



Investor Presentation

November 2008

CANFOR PULP INCOME FUND



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



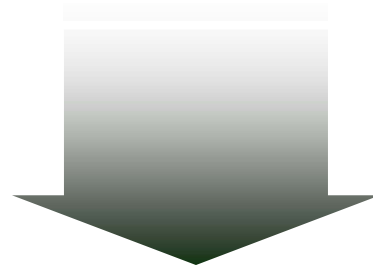
Northwood



Intercon and Prince George Pulp & Paper

Why Canfor Pulp?

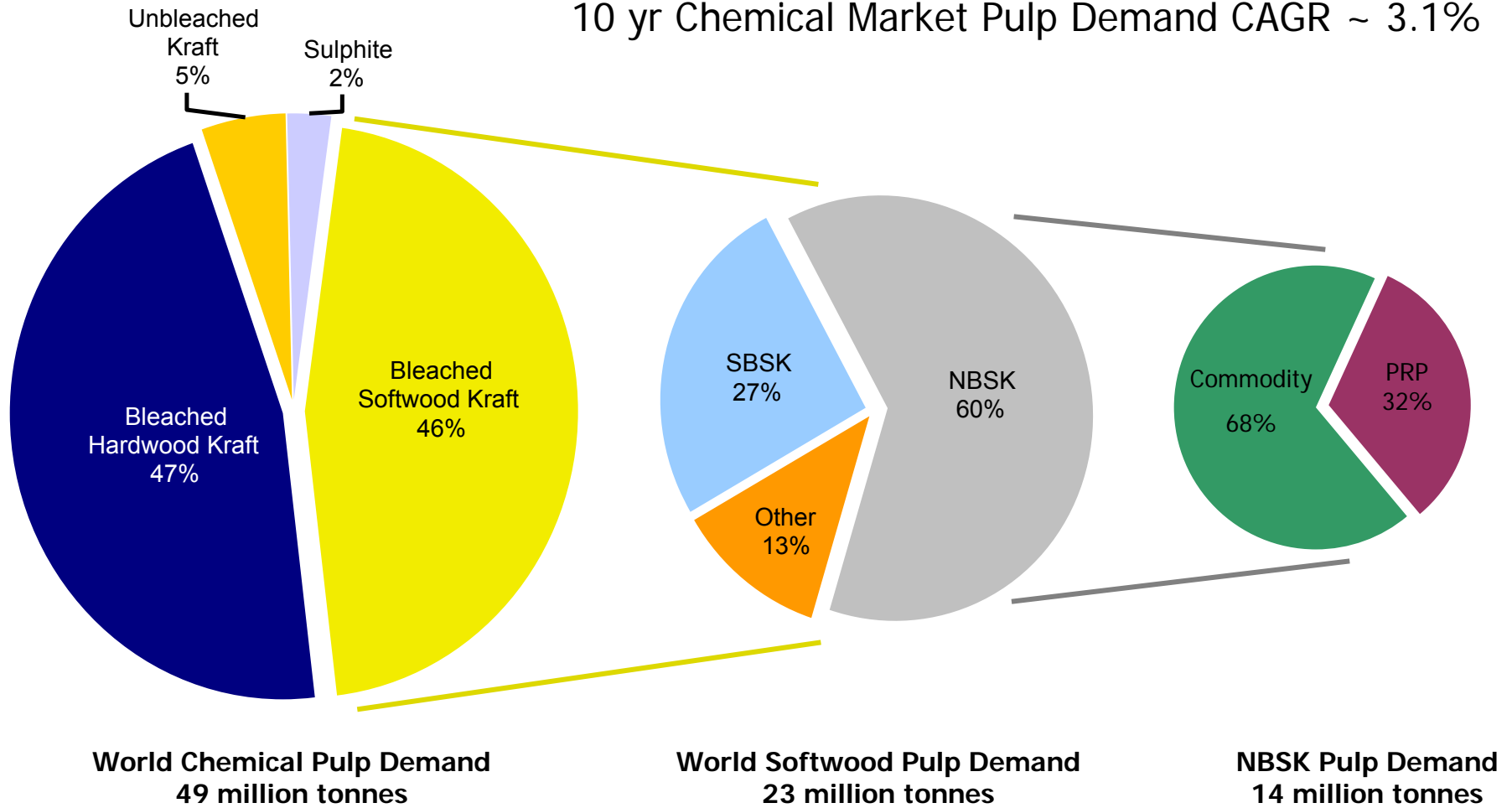
- 1) Positive long-term pulp market dynamics
- 2) Market leadership
- 3) Fibre supply advantage
- 4) High margin producer



Strong Financial Performance

Pulp Markets: Demand for Our Pulp

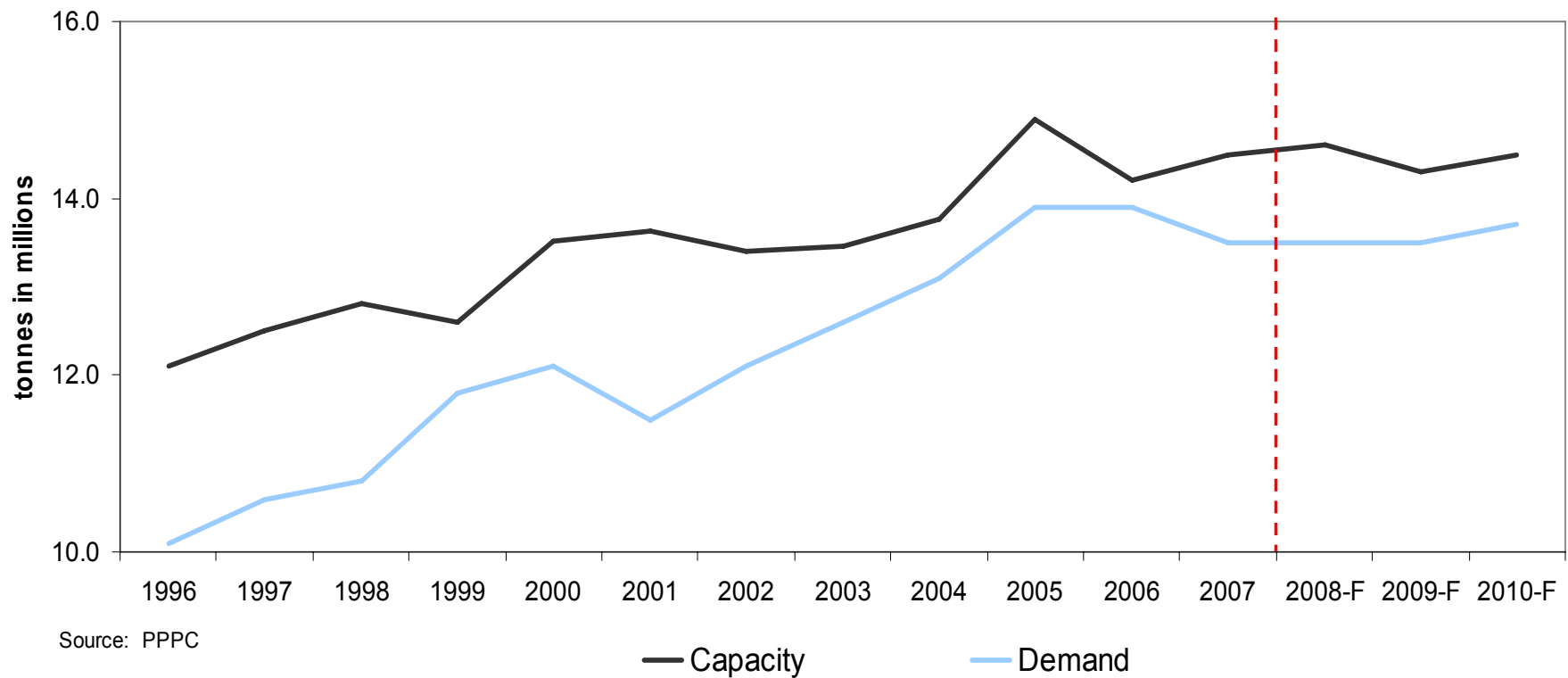
10 yr Chemical Market Pulp Demand CAGR ~ 3.1%



Source: Pulp & Paper Products Council (Dec 2007)

Pulp Markets: Long-term NBSK Growth

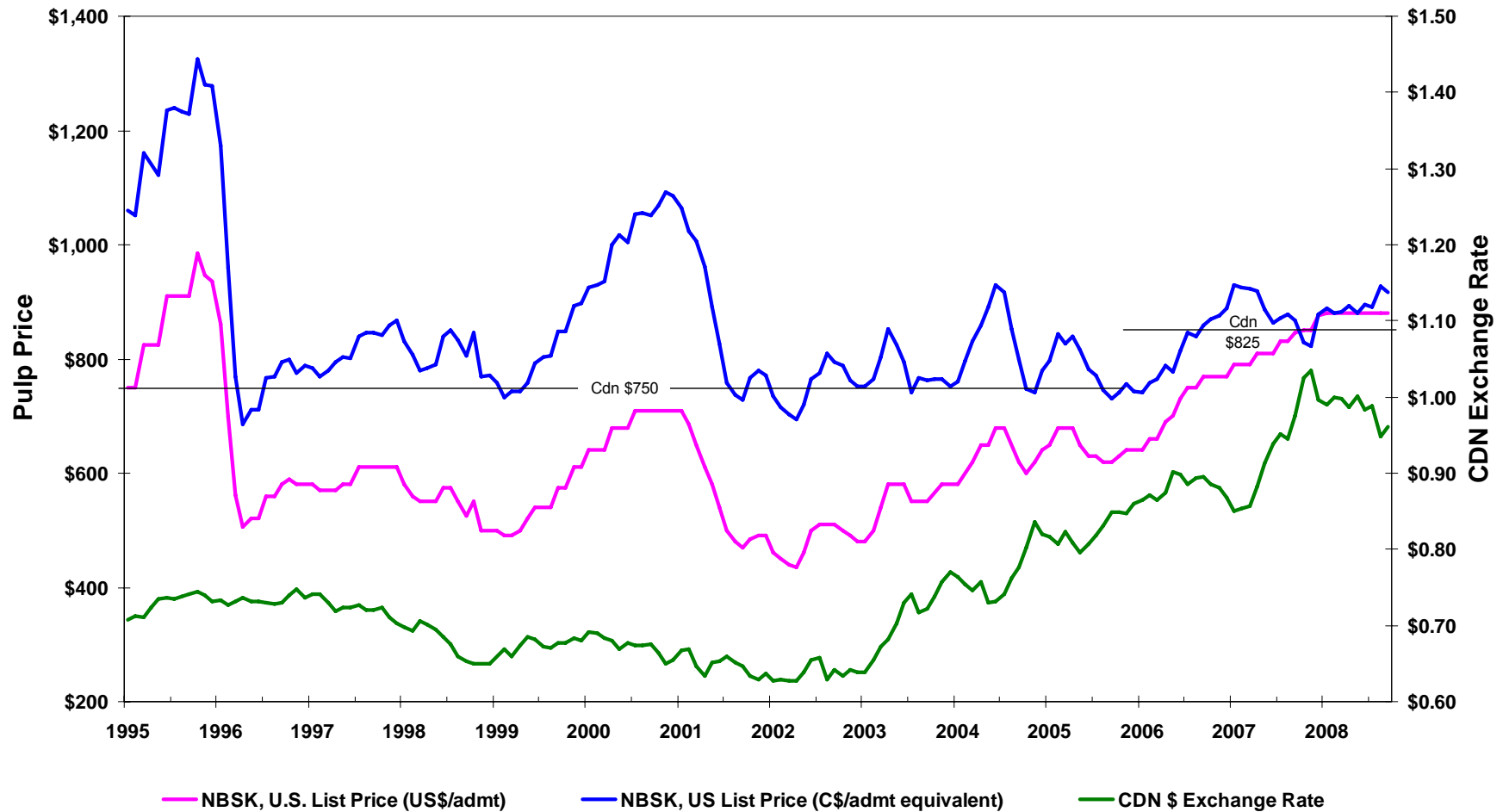
Demand for NBSK continues to grow by 1 – 2% per year



Pulp Markets: Historical NBSK Prices

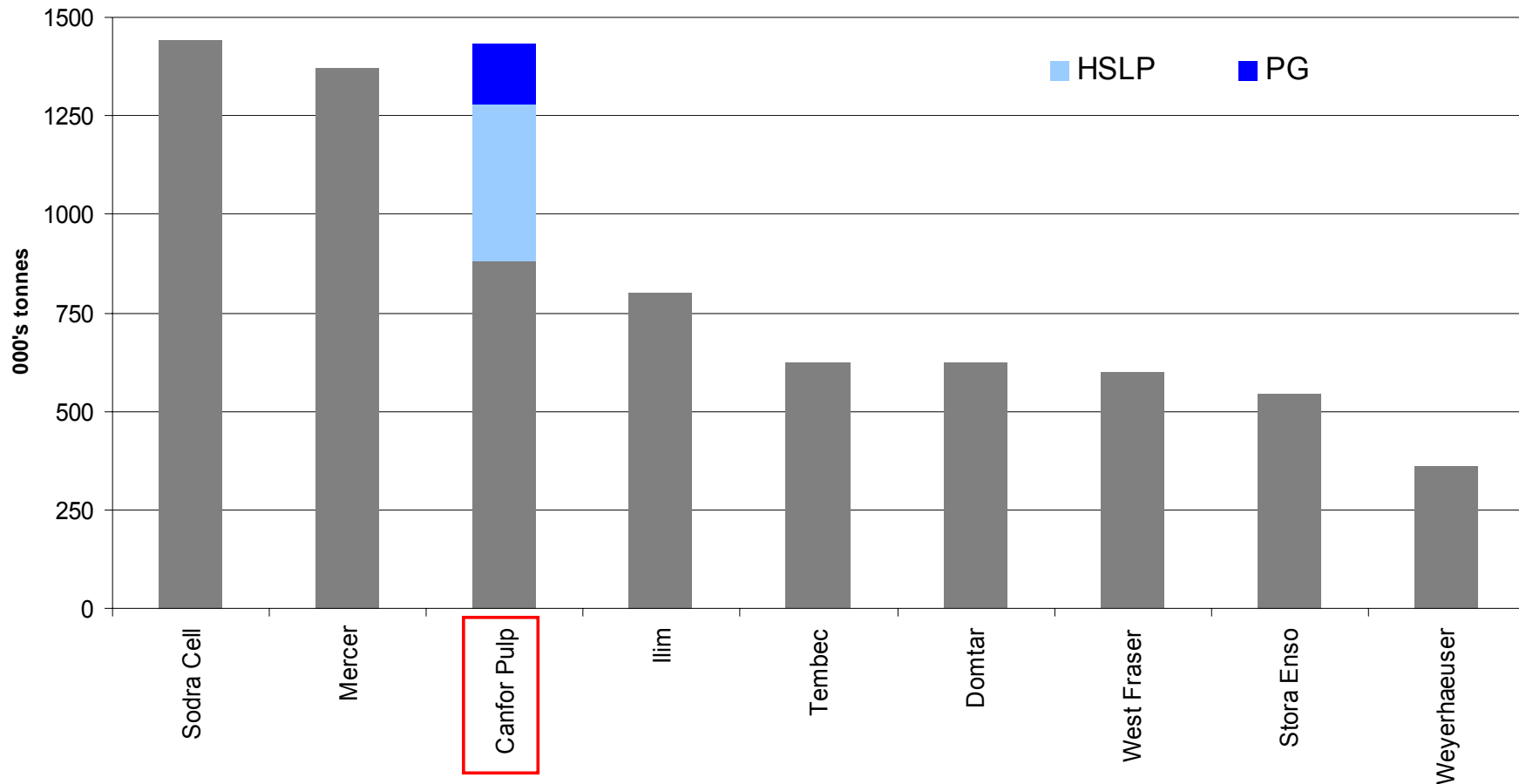
The floor for NBSK prices has increased

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



Leadership Position

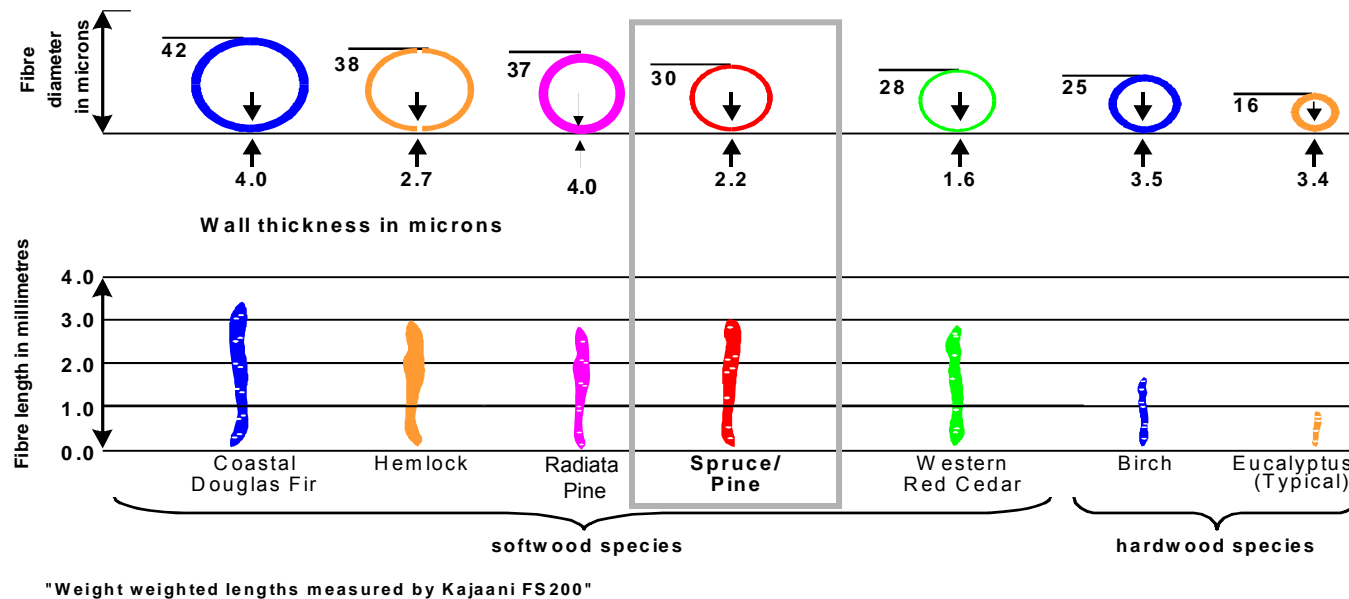
Third largest producer of Northern Bleached Softwood Kraft Pulp (NBSK)
Largest seller of Northern Softwood Pulp (NSK)



Fibre 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 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



Higher Mill Nets Achieved

▶ Target Customers That Need Reinforcing Pulp

Examples:

Printing & Writing

- Magazines / Catalogues

Specialty

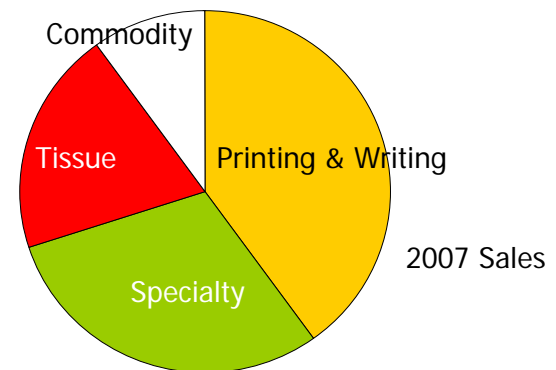
- Adhesive labels (beer) / Masking tape

Tissue

- Branded top quality “Use at-home” tissues

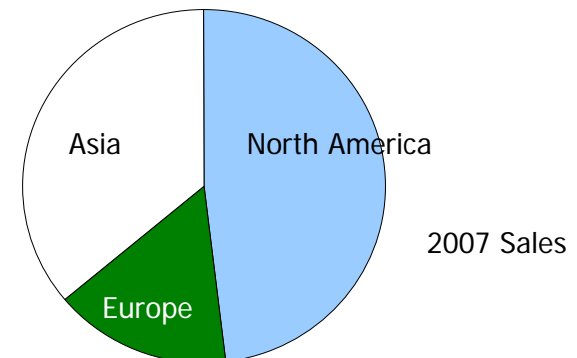
Commodity

- Photocopy paper



▶ Diversify Sales

Geographically balanced sales



High Margin Producer

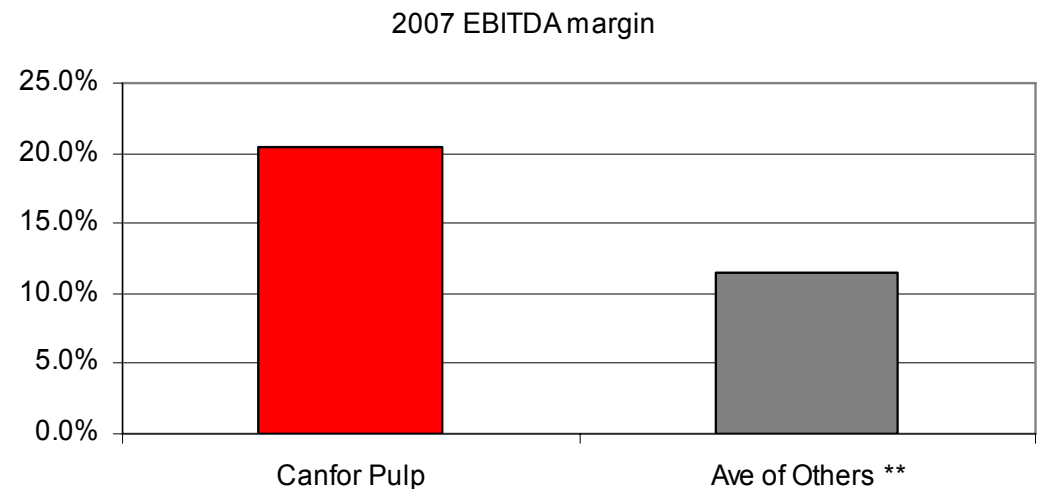
Top Quartile* EBITDA per tonne producer due to:

▶ Revenues

- Selling into the highest margin regions to targeted customers

▶ Low costs

- Competitive fibre costs
- Strong operations
- Focus on cost control

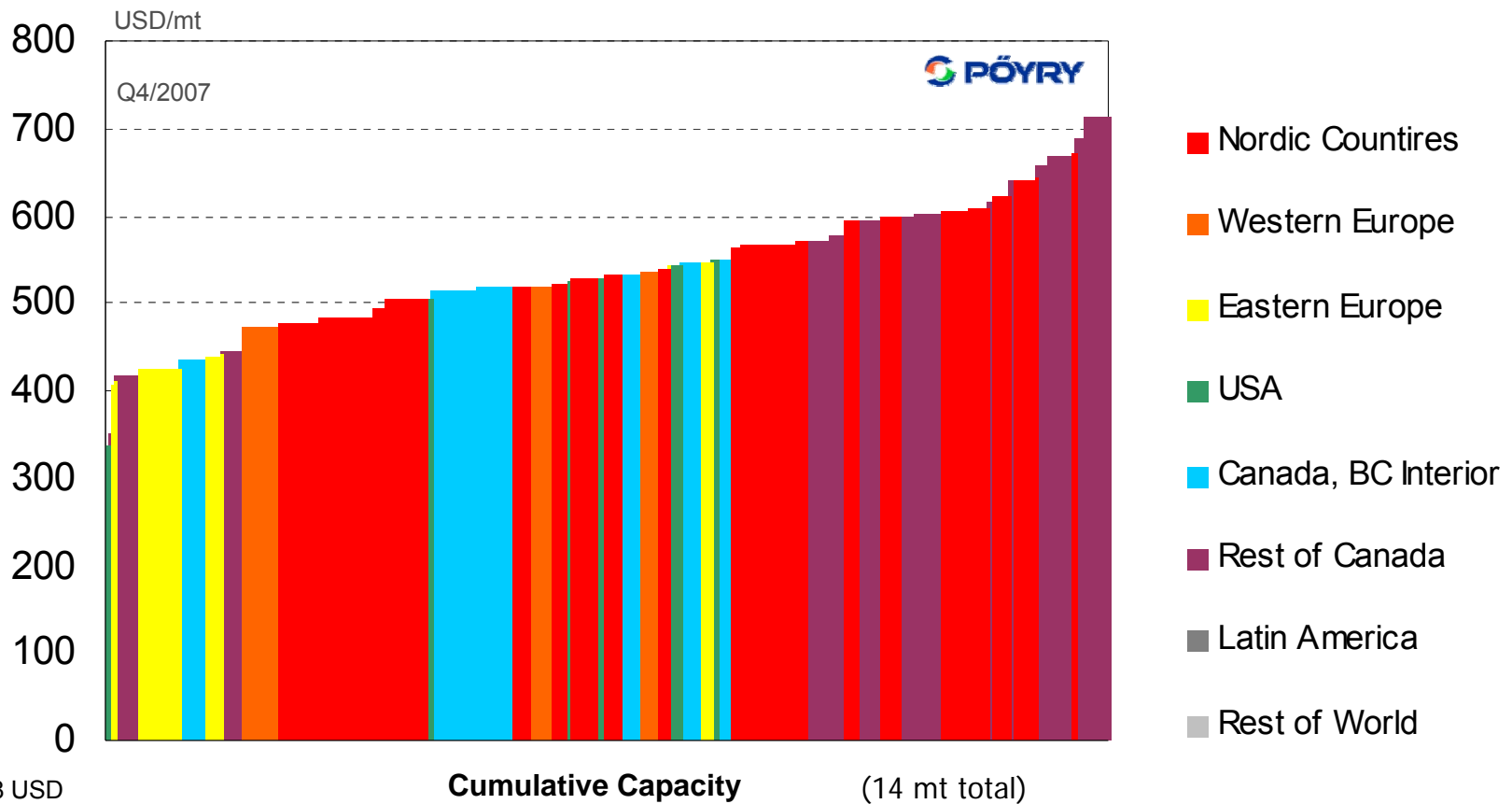


* Per most recent PwC 2007 benchmarking study of 12 Canadian NBSK mills, Canfor Pulp's mills were Top Quartile

** Ave of Others includes 5 other North American producers of pulp

Low Cost Producer

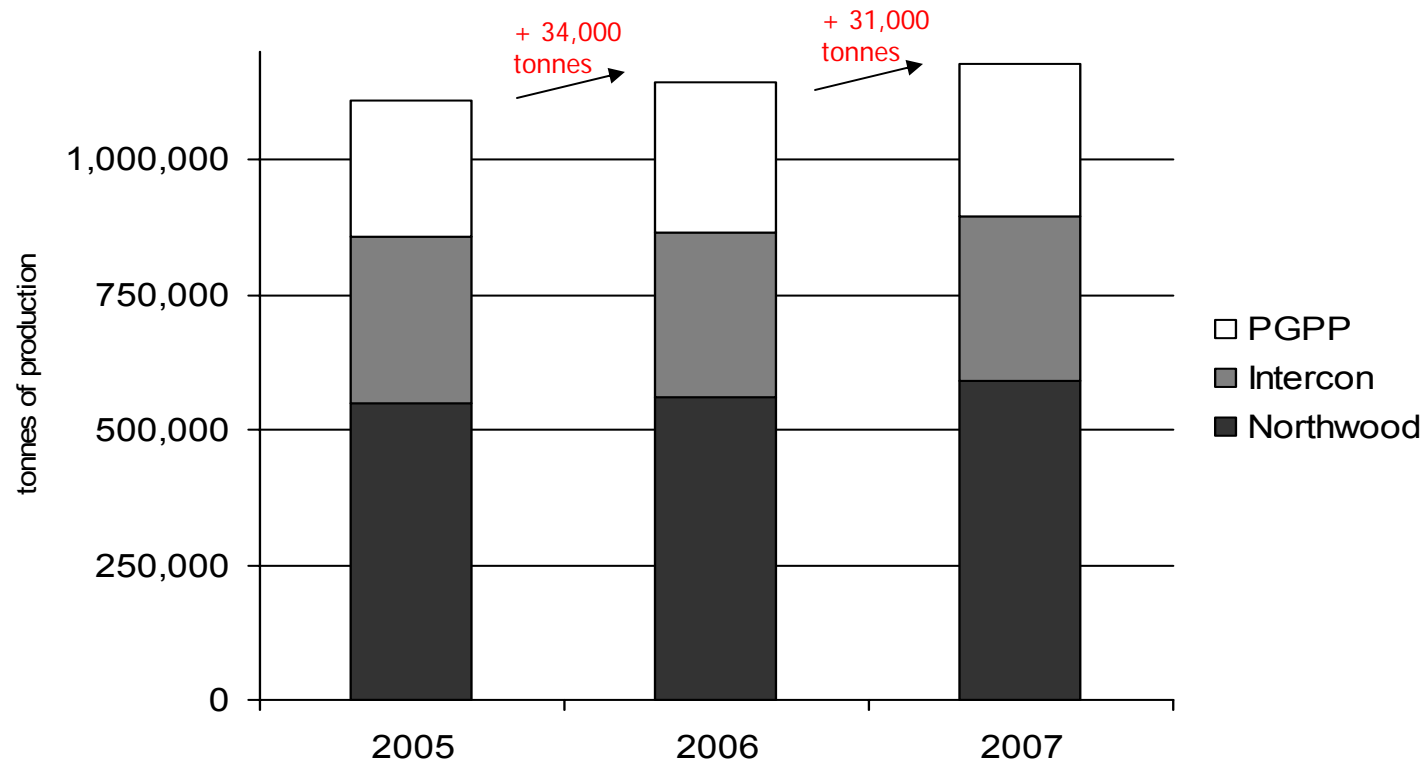
Northern Bleached Softwood Kraft Manufacturing Costs As at Q4/07



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

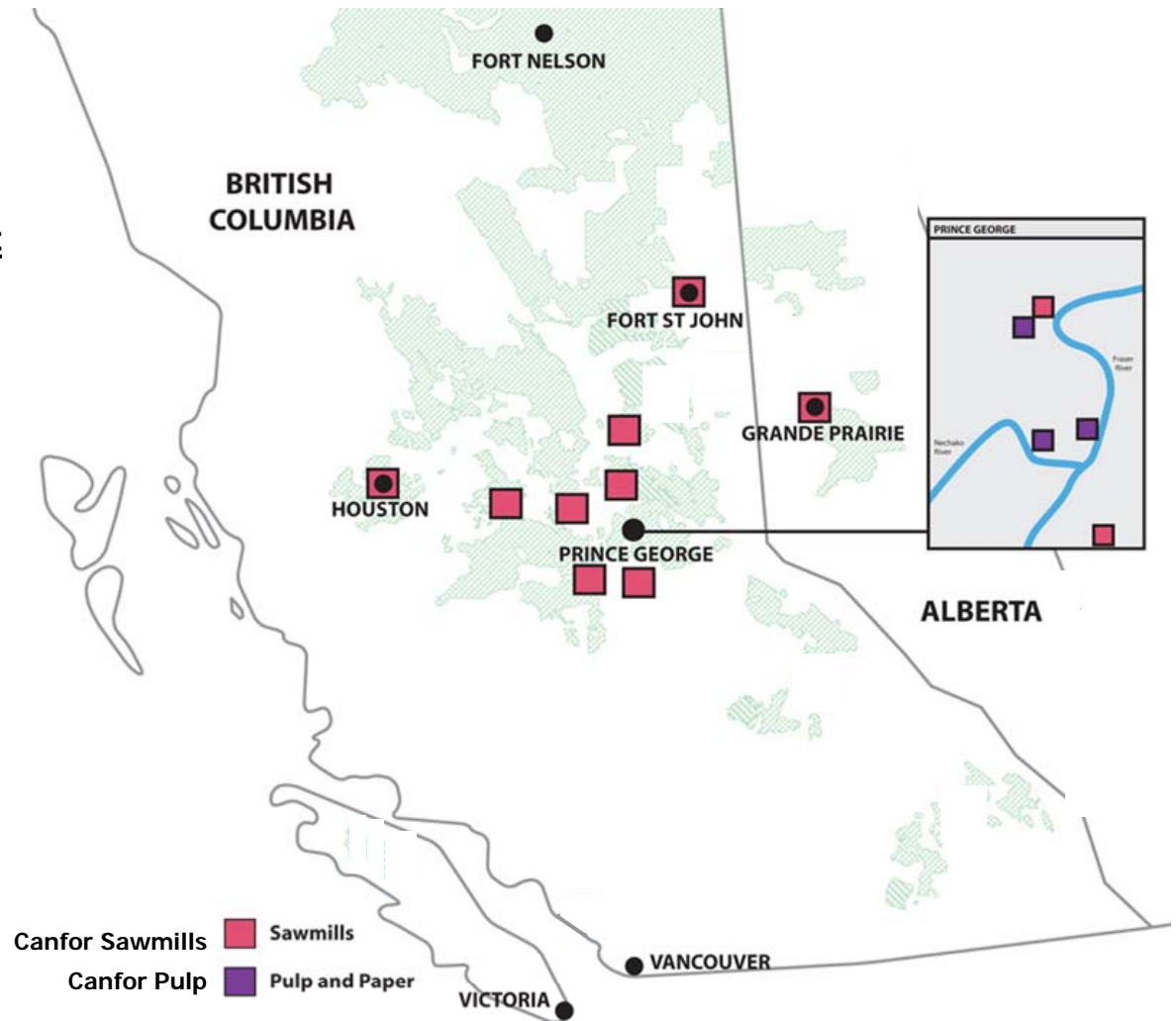


Fibre Advantage: Abundant Supply

Fibre Sources

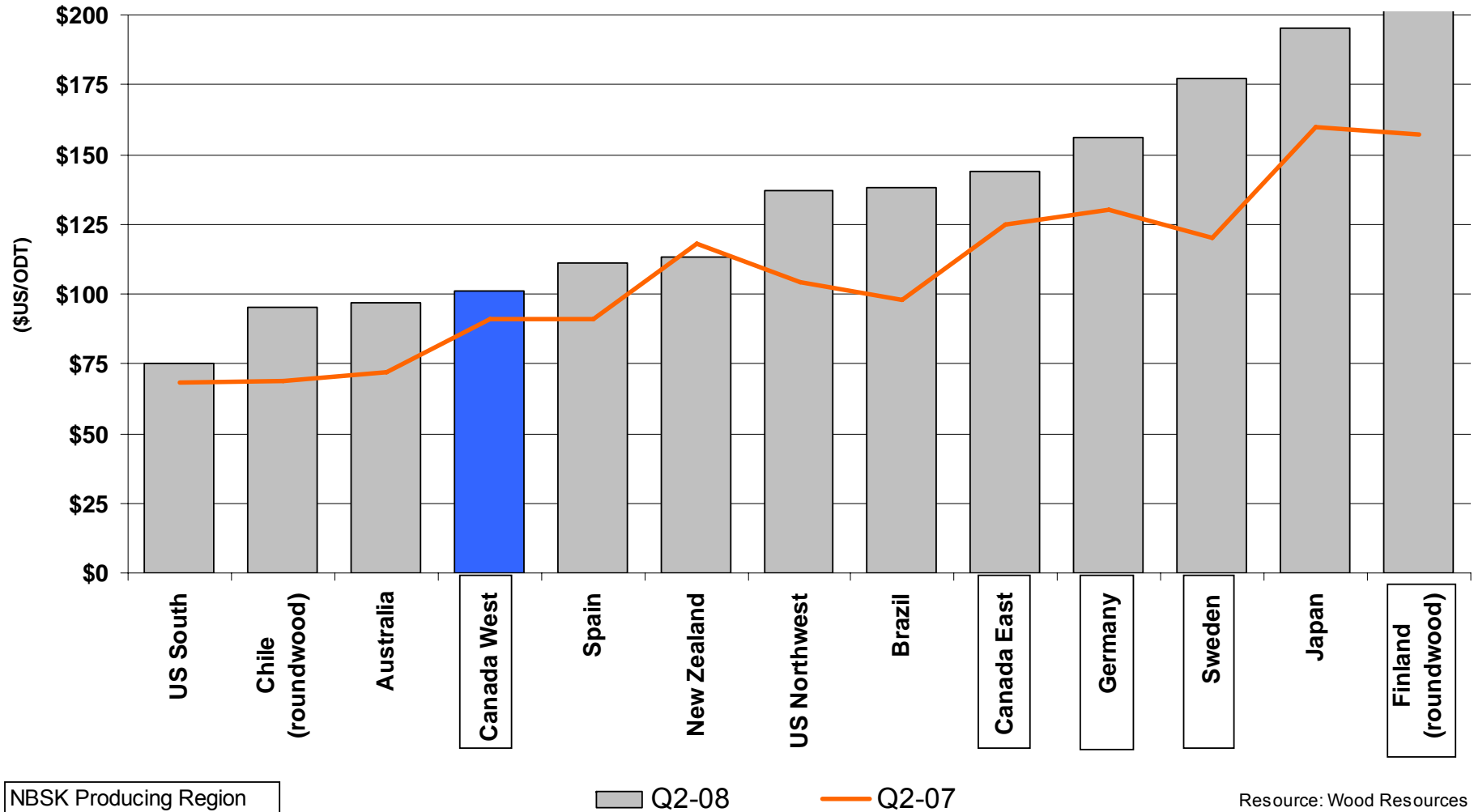
<i>(million Odt's)</i>	<u>Normal</u>	<u>Current</u>
Canfor Sawmills	1.6	1.2
Other Sawmills	0.9	0.7
Whole-log chipping	-	0.6
TOTAL	2.5	2.5

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



Financials: Strong Performance

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

- 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

<i>\$ millions</i>	As at Sep 2008
Cash	-
Current Assets	331.4
Other	12.1
Fixed Assets	577.3
Total	920.8

	As at Sep 2008
Current	169.3
Long-term Debt	116.6
Other Long-term Liabilities	54.7
Equity	580.2
Total	920.8

- 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)

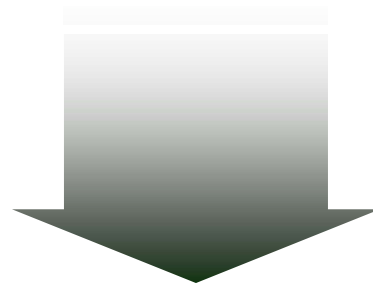
Distributions

- ▶ 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

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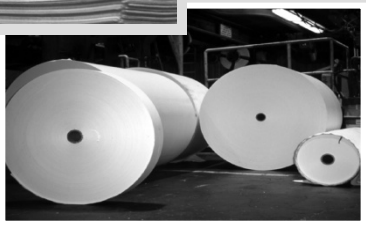
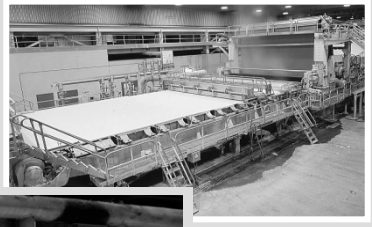
– Canfor Pulp Income Fund

1700 West 75th Avenue

Vancouver, BC V6P 6G2

▶ www.canforpulp.com

Canfor Pulp Income Fund



▶ APPENDIX

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*

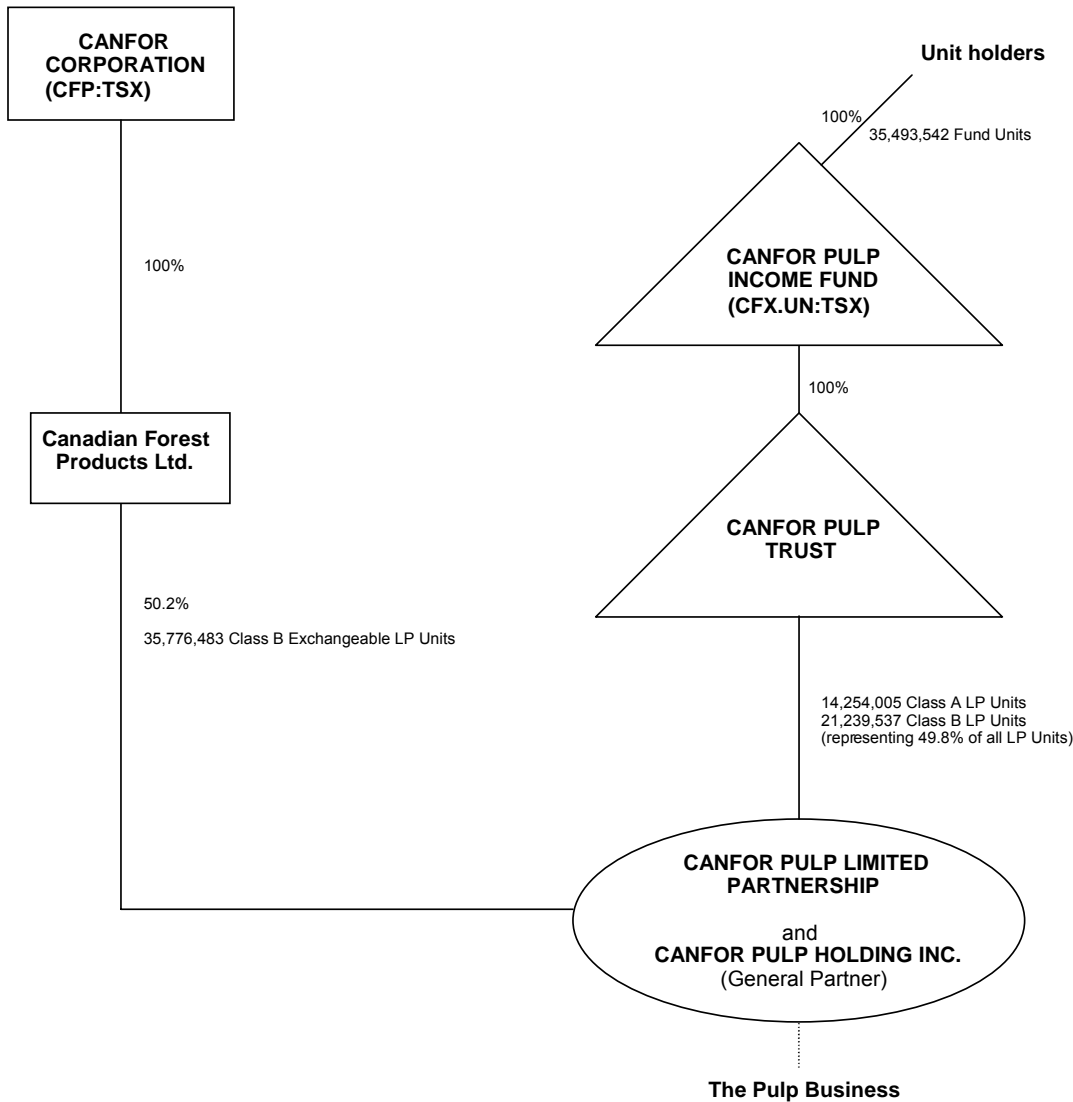
Rick Pingel, *GM, Logistics &
Procurement*

Martin Pudlas, *GM, Northwood Mill*

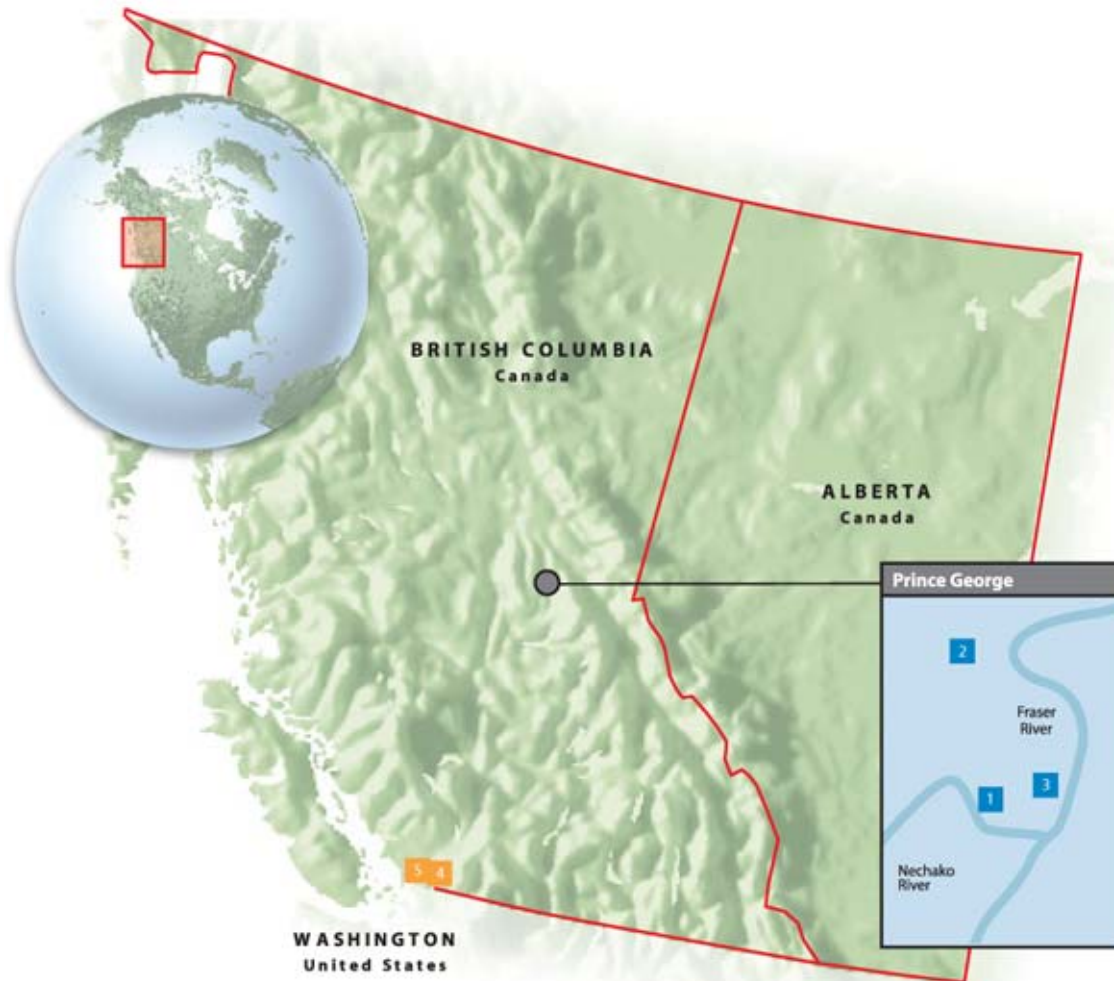
Rick Remesch, *Corporate Controller*

David Scott, *GM, Human Resources*

Ownership Structure



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

MILL/LOCATION

KEY PRODUCTS

1	Intercontinental	NBSK Pulp
2	Northwood	NBSK Pulp
3	Prince George Pulp & Paper	NSK Pulp
3	Prince George Pulp & Paper	Kraft Paper
4	Head Office - Vancouver	
5	Canfor Pulp R&D Centre - Vancouver	

- Pulp & Paper
- Other

The Operations

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

*air-dried metric tonnes; tonne = metric ton = 2240 lbs

Financials: Strong Earnings

Selected Quarterly Partnership Financial Information

<i>\$ millions unless otherwise noted</i>	Q3-2008	Q2-2008	Q1-2008	Q4-2007	Q3-2007	Q2-2007	Q1-2007	Q4-2006
Sales	215.4	212.6	211.4	215.1	211.4	211.4	211.4	211.4
EBITDA	40.6	24.0	42.5	27.9	48.8	51.7	60.1	58.2
- EBITDA %	19%	16%	20%	13%	21%	22%	25%	26%
Net Income	11.1	18.2	43.5	12.1	33.2	35.9	48.6	44.8
Adjusted Distributable Cash per Unit	0.53	0.19	0.60	0.19	0.50	0.54	0.72	0.80
Shipments (000 tonnes)								
-Pulp	234.5	233.8	228.9	253.6	257.1	259.8	253.1	249.8
-Paper	31.6	33.7	35.1	32.4	30.8	35.9	30.4	32.7
Pulp Price (USD)	880	880	880	857	837	810	790	770
USD/CAD fx rate	0.960	0.990	0.996	1.019	0.957	0.911	0.854	0.878

Financials: 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**

(millions of dollars, unaudited)	Impact on annual EBITDA
Cdn dollar – US \$0.01 change per Cdn dollar	\$6
NBSK pulp price – US \$10 change per tonne	\$7
Fibre cost - C\$2 change per oven-dried tonne	\$5
Natural gas cost - \$1 change per gigajoule	\$4