News Release

July 1, 2006
For Immediate Release

CANFOR COMPLETES SPIN OUT OF PULP INCOME TRUST

July 1, 2006 – Vancouver, B.C. – Canfor Corporation (TSX:CFP) announces the successful completion of the spinout of 20% of its Pulp Business effective July 1, 2006. As previously announced, the spinout received the approval of Canfor's shareholders on June 9, 2006 and the Supreme Court of British Columbia on June 15, 2006.

Canfor has been advised by the Toronto Stock Exchange (TSX) that the new Common Shares of Canfor and the Units of Canfor Pulp Income Fund will start trading on the TSX at the commencement of trading on Thursday, July 6, 2006. The new Common Shares of Canfor will trade under Canfor's current trading symbol "CFP", while the Units of Canfor Pulp Income Fund will trade under the trading symbol "CFX.un". All securities traded under the symbol "CFP" in July, but prior to July 6, will represent a trade in the right to receive a new Common Share of Canfor and 0.1 of a Unit of Canfor Pulp Income Fund.

Canfor shareholders as of 12:01 am on July 1, 2006 are entitled to receive one new Canfor Share and 0.1 of a Unit of Canfor Pulp Income Fund in exchange for each Canfor Share held prior to July 1. Registered holders of Canfor Shares may complete the exchange by completing and submitting a Letter of Transmittal (available on SEDAR) with the depositary (CIBC Mellon Trust Company).

With the completion of the spinout transaction, there will be 142,540,058 new Common Shares of Canfor outstanding and 14,254,005 Units of Canfor Pulp Income Fund outstanding. Canfor also owns 57,016,020 limited partnership units of the Canfor Pulp Limited Partnership that are exchangeable for an equal number of Units of Canfor Pulp Fund (and if fully exercise would result in Canfor owning 80% of the outstanding Fund Units).

Canfor is a leading integrated forest products company based in Vancouver, British Columbia. The company is the largest producer of softwood lumber and one of the largest producers of northern softwood kraft pulp in Canada. Canfor also produces kraft paper, plywood, oriented strand board (OSB), remanufactured lumber products, hardboard paneling and a range of specialized wood products, including baled fibre and fibre mat at 33 facilities in BC, Alberta, Quebec and North and South Carolina.

Note Respecting 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. These statements are based on management’s current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and the company assumes no obligation to update such information to reflect later events or developments, except as required by law.

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