



NEWS RELEASE

**WEST FRASER TIMBER CO. LTD.
("WFT")
Thursday, February 16, 2006**

Attention: Business & Financial Editors
Financial Analysts

**West Fraser Announces Fourth Quarter
and Annual Results For 2005**

Vancouver, B.C. – **West Fraser Timber Co. Ltd.** today reported fourth quarter earnings of \$9 million or \$0.20 per share on sales of \$832 million compared to earnings of \$41 million or \$0.94 per share on sales of \$552 million in the fourth quarter of 2004.

For the full year, earnings were \$108 million or \$2.49 per share, on sales of \$3,577 million. This compares to earnings of \$212 million or \$5.36 per share, on sales of \$2,400 million for 2004.

EBITDA¹ was \$95 million or 11% of sales for the quarter compared to EBITDA of \$74 million or 13% of sales in the fourth quarter of 2004. For the full year, EBITDA was \$447 million or 12% of sales compared to \$442 million or 18% of sales for 2004.

West Fraser's 2005 results include the earnings of the acquired Weldwood operations, which are not reflected in reporting periods before 2005.

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

- A gain of \$3 million or \$0.07 per share related to share option compensation;
- An expense of \$3 million or \$0.07 per share for costs related to the previously-announced indefinite shutdown of a 50% owned sawmill in Red Earth, Alberta; and
- A gain of \$4 million or \$0.09 per share related to the recognition of prior years' scientific research and experimental development tax credits.

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

- A gain of \$3 million or \$0.07 per share related to share option compensation; and
- A gain of \$23 million or \$0.52 per share related to the translation of U.S. dollar denominated debt.

¹Throughout this news release 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.

“2005 was a very significant year for West Fraser,” said Hank Ketcham, Chairman, President and Chief Executive Officer. “The Company marked its 50 year anniversary and completed the integration of the acquired Weldwood operations. Today we have a much larger and stronger West Fraser with proud employees who share a common vision for success.”

Operational Results

The Canadian dollar averaged US \$0.85 in the fourth quarter of 2005 compared to US \$0.83 in the third quarter of the year and US \$0.82 in the fourth 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.

Fuel cost increases resulted in higher transportation costs during the quarter for both outgoing products and incoming raw materials.

EBITDA in the lumber division for the quarter was \$66 million or 14% of sales compared to \$52 million or 10% of sales in the preceeding quarter and \$55 million or 17% of sales in the fourth quarter of 2004. The increase in EBITDA margin compared to the previous quarter was due primarily to reduced duties for part of the quarter and lower conversion costs resulting from increased production efficiencies, which offset the negative impact of the higher Canadian dollar.

Benchmark SPF 2X4 lumber prices averaged US \$327 per Mfbm in both the current and previous quarter compared to an average of US \$336 per Mfbm in the fourth quarter of 2004.

The ongoing softwood lumber dispute with the United States continued to impact the Company. Lumber duties expensed in the quarter were \$29 million (last quarter - \$39 million; fourth quarter 2004 - \$31 million).⁽³⁾

Panel operations generated EBITDA of \$13 million or 10% of sales in the quarter compared to \$14 million or 11% of sales in the previous quarter and \$15 million or 23% of sales in the comparable quarter of 2004. Plywood results improved due to modest price increases while LVL results were affected by maintenance downtime in the quarter. MDF results reflect lower selling prices in the quarter.

The pulp and paper operations continued to record unsatisfactory results. In the current period, EBITDA of \$10 million or 4% of sales for the quarter compared to EBITDA of \$8 million or 3% of sales in the last quarter and EBITDA of nil in the same quarter last year. The recognition of the benefit of tax credits added \$5 million to EBITDA in the quarter, which was partially offset by lower Canadian dollar product prices at the Kitimat linerboard and kraft paper mill compared to the third quarter.

² Excludes the exchange impact on translation of U.S. dollar denominated debt and other monetary items and on product prices .

³ As at December 31, 2005, the total amount on deposit related to duties is US \$370 million, not including amounts deposited by Weldwood prior to its acquisition by the Company, refunds of which are for the account of the previous owner.

Integration Activities and Synergies

On acquiring Weldwood, West Fraser projected achieving pre-tax synergies at an annual rate of \$80 million by the end of the third year after the transaction closed. As at December 31, 2005, West Fraser has achieved almost \$70 million of the targeted synergies on a going forward basis, with the remainder of the target expected to be realized by the end of 2006.

“In only 12 months we have fundamentally completed the integration of Weldwood and achieved significant synergies,” said Ketcham. “We remain focused on identifying opportunities to capture additional synergies.”

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 the finding that Canadian imports threatened to injure the U.S. industry. The Committee also confirmed the panel’s specific instruction that the U.S. find no threat of injury. This ruling was expected to result in the 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 asserted that it is not legally obligated to refund the deposits, another NAFTA panel has ruled – in a West Fraser appeal of the antidumping order – that the U.S. has no authority to keep deposits collected pursuant to an invalid order.

Effective December 12, 2005 the Company’s CVD and ADD deposit rates were reduced to 8.70% from 16.37% and to 0.51% from 0.91% respectively, as a result of the final determination in the second administrative review.

Dividends Declared

The Board of Directors declared a regular cash dividend of \$0.14 per share payable on April 7, 2006 to shareholders of record on March 24, 2006.

Officer Appointed

The Board of Directors has appointed Chris McIver, Vice-President, Lumber Sales, effective January 1, 2006. McIver succeeds Ernie Thony, who retired from West Fraser after 35 years of service.

Forward-Looking Statements

Some information contained in this release is prospective, including the estimated effect of the U.S./Canadian dollar exchange rate and the potential for capturing additional synergies, and may be affected by known or unknown risks and uncertainties which are mostly outside the control of West Fraser. The results or events mentioned in such prospective information may differ substantially from actual results or events.

Conference Call

Investors are invited to listen to the quarterly conference call to be held on February 16 at 3:00 p.m. Pacific Standard Time by dialing 1-888-575-8232 (toll-free North America). The call may also be accessed through West Fraser's web site at www.westfraser.com.

Investor Conference

On February 17, 2005 at 8:00 a.m. Pacific Standard Time, Company management will make a presentation at the CIBC World Markets Investor Conference. The presentation can be viewed live on Webcast. The following is the production link:
<http://events.streamlogics.com/awwtelav/cibcwm/feb16-06/sub/WestFraserTimber/index.asp>

West Fraser is an integrated forest products company that produces lumber, LVL, MDF, plywood, pulp, linerboard, kraft paper and newsprint. The Company has manufacturing operations in British Columbia, Alberta and the southern United States. West Fraser has approximately 6,900 employees and is headquartered in Vancouver, British Columbia.



CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2005	2004	2005	2004
Sales	\$ 832.0	\$ 552.4	\$ 3,576.7	\$ 2,400.0
Costs and expenses				
Cost of products sold	547.0	346.5	2,321.8	1,359.6
Freight and other distribution costs	140.5	88.2	542.0	346.3
Countervailing and antidumping duties	28.9	30.8	151.4	155.6
Amortization	64.4	46.9	255.4	153.9
Selling, general and administration	25.1	18.1	120.3	71.9
Share option expense (recovery)	(4.6)	(4.7)	(5.7)	25.1
	801.3	525.8	3,385.2	2,112.4
Operating earnings	30.7	26.6	191.5	287.6
Other				
Interest expense - net	(10.1)	(4.7)	(48.4)	(16.0)
Exchange gain on long-term debt	-	22.6	13.9	26.6
Other expense	(4.0)	(3.2)	(5.6)	(1.4)
Earnings before income taxes and non-controlling interest	16.6	41.3	151.4	296.8
Income tax expense	(7.9)	(0.7)	(42.3)	(84.8)
Earnings before non-controlling interest	8.7	40.6	109.1	212.0
Non-controlling interest	-	-	(1.4)	-
Earnings	\$ 8.7	\$ 40.6	\$ 107.7	\$ 212.0
Earnings per share (note 9)				
Basic	\$ 0.20	\$ 1.10	\$ 2.52	\$ 5.75
Diluted	\$ 0.20	\$ 0.94	\$ 2.49	\$ 5.36

RETAINED EARNINGS

Balance - beginning of period	\$ 1,266.2	\$ 1,149.7	\$ 1,185.1	\$ 993.8
Earnings	8.7	40.6	107.7	212.0
	1,274.9	1,190.3	1,292.8	1,205.8
Common share dividends	(6.1)	(5.2)	(24.0)	(20.7)
Balance - end of period	\$ 1,268.8	\$ 1,185.1	\$ 1,268.8	\$ 1,185.1



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2005	2004	2005	2004
Cash Flows From Operating Activities				
Earnings	\$ 8.7	\$ 40.6	\$ 107.7	\$ 212.0
Items not affecting cash				
Amortization	64.4	46.9	255.4	153.9
Exchange gain on long-term debt	-	(22.6)	(13.9)	(26.6)
Change in reforestation obligation	3.5	(5.6)	(2.1)	(11.0)
Change in other long-term liabilities	(68.4)	3.2	(67.1)	2.7
Change in deferred charges	10.4	(11.6)	9.1	(15.0)
Future income taxes	7.2	(8.8)	(24.3)	(25.4)
Loss (gain) on asset sales	2.2	(6.2)	(3.2)	(6.5)
Other	1.0	0.2	4.2	2.0
	29.0	36.1	265.8	286.1
Net change in non-cash working capital items	(45.0)	39.8	(236.1)	109.0
	(16.0)	75.9	29.7	395.1
Cash Flows From Financing Activities				
Repayment of long-term debt	(0.3)	-	(249.3)	(13.3)
Proceeds from long-term debt	-	625.8	-	625.8
Net proceeds from bank operating loans	65.1	66.0	99.1	66.0
Common share dividends	(6.1)	(5.2)	(24.0)	(20.7)
Proceeds from subscription receipts issue - net (note 8)	-	(0.2)	-	267.0
Issuance of Common shares (note 8)	0.2	1.1	0.5	1.7
Other	0.2	0.1	0.3	0.3
	59.1	687.6	(173.4)	926.8
Cash Flows From Investing Activities				
Additions to property, plant, equipment & timber	(63.5)	(41.4)	(224.4)	(140.1)
Proceeds from disposal of property, plant, equipment & timber	(0.8)	23.9	22.6	27.7
Acquisition - net of cash acquired (note 3)	-	(1,123.9)	-	(1,123.9)
Change in restricted cash	-	275.0	-	-
Decrease (increase) in other assets	14.1	7.0	14.2	(1.9)
	(50.2)	(859.4)	(187.6)	(1,238.2)
(Decrease) increase in cash	(7.1)	(95.9)	(331.3)	83.7
Net cash - beginning of period	25.4	445.5	349.6	265.9
Net cash - end of period	\$ 18.3	\$ 349.6	\$ 18.3	\$ 349.6
Supplemental information:				
Interest paid	\$ 18.9	\$ 5.9	\$ 50.2	\$ 23.3
Income taxes paid	\$ 0.9	\$ 9.4	\$ 243.7	\$ 35.6

Net cash consists of cash and short-term investments and cheques issued in excess of funds on deposit.



CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars - unaudited)

	As at December 31, 2005	As at December 31, 2004
<u>ASSETS</u>		
Current assets		
Cash and short-term investments	\$ 62.2	\$ 349.6
Accounts receivable	308.5	296.3
Inventories	572.0	541.1
Prepaid expenses	14.1	15.3
Current assets held for sale (note 4)	30.7	-
	<u>987.5</u>	<u>1,202.3</u>
Property, plant, equipment & timber	2,230.1	2,344.5
Deferred charges	27.1	36.3
Goodwill	263.7	276.7
Other assets	61.6	67.6
Long term assets held for sale (note 4)	63.7	-
	<u>\$ 3,633.7</u>	<u>\$ 3,927.4</u>
<u>LIABILITIES & SHAREHOLDERS' EQUITY</u>		
Current liabilities		
Cheques issued in excess of funds on deposit	\$ 43.9	\$ -
Operating loans (note 6)	165.1	66.0
Accounts payable and accrued liabilities	333.1	385.6
Income tax payable	4.6	147.3
Current portion of reforestation obligation	52.3	50.4
Current portion of long-term debt	4.5	150.2
Current liabilities held for sale (note 4)	13.6	-
	<u>617.1</u>	<u>799.5</u>
Long-term debt	623.9	735.5
Other liabilities (note 7)	132.9	195.8
Future income taxes	377.7	409.5
Long-term liabilities held for sale (note 4)	16.2	-
Non-controlling interest (note 4)	-	5.6
	<u>1,767.8</u>	<u>2,145.9</u>
Shareholders' equity (note 8)	1,865.9	1,781.5
	<u>\$ 3,633.7</u>	<u>\$ 3,927.4</u>

Number of Common shares outstanding at February 15, 2005 was 42,759,345

QUARTERLY COMPARISONS

January 1 to December 31

(in millions of Canadian dollars - unaudited)

		2005		2004
Sales				
First	\$	902.4	\$	541.1
Second		952.8		606.5
Third		889.5		700.0
Fourth		832.0		552.4
	\$	3,576.7	\$	2,400.0
Earnings				
First	\$	42.9	\$	26.5
Second		38.0		66.9
Third		18.1		78.0
Fourth		8.7		40.6
	\$	107.7	\$	212.0
Diluted Earnings Per Share (in dollars)				
First	\$	0.99	\$	0.71
Second	\$	0.88	\$	1.79
Third	\$	0.42	\$	1.95
Fourth	\$	0.20	\$	0.94
Annual	\$	2.49	\$	5.36



FOURTH QUARTER SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
October 1, 2005 to December 31, 2005					
Sales					
To external customers	\$ 443.1	\$ 120.0	\$ 268.9	\$ -	\$ 832.0
To other segments	21.7	2.2	-	-	
	<u>\$ 464.8</u>	<u>\$ 122.2</u>	<u>\$ 268.9</u>	<u>\$ -</u>	
EBITDA¹	\$ 65.7	\$ 12.8	\$ 10.3	\$ 6.3	\$ 95.1
Amortization	<u>30.7</u>	<u>11.0</u>	<u>21.8</u>	<u>0.9</u>	<u>64.4</u>
Operating earnings (loss)	35.0	1.8	(11.5)	5.4	30.7
Interest expense	(4.1)	0.3	(2.5)	(3.8)	(10.1)
Exchange gain on long-term debt	-	-	-	-	-
Other income (expense)	(3.5)	(0.1)	0.4	(0.8)	(4.0)
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 27.4</u>	<u>\$ 2.0</u>	<u>\$ (13.6)</u>	<u>\$ 0.8</u>	<u>\$ 16.6</u>
October 1, 2004 to December 31, 2004					
Sales					
To external customers	\$ 325.7	\$ 65.6	\$ 161.1	\$ -	\$ 552.4
To other segments	9.3	-	-	-	
	<u>\$ 335.0</u>	<u>\$ 65.6</u>	<u>\$ 161.1</u>	<u>\$ -</u>	
EBITDA¹	\$ 55.4	\$ 15.4	\$ 0.3	\$ 2.4	\$ 73.5
Amortization	<u>17.9</u>	<u>12.1</u>	<u>16.3</u>	<u>0.6</u>	<u>46.9</u>
Operating earnings (loss)	37.5	3.3	(16.0)	1.8	26.6
Interest expense	(1.5)	(0.1)	(0.9)	(2.2)	(4.7)
Exchange gain on long-term debt	-	-	-	22.6	22.6
Other income (expense)	(0.3)	(0.1)	0.9	(3.7)	(3.2)
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 35.7</u>	<u>\$ 3.1</u>	<u>\$ (16.0)</u>	<u>\$ 18.5</u>	<u>\$ 41.3</u>

¹ Non GAAP measure:

EBITDA is defined as operating earnings plus amortization.



TWELVE MONTH SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2005 to December 31, 2005					
Sales					
To external customers	\$ 2,020.9	\$ 511.0	\$ 1,044.8	\$ -	\$ 3,576.7
To other segments	86.0	5.0	-	-	
	<u>\$ 2,106.9</u>	<u>\$ 516.0</u>	<u>\$ 1,044.8</u>	<u>\$ -</u>	
EBITDA¹	\$ 327.8	\$ 65.4	\$ 62.2	\$ (8.5)	\$ 446.9
Amortization	121.9	38.1	92.5	2.9	255.4
Operating earnings (loss)	205.9	27.3	(30.3)	(11.4)	191.5
Interest expense	(28.0)	(9.1)	(10.1)	(1.2)	(48.4)
Exchange gain on long-term debt	-	-	-	13.9	13.9
Other income (expense)	2.9	(0.4)	0.8	(8.9)	(5.6)
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 180.8</u>	<u>\$ 17.8</u>	<u>\$ (39.6)</u>	<u>\$ (7.6)</u>	<u>\$ 151.4</u>
January 1, 2004 to December 31, 2004					
Sales					
To external customers	\$ 1,474.9	\$ 284.5	\$ 640.6	\$ -	\$ 2,400.0
To other segments	48.5	-	-	-	
	<u>\$ 1,523.4</u>	<u>\$ 284.5</u>	<u>\$ 640.6</u>	<u>\$ -</u>	
EBITDA¹	\$ 361.0	\$ 74.2	\$ 44.9	\$ (38.6)	\$ 441.5
Amortization	63.2	29.4	59.5	1.8	153.9
Operating earnings (loss)	297.8	44.8	(14.6)	(40.4)	287.6
Interest expense	(8.1)	(1.0)	(4.6)	(2.3)	(16.0)
Exchange gain on long-term debt	-	-	-	26.6	26.6
Other income (expense)	0.6	(0.1)	0.1	(2.0)	(1.4)
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 290.3</u>	<u>\$ 43.7</u>	<u>\$ (19.1)</u>	<u>\$ (18.1)</u>	<u>\$ 296.8</u>

1 Non GAAP measure:

EBITDA is defined as operating earnings plus amortization.



FOURTH QUARTER OPERATING HIGHLIGHTS

		October 1 to December 31		January 1 to December 31	
		2005	2004	2005	2004
Lumber	Production (Mfbm)	1,011,107	663,841	4,212,267	2,771,630
	Shipments (Mfbm)	1,004,135	742,308	4,189,626	2,733,627
Panels					
MDF	Production (Msf - 3/4")	74,616	73,957	294,327	285,432
	Shipments (Msf - 3/4")	74,246	72,186	289,845	288,272
Plywood	Production (Msf - 3/8")	175,510	57,774	721,130	249,188
	Shipments (Msf - 3/8")	161,876	55,772	713,014	256,021
LVL	Production (cf)	737,093	-	3,178,813	-
	Shipments (cf)	733,235	-	3,133,609	-
Pulp & Paper (tonnes)					
Linerboard and Kraft paper	Production	113,399	117,268	449,176	445,871
	Shipments	119,941	117,203	457,907	444,553
NBSK	Production	153,437	-	580,894	-
	Shipments	149,412	-	570,306	-
BCTMP	Production	135,177	130,129	550,772	521,707
	Shipments	164,915	138,870	549,861	494,519
Newsprint	Production	29,254	32,450	129,840	134,731
	Shipments	29,098	32,590	128,510	133,843

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 POLICIES

Effective January 1, 2005, the Company adopted the new accounting guidelines 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 and the effect on liabilities was an increase of \$5.4. 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 in accordance with the transitional provisions of the standard.

3. ACQUISITION

On December 31, 2004, the Company acquired the only issued share of Weldwood of Canada Limited ("Weldwood"), an integrated forest products company, for net cash consideration of \$1,123.8. 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 in aggregate, if the average market price of NBSK pulp per tonne exceeds the greater of US\$710 dollars and Cdn \$950 dollars 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 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 finalized allocation of the purchase cost for the acquisition is as follows:

	Final December 31, 2005	Preliminary December 31, 2004
Net assets acquired	\$ 1,430.3	\$ 1,430.4
Less: Cash acquired	(306.5)	(306.5)
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Net non-cash assets acquired	\$ 1,123.8	\$ 1,123.9
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Allocation:		
Current assets	\$ 347.5	\$ 344.8
Current liabilities	(210.5)	(219.8)
Property, plant and equipment	692.7	698.1
Timber	432.3	432.3
Goodwill	263.7	276.7
Other assets - net	17.8	3.3
Reforestation obligation	(53.3)	(50.5)
Asset retirement obligation	(3.8)	(1.6)
Timber damage deposits	(1.4)	-
Employee future benefits	(111.6)	(108.6)
Future income taxes	(244.0)	(245.2)
Non-controlling interest	(5.6)	(5.6)
	<hr/>	<hr/>
Net cash consideration	\$ 1,123.8	\$ 1,123.9
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The allocation above includes costs related to the acquisition of \$6.8 and estimated severance and other costs associated with the integration of Weldwood of \$13.4, a reduction from the original estimate, as the Company finalized its integration plan. For the year ended December 31, 2005, \$5.3 was paid related to the estimated severance and other restructuring costs (\$1.7 for the three months ended December 31, 2005).

The Company entered into a consent agreement (the "Consent Agreement") on December 7, 2004 with the Canadian Commissioner of Competition which requires the Company, among other things, to divest an approximate 90% interest in two sawmills and their related timber harvesting rights. The former Weldwood assets and liabilities related to these operations are included in the allocation above, and are classified as held for sale at December 31, 2005.

4. ASSETS HELD FOR SALE

The Company has commenced activities to sell its approximate 90% interest in two sawmills and their related timber harvesting rights pursuant to the Consent Agreement. The non-controlling interest of \$7.1 that relates to these operations is included in long-term liabilities held for sale.

In addition, the Company is selling a harvesting and road maintenance business and related equipment located in Alberta.

The sales of these operations are expected to occur in 2006. The results of operations from these assets held for sale are included in the consolidated statement of earnings. Effective January 1, 2006, amortization will not be charged on the assets held for sale.

5. IMPAIRMENT OF LONG-LIVED ASSETS

During the year, the Company expensed \$7.7 related to the shut-down of a 50% owned sawmill (\$2.5 for the three months ended December 31, 2005). Of this amount, \$5.2 was charged to amortization expense and \$2.5 of other closure costs was charged to administration expense.

6. BANK INDEBTEDNESS

The Company has approximately \$530.0 in revolving lines of credit available, \$165.1 of which was drawn as at December 31, 2005. The Company has also issued \$14.4 under various letters of credit. All lines of credit are unsecured except for a \$5.0 joint-venture line of credit, and bear interest at floating rates based on prime, US base, bankers acceptances or LIBOR at the Company's option.

7. OTHER LIABILITIES

	December 31, 2005	December 31, 2004
Post-retirement obligations	\$ 44.2	\$ 111.2
Timber damage deposits	10.9	7.4
Reforestation obligation - long term	68.2	70.6
Other asset retirement obligations	9.6	6.6
	<u>\$ 132.9</u>	<u>\$ 195.8</u>

8. SHAREHOLDERS' EQUITY

	December 31, 2005		December 31, 2004	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	37,871,786	\$ 597.0	37,359,544	\$ 596.5
Class B common	4,885,206	0.5	5,385,206	0.5
Total Common	42,756,992	597.5	42,744,750	597.0
Retained Earnings		1,268.8		1,185.1
Share Purchase Loans		(0.4)		(0.6)
Shareholders' Equity		<u>\$ 1,865.9</u>		<u>\$ 1,781.5</u>

Share capital transactions during 2005

For the three months ended December 31, 2005, the Company issued 5,420 Common shares for cash of \$0.2 and for the twelve months ended December 31, 2005 the Company issued 12,242 common shares for cash of \$0.5.

Share capital transactions during 2004

The Company issued 5,852,000 share subscription receipts at \$47 dollars per receipt on August 12, 2004 pursuant to a short form prospectus. The share subscription receipts were converted on a one-for-one basis to Common shares of the Company on December 31, 2004 and proceeds of \$267.0 (net of \$8.0 of issuance costs) were credited to Common share capital. In addition, the Company issued 36,036 Common shares for \$1.7 during the year (three months ended December 31, 2004 – issued 20,250 Common shares for cash of \$1.1).

9. 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 and the conversion on the issuance date of subscription receipts to Common shares. The diluted earnings per share calculation reflects the weighted average number of subscription receipts outstanding during 2004.

	October 1 to December 31		January 1 to December 31	
	2005	2004	2005	2004
Earnings available to shareholders	\$ 8.7	\$ 40.6	\$ 107.7	\$ 212.0
Weighted average number of shares (thousands)				
Weighted average shares – basic	42,731	36,867	42,731	36,848
Share options – treasury stock method	478	616	556	600
Subscription receipts	-	5,852	-	2,079
Weighted average shares - diluted	43,209	43,335	43,287	39,527
Earnings per share (dollars)				
Basic	\$ 0.20	\$ 1.10	\$ 2.52	\$ 5.75
Diluted	\$ 0.20	\$ 0.94	\$ 2.49	\$ 5.36

10. EMPLOYEE FUTURE BENEFITS

The total benefit cost of the Company's defined benefit pension plans was \$4.0 for the quarter (\$26.6 for the twelve months ended December 31, 2005).

11. 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.

Effective December 12, 2005, the Company’s CVD and ADD deposit rates were reduced to 8.70% and 0.51% respectively, as a result of the final determination in the second Administrative Review.

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 when receipt is reasonably certain. As at December 31, 2005, the total amount on deposit from May 22, 2002 related to CVD and ADD was US\$333.9 and US\$36.5, 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. Affected licensees are eligible for compensation for both timber rights and certain other asset values. Allocation of the reduction to specific licenses has been completed but compensation has yet to be determined. 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.

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West Fraser shares trade on the Toronto Stock Exchange under the symbol: "WFT".

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