

**NOTICE OF ELIGIBLE DIVIDEND
TO CANADIAN RESIDENT SHAREHOLDERS
OF CANFOR CORPORATION**

November 21, 2006

This notice is sent to Canadian resident shareholders of Canfor Corporation ("**Canfor**") in connection with the taxable dividend in kind (the "**Dividend in Kind**") through which Canfor will distribute 1.49 Canfor Pulp Income Fund Units for every 10 Canfor shares held. The Dividend in Kind will be paid on November 30, 2006 to registered Canfor shareholders as of November 15, 2006.

The Dividend in Kind will be an eligible dividend for the purposes of the *Income Tax Act* (Canada) and its regulations, as amended from time to time.

The tax concept of an eligible dividend was introduced by the Department of Finance in draft legislation (the "**Draft Legislation**") on June 29, 2006. This notice complies with the requirements of the Draft Legislation with respect to eligible dividends. Should you have any questions about the designation of the Dividend in Kind as an eligible dividend, please contact your tax advisor.