News Release

For Immediate Release

Canfor Announces Decision to Operate Mackenzie Mill

July 27, 2007

Vancouver, BC, Canada – Canfor Corporation (CFP:TSX) announced today that it will continue to operate its Mackenzie mill under a modified shift schedule utilizing one of the plant's two production facilities.

Since the initial announcement on May 22nd of this year to indefinitely close the mill, the company has worked with its employees and the unions to improve efficiency at the facility and with the Provincial government to reduce the mill's delivered log costs. Through these efforts, Canfor's management believes that sufficient progress has been made that operating the mill on a reconfigured basis will be viable.

Modifications will be made to the mill in order to improve throughput and allow for the continued operation of Mackenzie's "A" mill on a three-shift basis. "We have been very clear that we needed to significantly reduce our delivered log costs and improve efficiency at the mill in order for us to continue operation. Through the hard work of our employees, and the valuable support of the union and the Provincial government for improving access to fibre, we have made tremendous progress in this regard," Jim Shepard said.

This decision will result in the reduction of 150 million board feet of capacity and will impact approximately 130 employees. The company is planning to have the mill operating under the new configuration by the end of August.

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