West Fraser Timber Co. Ltd.

FIRST QUARTER 2003

West Fraser earned $11 million or $0.29 per share on sales of $385 million compared to earnings of $27 million or $0.71 per share on sales of $379 million in the first quarter of 2002.

Various events and circumstances, including a maintenance shutdown at Kitimat and continuing poor product prices, combined to hurt our earnings this quarter. A sharp increase in the Canadian dollar also impacted this quarter's performance.

EBITDA[1] was $41 million or 11% of sales compared to $86 million or 23% of sales for the first quarter of 2002.

OPERATIONAL RESULTS

EBITDA in the lumber segment for the quarter, after accounting for duties, was $25 million or 12% of sales compared to $54 million or 25% of sales in the first quarter of 2002. Quarter to quarter lumber prices decreased by US $54 per Mfbm as the first quarter 2003 benchmark SPF 2x4 averaged US $214 per Mfbm compared to the first quarter 2002 average of US $268 per Mfbm. In the first quarter of 2003 the Company accrued $23 million for lumber duties compared to $2 million in the same period last year, and $25 million for the fourth quarter of 2002. Lumber results were also affected by low shipments due to a lack of rail cars, especially in Alberta. Production exceeded shipments by approximately 78 MMfbm in the quarter.

Southern yellow pine prices remained weak averaging US $292 per Mfbm (2x4) in the first quarter of 2003 compared to US $315 per Mfbm for same period of 2002. Previously announced capital projects totaling approximately Cdn $35 million have started at the Huttig, Arkansas sawmill.

The panel operations generated EBITDA of $9 million or 18% of sales in the quarter compared to $17 million or 30% of sales in the comparable quarter of 2002. Plywood prices remained largely unchanged, while MDF mill net realizations weakened considerably reflecting a less attractive grade mix relative to the first quarter of 2002.

West Fraser's pulp and paper operations generated EBITDA of $10 million or 7% of sales for the quarter compared to $16 million or 15% of sales in the same quarter of last year. The two pulp mills ran well during the quarter and hardwood BCTMP markets showed more strength than softwood BCTMP. At Kitimat, the scheduled maintenance shutdown from March 24 to April 11, 2003 adversely affected Eurocan's operating results. The Company's joint venture newsprint mill, ANC, suffered a machine breakdown that resulted in twelve days of lost production in January 2003, most of which will be covered by insurance.

West Fraser has decided not to proceed with the proposed sale of its interest in ANC to an income trust. As a result, costs of $3 million related to the 2002 proposed sale have been included in other expense this quarter.

The rising Canadian dollar also reduced earnings. The value of the Canadian dollar against the U.S. dollar strengthened by 6% compared to the first quarter of 2002 and by 4% compared to the last quarter of 2002. The stronger dollar also led to a foreign exchange gain of $16 million on U.S. dollar denominated debt during the quarter compared to a loss of $0.4 million in the first quarter of 2002.

FOREST POLICY CHANGES

In March of 2003 the B.C. government announced major changes to the provincial timber tenure structure. These include a 20% reduction in harvesting rights for holders of long-term tenures, including West Fraser, and the introduction of an auction-based timber pricing system. Although certain enabling legislation has been enacted, the regulations and orders which will establish the new timber pricing system and the basis for compensation for the 20% timber tenure reduction have not yet been published. As a result, the Company is unable to reasonably predict at this time what effects these changes may have on its future operations. However, the B.C. government has acknowledged that licensees will be fairly compensated for the reduction of harvesting rights and for costs associated with related improvements including roads and bridges.

We are concerned, that the changes proposed for our timber pricing and tenure systems could produce severe consequences for our industry. We will continue to work with the government to ensure that the changes do not erode the well-established leadership position of the B.C. interior lumber manufacturing industry. Our strong financial position, modern, and efficient manufacturing facilities and diversity of products and locations should put West Fraser in a strong position to meet these challenges.

On behalf of the Board of Directors

Henry Ketcham

Henry H. Ketcham
Chairman of the Board,
President & Chief Executive Officer
April 15, 2003

[1]EBITDA is defined as operating earnings plus amortization

The following discussion and analysis should be read in conjunction with the interim financial statements included in this quarterly report.

LUMBER

West Fraser's lumber division produced a quarterly record of 649 MMfbm in the quarter compared to 532 MMfbm in the first quarter of 2002. Shipments for the first quarter were 572 MMfbm compared to 478 MMfbm in the first quarter of 2002. Much of the production increase was due to the Chasm sawmill, which was not operating in the comparative quarter of 2002. Lumber inventories increased by 78MMfbm due to a lack of available rail cars.

EBITDA for the quarter was $24.7 million (12% of sales) compared to $54.3 million (25% of sales) for the first quarter of 2002. The quarter to quarter decrease was due to a number of factors including, lower lumber prices, a $21.6 million increase in duty charges and the strengthening Canadian dollar compared to the U.S. dollar.

The first quarter average benchmark price for western SPF 2x4 was US $214/Mfbm compared to US $268/Mfbm for the first quarter of 2002. The southern yellow pine average benchmark 2x4 price was US $292/Mfbm for the quarter compared to $315/Mfbm in the first quarter of 2002.

PANELS

MDF production for the first quarter of 2003 was 65 MMsf versus 58 MMsf for the comparative period last year and shipments were 69 MMsf compared to 63 MMsf in the first quarter of 2002. Plywood production was 58 MMsf in the first quarter of 2003 compared to 60 MMsf in the first quarter of 2002 and shipments were 50 MMsf compared to 59 MMsf.

EBITDA for the quarter was $8.9 million (18% of sales) compared to $17.2 million (30% of sales) for the first quarter of 2002. The decrease for the quarter was primarily due to higher natural gas costs and lower MDF mill nets. Mill nets were lower due to the stronger Canadian dollar, a less attractive grade mix and a higher percentage of sales being made offshore.

PULP & PAPER

West Fraser produced 257,978 tonnes of pulp and paper for the quarter compared to 228,696 tonnes for the first quarter of 2002. Shipments for the quarter were 261,036 tonnes in 2003 compared to 214,729 tonnes in 2002. The increase in production and shipments was due to the acquisition of the additional 50% from Quesnel River Pulp in late 2002. Partially offsetting the increase in pulp production was reduced linerboard and kraft paper production due to a scheduled maintenance shutdown at the Kitimat mill that commenced March 24th and an unscheduled 12 day shutdown at ANC due to an equipment failure. The majority of the loss due to the shutdown at ANC is expected to be covered by insurance.

EBITDA for the quarter was $9.7 million (7% of sales) compared to $16.4 million (15% of sales) for the first quarter of 2002. The decrease was caused in part by increased natural gas costs and mill shutdown costs. Pulp prices have increased in the first quarter of 2003 compared to 2002, while paper prices were mostly unchanged.

EARNINGS AND REVENUE COMPARISON

Consolidated net sales for the first quarter were $385.4 million (2002 – $379.4 million)

CONSOLIDATED NET SALES (change from 1st quarter 2002)			
Lumber	Decrease	$ 9.0 million	4%
Panels	Decrease	$ 6.7 million	12%
Pulp & Paper	Increase	$21.7 million	20%

EBITDA for the first quarter was $41.1 million (2002 – $86.0 million)

EBITDA	(change from 1st quarter 2002)		
Lumber	Decrease	$29.6 million	55%
Panels	Decrease	$ 8.3 million	48%
Pulp & Paper	Decrease	$ 6.7 million	41%

The main factors affecting divisional sales and EBITDA changes have been explained previously in this report. The strengthening Canadian dollar and higher natural gas costs negatively impacted earnings of all divisions. The Canadian dollar/US dollar exchange rate averaged 1.509 in the first quarter of 2003 compared to 1.594 in the first quarter of 2002. The estimated impact on EBITDA of this change is a decrease of $17 million from the 1st quarter of 2002. The higher natural gas prices reduced EBITDA by an estimated $6 million from the 1st quarter of 2002.

The translation of long-term debt resulted in an exchange gain of $16.2 million for the quarter compared to a loss of $0.4 million in 2002. The exchange gain is due to the stronger Canadian dollar versus the U.S. dollar at March 31, 2003 compared to December 31, 2002. Interest for the quarter decreased by $4.9 million to $4.8 million due primarily to long-term debt repayments totaling $235.7 million in 2002.

Other expense for the quarter of $5.2 million relates primarily to a net foreign exchange loss from non-operating items and the write-off of $3.0 million of costs related to the potential sale of ANC to an income trust.

CAPITAL REQUIREMENTS AND LIQUIDITY

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

Cash used in operations for the quarter was $52.6 million compared to $50.6 million in the first quarter of 2002. Cash is traditionally used in the first quarter to build log inventories prior to spring break-up. Cash was also used for the payment of dividends of $5.2 million and capital expenditures of $17.7 million. The cash position at March 31, 2002 was $118.2 million compared to $192.9 million at December 31, 2002.

FOREST POLICY CHANGES IN BRITISH COLUMBIA

In March 2003, the Government of B.C. ("Crown") introduced the Forestry Revitalization Plan ("Plan") that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. As part of the plan the Crown intends to significantly change the timber pricing system and require licensees to return 20% of their replaceable tenure to the Crown. The effect of the timber take-back is expected to result in a reduction of approximately 832,000 m^3 of the company's existing allowable annual cut on their replaceable tenures. The effect of the Plan on the company's financial position and results of operations cannot be determined at this time.

U.S. TRADE DISPUTE

Reference is made to note 6 to the March 31, 2003 financial statements for background information on the dispute.

A negotiated settlement is an option to resolve this trade dispute. Such a solution could result in changes to provincial timber tenure policies and pricing regimes and may include a temporary export tax. It is not possible to predict how such changes might affect West Fraser and other companies operating in British Columbia or elsewhere in Canada. Neither the final outcome nor the time required to resolve the dispute can be determined at this time.

An administrative review is currently expected to begin sometime after May 31, 2003 and will be completed by approximately November 2004. The completion could extend beyond 2004 with the finalization of any appeals.

The following table shows the impact of the duties on West Fraser's financial results:

Export Duties ($ millions)

	Q1 2003	Q1 2002
Reversal – 2001	$ —	$ 2.0
(Accrual) reversal – Jan. 1 to May 21, 2002	—	(3.7)
(Accrual) – May 22, 2002 to Mar. 31, 2003	(23.3)	—
Total	$ (23.3)	$ (1.7)

FOREIGN EXCHANGE

A significant portion of West Fraser's net sales are to customers at prices which, although denominated in a variety of currencies, are generally based on prevailing U.S. dollar prices. This results in sensitivity to changes in the U.S.-Canadian dollar exchange rates. During the first quarter of 2003 the U.S. dollar traded between Cdn $1.47 and Cdn $1.57 with an average of Cdn $1.51 (first quarter 2002 – between Cdn $1.57 and Cdn $1.62 with an average of Cdn $1.59).

Consolidated Statements of Earnings and Retained Earnings

January 1 to March 31 *(in millions of Canadian dollars – unaudited)*	2003	2002
EARNINGS		
Net Sales	$ 385.4	$ 379.4
Costs and expenses		
Cost of products sold	326.8	277.2
Amortization of property, plant and equipment	38.9	34.9
Selling, general and administrative	17.5	18.2
Recovery of prior year export duties	—	(2.0)
	383.2	328.3
Operating earnings	2.2	51.1
Other		
Interest expense	(4.8)	(9.7)
Exchange gain (loss) on long-term debt	16.2	(0.4)
Other expense	(5.2)	(0.1)
Earnings before income taxes	8.4	40.9
Income tax expense (recovery)	(2.5)	14.3
Earnings	$ 10.9	$ 26.6
Earnings per share *(note 4)*		
Basic	$ 0.29	$ 0.72
Diluted	$ 0.29	$ 0.71
RETAINED EARNINGS		
Balance – beginning of period	$ 964.2	$ 845.6
Earnings	10.9	26.6
	975.1	872.2
Preferred share payment	—	(0.2)
Common share dividends	(5.2)	(4.6)
Balance – end of period	$ 969.9	$ 867.4

Consolidated Statements of Cash Flows

January 1 to March 31 *(in millions of Canadian dollars – unaudited)*	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings	$ 10.9	$ 26.6
Items not affecting cash		
Amortization of property, plant and equipment	38.9	34.9
Exchange (gain) loss on long-term debt	(16.2)	0.4
Future income taxes	(4.9)	(0.1)
Change in other long-term liabilities	(0.4)	1.7
Change in reforestation obligation	13.7	9.0
Other	0.4	(0.1)
	42.4	72.4
Net change in non-cash working capital items	(95.0)	(123.0)
	(52.6)	(50.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends	(5.2)	(4.6)
Other	0.5	1.2
	(4.7)	(3.4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment additions	(17.7)	(21.8)
Proceeds from disposal of property, plant and equipment	4.6	0.5
Change in other assets	(4.3)	(4.1)
	(17.4)	(25.4)
Change in cash from continuing operations	(74.7)	(79.4)
Change in cash from discontinued operations	—	26.2
Net cash – beginning of period	192.9	270.1
Net cash – end of period	$ 118.2	$ 216.9
Interest paid	$ 7.0	$ 14.8
Income taxes paid	$ 29.3	$ 46.2

Consolidated Balance Sheets

(in millions of Canadian dollars – unaudited)	As at March 31, 2003	As at December 31, 2002
ASSETS		
Current assets		
Cash and short-term investments	$ 118.2	$ 192.9
Accounts receivable	169.7	174.0
Inventories	421.3	319.4
Prepaid expenses	17.6	7.0
	726.8	693.3
Other assets	89.1	85.2
Property, plant and equipment	1,291.3	1,316.9
Deferred charges	20.0	20.2
	$ 2,127.2	$ 2,115.6
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 176.2	$ 163.1
Current portion of reforestation obligation	31.8	29.5
Current portion of long-term debt	18.3	19.7
	226.3	212.3
Long-term debt	322.9	337.7
Reforestation obligation	69.2	57.8
Other liabilities	14.0	14.4
Future income taxes	196.8	201.7
	829.2	823.9
SHAREHOLDERS' EQUITY		
Share capital	328.1	327.5
Retained earnings	969.9	964.2
	1,298.0	1,291.7
	$ 2,127.2	$ 2,115.6

First Quarter Segmented Information

(in millions of Canadian dollars – unaudited)

	Lumber	Panels	Pulp & Paper	Corporate & Other	Consolidated
January 1, 2003 to March 31, 2003					
Net sales at market prices					
To external customers	$203.6	$ 50.2	$131.6		$385.4
To other segments	7.0				
	$210.6	$ 50.2	$131.6	—	
EBITDA[1]	$ 24.7	$ 8.9	$ 9.7	$ (2.2)	$ 41.1
Amortization of property, plant and equipment	18.2	6.4	13.7	0.6	38.9
Operating earnings (loss)	6.5	2.5	(4.0)	(2.8)	2.2
Interest expense (income)	5.3	1.3	4.5	(6.3)	4.8
Exchange gain on long-term debt	—	—	—	(16.2)	(16.2)
Other	(2.5)	—	—	7.7	5.2
Earnings (loss) before income taxes	$ 3.7	$ 1.2	$ (8.5)	$ 12.0	$ 8.4
January 1, 2002 to March 31, 2002					
Net sales at market prices					
To external customers	$212.6	$ 56.9	$109.9		$379.4
To other segments	7.7				
	$220.3	$ 56.9	$109.9	—	
EBITDA[1]	$ 54.3	$ 17.2	$ 16.4	$ (1.9)	$ 86.0
Amortization of property, plant and equipment	14.4	6.4	13.7	0.4	34.9
Operating earnings (loss)	39.9	10.8	2.7	(2.3)	51.1
Interest expense (income)	4.1	1.7	4.2	(0.3)	9.7
Exchange loss on long-term debt	—	—	—	0.4	0.4
Other	0.1	—	—	—	0.1
Earnings (loss) before income taxes	$ 35.7	$ 9.1	$ (1.5)	$ (2.4)	$ 40.9

[1]*EBITDA is defined as operating earnings plus amortization*

Notes to Interim Financial Statements

January 1 to March 31, 2003 and 2002
(figures are in millions of dollars except where indicated)

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, 2002.

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31 consolidated annual financial statements.

2. THE FORESTRY REVITALIZATION PLAN

In March 2003, the Government of B.C. ("Crown") introduced the Forestry Revitalization Plan (the "Plan") that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. The changes prescribed in the Plan include; the elimination of minimum cut control regulations, the elimination of existing timber processing regulations, and the elimination of restrictions limiting the transfer and subdivision of existing licenses. As well, through legislation, licensees, including the company, will be required to return 20% of their replaceable tenure to the Crown. The Plan states that approximately half of this volume will be redistributed to open up opportunities for woodlots, community forests and First Nations and the other half will be available for public auction. The Crown has acknowledged that licensees will be fairly compensated for the return of tenures and related costs such as roads and bridges

The effect of the timber take-back is expected to result in a reduction of approximately 832,000 m^3 of the company's existing allowable annual cut on replaceable tenures. The effect of the Plan on the company's financial position and results of operations cannot be determined at this time. The company will record the effects of the Plan at the time the amounts to be recorded are estimable.

3. SHARE CAPITAL

The following table summarizes the common shares issued during the period:

	January 1 to March 31	
	2003	2002
Pursuant to 10% stock dividend	3,349,542	3,038,698
Pursuant to cash payments	12,454	44,634
Total issued	3,361,996	3,083,332

4. EARNINGS PER SHARE

Basic earnings per share are 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 options using the treasury stock method.

Earnings per share figures reflect the 10% stock dividend as if the shares had been outstanding from the beginning of the periods presented.

	January 1 to March 31	
	2003	2002
Earnings	$ 10.9	$ 26.6
Preferred share payments	—	(0.2)
Available to common shareholders	$ 10.9	$ 26.4
Weighted average shares *(thousands)*		
Weighted average shares – basic	36,844	36,760
Share options – treasury stock method	420	376
Weighted average shares – diluted	37,264	37,136
Earnings per share *(dollars)*		
Basic earnings per share	$ 0.29	$ 0.72
Diluted earnings per share	$ 0.29	$ 0.71

5. STOCK-BASED COMPENSATION

The company has a fixed share option plan for its directors, officers and employees, under which it may grant up to 3,520,000 share options. No expense is recognized for share options granted under this plan. The following table summarizes information about share options granted subsequent to December 31, 2001:

Year	Number of Options Granted	Exercise Price (Dollars)	Fair Value
2002	284,350	$33.471	$4.7
2003	336,050	$33.409	$4.6

Had compensation expense for the above share options been determined based on the fair value at the grant date, consistent with the fair value based method of accounting for stock-based compensation, the company's earnings would have been reduced by $0.4 million, or $0.01 per share ($0.1 million, with no change to per share earnings for the three month period ended March 31, 2002). The company has not calculated the fair value of share options granted before January 1, 2002.

6. CONTINGENT LIABILITY

On April 25, 2002, the U.S. Department of Commerce ("USDOC") issued its final determination in the countervailing and antidumping investigations. The USDOC's final determination in the countervailing investigation resulted in a duty rate of 18.79% and an antidumping rate specific to the company of 2.18%, both to be posted by cash deposits.

On May 16, 2002, the United States International Trade Commission ("USITC") published its final determination on injury stating that Canadian softwood lumber threatens material injury to the U.S. industry. As a result, cash deposits have been required for shipments at the rates determined by the USDOC effective from May 22, 2002. All bonds posted before May 22, 2002 have been returned and cancelled.

The company has incurred countervailing and antidumping duties of $23.3 million, accounted for as a reduction in sales, for the period from January 1, 2003 to March 31, 2003 ($3.7 million for the period from January 1, 2002 to March 31, 2002).

The Company and other Canadian forest product companies, the Federal Government and Canadian provincial governments ("Canadian Interests") categorically deny the U.S. allegations and strongly disagree with the final countervailing and dumping determinations made by the USITC and USDOC. Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute. Canadian Interests have appealed these decisions to NAFTA panels and the WTO. The final amount of countervailing and antidumping duties that may be assessed on Canadian softwood lumber exports to the U.S. cannot be determined at this time and will depend on the results of these appeals. Notwithstanding the cash deposit rates established in the investigations, the final liability for the assessment of countervailing and antidumping duties will not be determined until each annual administrative review process is complete.

An administrative review is currently expected to begin sometime after May 31, 2003 and will be completed by approximately November 2004. The completion could extend beyond 2004 with the finalization of any appeals.

West Fraser

First Quarter Operating Highlights

January 1 to March 31		2003	2002
Lumber	Production (Mfbm)	649,481	531,821
	Shipments (Mfbm)	571,719	477,930
Panels			
MDF	Production (Msf – 3/4″)	65,199	57,539
	Shipments (Msf – 3/4″)	69,183	62,947
Plywood	Production (Msf – 3/8″)	58,243	60,173
	Shipments (Msf – 3/8″)	49,677	58,747
Pulp & Paper (tonnes)			
Linerboard and Kraft paper	Production	99,572	103,089
	Shipments	108,613	88,601
Pulp	Production	129,911	94,567
	Shipments	124,488	95,296
Newsprint	Production	28,495	31,040
	Shipments	27,935	30,832

Quarterly Comparisons

January 1 to March 31 *(in millions of Canadian dollars – unaudited)*	2003	2002
Sales		
First	$ 385.4	$ 379.4
Second	—	420.2
Third	—	427.8
Fourth	—	404.8
	$ 385.4	$ 1,632.2
Earnings		
First	$ 10.9	$ 26.6
Second	—	71.0
Third	—	4.3
Fourth	—	27.1
	$ 10.9	$ 129.0
Diluted Earnings Per Share *(in dollars)*		
First	$ 0.29	$ 0.71
Second	—	$ 1.90
Third	—	$ 0.12
Fourth	—	$ 0.74
Annual	$ —	$ 3.47

Number of common shares outstanding at March 31, 2003 was 36,845,225.

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