

June 24, 2011

## **CANFOR PULP INVESTS \$10M IN INNOVATION – OPENS NEW INNOVATION CENTRE**

VANCOUVER, BC, CANADA – Joe Nemeth, President and CEO of Canfor Pulp Products Inc. (“CPPI”) (TSX: CFX), which owns 49.8% of Canfor Pulp Limited Partnership (CPLP), today announced three major new investments in innovation for the company in a ceremony opening the new Canfor Pulp Innovation Centre in Burnaby, BC.

Noting that CPLP is the largest producer of market kraft pulp in British Columbia, and the third largest in the world, Mr. Nemeth stated that “Innovation is the cornerstone of globally successful companies. This major investment of more than \$10 million is aimed at securing our future as a global leader in pulp.”

The Canfor Pulp Innovation Centre will have an annual operating budget of \$2 million and a laboratory of 6,400 square feet. Its staff of nine technical professionals will perform research on a host of challenges and opportunities important to CPLP. Key equipment items in the Centre are a pilot refiner for simulating paper mill treatment of pulps, and extensive, advanced technical instruments for testing pulp and paper.

Complementing CPLP’s in-house research, Mr. Nemeth also announced the company’s commitment to a new research grant program: a collaboration between CPLP and the University of British Columbia and the University of Northern British Columbia. The program will provide a total of \$225 thousand over the next three years to university faculty for novel research projects in areas relevant to CPLP’s mandate. “We want to encourage the wealth of academic talent at UBC and UNBC to dedicate renewed efforts and enthusiasm toward the manufacture and development of products from our forest resource, and thereby contribute to the future of one of the largest and most consistent contributors to provincial GDP”, said Mr. Nemeth.

The third initiative is a set of partnerships with government in collaboration with equipment suppliers to implement advanced sensing technology in all three of CPLP’s Prince George mills. CPLP’s investment of \$8 million in these technologies will include the Metso Quality Vision System, the Eurocon PulpEye and two sensors developed by FPIInnovations in Vancouver. The FPIInnovations sensors consist of a patented fibre wall thickness measurement sensor and a specialized wood chip sensor. This comprehensive initiative in sensing technology is supported by matching funding of \$2.4 million from Natural Resources Canada and \$2.1 million from the BC Ministry of Forests, Mines and Lands. It will provide CPLP with unique capabilities for monitoring the quality of its fibres on-line and thereby provide information to adjust operations and maximize pulp value recovery from the sawmill-produced wood chips it uses.

Representatives from the beneficiaries of CPLP’s research grant program praised these initiatives. Professor Gail Fondhal, Vice President, Research of UNBC in Prince George lauded the grants program saying, “We welcome this contribution as it supports our growing research programs and builds closer links with CPLP whose mills are within view of our campus.” Similarly, Professor Tyseer Aboulhasr, Dean of Applied Science at UBC commended CPLP’s commitment to innovation and in particular, “This valuable University program will enhance and continue UBC’s longstanding link with the industry through our Pulp and Paper Centre.” The program complements existing CPLP initiatives and others currently under development with various universities across Canada.

In closing, Mr. Nemeth noted that CPLP employs 1,200 people in BC and annually produces pulp and paper products worth \$1 billion. “Our pulps and papers are recognized around the world as premium products. To remain competitive in a changing marketplace, we must be at the forefront of technologies that affect the production and optimal end-use of our pulps. These innovation initiatives are important steps to accomplish this.”

## **Additional Facts**

### *Canfor Pulp Innovation Centre*

This is the only in-house research facility of a pulp and paper company in BC, and one of the few in Canada. Along with a full range of testing equipment, the Canfor Pulp Innovation Centre supports a pilot refiner which simulates refiners used in paper mills to prepare pulps for papermaking.

### *CPLP Customers*

CPLP pulps are sold to papermakers around the world who blend the pulp with other pulps to produce desired paper properties, in particular high paper strength. CPLP's kraft pulp is recognized as the world's premium pulp for reinforcing strength of light-weight and specialty papers.

### *University Grants Program*

A description of the grants program is given on web site [www.canforpulp.com](http://www.canforpulp.com). It is a yearly competition based on proposals from university faculty at UBC or UNBC for open research on topics in broad areas of interest to CPLP. Each individual award will be \$25 thousand per year for three years.

### *Renewable Energy*

In common with other kraft mills, Canfor Pulp LP mills produce energy as well as pulp by utilizing a by-product of the pulping process and other renewable fuel sources. A portion of the wood (lignin) that is extracted during pulp manufacture is used as fuel to produce heat and electricity. The three (3) mills in Prince George generate more than 90% of their internal heat requirements and approximately 850 GWh of electricity annually, enough to power approximately 100,000 homes, all from a renewable resource - the forest. Most of the electrical energy is used internally, making the mills largely self-sufficient, and a portion is exported to the BC power grid. Together, the three (3) pulp mills in Prince George are one of the largest producers of energy from renewable resources in BC.

### *About Canfor Pulp Products Inc.*

CPPI was created to acquire and hold an interest in the Canfor Pulp Limited Partnership (the "Partnership") on conversion of Canfor Pulp Income Fund to a corporation. CPPI holds a 49.8% interest in the Partnership with Canadian Forest Products Ltd. (a subsidiary of Canfor Corporation) holding the remaining 50.2% interest.

For more information about CPPI and the Partnership, please visit [www.canforpulp.com](http://www.canforpulp.com).

## **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 the Fund 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 the Fund and Partnership, its prospects and uncertainties relating to the Fund and 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 Fund 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 the Fund and Partnership assume no obligation to update such information to reflect later events or developments, except as required by law.

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