



CIBC 15th Annual Institutional Investor Conference

January, 2012

CANFOR PULP PRODUCTS INC.



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. In some instances, material assumptions are disclosed elsewhere in this presentation in respect of forward-looking statements. Other risks and uncertainties are detailed from time to time in reports filed by the Fund and/or CPPI 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 Fund, CPPI and the Partnership, their prospects and uncertainties relating to the Fund, CPPI and the Partnership. Although we believe that the expectations reflected by the forward-looking statements presented in this presentation are reasonable, these forward-looking 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 events and results, performance and achievements of the Fund, CPPI and the Partnership to be materially different from those contained in forward-looking statements. The forward-looking statements speak only as of the date on which such statement is made, are based on current information and expectations and the Fund, CPPI and the Partnership assume 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 Partnership'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 Partnership'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 of Canfor Pulp

Canfor Pulp Limited Partnership (CPLP)

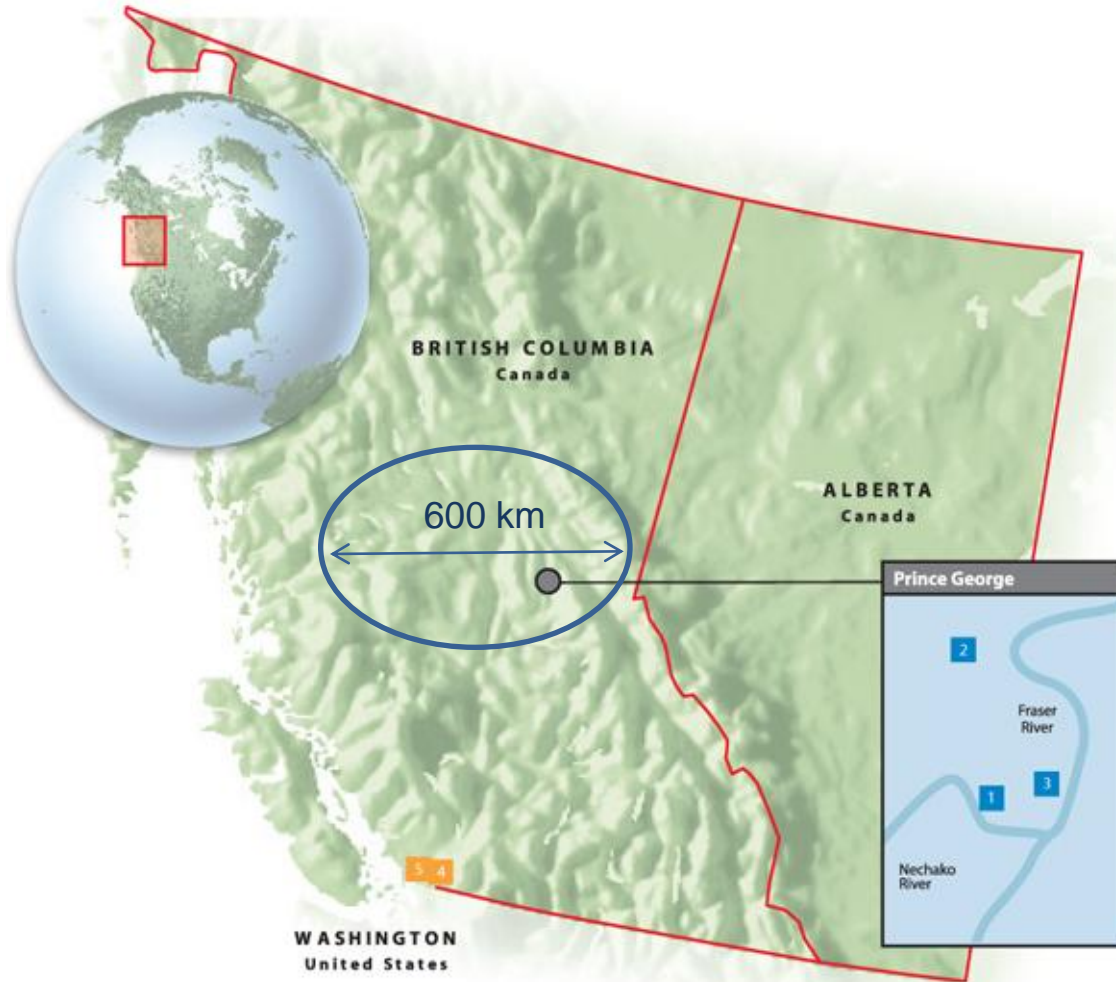
- 3 mills in the central interior of BC
- Market pulp capacity of 1.1 million tonnes
- Kraft paper capacity over 140,000 tonnes
- Ownership:
 - Canfor Pulp Products Inc. 49.8%
 - Canfor Corporation 50.2%

Canfor Pulp Products Inc. (CFX)

- 35.5 million shares
- Market capitalization approx. \$450 million
- 2011 \approx 112,000 shares trade on average per day



Operations Located in North Central BC



MILL/LOCATION

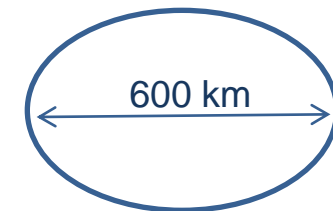
- 1 Intercontinental
- 2 Northwood
- 3 Prince George Pulp & Paper
- 3 Prince George Pulp & Paper
- 4 Vancouver
- 5 Canfor Pulp Research & Development Centre - Vancouver

KEY PRODUCTS

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

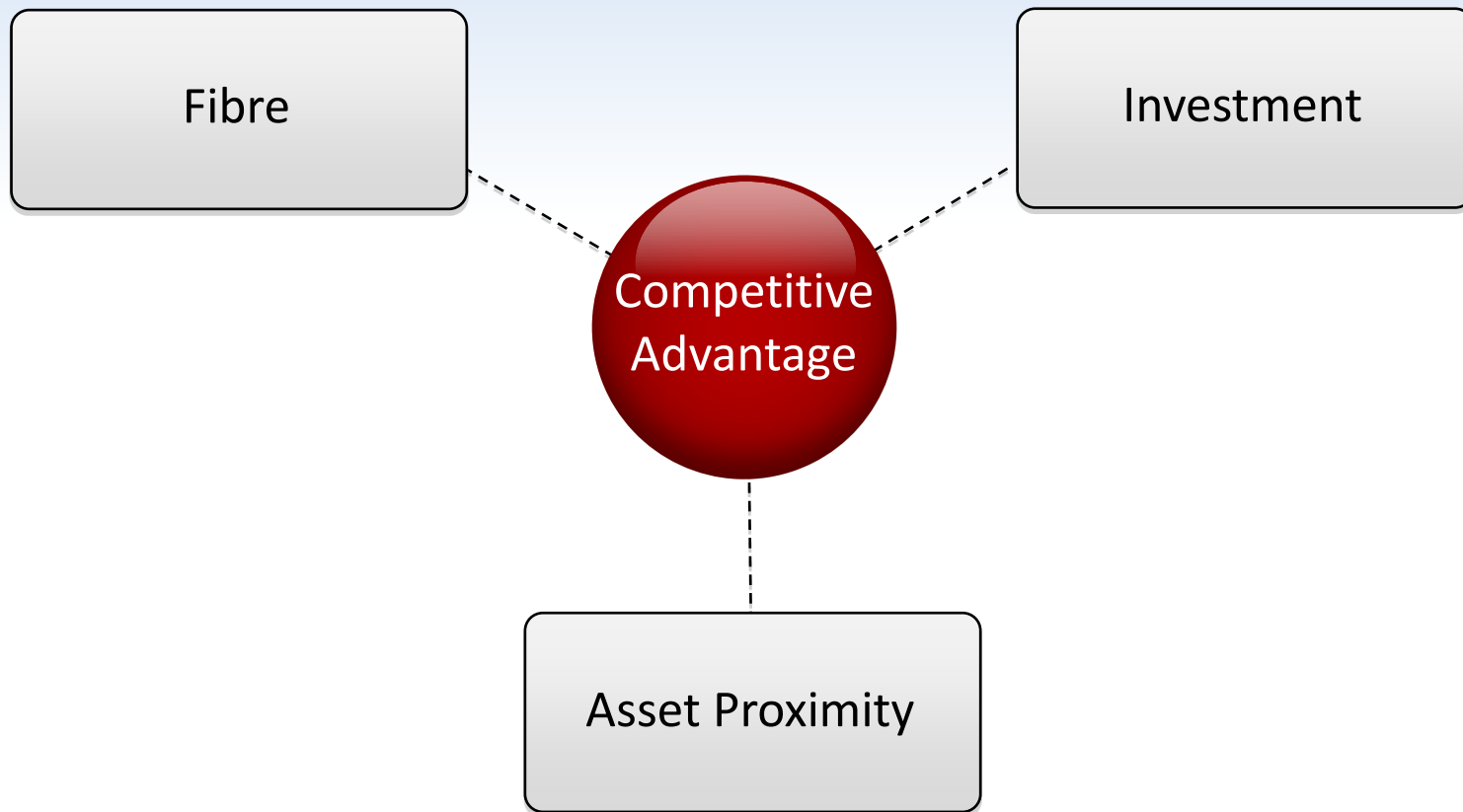
■ Pulp & Paper

■ Other



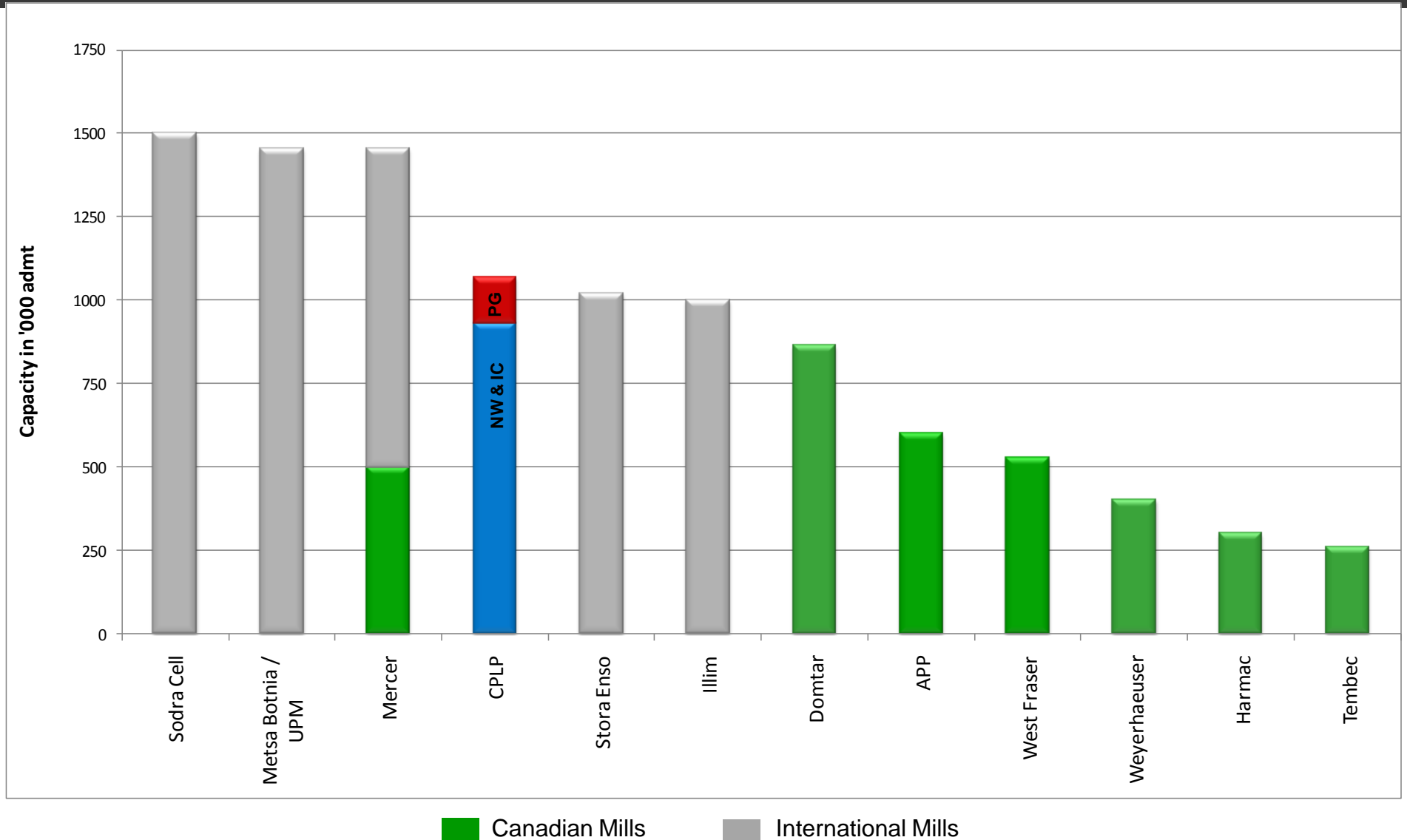
Fibre Supply Area

Sources of Competitive Advantage



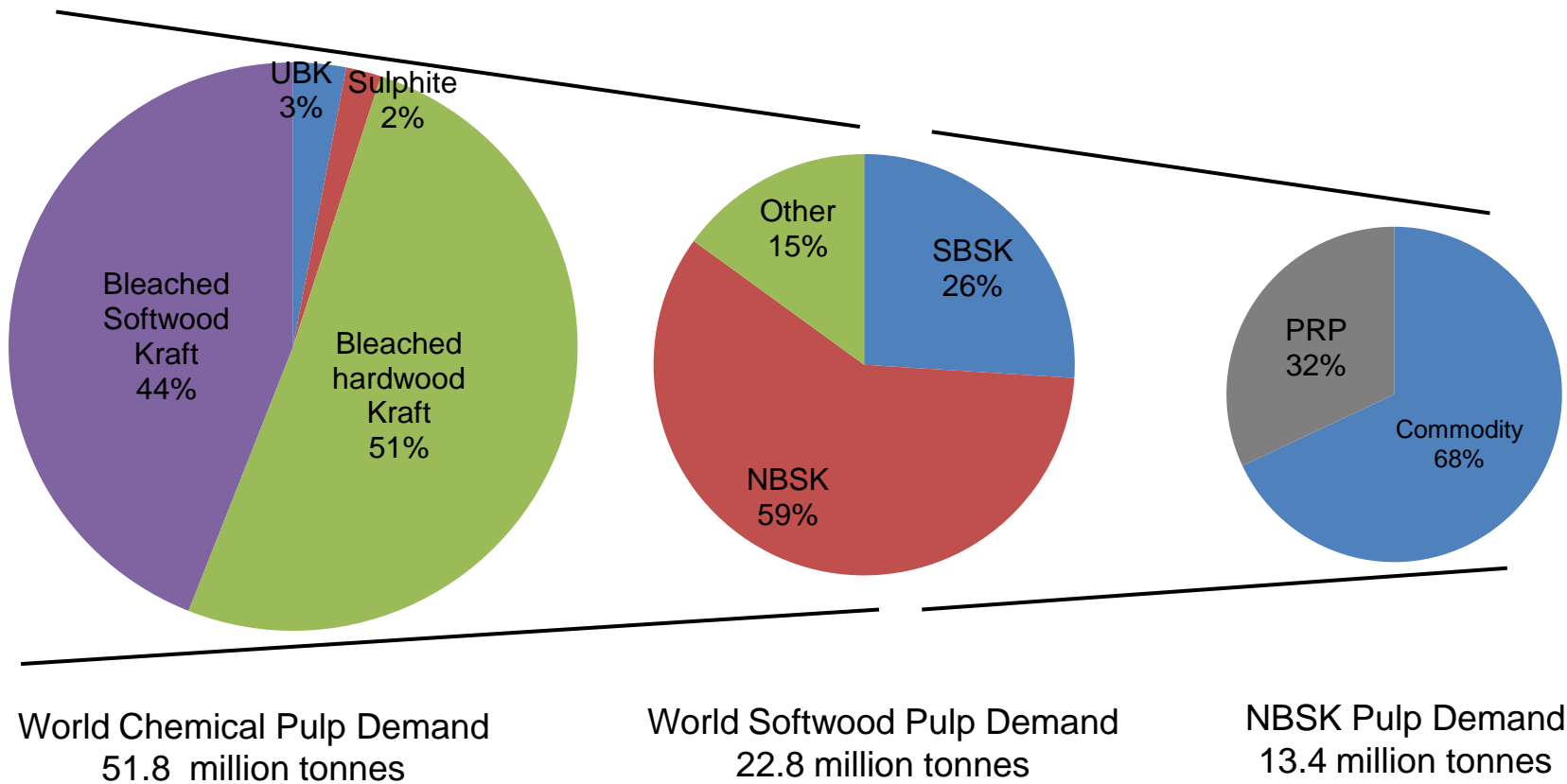
State of the Industry

NBSK Market Pulp Supply by Company



Global Chemical Market Pulp Demand

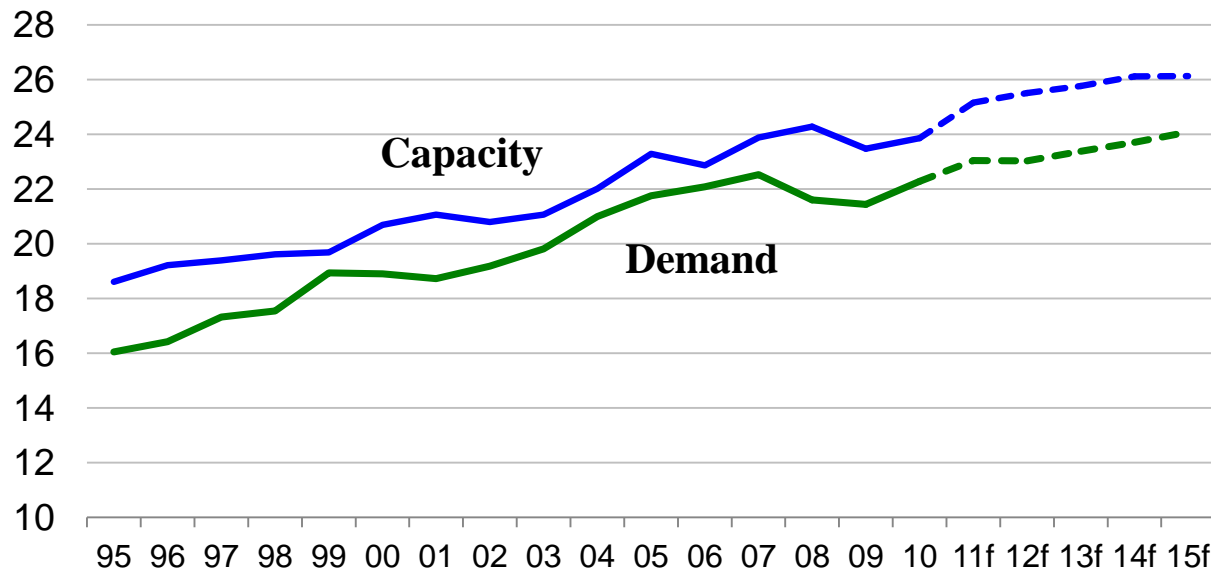
10 yr Chemical Market
Pulp Demand CAGR ~ 2.7%



Source: PPPC, Nov 2011

Pulp Markets: Steady Long-Term NBSK Growth

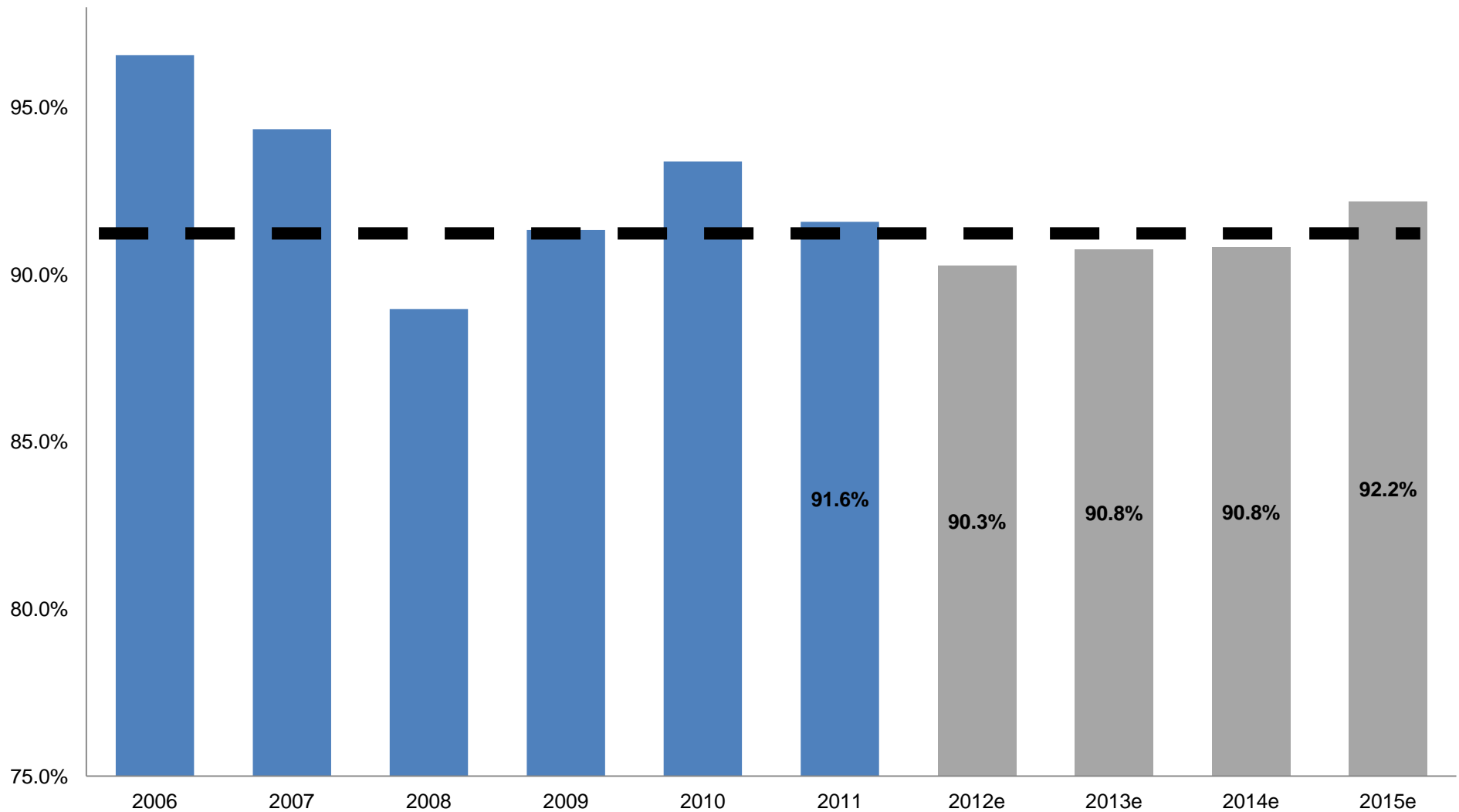
World Bl. Softwood Kraft Market Pulp
in million tonnes



Source: PPPC

Historically demand has grown at 2.7% per year and expected to grow at approximately 2% per year in the future..

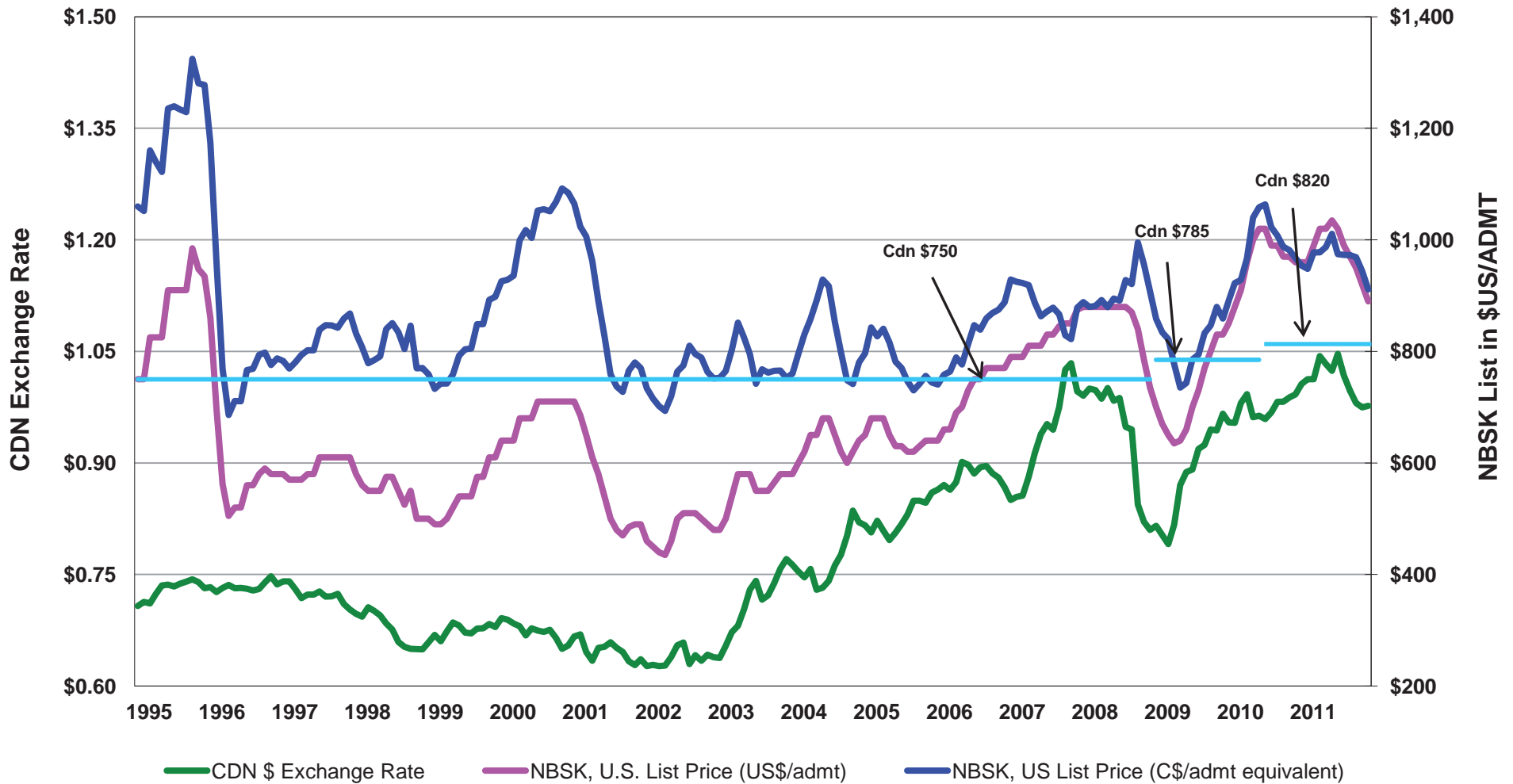
World Chemical Market Softwood Pulp Markets Expected to be Balanced...



Source: PPPC

NBSK List Prices Peaked in Summer 2011

NSBK Delivered to North America vs. Foreign Exchange - to December 2011

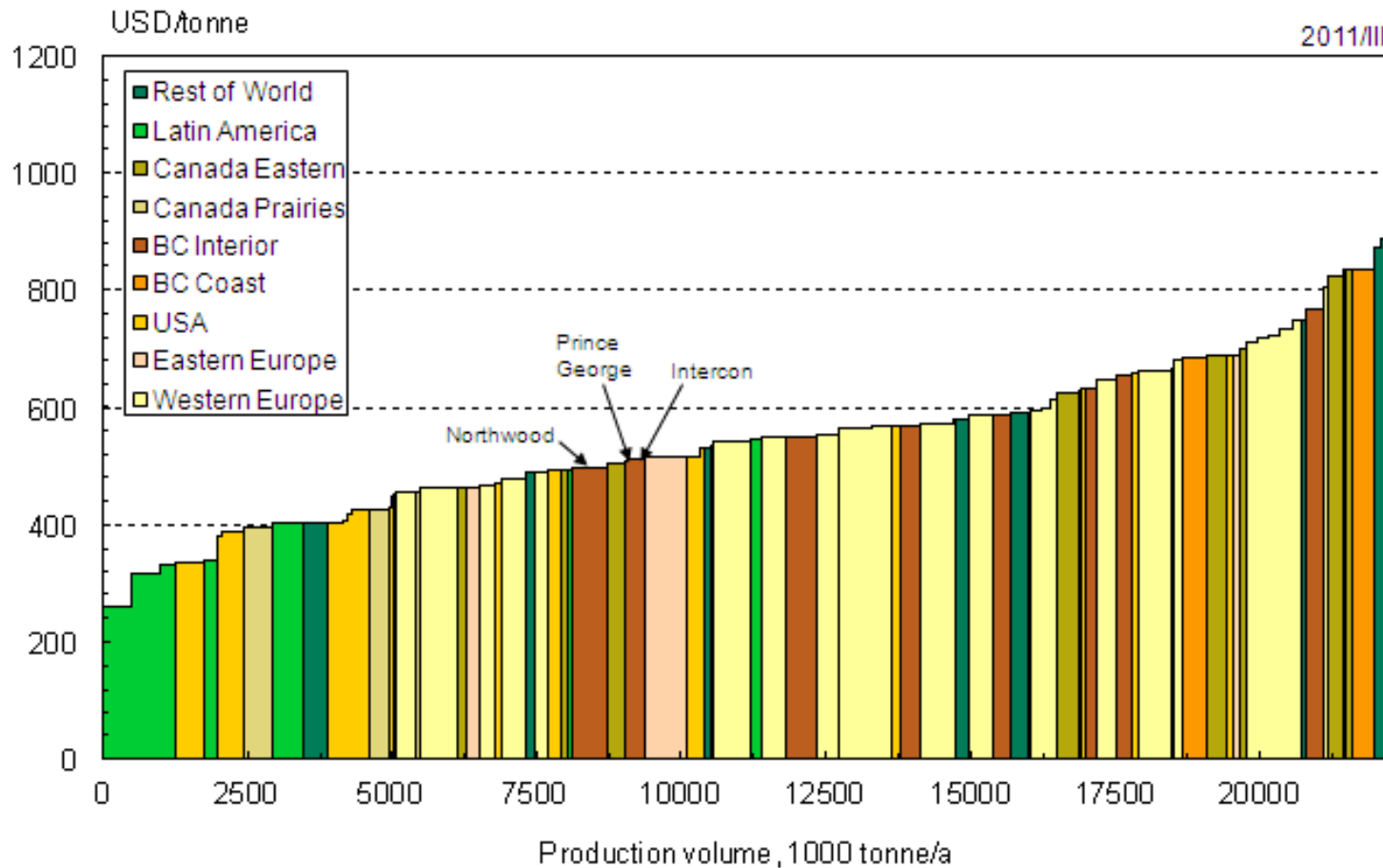


Competitive Position

Relative Cost Position - Poyry Consulting Cost Curve Estimates

Global BSKP Cost Competitiveness

1 CAD = 1 USD = 1.38 EUR

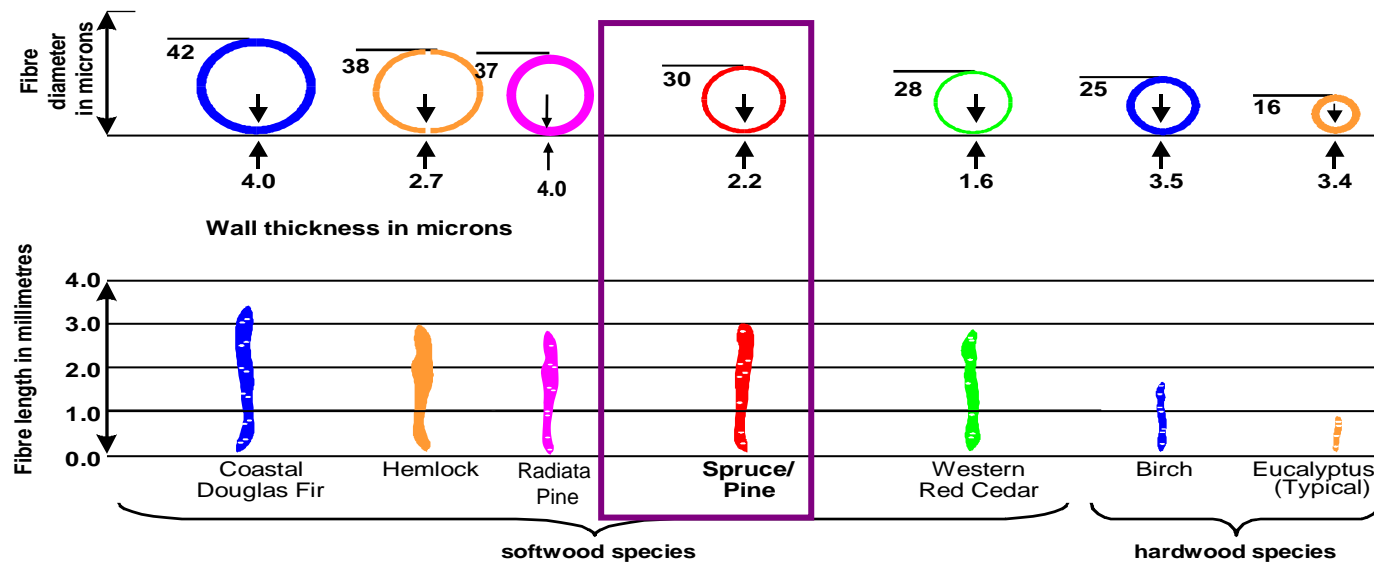


Source: Poyry

Fibre Advantage: Characteristics

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

Typical Fibre Dimensions



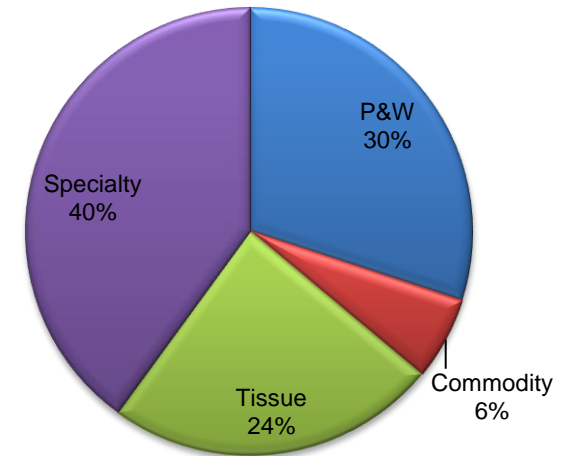
"Weight weighted lengths measured by Kajaani FS200"

Fibre Advantage Leverage Quality into Higher Mill Nets by:

▶ Targeting Customers That Need Reinforcing Pulp

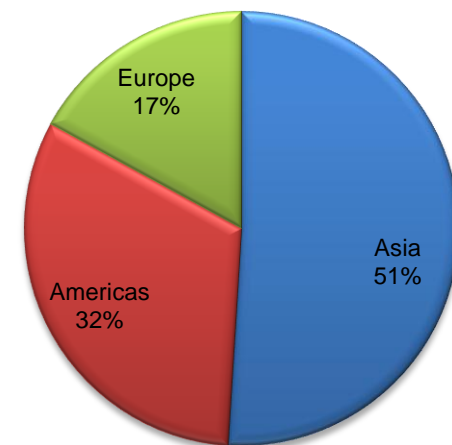
- Specialty
 - Décor, Masking tape base, Abrasive backing, Labels
- Printing & Writing
 - Magazines / Catalogues
- Tissue
 - Branded top quality lightweight tissue
- Commodity
 - Photocopy paper

2011 Sales



▶ Geographically Diversifying Sales

2011 Sales



Investment Plans

Green Transformation Program Update

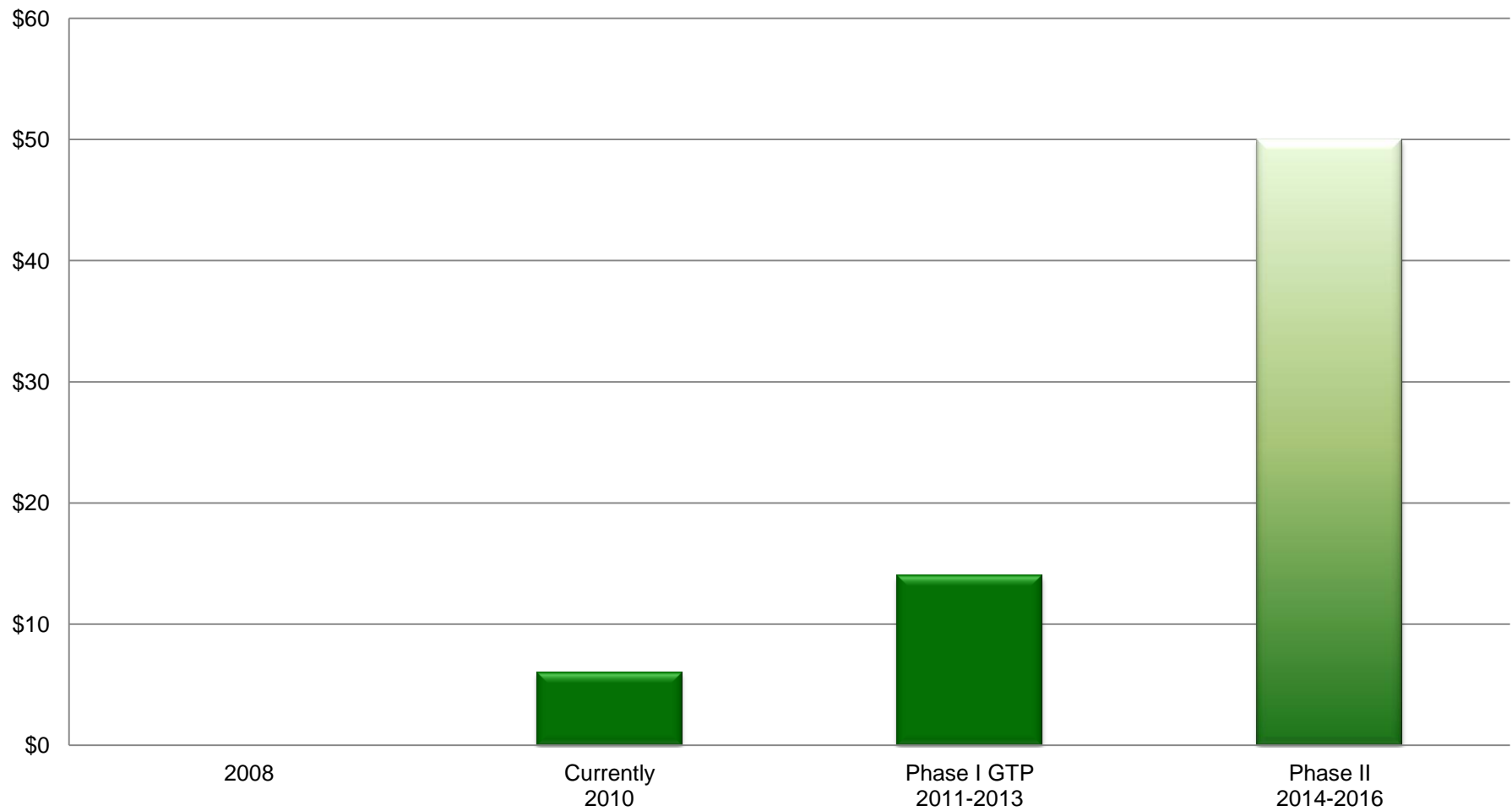
Green Transformation Program

\$168 Million of Investment (\$122 million GTP Funded)

- ▶ **Increased PGI Bio-Fuel Power Generation (Q4, 2010 Start-Up)**
 - Increased Electricity Sales
- ▶ **PG Pulp Mill Odour Reduction Project (Q2, 2011 Start-up)**
 - Significant Odour & TRS Emission Reductions
- ▶ **Northwood Recovery Upgrade (Q4, 2011 Start-up)**
 - Reduced Particulate & Odour Emissions + Reduced GHG
- ▶ **PG Pulp Mill Boiler Feed Water Treatment (Q3, 2012 Start-up)**
 - Improve Effluent Emission and Increase Energy Sales

Energy Revenue Growth

"Future Power Sales Opportunities"



Asset Base Proximity

Proximity of our 3 pulp mills provides the unique opportunity to capture many of the operating advantages of one large standalone mill:

- Excess Capacity in one mill can offset a bottleneck in another
 - Eg: Most capital intensive asset: Recovery Boiler
- Common support services can be combined
 - Eg: Management & Administration, Maintenance

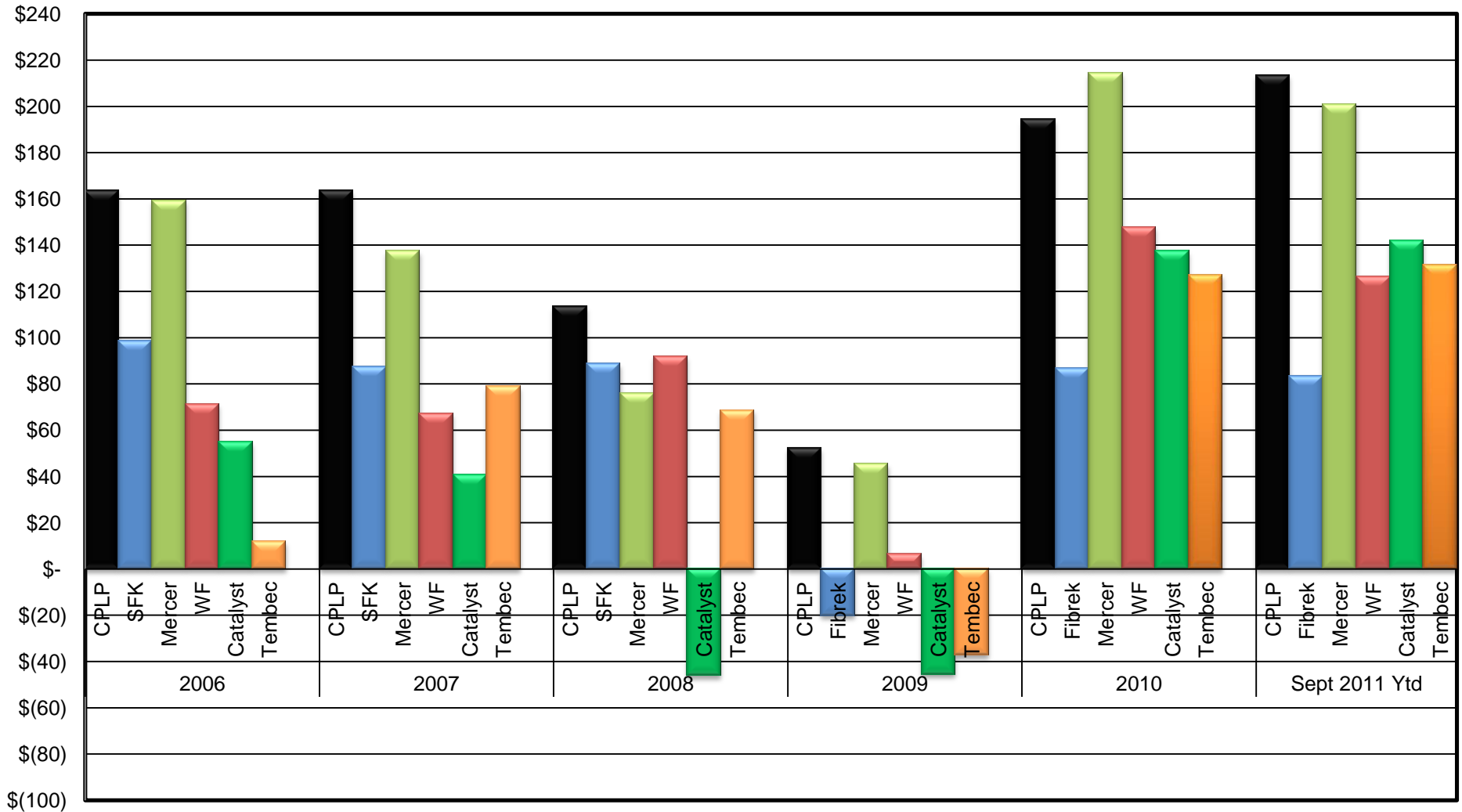


Higher productivity and lower costs

EBITDA per tonne vs Canadian Competitors

CPLP has averaged \$67 / tonne above the average Canadian competitor

North America - EBITDA per tonne



Financials – Canfor Pulp Limited Partnership

<i>C\$ millions unless otherwise noted</i>	YTD Q3 (unaudited)	2010 ⁽²⁾	2009 ⁽²⁾	2008 ⁽²⁾	2007 ⁽²⁾	2006 ⁽²⁾⁽³⁾
Sales	728.3	1,001.1	813.5	825.5	921.6	830.4
EBITDA	180.4	230.0	61.8	116.9	188.5	180.2
<i>ebitda margin%</i>	24.8%	23.0%	7.6%	14.2%	20.5%	21.7%
Net Income	122.8	178.0	13.4	46.8	129.8	123.0
per unit	\$1.72	\$2.50	\$0.19	\$0.66	\$1.82	\$1.73
C\$ ave list pulp price (del to USA)	974	989	820	914	885	817
Net Debt/Equity ⁽⁴⁾	0.17	0.09	0.19	0.30	0.18	0.17

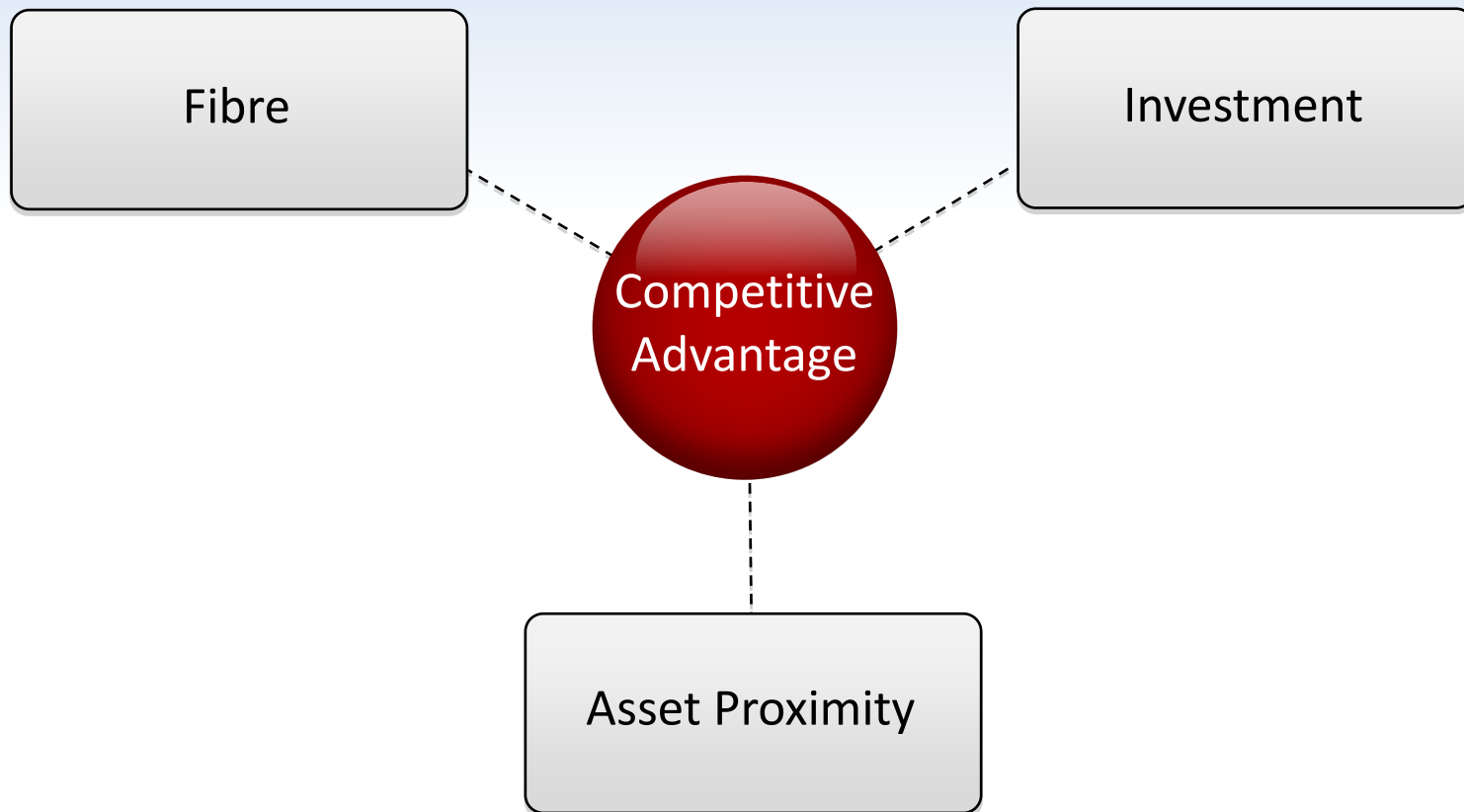
(1) 2011 results are based on IFRS

(2) 2006 through 2010 results are based on previous Canadian GAAP prior to implementation of IFRS

(3) 1st half of 2006 included on a carve-out basis from Canadian Forest Products. See 2006 and 2007 Annual Reports for more detail.

(4) Net debt consists of long-term debt and operating loans, net of cash and cash equivalents

Sources of Competitive Advantage



Investor Contact



Canfor Pulp
Products Inc.

 **Terry Hodgins**

Chief Financial Officer & Secretary
604-661-5421/ terry.hodgins@canforpulp.com

 **Rick Remesch**

Corporate Controller
604-661-5221 / rick.remesch@canforpulp.com

 **Address:**

230 - 1700 West 75th Avenue
Vancouver, BC V6P 6G2
www.canforpulp.com

 **Trading Symbol:** CFX-T

Appendices

Experienced Leadership

Board of Directors

- Peter J.G. Bentley^{4, 5}
- Stanley E. Bracken-Horrocks^{3, 4}
- David Calabrigo
- Donald Campbell⁵
- Ronald L. Cliff^{2, 3, 5}
- Charles Jago^{1, 3, 4, 5}
- Michael Korenberg³
- Joe Nemeth⁶
- William Stinson^{3, 4}

¹ Canfor Pulp Products Inc. – Chairman

² Canfor Pulp Holding Inc. – Chairman

³ Audit Committee

⁴ Compensation Committee

⁵ Governance Committee

⁶ Canfor Pulp President & CEO

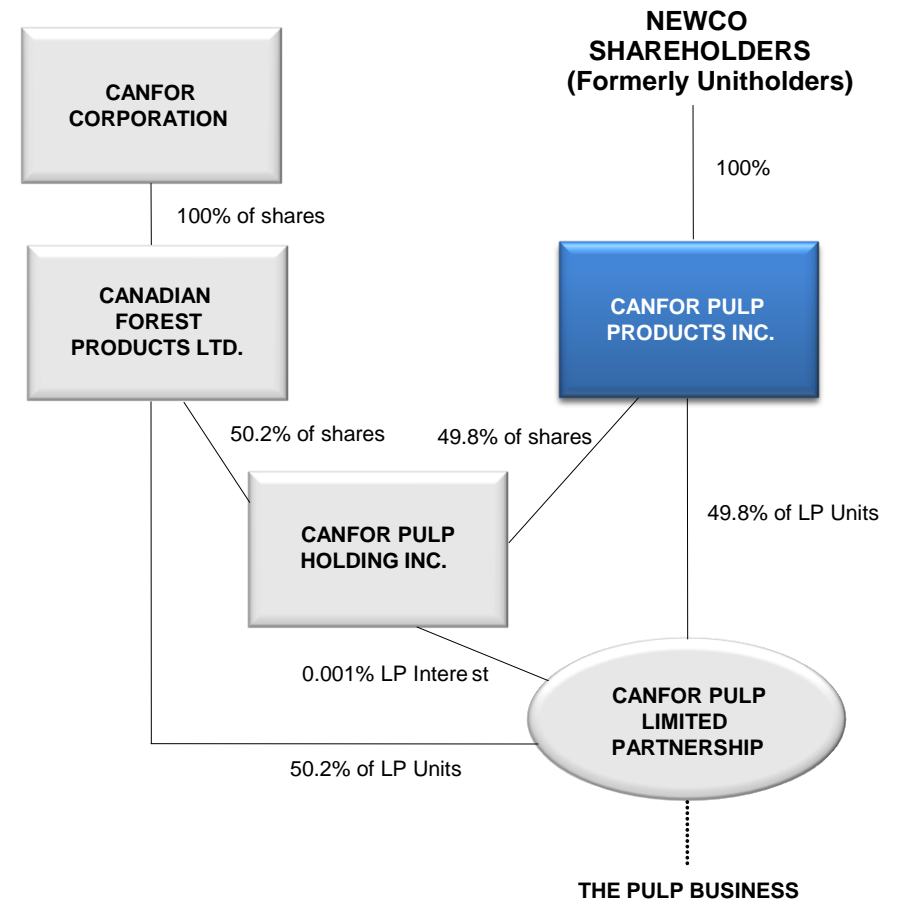
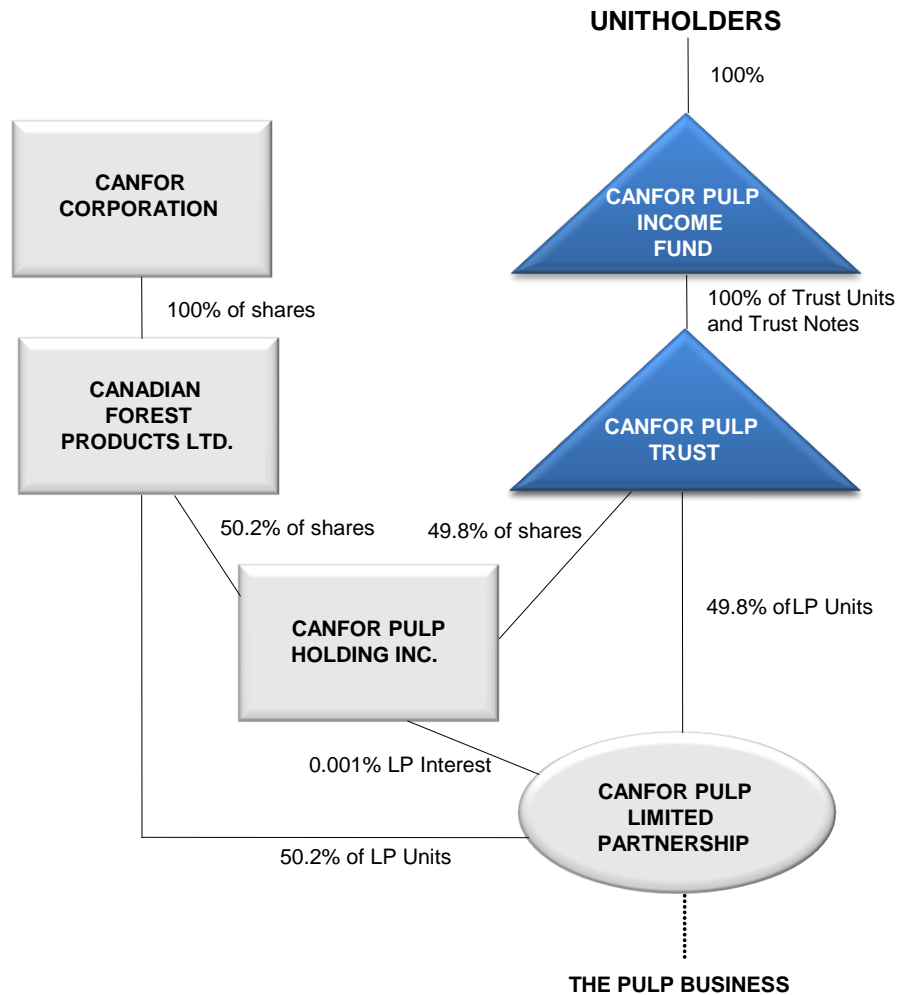
Senior Management

- Joe Nemeth, *President & CEO*
- Terry Hodgins, *CFO & Secretary*
- Brett Robinson, *Executive VP, Operations*
- Onkar Athwal, *VP, Human Resources*
- Sean Curran, *VP, Sales & Marketing*
- Rick Cooper, *General Manager, Fibre Supply*
- Robert Dufresne, *GM, Northwood Pulp Mill*
- Rick Pingel, *GM, Logistics & Procurement*
- Martin Pudlas, *GM, Prince George Pulp Mills & Specialty Paper*
- Rick Remesch, *Corporate Controller*

Conversion - Structure

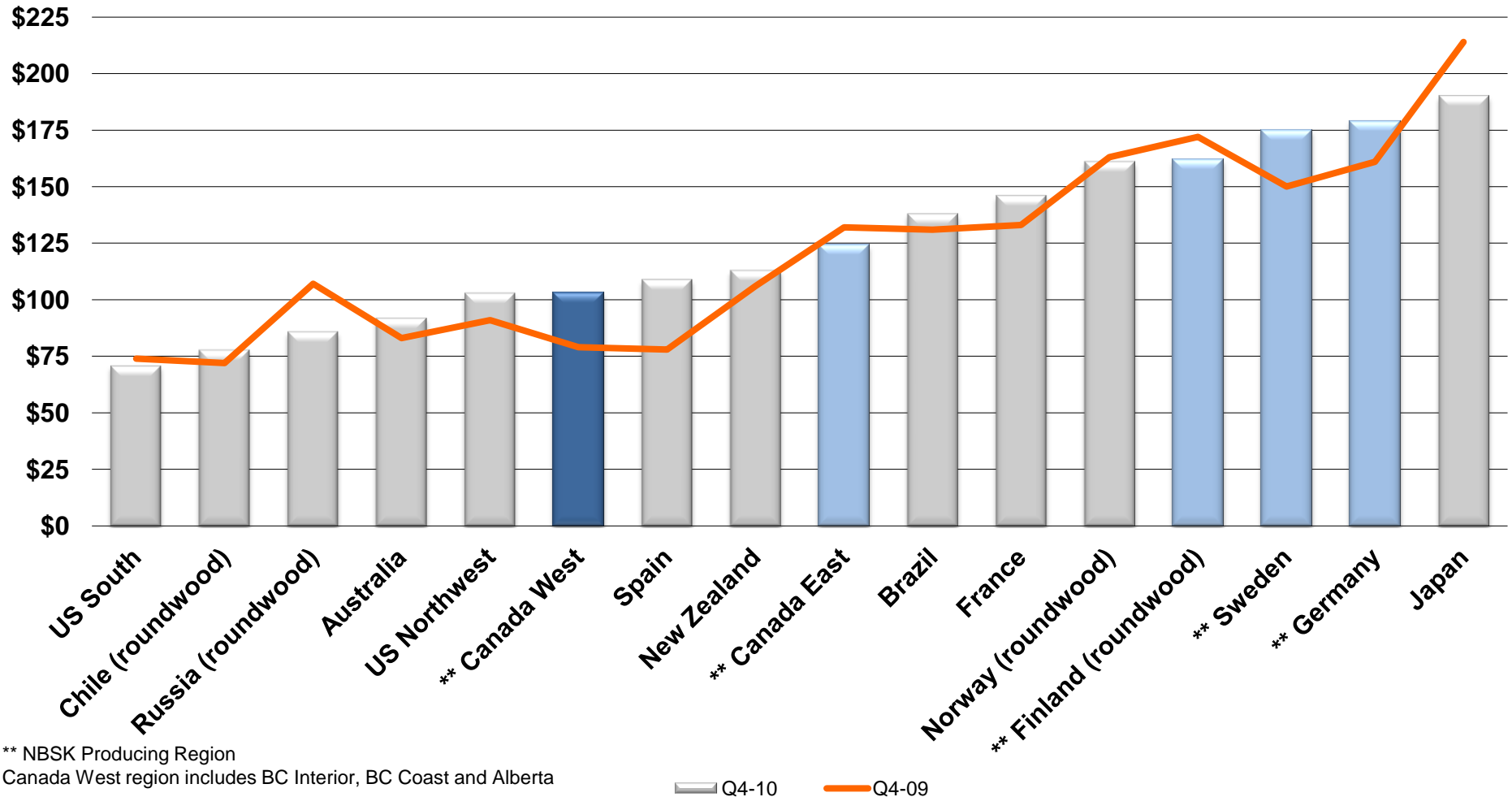
As of March 16, 2010

As of January 1, 2011



Fibre Advantage - Low Cost

Conifer Chips - Delivered Prices Q4 / 09 vs. Q4 / 10



** NBSK Producing Region
 Canada West region includes BC Interior, BC Coast and Alberta

Q4-10 Q4-09

Resource: Wood Resources

NBSK Pulp Supply

2000 Canadian Market Softwood Pulp Capacity was > 8 Million ADMT



NBSK Pulp Supply 2012 Canadian Capacity Running is now < 6 Million ADMT

