



News Release

May 3, 2006

For Immediate Release

MEETING CALLED FOR APPROVAL OF PROPOSED TRUST SPINOUT TRANSACTION

Canfor Corporation announces that further to its news release of February 15, 2006, the special meeting of its Shareholders to approve the previously announced Spinout of 20% of its Pulp Business is scheduled to be held Friday, June 9, 2006. An Information Circular, dated April 28, 2006 in respect of the meeting will be filed on SEDAR (www.sedar.com), mailed to the Canfor Shareholders and will be available on Canfor's website (www.canfor.com) in mid-May.

The Spinout

Upon completion of the Spinout, Canfor and Canfor Pulp Income Fund, a newly-established income trust, will own the Pulp Business, with Canfor retaining an 80% interest and Canfor Shareholders, through the Fund, will own a 20% interest. Canfor's Pulp Business primarily consists of its Northwood Pulp Mill, Intercontinental Pulp Mill and Prince George Pulp and Paper Mill. These mills, all located in Prince George, produce over one million air-dried metric tonnes of softwood market kraft pulp and approximately 135,000 tonnes of bleached and unbleached kraft paper each year.

Following completion of the Spinout, the Partnership will have approximately 1,250 of its own full time dedicated employees, substantially all of whom will come from Canfor. The Partnership will also have access to certain of Canfor's employees under a services agreement under which Canfor will provide administrative, corporate and certain operational services.

Canfor After the Spinout

Following completion of the Spinout, Canfor will continue to be the largest producer of softwood lumber in Canada, with an annual production capability of approximately 5.1 billion board feet of lumber, 1 billion square feet of OSB (3/8 inch basis) and 440 million square feet of plywood. Canfor will not dispose of any forest tenures under the Spinout. Canfor will continue to be managed by the existing management team of Canfor and will pursue the same growth strategy for the solid wood products business as Canfor has previously employed. Canfor Shareholders will be able to continue to participate in a company focused on high levels of growth through reinvestment of cash flows.

Required Approvals

Completion of the Spinout is subject to receipt of a number of regulatory and other approvals, including the approval of Canfor Shareholders and the Supreme Court of British Columbia. In addition, it is a condition to the completion of the Spinout that the Toronto Stock Exchange will have conditionally approved the listing of the New Common Shares and the Fund Units, subject only to the filing of required documents.

Annual General Meeting Update – Shareholder Rights Plan Policy Approved

At the Annual General Meeting of Canfor held on April 28, 2006, the shareholders approved a resolution endorsing a shareholders rights plan policy as an alternative to replace Canfor's shareholder rights plan. As a result, the shareholders rights plan has expired. A copy of the shareholder rights plan policy can be obtained on Canfor's website www.canfor.com.

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, remanufactured lumber products, oriented strand board (OSB), hardboard paneling and a range of specialized wood products at facilities located in BC, Alberta, Quebec, Washington State and North and South Carolina.

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. These statements include statements relating to the synergistic impact of the proposed acquisition and estimates as to the accretive impact of the acquisition. 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, including, but not limited to, prevailing conditions in the capital markets, the reaction of customers, suppliers or other third parties and the risk that the businesses of the two companies suffer due to uncertainty, our potential inability to successfully execute our integration strategies or to achieve planned synergies and the diversion of management's time on acquisition-related issues. 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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