



Investor Presentation

May 2008

CANFOR PULP INCOME FUND



Disclosure of Risk Factors

Certain statements in this presentation 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," "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. The risks and uncertainties are detailed from time to time in reports filed by Canfor Pulp Income Fund and Canfor Pulp Limited Partnership (Canfor Pulp or Partnership) with the securities regulatory authorities in all of the provinces and territories of Canada to which recipients of this presentation are referred to for additional information concerning the Partnership, its prospects and uncertainties relating to the Partnership and its prospects. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of the Partnership to be materially different from those contained in forward-looking statements. The forward-looking statements are based on current information and expectations and the Partnership assumes no obligation to update such information to reflect later events or developments, except as required by law.

In this presentation, references are made to EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization and before other non-operating income and expenses) and adjusted distributable cash. Canfor Pulp considers EBITDA and adjusted distributable cash to be an important indicator for identifying trends in the performance and of the Fund's ability to generate funds to meet its debt service, capital expenditure requirements and to make cash distributions to its partners. EBITDA and adjusted distributable cash is not a generally accepted earnings measure and should not be considered as an alternative to net income or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA and adjusted distributable cash, the Fund's use of these terms may not be directly comparable with similarly titled measures used by other entities.

Unless otherwise noted, all financial references are in Canadian dollars.

Overview

- ▶ **Canfor Pulp Limited Partnership (CPLP)**
 - 3 mills in the central interior of BC
 - Pulp capacity of 1.1 million tonnes
 - Kraft paper capacity over 140,000 tonnes
 - 4 pulp machines and 1 paper machine

- ▶ **CFX.UN**
 - Canfor Pulp Income Fund (CFX.UN) owns 49.8% of CPLP
 - CFX.UN float of 35.5 million units trade on the TSX
 - Market capitalization approx. \$400 million
 - ~ 200,000 units trade on average per day



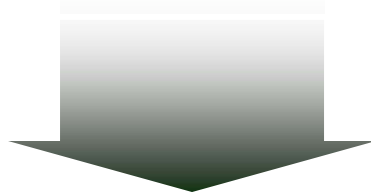
Northwood



Intercon and Prince George Pulp & Paper

Why Canfor Pulp?

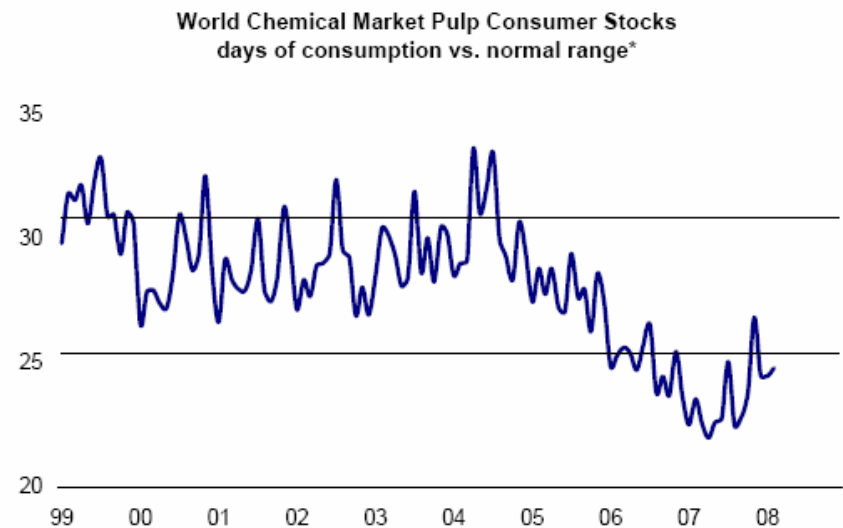
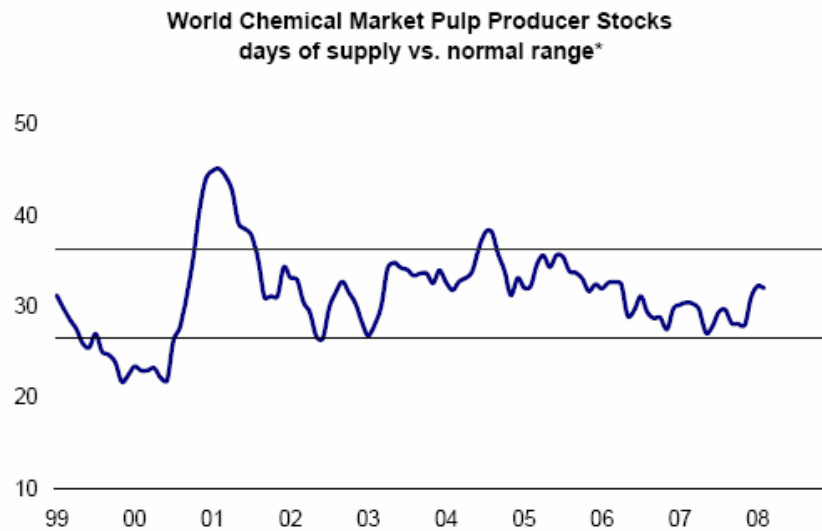
- 1) **Positive pulp market dynamics**
- 2) **Low cost producer**
- 3) **Fibre supply: abundant and low cost**
- 4) **Market leadership**



Strong Financial Performance

Pulp Markets: Current dynamics

1) Softwood Producer Stocks at 33 days and Consumer stocks at 25 days



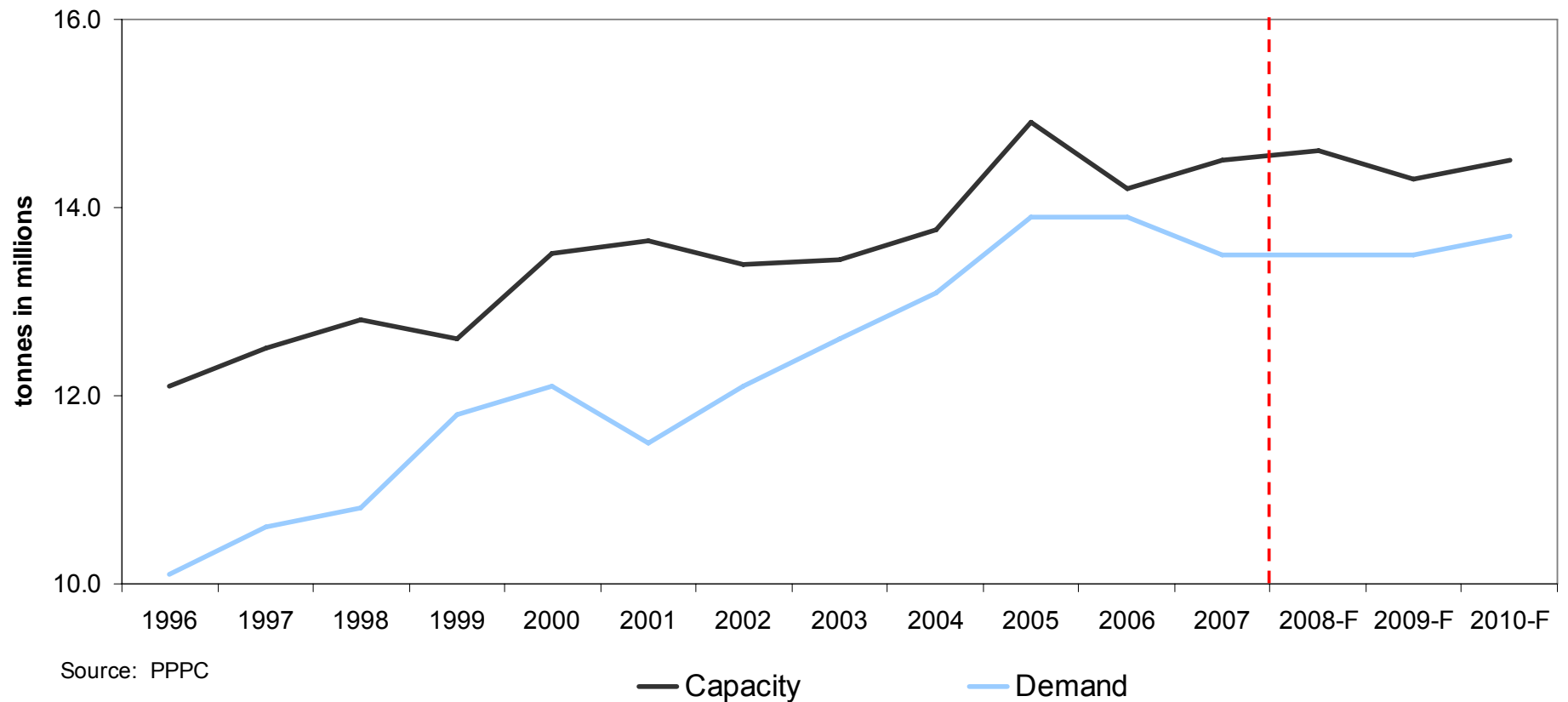
* Days of supply, corrected for seasonality; upper and lower limits are the average level plus, or minus one standard deviation.

Source: PPPC

2) Net reduction in NBSK capacity, with more at risk

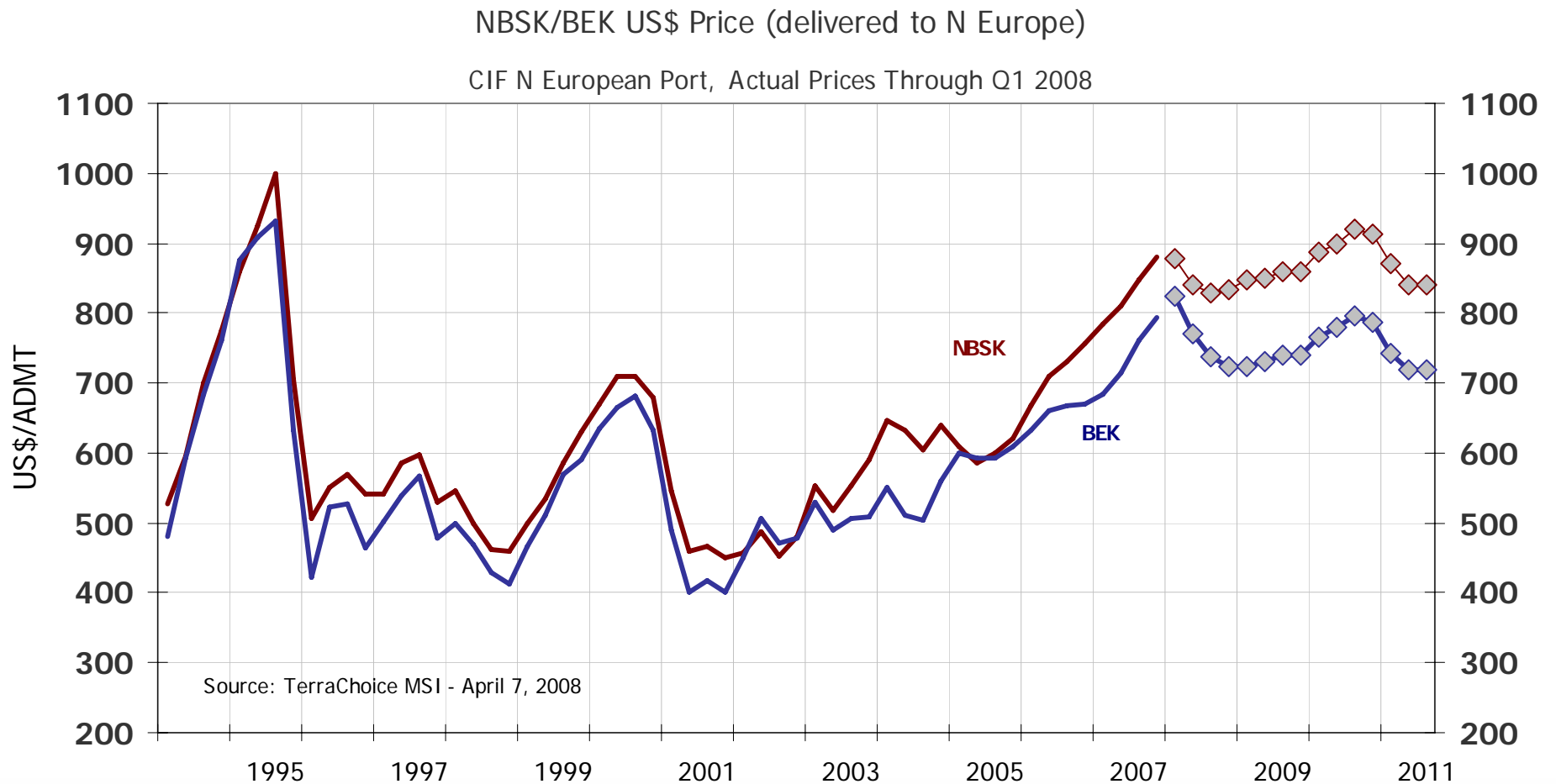
Pulp Markets: Long-term NBSK Growth

Demand for NBSK continues to grow by 1 – 2% per year



Pulp Markets: The Impact of Hardwood Pulps

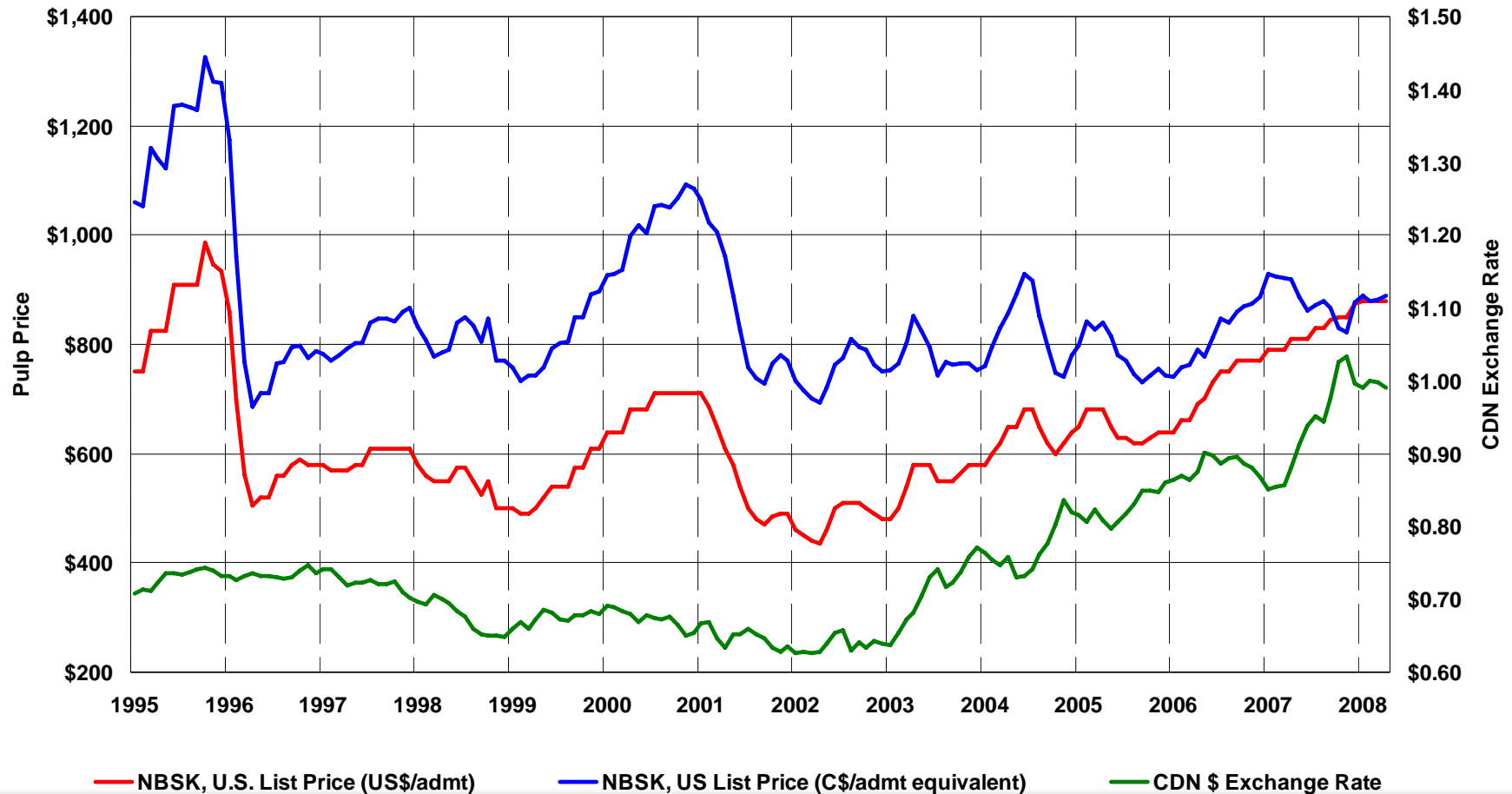
Growth of hardwood pulps not expected to impact NBSK prices



Pulp Markets: Historical NBSK Prices

The floor for NBSK prices has increased

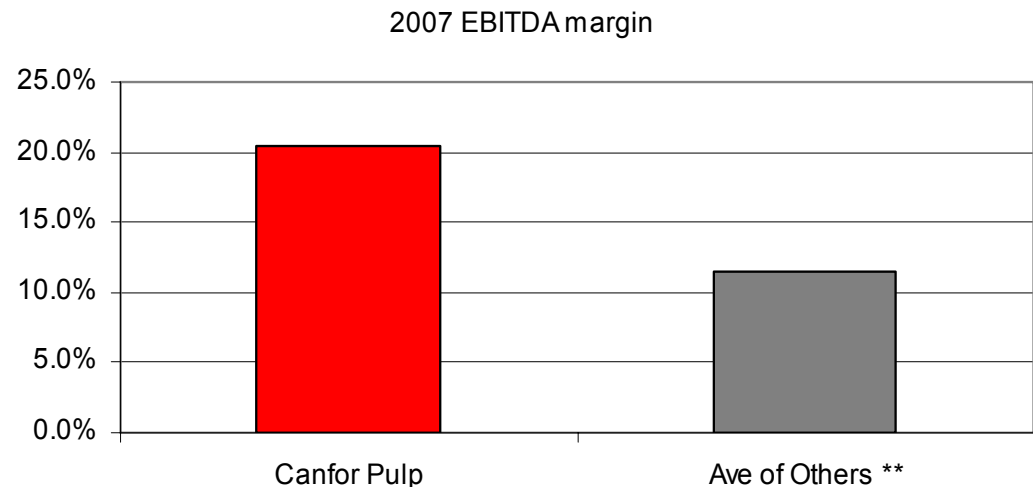
NBSK List Prices in \$US Delivered to North America vs. Foreign Exchange



High Margin Producer

Top Quartile* EBITDA per tonne producer due to:

- Revenues
 - Selling into the highest margin regions to targeted customers
- Low costs
 - Competitive fibre costs
 - Strong operations
 - Focus on cost control

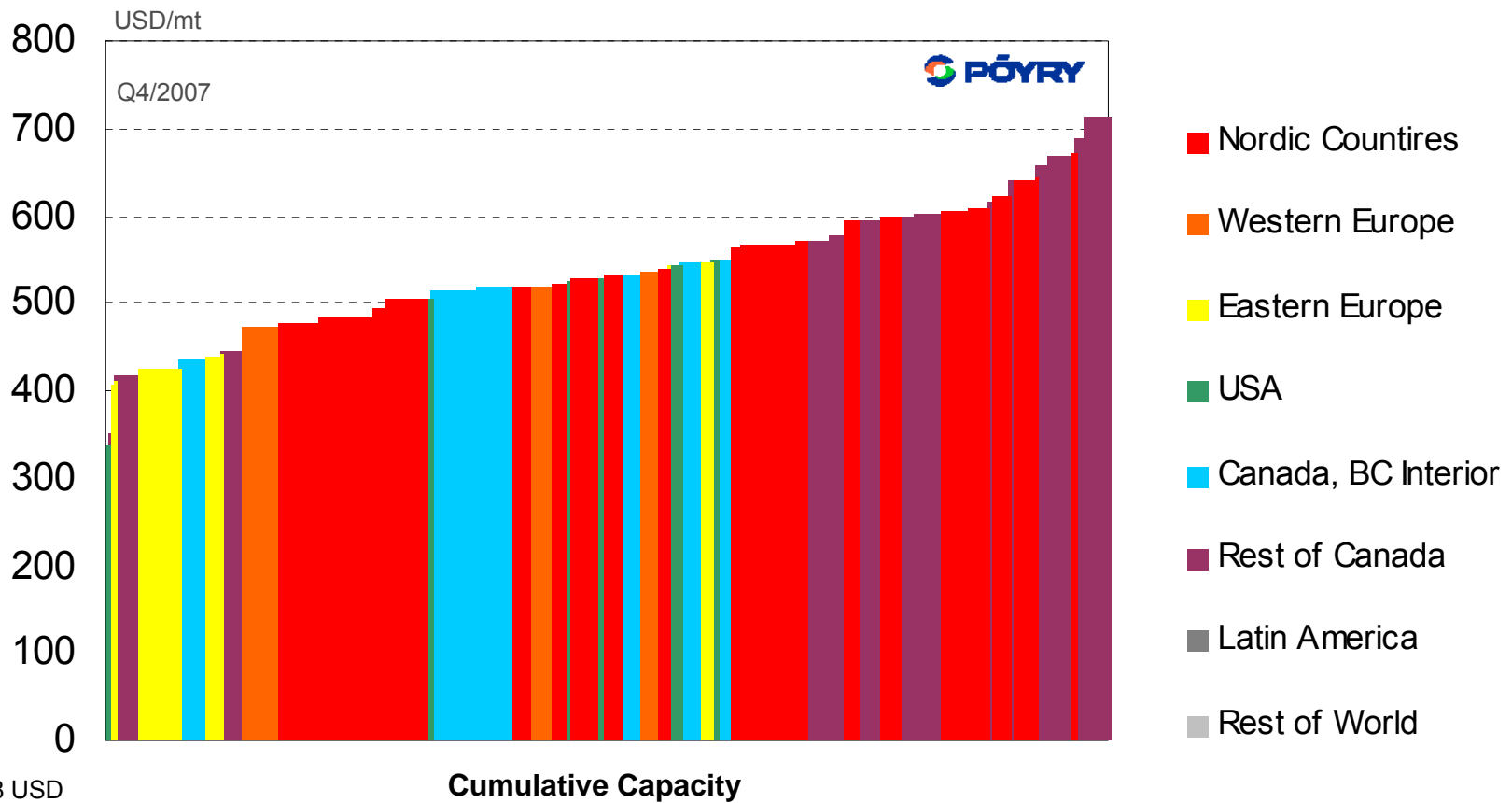


* Per most recent PwC 2006 benchmarking study of 13 Canadian NBSK mills, Canfor Pulp's mills were Top Quartile

** Ave of Others includes 5 other North American producers of pulp

Low Cost Producer

Northern Bleached Softwood Kraft Manufacturing Costs As at Q4/07



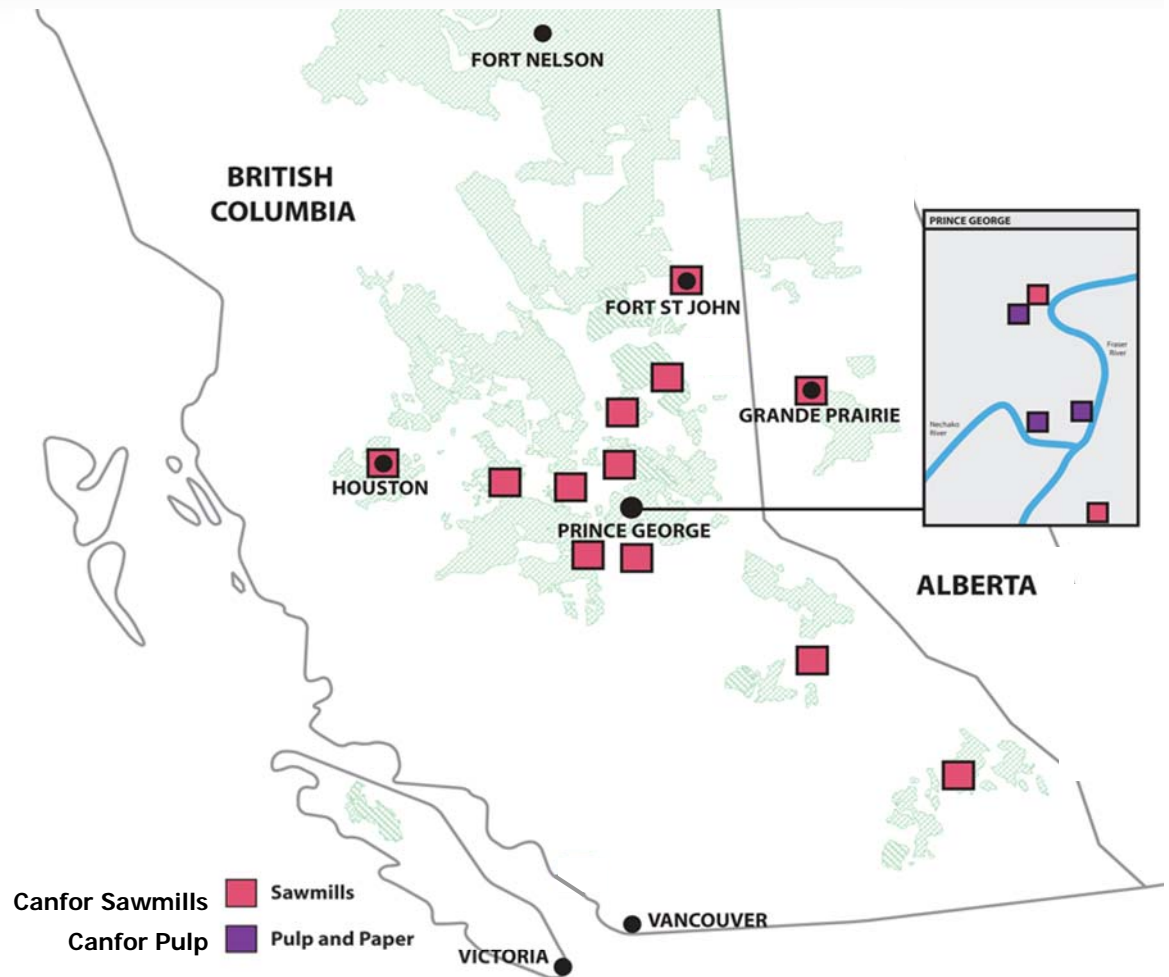
1 EUR = 1.458 USD
1 USD = 1.000 CAD

Fibre: Abundant Supply

Fibre Sources

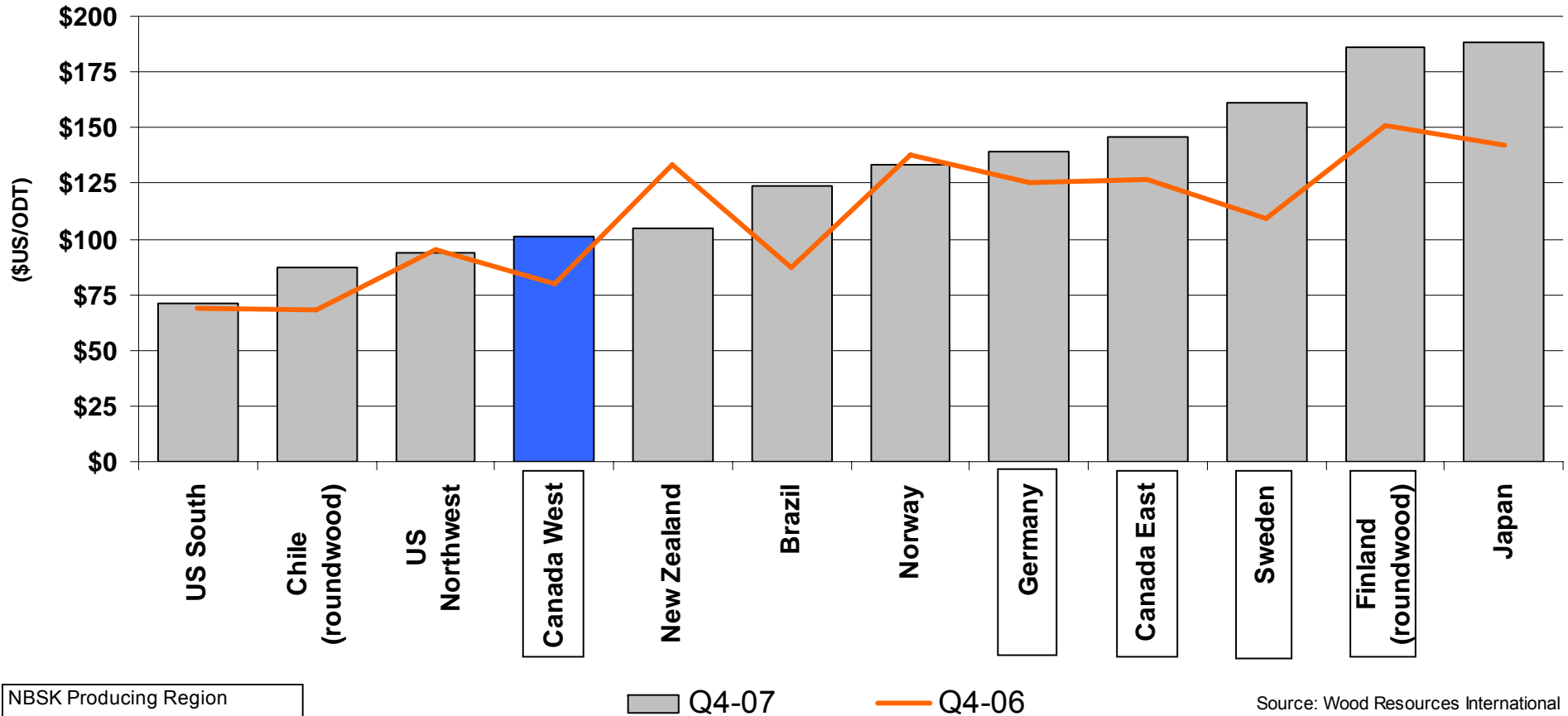
<i>(million Odt's)</i>	<u>Normal</u>	<u>Current</u>
Canfor Sawmills	1.6	1.2
Other Sawmills	0.9	0.7
Whole-log chipping	-	0.6
TOTAL	2.5	2.5

Canfor's sawmills control more than 10 million cubic meters of allowable annual cut (AAC) in British Columbia and Alberta



Fibre: Low Cost

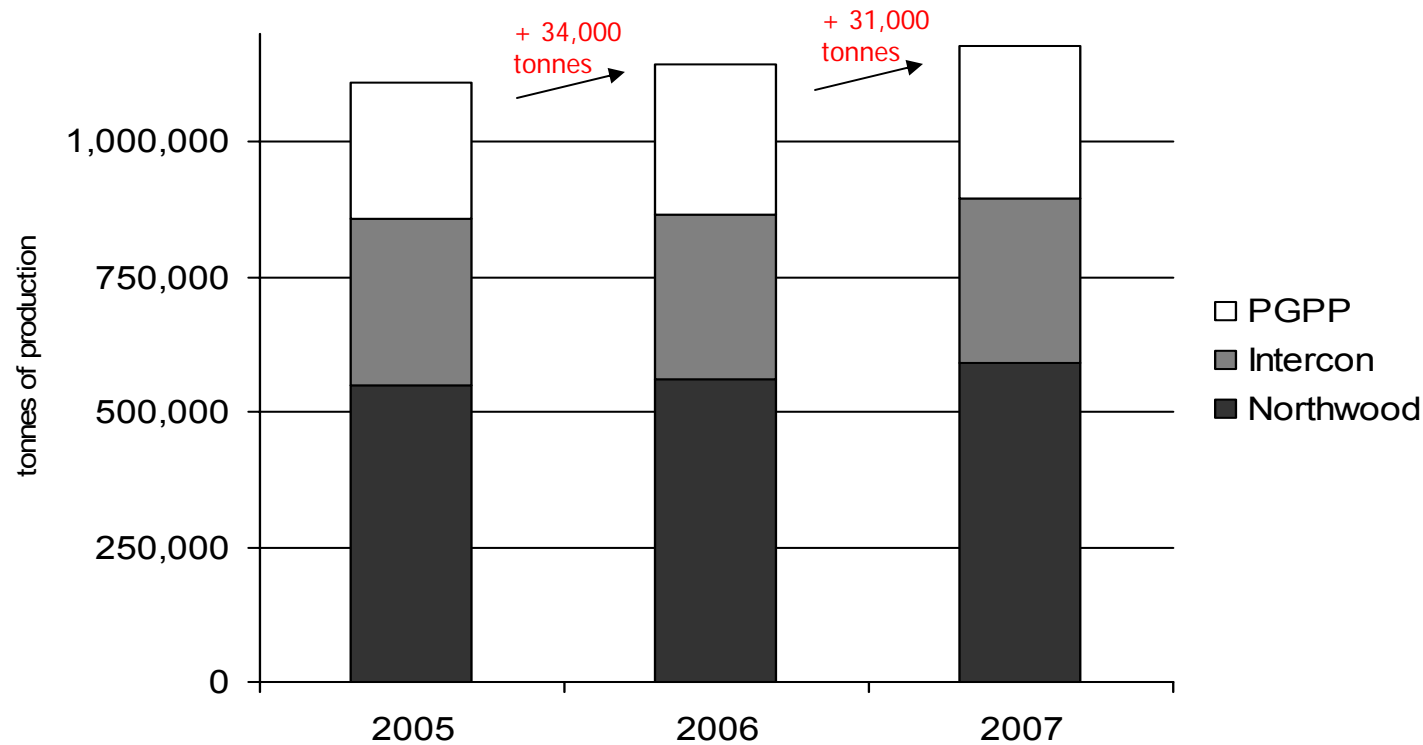
Conifer Chips - Delivered Prices Q4 2006 vs. Q4 2007



Source: Wood Resources International

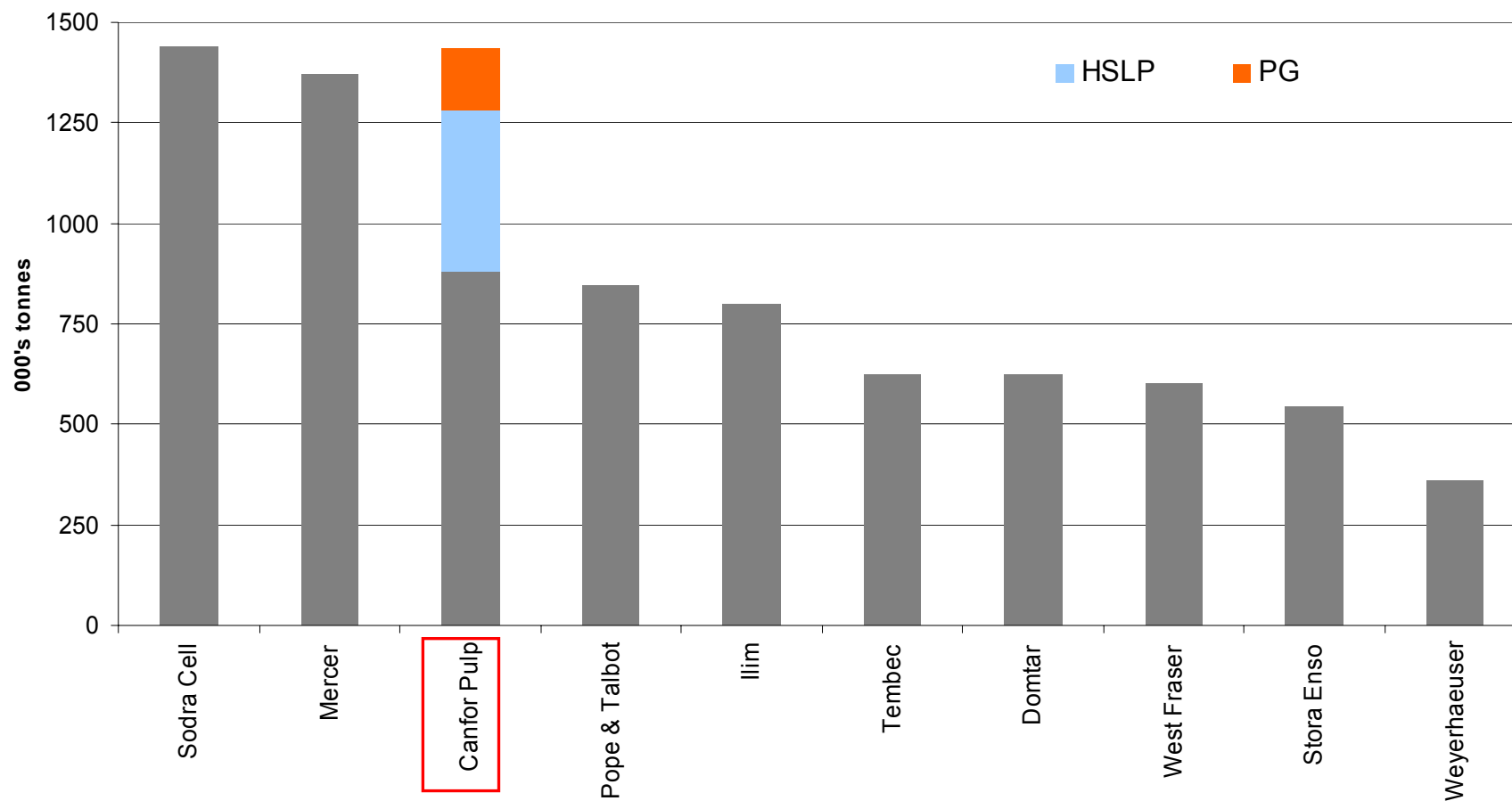
Efficient operations

- ▶ Culture of continuous improvement
- ▶ Efficient operations drives a lower cost structure
- ▶ Year over year production increases



Leadership position

No. 3 in NBSK Globally / Largest NSK Seller



Higher Mill Nets Achieved

1) Target Customers That Need Reinforcing Pulp

Examples:

Printing & Writing

- Magazines / Catalogues

Specialty

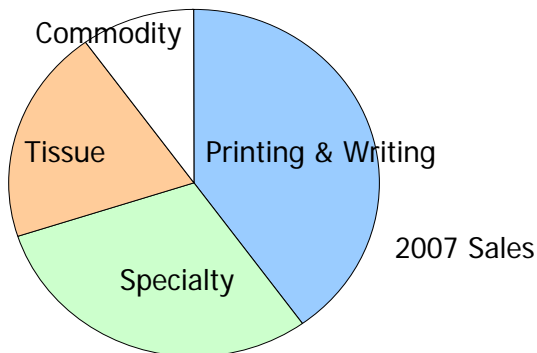
- Adhesive labels (beer)/ Masking tape

Tissue

- Branded top quality “Use at-home” tissues

Commodity

- Photocopy paper



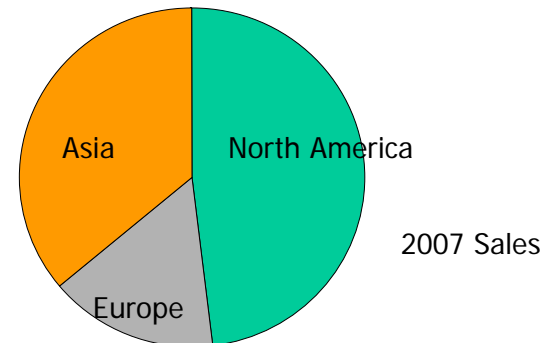
2) Diversify Sales

Current Prices:

USA = US\$880 per tonne, list

Europe = US\$920 per tonne, list

Asia = US\$760 to \$810, net



Financials: Strong Performance

	Q1	Q4	Q1	Year ended
<i>\$ millions unless otherwise noted</i>	2008	2007	2007	2007
Sales	211.4	215.1	238.2	921.6
EBITDA	42.5	27.9	60.1	188.5
- <i>ebitda margin%</i>	20%	13%	25%	20%
Net Income	43.5	12.1	48.6	129.8
- per unit	\$0.61	\$0.17	\$0.68	\$1.82
C\$ average list pulp price <small>(del to USA)</small>	884	841	925	885
Shipments-pulp (m tonnes)	228.9	253.6	253.1	1,023.6
Production-pulp (m tonnes)	231.5	261.4	258.9	1,044.3

Financials: Strong Financial Position

Maintain a strong balance sheet

<i>\$ millions</i>	As at Mar 2008
Cash	22.9
Current Assets	324.1
Fixed Assets & Others	595.0
Total	942.0

	As at Mar 2008
Current & Other Liabilities	227.3
Long-term Debt *	112.0
Equity	602.7
Total	942.0

- Net Debt / EBITDA (LTM) 0.52
- Net Debt / Equity 0.15
- Yield ~13%

* Fixed rate Notes due November 2013.

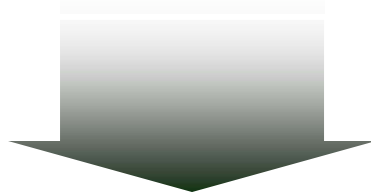
Distributions

- ▶ Based on estimates of full year cash flow from operations after debt service and capital expenditures
 - Low debt service costs - \$7 million
 - Capital requirements to retain competitive cost structure ~ \$34 million per year

- ▶ Full flow through from CPLP operations to unitholders

Why Canfor Pulp?

- 1) **Positive pulp market dynamics**
- 2) **Low cost producer**
- 3) **Fibre supply: abundant and low cost**
- 4) **Market leadership**



Strong Financial Performance

Investor Contact



▶ **CFX.UN**

▶ **Investor Contact**

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604-312-9457

▶ **Canfor Pulp Income Fund**

1700 West 75th Avenue

Vancouver, BC V6P 6G2

▶ **www.canforpulp.com**

Canfor Pulp Income Fund



▶ APPENDIX

Experienced Leadership

▶ **Board of Directors**

Charles Jago, Chairman ^{1,2}

Stan Bracken-Horrocks ^{1,2}

Donald Campbell ^{1,3}

Peter Bentley ²

Peter Lusztig ^{1,3}

Paul Richards ⁴

James Shepard ⁵

¹ Audit Committee

² Compensation Committee

³ Nominating Committee

⁴ Management

⁵ Canfor Corp. CEO

▶ **Management**

Paul Richards, *President & CEO*

Terry Hodgins, *CFO & Secretary*

Joe Nemeth, *VP, Sales & Marketing*

Craig Garratt, *GM, Fibre Supply*

Rick Pingel, *GM, Logistics &
Procurement*

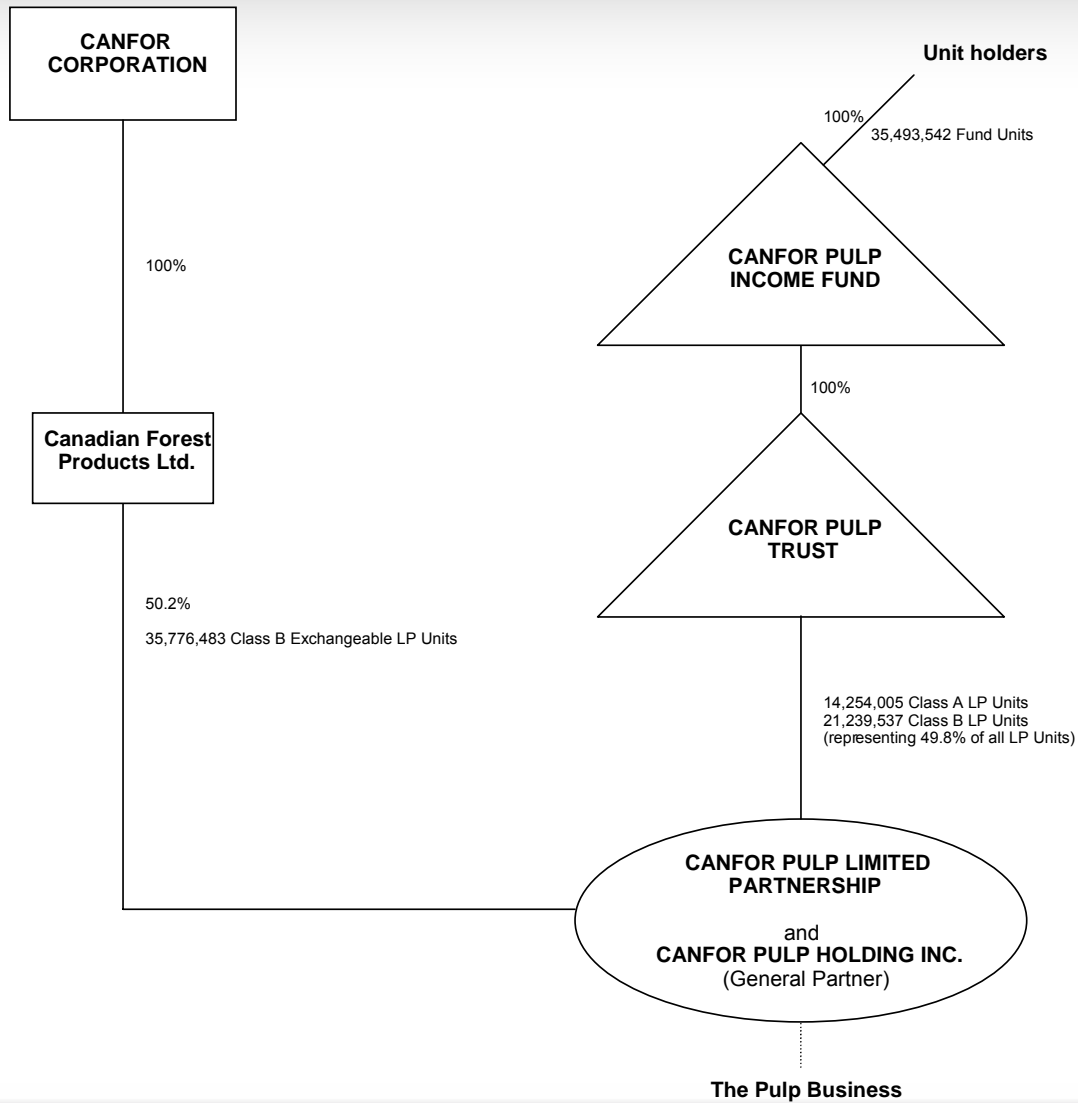
Martin Pudlas, *GM, Northwood Mill*

Rick Remesch, *Corporate Controller*

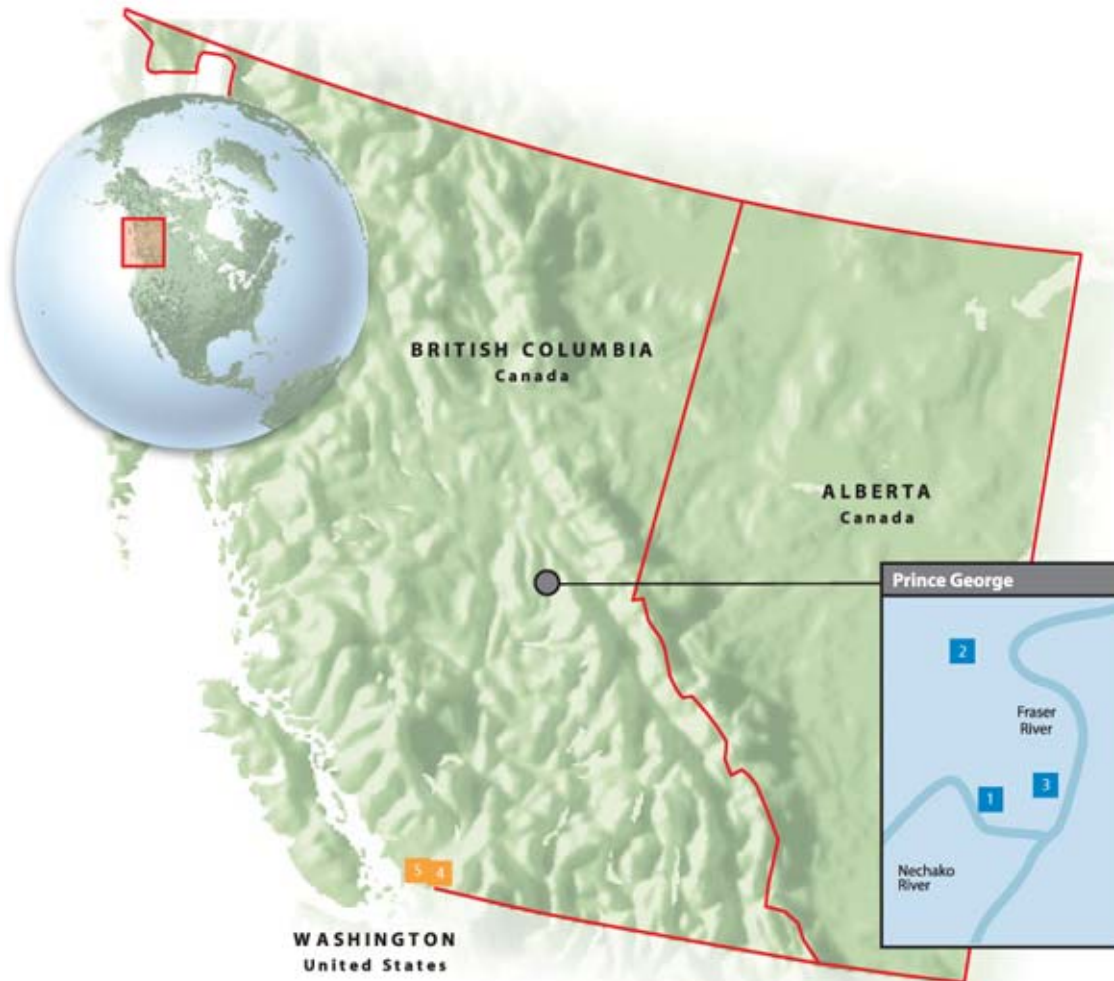
Brett Robinson, *GM, Intercon and
Prince George Pulp & Paper Mill*

David Scott, *GM, Human Resources*

Simplified Ownership Structure



Our Location



3 mills in the BC Interior:

- 1.1 million tonnes of NBSK pulp
- 140,000 tonnes of Kraft paper
- 4 pulp machines and 1 paper machine

MILL/LOCATION

- | | |
|---|---|
| 1 | Intercontinental |
| 2 | Northwood |
| 3 | Prince George Pulp & Paper |
| 3 | Prince George Pulp & Paper |
| 4 | Vancouver |
| 5 | Canfor Pulp Research & Development Centre - Vancouver |

KEY PRODUCTS

- | |
|-------------|
| NBSK Pulp |
| NBSK Pulp |
| NSK Pulp |
| Kraft Paper |
| Head Office |

- Pulp & Paper
- Other

The Operations

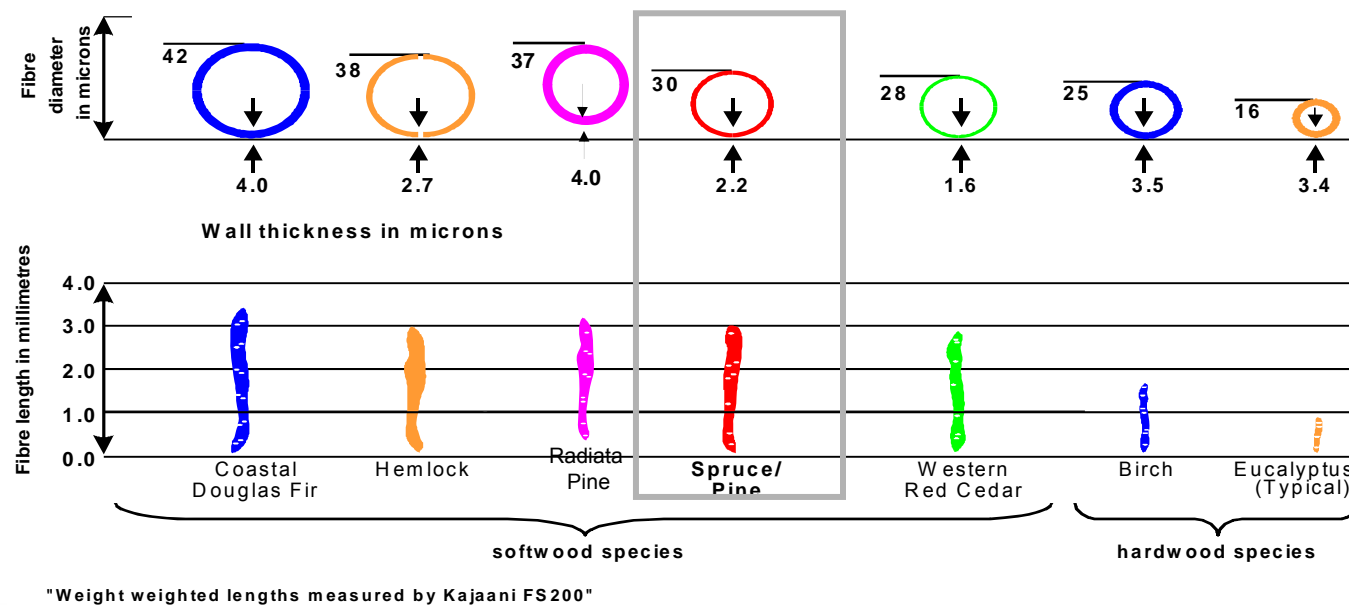
	Northwood	Intercontinental	Prince George Pulp & Paper	
Year Built	1966	1968	1966	
No. of employees	480	280	390	
Capacity (ADMT*)	590,000	315,000	155,000 (pulp)	140,000 (paper)
Operations	2-line pulp	1-line pulp	1-line pulp	1-line paper
Markets	North America, Europe & Asia			North America & Europe
Products	Bleached NBSK		Semi-bleached and Unbleached	Bleached and Unbleached
Fibre consumed (Oven-dried tonne)	2.5 million			
Certification	ISO 9001 and ISO 14001			

*air-dried metric tonnes; tonne = metric ton = 2240 lbs

Fibre Characteristics

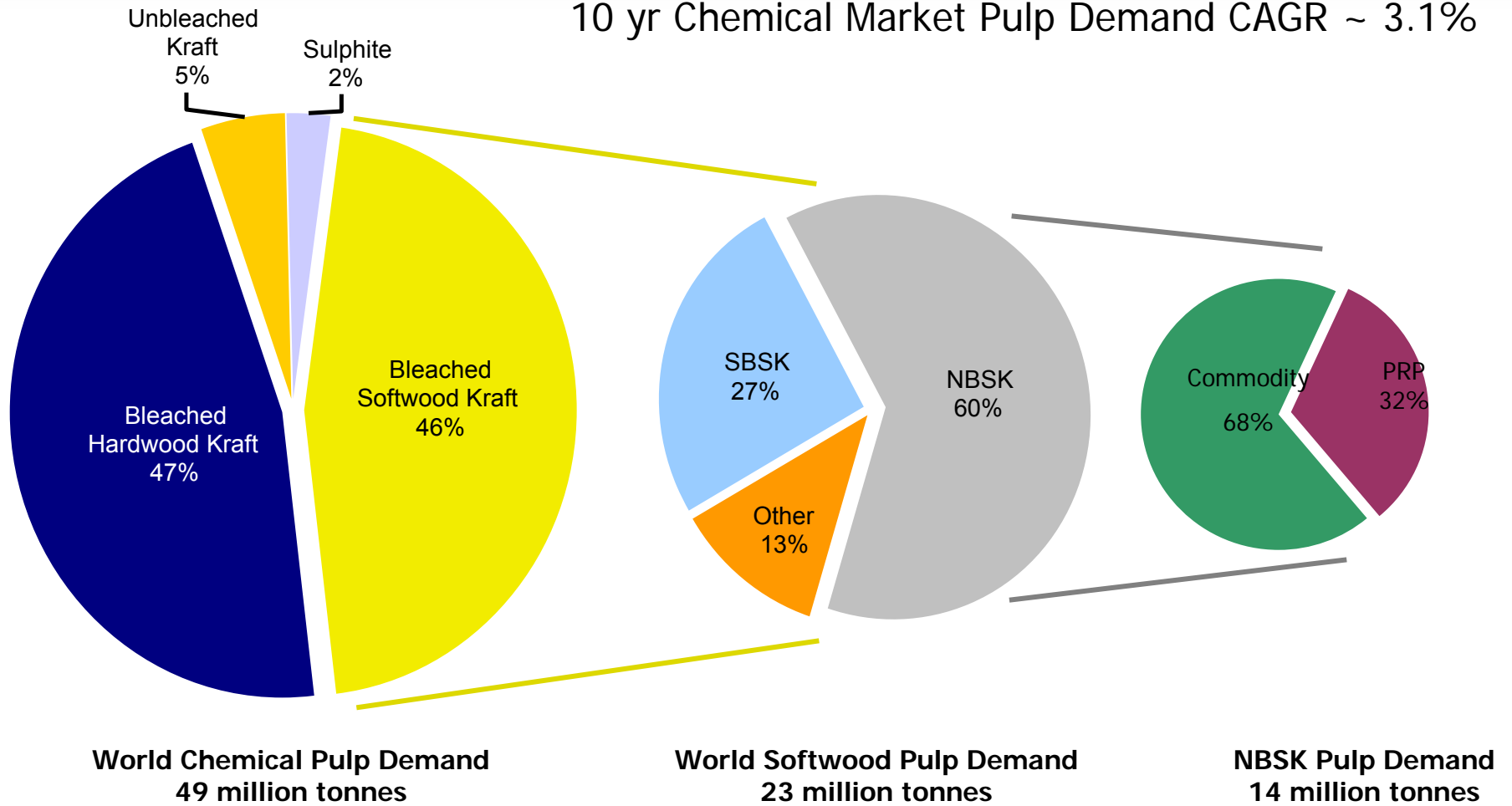
Not all pulps are the same: Northern spruce and pine fibre grown in the central interior of British Columbia is recognized as one of the the strongest in the world due to the long, slender fibres. Provides for a better printing surface, better softness and better strength, which in turn commands a premium price.

Typical Fibre Dimensions



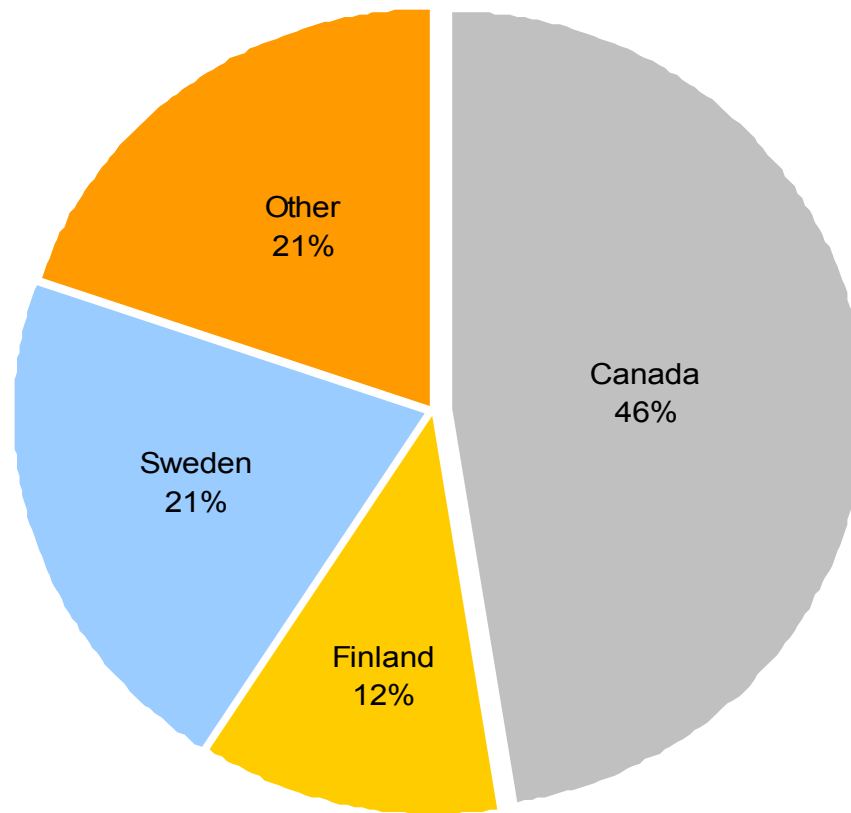
Pulp Demand

10 yr Chemical Market Pulp Demand CAGR ~ 3.1%



Source: Pulp & Paper Products Council (Dec 2007)

Global NBSK Supply by Region (2006)



Source: Pulp & Paper Products Council

Financials: Strong Earnings

Selected Quarterly Partnership Financial Information

	<u>Q1-2008</u>	<u>Q4-2007</u>	<u>Q3-2007</u>	<u>Q2-2007</u>	<u>Q1-2007</u>	<u>Q4-2006</u>	<u>Q3-2006</u>
Sales (\$ millions)	211.4	215.1	228.9	239.4	238.2	225.2	213.6
EBITDA	42.5	27.9	48.8	51.7	60.1	58.2	61.8
- EBITDA %	20%	13%	21%	22%	25%	26%	29%
Net Income	43.5	12.1	33.2	35.9	48.6	44.8	41.9
Adjusted Distributable Cash Per Unit	0.60	0.19	0.50	0.54	0.72	0.80	0.75
Shipments (000 tonnes)							
- Pulp	228.9	253.6	257.1	259.8	253.1	249.8	251.4
- Paper	35.1	32.4	30.8	35.9	30.4	32.7	29.5
Pulp Prices *	880	857	837	810	790	770	757
USD / CAD fx rate	0.996	1.019	0.957	0.911	0.854	0.878	0.892

* USD per tonne, delivered to USA

Financials: Sensitivities

▶ **Available on www.canforpulp.com and www.sedar.com are:**

- Annual Information Form
- Annual MD&A and Audited financial statements
- Quarterly MD&A and financial statements

▶ **Sensitivities**

(millions of dollars, unaudited)	Impact on annual EBITDA
Cdn dollar – US \$0.01 change per Cdn dollar	\$6
NBSK pulp price – US \$10 change per tonne	\$7
Fibre cost - C\$2 change per oven-dried tonne	\$5
Natural gas cost - \$1 change per gigajoule	\$4