

Canfor Pulp Income Fund

Why the Canfor Pulp Income Fund?

- Market leadership
- Low cost producer
- Abundant fibre supply
- Supplier of choice to targeted customers
- Strong sponsorship
- Cash distribution to Canfor shareholders

CANFOR PULP INCOME FUND PAGE 2

Officers

Paul Richards – President & CEO

- Over 35 years in the pulp & paper business
- Worked at Weldwood, MacMillan Bloedel, Repap
- Chemical engineer

Tom Sitar – Vice-President, Finance & CFO

- Over 25 years of public company financial management
- Forestry experience at Weldwood as Treasurer and VP, Finance
- Chartered Accountant

Joe Nemeth – Vice-President, Pulp & Paper Sales and Marketing

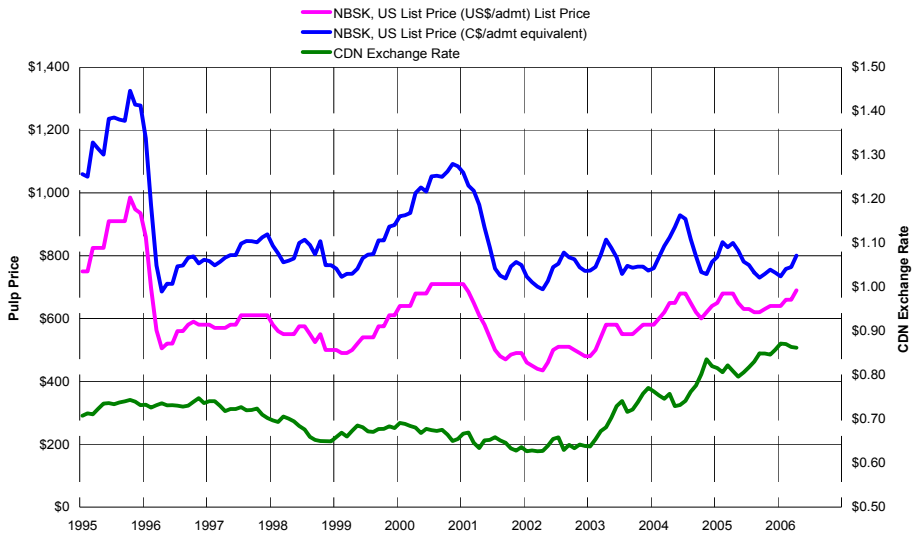
- Over 20 years of forestry experience, woodlands, lumber, plywood and pulp & paper (manufacturing and marketing)
- MBA and Bachelor of Forestry

Pulp Business : Current Environment

- Strengthening Canadian dollar
- Canadian capacity reduction
- Price rally
- Interior BC in a favoured position due to fibre availability

NBSK Price History & Exchange Rates

Price vs. Foreign Exchange 1995 - Current



Capacity Overview - Canada NBSK

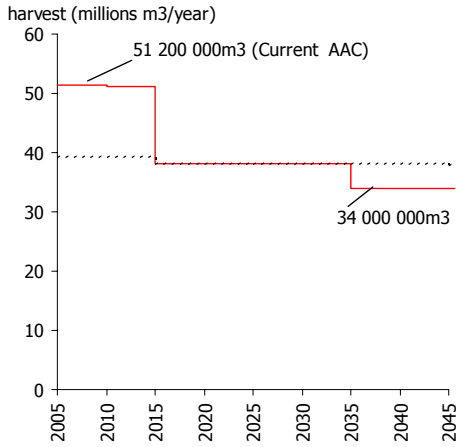
(000's tonnes)

Total Canadian Capacity - 2005	7,335	
Shutdown	1,355	
Announced	270	
Total	1,625	22.2%

Source: PPPC

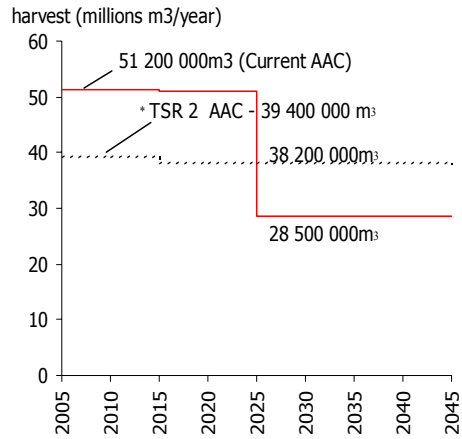
Abundant Fibre Supply

Mortality rates = 50%



Source : BC Ministry of Forest – Nov 2005

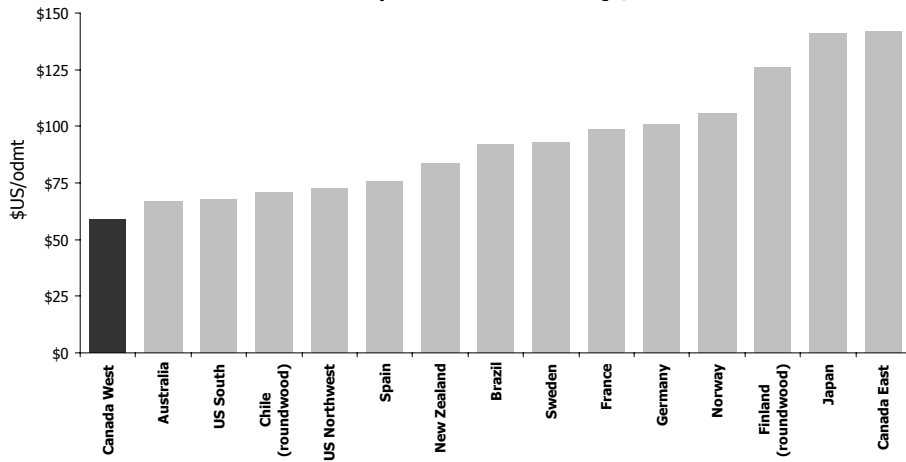
Mortality rates = 80%



* TSR 2 AAC = Timber Supply review in 2001

Fibre Prices

Conifer Chips - Delivered Prices Q4/05



Source: Wood Resources International

Strategy : Maximize Cash Flow Distributions

- Preserve the mills' low cost position
 - Cost reductions
 - Efficiency improvements
- Maintain preferred supplier position
- Opportunistic accretive acquisitions

Distributable Cash : 2005 Proforma

	<i>\$ millions</i>
EBITDA	\$ 59.2
Adjustments:	
• Fibre pricing changes	51.2
• Cogeneration project benefits	22.6
Adjusted EBITDA	133.0
Deductions:	
• Capital expenditures	34.0
• Interest expense	10.0
Estimated distributable cash	89.0
10% hold-back	8.9
Estimated distributable cash	80.1
Estimated distributable cash per unit	\$1.12

2005: Average f/x rate = \$0.828: Average NBSK price = US\$ 611

Agreements

Fibre

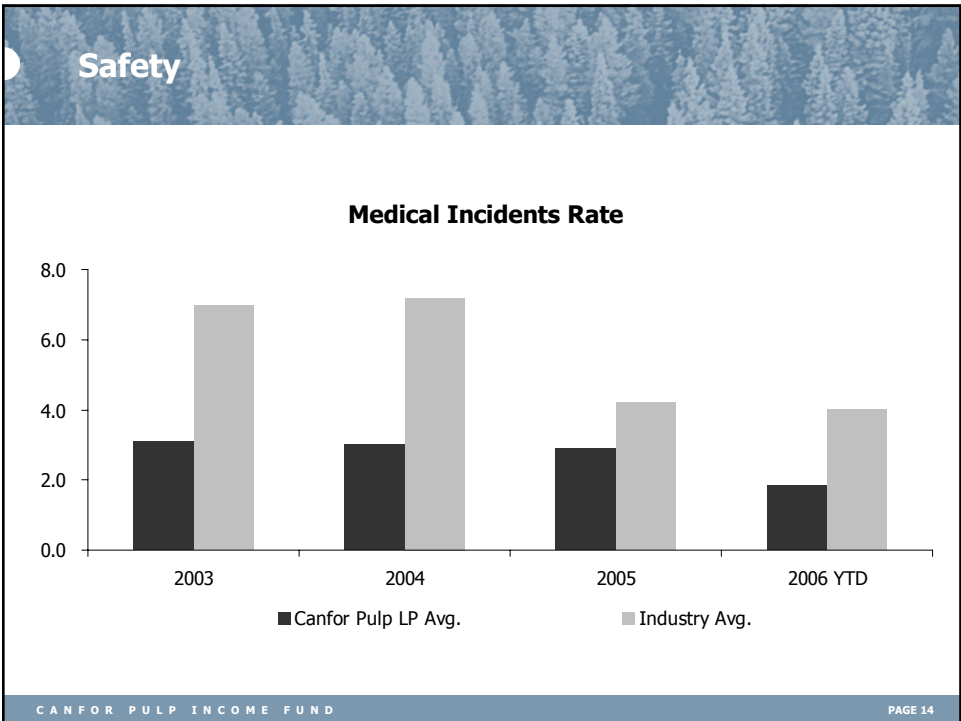
- Prices – formula based on Mill Nets
- Quantities – 1.8 million Odt's from Canfor
(75% of total requirements)

Corporate Services

- Services from Canfor have been identified
- Year by year agreement

Risks

- Reduction in fiber supply
- Deterioration in paper markets
- Increased substitution
- Capital requirements
- Exchange rates



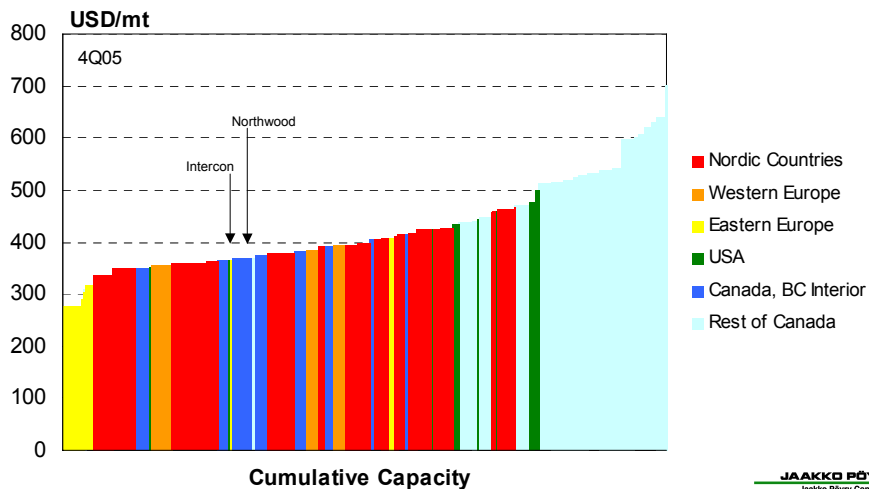
Operations Strategy

Drive Out Costs / Maintain Lowest Quartile Cost Position in Canada

- Achieve targets for Prince George Co Gen Project
- Continue to improve reliability / productivity

Low Cost Producer

Northern Softwood Kraft Manufacturing Costs (Jaakko Poyry Q4/05)



The Operations

	Northwood	Intercon	PG Pulp and Paper	
History	1966	1968	1966	
No. of employees	500	300	400	
Capacity (Admt)	570,000	310,000	153,000	135,000
Operations	2-line	1-line	1-line	1-line
Markets	North America, Europe & Asia			North America & Europe
Products	Bleached NBSK		Bleached, Semi-bleached and Unbleached	Bleached and Unbleached
Fibre consumed (Odt's)	2.4 million			
Certification	ISO 9001 and ISO 14001			

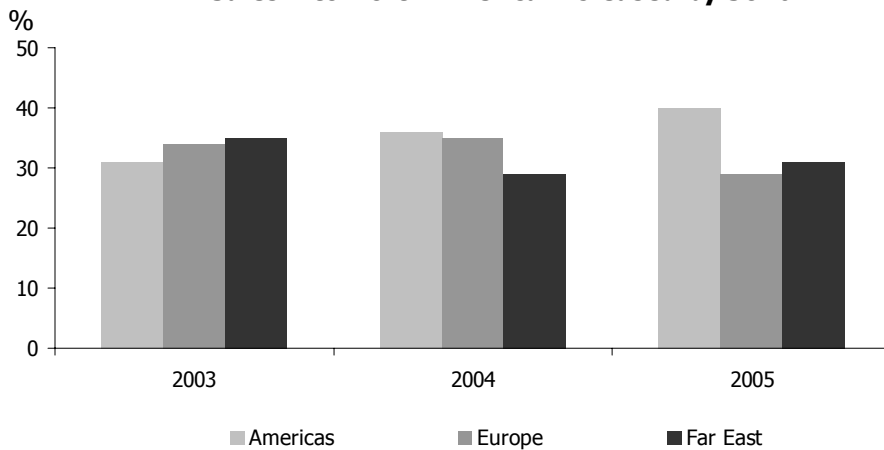


Marketing

1. Improve Mill Returns
2. Drive Out Costs
3. Lever Strong Northern Fibre

Sales Volumes by Geography - Globally Balanced Sales Mix

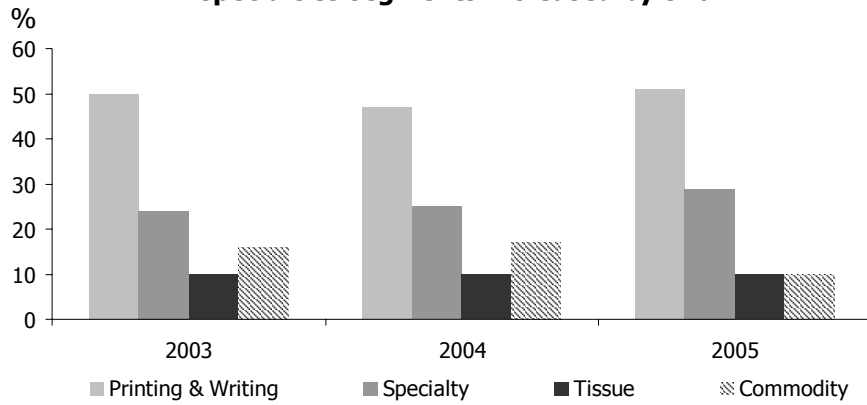
Sales into North America increased by 30%



End-Use Mix

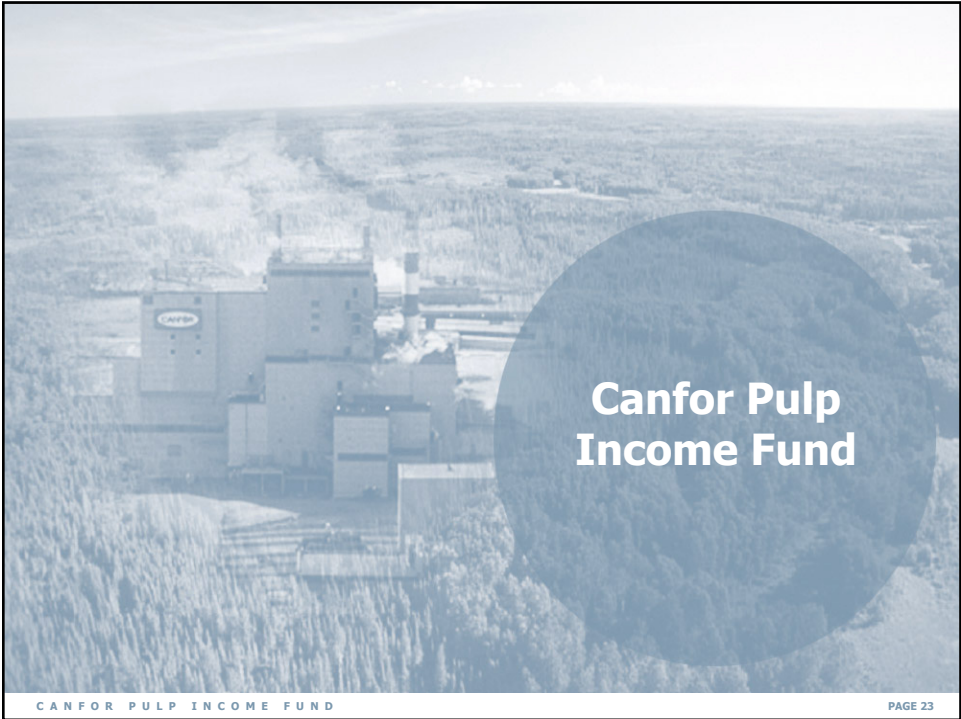
- Technical Sell of High Strength NBSK Fibres

Sales to higher margin printing, writing and specialties segments increased by 8%



Questions

Questions?



**Canfor Pulp
Income Fund**