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

► Canfor Pulp Income Fund (CFX.UN: TSX)
  - CFX.UN owns 49.8% of CPLP
  - CFX.UN float of 35.5 million units
  - Market capitalization approx. $175 million ($350 million including CFP’s interest)
  - ~ 120,000 units trade on average per day
Why Canfor Pulp?

1) Positive long-term pulp market dynamics
2) Market leadership
3) Fibre supply advantage
4) High margin producer

Strong Financial Performance
Pulp Markets: Demand for Our Pulp

10 yr Chemical Market Pulp Demand CAGR ~ 3.1%

- Bleached Hardwood Kraft: 47%
- Bleached Softwood Kraft: 46%
- Sulphite: 2%
- Unbleached Kraft: 5%
- Other: 13%

World Chemical Pulp Demand: 49 million tonnes

World Softwood Pulp Demand: 23 million tonnes

NBSK Pulp Demand: 14 million tonnes

NBSK: 60%
SBSK: 27%
Commodity: 68%
PRP: 32%

Source: Pulp & Paper Products Council (Dec 2007)
Pulp Markets: Long-term NBSK Growth

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

Source: PPPC

- Capacity
- Demand

10.0
12.0
14.0
16.0
11.0
12.0
13.0
14.0
15.0
16.0

Source: PPPC
Pulp Markets: Historical NBSK Prices

The floor for NBSK prices has increased

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

Third largest producer of Northern Bleached Softwood Kraft Pulp (NBSK)
Largest seller of Northern Softwood Pulp (NSK)

- Sodra Cell
- Mercer
- Canfor Pulp
- Ilim
- Tembec
- Domtar
- West Fraser
- Stora Enso
- Weyerhaeuser

000's tonnes

HSLP
PG
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 strongest in the world due to the long, slender, thin-walled fibres. Provides for a better printing surface, better softness and better strength, which in turn commands a premium price.

**Typical Fibre Dimensions**

"Weight weighted lengths measured by Kajaani FS 200"
Higher Mill Nets Achieved

► 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

► Diversify Sales

Geographically balanced sales
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

2007 EBITDA margin

* Per most recent PwC 2007 benchmarking study of 12 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

USD/mt

Cumulative Capacity (14 mt total)

- Nordic Countries
- Western Europe
- Eastern Europe
- USA
- Canada, BC Interior
- Rest of Canada
- Latin America
- Rest of World

1 EUR = 1.458 USD
1 USD = 1.000 CAD
Efficient Operations

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

![Bar Chart showing production increases from 2005 to 2007 for PGPP, Intercon, and Northwood.]

- PGPP + 34,000 tonnes
- Intercon + 31,000 tonnes

0 250,000 500,000 750,000 1,000,000

2005 2006 2007
Fibre Advantage: Abundant Supply

Fibre Sources

<table>
<thead>
<tr>
<th>(million Odt’s)</th>
<th>Normal</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canfor Sawmills</td>
<td>1.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Other Sawmills</td>
<td>0.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Whole-log chipping</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2.5</strong></td>
<td><strong>2.5</strong></td>
</tr>
</tbody>
</table>

Canfor’s sawmills control more than 10 million cubic meters of allowable annual cut (AAC) in British Columbia and Alberta.
Fibre Advantage: Low Cost

Conifer Chips - Delivered Prices Q2-2008 vs Q2-2007

Resource: Wood Resources
## Financials: Strong Performance

<table>
<thead>
<tr>
<th>$ millions unless otherwise noted</th>
<th>YTD Sep 2008</th>
<th>Year ended 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>639.4</td>
<td>921.6</td>
</tr>
<tr>
<td>EBITDA</td>
<td>107.1</td>
<td>188.5</td>
</tr>
<tr>
<td>- ebitda margin%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Net Income</td>
<td>72.8</td>
<td>129.8</td>
</tr>
<tr>
<td>- per unit</td>
<td>$1.02</td>
<td>$1.82</td>
</tr>
<tr>
<td>C$ ave list pulp price (del to USA)</td>
<td>896</td>
<td>885</td>
</tr>
<tr>
<td>Shipments-pulp (m tonnes)</td>
<td>713.2</td>
<td>1,023.6</td>
</tr>
<tr>
<td>Production-pulp (m tonnes)</td>
<td>697.2</td>
<td>1,044.3</td>
</tr>
</tbody>
</table>

- Last 8 quarters financial excerpts on pg 27 of this presentation
- YTD 2008 Production includes impact of fire at PG mill (January 2008)
Financials: Strong Financial Position

Maintain a strong balance sheet

<table>
<thead>
<tr>
<th>$ millions</th>
<th>As at Sep 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>-</td>
</tr>
<tr>
<td>Current Assets</td>
<td>331.4</td>
</tr>
<tr>
<td>Other</td>
<td>12.1</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>577.3</td>
</tr>
<tr>
<td>Total</td>
<td>920.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As at Sep 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
</tr>
<tr>
<td>Long-term Debt</td>
</tr>
<tr>
<td>Other Long-term Liabilities</td>
</tr>
<tr>
<td>Equity</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

- Net Debt / EBITDA (LTM) = 0.94
- Net Debt / Equity = 0.22
- Current Assets / Current Liabilities = 1.96
Financial: Debt

► Revolving Loan
  – $75 million; $27.4 million reserved for a BC Hydro letter of credit
  – Unsecured
  – Matures November 2009

► Long-term Debt
  – US$ 110 million
  – Unsecured private placement notes
  – Fixed interest rate of 6.41%
  – Repayable in full on November 2013
  – Covenants:
    • Interest coverage > 2.5
    • Leverage ratio < 3.25
  – Agreement is posted on SEDAR (dated December 6, 2006)
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 long-term pulp market dynamics  
2) Market leadership  
3) Fibre supply advantage  
4) High margin producer

Strong Financial Performance
Investor Contact

► CFX.UN

– Investor Contact
  David Jan
  David.Jan@canforpulp.com
  604-312-9457

– Canfor Pulp Income Fund
  1700 West 75th Avenue
  Vancouver, BC  V6P 6G2

► www.canforpulp.com
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

► **Senior Management**
  - Paul Richards, *President & CEO*
  - Terry Hodgins, *CFO & Secretary*
  - Joe Nemeth, *VP, Sales & Marketing*
  - Brett Robinson, *VP, Manufacturing*
  - Craig Garratt, *GM, Fibre Supply*
  - Rick Pingel, *GM, Logistics & Procurement*
  - Martin Pudlas, *GM, Northwood Mill*
  - Rick Remesch, *Corporate Controller*
  - David Scott, *GM, Human Resources*
Ownership Structure

CANFOR CORPORATION (CFP:TSX)

100%

Canadian Forest Products Ltd.

50.2%
35,776,483 Class B Exchangeable LP Units

100%

CANFOR PULP TRUST

100%

CANFOR PULP INCOME FUND (CFX.UN:TSX)

100%
35,493,542 Fund Units

14,254,005 Class A LP Units
21,239,537 Class B LP Units
(representing 49.8% of all LP Units)

CANFOR PULP LIMITED PARTNERSHIP

and

CANFOR PULP HOLDING INC. (General Partner)

The Pulp Business

Unit holders

100%
35,493,542 Fund Units
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

<table>
<thead>
<tr>
<th>MILL/LOCATION</th>
<th>KEY PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Intercontinental</td>
<td>NBSK Pulp</td>
</tr>
<tr>
<td>2 Northwood</td>
<td>NBSK Pulp</td>
</tr>
<tr>
<td>3 Prince George Pulp &amp; Paper</td>
<td>NSK Pulp</td>
</tr>
<tr>
<td>3 Prince George Pulp &amp; Paper</td>
<td>Kraft Paper</td>
</tr>
<tr>
<td>4 Head Office - Vancouver</td>
<td></td>
</tr>
<tr>
<td>5 Canfor Pulp R&amp;D Centre - Vancouver</td>
<td></td>
</tr>
</tbody>
</table>

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

*air-dried metric tonnes; tonne = metric ton = 2240 lbs
## Financials: Strong Earnings

### Selected Quarterly Partnership Financial Information

<table>
<thead>
<tr>
<th></th>
<th>Q3-2008</th>
<th>Q2-2008</th>
<th>Q1-2008</th>
<th>Q4-2007</th>
<th>Q3-2007</th>
<th>Q2-2007</th>
<th>Q1-2007</th>
<th>Q4-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong> (millions)</td>
<td>215.4</td>
<td>212.6</td>
<td>211.4</td>
<td>215.1</td>
<td>211.4</td>
<td>211.4</td>
<td>211.4</td>
<td>211.4</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>40.6</td>
<td>24.0</td>
<td>42.5</td>
<td>27.9</td>
<td>48.8</td>
<td>51.7</td>
<td>60.1</td>
<td>58.2</td>
</tr>
<tr>
<td><strong>EBITDA %</strong></td>
<td>19%</td>
<td>16%</td>
<td>20%</td>
<td>13%</td>
<td>21%</td>
<td>22%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>11.1</td>
<td>18.2</td>
<td>43.5</td>
<td>12.1</td>
<td>33.2</td>
<td>35.9</td>
<td>48.6</td>
<td>44.8</td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Distributable</strong></td>
<td>0.53</td>
<td>0.19</td>
<td>0.60</td>
<td>0.19</td>
<td>0.50</td>
<td>0.54</td>
<td>0.72</td>
<td>0.80</td>
</tr>
<tr>
<td><strong>Cash per Unit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shipments</strong> (000 tonnes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pulp</strong></td>
<td>234.5</td>
<td>233.8</td>
<td>228.9</td>
<td>253.6</td>
<td>257.1</td>
<td>259.8</td>
<td>253.1</td>
<td>249.8</td>
</tr>
<tr>
<td><strong>Paper</strong></td>
<td>31.6</td>
<td>33.7</td>
<td>35.1</td>
<td>32.4</td>
<td>30.8</td>
<td>35.9</td>
<td>30.4</td>
<td>32.7</td>
</tr>
<tr>
<td><strong>Pulp Price (USD)</strong></td>
<td>880</td>
<td>880</td>
<td>880</td>
<td>857</td>
<td>837</td>
<td>810</td>
<td>790</td>
<td>770</td>
</tr>
<tr>
<td><strong>USD/CAD fx rate</strong></td>
<td>0.960</td>
<td>0.990</td>
<td>0.996</td>
<td>1.019</td>
<td>0.957</td>
<td>0.911</td>
<td>0.854</td>
<td>0.878</td>
</tr>
</tbody>
</table>
Available on [www.canforpulp.com](http://www.canforpulp.com) and [www.sedar.com](http://www.sedar.com) are:

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

**Sensitivities**

<table>
<thead>
<tr>
<th>(millions of dollars, unaudited)</th>
<th>Impact on annual EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cdn dollar – US $0.01 change per Cdn dollar</td>
<td>$6</td>
</tr>
<tr>
<td>NBSK pulp price – US $10 change per tonne</td>
<td>$7</td>
</tr>
<tr>
<td>Fibre cost - C$2 change per oven-dried tonne</td>
<td>$5</td>
</tr>
<tr>
<td>Natural gas cost - $1 change per gigajoule</td>
<td>$4</td>
</tr>
</tbody>
</table>