

ENVIRONMENTAL POLICY

West Fraser Timber Co. Ltd. is committed to responsible stewardship of the environment. A philosophy of continual improvement of our forest practices and manufacturing procedures has been adopted to optimize the use of resources and minimize or eliminate the impact of our operations on the environment. West Fraser recognizes that environmental excellence is an integral aspect of long-term business success.

Our Company and its employees are committed to the following:

- Complying with all applicable environmental laws and regulations, and with other requirements to which the organization subscribes.
- Preventing pollution and continuing to improve our environmental performance by setting and reviewing environmental objectives and targets.
- Conducting periodic environmental audits.
- Providing training for employees and contractors to ensure environmentally responsible work practices.
- Communicating our environmental performance to employees, customers, shareholders, local communities and other stakeholders.
- Reviewing, on a regular basis, this policy to ensure that it reflects the Company's ongoing commitment to environmental stewardship.

Environmental Certification

West Fraser maintains third-party sustainable forest management certification of all of its woodlands operations in British Columbia and Alberta, meeting a key membership requirement established by the Forest Products Association of Canada.

All of West Fraser's Canadian woodlands operations are certified to the Sustainable Forestry Initiative ("SFI") standard, other than its operations in Hinton, AB, which are certified to the CAN/CSA Z809 standard. Both SFI and CAN/CSA Z809 are internationally recognized certification systems which confirm that forest management practices are carried out to a standard that integrates the sustainable growing and harvesting of trees with the protection of wildlife, plants, water and soil quality, and with a wide range of conservation goals. With these systems in place, West Fraser's customers can have confidence that the Company's products are derived from sustainably-managed forests verified by independent third-party auditors.

In 2006, as part of its customer assurance program, West Fraser received certification of its chain of custody system to the Program for Endorsement of Forest Certification ("PEFC") standard for its Canadian forest products. The PEFC-certified chain of custody allows the Company to demonstrate to customers that the fibre in its supply chain comes from sources that comply with applicable laws, regulations and sustainable resource standards.

West Fraser also maintains certification of the Environmental Management Systems ("EMS") at its Canadian woodlands to ISO 14001, a widely recognized EMS certification system. ISO 14001 provides independent verification that the Company's EMS considers and takes measures to minimize or eliminate the environmental impact of its activities while striving for performance improvements.

The Cariboo, Hinton and Quesnel River pulp mills maintained their manufacturing EMS ISO 14001 registrations. The Alberta Newsprint mill and the Slave Lake Pulp mill obtained certification of their EMS and Safety programs under the Alberta Forest Products Association ForestCare program.

Both MDF manufacturing operations maintained the Green Cross certification, which verifies that MDF materials are made from 100% recycled content. They also maintained Environmentally Preferred Product certification from the Composite Panel Association.

In 2006, West Fraser conducted internal environmental audits at the linerboard and kraft paper mill at Kitimat, BC, the sawmills at Chasm, BC, Williams Lake, BC and Blue Ridge, AB, the plywood mills at Quesnel, BC and Williams Lake, BC and the MDF mill at Blue Ridge, AB. These audits complement West Fraser's external certification programs by monitoring the Company's practices and measuring its performance against internally-established targets.

Environmental Conservation

West Fraser has long been a participant in the joint conservation planning and research process with government agencies, industry and public interest groups related to the woodland caribou in Alberta and the mountain caribou in B.C. In 2006, West Fraser spearheaded the formation of the Caribou Landscape Management Association in Alberta, whose members include companies in the forest products and oil and gas sectors and an aboriginal organization. This group funds and provides on-the-ground caribou conservation solutions.

Permits, Approvals, and Leases

The sawmill at Blue Ridge, AB received registration under the Alberta government Code of Practice for Sawmill Plants, which replaces the system of individual approvals for sawmills in the province.

The LVL plant at Rocky Mountain House, AB renewed its operating approval issued by Alberta Environment. The approval specifies increased air emission monitoring requirements and requires the mill to reassess the effectiveness of its log yard stormwater collection system.

With the acquisition of Weldwood of Canada Limited in December 2004, West Fraser acquired a foreshore property lease on Vancouver Island that contains a former colliery wash pile. West Fraser completed work in 2006 to remediate a creek transiting the property to reduce the risk of erosion. West Fraser also conducted an extensive environmental characterization of the site and an assessment of various remedial options.

Effluent Quality

In 2006, the Alberta Newsprint mill achieved a 60% reduction in the discharge levels of phosphorous, an effluent nutrient, to the Athabasca River over those measured in 2005. The linerboard and kraft paper mill at Kitimat improved its effluent quality across several measures, with reductions during the past several years ranging from 25% to 75%. The Quesnel River pulp mill continues to realize improvements to effluent quality from the capital upgrade to its effluent treatment system completed in 2005. Additionally, the Hinton, Cariboo and Slave Lake pulp mills maintained consistent effluent quality performance within their permit levels.

Various improvements continue to be made at the Kitimat mill to address the effect of its effluent on the taste of eulachon, a species of fish that spawns in the Kitimat River and other northern rivers during a brief period each year. These improvements continue to increase the overall effectiveness of the effluent treatment system. Based upon the results of the 2006 program, West Fraser reached an agreement with the federal and provincial regulatory agencies to extend the terms of the program to address the effect of the Kitimat mill's effluent. This agreement is supported by the Haisla First Nation.

Alberta Environment has implemented a policy that will require pulp and paper mills in Alberta to reduce levels of biological oxygen demand and total suspended solids in pulp mill effluent. The new levels will be phased in over the next few years as pulp and paper mills renew their operating approvals. The Slave Lake pulp mill and the Alberta Newsprint mill recently received their approvals and are able to meet the new requirements. However, certain modifications may be necessary at the Hinton Pulp mill to ensure that it will also be able to meet these requirements. The renewal of its operating approval is expected in 2008.

Alberta Environment also requires pulp and paper mills operating on the Athabasca River to participate in water quality studies. West Fraser's mills are active participants in this ongoing initiative.

Air Quality

As part of the construction of the new Quesnel sawmill, an upgraded thermal energy system fueled by wood waste residuals to dry lumber was installed. This system is equipped with high efficiency air emission controls to minimize particulate discharges. The wood waste residuals supplying this system have been diverted from a beehive burner operated by a third party in the Quesnel community. These actions are part of the program to discontinue the use of the burner by December 2007 and meet the deadline established by the Province. West Fraser is also on schedule to close the beehive burner at its sawmill in Houston, BC to meet the same December deadline.

A thermal energy system was also commissioned at West Fraser's sawmill in Blue Ridge, AB. As this system replaced a burner, there has been a significant reduction in particulate discharges from the mill's operation. The Company's sawmill at Sundre, AB received an approval amendment for construction of a thermal energy system, which will be completed in 2007.

High efficiency air emission controls were installed at the plywood mill in Williams Lake, BC to reduce particulate discharges from the wood waste residual fired boiler system. This resolves an ongoing issue with permit non-compliance for boiler particulate emissions. An electrostatic precipitator was installed at the plywood facility in Edmonton, AB to reduce air emissions from the dryers.

In Williams Lake, Quesnel and the Bulkley Valley-Lakes District in B.C., West Fraser continues to participate in stakeholder airshed management planning processes aimed at improving air quality in these areas.

The U.S. sawmills at Joyce, AR and Huttig, LA are on track to meet the requirements for compliance with boiler maximum achievable control technology regulations that will come into effect by 2008.

Greenhouse Gases

West Fraser tracks greenhouse gas (“GHG”) emissions annually from its manufacturing plants. In 2006, total direct emissions were 41% below 1990 levels at the Company’s facilities despite increased production in all product segments.

Heat generated from the new thermal energy system at the Blue Ridge, AB sawmill displaced natural gas in the lumber drying kilns and resulted in reduced GHG emissions. The thermal energy system at the sawmill at Sundre, AB, to be completed in 2007, will also reduce GHG emissions.

The Canadian government has proposed legislation that would set GHG targets for the pulp and paper industry. All of West Fraser’s pulp and paper mills are expected to be subject to this legislation.

Non-compliances, Charges and Spills

In December 2004, West Fraser was charged in connection with a black liquor release into a drainage ditch in 2002 at its operation in Kitimat. West Fraser agreed to plead guilty under the federal Fisheries Act and under the B.C. Environmental Management Act and pay a penalty of \$100,000. In January 2006, the Kitimat mill exceeded lime kiln particulate emission limits. In November 2006, the mill had a release of dilute sodium hydroxide to a stormwater ditch but a significant portion of the chemical was recovered. This incident is under investigation by Environment Canada.

In 2005, the Cariboo Pulp mill was charged with two counts under the federal Transportation of Dangerous Goods Act regarding an incident which involved damage to a rail car alleged to contain sulphur dioxide. The incident occurred prior to West Fraser acquiring a 50% interest in this mill in December 2004. Although the charges were dismissed in 2006, the Crown is appealing the decision.

The MDF mill at Blue Ridge, AB exceeded permitted formaldehyde emission levels on several occasions from one of its dryers in 2005 and 2006. West Fraser is working with Alberta Environment to address this issue.

In 2005, the LVL mill at Rocky Mountain House, AB had several stormwater pond discharges that did not meet the requirements of its permits and in 2006 implemented interim measures to ensure that the stormwater pond did not overflow. The incidents in 2005 remain under investigation by Alberta Environment and the mill continues to work with its consultant and Alberta Environment to develop a permanent strategy for managing the pond. In 2006, the LVL mill exceeded permitted emission levels from its dryers. West Fraser plans to install an improved air emission discharge collection system for the dryers in 2007.

The sawmill at Fraser Lake, BC and the veneer mill at Slave Lake, AB had incidents of nonconformance with the operating temperature for their residual wood waste burners related to a lack of wood waste residuals and limited operating periods. The mills have implemented improved operating procedures to eliminate future nonconformance. The issues have been reviewed with regulators and no concerns were identified.

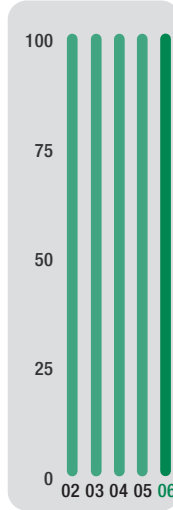
The joint-venture sawmill at Red Earth, AB, was shut down permanently in September 2005. Prior to the closure, the mill installed a hydrocarbon product recovery system to capture hydrocarbon contamination at the mill site, a condition that existed before West Fraser acquired its 50% ownership interest. Monitoring of site conditions and operation of the recovery system is ongoing.

COMPLIANCE WITH TOXICITY REGULATIONS

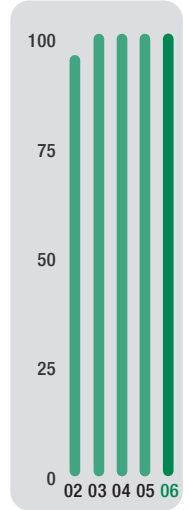
Eurocan Pulp & Paper
(%)



Cariboo Pulp & Paper
(%)



Hinton Pulp & Paper
(%)

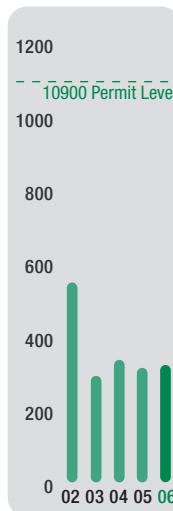


TOTAL SUSPENDED SOLIDS (TSS)

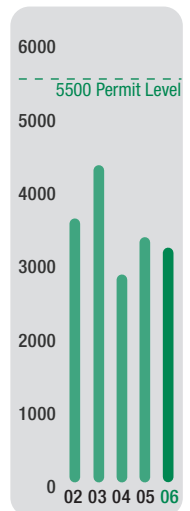
Eurocan Pulp & Paper
(milligrams per litre)



Cariboo Pulp & Paper
(kilograms per day)

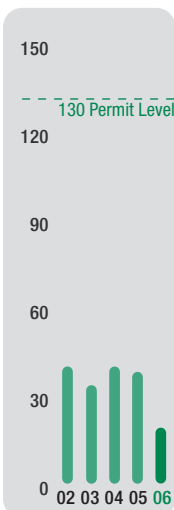


Hinton Pulp & Paper
(kilograms per day)



BIOCHEMICAL OXYGEN DEMAND (BOD)

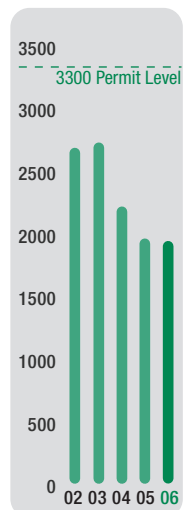
Eurocan Pulp & Paper
(milligrams per litre)



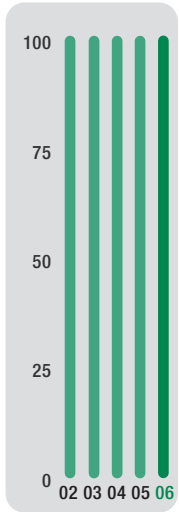
Cariboo Pulp & Paper
(kilograms per day)



Hinton Pulp & Paper
(kilograms per day)



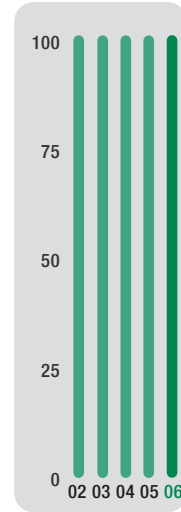
Alberta Newsprint
(%)



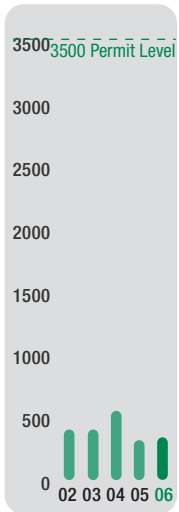
Slave Lake Pulp
(%)



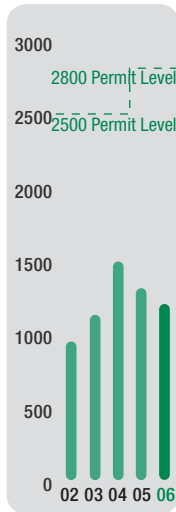
Quesnel River Pulp
(%)



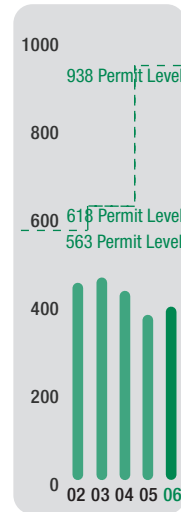
Alberta Newsprint
(kilograms per day)



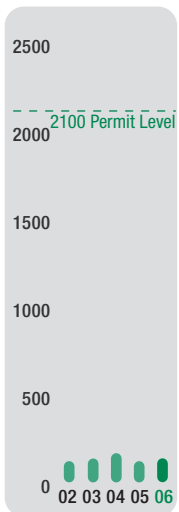
Slave Lake Pulp
(kilograms per day)



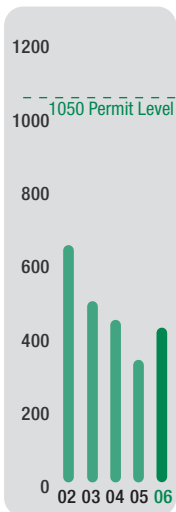
Quesnel River Pulp
(milligrams per litre)



Alberta Newsprint
(kilograms per day)



Slave Lake Pulp
(kilograms per day)



Quesnel River Pulp
(milligrams per litre)

