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
  - Ownership*: Canfor Pulp Income Fund 49.8%
    Canfor Corporation 50.2%

- **Canfor Pulp Income Fund (CFX.UN)**
  - Float of 35.5 million units
  - Market capitalization approx. $200 million
  - 2009 YTD ~ 97,000 units trade on average per day

* Refer to page 24 of this presentation for a simplified ownership structure
Why Canfor Pulp?

Strong Financial Position

Positive long-term pulp market dynamics

High Margin Producer

Market Leadership

Fibre Supply Advantage
Pulp Markets: Historical NBSK Prices

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

- NBSK, U.S. List Price (US$/admt)
- NBSK, US List Price (C$/admt equivalent)
- CDN $ Exchange Rate
Historically demand has grown at 1-2% per year and over the long term will continue to do so. Supply reduced in reaction to demand.
Pulp Markets: Demand

10 yr Chemical Market Pulp Demand CAGR ~ 2.4%

- Bleached Hardwood Kraft: 50%
- Bleached Softwood Kraft: 44%
- Sulphite: 2%
- Unbleached Kraft: 4%

World Chemical Pulp Demand: 49 million tonnes

World Softwood Pulp Demand: 21.5 million tonnes

NBSK Pulp Demand: 12.7 million tonnes

Source: Pulp & Paper Products Council (Dec 2008)
Largest NBSK Producer in North America and 3rd Largest Globally
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 (1)/(2)</td>
<td>1.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Other Sawmills (2)</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Whole-log chipping</td>
<td>-</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2.6</strong></td>
<td><strong>2.6</strong></td>
</tr>
</tbody>
</table>

(1) Evergreen contract
(2) Chip prices are linked to the price of pulp with a market adjustment consideration

Once US Housing starts return to “normal” operations, whole log chip requirements should be reduced.
Fibre Advantage: Low Cost

Conifer Chips - Delivered Prices Q3 / 08 vs. Q3 / 09

<table>
<thead>
<tr>
<th>Region</th>
<th>Q3-09</th>
<th>Q3-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile (roundwood)</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>US South</td>
<td>$75</td>
<td>$100</td>
</tr>
<tr>
<td>Russia (roundwood)</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>** Canada West</td>
<td>$125</td>
<td>$150</td>
</tr>
<tr>
<td>Australia</td>
<td>$100</td>
<td>$125</td>
</tr>
<tr>
<td>US Northwest</td>
<td>$75</td>
<td>$100</td>
</tr>
<tr>
<td>New Zealand</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>Spain</td>
<td>$25</td>
<td>$50</td>
</tr>
<tr>
<td>France</td>
<td>$25</td>
<td>$50</td>
</tr>
<tr>
<td>Brazil</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td>** Canada East</td>
<td>$125</td>
<td>$150</td>
</tr>
<tr>
<td>Norway (roundwood)</td>
<td>$125</td>
<td>$150</td>
</tr>
<tr>
<td>** Sweden</td>
<td>$125</td>
<td>$150</td>
</tr>
<tr>
<td>** Germany</td>
<td>$125</td>
<td>$150</td>
</tr>
<tr>
<td>** Finland (roundwood)</td>
<td>$125</td>
<td>$150</td>
</tr>
<tr>
<td>Japan</td>
<td>$200</td>
<td>$225</td>
</tr>
</tbody>
</table>

** NBSK Producing Region
Note: No data was available in Q1-08 for Russia

Resource: Wood Resources
**Fibre Advantage: Characteristics**

*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. This provides for a better printing surface, better softness and better strength, which in turn commands a premium return.

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**Typical Fibre Dimensions**

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*Weight weighted lengths measured by Kajaani FS200*
High Margin Producer: Targeted Sales

Achieve higher mill nets through:

► Target Customers That Need Reinforcing Pulp
  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: Summary

EBITDA margin

** ‘Ave of Others’ includes pulp segment results for SFK, CTL, WFT, MERC and SFK.un**
## Financials: Strong Performance

### C$ millions unless otherwise noted

<table>
<thead>
<tr>
<th></th>
<th>Year -to-date</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept 2009</td>
<td>Dec 2008</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>593.3</td>
<td>825.5</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>34.5</td>
<td>116.9</td>
</tr>
<tr>
<td>- <em>ebitda margin%</em></td>
<td>6%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>(1.8)</td>
<td>46.8</td>
</tr>
<tr>
<td>- per unit</td>
<td>$(0.02)</td>
<td>$0.66</td>
</tr>
<tr>
<td><strong>C$ ave list pulp price</strong></td>
<td>797.0</td>
<td>914.0</td>
</tr>
<tr>
<td>(del to USA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shipments-pulp (m tonnes)</strong></td>
<td>786.0</td>
<td>905.4</td>
</tr>
<tr>
<td><strong>Production-pulp (m tonnes)</strong></td>
<td>754.9</td>
<td>932.8</td>
</tr>
</tbody>
</table>

Last 7 quarters financial excerpts on pg 27 of this presentation

**2008 production reduced by 110,000 for market curtailments, increased scheduled maintenance shuts and the impact of a fire at PGPP**
Financials: Strong Financial Position

Maintain a strong balance sheet

<table>
<thead>
<tr>
<th>$ millions</th>
<th>As at Sept 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>304.1</td>
</tr>
<tr>
<td>Other</td>
<td>13.5</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>544.3</td>
</tr>
<tr>
<td>Total</td>
<td>861.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As at Sept 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</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>

- Long-term Debt / EBITDA (LTM) = 2.66
- Long-term Debt / Equity = 0.23
- Current Assets / Current Liabilities = 1.81

* Details on page 16
Conservative Capital Structure

► Revolving Loan
  – C$40 million
  – Unsecured
  – Matures November 2011
  – Used to fund working capital fluctuations
  – Cash at Sept 30, 2009 $43.9 million

► 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)

► Covenants
  – In compliance Q3, 2009
  – Covenant ratios improving in 2010
Distributions

► Based on estimates of **full year** cash flow from operations after debt service and capital expenditures
  - Low debt service costs ~ US$10 million
  - Capital requirements to retain competitive cost structure
    • Maintenance capex ~ $10 - $15 million
    • Normal strategic capex ~ $15 - $20 million*
    • Annual reserve ~ $4 million

► Full flow through from CPLP operations to unitholders

* Strategic capital in 2010-12 funded by Canadian Green Transformation Program.
Federal Government Green Transformation Program (Black Liquor)

► $1 billion program

► CPLP awarded $122.2 million

► Spending:
  – On Energy and Environmental Improvement
  – Must be spent by March 31, 2012

► Next steps for CPLP:
  – Review eligible project list
  – Submit for Environmental Improvement Assessment
  – Submit to NRCan for approval
Focus 2009

стр.19

Lower costs
- Reduce costs by $10 per tonne
- Fibre cost reductions
- Energy and chemical price reductions

Diversify sales
- Increase sales to Tissue grade
- Increase sales into Europe
Why Canfor Pulp?

- **Strong Financial Position**
  - Positive long-term pulp market dynamics
  - High Margin Producer
  - Market Leadership
  - Fibre Supply Advantage
Investor Contact

- Investor Contact
  Terry Hodgins
  Chief Financial Officer & Secretary
  604-661-5421

- Canfor Pulp Income Fund
  230 - 1700 West 75th Avenue
  Vancouver, BC  V6P 6G2

www.canforpulp.com
Experienced Leadership

► **Board of Directors**
  Charles Jago, *Chairman* ¹, ², ³, ⁴
  Stan Bracken-Horrocks, FCA ¹, ²
  Donald Campbell ¹, ³, ⁴
  Peter Bentley ², ⁴
  Peter Lusztig ¹, ³
  Paul Richards ⁵
  James Shepard ⁶
  William Stinson ¹, ², ⁴

¹ Audit Committee
² Compensation Committee
³ Nominating Committee
⁴ Planning Committee
⁵ Canfor Pulp President & CEO
⁶ Canfor Corp. CEO

► **Senior Management**
  Paul Richards, *President & CEO*
  Terry Hodgins, *CFO & Secretary*
  Joe Nemeth, *VP, Sales & Marketing*
  Brett Robinson, *VP, Operations*
  Robert Dufresne, *GM, Northwood Pulp Mill*
  Rick Pingel, *GM, Logistics & Procurement*
  Martin Pudlas, *GM, Prince George Pulp Mills & Specialty Paper*
  Rick Remesch, *Corporate Controller*
  David Scott, *GM, Human Resources*
Ownership Structure

**History**

July 2006: Canfor Corporation spins out to its shareholders 20% of the NBSK pulp assets into an Income Trust

November 2006: Canfor Corporation dividends out to its shareholders 29.8% of CPLP

Today: Canfor Corporation owns 50.2% and Canfor Pulp Income Fund owns 49.8%
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>4 Head Office - Vancouver</td>
<td>Kraft Paper</td>
</tr>
<tr>
<td>5 Canfor Pulp R&amp;D Centre - Vancouver</td>
<td></td>
</tr>
</tbody>
</table>

- Pulp & Paper
- Other
## The Operations

<table>
<thead>
<tr>
<th></th>
<th>Northwood</th>
<th>Intercontinental</th>
<th>Prince George Pulp &amp; Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Built</strong></td>
<td>1966 / 1984</td>
<td>1968</td>
<td>1966</td>
</tr>
<tr>
<td><strong>No. of employees</strong></td>
<td>495</td>
<td>277</td>
<td>365</td>
</tr>
<tr>
<td><strong>Capacity (ADMT</strong>)</td>
<td>590,000</td>
<td>315,000</td>
<td>155,000 (pulp) 140,000 (paper)</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>2-line pulp</td>
<td>1-line pulp</td>
<td>1-line pulp 1-line paper</td>
</tr>
<tr>
<td><strong>Markets</strong></td>
<td>North America, Europe &amp; Asia</td>
<td>North America &amp; Europe</td>
<td></td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td>Bleached NBSK</td>
<td>Semi-bleached and Unbleached</td>
<td>Bleached and Unbleached</td>
</tr>
<tr>
<td><strong>Fibre consumed</strong></td>
<td>2.6 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Certification</strong></td>
<td>ISO 9001 and ISO 14001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

* Total of 1,200 employees. 75% are unionized with the labour agreements expiring April 2012

**Air-dried metric tonnes; tonne = metric ton = 2240 lbs
Markets: Supply and Demand by Region

NBSK Supply
~ 14 million tonnes

Chemical Market
Pulp Demand
~ 49 million tonnes

Source: PPPC Dec 2008
## Financials: Strong Earnings

### Selected Quarterly Partnership Financial Information

<table>
<thead>
<tr>
<th></th>
<th>Q3-2009</th>
<th>Q2-2009</th>
<th>Q1-2009</th>
<th>Q4-2008</th>
<th>Q3-2008</th>
<th>Q2-2008</th>
<th>Q1-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>202.0</td>
<td>205.0</td>
<td>186.3</td>
<td>186.1</td>
<td>215.4</td>
<td>212.6</td>
<td>211.4</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- EBITDA %</td>
<td>25.1</td>
<td>7.2</td>
<td>2.2</td>
<td>9.8</td>
<td>40.6</td>
<td>24.0</td>
<td>42.5</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>18.3</td>
<td>1.5</td>
<td>(21.6)</td>
<td>(26.0)</td>
<td>11.1</td>
<td>18.2</td>
<td>43.5</td>
</tr>
<tr>
<td><strong>Adjusted Distributable</strong></td>
<td>0.16</td>
<td>0.02</td>
<td>(0.06)</td>
<td>0.02</td>
<td>0.54</td>
<td>0.19</td>
<td>0.60</td>
</tr>
<tr>
<td><strong>Cash per Unit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shipments (000 tonnes)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- <strong>Pulp</strong></td>
<td>259.5</td>
<td>286.2</td>
<td>240.3</td>
<td>208.2</td>
<td>234.5</td>
<td>233.8</td>
<td>228.9</td>
</tr>
<tr>
<td>- <strong>Paper</strong></td>
<td>37.4</td>
<td>34.3</td>
<td>25.2</td>
<td>24.4</td>
<td>31.6</td>
<td>33.7</td>
<td>35.1</td>
</tr>
<tr>
<td><strong>Pulp List Price Delivered to US (USD)</strong></td>
<td>733</td>
<td>645</td>
<td>673</td>
<td>787</td>
<td>880</td>
<td>880</td>
<td>880</td>
</tr>
<tr>
<td><strong>USD/CAD fx rate</strong></td>
<td>0.912</td>
<td>0.858</td>
<td>0.803</td>
<td>0.825</td>
<td>0.960</td>
<td>0.990</td>
<td>0.996</td>
</tr>
</tbody>
</table>

EBITDA = Earnings before interest, taxes, depreciation and other non-operating income and expenses
Adjusted Distributable Cash = Cash flow from operations less capital expenditures before non-cash working capital changes
Financials

Customers:
► Top 10 customers made up 45% of Sales
► Largest customer accounted for 8% of Sales
► Negligible bad debts in 10 years
  – Managed with letters of credit and credit insurance
  – Long-term relationships with top tier customers

Hedging:
► Natural gas: to reduce pricing volatility impact on earnings
► US$ working capital: lock-in FX rates once a sale is made
Financials: Manufacturing Cost Components

- **Fibre**: 25%
- **Labour**: 15%
- **Chemicals**: 20%
- **Supplies**: 40%

- **Variable**: 60%
- **Fixed**: 40%
Sensitivities

Available on www.canforpulp.com and 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>$5</td>
</tr>
<tr>
<td>NBSK pulp price – US $10 change per tonne</td>
<td>$6</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>