



For Immediate Release

October 29, 2006

## **CANFOR CORPORATION ANNOUNCES DIVIDEND OF CANFOR PULP INCOME FUND UNITS TO SHAREHOLDERS**

Canfor Corporation (TSX: CFP) announced today that it will distribute, by way of taxable dividend, on November 30, 2006, to shareholders of record on November 15, 2006, 1.49 Canfor Pulp Income Fund Units for every 10 Canfor Corporation shares held. Following the dividend, Canfor will continue to own 50.1% of Canfor Pulp Limited Partnership, the operating partnership owned by Canfor Pulp Income Fund.

“This significant distribution provides Canfor’s shareholders with greater ability to manage their participation in the Canfor Pulp Income Fund. The near-term fundamentals for the Partnership are strong, providing unitholders with cash distributions, both regular and supplemental.” said Mr. Jim Shepherd, President and Chief Executive Officer of Canfor Corporation.

Due to applicable U.S. securities laws, except as permitted under certain exemptions contained in such laws, shareholders of Canfor who are residents of the United States or otherwise considered "U.S. persons" under such laws will not receive Fund Units pursuant to the above announced dividend. Instead, the Fund Units that each such U.S. Canfor Shareholder would otherwise have received will be pooled and sold in the Canadian market as soon as practicable following November 30, 2006 on behalf of all such U.S. Canfor Shareholders, and each such U.S. Canfor Shareholder will receive a cash payment (net of any applicable withholding taxes) representing such shareholder’s pro rata interest in the net proceeds from the sale of such pooled Fund Units. Canfor will pay the fees and costs associated with such pooling and sale with respect to those U.S. Canfor Shareholders that will not receive the Fund Units.

### **Conference Call**

A conference call to discuss the dividend and the third quarter financial and operating results will be held on Monday, October 30, 2006 at 8:00 am (PST). To participate in the call, please dial 416-695-9757 or toll-free 1-888-789-0089. For instant replay access until November 6, 2006, please dial 416-695-5275 or toll-free 1-888-509-0081 and enter Participant Pass Code 632307. The call will be webcast live and will be available at [www.canfor.com](http://www.canfor.com).

### **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”, “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 Corporation is a leading Canadian integrated forest products company based in Vancouver, British Columbia, with interests in over 33 facilities in British Columbia, Alberta, Quebec, Washington State and North and South Carolina. The Company is the largest producer of softwood lumber in Canada, while also producing oriented strand board (OSB), plywood, remanufactured lumber products and specialized wood products. Canfor also owns an 80% 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 (TSX: CFP).*

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