

February 20, 2012

## **Canfor Pulp Products Inc. Receives Notice of Canadian Forest Products Ltd. Election to Exchange Interest in Partnership**

Vancouver, B.C. - Canfor Pulp Products Inc. ("CPPI") (TSX:CFX) announced that today it has received notice from Canadian Forest Products Ltd. ("CFP"), that CFP has elected to exercise its right to exchange its 50.2% interest in Canfor Pulp Limited Partnership (the "Partnership") for a 50.2% direct interest in CPPI. The Exchange will be made pursuant to the terms of the Exchange Agreement dated January 1, 2011 between CFP, CPPI, the Partnership and Canfor Pulp Holding Inc., the general partner of the Partnership (the "General Partner"), and involves the exchange of all 35,776,483 class B exchangeable units of the Partnership and all 35,776,483 common shares of the General Partner currently held by CFP for 35,776,483 common shares to be issued from treasury by CPPI. The exchange is expected to be completed on or about March 2, 2012.

As a result of the Exchange, CPPI will increase its interest in both the Partnership and the General Partner from 49.8% to 100% and CFP will hold 35,776,483 shares of CPPI representing 50.2% of the outstanding shares of CPPI with the remaining 35,493,307 shares or 49.8% of the outstanding shares of CPPI held by the existing shareholders.

A copy of the Exchange Agreement is filed under CPPI's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Canfor Pulp Products Inc.**

Canfor Pulp Products Inc. ("CPPI") is the successor to the Canfor Pulp Income Fund (the "Fund") following the completion of the conversion of the Fund from an income trust structure to a corporate structure by court approved plan of arrangement under the Business Corporations Act (British Columbia) (the "BCBCA") on January 1, 2011 (the "Conversion"). The Conversion involved the exchange, on a one-for-one basis, of all outstanding Fund Units for common shares of CPPI ("CPPI Shares"). Upon completion of the Conversion, on January 1, 2011, the unitholders of the Fund became the sole shareholders of CPPI which became sole owner of all of the outstanding Fund Units.

Immediately following the conversion, the Fund was wound up, CPPI received all of the assets and assumed all of the liabilities of the Fund and CPPI became the direct holder of the 49.8% interest in the Partnership previously held by the Fund.

### **About Canfor Pulp Limited Partnership**

The Partnership is a limited partnership formed on April 21, 2006, under the laws of Manitoba to acquire and carry on the Northern Bleached Softwood Kraft ("NBSK") pulp and paper business of Canfor. The business consists of two NBSK pulp mills and one NBSK pulp and paper mill located in Prince George, BC and a marketing group based in Vancouver, BC.

### **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. The risks and uncertainties are detailed from time to time in reports filed by CPPI with the securities regulatory authorities in all of the provinces and territories of Canada to which recipients of this press release are referred to for additional information concerning CPPI and Partnership, its prospects and uncertainties relating to CPPI and Partnership and its prospects. In particular, material forward-looking statements in this press release include the expected date of closing of the exchange. This statement and other forward-looking 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 events, results, performance and achievements of CPPI and Partnership to be materially different from those contained in forward-looking statements. The forward-looking statements are based on current information and expectations and CPPI and Partnership assume no obligation to update such information to reflect later events or developments, except as required by law.*

**For further information contact:**

Terry Hodgins  
Chief Financial Officer and Secretary  
Ph. 604-661-5421  
Terry.Hodgins@canforpulp.com

Richard Remesch  
Corporate Controller  
Ph. 604-661-5221  
Rick.Remesch@canforpulp.com