

For Immediate Release

CANFOR TO PURCHASE TEMBEC'S BRITISH COLUMBIA SOUTHERN INTERIOR WOOD PRODUCTS ASSETS

November 28, 2011, VANCOUVER, BRITISH COLUMBIA, CANADA – Canfor Corporation (TSX:CFP) announced today that it has signed an agreement to acquire Tembec Industries Ltd.'s (Tembec) southern British Columbia (BC) interior wood products assets, for a purchase price including working capital of \$60 million. Canfor will purchase Tembec's Elko and Canal Flats sawmills and approximately 1.1 million cubic metres of combined Crown, private land and contract annual allowable cut. The transaction will include a long-term agreement to provide residual fibre supply for Tembec's Skookumchuck mill.

"This acquisition is a key step in our ongoing approach to strengthening Canfor's fibre position in BC and deepens our ability to meet the needs of our valued global customers" said Canfor President and CEO Don Kayne. "We are very pleased to have worked with Tembec President and CEO Jim Lopez in advancing the strategic objectives of both companies."

Over the next few years, Canfor intends to make capital investments in excess of \$50 million to enhance productivity and cost performance in its BC Southern Interior mill facilities. The Elko and Canal Flats mills will provide an additional 420 million board feet to Canfor's annual capacity, bringing Canfor's total capacity in North America to greater than 5 billion board feet.

"Canfor is not only acquiring mills and fibre supply in this agreement, but also a talented employee and contractor group" said Don Kayne. "We expect to continue Tembec's legacy of strong community and First Nations relationships. Canfor is readying itself to supply the growing demand from Asia Pacific markets that we, the Province of British Columbia and the Government of Canada have worked so hard to build, as well as key strategic customers in North America. Our decision to make a significant new investment in BC is premised on the province's stable, cost-conscious policy environment and exceptional commitment to market development."

Canfor expects to engage with the Forest Stewardship Council in relation to maintaining FSC certification of the forest tenures. When that process is complete, the company will have fibre certified to all three major North American forest certification systems, including the Canadian Standards Association, Sustainable Forestry Initiative and Forest Stewardship Council. This supply diversity strengthens Canfor's position as one of the world's leading suppliers of green building products.

The transaction with Tembec is subject to various customary closing conditions including regulatory approval and is expected to complete late in the first quarter of 2012.

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as "expects", "anticipates", "projects", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and the Company assumes no obligation to update such information to reflect later events or developments, except as required by law.

Canfor is a leading integrated forest products company based in Vancouver, British Columbia (BC) with operations in BC, Alberta, Quebec, Washington state, and North and South Carolina. The Company produces primarily softwood lumber and also produces oriented strand board (OSB), remanufactured lumber products, bleached chemi-thermo-mechanical pulp and specialized wood products. Canfor also owns a 50.2% interest in Canfor Pulp Limited Partnership, which is one of the largest producers of northern softwood kraft pulp in Canada and a leading producer of high performance kraft paper. Canfor shares are traded on the Toronto Stock Exchange under the symbol CFP.

Tembec is a large, diversified and integrated forest products company with principal operations located in Canada (Quebec, Ontario and British Columbia) as well as France. Tembec employs 4,300 people.

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