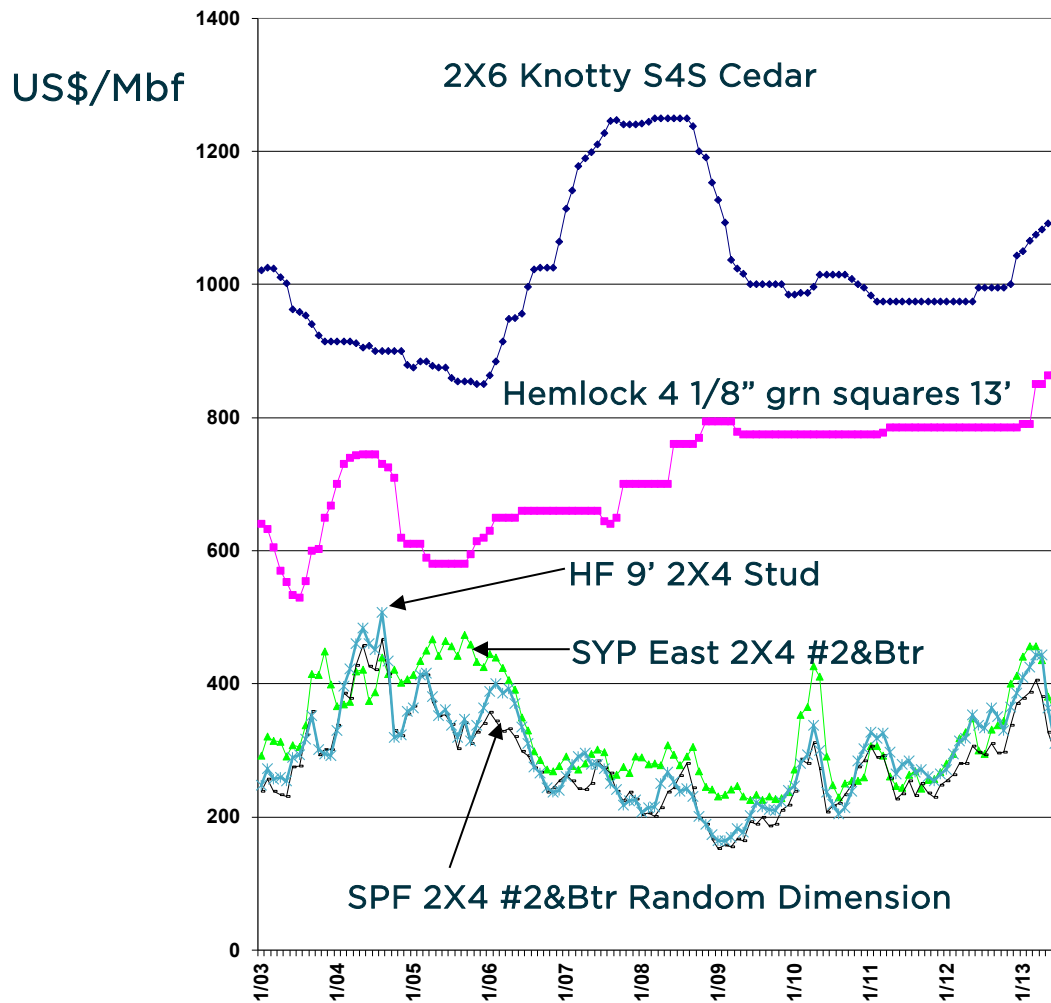


Interfor has a more diversified geographic sales mix than other producers

¹. Based on sales volume; includes wholesale activities

Market Update

Benchmark Prices, January '03 to July '13



Source: Random Lengths Publications Inc.

Interfor's key product lines function independently from a pricing standpoint

Financial Update – Selected Income Statement Items

C\$ millions	Q2 2013	Q1 2013	Q4 2012	2012	2011
	Unaudited	Unaudited	Unaudited		
Sales	\$274.7	\$242.5	\$222.4	\$849.2	\$758.2
Adjusted EBITDA ¹	36.1	37.1	19.3	60.5	47.3
Adjusted EBITDA Margin	13.1%	15.3%	8.7%	7.1%	6.2%

¹ Excluding other income and Long Term Incentive Compensation expense

Financial Update – Capital Structure ¹.

C\$ millions	June '13	Dec '12
	Unaudited	
Net debt	\$234 ² .	\$120
Book Equity	417	376
Invested capital	651	496
Net debt / invested capital	36%	24%

Interfor's net debt to invested capital ratio will remain at an appropriate level

1. See also page 24 – Pro Forma Capital Structure related to the recently announced equity issue
2. Figure includes the \$33 million deposit paid July 1 '13 for the Keadle acquisition.

Financial Update – Strong Liquidity

- Interfor’s debt was recently extended
- Approximately 65% of the debt is swapped into, or locked-in at fixed interest rates
 - Average interest rate of approx. 3.65%

\$ millions (at June 30 '13)	Cdn Bank Lines	US Operating Line	Senior Secured Notes	Total ¹
Maturity	Feb '17	Apr '15	June '23	
Available credit	C\$265	US\$20	US\$50	C\$339
Drawings & letters of credit				C\$244
Unused credit				C\$95
Cash				C\$4
Unused credit plus cash				C\$99

¹ US\$ figures converted into C\$ at June 30, 2013 exchange rate of \$1.052

Key Takeaways

- Interfor has been radically transformed over the last 10 years
- Interfor is positioning its assets to be top quartile (top decile)
- Interfor has a balanced geographic manufacturing base as well as diversified product lines and market exposure
- Interfor has a strong balance sheet and approximately \$99 million¹ in unused credit lines and cash
- Interfor has a strong track record of performance

Interfor is positioned to take advantage of the recovery

¹. As of June 30th proforma the acquisition of Keadle

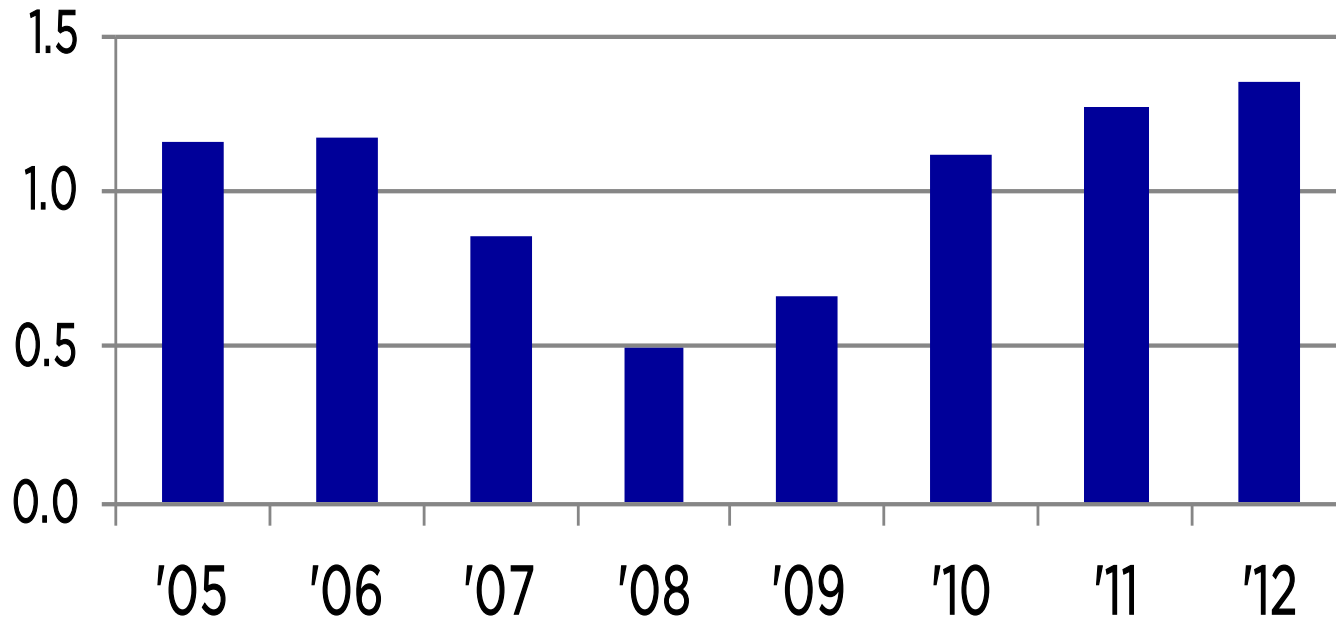
Section 2

Additional Company Information

Company Update

Lumber Production - 2005 to 2012 ¹.

Billion bf

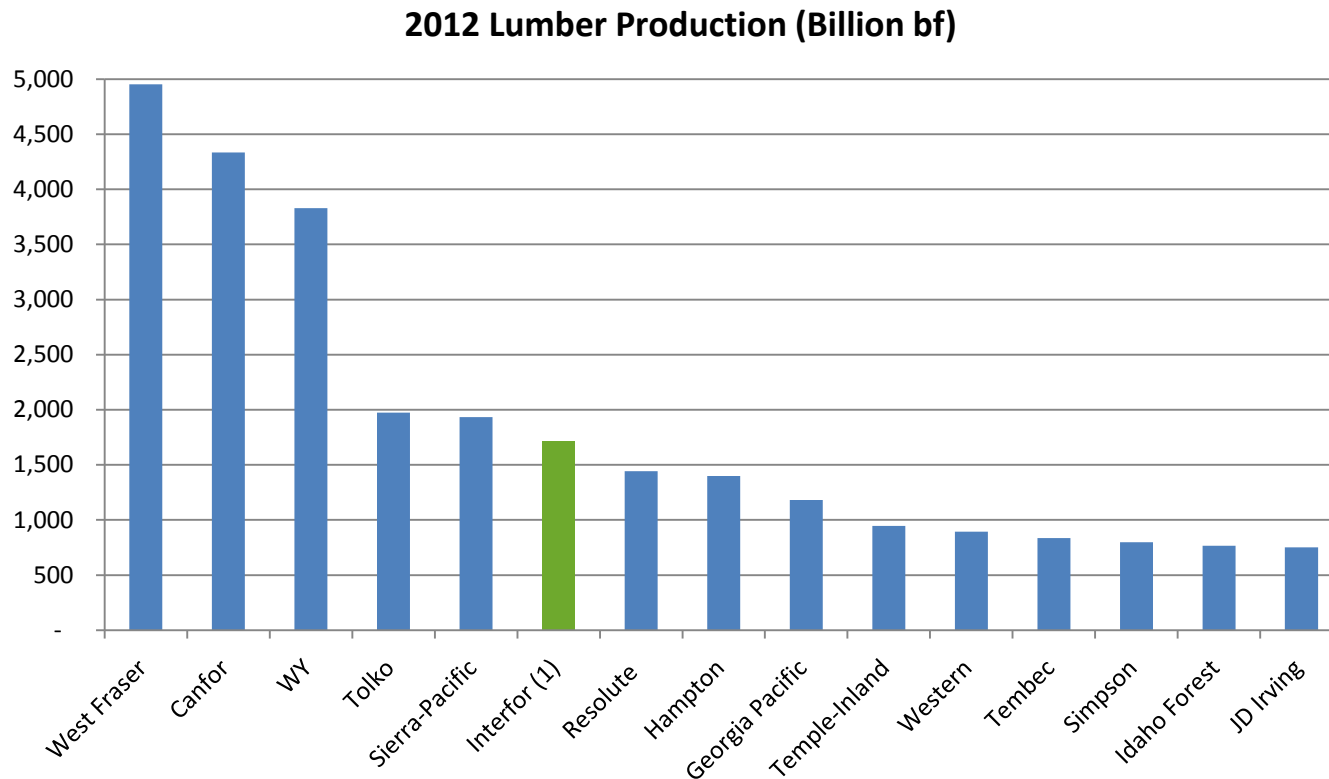


Interfor's production volume was 1.35 Bbf in 2012 (up 7% from 2011)

1. Figures exclude the US Southeast acquisition

Moving Up The Tiers

- Interfor has moved into the second tier of North American lumber producers, with production approaching 2 billion bf.

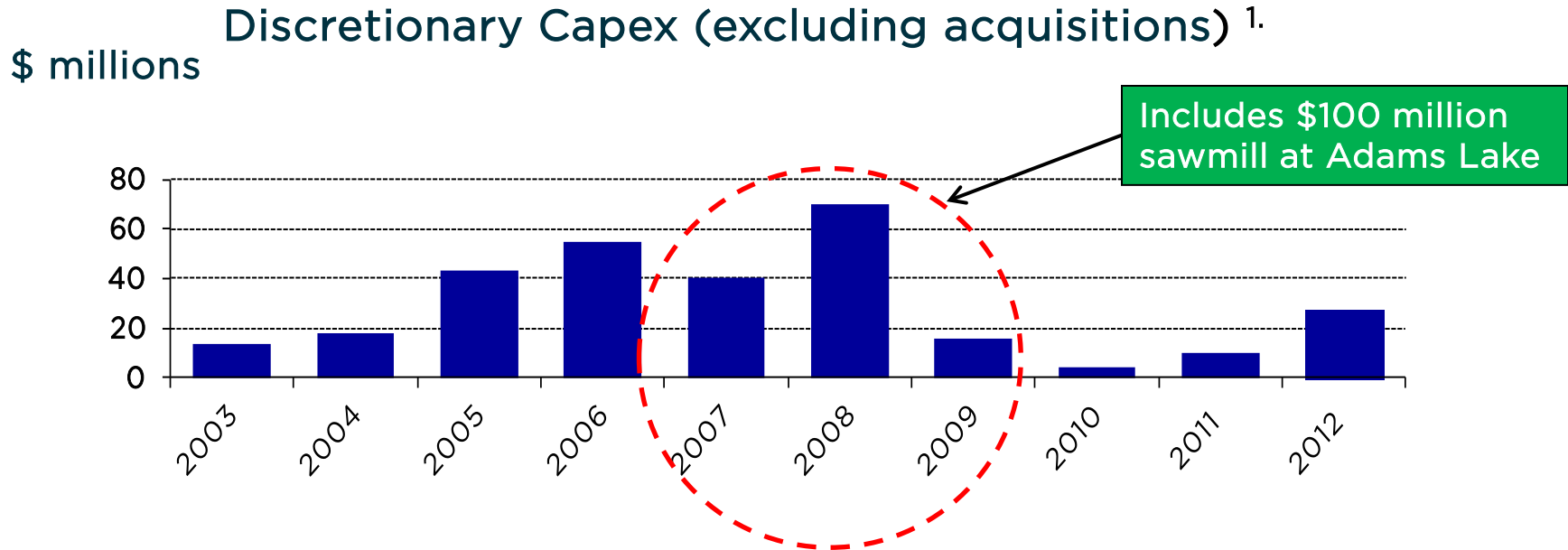


Source: Wood Markets monthly – March 2013

1. Interfor Proforma includes the 2012 production by the acquired U.S Southeast mills

Company Update

- Interfor has spent approximately \$300 million in the last 10 years to upgrade its assets. Major projects were completed between 2005 and 2009 at Adams Lake, Molalla and Port Angeles



More recently, Interfor invested over \$30 million in 2011/12 at Grand Forks and Castlegar to optimize the manufacturing configuration at those mills

¹ In addition, Interfor spends \$20 - \$30 million per year to maintain the efficiency of its operations and on logging roads

State-of-the-Art Facilities

Port Angeles primary breakdown line



Wave Log Feeders and Full Line



Double Length Infeed (DLI) Canter Line

State-of-the-Art Facilities

Adams Lake

Double Arbor Edgers



Biomass Energy System



New Interfor Brand



Section 3

Equity Issue Announced Sept 11

Equity Issue – Highlights and Use of Proceeds

Highlights:

- \$75 million bought deal priced at \$12.00 per share, 6.25 million shares, closing expected October 1, 2013
- 15% over-allotment option granted to underwriters
- Estimated net proceeds to Interfor \$71.55 million¹ (\$82.35 million if entire 15% over-allotment option is exercised)

Use of Proceeds:

- Approx. \$20 million to be used for high return capital projects at Thomaston (kilns & infrastructure), Baxley (kiln, boiler), Gilchrist (moulder), Adams Lake (sawdust separator), and other smaller projects
- Remainder will be used initially to reduce debt

The equity issue will accelerate the completion of a number of high return capital projects. It will also enhance Interfor's ability to pursue additional strategic

¹. After deducting underwriters' commission of 4% and expenses of the offering, estimated to be \$450,000

Equity Issue – Pro Forma Capital Structure

- The table below shows the consolidated capitalization of Interfor before and after giving effect to (i) the equity offering (excluding the over-allotment option) and (ii) the completion of the sawmill acquisition from Keadle Lumber Enterprises, Inc. on July 1, 2013

C\$ millions	June '13	Pro Forma Jun '13
	Unaudited	
Net debt	\$234 ¹	\$163
Book Equity	417	488
Invested capital	651	651
Net debt / invested capital	36%	25%

Interfor has a strong balance sheet and significant liquidity available through its debt facilities

¹ Figure includes the \$33 million deposit paid July 1 '13 for the Keadle acquisition.

Analysts' Estimates

Analysts' Estimates

Financial Analysts' Recent EBITDA Estimates and Indicated EV Multiples

Firm	Date	EBITDA \$C millions		SPF Lumber Price		EV / EBITDA	
		2013E	2014E	2013E	2014E	2013E	2014E
Raymond James	2-Aug-13	\$143.0	\$195.0	\$340	\$380	6.3	4.6
RBC	6-Aug-13	\$121.0	\$183.0	\$340	\$380	7.4	4.9
Salman	6-Aug-13	\$135.5	\$181.4	\$360	\$375	6.6	5.0
Scotia Capital	2-Aug-13	\$101.0	\$169.0	\$338	\$345	8.9	5.3
TD	6-Aug-13	\$108.8	\$170.6	\$334	\$355	8.3	5.3
BMO	8-Aug-13	\$129.0	\$175.0	\$342	\$350	7.0	5.1
CIBC	6-Aug-13	\$132.3	\$227.1	\$350	\$400	6.8	4.0
Average (excl. hi/low)		\$125.3	\$181.0	\$342	\$368	7.2	5.0

1. Enterprise Value based on share price at August 19th '13 and Interfor Net Debt at June 30th '13

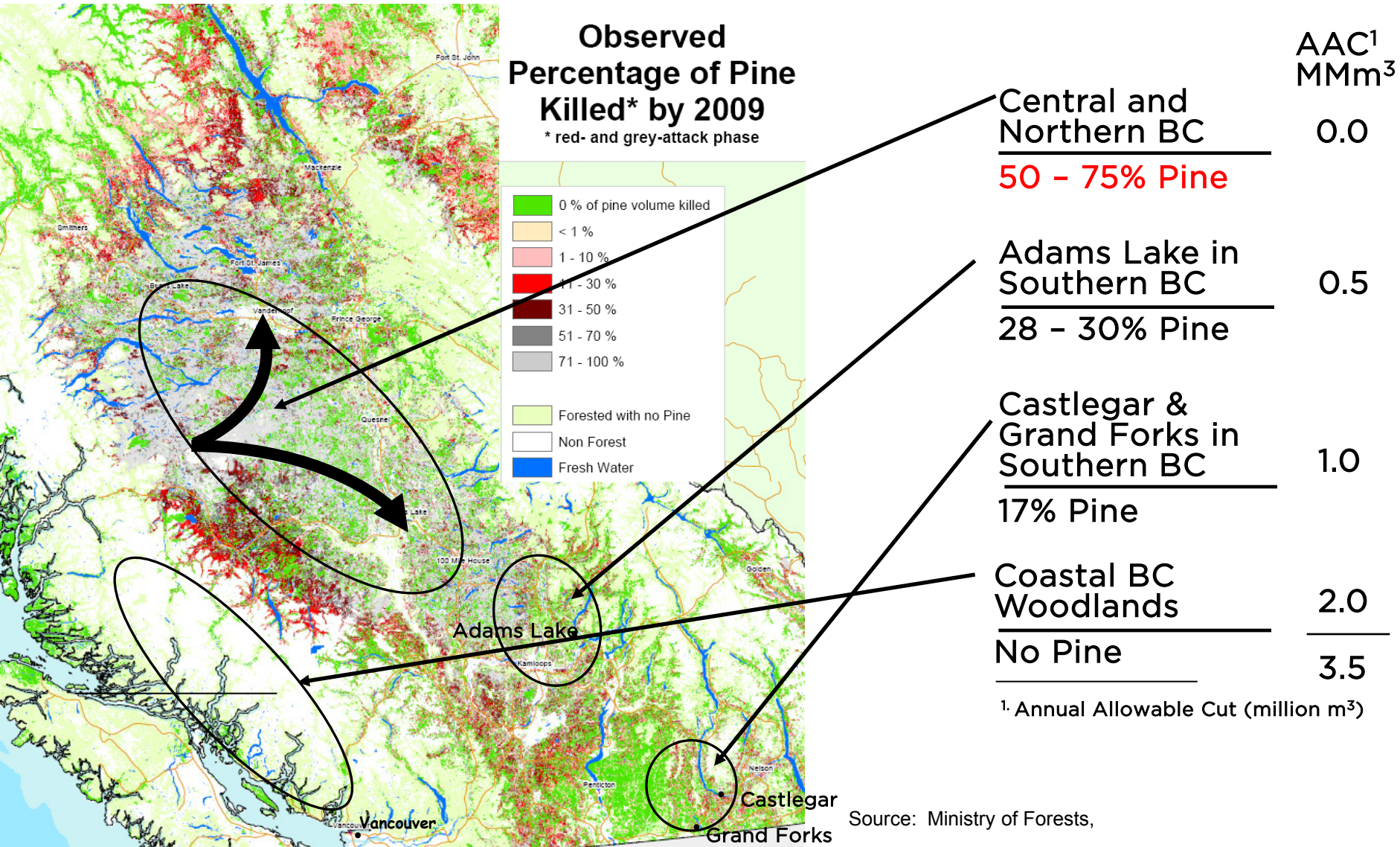
Interfor is trading at 7.2x and 5.0x analysts' 2013 and 2014 EBITDA estimates, respectively

APPENDIX

- Impact of Mountain Pine Beetle in BC
- China: Wood Frame Construction Markets
- NA Lumber Market

Impact of Mountain Pine Beetle in BC

Mountain Pine Beetle (MPB) - Area Affected



Interfor's southern BC Interior wood baskets are less exposed to the MPB than BC's central and northern interior regions; the Coast is not exposed

China: Wood Frame Construction

China Markets - Wood Frame Construction

Wood truss re-roofing
(east and north China)



Suburban villas
(east, north, n-east, s-west)



Low cost rural housing (south-west)



Resort homes (north)



China Markets - Sectors Under Development

Public buildings



Apartment infill walls / partition walls



Multi-story residential



Mixed-use hybrid



China Markets- Use of BC Wood in Construction

House framed with SPF lumber



SPF used for furniture frames



Cedar used as siding and for outdoor structures



NA Lumber Market

North America Lumber Supply / Demand

Billion Board Feet ¹	2005	2011	2012
Consumption: US	64.1	33.5	37.4
Canada	11.4	7.9	8.4
Net Export	0.2	7.7	7.7
Total Production	75.7	49.1	53.5
Capacity: US	44.4	39.7	40.0
Canada	37.6	30.2	31.0
Total Capacity	82.0	69.9	71.0
Operating Rate	92%	70%	75%
Average SPF Price (US\$/Mbf)	\$353	\$255	\$299

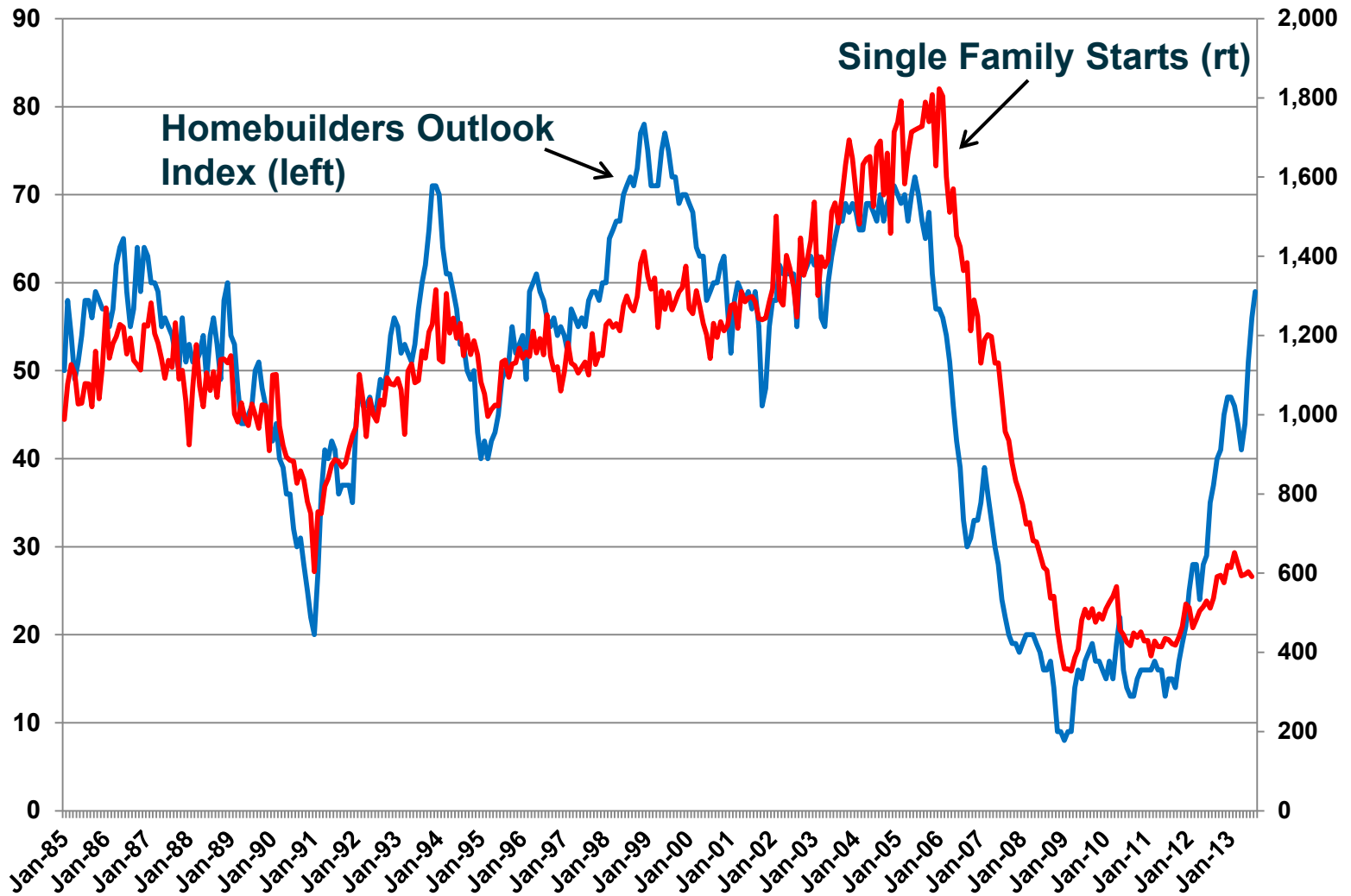
¹ FEA 2010 and Q2/13 Appendix Tables

U.S. Lumber Consumption by End Use

Billion Board Feet ¹	2005	2011	2012
New Home Construction	31.8	7.0	8.9
Residential Improvements	17.2	13.9	15.5
Industrial Production	13.9	11.1	11.5
Nonresidential Construction	1.2	1.5	1.5
Total US Lumber Consumption	64.1	33.5	37.4

¹ FEA 2010 and Q2/13 Appendix Tables

US Homebuilder Outlook VS Single Family Starts



Sources: NAHB / Wells Fargo Housing Market Index to August '13; U.S. Census Bureau to July '13

Investor Update

August 2013