

Our Story on Paper

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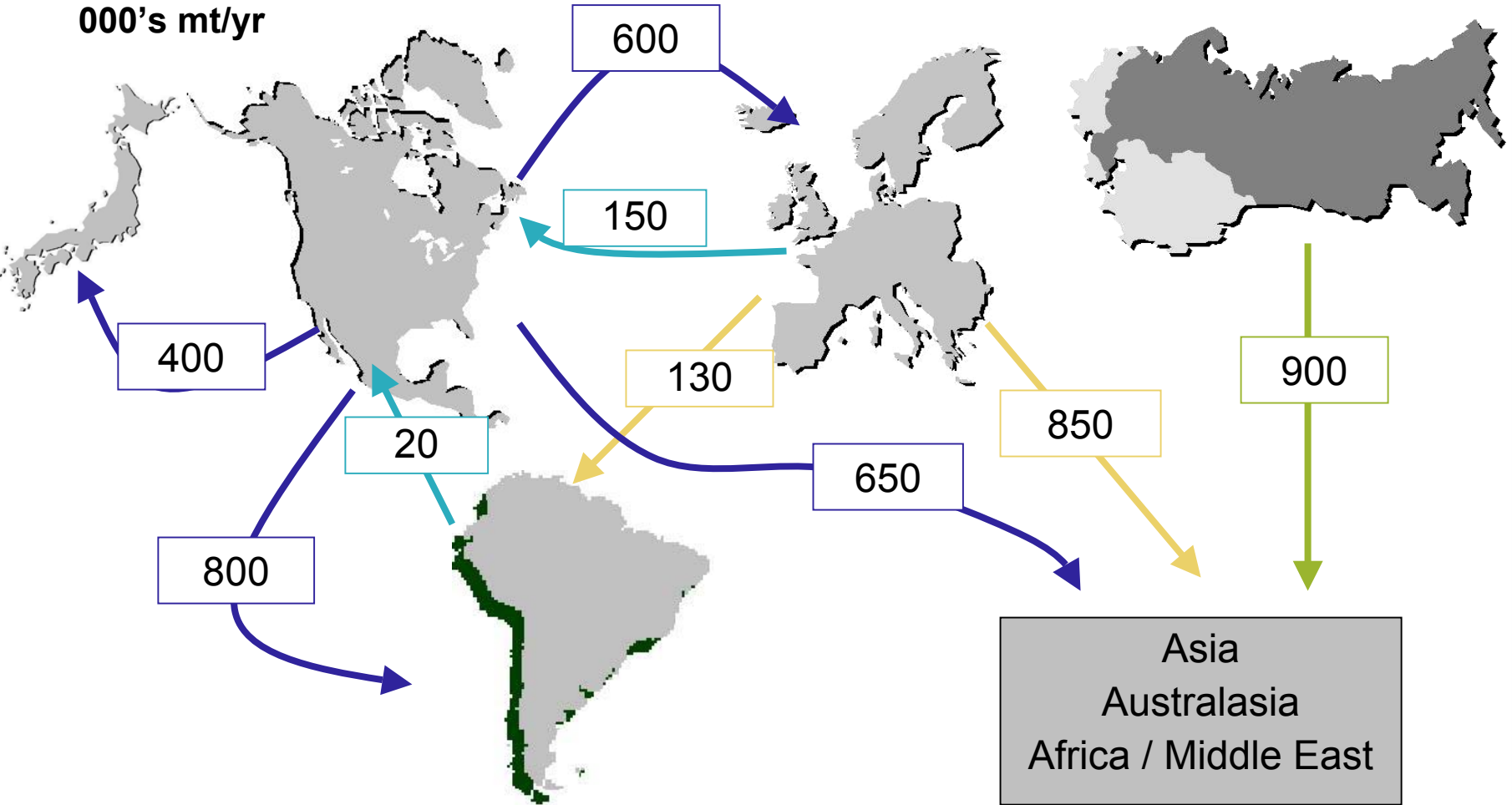


Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of future developments. However, these forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the control of the Company and the entities in which it has equity interests. These risks include the impact of general economic conditions in North America and in countries in which the Company currently operates; industry conditions; the adoption of new environment laws, regulations and changes thereto; fluctuations in the availability or costs of raw materials or electrical power; changes in existing forestry regulations or changes in how they are administered which could result in the loss of certain rights or permits which are material to the Company; increased competition; the outcome of certain litigation; labour unrest; fluctuation in foreign exchange or interest rates; stock market volatility and valuations of the Company and other factors which are described in the Company’s filings with securities and regulatory authorities in Canada and the United States. There can be no assurance that the actual results and developments anticipated by the Company will be realized or, that they will have the expected consequences to the Company and the entities in which it has equity interests. Statements herein speak only as of the date of this document. New factors emerge from time to time and it is not possible for the Company to predict which will arise.

Newsprint | Global Tradeflow Snapshot 2004

000's mt/yr



Source: PPC, Cepiprint, ACI calculations and estimates

North America



Structural Trend | How the newspaper is evolving

- More focus on local news, lifestyle, entertainment, sports
- More specialized newspapers (i.e. foreign languages, free dailies)
- Less focus on breaking news, national news, classified ads
- More colourful newspapers – increased use of 4-colour
- Smaller newspapers – narrower page width
- Traditional advertising base evolving e.g. Retail
- Publisher investment in new media vehicles – channel indifferent

Key challenges for publishers

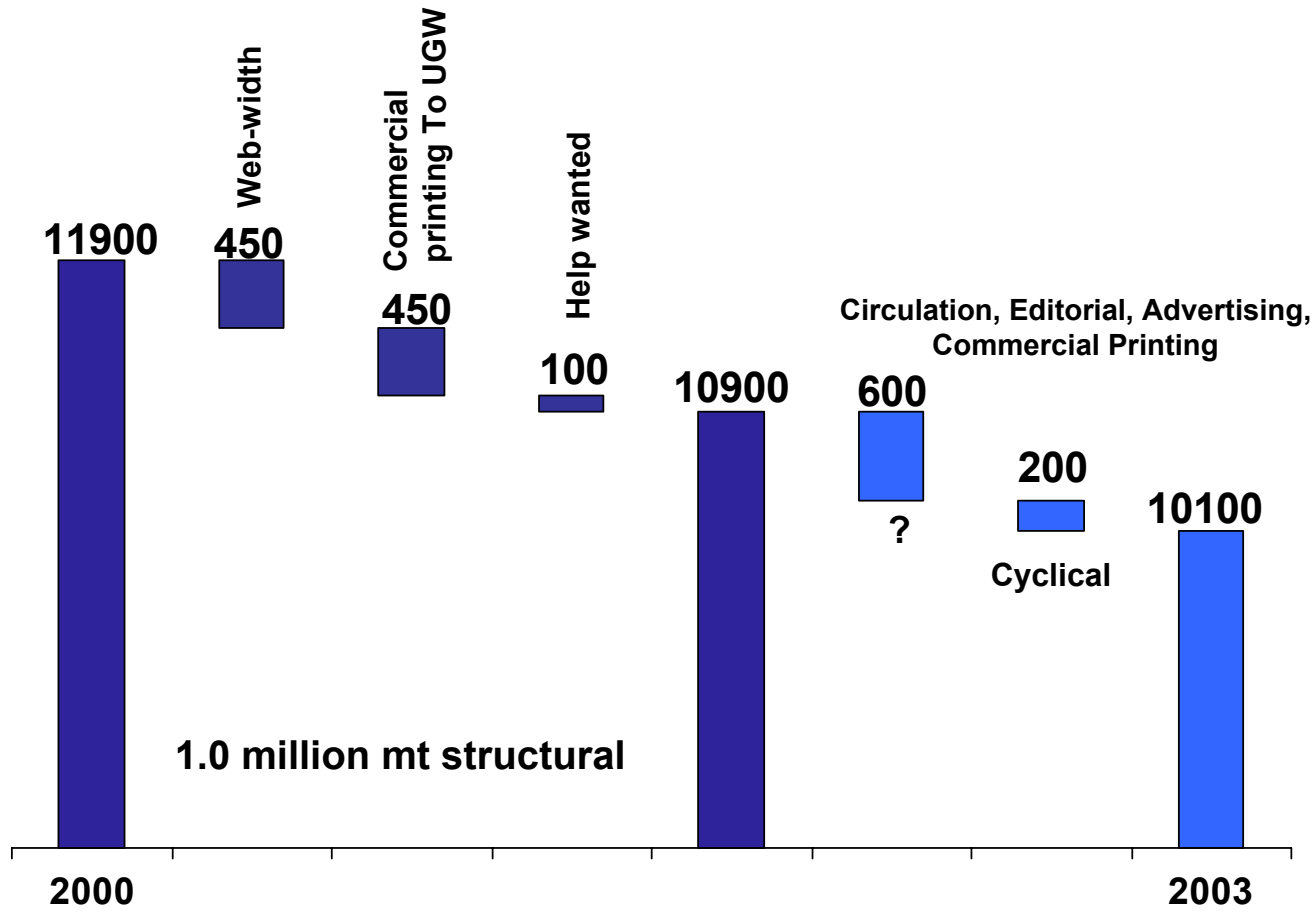
- Maintaining newspaper circulation/mass market status
- Attracting the younger reader



Key challenges for producers

- Greater accent on printed quality
- Continued environment of reducing consumption

Historical Data | US Consumption Decline

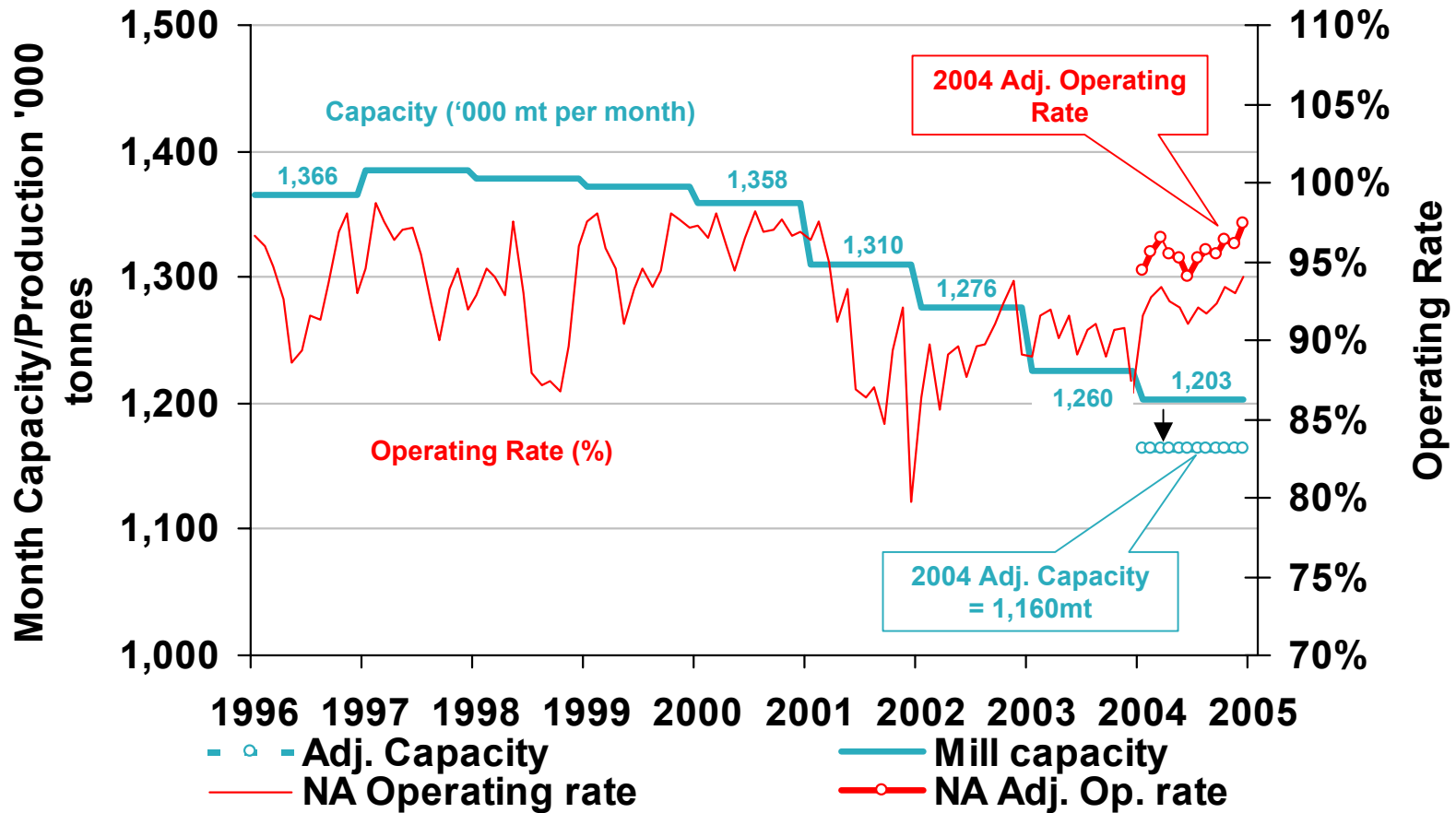


Source: Abitibi-Consolidated analysis

Industry Supply/Demand Balance

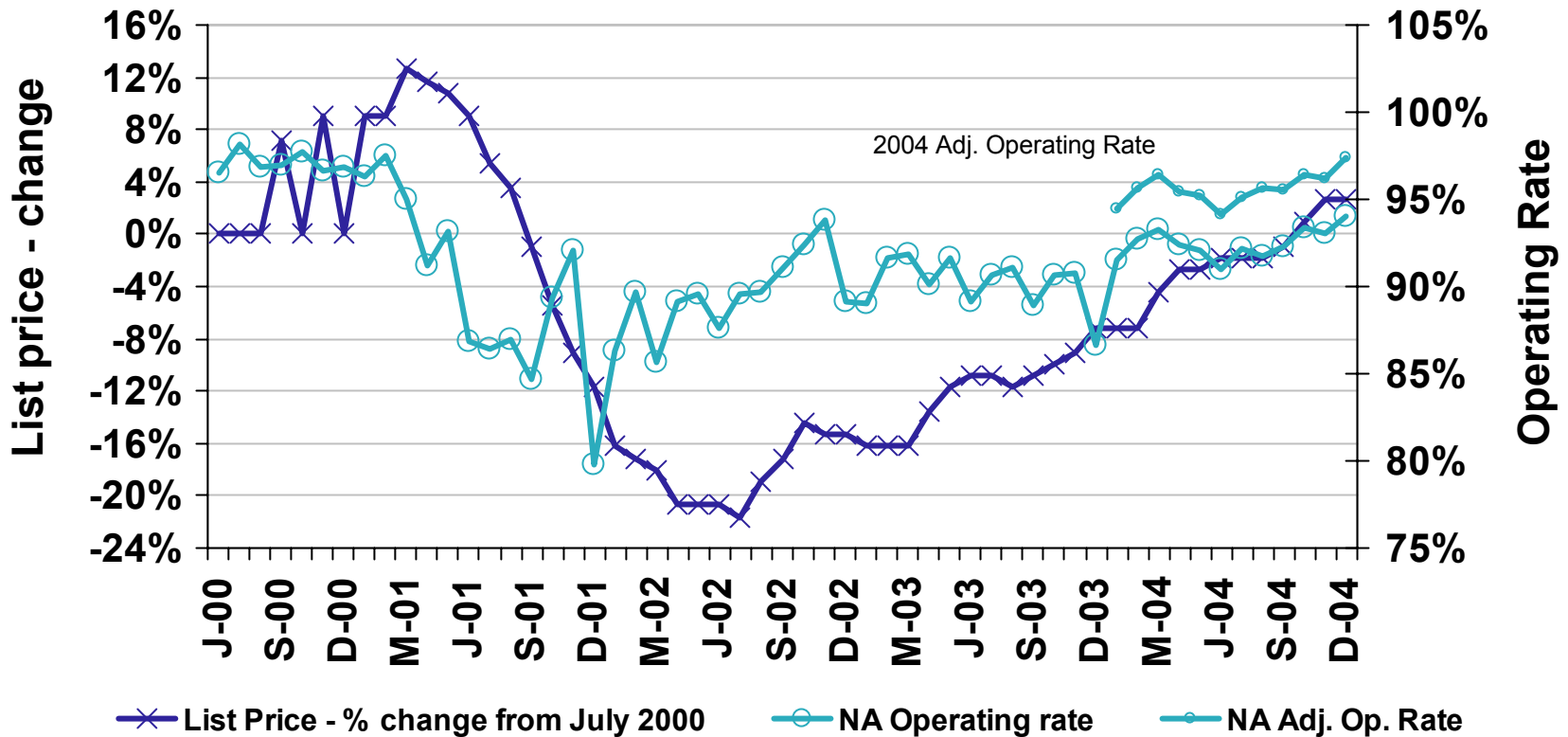
Mill Newsprint Capacity & Operating Rate

Production figures based on a 3-month Rolling Average Through August 2004



Industry Supply/Demand Balance

Newsprint List Price & Operating Rate



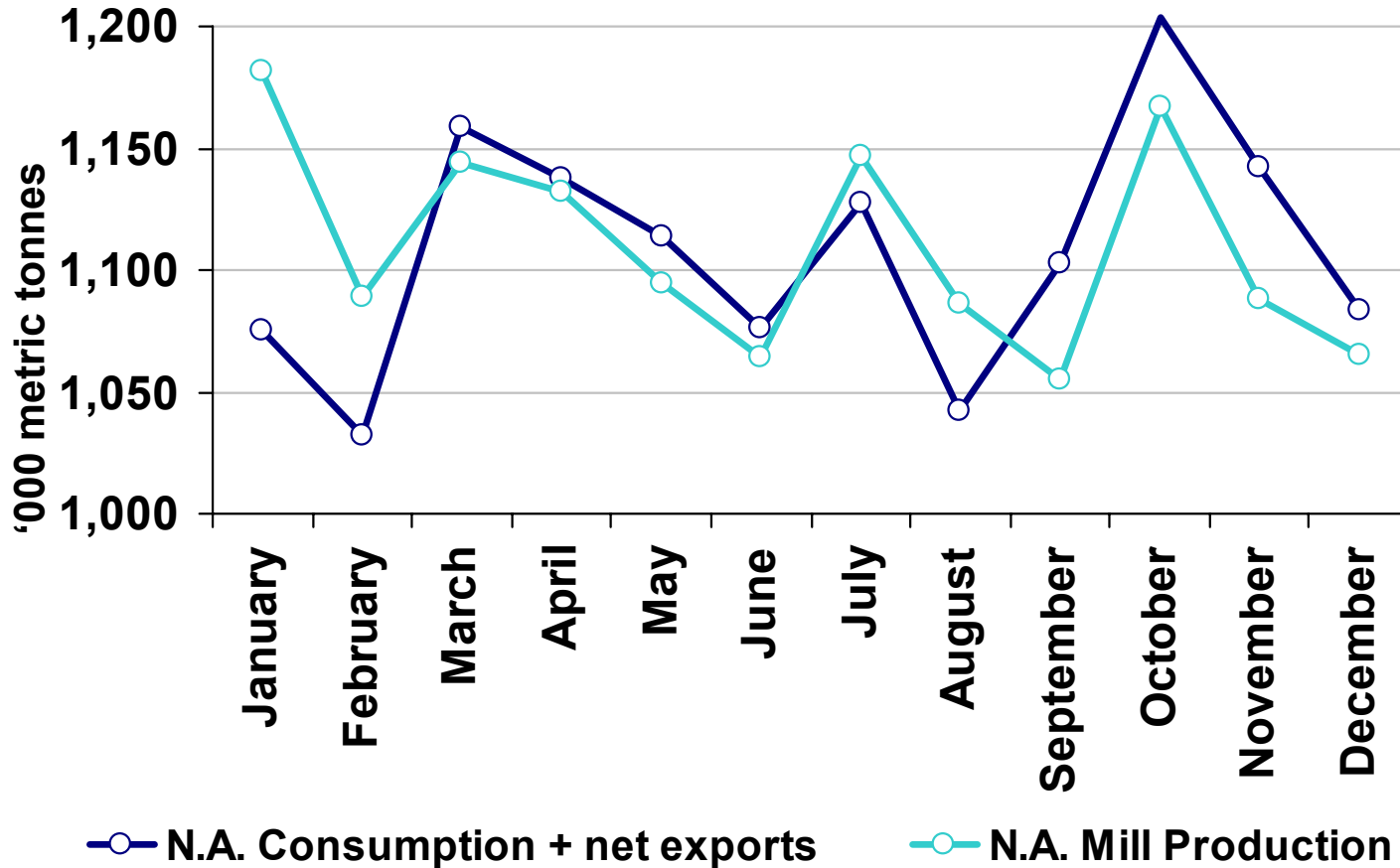
Source: PPC & RISI

Note: As of January 2004, operating rates are based on adjusted PPC capacity numbers



Industry Supply/Demand Balance

Newsprint production and consumption



Source: PPPC

Note: N.A. Consumption is calculated as U.S. Consumption plus Canadian Demand

In-Depth Operations Review

- Improve average annualized EBITDA generation by C\$250 M by end of 2006
- Increased cash flow and cash generated from the execution of this plan are intended for debt reduction

In-depth operations review

Intl



23%

- Grow in Asia through PanAsia

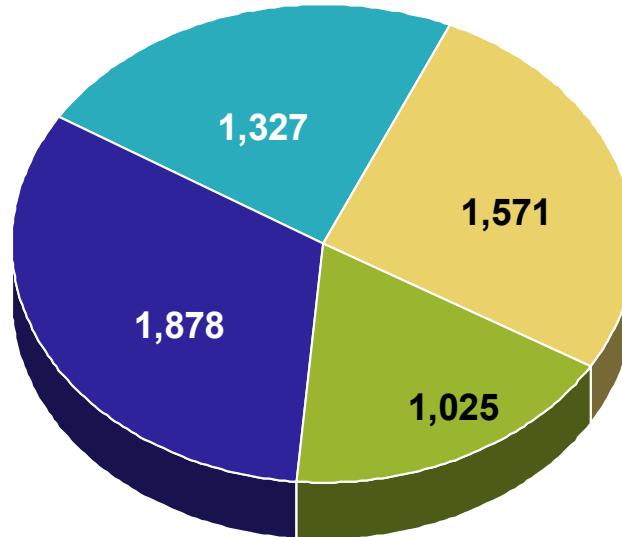
North America



32%

- Review Nfld. operations
- Review operations at Kenora
- Reduce cash cost in NA by C\$25 / mt

2004 Sales
In C\$ Millions



18%

- Review operations at Fort William
- Re-launch Lufkin into a new product / sell mill
- Next AO/EO conversion
- Start-up 2nd JV with Louisiana-Pacific
- Expand along with home centre growth



27%

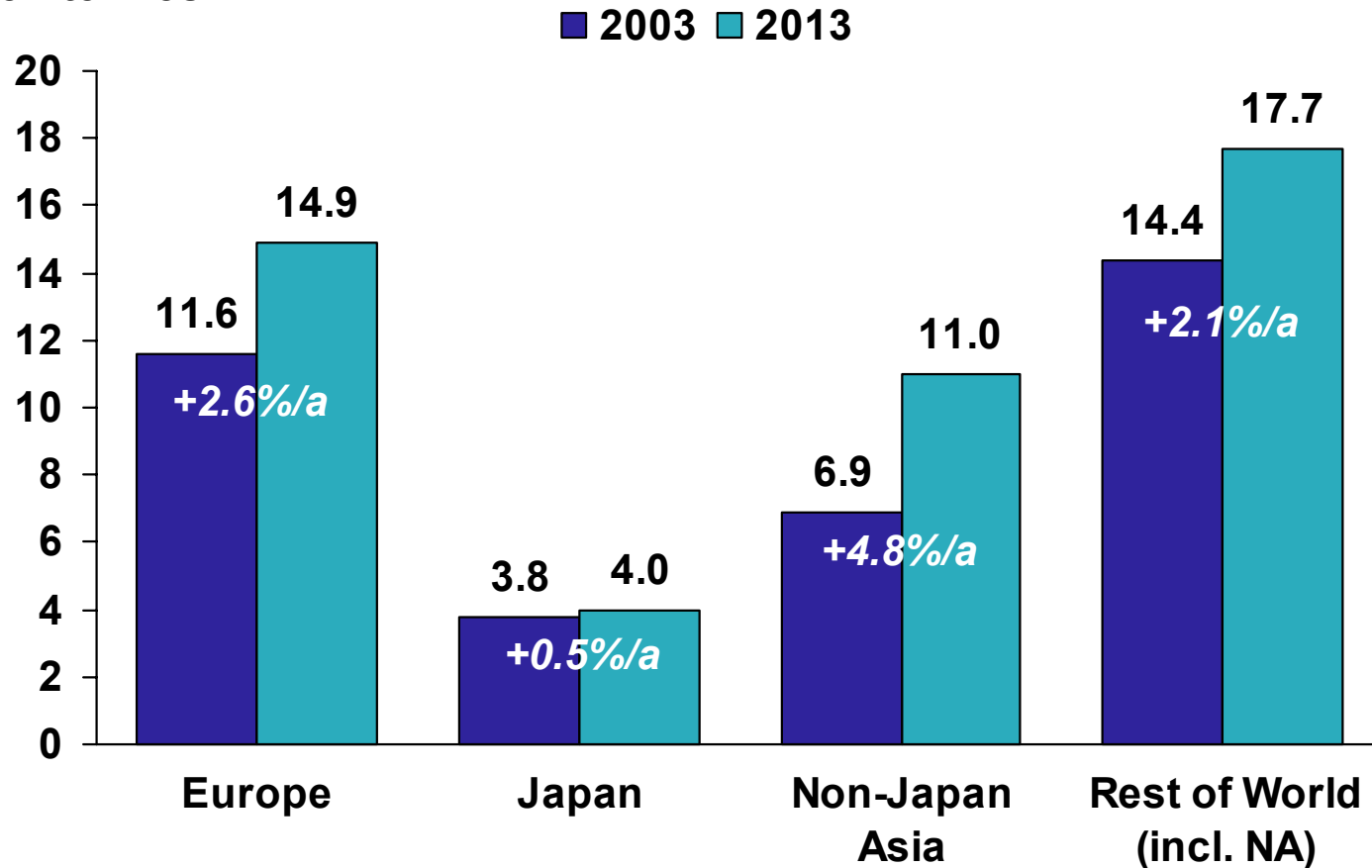
Our goal is to have all mills in the 1st or 2nd cost quartile

International Newsprint



Global Newsprint Consumption Growth

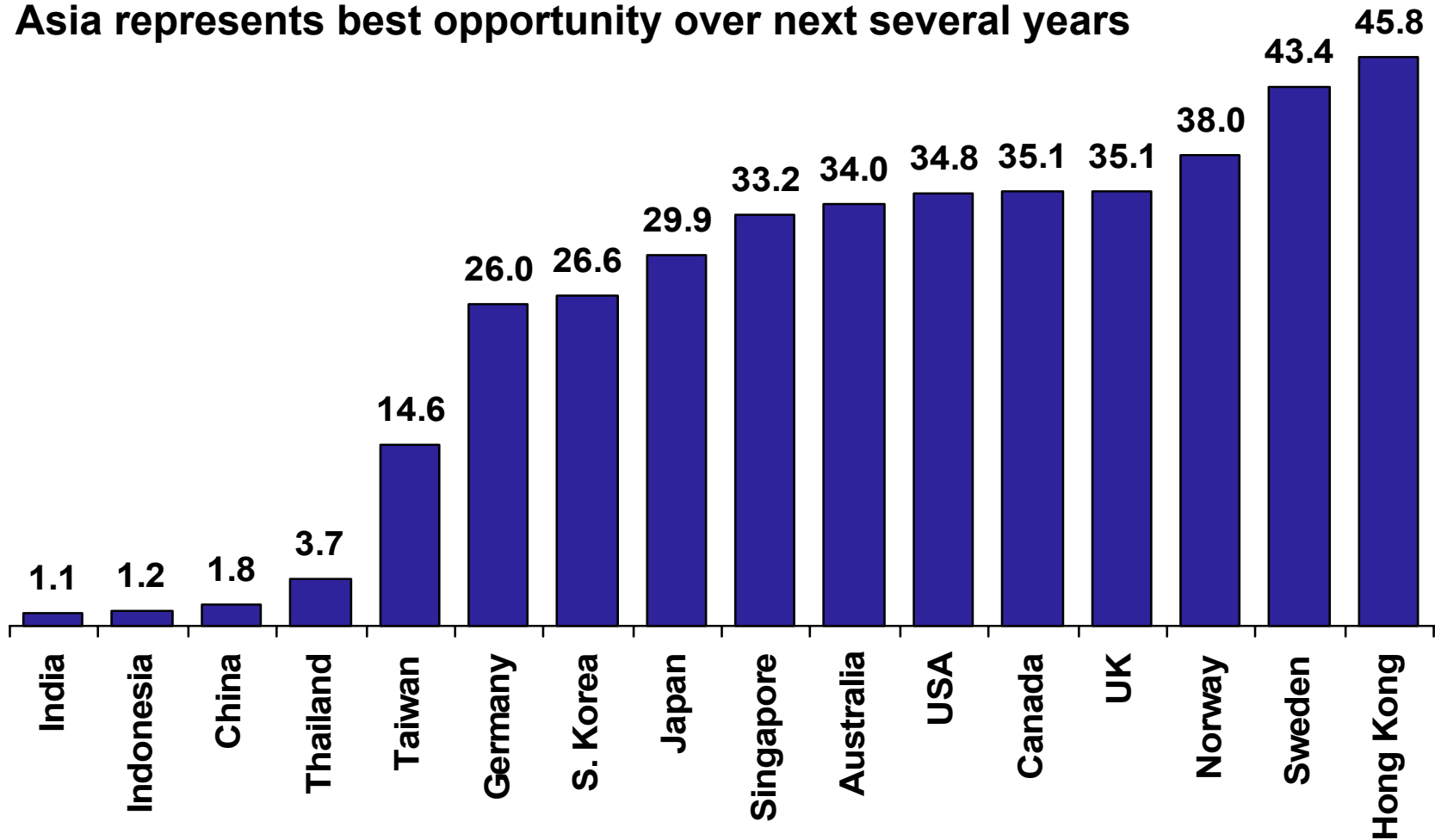
Million tonnes



Source: Jaakko Pöyry Consulting

Kg Per Capita Newsprint Consumption

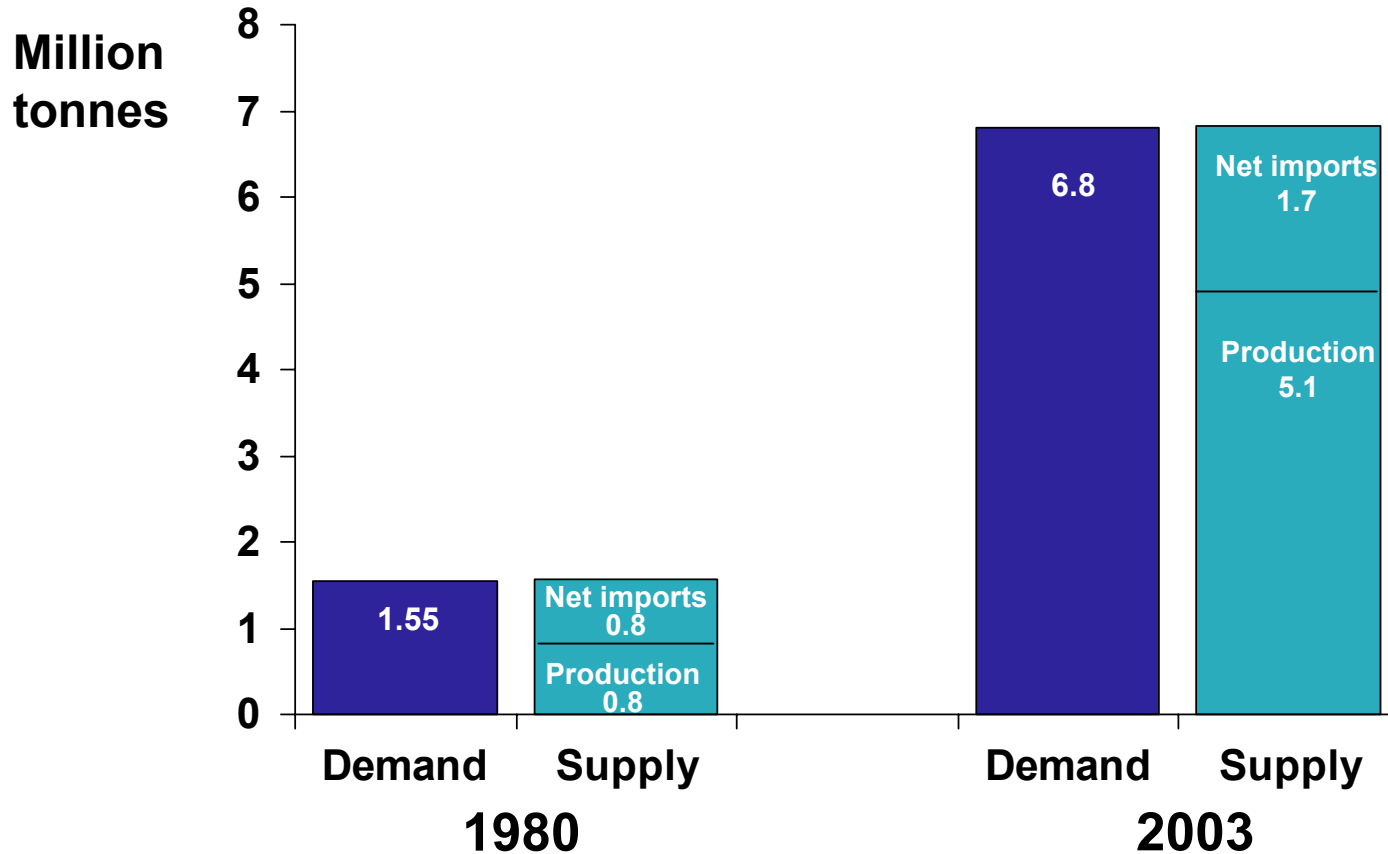
Asia represents best opportunity over next several years



Source: "Newsprint Facts at a glance 2004", PPPC

NJFE Newsprint Demand

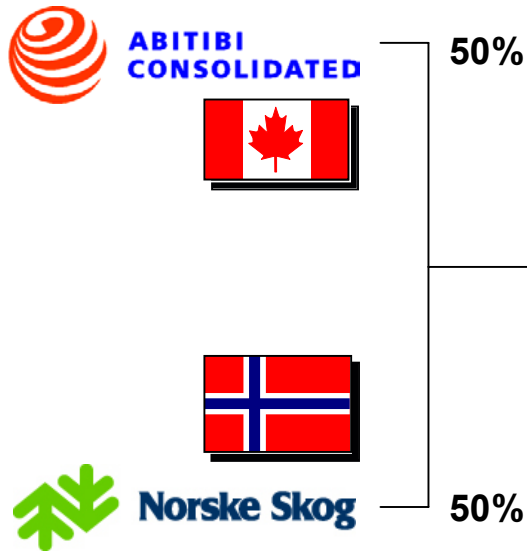
Demand in Non-Japan Asia is increasingly met by regional supply



Source: PPC

PanAsia's Structure

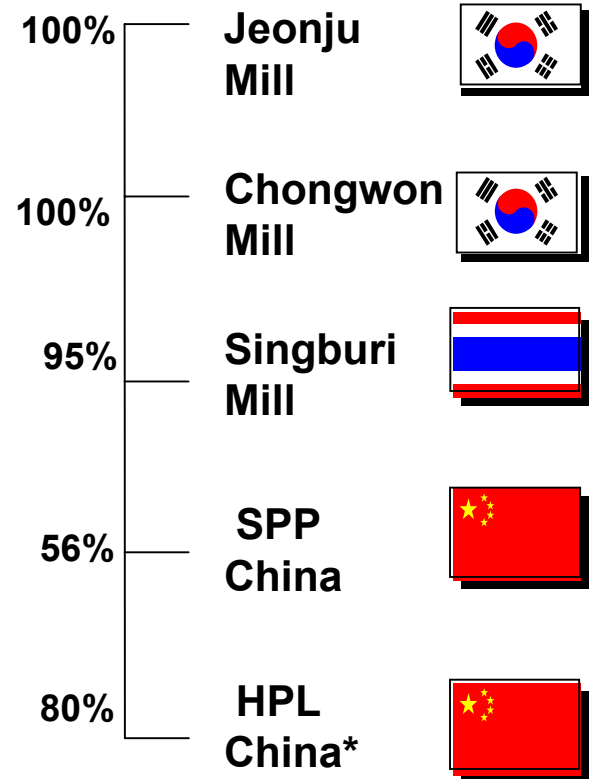
Shareholders



Headquarters



Operations



* Construction to be completed in 2H/05

PanAsia Paper Korea – Jeonju Mill



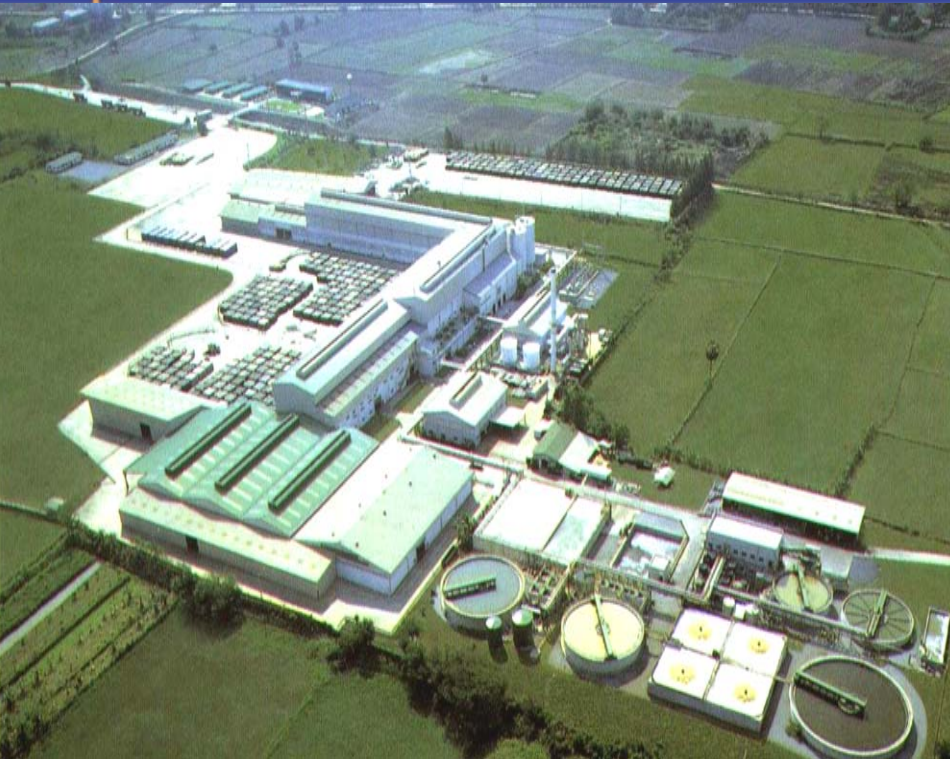
- Established in 1965
- Annual capacity \approx 1 million mt newsprint and groundwood publication papers
- 850 employees
- Certified ISO 9002 and ISO 14001

PanAsia Paper Korea - Cheongwon Mill



- **Start up in 1996**
- **Annual capacity 189,000 mt newsprint**
- **200 employees**
- **Certified ISO 9002 and ISO 14001**

PanAsia Paper Thailand - Singburi Mill



- **Start up in 1994**
- **Sole newsprint mill in Thailand, annual capacity 130,000 mt (135,000 mt mid 2004)**
- **300 employees**
- **Certified ISO 9001: 2000 and ISO 14001**

Shanghai PanAsia Potential Paper Co., Ltd



- **Start up 1998; profitable from first year of operation**
- **Annual newsprint capacity: 140,000 mt**
- **Certified ISO 9001: 2000**
- **300 employees**



Hebei Long-Term Paper Co. PanAsia

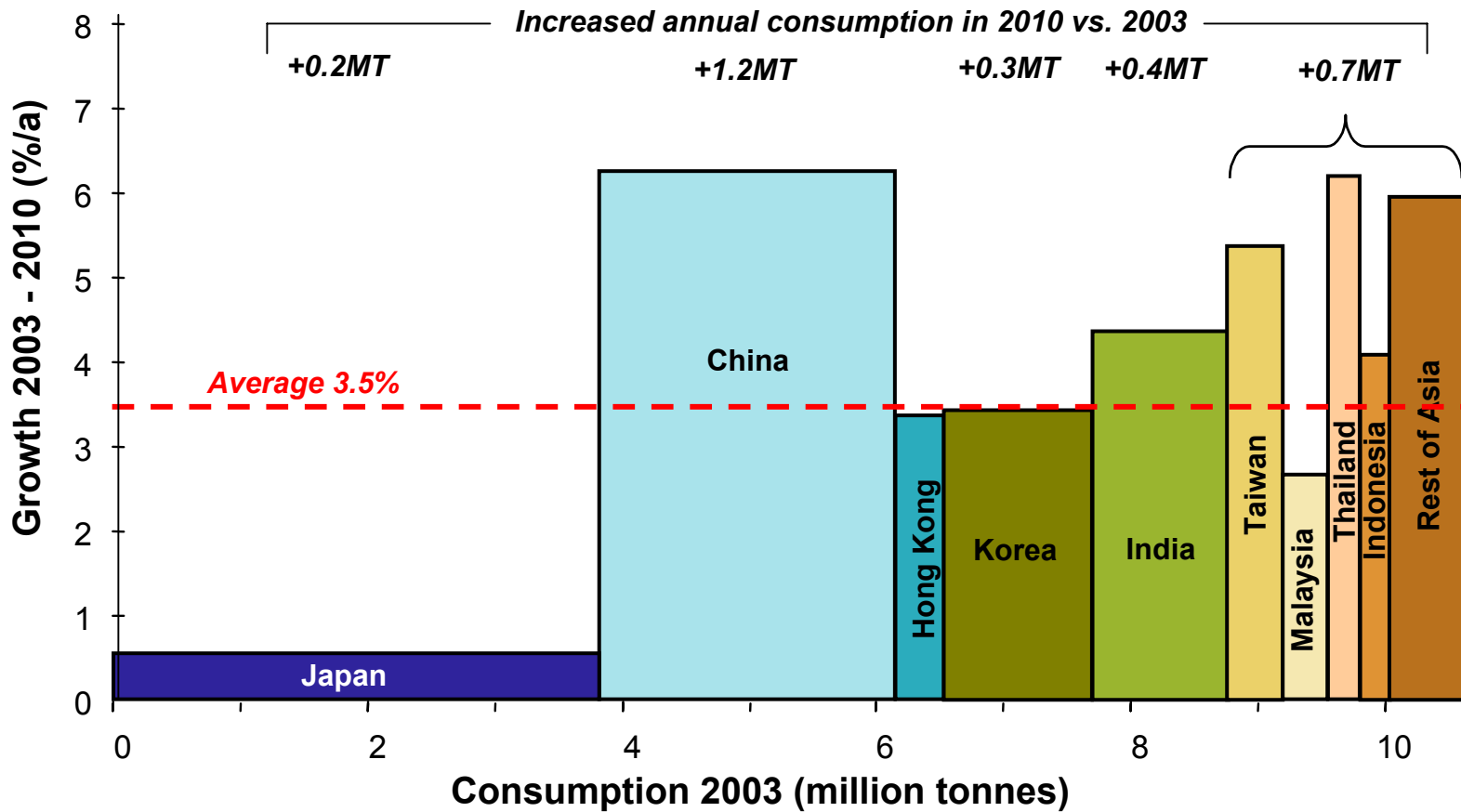


Construction site Sept 13, 2004



- **Start up Q3 2005; lowest-cost newsprint in China**
- **Annual newsprint capacity: 330,000 mt**
- **Construction cost: US\$ 300 million, or < US \$1,000 / mt**
- **90% complete**

China is the Main Growth Market



Newspapers in China

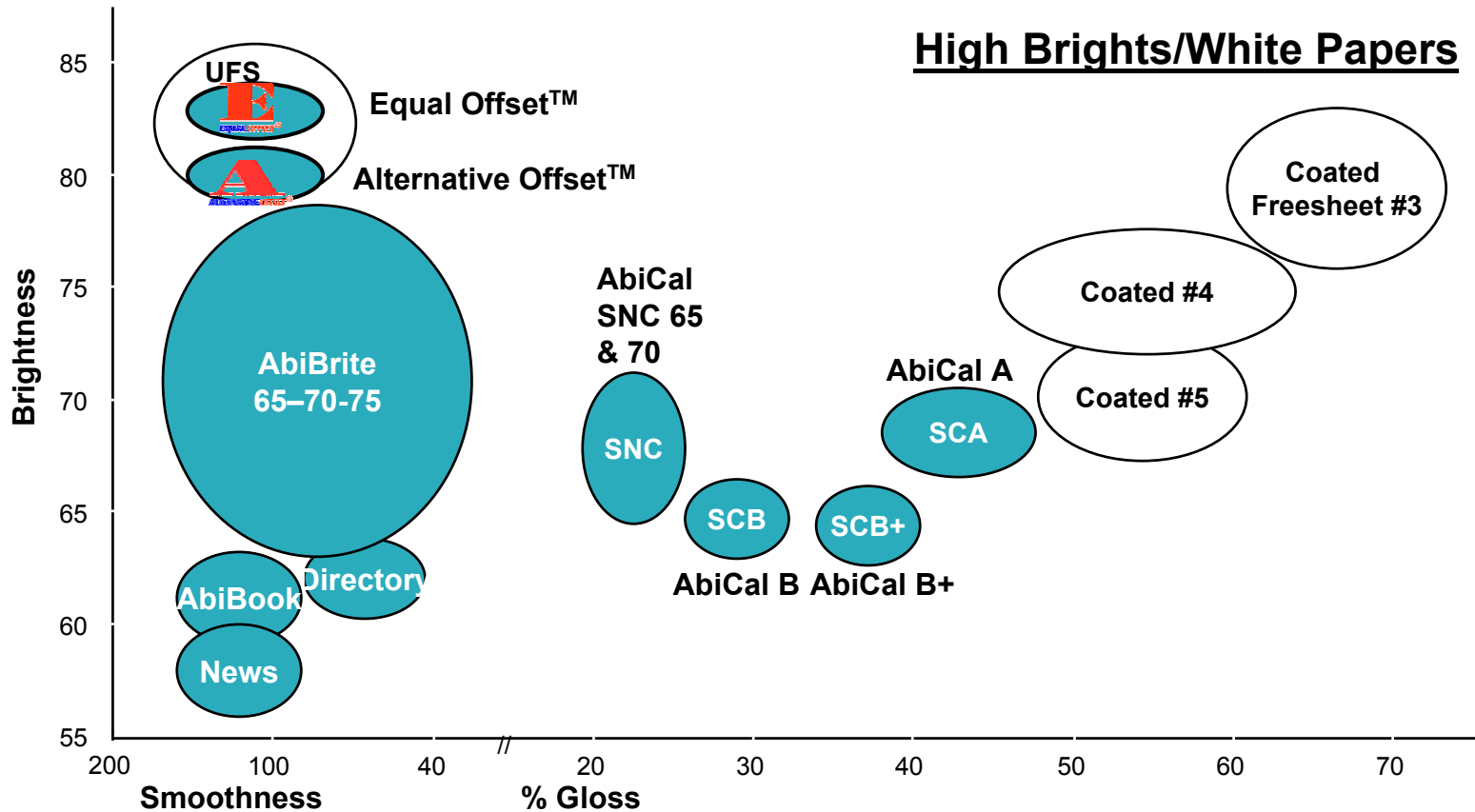
Title	Location	Publisher	# Copies	Format
Cankao Xiaoxi	Beijing	Xinhua News Agency	2,670,000	Tabloid
People's Daily	Beijing	People's Daily	1,728,000	Broadsheet
Yangtse Evening News	Nanjing	Xinhua Daily Group	1,707,000	Tabloid
Guangzhou Daily	Guangzhou	Guangzhou Daily Group	1,600,000	Broadsheet
Yangcheng Evening News	Guangzhou	Yangcheng News Group	1,300,000	Broadsheet

Source: WAN 2004

Value-Added Groundwood Papers

Paper Spectrum

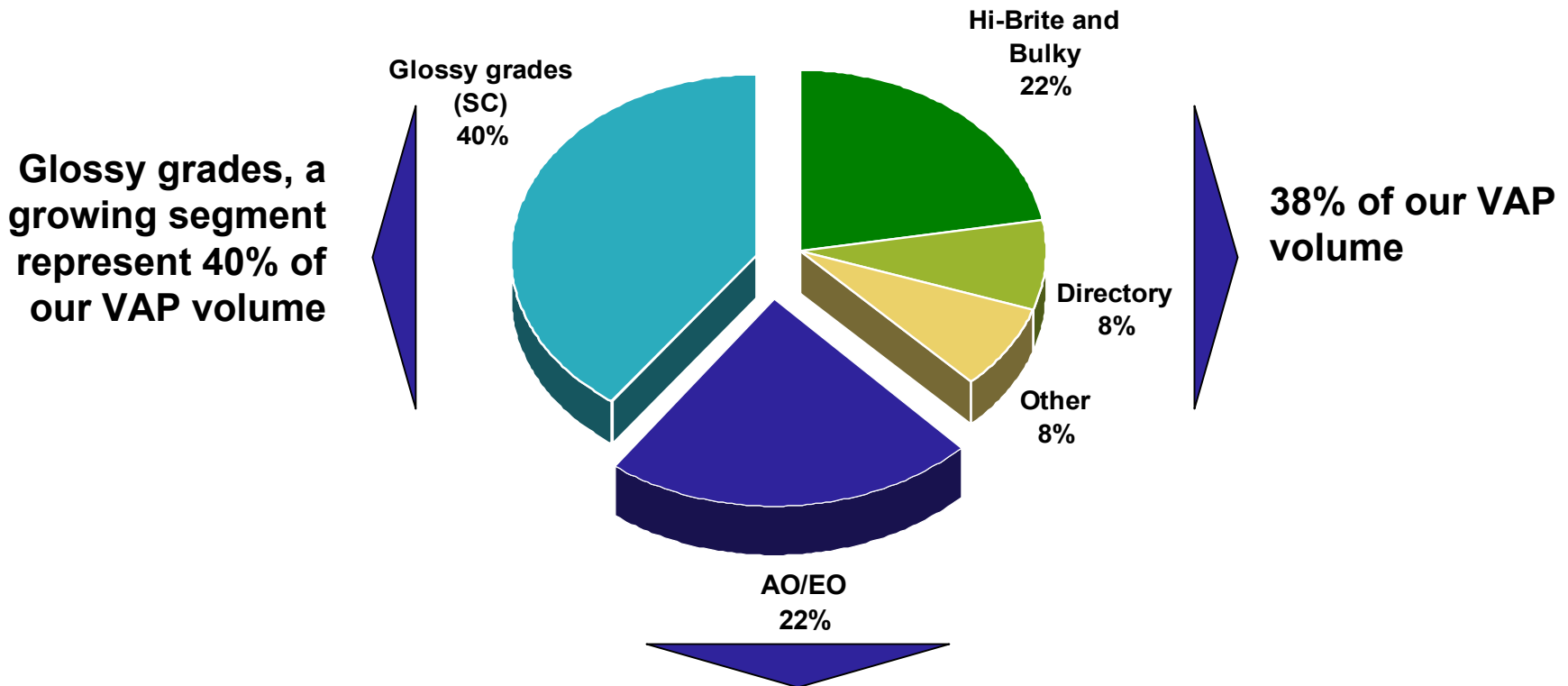
Two key properties, brightness and gloss, define paper grade groups



Current Picture | 2004 Sales Volume

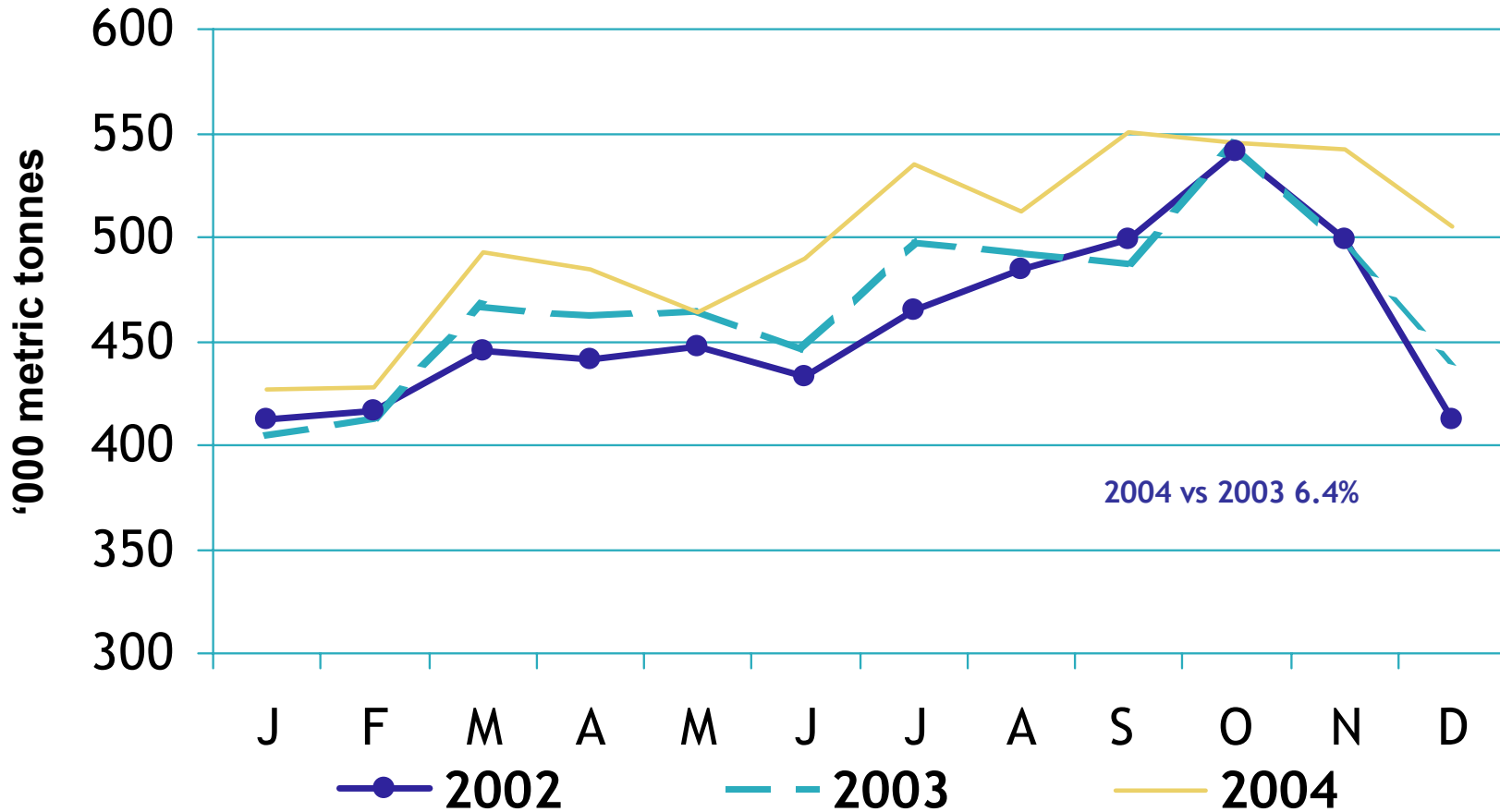
Value-Added Sales

Sales Volume 1.8 million MT



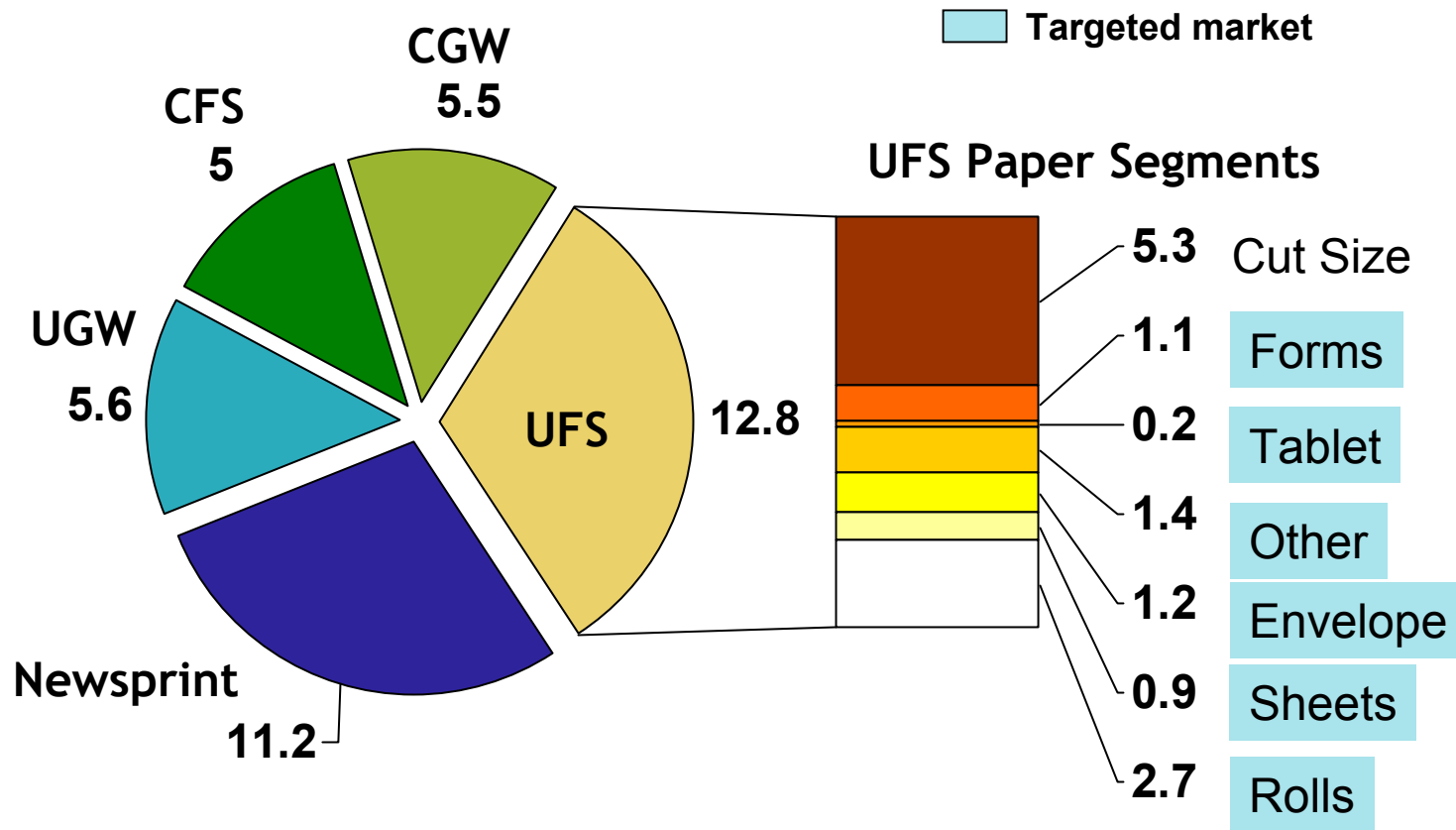
AO/EO compete with UFS as a high growth substitute

Value-Added Papers Demand



Source: PPC

UFS | Largest Paper Market in NA



CGW = Coated Groundwood
UGW = Uncoated Groundwood

CFS = Coated Freesheet (Woodfree)
UFS = Uncoated Freesheet (Woodfree)

Our AO/EO product – A UFS product alternative

ALTERNATIVE OFFSET

- Uncoated groundwood product
- Provides alternative product in specific market or application
 - Basis weight range 27-50#
 - Specific caliper
 - Various “finish” offering
 - 80 brightness
- Application for book, financial printing, commercial printers, news publishings, etc.

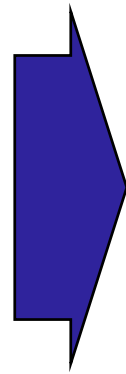
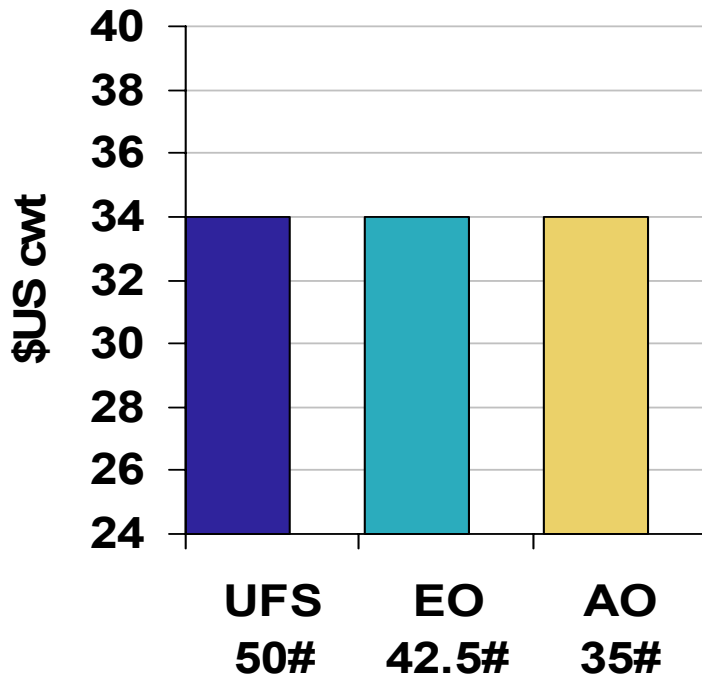
EQUAL OFFSET

- Surfaced-enhanced groundwood sheet
- Design to compete with UFS 50# in some targeted market segments
- Meet UFS product specs at lighter basis weight
 - Equal in brightness
 - Equal in opacity
 - Equal in caliper
- Application for educational books, instruction manuals, consumer books, travel guides and commercial printing, etc.

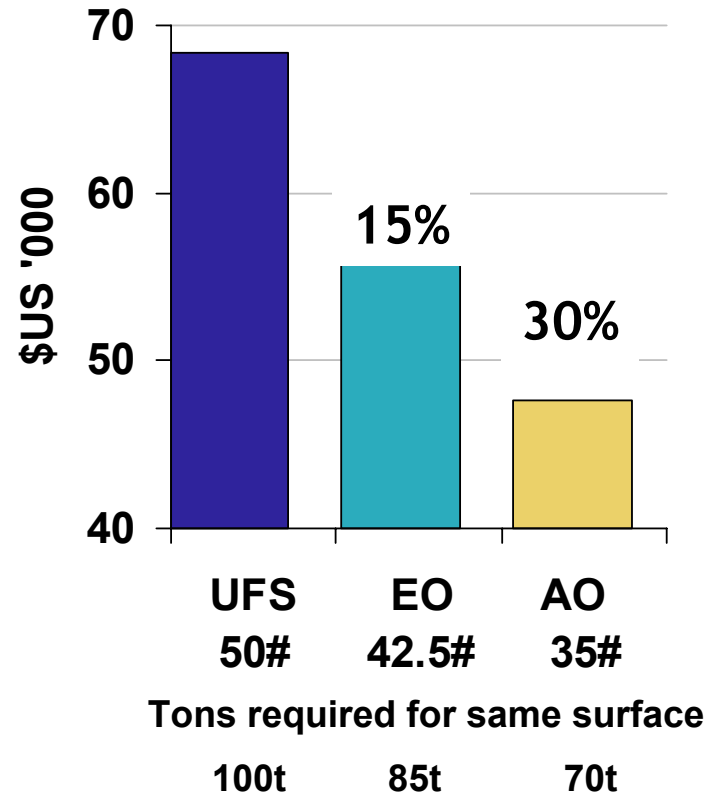
AO/EO Value Proposition

Environmental benefits & lower cost alternative for the customer

Pricing Levels



Equivalent paper cost for 100 tons of UFS 50#



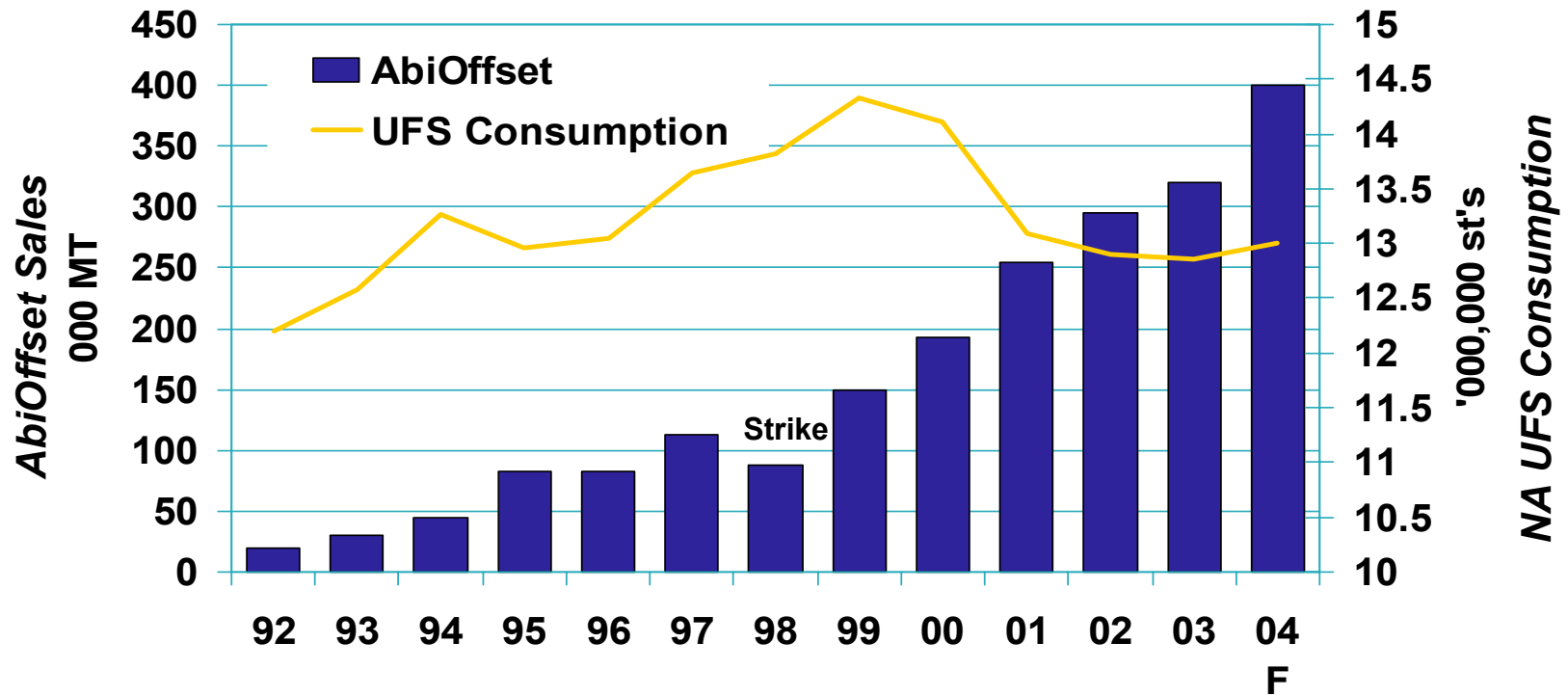
Tons required for same surface

100t 85t 70t

* 8 page, 8 1/2 x 10 1/2

AO/EO Sales History

ALTERNATIVE OFFSET  **EQUAL OFFSET** 



Continuous growth through economic volatility

Source: RISI NA P&W Historical, Aug '04

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