



West Fraser Timber Co. Ltd

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NEWS RELEASE

WEST FRASER TIMBER CO. LTD. ("WFT")

Tuesday, October 26, 2004

West Fraser Announces 3rd Quarter Results

Attention: Business & Financial Editors
Financial Analysts

Vancouver, B.C. **West Fraser Timber Co. Ltd.** today announced earnings of \$78 million or \$1.95 fully diluted earnings per share in the third quarter, after giving effect to Subscription Receipts issued during the quarter as described in notes 3 and 4 to the accompanying financial statements, on sales of \$700 million compared to earnings of \$3 million or \$0.09 per share on sales of \$484 million in the same period in 2003. The current quarter earnings include share option expense of \$14 million and a foreign exchange gain on translation of U.S. denominated long-term debt of \$9 million.

For the first nine months of 2004 earnings were \$171 million or \$4.48 per share on sales of \$1,848 million. This compares to earnings of \$9 million or \$0.24 per share on sales of \$1,454 million for the first nine months of 2003.

EBITDA¹ was \$144 million or 21% of gross sales for the quarter compared to EBITDA of \$43 million or 9% of sales in the third quarter of 2003. For the first nine months of 2004 EBITDA was \$368 million or 20% of sales compared to \$84 million or 6% of sales for the first nine months of 2003.

OPERATIONAL RESULTS

The strengthening of the Canadian dollar relative to the US dollar during the third quarter adversely affected mill net returns for all of West Fraser's products other than plywood which is mainly sold in Canadian dollars. In the third quarter the Canadian dollar averaged US \$0.757 compared to US \$0.735 in the second quarter this year and US \$0.729 in the third quarter of 2003. For West Fraser every U.S. cent increase or decrease relative to the Canadian dollar results in approximately an \$11 million change in annualized after tax earnings.

EBITDA in the lumber division for the quarter, after accounting for duties, was \$129 million or 27% of gross sales compared to EBITDA of \$37 million or 12% of sales in the third quarter of 2003. Lumber duties expensed during the quarter were \$52 million (third quarter 2003 - \$31 million). Benchmark SPF 2X4 lumber prices averaged US \$438 per Mfbm in the current quarter, which was virtually unchanged from the previous quarter, and in the third quarter of 2003 the lumber price averaged US \$319 per Mfbm.

Lumber shipments in the quarter increased significantly compared to shipments made during the second quarter of the year and during the third quarter of 2003. Improved rail car availability during the quarter and the use of ships to deliver lumber to the U.S. east coast resulted in a reduction of lumber inventory of 74 MMfbm during the quarter. However, the overall lumber inventories both at the mills and reload locations remain high. For the balance of the year West Fraser will continue to use ships to deliver lumber to the U.S. east coast in order to move lumber closer to our customers and continue to reduce inventory levels.

Panel operations generated EBITDA of \$20 million or 27% of gross sales in the quarter compared to \$12 million or 20% of sales in the comparable quarter of 2003. A quarterly production record for MDF was established. MDF mill net realizations improved during the quarter from both the second quarter of 2004 and the third quarter of 2003 despite the stronger Canadian dollar. The benchmark plywood price averaged \$547 per Msf for the quarter compared to the second quarter of 2004 average of \$590 per Msf and \$467 for the third quarter of 2003.

West Fraser's pulp and paper operations recorded EBITDA of \$12 million or 8% of gross sales for the quarter compared to EBITDA of \$2 million or 2% of sales in the same quarter of last year. West Fraser's pulp mills operated well in the quarter but decreased demand from overseas markets resulted in reduced shipments and increased inventories at the mills. BCTMP prices, although up from the third quarter of 2003, were down from the second quarter of 2004 due to lower demand and the stronger Canadian dollar. The Kitimat paper mill established a production record in the quarter. Demand for linerboard and kraft paper strengthened allowing for increased shipments. Although linerboard prices have increased significantly throughout 2004, the stronger Canadian dollar has reduced the pricing gains. Achieving profitability at this operation in a strong Canadian dollar environment is a challenge despite the improvements made in the mill operation. Alberta Newsprint continued to contribute to earnings. Newsprint prices were higher in the quarter, but the stronger Canadian dollar again largely offset the benefit of increased U.S. dollar prices.

LUMBER TRADE DISPUTE

On August 31, 2004 a NAFTA Panel reaffirmed its prior rulings that the U.S. International Trade Commission ("ITC") had not demonstrated that the U.S. softwood lumber industry is threatened with material injury by reason of Canadian imports and remanded this matter back to the ITC for a new determination. On September 10, 2004, the ITC complied with this instruction and issued a new determination finding that the U.S. softwood lumber industry is not threatened with material injury by reason of lumber imports from Canada.

The United States has appealed the NAFTA Panel's decisions in this case to a special Extraordinary Challenge Committee under the NAFTA. Should the Extraordinary Challenge Committee uphold the NAFTA Panel's decisions, the U.S. antidumping and countervailing duty orders would be terminated as a result of the ITC's new determination. In that case, West Fraser would no longer be required to make any further antidumping or countervailing duty deposits, and all of West Fraser's deposits, totaling US \$218 million at September 30, 2004, should be eligible for refund, subject to the outcome of any litigation on refunds that may arise. The extraordinary challenge process is likely to be completed by the Spring or Summer of 2005.

The Canadian positions have continually been supported by significant decisions of NAFTA and WTO panels. West Fraser is disappointed in the American response to these decisions and the Company continues to believe that the Canadian and West Fraser positions will be upheld through appeals.

WELDWOOD ACQUISITION

The previously announced acquisition of Weldwood is expected to close in the fourth quarter subject to completion of certain regulatory requirements.

West Fraser has raised funds through the issuance of Subscription Receipts and debt instruments to partially fund the acquisition as follows:

- i) \$275 million through the issue on August 24, 2004 of 5,852,000 Subscription Receipts, each of which will be converted to a Common share upon completion of the Weldwood acquisition;
- ii) \$150 million through the issue of 4.94% debentures due 2009, issued October 19, 2004; and
- iii) US \$300 million through the issue of 5.2% senior notes due 2014, issued October 15, 2004.

The balance of the \$1.26 billion purchase price, which is subject to certain closing adjustments, will come from cash on hand and a committed term debt facility.

The planning for the integration of Weldwood is on schedule. West Fraser management is focused on achieving the many benefits of this acquisition at the earliest date.

OUTLOOK

Building product prices have declined from recent levels and are not expected to improve significantly from current levels as we enter the traditionally slower winter building season. Pulp prices declined during the latter part of the third quarter and are expected to stabilize in the near term. Linerboard and kraft paper prices are also expected to remain stable in the near term. There is an expectation that newsprint prices will increase. However, the continued strength of the Canadian dollar is expected to negatively impact earnings going forward.

CONFERENCE CALL

Investors are invited to listen to the quarterly conference call to be held October 28, 2004 at 9:00 am Pacific Time by dialing in at 1-866-546-6145. The call may also be accessed through West Fraser's website at www.westfraser.com.

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.

FORWARD LOOKING STATEMENTS

Some information contained in this quarterly report is prospective 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.

¹ *Non GAAP measure - EBITDA is defined as operating earnings plus amortization of property, plant and equipment.*



CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in millions of Canadian dollars - unaudited)

	July 1 to September 30		January 1 to September 30	
	2004	2003	2004	2003
<u>EARNINGS</u>				
Sales (note 1)	\$ 700.0	\$ 484.0	\$ 1,847.6	\$ 1,453.8
Costs and expenses				
Cost of products sold	375.5	317.5	1,013.1	1,008.2
Freight and other distribution costs	98.1	70.9	258.1	226.7
Countervailing and antidumping duties	51.6	30.8	124.8	80.4
Amortization of property, plant and equipment	36.0	34.5	107.0	106.4
Selling, general and administrative	17.1	13.8	53.8	46.4
Share option expense (note 3)	13.6	8.5	29.8	8.5
	591.9	476.0	1,586.6	1,476.6
Operating earnings	108.1	8.0	261.0	(22.8)
Other				
Interest expense - net	(3.0)	(4.4)	(11.3)	(13.0)
Exchange gain (loss) on long-term debt	9.0	(0.3)	4.0	33.6
Other income (expense)	0.3	1.8	1.8	(2.3)
Earnings before income taxes	114.4	5.1	255.5	(4.5)
Income tax recovery (expense)	(36.4)	(2.0)	(84.1)	13.3
Earnings	\$ 78.0	\$ 3.1	\$ 171.4	\$ 8.8
Earnings per share (note 4)				
Basic	\$ 2.12	\$ 0.09	\$ 4.65	\$ 0.24
Diluted	\$ 1.95	\$ 0.09	\$ 4.48	\$ 0.24
<u>RETAINED EARNINGS</u>				
Balance - beginning of period as previously reported	\$ 1,076.9	\$ 966.7	\$ 986.7	\$ 964.2
Cumulative effect of change in accounting policy (note 2)	-	-	7.1	7.1
Balance - beginning of period as restated	1,076.9	966.7	993.8	971.3
Earnings	78.0	3.1	171.4	8.8
	1,154.9	969.8	1,165.2	980.1
Common share dividends	(5.2)	(5.1)	(15.5)	(15.4)
Balance - end of period	\$ 1,149.7	\$ 964.7	\$ 1,149.7	\$ 964.7



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars - unaudited)

	July 1 to September 30		January 1 to September 30	
	2004	2003	2004	2003
Cash Flows From Operating Activities				
Earnings	\$ 78.0	\$ 3.1	\$ 171.4	\$ 8.8
Items not affecting cash				
Amortization of property, plant and equipment	36.0	34.5	107.0	106.4
Exchange (gain) loss on long-term debt	(9.0)	0.3	(4.0)	(33.6)
Future income taxes	(7.2)	(6.9)	(16.6)	(14.9)
Change in other long-term liabilities	0.3	0.9	(0.5)	0.9
Change in reforestation obligation	(7.3)	(7.6)	(5.4)	2.3
Gain on asset sales	-	(1.5)	(0.3)	(3.2)
Other	(2.4)	0.5	(1.6)	1.7
	88.4	23.3	250.0	68.4
Net change in non-cash working capital items	91.9	106.5	69.2	59.4
	180.3	129.8	319.2	127.8
Cash Flows From Financing Activities				
Repayment of long-term debt	-	-	(13.3)	(16.8)
Dividends	(5.2)	(5.1)	(15.5)	(15.4)
Proceeds from subscription receipt issue (net) (note 3)	267.2	-	267.2	-
Other	0.2	0.1	0.8	0.6
	262.2	(5.0)	239.2	(31.6)
Cash Flows From Investing Activities				
Property, plant and equipment additions	(39.5)	(18.1)	(98.7)	(56.5)
Proceeds from disposal of property, plant & equipment	0.4	3.5	3.8	13.2
Acquisition	-	-	-	(6.2)
Restricted cash (note 3)	(275.0)	-	(275.0)	-
Change in other assets	3.8	(1.3)	(8.9)	(7.9)
	(310.3)	(15.9)	(378.8)	(57.4)
Change in unrestricted cash	132.2	108.9	179.6	38.8
Net unrestricted cash - beginning of period	313.3	122.8	265.9	192.9
Net unrestricted cash - end of period	\$ 445.5	\$ 231.7	\$ 445.5	\$ 231.7
Interest paid	\$ 6.3	\$ 6.7	\$ 17.4	\$ 19.3
Income taxes paid	\$ 9.2	\$ 10.1	\$ 26.2	\$ 48.6



CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars - unaudited)

	As at September 30, 2004	As at December 31, 2003
ASSETS		
Current assets		
Cash and short-term investments	\$ 445.5	\$ 265.9
Restricted cash (note 3)	275.0	-
Accounts receivable	192.4	158.0
Inventories	338.3	322.3
Prepaid expenses	16.7	9.2
	1,267.9	755.4
Other assets		
Property, plant and equipment	71.7	64.3
Deferred charges	1,237.1	1,245.7
	24.7	21.3
	\$ 2,601.4	\$ 2,086.7

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued liabilities	\$ 230.6	\$ 186.2
Income taxes payable	82.0	-
Current portion of reforestation obligation	31.0	30.8
Current portion of long-term debt	157.7	13.0
	501.3	230.0
Long-term debt	124.9	287.0
Reforestation obligation	45.0	50.7
Other liabilities	11.8	8.1
Future income taxes	173.2	189.7
	856.2	765.5
Shareholders' equity (note 3)	1,745.2	1,321.2
	\$ 2,601.4	\$ 2,086.7

Number of Common shares outstanding at October 25, 2004 was 36,891,350

Number of Share Subscription Receipts outstanding at October 25, 2004 was 5,852,000

QUARTERLY COMPARISONS

January 1 to December 31

(in millions of Canadian dollars - unaudited)

	2004	2003
Sales		
First	\$ 541.1	\$ 486.1
Second	606.5	483.7
Third	700.0	483.9
Fourth		466.9
		\$ 1,920.6
Earnings		
First	\$ 26.5	\$ 10.9
Second	66.9	(5.2)
Third	78.0	3.1
Fourth		34.3
		\$ 43.1
Diluted Earnings Per Share (in dollars)		
First	\$ 0.71	\$ 0.29
Second	\$ 1.79	\$ (0.14)
Third	\$ 1.95	\$ 0.09
Fourth		\$ 0.92
Annual		\$ 1.16



THIRD QUARTER SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
July 1, 2004 to September 30, 2004					
Sales					
To external customers	\$ 467.5	\$ 72.9	\$ 159.6		\$ 700.0
To other segments	14.6				
	<u>\$ 482.1</u>	<u>\$ 72.9</u>	<u>\$ 159.6</u>	<u>-</u>	
EBITDA¹	\$ 129.4	\$ 19.8	\$ 12.0	\$ (17.1)	\$ 144.1
Amortization of property, plant and equipment	16.5	5.1	14.1	0.3	36.0
Operating earnings (loss)	112.9	14.7	(2.1)	(17.4)	108.1
Interest income (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	<u>\$ 113.3</u>	<u>\$ 14.4</u>	<u>\$ (3.2)</u>	<u>\$ (10.1)</u>	<u>\$ 114.4</u>

July 1, 2003 to September 30, 2003

Sales					
To external customers	\$ 315.1	\$ 60.8	\$ 108.1		\$ 484.0
To other segments	5.1				
	<u>\$ 320.2</u>	<u>\$ 60.8</u>	<u>\$ 108.1</u>	<u>-</u>	
EBITDA¹	\$ 36.9	\$ 12.4	\$ 2.2	\$ (9.0)	\$ 42.5
Amortization of property, plant and equipment	14.1	5.9	14.0	0.5	34.5
Operating earnings (loss)	22.8	6.5	(11.8)	(9.5)	8.0
Interest expense	(1.4)	(0.4)	(1.4)	(1.2)	(4.4)
Exchange loss on long-term debt	-	-	-	(0.3)	(0.3)
Other income	0.8	-	-	1.0	1.8
Earnings (loss) before income taxes	<u>\$ 22.2</u>	<u>\$ 6.1</u>	<u>\$ (13.2)</u>	<u>\$ (10.0)</u>	<u>\$ 5.1</u>

1 Non GAAP measure:

EBITDA is defined as operating earnings plus amortization of property, plant and equipment.

**FIRST NINE MONTHS SEGMENTED INFORMATION***(in millions of Canadian dollars - unaudited)*

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
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				
	<u>\$ 1,188.4</u>	<u>\$ 218.9</u>	<u>\$ 479.5</u>	<u>-</u>	
EBITDA¹	\$ 305.6	\$ 58.8	\$ 44.5	\$ (40.9)	\$ 368.0
Amortization of property, plant and equipment	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	<u>\$ 254.6</u>	<u>\$ 40.6</u>	<u>\$ (3.2)</u>	<u>\$ (36.5)</u>	<u>\$ 255.5</u>
January 1, 2003 to September 30, 2003					
Sales					
To external customers	\$ 864.2	\$ 172.8	\$ 416.8		\$ 1,453.8
To other segments	19.2				
	<u>\$ 883.4</u>	<u>\$ 172.8</u>	<u>\$ 416.8</u>	<u>-</u>	
EBITDA¹	\$ 58.1	\$ 25.9	\$ 11.2	\$ (11.6)	\$ 83.6
Amortization of property, plant and equipment	44.6	18.2	41.9	1.7	106.4
Operating earnings (loss)	13.5	7.7	(30.7)	(13.3)	(22.8)
Interest income	(6.2)	(1.4)	(4.7)	(0.7)	(13.0)
Exchange gain on long-term debt	-	-	-	33.6	33.6
Other income (expense)	7.3	-	-	(9.6)	(2.3)
Earnings (loss) before income taxes	<u>\$ 14.6</u>	<u>\$ 6.3</u>	<u>\$ (35.4)</u>	<u>\$ 10.0</u>	<u>\$ (4.5)</u>

1 Non GAAP measure:

EBITDA is defined as operating earnings plus amortization of property, plant and equipment.



THIRD QUARTER OPERATING HIGHLIGHTS

		July 1 to September 30		January 1 to September 30	
		2004	2003	2004	2003
Lumber	Production (Mfbm)	693,884	647,019	2,107,789	1,952,336
	Shipments (Mfbm)	768,200	689,984	1,991,319	1,951,223
Panels					
MDF	Production (Msf - 3/4")	71,851	70,510	211,475	193,754
	Shipments (Msf - 3/4")	68,211	69,316	216,086	198,773
Plywood	Production (Msf - 3/8")	64,286	64,900	191,414	187,024
	Shipments (Msf - 3/8")	66,054	65,584	200,249	184,820
Pulp & Paper (tonnes)					
Linerboard and Kraft paper	Production	118,595	8,375	328,603	164,677
	Shipments	126,090	28,824	327,350	216,286
Pulp	Production	130,156	131,093	391,578	389,526
	Shipments	99,106	121,673	355,649	384,975
Newsprint	Production	33,926	31,941	102,281	94,445
	Shipments	34,107	31,797	101,253	93,496

NOTES TO INTERIM FINANCIAL STATEMENTS

(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, 2003.

The Company has presented freight and other distribution costs and countervailing and antidumping duties as part of costs and expenses in the statement of earnings and reclassified the prior period's presentation accordingly. Previously these expenses were presented as a reduction of gross sales to determine net sales in accordance with industry practice.

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

2. CHANGE IN ACCOUNTING POLICY

Asset Retirement Obligations

Effective January 1, 2004, the Company adopted new accounting requirements for asset retirement obligations, as recommended by the Canadian Institute of Chartered Accountants. Under the new requirements the Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset. This requirement changed the Company's accounting for landfill closure costs and reforestation liabilities.

Accordingly, the Company retroactively adjusted the carrying value of liabilities, previously reported on a non-discounted basis, for reforestation and certain landfill closure costs and recorded liabilities and the associated assets for landfill closure costs not previously accrued. The net increase to property, plant and equipment at January 1, 2004 was \$0.9, the net decrease to liabilities was \$11.3, the decrease to inventory was \$1.9 and the impact on January 1, 2003 opening retained earnings (net of tax of \$3.2) was \$7.1. The cumulative effect of adopting these accounting requirements was not material to the Company's results of operations and the impact was included in costs and expenses in the first quarter of 2004.

3. SHAREHOLDERS' EQUITY

	September 30, 2004		December 31, 2003	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	31,487,294	\$ 328.4	31,471,508	\$ 327.8
Class B common	5,385,206	0.5	5,385,206	0.5
Total Common	36,872,500	328.9	36,856,714	328.3
Subscription Receipts	5,852,000	267.2		-
Retained Earnings		1,149.7		986.7
Change in Accounting for Asset Retirement Obligations		-		7.1
Share Purchase Loans		(0.6)		(0.9)
Shareholders' Equity		\$ 1,745.2		\$ 1,321.2

Common Shares

During the three months ended September 30, 2004 the Company issued 2,025 Common shares for cash of \$0.1 (nine months ended September 30, 2004 - issued 15,786 Common shares for cash of \$0.6).

(figures are in millions of dollars except where indicated)

Share Subscription Receipts

On August 24, 2004, the Company issued 5,852,000 Subscription Receipts pursuant to a public offering, each representing the right to receive one Common share on completion of the acquisition of Weldwood of Canada Limited ("Weldwood"). The price per Subscription Receipt was \$47.00 dollars resulting in an increase to the Company's shareholder's equity of \$267.2 after deducting estimated issuance costs. The proceeds are being held in escrow. Upon the closing of the Weldwood acquisition the escrowed funds will be released to the Company and one Common share will be issued for each outstanding Subscription Receipt. If the agreement to acquire Weldwood is terminated, the funds will be returned to each Subscription Receipt holder with interest. The gross proceeds of \$275.0 have been classified as restricted cash on the balance sheet until the release conditions are satisfied. The Subscription Receipt holders are entitled to a "dividend equivalent" equal to the dividends declared on Common shares during the escrow period. The dividend equivalent payment will be paid out of interest earned on the escrowed funds when the related Common shares are issued.

Share Option Plan

The Company has a share option plan for its directors, officers and employees, under which it may grant up to 3,505,506 share options. The exercise price of a share option is equal to the closing price of the Company's Common shares on the day preceding the grant date. The options vest at 20% per year from the grant date and expire after 10 years.

Effective July 2003, the share option plan was amended to give share option holders the right to elect to receive a cash payment in lieu of receiving Common shares. The cash payment is equal to the difference between the exercise price of the share option and the market price of the Company's Common shares on the date of exercise.

For the three months ended September 30, 2004, the Company recorded a share option expense of \$13.6 related to the options outstanding (nine months ended September 30, 2004 - \$29.8).

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 and the conversion on issuance date of Subscription Receipts to Common shares. The diluted earnings per share calculation reflects the weighted average number of Subscription Receipts outstanding during the periods.

Earnings per share figures reflect the 10% stock dividend issued in March 2003 as if the shares had been outstanding from the beginning of the periods presented.

	July 1 to September 30		January 1 to September 30	
	2004	2003	2004	2003
Earnings available to shareholders	\$ 78.0	\$ 3.1	\$ 171.4	\$ 8.8
Weighted average shares (thousands)				
Weighted average shares – basic	36,847	36,850	36,843	36,846
Share options – treasury stock method	675	-	559	218
Share Subscription Receipts (5,852 issued)	2,417	-	812	-
Weighted average shares - diluted	39,939	36,850	38,214	37,065
Earnings per share (dollars)				
Basic earnings per share	\$ 2.12	\$ 0.09	\$ 4.65	\$ 0.24
Diluted earnings per share	\$ 1.95	\$ 0.09	\$ 4.48	\$ 0.24

(figures are in millions of dollars except where indicated)

5. THE FORESTRY REVITALIZATION PLAN

In March 2003, the Government of B.C. (the "Crown") enacted 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, were required to return 20% of their replaceable tenure to the Crown. 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 tenure take-back is a reduction of approximately 832,000 m³ 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 when the amounts can be estimated.

6. COUNTERVAILING AND ANTIDUMPING DUTIES

On April 25, 2002, the U.S. Department of Commerce (USDOC) issued its final determination in the countervailing and antidumping investigations, which resulted in a countervailing duty rate of 18.79% and an antidumping rate specific to the Company of 2.18%, both to be posted by cash deposits effective from May 22, 2002.

The Company and other Canadian forest product companies, the Canadian federal 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 USITC and the USDOC. The 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 underway and is expected to be completed by December 2004 and may extend beyond that date if appealed.

7. WELDWOOD ACQUISITION

On July 21, 2004, the Company reached a definitive agreement to acquire Weldwood of Canada Limited ("Weldwood") from International Paper Company ("IP") for \$1,260.0, subject to certain closing adjustments. The Company has agreed to finance the transaction with cash on hand and the proceeds from the subscription receipt issuance described in note 3 and the debt financing described in note 8. As part of the agreement, IP will be entitled to the after-tax proceeds on any return of softwood lumber duty deposits made by Weldwood prior to the closing date. The agreement also provides for future payments to be paid to IP if the market price of NBSK pulp exceeds the greater of US\$710 dollars or Cdn\$950 dollars per tonne during a quarter. These payments, not to exceed \$50 in aggregate, will be based on production and will expire on June 30, 2007. Concurrent with the signing of the agreement, IP agreed to enter into a ten year pulp purchase contract under which IP will purchase 200,000 tonnes of NBSK pulp per year.

The closing of the acquisition of Weldwood is subject to customary regulatory reviews or approvals including Canadian and U.S. competition law and Canadian forestry laws. The acquisition is expected to close in the fourth quarter of 2004.

(figures are in millions of dollars except where indicated)

8. SUBSEQUENT EVENT

On October 15, 2004, the Company issued US\$300 of 5.20% Notes due October 15, 2014. On October 19, 2004, the Company issued \$150 of 4.94% Senior Unsecured Debentures due October 19, 2009. The proceeds of both offerings, after the deduction of certain issuance expenses, together with general funds and funds to be advanced under a term loan facility will be used to satisfy the purchase consideration for the acquisition of Weldwood. If the Weldwood acquisition is terminated, the Company has the option to redeem the debt on specified terms.

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

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