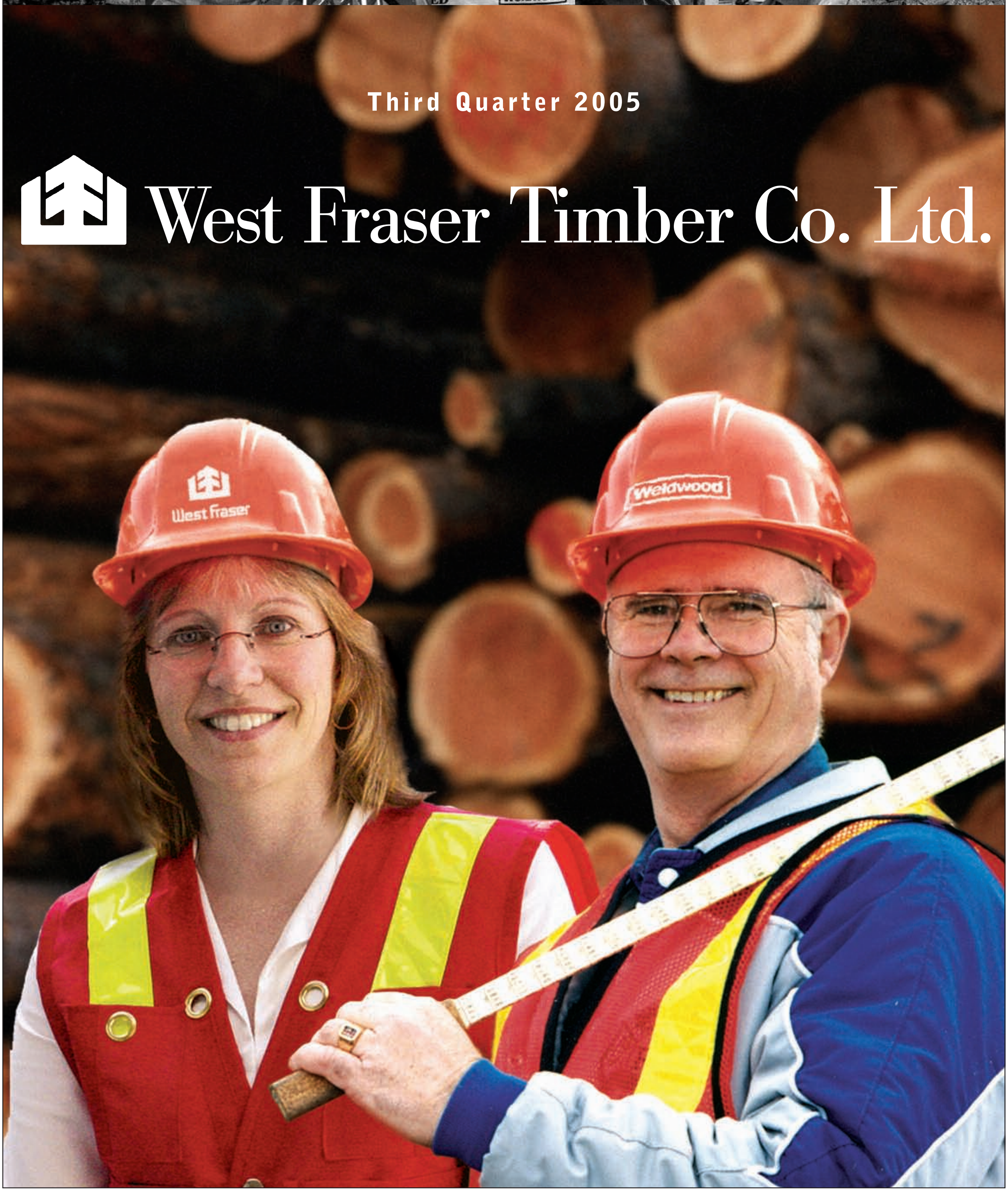
Third Quarter 2005

West Fraser Timber Co. Ltd.



Report to Shareholders

West Fraser earned $18 million or $0.42 per share on sales of $890 million compared to earnings of $78 million or $1.95 per share on sales of $700 million in the third quarter of 2004.

For the first nine months of 2005, earnings were $99 million or $2.29 per share, on sales of $2,745 million. This compares to earnings of $171 million or $4.48 per share, on sales of $1,848 million for the first nine months of 2004.

EBITDA[1] was $73 million or 8% of sales for the quarter compared to EBITDA of $144 million or 21% of sales in the third quarter of 2004. For the first nine months of 2005, EBITDA was $352 million or 13% of sales compared to $368 million or 20% of sales for the first nine months of 2004.

West Fraser's 2005 results include the results of operations from the Weldwood acquisition that closed on December 31, 2004, which are not reflected in reporting periods before 2005.

Third quarter 2005 earnings reflect the following after-tax items:

- An expense of $5 million or $0.12 per share related to the write-down of assets for a jointly-owned sawmill shut down in Red Earth, Alta;
- A gain of $3 million or $0.06 per share related to share option compensation recovery;
- A gain of $24 million or $0.55 per share related to the translation of U.S. dollar denominated debt; and
- A gain of $9 million or $0.22 per share related to the reduction of the B.C. statutory tax rate.

Third quarter 2004 earnings include the following after-tax items:

- An expense of $9 million or $0.22 per share related to share option compensation; and
- A gain of $9 million or $0.22 per share related to the translation of U.S. dollar denominated debt.

Operational Results

The Canadian dollar averaged US $0.832 in the third quarter of 2005 compared to US $0.804 in the second quarter of this year and US $0.765 in the third quarter of last year. The Company estimates that every U.S. cent increase or decrease relative to the Canadian dollar results in an approximate $19 million[2] change to earnings on an annualized basis.

The published price for natural gas increased by 27% compared to the last quarter and by 50% compared to the third quarter of 2004. For West Fraser, every one dollar price change per gigajoule of natural gas results in approximately a $7 million change[3] in annualized earnings based on current usage.

EBITDA in the lumber division for the quarter was $52 million or 10% of sales compared to $108 million or 18% of sales in the preceding quarter and $129 million or 27% of sales in third quarter of 2004. The decline in EBITDA margin compared to the previous quarter and the same period in 2004 was due primarily to lower prices of SPF lumber. Benchmark SPF 2X4 lumber prices averaged US $328 per Mfbm in the current quarter compared to the previous quarter's average of US $361 per Mfbm and an average of US $434 per Mfbm in the third quarter of 2004.

The extensive damage caused by the hurricanes in the U.S. South resulted in short-lived price increases for various building products, including lumber. Fortunately, the hurricane activity did not directly affect West Fraser's employees or operations in Louisiana and Arkansas.

During the quarter, West Fraser shut down its joint-venture Red Earth, Alta. sawmill due to very difficult operating conditions, resulting in an after-tax write-down of $5 million. In B.C., construction of the new sawmill in Quesnel is progressing on schedule. All of the key equipment has been ordered and almost 70% of the foundation is in place.

The ongoing softwood lumber dispute with the United States continued to impact the Company. Lumber export duties expensed in the quarter were $39 million (last quarter - $43 million; third quarter 2004 - $52 million). As at September 30, 2005, the total amount on deposit related to duties is US $346 million, not including the amounts on deposit from Weldwood prior to the acquisition.

Panel operations generated EBITDA of $14 million or 11% of sales in the quarter compared to $17 million or 13% of sales in the previous quarter and $20 million or 27% of sales in the comparable quarter of 2004. The EBITDA decline in this period primarily reflects lower plywood prices.

Weaker demand for MDF combined with increased sales to Asian markets resulted in lower mill nets compared to both the second quarter of 2005 and the third quarter of 2004. West Fraser's laminated veneer lumber operation continued to perform well.

Pulp and paper operations produced EBITDA of $8 million or 3% of sales for the quarter compared to EBITDA of $15 million or 6% of sales in the last quarter and EBITDA of $12 million or 8% of sales in the same quarter last year. The decline in EBITDA was the result of low pulp and linerboard prices in the quarter compounded by the stronger Canadian dollar.

Integration Activities On Track

West Fraser's integration activities are well underway. Key personnel and organizational changes have been implemented, and the centralization of North American lumber sales and information technology functions in Quesnel, B.C. is nearing completion. A detailed systems integration process, which will continue into 2006, is underway to ensure the establishment of common technology platforms.

Lumber Trade Dispute

On August 10, 2005, a NAFTA Extraordinary Challenge Committee unanimously upheld a NAFTA panel ruling that evidence relied upon by the U.S. did not support its finding that Canadian imports threatened to injure the U.S. industry and further confirmed the panel's specific instruction that the U.S. find no threat of injury. This ruling was expected to result in the U.S. withdrawal of the countervailing and antidumping cases, and the refund of cash deposits with interest. The U.S. has so far refused to comply with the ruling.

Although the U.S. has said it is not legally obligated to refund the deposits, another NAFTA panel recently ruled – in a related West Fraser appeal of the antidumping order – that the U.S. has no authority to keep deposits collected pursuant to an invalid order.

On behalf of the Board of Directors,

Henry H. Ketcham
Chairman of the Board,
President & Chief Executive Officer
October 24, 2005

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[1] Throughout the Report to Shareholders, reference is made to EBITDA (defined as operating earnings plus amortization of property, plant, equipment and timber), which the Company considers to be a key performance indicator. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to earnings or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA, the Company's use of the term may not be directly comparable with similarly titled measures used by other companies.

[2] Excludes the exchange impact on translation of U.S. denominated debt and other monetary items.

[3] Relates to direct usage.

Management's Discussion & Analysis

West Fraser

The following discussion and analysis should be read in conjunction with the unaudited consolidated interim financial statements included in this quarterly report and Management's Discussion & Analysis included in the Company's 2004 annual report. Additional information relating to the Company, including the Company's AIF is available on SEDAR at www.sedar.com.

The information contained in this report includes forward-looking statements the accuracy of which depends on a number of assumptions and is subject to risks and uncertainties. These include, but are not limited to, uncertainties associated with the effect of general economic conditions on demand for the Company's products, foreign exchange rate fluctuations, adjustments related to the Weldwood acquisition, trade sanctions, the availability of fibre and changes in stumpage fees, competition, operational curtailments and transportation limitations, natural disasters, insect infestation, the effects of forestry, land use, environmental and other government regulations, First Nations claims, and the ability of the Company to execute its business plans. Accordingly, actual results, performance and achievements of the Company may differ materially from those projected.

Throughout this report, reference is made to EBITDA (defined as operating earnings plus amortization of property, plant, equipment and timber), which the Company considers to be a key performance indicator. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to earnings or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA, the Company's use of the term may not be directly comparable with similarly titled measures used by other companies.

The information in this report is as at October 24, 2005.

Corporate Overview and Highlights

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Financial Highlights *(millions of $, except as noted)*				
Sales	889.5	700.0	2,744.7	1,847.6
Operating Earnings	4.1	108.1	160.8	261.0
Amortization	68.4	36.0	191.0	107.0
EBITDA	72.5	144.1	351.8	368.0
EBITDA – % of Sales	8	21	13	20
Earnings	18.1	78.0	99.0	171.4
Diluted Earnings per Share (dollars)	0.42	1.95	2.29	4.48
Average U.S. / Canadian exchange rate	1.201	1.307	1.224	1.328
Operating Highlights				
Lumber (Mfbm)				
Production	1,037,732	693,884	3,201,160	2,107,789
Shipments	1,135,349	768,200	3,185,491	1,991,319
Panels				
MDF (Msf – 3/4″)				
Production	73,383	71,851	219,711	211,475
Shipments	69,127	68,211	215,599	216,086
Plywood (Msf – 3/8″)				
Production	182,389	64,286	545,620	191,414
Shipments	203,408	66,054	551,138	200,249
LVL (cf)				
Production	808,424	–	2,441,720	–
Shipments	783,903	–	2,400,374	–
Pulp & Paper (tonnes)				
Linerboard & Kraft Paper				
Production	115,657	118,595	335,777	328,603
Shipments	109,288	126,090	337,966	327,350
NBSK				
Production	147,175	–	427,457	–
Shipments	148,444	–	429,564	–
BCTMP				
Production	147,374	130,156	415,595	391,578
Shipments	112,052	99,106	384,946	355,649
Newsprint				
Production	33,186	33,926	100,586	102,281
Shipments	33,132	34,107	99,412	101,253

Selected Quarterly Information
($ millions, except EPS amounts which are in $)

	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003
Sales	889.5	952.8	902.4	552.4	700.0	606.5	541.1	466.9
Earnings	18.1	38.0	42.9	40.6	78.0	66.9	26.5	34.3
Basic EPS	0.42	0.89	1.00	1.10	2.12	1.82	0.72	0.93
Diluted EPS	0.42	0.88	0.99	0.94	1.95	1.79	0.71	0.92

West Fraser acquired Weldwood of Canada Limited ("Weldwood") on December 31, 2004 (see "Weldwood Acquisition"). The inclusion of Weldwood's operations from January 1, 2005 has significantly increased the Company's 2005 production and shipments of lumber, plywood, laminated veneer lumber ("LVL") and pulp.

Third quarter and first nine months EBITDA as a percentage of sales were lower than the comparative periods of 2004 due primarily to the stronger Canadian dollar, lower SPF lumber, plywood and pulp prices and increased natural gas and other fuel prices. A stronger Canadian dollar in 2005 largely offset 2005 U.S. dollar price increases for newsprint. First nine month EBITDA as a percentage of sales was further reduced compared to the first nine months of 2004 by $17.1 million related to the increase in cost of sales resulting from the valuation of acquired finished goods inventory at fair value. This was a one-time adjustment as a result of the Weldwood acquisition.

As most of the Company's products are sold in U.S. dollars, any significant change to the Canadian-U.S. dollar exchange rate has a material effect on sales and earnings for the period. The Company's U.S. denominated debt provides a partial hedge against these fluctuations. The movement in the exchange rate resulted in a gain on long-term debt of $23.8 million in the quarter (net gain of $13.9 million for the first nine months of 2005) compared to a gain of $9.0 million in the third quarter of 2004 (net gain of $4.0 million for the first nine months of 2004).

Increased natural gas and fuel costs impact the Company on a direct consumption basis and through inflationary increases in other costs, such as freight and chemicals. The published[1] natural gas price increased to an average of $8.82 per gigajoule ("Gj") for the quarter compared to $6.97 per Gj in the second quarter of this year and $5.87 per Gj in the third quarter of 2004. For the Company, every one dollar change per Gj of natural gas results in approximately a $7.0 million change[2] in annualized after tax earnings based on current usage.

Administration expense increased by $14.1 million from the third quarter of 2004 and by $41.4 million from the first nine months of 2004 due largely to the addition of the Weldwood operations.

The share option expense represented a recovery of $4.2 million for the quarter compared to an expense of $13.6 million for the comparative quarter of 2004. Year-to-date the recovery was $1.1 million compared to an expense of $29.8 million for the first nine months of 2004. The expense is calculated based on the Company's average share price for the last day of the period and the number of options vested and outstanding.

Other expense of $10.2 million for the quarter is comprised primarily of a $13.0 million net foreign exchange translation loss on U.S. denominated receivables and foreign operations and a $1.9 million gain on the sale of property, plant and equipment.

The financing of the Weldwood acquisition resulted in increased interest expense of $7.4 million from the comparative quarter of last year and of $27.0 million from the first nine months of last year. Included in the first nine month results was an expense of $2.6 million of previously deferred costs related to debt that was paid before its due date (see "Capital Requirements and Liquidity").

The third quarter 2005 and first nine month income tax provision reflects a $9.5 million future income tax adjustment as a result of a 1% reduction of the British Columbia income tax rate, substantively enacted as of September 14, 2005.

[1] Per the AEC CGPR5A index

[2] Relates to direct usage

Weldwood Acquisition

On December 31, 2004, the Company completed the acquisition of Weldwood. The purchase price, excluding acquired cash, but including estimated transaction and restructuring costs of $25.1 million, was $1,123.9 million. The purchase price is subject to adjustments.

The Company has established an $80 million annual synergy target. It is estimated that full synergies will be achieved by the end of 2007, with at least one-third realized by the end of 2005. Major synergies are expected to be realized by applying best practices, increasing lumber output, rationalizing log deliveries and other fiber supplies, as well as eliminating duplicate functions where appropriate.

The Company has revised its organizational structure and reporting responsibilities and has completed the restructuring framework. A significant effort is being directed to harmonizing various business and accounting systems, a process that will continue through 2006.

In February 2005, the Burns Lake Native Development Corporation ("BLNDC"), a shareholder in the Company's Babine and Decker Lake operations, filed an application to have the Competition Tribunal vary or cancel the Company's obligation to sell these operations as required under a Consent Agreement between the Company and the Canadian Commissioner of Competition. At this time there is no certainty as to either the outcome of the application or the timing of a final determination.

Lumber

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Production – SPF – MMfbm	937	612	2,907	1,874
Production – SYP – MMfbm	101	82	294	234
Shipments – SPF – MMfbm	1,038	696	2,914	1,775
Shipments – SYP – MMfbm	97	72	271	216
Sales – $ millions	539	482	1,642	1,188
EBITDA – $ millions	52	129	262	306
EBITDA margin – %	10	27	16	26
Operating Earnings – $ millions	16	113	171	260
Benchmark Price – SPF #2 & Better 2 x 4 – (US$ per Mfbm)[1]	328	434	361	413
– SYP #2 West 2 x 4 – (US$ per Mfbm)[1]	443	404	423	384

[1]Source: Random Lengths-price before duties.

Production and shipments increased over the same periods in 2004 due primarily to the addition of sawmills acquired as part of the Weldwood transaction. In addition, the U.S. lumber operations increased both production and shipments in the third quarter and first nine months of 2005 as the Huttig sawmill was being rebuilt during the first quarter of 2004.

Lumber EBITDA as a percentage of sales decreased from the third quarter of 2004 and from the first nine months of 2004 primarily as a result of lower SPF lumber prices, lower chip prices and a stronger Canadian dollar.

The U.S. softwood lumber duties continued to adversely affect the Company's financial results. The following table presents duties expensed in the periods indicated.

Export Duties ($ millions)	Q1	Q2	Q3	Q4	Total
2005	41	43	39	–	123
2004	31	42	52	31	156
2003	23	26	31	32	112
2002[1]	2	(13)	29	24	42

[1]After 2001 reversals.

Despite continued strong North American housing starts, SPF lumber prices declined in the third quarter and first nine months of 2005 compared to the same periods of last year. Although the benchmark SPF lumber price increased briefly during the quarter as a result of recent hurricane damage in the U.S. South, the effect was temporary and did not have a material impact on quarterly results.

Construction of the sawmill in Quesnel, B.C. commenced in the second quarter and is on schedule to be completed in the summer of 2006. The mill will have three lines and an annual capacity of 500 MMfbm on a two-shift basis. Effective July 18, 2005, a third shift was added to the sawmill in Houston, B.C. increasing capacity by approximately 100 MMfbm per year. The Company plans to add a third shift to the sawmill in 100 Mile House, B.C. by the first quarter of 2006, which would increase its capacity by approximately 70 MMfbm. Total capital expenditures related to adding these third shifts are expected to be approximately $18.0 million.

During the quarter, the joint-venture sawmill in Red Earth, Alberta was shut down due to difficult operating conditions and the Company wrote off mill assets of $5.2 million, most of which was included in amortization.

Panels

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Production – MDF – Msf – 3/4″ basis	73,383	71,851	219,711	211,475
Shipments – MDF – Msf – 3/4″ basis	69,127	68,211	215,599	216,086
Production – Plywood – Msf – 3/8″ basis	182,389	64,286	545,620	191,414
Shipments – Plywood – Msf – 3/8″ basis	203,408	66,054	551,138	200,249
Production – LVL – cf	808,424	–	2,441,720	–
Shipments – LVL – cf	783,903	–	2,400,374	–
Sales – $ millions	129	73	397	219
EBITDA – $ millions	14	20	53	59
EBITDA margin – %	11	27	13	27
Operating Earnings – $ millions	5	15	26	42
Benchmark Price – MDF (3/4″ basis US$ per Msf)[1]	455	447	458	423
– Plywood (3/8″ basis Cdn$ per Msf)[2]	359	547	386	556

[1]Source: RISI and West Fraser database.

[2]Source: Crow's, Toronto

EBITDA as a percentage of sales decreased from the third quarter and first nine months of 2004 mainly as a result of lower plywood prices and higher 2005 plywood production costs per unit. The 2004 plywood costs per unit were favourably impacted by a downward revision to the Company's silviculture and crown dues accruals.

Plywood

Production and shipments increased in the third quarter and first nine months of 2005 compared to the same periods in 2004 due to the addition of the two Weldwood plywood plants.

MDF

Realized MDF mill nets were lower despite an increase in the MDF benchmark price for the quarter compared to last year. Increased offshore sales, higher freight costs and the stronger Canadian dollar contributed to the decline.

Laminated Veneer Lumber

The Company's LVL mill operated well through the quarter. Demand for LVL was strong in the quarter but is expected to weaken in the fourth quarter of 2005 due to seasonal fluctuations. However, prices should remain stable.

Pulp & Paper

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Sales – $ millions	243	160	776	480
EBITDA – $ millions	8	12	52	45
EBITDA margin – %	3	8	7	9
Operating Earnings – $ millions	(16)	(2)	(19)	1

Sales were higher than the corresponding periods in 2004 largely due to the acquisition of Weldwood's NBSK business.

EBITDA as a percentage of sales for the third quarter and first nine months of 2005 were lower than the comparative periods of 2004 primarily due to lower pulp and linerboard prices, lower EBITDA percentages from the NBSK mills, higher natural gas costs and the stronger Canadian dollar. Inventory writedowns of approximately $5.0 million due to market price declines were recorded in the quarter. Lower chip costs and higher newsprint prices only partially offset the EBITDA decline. The improved operating performance of the Kitimat facility partially offset the decline in EBITDA margin for the first nine months of 2005 compared to the same period in 2004.

Pulp

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Production – BCTMP – tonnes	147,374	130,156	415,595	391,578
Shipments – BCTMP – tonnes	112,052	99,106	384,946	355,649
Production – NBSK – tonnes	147,175	–	427,457	–
Shipments – NBSK – tonnes	148,444	–	429,564	–
Benchmark Price – NBSK – US$ per tonne[1]	625	670	649	643

[1]Source: Pulp & Paper Weekly – U.S. Northern Cdn NBSK List Price.

Production of BCTMP was at record levels. Shipments were below production in 2005 due in part to poor markets and the truckers' dispute with the Port of Vancouver, which delayed shipments to the fourth quarter. Despite higher natural gas prices, BCTMP production costs were lower than the comparative quarter.

NBSK production was near capacity in the quarter. To the end of September 2005, the Hinton mill produced at record levels. Rising natural gas and other fuel prices have resulted in increased energy costs as well as increased chemical and transportation costs.

Pulp prices are expected to increase in the fourth quarter due to improved demand from key markets. The medium term outlook is uncertain as paper demand remains weak and new pulp capacity will put further downward pressure on prices.

Linerboard and Kraft Paper

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Production – tonnes	115,657	118,595	335,777	328,603
Shipments – tonnes	109,288	126,090	337,966	327,350
Benchmark Price – linerboard US$ per short ton[1]	413	450	434	408

[1]Source: Pulp & Paper Weekly – Unbleached Linerboard Kraft, East.

Production in the quarter declined slightly from the comparative quarter of 2004 but remained at record levels for the first nine months of 2005. Despite increased natural gas costs, production costs declined due primarily to lower fiber costs. Although costs have declined, profitability at current price levels and exchange rates is not likely.

Sales returns for linerboard and kraft paper were lower in the quarter compared to the third quarter of 2004. Lower U.S. linerboard prices, higher delivery costs and the stronger Canadian dollar all contributed to the decline. Through the first nine months of the year, U.S. dollar prices of linerboard and kraft paper were higher than the corresponding period in 2004. Canadian dollar mill nets were also higher in the first nine months of 2005 despite the stronger Canadian dollar. Linerboard prices are expected to improve in the fourth quarter.

Newsprint

West Fraser's Share	July 1 to September 30 2005	July 1 to September 30 2004	January 1 to September 30 2005	January 1 to September 30 2004
Production – tonnes	33,186	33,926	100,586	102,281
Shipments – tonnes	33,132	34,107	99,412	101,253
Benchmark Price – US$ per tonne[1]	620	552	602	544

[1]Pulp & Paper Weekly – U.S. West Coast Price.

North American newsprint prices have increased from the comparative period in 2004. However the price increase was partially offset by the stronger Canadian dollar. Despite a continuing decline in North American newsprint consumption, ANC expects to remain fully sold for the remainder of the year.

Change in Accounting Policy

Variable Interest Entities

Effective January 1, 2005, the Company adopted a new accounting guideline (CICA Accounting Guideline 15) relating to the consolidation of variable interest entities. This guideline requires the consolidation of certain entities that are subject to control on a basis other than the ownership of voting interests. Accordingly, the Company began consolidating one of its joint-venture interests that was previously proportionately consolidated. There was no impact on earnings or equity resulting from the application of the guideline. The change in accounting policy was applied prospectively with no restatement of prior periods.

Capital Requirements and Liquidity

Summary of Financial Position

	September 30 2005	December 31 2004
Current Assets – $ millions	910.6	1,209.8
Current Liabilities – $ millions	525.3	806.0
Ratio of current assets to current liabilities	1.7	1.5
Net Debt– $ millions	703.1	602.1
Shareholders' Equity – $ millions	1,863.1	1,781.5
Net Debt to Capitalization – %[1]	27	25

[1]Net debt (total debt less cash and short-term investments) divided by net debt plus shareholders' equity.

The Company's cash requirements, other than for operating purposes, are primarily for interest, additions to property, plant, equipment and timber, acquisitions and payment of dividends. In years without a major acquisition, cash on hand and cash provided by operations have normally been sufficient to meet these requirements.

Cash and short-term investments were $25.4 million at September 30, 2005 compared to $349.6 million at

December 31, 2004.

Cash from operating activities in the third quarter was $71.5 million, comprised of cash generated of $33.0 million before the change in non-cash working capital items and cash generated of $38.5 million related to non-cash working capital items. Cash generated from operating activities for the first nine months of the year was $45.7 million, comprised of cash generated of $236.8 million before the change in non-cash working capital items and cash used of $191.1 million related to non-cash working capital items.

Cash used in investing activities was $36.4 million in the third quarter of 2005 and $137.4 million in the first nine months of 2005. The majority of cash was used to purchase property, plant and equipment which was partially offset by proceeds received from asset sales.

Cash used in financing activities of $54.1 million in the third quarter was for payment of dividends of $5.9 million and repayment of long-term debt of $148.4 million which was partially offset by proceeds of $100.0 million from the Company's operating line. The first nine months financing activities used $17.9 million for payment of dividends and $249.0 million for repayment of long-term debt which was partially offset by proceeds of $34.0 million from the operating line.

On September 15, 2005 the Company repaid U.S. $125.0 million of long-term debt, of which $100 million was funded by utilizing the Company's operating line. The Company has an operating line of $530.1 million, of which $57.0 million secures letters of credit and $373.1 million was available at September 30, 2005.

Capital Structure

The Company issued 6,822 Common shares for $0.3 million during the nine months ended September 30, 2005. The shares issued and outstanding at September 30, 2005 are presented in the table below.

	September 30 2005
Common	37,366,366
Class B Common	5,385,206
Total Common	42,751,572

Common shares and Class B common shares are equal in all respects except that each Class B common share may be exchanged for one Common share.

Foreign Exchange

Most of the Company's sales are at prices that, although denominated in a variety of currencies, are generally based on prevailing U.S. dollar prices. This results in significant earnings sensitivity to changes in the U.S. – Canadian dollar exchange rate. Also, payment terms for offshore sales may be up to 180 days and exchange rate fluctuations in the period between purchase and payment exposes the Company to additional currency risk. Currently, the Company is not hedging its foreign exchange exposure with financial forward or option contracts.

The U.S. dollar averaged Cdn$1.201 in the quarter compared to Cdn$1.307 in the third quarter of 2004 and averaged Cdn$1.224 in the first nine months of 2005 compared to Cdn$1.328 in the first nine months of 2004.

Stumpage

The B.C. government has announced that effective April 1, 2006, there will be revisions to interior log grades for stumpage purposes. Although details are not yet available, the likely result of these changes will be an increase in stumpage charged for dry saw logs with a corresponding decrease in stumpage charged for green saw logs. The impact of possible changes to the stumpage rates on the Company can not be determined at this time.

Port of Vancouver Truckers Dispute

On August 2, 2005, private truckers began delivering containers to the Port of Vancouver. The truckers had withdrawn their services beginning on June 27, 2005. The dispute affected the Company's offshore shipments but did not have a material financial impact.

U.S. Trade Dispute

Update

On February 24, 2005, the countervailing duty ("CVD") deposit rate was reduced to 16.37% due to a ministerial error recalculation. Also on January 17, 2005, West Fraser's antidumping duty ("ADD") deposit rate was reduced to 0.91% due to a ministerial error recalculation.

A June 9, 2005 NAFTA ("North American Free Trade Agreement") determination ordering the U.S. Department of Commerce ("USDOC") to revoke the ADD order against West Fraser has still not been implemented. A subsequent USDOC ruling that the West Fraser rate is de minimus was conditioned on the decision applying only prospectively, and would not involve refund of duty deposits paid. West Fraser appealed the refund aspect of the decision to the NAFTA Panel, and a decision which is expected to support the refund of deposits, should be issued during the fourth quarter.

On August 10, 2005, a NAFTA Extraordinary Challenge Committee ("ECC") unanimously upheld a NAFTA Panel ruling that evidence relied upon by the U.S. International Trade Commission ("ITC") did not support its finding that Canadian imports threatened to injure the U.S. industry, and further confirmed the NAFTA Panel's specific instruction that the ITC find no threat of injury. This ruling should have resulted in the U.S. withdrawal of the CVD and ADD cases and the refund of the cash deposits, with interest. To date, the U.S. has refused to comply with the ruling.

On October 5, 2005, another NAFTA Panel remanded to the USDOC a CVD investigation decision with specific instructions regarding the subsidy calculation. If USDOC calculates the subsidy rate according to the NAFTA Panel's directions, the result should be de minimus on a country-wide basis, which should lead to revocation of the CVD order.

Attempts to find a negotiated solution have stalled given the refusal of the U.S. to implement the ECC decision on injury. The Canadian government has taken the position that the U.S. must respect NAFTA decisions, which are based on U.S. law and conditioned any further talks on U.S. compliance.

This issue has reached a new dimension with the U.S. industry launching a constitutional challenge to the NAFTA dispute settlement process (Chapter 19), and Canada supporting the U.S. government in defense of NAFTA.

Consolidated Statements of Earnings and Retained Earnings

(in millions of Canadian dollars – unaudited)	July 1 to September 30 2005	July 1 to September 30 2004	January 1 to September 30 2005	January 1 to September 30 2004
EARNINGS				
Sales	$ 889.5	$ 700.0	$ 2,744.7	$ 1,847.6
Costs and expenses				
Cost of products sold	613.5	375.5	1,774.8	1,013.1
Freight and other distribution costs	137.6	98.1	401.5	258.1
Countervailing and antidumping duties	38.9	51.6	122.5	124.8
Amortization	68.4	36.0	191.0	107.0
Selling, general and administration	31.2	17.1	95.2	53.8
Share option expense (recovery)	(4.2)	13.6	(1.1)	29.8
	885.4	591.9	2,583.9	1,586.6
Operating earnings	4.1	108.1	160.8	261.0
Other				
Interest expense – net	(10.4)	(3.0)	(38.3)	(11.3)
Exchange gain on long-term debt	23.8	9.0	13.9	4.0
Other income (expense)	(10.2)	0.3	(1.6)	1.8
Earnings before income taxes and non-controlling interest	7.3	114.4	134.8	255.5
Income tax (expense) recovery	11.0	(36.4)	(34.4)	(84.1)
Earnings before non-controlling interest	18.3	78.0	100.4	171.4
Non-controlling interest	(0.2)	–	(1.4)	–
Earnings	$ 18.1	$ 78.0	$ 99.0	$ 171.4
Earnings per share *(note 8)*				
Basic	$ 0.42	$ 2.12	$ 2.32	$ 4.65
Diluted	$ 0.42	$ 1.95	$ 2.29	$ 4.48
RETAINED EARNINGS				
Balance – beginning of period	$ 1,254.0	$ 1,076.9	$ 1,185.1	$ 993.8
Earnings	18.1	78.0	99.0	171.4
	1,272.1	1,154.9	1,284.1	1,165.2
Common share dividends	(5.9)	(5.2)	(17.9)	(15.5)
Balance – end of period	$ 1,266.2	$ 1,149.7	$ 1,266.2	$ 1,149.7

Consolidated Statements of Cash Flows

(in millions of Canadian dollars – unaudited)	July 1 to September 30 2005	2004	January 1 to September 30 2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Earnings	$ 18.1	$ 78.0	$ 99.0	$ 171.4
Items not affecting cash				
Amortization	68.4	36.0	191.0	107.0
Exchange gain on long-term debt	(23.8)	(9.0)	(13.9)	(4.0)
Change in reforestation obligation	(11.3)	(7.3)	(5.6)	(5.4)
Change in other long-term liabilities	0.1	0.3	1.3	(0.5)
Change in deferred charges	(3.5)	(3.0)	(1.3)	(3.4)
Future income taxes	(13.9)	(7.2)	(31.5)	(16.6)
Gain on sale of property, plant, equipment & timber	(1.9)	–	(5.4)	(0.3)
Other	0.8	0.6	3.2	1.8
	33.0	88.4	236.8	250.0
Net change in non-cash working capital items	38.5	91.9	(191.1)	69.2
	71.5	180.3	45.7	319.2
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term debt	(148.4)	–	(249.0)	(13.3)
Net proceeds of bank loans	100.0	–	34.0	–
Dividends	(5.9)	(5.2)	(17.9)	(15.5)
Proceeds from subscription receipts issue (net)	–	267.2	–	267.2
Issuance of Common shares *(note 7)*	0.1	0.1	0.3	0.6
Other	0.1	0.1	0.1	0.2
	(54.1)	262.2	(232.5)	239.2
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant, equipment & timber	(58.6)	(39.5)	(160.9)	(98.7)
Proceeds from disposal of property, plant, equipment & timber	16.7	0.4	23.4	3.8
Change in restricted cash	–	(275.0)	–	(275.0)
(Increase) decrease in other assets	5.5	3.8	0.1	(8.9)
	(36.4)	(310.3)	(137.4)	(378.8)
Change in cash and short-term investments	(19.0)	132.2	(324.2)	179.6
Cash and short-term investments – beginning of period	44.4	313.3	349.6	265.9
Cash and short-term investments – end of period	$ 25.4	$ 445.5	$ 25.4	$ 445.5
Interest paid	$ 5.9	$ 6.3	$ 31.3	$ 17.4
Income taxes paid	$ 17.4	$ 9.2	$ 242.8	$ 26.2

Consolidated Balance Sheets

(in millions of Canadian dollars – unaudited)	As at September 30, 2005	As at December 31, 2004
ASSETS		
Current assets		
Cash and short-term investments	$ 25.4	$ 349.6
Accounts receivable	299.1	296.2
Income tax receivable	19.3	–
Inventories	538.7	541.2
Prepaid expenses	28.1	22.8
	910.6	1,209.8
Property, plant, equipment & timber	2,301.3	2,337.0
Deferred charges	37.6	36.3
Goodwill	276.7	276.7
Other assets	61.4	67.6
	$ 3,587.6	$ 3,927.4
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Bank operating loans	$ 100.0	$ 66.0
Accounts payable and accrued liabilities	373.3	392.1
Income tax payable	–	147.3
Current portion of reforestation obligation	50.8	50.4
Current portion of long-term debt	1.2	150.2
	525.3	806.0
Long-term debt	627.3	735.5
Other liabilities *(note 6)*	186.8	189.2
Future income taxes	378.1	409.6
Non-controlling interest	7.0	5.6
	1,724.5	2,145.9
Shareholders' equity *(note 7)*	1,863.1	1,781.5
	$ 3,587.6	$ 3,927.4

Number of Common shares outstanding at October 20, 2005 was 42,752,472

Third Quarter Segmented Information

(in millions of Canadian dollars – unaudited)	Lumber	Panels	Pulp & Paper	Corporate & Other	Consolidated
July 1, 2005 to September 30, 2005					
Sales					
To external customers	$ 519.8	$ 126.8	$ 242.9	$ –	$ 889.5
To other segments	19.6	1.9	–	–	
	$ 539.4	$ 128.7	$ 242.9	$ –	
EBITDA[1]	$ 51.8	$ 13.7	$ 7.8	$ (0.8)	$ 72.5
Amortization	35.6	8.9	23.5	0.4	68.4
Operating earnings (loss)	16.2	4.8	(15.7)	(1.2)	4.1
Interest expense	(7.9)	(3.1)	(1.7)	2.3	(10.4)
Exchange gain on long-term debt	–	–	–	23.8	23.8
Other income (expense)	2.0	(0.4)	(0.6)	(11.2)	(10.2)
Earnings (loss) before income taxes & non-controlling interest	$ 10.3	$ 1.3	$ (18.0)	$ 13.7	$ 7.3
July 1, 2004 to September 30, 2004					
Sales					
To external customers	$ 467.5	$ 72.9	$ 159.6	$ –	$ 700.0
To other segments	14.6	–	–	–	
	$ 482.1	$ 72.9	$ 159.6	$ –	
EBITDA[1]	$ 129.4	$ 19.8	$ 12.0	$ (17.1)	$ 144.1
Amortization	16.5	5.1	14.1	0.3	36.0
Operating earnings (loss)	112.9	14.7	(2.1)	(17.4)	108.1
Interest expense	(1.9)	(0.3)	(1.1)	0.3	(3.0)
Exchange gain on long-term debt	–	–	–	9.0	9.0
Other income (expense)	2.3	–	–	(2.0)	0.3
Earnings (loss) before income taxes & non-controlling interest	$ 113.3	$ 14.4	$ (3.2)	$ (10.1)	$ 114.4

First Nine Month Segmented Information

(in millions of Canadian dollars – unaudited)	Lumber	Panels	Pulp & Paper	Corporate & Other	Consolidated
January 1, 2005 to September 30, 2005					
Sales					
To external customers	$ 1,577.8	$ 391.0	$ 775.9	$ –	$ 2,744.7
To other segments	64.3	5.6	–	–	
	$ 1,642.1	$ 396.6	$ 775.9	$ –	
EBITDA[1]	$ 262.1	$ 52.6	$ 51.9	$ (14.8)	$ 351.8
Amortization	91.2	27.1	70.7	2.0	191.0
Operating earnings (loss)	170.9	25.5	(18.8)	(16.8)	160.8
Interest expense	(23.9)	(9.4)	(7.6)	2.6	(38.3)
Exchange gain on long-term debt	–	–	–	13.9	13.9
Other income (expense)	6.4	(0.3)	0.4	(8.1)	(1.6)
Earnings (loss) before income taxes & non-controlling interest	$ 153.4	$ 15.8	$ (26.0)	$ (8.4)	$ 134.8
January 1, 2004 to September 30, 2004					
Sales					
To external customers	$ 1,149.2	$ 218.9	$ 479.5	$ –	$ 1,847.6
To other segments	39.2	–	–	–	
	$ 1,188.4	$ 218.9	$ 479.5	$ –	
EBITDA[1]	$ 305.6	$ 58.8	$ 44.5	$ (40.9)	$ 368.0
Amortization	45.3	17.3	43.2	1.2	107.0
Operating earnings (loss)	260.3	41.5	1.3	(42.1)	261.0
Interest expense	(6.6)	(0.9)	(3.7)	(0.1)	(11.3)
Exchange gain on long-term debt	–	–	–	4.0	4.0
Other income (expense)	0.9	–	(0.8)	1.7	1.8
Earnings (loss) before income taxes & non-controlling interest	$ 254.6	$ 40.6	$ (3.2)	$ (36.5)	$ 255.5

[1] **Non GAAP measure:**
EBITDA is defined as operating earnings plus amortization.

Notes to Consolidated Interim Financial Statements

(figures are in millions of dollars except where indicated – unaudited)

1. Basis of presentation

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's annual report for the year ended December 31, 2004.

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2004 consolidated annual financial statements except as described in note 2.

2. Change in accounting policy

Variable Interest Entities

Effective January 1, 2005, the Company adopted the new accounting guideline for consolidation of variable interest entities ("VIE") per CICA accounting Guideline 15. This guideline requires the consolidation of certain entities that are subject to control on a basis other than the ownership of voting interest. Accordingly, the Company began consolidating one of its joint-venture interests that was previously proportionately consolidated. The effect on assets was an increase of $7.0 million and the effect on liabilities was an increase of $5.4 million. There was no impact on earnings or equity from applying this VIE guideline. The change in accounting policy was applied prospectively with no restatement of prior periods.

3. Acquisition

On December 31, 2004, the Company acquired the only issued share of Weldwood of Canada Limited ("Weldwood") for net cash consideration of $1,123.9 million. The terms of the transaction also provide that the seller is entitled to the net after-tax value of any refunds of softwood lumber duties paid by Weldwood before December 31, 2004 and to further cash consideration, not to exceed $50.0 million in aggregate, if the average market price of NBSK pulp per tonne exceeds the greater of US$710 and Cdn $950 during any quarter ending on or before June 30, 2007. To date, the average pulp price has been below the levels that would trigger additional consideration. Weldwood was amalgamated with West Fraser Mills Ltd., the Company's principal operating subsidiary, effective January 1, 2005.

The business acquired consists of four wholly owned sawmills (one containing a wood treating facility), three partly owned sawmills (one containing a wood treating facility), two plywood plants, one laminated veneer lumber facility, one wholly owned and one partially owned NBSK pulp mill, and 5.2 million cubic meters of allowable annual cut. These facilities are located at various locations in British Columbia and Alberta.

The acquisition has been accounted for using the purchase method, whereby the purchase consideration was allocated to the estimated fair values of the assets acquired and liabilities assumed at the effective date of the purchase. The Company expects to finalize the allocation of the purchase cost for the acquisition by December 31,2005. The preliminary allocation of the purchase cost is based on management's best estimate and information available at the time of preparing these consolidated financial statements and any changes may be material.

Net assets acquired	$ 1,430.4
Less: Cash acquired	(306.5)
Net non-cash assets acquired	$ 1,123.9
Preliminary allocation:	
Current assets	$ 352.3
Current liabilities	(219.8)
Property, plant and equipment	690.6
Timber	432.3
Goodwill	276.7
Other assets – net	1.7
Reforestation obligation	(50.5)
Employee future benefits	(108.6)
Future income taxes	(245.2)
Non-controlling interest	(5.6)
Net cash consideration	$ 1,123.9

The allocation above includes costs related to the acquisition of $6.6 million and estimated severance and other costs associated with the integration of Weldwood of $18.5 million. For the period ended September 30, 2005 $3.5 million ($1.8 million in the three months ended September 30, 2005) was paid related to the estimated severance and other costs. Actual amounts incurred in relation to these activities may differ from these estimates and any such differences will be factored into the final allocation.

Any payments required pursuant to pulp price movements described above will result in additional goodwill being recorded. Goodwill is not deductible for tax purposes.

The Company entered into a consent agreement on December 7, 2004 with the Canadian Commissioner of Competition which requires the Company, among other things, to divest a 90% interest in two sawmills and their related timber harvesting rights acquired in this transaction. The assets and liabilities related to these operations are included in the preliminary allocation above.

4. Impairment of Long-lived Assets

During the quarter, the Company wrote off $5.2 million related to the carrying value of its Red Earth, Alberta joint venture sawmill. The write-off is included in amortization expense.

5. Bank Indebtedness

The Company has approximately $530.1 million in revolving lines of credit available, $100.0 million of which was drawn as at September 30, 2005. The Company has also issued $57.0 million under various letters of credit. The lines bear interest at floating rates based on prime, US base, bankers acceptances or LIBOR at the Company's option.

6. Other Liabilities

	September 30, 2005	December 31, 2004
Post-retirement obligations	$ 113.4	$ 112.0
Reforestation obligation-long term	66.5	70.6
Other asset retirement obligations	6.9	6.6
	$ 186.8	$ 189.2

7. Shareholders' Equity

	September 30, 2005		December 31, 2004	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	37,366,366	$ 596.8	37,359,544	$ 596.5
Class B common	5,385,206	0.5	5,385,206	0.5
Total Common	42,751,572	597.3	42,744,750	597.0
Retained Earnings		1,266.2		1,185.1
Share Purchase Loans		(0.4)		(0.6)
Shareholders' Equity		$ 1,863.1		$ 1,781.5

Common Shares

For the three months ended September 30, 2005, the Company issued 2,711 Common shares for cash of $0.1 million (nine months ended September 30, 2005 issued 6,822 common shares for cash of $0.3 million).

8. Earnings per share

Basic earnings per share is calculated based on earnings available to Common shareholders, as set out below, using the weighted average number of Common shares outstanding. Diluted earnings per share assume the exercise of share options using the treasury stock method.

	July 1 to September 30		January 1 to September 30	
	2005	2004	2005	2004
Earnings available to shareholders	$ 18.1	$ 78.0	$ 99.0	$ 171.4
Weighted average shares (thousands)				
Weighted average shares – basic	42,732	36,847	42,729	36,843
Share options – treasury stock method	532	675	561	559
Share subscription receipts (5,852 issued)	–	2,417	–	812
Weighted average shares – diluted	43,264	39,939	43,290	38,214
Earnings per share (dollars)				
Basic earnings per share	$ 0.42	$ 2.12	$ 2.32	$ 4.65
Diluted earnings per share	$ 0.42	$ 1.95	$ 2.29	$ 4.48

9. Employee future benefits

The total benefit cost of the Company's defined benefit pension plans was $8.1 million for the quarter ($22.9 million for the nine months ended September 30, 2005).

10. Contingencies

a) Countervailing and Antidumping Duties

In 2002, the U.S. Department of Commerce ("USDOC") issued its final determination in the countervailing and antidumping investigations, which resulted in a countervailing duty ("CVD") rate of 18.79% and an antidumping duty ("ADD") rate specific to the Company of 2.18%, both to be posted by cash deposits effective from May 22, 2002.

On April 21, 2004, the USDOC issued a response to an earlier North American Free Trade Agreement ("NAFTA") ruling regarding specific challenges made to the ADD rate calculation. The USDOC concluded that West Fraser's ADD rate would be reduced from 2.18% to 1.79% representing de minimus level, with the result that West Fraser would be exempted from the ADD order. In response to a July 11, 2005 USDOC remand determination which did not revoke the antidumping order against the Company, on July 21, 2005, a NAFTA panel affirmed its prior instruction that the anti-dumping order against West Fraser must be revoked.

On September 10, 2004, the U.S. International Trade Commission ("ITC") issued, in response to a NAFTA remand decision, a determination finding that the U.S. lumber industry was not threatened with material injury by reason of lumber imports from Canada. On November 24, 2004, the U.S. government launched an Extraordinary Challenge of the legality of the decision of the NAFTA panel. On August 10, 2005, a NAFTA Extraordinary Challenge Committee unanimously upheld a NAFTA panel ruling that evidence relied upon by the U.S. did not support its finding that Canadian imports threatened to injure the U.S. industry and further confirmed the panel's specific instruction that the U.S. find no threat of injury. This ruling was expected to result in the U.S. withdrawal of the CVD and ADD cases, and the refund of cash deposits with interest. The U.S. has so far refused to comply with the ruling.

Effective December 20, 2004 the Company's CVD and ADD deposit rates were reduced to 17.18% and 0.92%, respectively, as a result of the final determination in the first Administrative Review. These deposits were further reduced due to a ministerial error and recalculated to 16.37% for CVD on February 24, 2005 and to 0.91% for ADD on January 17, 2005.

The Company has recorded an expense for CVD and ADD equal to the amount paid as cash deposits throughout applicable periods. A refund of deposits will be recorded as income in the period received. As at September 30, 2005, the total amount on deposit from May 22, 2002 related to CVD and ADD was US$310.6 million and US$35.2 million respectively. This amount does not include the amounts on deposit from Weldwood prior to the acquisition by the Company (see note 3).

The Company and other Canadian forest products companies, the Canadian federal and provincial governments (collectively the "Canadian Interests") categorically deny the U.S. allegations and strongly disagree with the final countervailing and dumping determinations made by the ITC and the USDOC. The Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute. The final amount of CVD and ADD duties that may be assessed on Canadian softwood lumber exports to the U.S. cannot be determined at this time.

b) The Forestry Revitalization Plan ("FRP")

In 2003, the Government of B.C. ("Crown") enacted the FRP that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. Licensees, including the Company, will be required to return 20% of their replaceable tenures and related assets such as roads and bridges. The effect of the timber take-back is a reduction of approximately 1,266,000 cubic meters of the Company's existing allowable annual cut on replaceable tenures. The take-back will occur over two years commencing in 2005 and completing in March, 2006. All affected licensees are eligible for compensation for both timber rights and certain other asset values. The effect of the FRP on the Company's financial position and results of operations cannot be determined and will be recorded when the amounts can reasonably be determined.

West Fraser is an integrated forest products company producing lumber, wood chips, LVL, MDF, plywood, pulp, linerboard, kraft paper and newsprint.
The Company has operations in British Columbia, Alberta and the southern United States.

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Pictured on the cover are West Fraser employees **Debbie Telford**, Lumber Sales Representative, Quesnel, B.C., and **Alvin Koberinski**, Charge Hand, Weigh Scales, Northstar Lumber, Quesnel, B.C.