

Canfor Pulp Income Fund



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In this presentation, references are made to EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) and distributable cash. Canfor Pulp considers EBITDA and distributable cash to be an important indicator for identifying trends in the performance and Canfor Pulp's ability to generate funds to meet its debt service, capital expenditure requirements and to make cash distributions to its partners. EBITDA and 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 distributable cash, Canfor Pulp'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.

Company Overview

3 mills in the central interior of British Columbia

- Pulp capacity of 1.0 million tonnes
- Kraft paper capacity of 135,000 tonnes
- 4 pulp machines and 1 paper machine

Spun out from Canfor Corporation on July 1, 2006

- Canfor Corp currently owns 50.2%

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- 35.5 million units on the TSX
- Total market capitalization (@\$14.65* per unit) = \$1.0 billion

* Closing price as at February 19, 2007

Why Canfor Pulp?

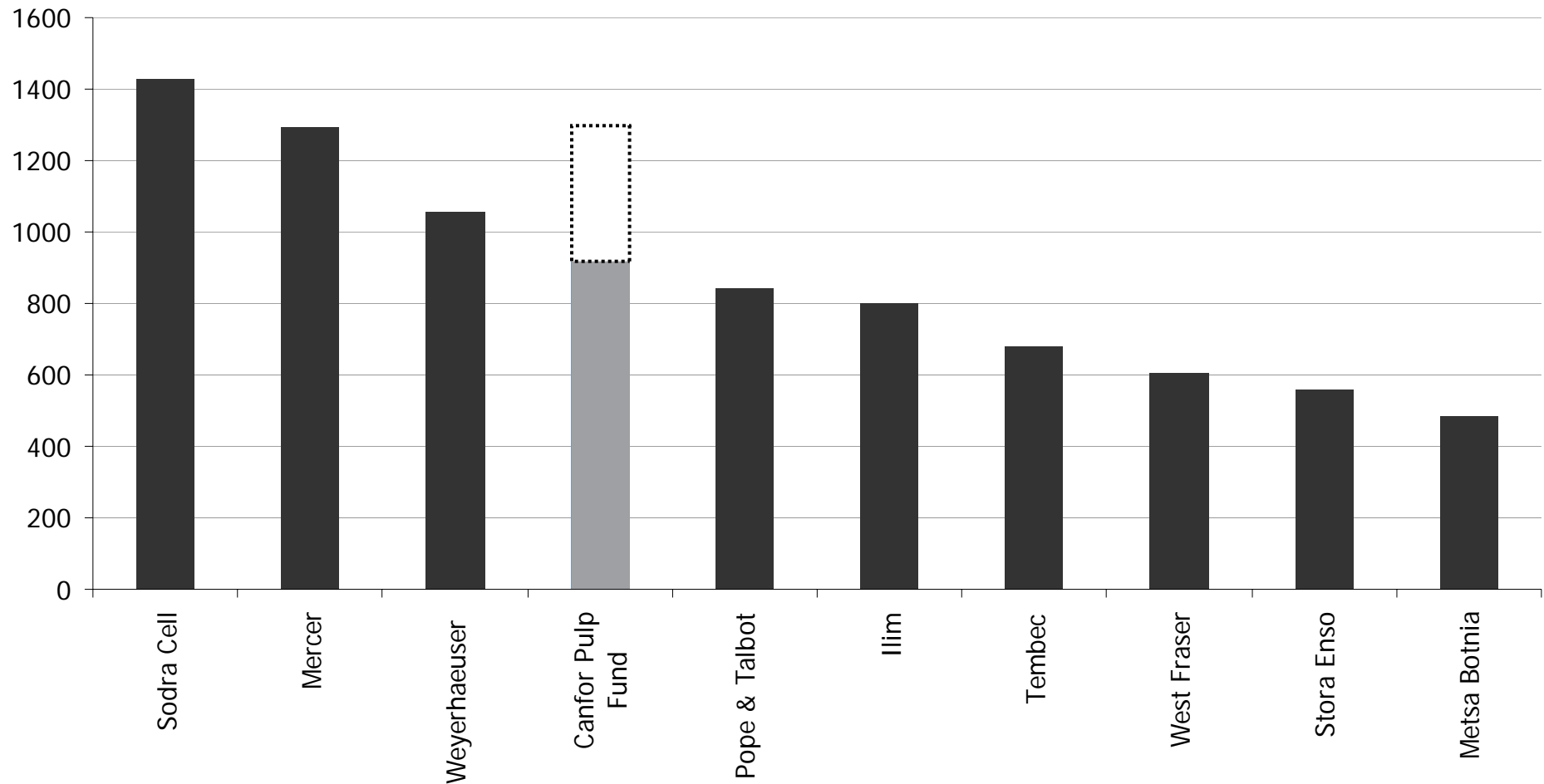
- Market leadership
 - Size
 - Premium Product
 - Customer Base
- Low cost producer
- Abundant fibre supply
- Financial strength
- Experienced management team *

* Refer to Appendix for Officer Biographies



Market Leadership

2nd largest NBSK producer in North America and 4th largest globally



 HSLP

Source: PPPC & Management Estimates

Market Conditions: Supply Shock Rally

Strong demand

- World 19 shipments up 4% to Dec 2006

Tightening supply

- 1.7 million ADMT of Canadian shuts since Jan 2005

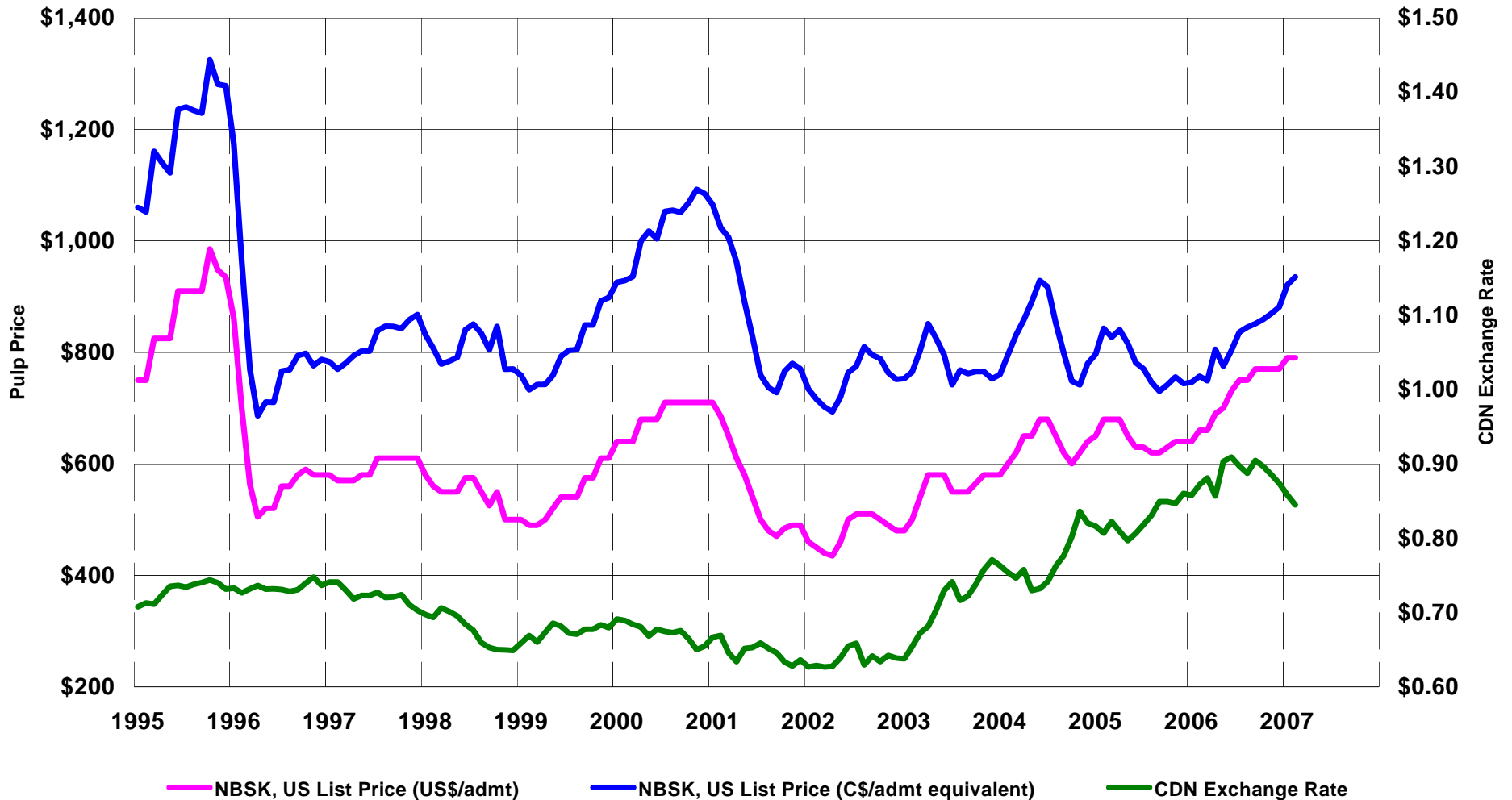
RESULT: Low inventories and Increasing Prices

- Softwood producer inventories at 25 days versus normal 35 days
- NBSK pulp prices up 22% since Jan 2006

Source: PPPC

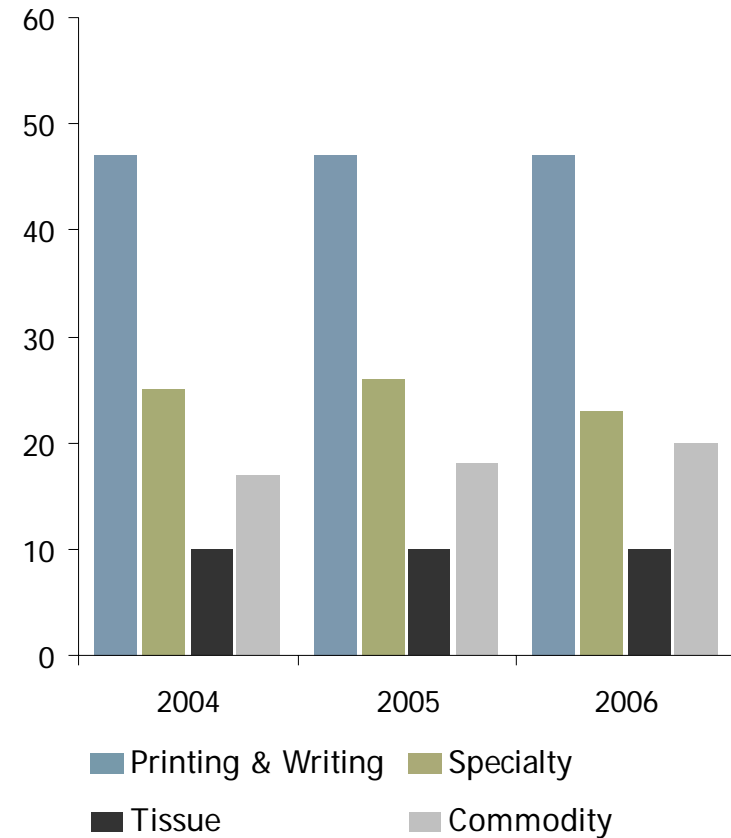
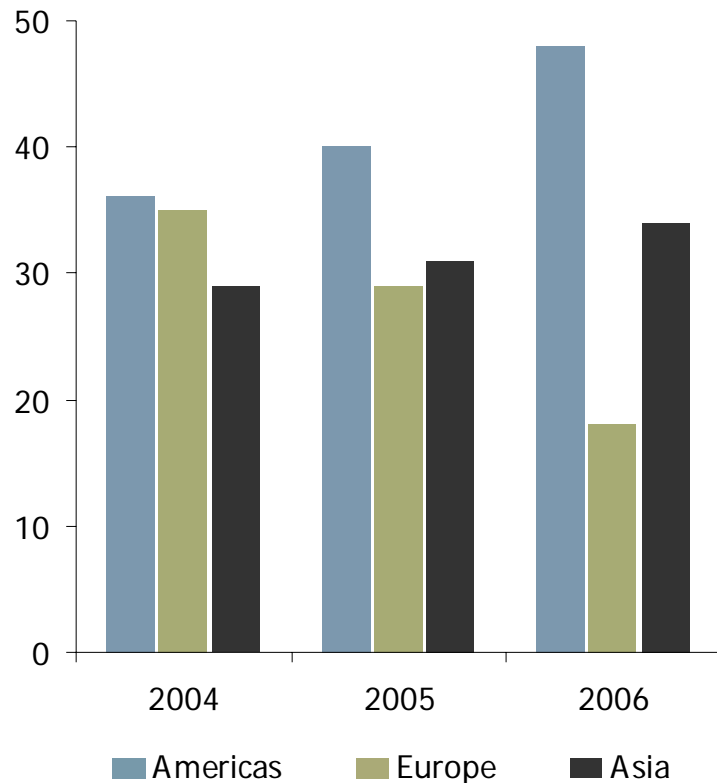
Market Conditions: Prices

NBSK List Prices in \$US Delivered to North America
vs.
Foreign Exchange 1995 - Current



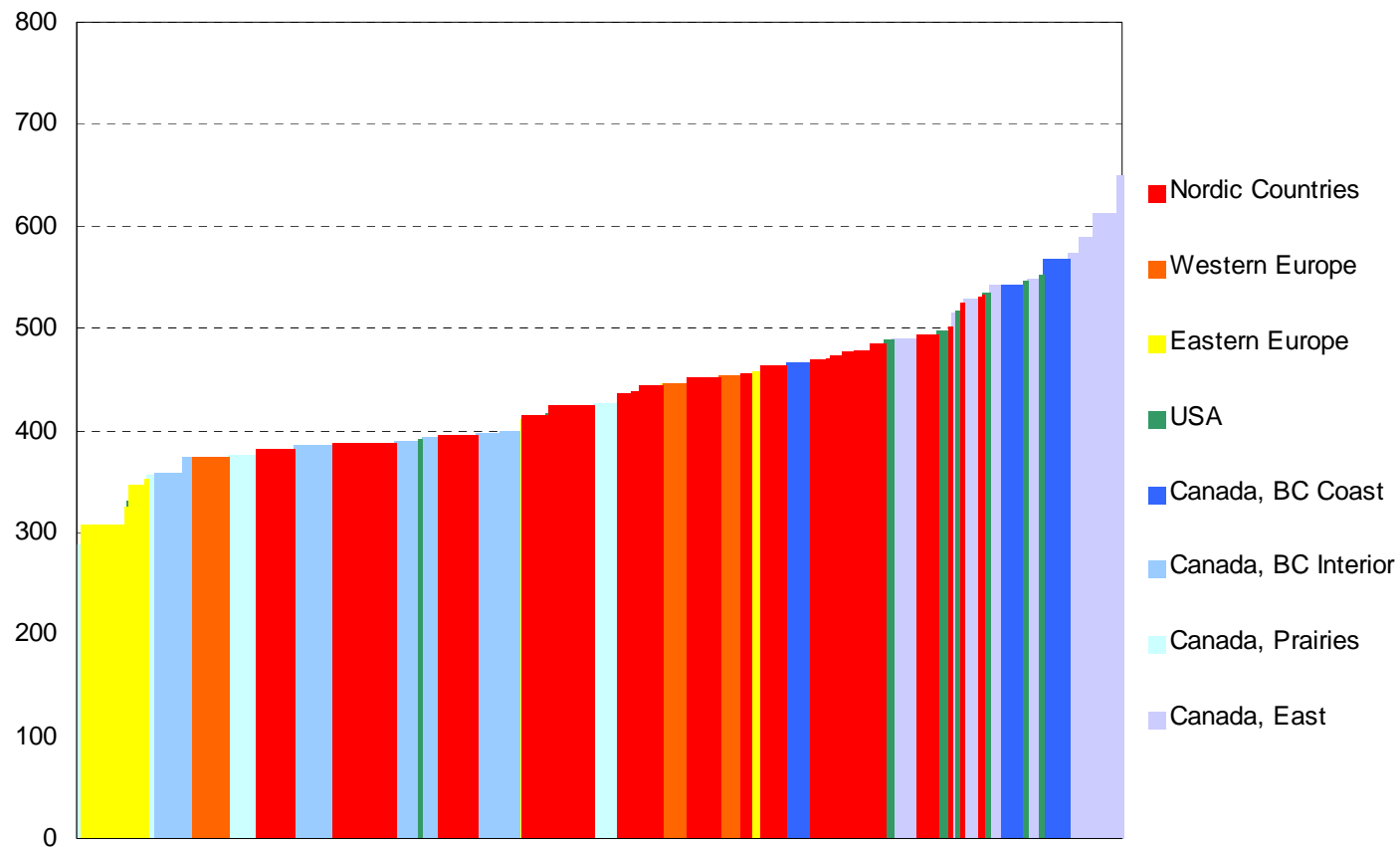
Premium Products: Higher margins

- Fibre is recognized as the best to produce a reinforcing pulp, which in turn commands a premium price
- Targeted regional sales
- Targeted end-use customers



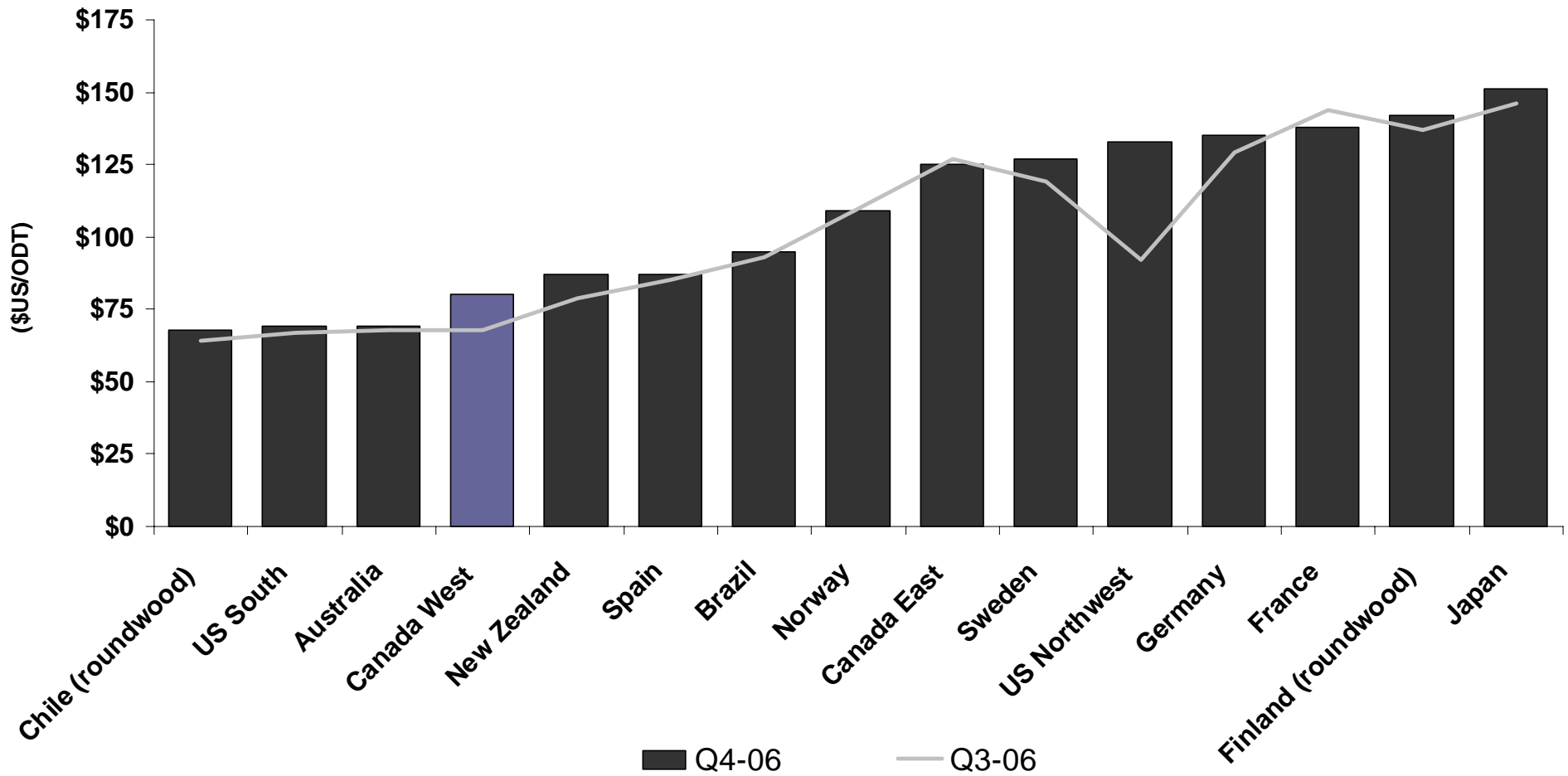
Low Cost Producer

Northern Bleached Softwood Kraft Manufacturing Costs (Jaakko Poyry Q3/06)



Abundant Fibre: Low Fibre Costs

Conifer Chips - Delivered Prices Q3 vs. Q4 / 06



Source: Wood Resources International

High Margin Producer

Top Quartile EBITDA per tonne producer due to:

- Revenues
 - Selling into the highest margin regions to targeted customers
- Low costs
 - Low cost fibre
 - Strong operations which drives low production costs

Per PwC 2005 benchmarking study of 18 Canadian NBSK mills, Canfor's mills were Top Quartile

Financials

High margins reflect improved pulp prices, strong operations, Cogeneration project benefits, lower chip prices, but offset by a stronger Canadian dollar

Selected financial results:

	Canfor Pulp Limited Partnership			
	3 months ended		Year ended	
	Dec 2006	Dec 2005	Dec 2006	Dec 2005
Sales volume (mt)				
- Pulp	249,800	260,700	1,001,500	982,100
- Paper	32,900	31,100	124,600	127,200
Pulp Prices (\$/mt)				
- Ave in USD	730	600	683	611
- Ave in CDN\$	831	704	774	741
Ave Cdn/USD exchange rate	0.878	0.852	0.882	0.825
Sales (\$ millions)	229.0	195.9	834.4	771.2
EBITDA (\$ millions)	61.9	29.0	184.1	63.9
-margin %	27%	15%	22%	8%

Distributable Cash

Calculation of Distributable Cash

<i>\$ millions unless otherwise noted</i>	3 months ended	6 months ended
	Dec 2006	Dec 2006
Cash flow from Operations	62.6	99.9
Changes in working capital	1.0	22.8
Less: capital expenditures and financing costs	(5.1) (1.6)	(11.1) (1.6)
Distributable Cash	56.9	110.0
- per unit	\$0.80	\$1.54

Distributions announced

- 2006 (six months), paid \$1.24 per unit, consisting of \$0.74 per unit in monthly and \$0.50 in supplemental distributions.
- January 2007 paid \$0.14 per unit
- February 2007 announced \$0.14 per unit

Operations Strategy

Remain Top Quartile EBITDA per tonne Producer

- Achieve targets for Prince George Cogen Project
- Continue to improve reliability / productivity
- Grow North American business
- Position right products / customers

Summary

- Market leadership
 - Size
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Questions?

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