



West Fraser Timber Co. Ltd

858 Beatty Street
Suite 501
Vancouver, B.C.
Canada V6B 1C1
Telephone: (604) 895-2700
Fax: (604) 681-6061

NEWS RELEASE

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

Tuesday, May 3, 2011

West Fraser Announces First Quarter Results

Vancouver, B.C. – **West Fraser Timber Co. Ltd.** today reported earnings after discontinued operations of \$19 million or \$0.44 per share for the first quarter of 2011. Earnings from continuing operations were \$20 million or \$0.46 per share on sales of \$687 million.

"We are pleased with our operating performance which produced another quarter of positive results despite a lack of recovery in U.S. housing and a strengthening Canadian dollar." said Hank Ketcham, the Company's Chairman, CEO and President. "We continue to focus on efficiency and cost control at every level of our business."

The results compare with previous periods as follows:

(\$ millions except earnings per share ("EPS"))	2011	2010	
	Q1	Q4	Q1
Sales	687	719	688
EBITDA ¹	80	81	106
Operating earnings from continuing operations	35	43	57
Earnings from continuing operations	20	28	38
Diluted EPS from continuing operations (\$)	0.46	0.65	0.89
Earnings after discontinued operations	19	43	29
Diluted EPS after discontinued operations (\$)	0.44	1.00	0.67

Operational Results

The Company's lumber and pulp operations were significant contributors to earnings in the quarter. Current quarter earnings were adversely affected by the stronger Canadian dollar and a \$27 million (\$0.60 per share) charge for long-term equity-based compensation.

¹ Throughout this News Release, reference is made to EBITDA (defined as operating earnings plus amortization). Management of the Company believes that, in addition to earnings, EBITDA is a useful performance indicator and is a useful complementary measure of cash available prior to debt service, capital expenditures and income taxes. However, EBITDA is not a generally accepted earnings measure under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be considered as an alternative to earnings or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating EBITDA, the Company's method of calculating EBITDA may differ from the methods used by other entities and, accordingly, the Company's use of that term may not be directly comparable to similarly titled measures used by other entities.

The lumber segment recorded operating earnings of \$33 million and EBITDA of \$55 million in the current quarter. SPF shipments were lower in the current quarter compared to the prior quarter as poor weather conditions affected truck and railcar availability.

The panel segment, which includes plywood, LVL and MDF, recorded break-even operating earnings and EBITDA of \$4 million in the quarter. The MDF and LVL operations continue to operate on a curtailed basis while the three plywood mills ran at capacity.

Pulp & paper operations recorded operating earnings of \$29 million and EBITDA of \$47 million. Global inventory levels of NBSK are lower than normal which allowed for a price increase during the quarter. BCTMP prices have weakened during the quarter as new production in China adversely affected markets.

Outlook

SPF and SYP lumber prices have weakened dramatically since the end of the first quarter of 2011, likely the result of the restarting of some previously-curtailed production without a balancing increase in demand. Prices for the Company's construction products are expected to remain volatile until the U.S. housing industry experiences sustainable recovery. The strong NBSK pulp markets should continue as economic growth in the consuming regions continues to support a reasonable pulp price.

Mr. Ketcham noted: "We expected a slow and uneven recovery of the North American lumber industry, and that seems to be playing out. Fortunately, we continue to experience the benefits of strong NBSK pulp markets."

Normal Course Issuer Bid

The Company also announces that it intends to apply to the Toronto Stock Exchange (the "TSX") for approval to conduct a normal course issuer bid ("NCIB") for up to 5% of its issued and outstanding Common shares in accordance with the TSX rules. The NCIB will be subject to TSX acceptance. Full details of the NCIB will be announced upon receipt of TSX acceptance of the NCIB.

The Company

West Fraser is an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint. The Company has operations in western Canada and the southern United States.

Forward-Looking Statements

This News Release contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results. The latter, which are forward-looking statements, are presented to provide reasonable guidance to the reader but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Forward-looking statements are included under the heading "Outlook". Actual outcomes and results will depend on a number of factors that could affect the ability of the

Company to execute its business plans, including those matters described in the 2010 annual Management's Discussion & Analysis under "Risks and Uncertainties" and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances except as required by applicable securities laws.

Conference Call

Investors are invited to listen to the quarterly conference call on Wednesday, May 4, 2011 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time) by dialing 1-877-440-9795 (toll free North America). The call may also be accessed through West Fraser's website at www.westfraser.com. A presentation summarizing the first quarter results will also be available on the Company's website.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis by West Fraser's management ("MD&A") of the Company's financial performance during the first quarter of 2011 should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes included in this quarterly report and the 2010 annual MD&A included in the Company's 2010 Annual Report. Dollar amounts are expressed in Canadian currency, unless otherwise indicated.

This MD&A contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results. The latter, which are forward-looking statements, are presented to provide reasonable guidance to the reader but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Forward-looking statements are included in the description of anticipated maintenance shutdowns and expectations relating to the Pulp and Paper Green Transformation Program under the heading "Discussion & Analysis by Product Segment - Pulp & Paper Segment" and under the heading "Business Outlook". Actual outcomes and results will depend on a number of factors that could affect the ability of the Company to execute its business plans, including those matters described under "Risks and Uncertainties" in the 2010 annual MD&A, and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by applicable securities laws.

Throughout this MD&A reference is made to EBITDA (defined as operating earnings plus amortization). Management believes that, in addition to earnings, EBITDA is a useful performance indicator and is a useful complementary measure of cash available prior to debt service, capital expenditures and income taxes. EBITDA is not a generally accepted earnings measure under International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be considered as an alternative to earnings or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating EBITDA, the Company's method of calculating EBITDA may differ from the methods used by other entities and, accordingly, the Company's use of that term may not be directly comparable to similarly titled measures used by other entities.

This MD&A includes references to benchmark prices over selected periods for products of the type produced by West Fraser. These benchmark prices do not necessarily reflect the prices obtained by West Fraser for those products during such period. The information in this interim MD&A is as at May 3, 2011 unless otherwise indicated.

Production, Shipments and Financial Comparisons

	Q1 -11	Q4 -10	Q1 -10
Production			
Lumber – MMfbm			
SPF	879	804	827
SYP	382	355	274
	1,261	1,159	1,101
Plywood – MMsf (3/8” basis)	196	190	191
MDF – MMsf (3/4” basis)	48	44	48
LVL – Mcf	405	382	580
BCTMP – Mtonnes	154	161	156
NBSK – Mtonnes	138	142	124
Newsprint – Mtonnes	31	33	33
Linerboard and Kraft Paper – Mtonnes	-	-	29
Shipments			
Lumber – MMfbm			
SPF	765	832	830
SYP	347	355	270
	1,112	1,187	1,100
Plywood – MMsf (3/8” basis)	178	208	181
MDF – MMsf (3/4” basis)	52	42	51
LVL – Mcf	383	387	564
BCTMP – Mtonnes	153	181	142
NBSK – Mtonnes	136	134	132
Newsprint – Mtonnes	30	34	34
Linerboard and Kraft Paper – Mtonnes	-	-	89
Financial Comparisons - \$ millions			
Sales	687	719	688
EBITDA	80	81	106
Amortization	(45)	(38)	(49)
Operating earnings	35	43	57
Interest expense – net	(5)	(6)	(8)
Exchange gain on long-term debt	8	10	11
Other expense	(4)	(3)	(8)
Provision for income taxes	(14)	(16)	(14)
Earnings from continuing operations	20	28	38
Earnings from discontinued operations	(1)	15	(9)
Earnings	19	43	29
Cdn. \$1.00 converted to U.S. – average	1.015	0.987	0.961

Selected Quarterly Information

Selected Quarterly Information

(\$ millions, except earnings per share (“EPS”) amounts which are in \$)

	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10	Q4-09 ²	Q3-09 ²	Q2-09 ²
Sales ¹	687	719	707	772	688	570	612	612
Earnings ¹	20	28	49	67	38	8	(100)	(23)
Earnings after								
discontinued operations	19	43	48	67	29	(20)	(199)	(39)
Basic EPS ¹	0.46	0.65	1.15	1.56	0.89	0.18	(2.34)	(0.53)
Diluted EPS ¹	0.46	0.65	1.15	1.28	0.89	0.18	(2.34)	(0.53)
Basic EPS after								
discontinued operations	0.44	1.00	1.12	1.56	0.67	(0.47)	(4.64)	(0.91)
Diluted EPS after								
discontinued operations	0.44	1.00	1.12	1.27	0.67	(0.47)	(4.64)	(0.91)

1. From continuing operations.

2. Prepared in accordance with Canadian generally accepted accounting principles in place at December 31, 2009.

Discussion & Analysis

The Company’s lower operating results in the quarter reflect a strong Canadian dollar and a higher long-term equity-based compensation expense. These negative factors were partially offset by higher lumber and NBSK prices.

U.S. housing starts remain at very low levels causing much of the North American lumber industry to continue to operate below capacity. However, with increased demand from Asia, specifically China, lumber prices have remained significantly above the extreme lows reached in 2009.

NBSK demand remains strong and prices began rising in the current quarter after falling in the second half of 2010. Conditions of oversupply in the BCTMP market have continued to put downward pressure on prices, although markets stabilized somewhat during the quarter.

Although the higher value of the Canadian dollar eroded earnings in the quarter, the lumber and pulp & paper segments achieved positive operating earnings. The panels segment was negatively affected by increased competition from U.S. plywood producers which more readily enter the Canadian market when the Canadian dollar is strong.

Selling, general and administrative expenses declined by approximately \$2 million from the previous quarter but increased by \$5 million from the first quarter of 2010. The increase from the first quarter of 2010 is due in part to an increase in employee compensation costs.

Long-term equity-based compensation expense of \$27 million in the quarter compares to \$18 million in the previous quarter and \$15 million in the first quarter of 2010. An expense is recorded on the issuance of share options or phantom share units and a further expense or recovery is recorded each quarter based primarily on a Black-Scholes valuation model that considers various factors relating to outstanding options. The most significant of these factors is

the change in the market value of the Company's shares from the beginning to the end of the particular period. In the first quarter of 2011 the market value of the Company's shares increased from \$47.16 at the beginning of the quarter to \$60.46 at the end of the quarter, representing a 28% increase in the quarter. In the previous quarter the market value increased by approximately 25% while in the first quarter of 2010 the market value increased by approximately 17%. The expense or recovery does not necessarily represent the actual amount which will ultimately be paid by the Company.

Interest expense decreased in the current quarter compared to both the previous quarter and the same period last year due to lower borrowings and lower interest rates.

The change in value of the Canadian dollar relative to the U.S. dollar during the periods presented resulted in the following foreign exchange gains and losses:

	Q1-11	Q4-10	Q1-10
Included in other income			
Translation loss on current monetary items	(4)	(4)	(4)
Gain on foreign currency contracts	-	-	1
Gain on U.S. dollar-denominated long-term debt	8	10	11
Translation loss on foreign operations	(5)	(6)	(7)

The results of the current quarter include a \$14 million provision for income taxes compared to provisions of \$16 million for the preceding quarter and \$14 million for the first quarter of 2010. Note 12 to the accompanying interim condensed consolidated financial statements provides a reconciliation of the statutory income tax rate to the effective income tax rate.

In the first quarter of 2011 the following significant items were included in earnings from continuing operations:

- a charge for long-term equity-based compensation of \$27 million (after tax \$26 million or \$0.60 per share); and
- the translation of U.S. dollar-denominated debt which resulted in a foreign exchange gain of \$8 million (after tax \$7 million or \$0.15 per share).

Discussion & Analysis by Product Segment

Lumber Segment

	Q1-11	Q4-10	Q1-10
Sales - \$ millions	411	418	409
EBITDA - \$ millions	55	41	66
EBITDA margin - %	13	10	16
Operating earnings - \$ millions	33	25	40
Benchmark prices (US\$ per Mfbm)			
SPF #2 & Better 2 x 4 ¹	296	269	269
SYP #2 West 2 x 4 ²	308	270	322

1. Source: Random Lengths – 2 x 4, #2 & Better – Net FOB mill.

2. Source: Random Lengths – 2 x 4 – Net FOB mill Westside.

Operating earnings increased in the quarter compared to the previous quarter on improved pricing for both SPF and SYP lumber and lower lumber production costs, which were only partially offset by the stronger Canadian dollar and lower SPF shipments in the current quarter.

Compared to the first quarter of the previous year, operating earnings were lower due mainly to lower shipments of SPF lumber, the effect of the stronger Canadian dollar on SPF sales realizations, lower SYP prices and higher lumber production costs. These factors were partially offset by higher SYP shipments in the current quarter.

Benchmark U.S.-dollar SPF prices were higher by 10% in the quarter compared to both the previous quarter and the first quarter of 2010. However, the continued strengthening of the Canadian dollar partially offset the benefit of the higher prices with the resulting Canadian dollar realizations up 7% from the previous quarter and up 4% from the first quarter of 2010. Benchmark prices for SYP lumber were 14% higher in the current quarter compared to the previous quarter and down 4% compared to the first quarter of 2010.

SPF lumber shipments were down in the current quarter compared to the previous quarter due to continuing poor demand in the United States and winter weather conditions which affected truck and railcar availability in Canada. SPF shipments to offshore markets declined compared to the previous quarter, reflecting a typical seasonal slow period in both China and Japan. SYP shipment volumes in the quarter were similar to the previous quarter reflecting the continued poor demand for building products in the U.S.

SPF shipment volumes were lower in the current quarter compared to the first quarter of 2010, despite a 32% increase in shipments to offshore markets, as North American truck and rail transportation was significantly affected by poor weather in the current quarter. SYP shipments were up 29% in the current quarter to more normal levels compared to the similar quarter in 2010 as shipments in 2010 were very restricted due to the severe wet weather that affected the southern U.S. in early 2010.

SPF production was higher by 9% from the previous quarter and by 6% from the first quarter of 2010. Although the Canadian sawmills ran at near capacity in the quarter as in the previous quarter, production was higher in the current quarter due to improved productivity and more

available operating days. The higher production in the current quarter compared to the first quarter of 2010 was also the result of higher operating rates in the current quarter.

SYP production was 8% higher in the current quarter compared to the previous quarter and 39% higher compared to the first quarter of 2010. Additional operating shifts in many of the U.S. sawmills contributed to the increase. In addition, severe weather conditions in many of the operating areas in the first quarter of 2010 adversely affected log supply, resulting in production curtailments in many of the U.S. sawmills. In the current quarter the U.S. sawmills operated at approximately 75% of capacity compared to 70% in the previous quarter and 55% of capacity in the first quarter of 2010.

Unit cash production costs in the current quarter were similar to the previous quarter. Log costs in both Canada and the U.S. were consistent with levels experienced in the previous quarter.

Compared to the first quarter of 2010 unit cash production costs were up marginally as a result of higher log costs driven principally by higher harvesting and hauling rates and higher fuel costs. These increases were offset in part by lower conversion costs which benefited from higher production levels in both the Canadian and U.S. operations.

Although SPF prices were higher in the quarter, average export tax charges under the Softwood Lumber Agreement were similar to the previous quarter and were 12% lower compared to the first quarter of 2010. This was due largely to higher volumes of SPF lumber being shipped to offshore markets compared to the first quarter of 2010. In addition, SPF lumber shipped from the Company's Alberta mills were subject to the 22.5% surge export tax rate for the months of January and March 2011 and the 15% export tax rate in the month of February 2011 whereas shipments from Alberta in the previous quarter and in the first quarter of 2010 were all subject to the 22.5% surge export tax rate.

Panels Segment

	Q1-11	Q4-10	Q1-10
Sales - \$ millions	91	94	100
EBITDA - \$ millions	4	6	11
EBITDA margin - %	4	7	11
Operating earnings - \$ millions	-	3	6
Benchmark price			
Plywood (per Msf 3/8" basis) ¹ Cdn\$	307	301	332
MDF (per Msf 3/4" basis) ² US\$	539	547	485

1. Source: Crow's Market Report – Delivered Toronto.

2. Source: Resource Information Systems, Inc. – MDF Western U.S. – Net FOB mill.

The Company's panels segment is comprised of its plywood, MDF and LVL operations.

Operating earnings were lower than in the previous quarter. Marginally higher plywood prices were offset mainly by the stronger Canadian dollar and lower shipment volumes of plywood. As the Canadian dollar continues to strengthen, greater volumes of competing U.S.-produced plywood are being sold to customers in Canada, West Fraser's primary market. The increased plywood supply has put downward pressure on plywood prices for the past several quarters.

Benchmark plywood prices increased only slightly in the current quarter compared to the previous quarter but were down 8% compared to the first quarter of 2010, largely due to the increase in U.S.-produced plywood sold in Canada. In addition, housing starts in Canada in the current quarter were down significantly from those recorded in the first quarter of the previous year.

MDF prices were down slightly from the previous quarter largely due to seasonal factors and up 11% compared to the corresponding quarter in 2010, or 5% on a Canadian dollar basis. LVL prices were down somewhat from the previous quarter but up slightly from the first quarter of 2010.

Wood costs for plywood were higher in the current quarter than in the previous quarter mainly due to higher harvesting and fuel-related hauling costs. Wood costs were also higher when compared to the first quarter of 2010, again due to higher harvesting and fuel-related hauling costs. Amortization was lower than in the first quarter of 2010 as certain assets became fully depreciated in 2010.

The two MDF plants and the LVL plant operated in the quarter on a curtailed basis at approximately 65% and 50% respectively for MDF and LVL to more closely match supply with demand.

Pulp & Paper Segment

	Q1-11	Q4-10	Q1-10
Sales - \$ millions	209	230	204
EBITDA - \$ millions	47	49	42
EBITDA margin - %	22	21	21
Operating earnings - \$ millions	29	30	26
Benchmark price			
NBSK (US\$ per tonne) ¹	970	967	880
Newsprint (US\$ per tonne) ²	640	640	553

1. Source: Resource Information Systems, Inc. – U.S. list price delivered U.S.

2. Source: Resource Information Systems, Inc. – delivered 48.8 gram newsprint.

The Company's pulp & paper segment is comprised of its NBSK, BCTMP and newsprint businesses. Results from the Eurocan business are included in discontinued operations.

Operating earnings were marginally lower from the previous quarter due to lower shipment volumes. The U.S.-dollar NBSK benchmark price was slightly up from the previous quarter but the stronger Canadian dollar and lower shipment volumes resulted in reduced sales revenues. However, lower production costs partially offset the negative effect of the higher Canadian dollar. Operating earnings were up from the first quarter of 2010 primarily due to higher production volumes in the NBSK operations, higher NBSK and newsprint prices and lower production costs, all of which more than offset lower BCTMP pricing and the stronger Canadian dollar.

Demand for pulp varies depending on the grade. Global inventories of softwood kraft pulp continue to be lower than normal while inventories of pulp grades such as hardwood kraft are

above normal. This has resulted in an increasing price differential between NBSK and hardwood kraft, as well as BCTMP which tends to be priced relative to hardwood kraft pulp grades. In addition BCTMP prices have been under pressure due to the startup of new BCTMP capacity in China. The benchmark price for NBSK averaged US\$970 in the quarter compared to US\$967 in the previous quarter and US\$880 in the first quarter of 2010.

Total pulp production was approximately 4% lower than the previous quarter due to fewer operating days and lower production at the Slave Lake BCTMP mill due to production curtailments related to high electricity prices. Production in the current quarter was 4% higher than in the first quarter of 2010 mainly due to the NBSK mills running at much higher rates this quarter which more than offset the reductions resulting from curtailments at the Slave Lake mill.

Although production was lower in the quarter compared to the previous quarter, average unit cash production costs were similar to the previous quarter and to the first quarter of 2010.

Benchmark U.S.-dollar newsprint prices were unchanged in the quarter from the previous quarter. However, due to the stronger Canadian dollar, mill nets realized in the current quarter were lower. Benchmark U.S.-dollar newsprint prices were higher by approximately 16% compared to the first quarter of 2010, or 10% on a Canadian dollar basis.

Pulp production is anticipated to be reduced in the second quarter by approximately 5,000 tonnes as a result of scheduled maintenance downtime at the Cariboo NBSK mill.

In 2009 the Government of Canada confirmed an allocation of credits totalling \$88 million to West Fraser under the Pulp and Paper Green Transformation Program. The Company has received approval under this program for six projects that are expected to significantly reduce future energy costs with approval for a seventh project expected in the second quarter. The Company expects to utilize its full allocation under the Program.

Discontinued Operations

The Eurocan mill was closed in the first quarter of 2010. Total restructuring charges of approximately \$50 million related to the closure of this facility have been recorded to date. We do not anticipate any further closure costs.

As at March 31, 2011 the assets and liabilities associated with the Eurocan business are as follows:

	Q1-11
Current assets	2
Non-current assets	1
Total assets	3
Current liabilities	(7)
Non-current liabilities	(10)
Total liabilities	(17)

Business Outlook

For a detailed description of West Fraser's business outlook for 2011 see its 2010 annual MD&A under "Business Outlook", which is included in the Company's 2010 Annual Report.

Benchmark prices for both SPF and SYP lumber have weakened dramatically since the end of the first quarter of 2011, likely the result of the restarting of some previously-curtailed production without a balancing increase in demand. Unless demand levels increase or production curtailments occur, prices are likely to remain at depressed levels. Although the second quarter of the year typically reflects improved lumber pricing as a result of the start of the housing construction season, with the continuing very weak state of the U.S. new home construction industry and the current oversupply situation, this outcome becomes highly unpredictable. Prices for the Company's construction products are expected to remain volatile until the U.S. housing industry experiences sustainable recovery.

Pulp demand remains strong resulting in higher prices for NBSK. However, new supply of BCTMP entered the marketplace in the second half of 2010 and the resulting oversupply of that commodity has put downward pressure on prices. Pricing of BCTMP is likely to remain at current levels until the new supply volumes are absorbed into the market. Continued economic growth in China and other consuming regions should support a reasonable pulp price.

Capital Requirements and Liquidity

Summary of Financial Position (\$ millions, except as otherwise indicated)

	Q1-11	Q4-10	Q1-10
Cash ¹	81	161	(15)
Current assets	850	789	712
Current liabilities	403	389	481
Ratio of current assets to current liabilities	2.1	2.0	1.5
Net debt	216	148	452
Shareholders' equity	1,573	1,534	1,458
Net debt to capitalization ² - %	12	9	24

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

2. Net debt (total debt less net cash) divided by net debt plus shareholders' equity.

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

Selected Cash Flow Items (\$ millions)	Q1-11	Q4-10	Q1-10
Operating Activities			
Cash provided before working capital changes	33	31	186
Non-cash working capital change	(89)	(53)	(112)
Cash provided (used) in operating activities	(56)	(22)	74
Financing Activities			
Debt and operating loans	(4)	(4)	(44)
Interest Paid	(2)	(10)	(2)
Dividends and other	(6)	(5)	(5)
Cash used in financing activities	(12)	(19)	(51)
Investing Activities			
Additions to capital assets	(20)	(12)	(28)
Other – net	9	1	1
Cash used in investing activities	(11)	(11)	(27)
Change in cash from continuing operations	(79)	(52)	(4)
Change in cash from discontinued operations	(1)	-	(1)
Change in cash	(80)	(52)	(5)

Capital Structure and Debt Ratings

The capital structure of the Company consists of Common share equity and long-term debt. In addition, the Company maintains a committed revolving credit facility that is available to meet additional funding requirements. Additional information on the Company's capital structure can be found in the Company's 2010 Annual Report.

At April 28, 2011, the Common share equity of the Company consisted of 40,056,618 Common shares and 2,781,478 Class B Common shares for a total of 42,838,096 shares issued and outstanding.

In addition, as of April 28, 2011 there were 2,014,067 share purchase options outstanding with exercise prices ranging from \$24.71 to \$51.56 per Common share.

All of West Fraser's debt is secured and, with the exception of current borrowings incurred by its joint venture newsprint mill, ranks equally in right of payment.

The Company is rated by three rating agencies. Based on the approaches employed by these agencies, rating upgrades could occur after a sustained improvement in the Company's various markets occurs resulting in improved profitability for the Company. In April 2011 the Company's Outlook was changed from Stable to Positive by Standard & Poor's and from Negative to Positive by Moody's. The current rating by each of these agencies is as follows:

Debt Ratings

Agency	Rating	Outlook
Dominion Bond Rating Service	BB(high)	Stable
Moody's	Ba1	Positive
Standard & Poor's	BB+	Positive

These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agencies.

Risks and Uncertainties

For a review of the risks and uncertainties to which the Company is subject, see the 2010 annual MD&A which is included in the Company's 2010 Annual Report.

New Accounting Pronouncements

International Financial Reporting Standards

The Company has adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canada's previous Generally Accepted Accounting Principles for publicly accountable profit-oriented enterprises. For additional information on the conversion to IFRS, see the 2010 annual MD&A which is included in the Company's 2010 Annual Report and the unaudited interim condensed consolidated financial statements accompanying this MD&A.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

West Fraser's management, including the Chairman, President and Chief Executive Officer and the Executive Vice-President, Finance and Chief Financial Officer acknowledge responsibility for the design of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) as those terms are defined in National Instrument 52-109.

There were no changes in internal controls over financial reporting that occurred during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, West Fraser's internal control over financial reporting.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.



West Fraser Timber Co. Ltd.

Condensed Consolidated Balance Sheets

(in millions of Canadian dollars - unaudited)

	As at March 31, 2011	As at December 31, 2010	As at January 1, 2010
Assets			
Current assets			
Cash and short-term investments	\$ 81.8	\$ 163.1	\$ 12.0
Accounts receivable	278.3	246.0	200.6
Income taxes receivable	-	-	67.6
Inventories (note 4)	477.6	372.4	407.7
Prepaid expenses	12.3	7.6	11.2
	850.0	789.1	699.1
Property, plant, and equipment (note 5)	895.3	924.7	1,031.9
Timber licences	505.6	509.6	499.7
Goodwill and other intangibles (note 6)	342.6	345.4	354.0
Other assets	57.1	41.5	29.1
	\$ 2,650.6	\$ 2,610.3	\$ 2,613.8
Liabilities			
Current liabilities			
Cheques issued in excess of funds on deposit	\$ 0.8	\$ 2.4	\$ 21.8
Operating loans (note 8)	5.4	8.8	78.7
Accounts payable and accrued liabilities	330.9	271.0	275.2
Income taxes payable	17.8	58.3	-
Current portion of reforestation & decommissioning obligations	47.7	48.2	38.3
Current portion of long-term debt (note 8)	0.3	0.3	100.3
	402.9	389.0	514.3
Long-term debt (note 8)	291.7	299.5	315.9
Other liabilities (note 9)	217.8	225.7	185.8
Deferred income taxes	165.4	162.3	174.8
	1,077.8	1,076.5	1,190.8
Shareholders' equity			
Share capital	600.6	600.5	599.7
Accumulated other comprehensive earnings	(14.9)	(9.6)	-
Retained earnings	987.1	942.9	823.3
	1,572.8	1,533.8	1,423.0
	\$ 2,650.6	\$ 2,610.3	\$ 2,613.8

Contingency (note 17)

Number of Common shares and Class B Common shares outstanding at April 28, 2011 was 42,838,096



West Fraser Timber Co. Ltd.

Condensed Consolidated Statement of Changes in Equity
(in millions of Canadian dollars - unaudited)

	<u>Issued capital</u>		Translation of foreign operations	Retained earnings	Total equity
	Number of shares	Amount			
Balance - January 1, 2010	42,815,809	\$ 599.7	\$ -	\$ 823.3	\$ 1,423.0
Changes in equity for 2010					
Translation loss on foreign operations	-	-	(9.6)	-	(9.6)
Actuarial loss on employee future benefits	-	-	-	(59.1)	(59.1)
Issuance of Common shares	19,103	0.8	-	-	0.8
Earnings for the year	-	-	-	186.4	186.4
Dividends	-	-	-	(7.7)	(7.7)
Balance - December 31, 2010	42,834,912	600.5	(9.6)	942.9	1,533.8
Changes in equity for 2011					
Translation loss on foreign operations	-	-	(5.3)	-	(5.3)
Actuarial gain on employee future benefits	-	-	-	31.3	31.3
Issuance of Common shares	2,484	0.1	-	-	0.1
Earnings for the period	-	-	-	18.9	18.9
Dividends	-	-	-	(6.0)	(6.0)
Balance - March 31, 2011	42,837,396	\$ 600.6	\$ (14.9)	\$ 987.1	\$ 1,572.8



West Fraser Timber Co. Ltd.

Condensed Consolidated Statements of Earnings and Comprehensive Earnings
(in millions of Canadian dollars - unaudited)

	January 1 to March 31	
	2011	2010
Sales	\$ 687.0	\$ 687.8
Costs and expenses		
Cost of products sold	432.3	415.3
Freight and other distribution costs	105.6	109.6
Export taxes	15.6	19.2
Amortization	44.7	49.4
Selling, general and administration	27.4	22.3
Long-term equity-based compensation	26.5	14.8
	652.1	630.6
Operating earnings	34.9	57.2
Other		
Interest expense - net	(4.8)	(7.6)
Exchange gain on long-term debt	7.5	10.6
Other expense (note 11)	(3.6)	(7.9)
Earnings from continuing operations before income taxes	34.0	52.3
Provision for income taxes (note 12)	(14.1)	(14.3)
Earnings from continuing operations	19.9	38.0
Earnings from discontinued operations (note 13)	(1.0)	(9.1)
Earnings	\$ 18.9	\$ 28.9
Actuarial gain on employee future benefits	\$ 41.5	\$ 20.0
Income tax on actuarial gain on employee future benefits	(10.2)	(5.7)
Translation loss on foreign operations	(5.3)	(6.8)
Comprehensive earnings	\$ 44.9	\$ 36.4
Earnings per share (dollars) (note 14)		
Basic from continuing operations	\$ 0.46	\$ 0.89
Diluted from continuing operations	\$ 0.46	\$ 0.89
Basic after discontinued operations	\$ 0.44	\$ 0.67
Diluted after discontinued operations	\$ 0.44	\$ 0.67



West Fraser Timber Co. Ltd.

Condensed Consolidated Statements of Cash Flows

(in millions of Canadian dollars - unaudited)

	January 1 to March 31	
	2011	2010
Cash flows from operating activities		
Earnings from continuing operations	\$ 19.9	\$ 38.0
Adjustments for:		
Amortization	44.7	49.4
Interest expense - net	4.8	7.6
Exchange gain on long-term debt	(7.5)	(10.6)
Tax expense	14.1	14.3
Income taxes received (paid) - net	(61.3)	62.7
Change in reforestation obligations	11.5	13.2
Other	6.4	11.3
	32.6	185.9
Net change in non-cash working capital items	(89.2)	(111.8)
	(56.6)	74.1
Cash flows from financing activities		
Repayment of long-term debt	(0.3)	(100.3)
Proceeds from (repayment of) operating loans	(3.7)	56.5
Interest paid	(1.6)	(2.2)
Dividends	(6.0)	(1.2)
Other	-	(3.5)
	(11.6)	(50.7)
Cash flows from investing activities		
Additions to capital assets	(19.8)	(28.1)
Proceeds from disposal of capital assets	0.8	0.5
Proceeds from Green Transformation Program	7.5	-
Other	0.4	-
	(11.1)	(27.6)
Change in cash from continuing operations	(79.3)	(4.2)
Change in cash from discontinued operations (note 13)	(0.4)	(0.9)
Cash - beginning of period	160.7	(9.8)
Cash - end of period	\$ 81.0	\$ (14.9)
Cash consists of		
Cash and short-term investments	\$ 81.8	\$ 13.4
Cheques issued in excess of funds on deposit	(0.8)	(28.3)
	\$ 81.0	\$ (14.9)

West Fraser Timber Co. Ltd.

Notes to Condensed Consolidated Interim Financial Statements

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

1. Nature of operations

The Company is an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint. The Company's executive office is located at 858 Beatty Street, Suite 501, Vancouver, British Columbia. The Company was formed by articles of amalgamation under the *Business Corporations Act* (British Columbia) and is registered in British Columbia, Canada. The Company is listed on the Toronto Stock Exchange under the symbol WFT.

2. Transition to International Financial Reporting Standards ("IFRS")

The Company adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP"). The Company's financial statements for the year ending December 31, 2011 will be the first annual financial statements that are prepared in accordance with IFRS. The Company's transition date is January 1, 2010 (the "Transition Date") and the Company has prepared its opening IFRS balance sheet at that date. The Company will ultimately prepare its opening balance sheet and financial statements for 2010 and 2011 by applying IFRS with an effective date of December 31, 2011 or earlier. Accordingly, the opening balance sheet and annual financial statements for 2010 and 2011 may differ from these statements.

3. Basis of presentation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and using the accounting policies the Company expects to adopt in its consolidated financial statements for the year ended December 31, 2011. These policies can be found in Appendix A.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2010 annual financial statements with consideration of the IFRS transition disclosures included in Appendix B of these condensed consolidated interim financial statements.

4. Inventories

Inventories at March 31, 2011 were written down by \$3.9 million (December 31, 2010 - \$3.8 million; March 31, 2010 - \$3.5 million, January 1, 2010 - \$16.0 million) to reflect net realizable value being lower than cost.

5. Property, plant and equipment

	March 31, 2011	December 31, 2010	January 1, 2010
Manufacturing plant, equipment & machinery	\$ 813.2	\$ 848.0	\$ 954.6
Construction-in-progress	20.8	12.8	13.3
Roads and bridges	31.6	34.4	35.8
Other	29.7	29.5	28.2
	\$ 895.3	\$ 924.7	\$ 1,031.9

6. Goodwill and other intangible assets

	March 31, 2011	December 31, 2010	January 1, 2010
Goodwill	\$ 263.7	\$ 263.7	\$ 263.7
Power purchase agreement	71.3	73.2	80.5
Timber deposits	3.3	3.4	5.3
Other	4.3	5.1	4.5
	\$ 342.6	\$ 345.4	\$ 354.0

7. Restructuring charges

Restructuring charges relate to the closure of the Kitimat mill and certain indefinitely idled sawmills. A reconciliation of restructuring charges included in accounts payable and accrued liabilities is as follows:

	January 1 to March 31, 2011	January 1 to December 31, 2010
Accrued liability – beginning of period	\$ 4.5	\$ 40.2
Paid during period	(0.9)	(35.1)
Change in accrual	0.3	(0.6)
Accrued liability – end of period	\$ 3.9	\$ 4.5

8. Long-term debt and operating loans

Long-term debt

	March 31, 2011	December 31, 2010	January 1, 2010
US\$300 million senior notes due October 2014; interest at 5.2%	\$ 290.9	\$ 298.4	\$ 315.3
Term note due March 2010; interest at floating rates	-	-	100.0
Note payable due in instalments to 2020; interest at 5.5%	2.4	2.7	2.7
	293.3	301.1	418.0
Less:			
Current portion	(0.3)	(0.3)	(100.3)
Deferred financing costs	(1.3)	(1.3)	(1.8)
	\$ 291.7	\$ 299.5	\$ 315.9

Operating loans

The Company has \$505 million in revolving lines of credit, of which \$5.4 million (net of deferred financing costs of \$5.8 million) was drawn as at March 31, 2011 (December 31, 2010 - \$8.8 million, net of deferred financing costs of \$6.2 million). Interest is payable at floating rates based on Prime, U.S. base, Bankers' Acceptances or LIBOR at the Company's option. The Company has also issued letters of credit in the amount of \$35.8 million that are supported by this facility. The revolving lines of credit include a \$500 million committed facility maturing in December 2014.

The \$500 million committed facility and the US\$300 million senior notes are secured by the Company's assets.

9. Other long-term liabilities

	March 31, 2011	December 31, 2010	January 1, 2010
Post-retirement obligations	\$ 100.1	\$ 118.2	\$ 66.1
Reforestation obligations	76.4	64.4	64.2
Timber damage deposits	13.1	13.9	15.6
Other decommissioning obligations	18.6	19.6	32.1
Other long-term obligations	9.6	9.6	7.8
	\$ 217.8	\$ 225.7	\$ 185.8

10. Employee future benefits

The Company maintains defined benefit and defined contribution pension plans covering a majority of its employees. The defined benefit plans provide pension benefits based either on length of service or on earnings and length of service. Total pension expense for the defined benefit plans is \$8.4 million for the three months ended March 31, 2011 (\$24.3 million for the year ended December 31, 2010). The Company also provides group life insurance, medical and extended health benefits to certain employee groups.

The status of the defined benefit pension plans and other benefit plans, in aggregate, is as follows:

	March 31, 2011	December 31, 2010	January 1, 2010
Projected benefit obligations	\$ (965.0)	\$ (983.6)	\$ (845.4)
Fair value of plan assets	919.3	904.1	805.7
Deficit	\$ (45.7)	\$ (79.5)	\$ (39.7)
Represented by			
Pension surplus ¹	\$ 54.4	\$ 38.7	\$ 26.4
Post-retirement obligations ²	(100.1)	(118.2)	(66.1)
	\$ (45.7)	\$ (79.5)	\$ (39.7)

1. Included in other assets.

2. Included in other long-term liabilities.

The significant assumptions used to determine the period end benefit obligations are as follows:

	March 31, 2011	December 31, 2010	January 1, 2010
Discount rate on obligation	5.75%	5.50%	6.50%
Expected rate of return on plan assets	6.50%	6.50%	7.00%
Rate of increase in future compensation	3.50%	3.50%	3.50%

11. Other income (expense)

	March 31, 2011	March 31, 2010
Foreign exchange loss - net	\$ (4.4)	\$ (3.9)
Loss on derivative financial instruments	-	(4.0)
Other - net	0.8	-
	\$ (3.6)	\$ (7.9)

12. Income taxes

The Company's effective tax rate on earnings from continuing operations is as follows:

	January 1 to March 31			
	2011		2010	
	Amount	%	Amount	%
Income taxes at statutory rates	\$ (9.0)	(26.5)	\$ (14.9)	(28.5)
Non taxable amounts	(5.1)	(14.9)	1.5	2.9
Rate differentials between jurisdictions and on specified activities	(0.3)	(0.9)	0.4	0.8
Recognition of prior year's tax losses	0.4	1.1	1.2	2.3
Other	(0.1)	(0.2)	(2.5)	(4.8)
Income tax provision	\$ (14.1)	(41.4)	\$ (14.3)	(27.3)

13. Discontinued operation

The Company permanently closed its Kitimat linerboard and kraft paper mill in January 2010. The results of the discontinued operation are as follows:

	January 1 to March 31, 2011		January 1 to March 31, 2010	
Sales	\$	-	\$	51.1
Operating loss	\$	(1.3)	\$	(11.9)
Other expense		-		(0.8)
Loss before income tax		(1.3)		(12.7)
Income tax recovery		0.3		3.6
Loss	\$	(1.0)	\$	(9.1)
Cash flows from operating activities	\$	(0.2)		(0.9)
Cash flows from investing activities		(0.2)		-
Decrease in cash	\$	(0.4)	\$	(0.9)

14. 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 and Class B common shares outstanding.

Diluted earnings per share is calculated based on earnings available to Common shareholders adjusted to remove the actual share option expense (recovery) charged to earnings and after deducting a notional charge for share option expense assuming the use of the equity settled method, as set out below. The diluted weighted average number of shares is calculated using the treasury stock method. When earnings available to shareholders for diluted earnings per share

are greater than earnings available to shareholders for basic earnings per share, the calculation is anti-dilutive, therefore basic and diluted earnings per share are the same.

	January 1 to March 31			
	2011		2010	
	From continuing operations	After discontinued operations	From continuing operations	After discontinued operations
Earnings				
Basic	\$ 19.9	\$ 18.9	\$ 38.0	\$ 28.9
Share option expense	22.9	22.9	9.9	9.9
Equity settled share option adjustment	(2.3)	(2.3)	(0.3)	(0.3)
Diluted	\$ 40.5	\$ 39.5	\$ 47.6	\$ 38.5
Weighted average number of shares				
Basic	42,836,143	42,836,143	42,817,733	42,817,733
Share options	572,217	572,217	324,500	324,500
Diluted	43,408,360	43,408,360	43,142,233	43,142,233
Earnings per share (dollars)				
Basic	\$ 0.46	\$ 0.44	\$ 0.89	\$ 0.67
Diluted	\$ 0.46	\$ 0.44	\$ 0.89	\$ 0.67

15. Green transformation program

In 2009 the Government of Canada confirmed an allocation of credits totalling \$88 million to the Company under the Pulp and Paper Green Transformation Program (the "Program"). The Program provides funding for capital projects that improve the energy efficiency or environmental performance of Canadian pulp and paper mills. Credits may be used until the Program end date of March 31, 2012. During the quarter, the Company received \$7.5 million for eligible expenditures under the Program and has incurred a further \$14.6 million of qualifying reimbursable expenditures.

16. Segmented information

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2011 to March 31, 2011					
Sales at market prices					
To external customers	\$ 389.7	\$ 88.6	\$ 208.7	\$ -	\$ 687.0
To other segments	21.5	2.3	-	-	
	\$ 411.2	\$ 90.9	\$ 208.7	\$ -	
EBITDA ¹	\$ 55.2	\$ 3.6	\$ 46.9	\$ (26.1)	\$ 79.6
Amortization	(22.3)	(3.9)	(17.8)	(0.7)	(44.7)
Operating earnings	32.9	(0.3)	29.1	(26.8)	34.9
Interest expense - net	(2.6)	(0.8)	(1.4)	-	(4.8)
Exchange gain on long-term debt	-	-	-	7.5	7.5
Other income (expense)	(2.5)	(0.2)	(1.8)	0.9	(3.6)
Earnings from continuing operations before income taxes	\$ 27.8	\$ (1.3)	\$ 25.9	\$ (18.4)	\$ 34.0
January 1, 2010 to March 31, 2010					
Sales at market prices					
To external customers	\$ 386.4	\$ 97.7	\$ 203.7	\$ -	\$ 687.8
To other segments	23.0	1.8	-	-	
	\$ 409.4	\$ 99.5	\$ 203.7	\$ -	
EBITDA ¹	\$ 66.3	\$ 11.2	\$ 42.3	\$ (13.2)	\$ 106.6
Amortization	(26.8)	(5.1)	(16.7)	(0.8)	(49.4)
Operating earnings	39.5	6.1	25.6	(14.0)	57.2
Interest expense - net	(4.6)	(0.8)	(1.9)	(0.3)	(7.6)
Exchange gain on long-term debt	-	-	-	10.6	10.6
Other income (expense)	(1.5)	(0.4)	(6.3)	0.3	(7.9)
Earnings from continuing operations before income taxes	\$ 33.4	\$ 4.9	\$ 17.4	\$ (3.4)	\$ 52.3

1. **Non GAAP measure:**

EBITDA is defined as operating earnings plus amortization.

The geographic distribution of external sales is as follows:

	Sales by geographic area ¹	
	January 1 to March 31, 2011	January 1 to March 31, 2010
Canada	\$ 156.0	\$ 170.5
United States	340.4	349.1
China	84.7	51.6
Other Asia	73.9	84.2
Other	32.0	32.4
	\$ 687.0	\$ 687.8

1. Sales are attributed to areas based on the location of product delivery by the Company.

17. Contingency

On January 18, 2011 the United States requested arbitration with Canada under the Softwood Lumber Agreement (“SLA”) over its concern that the province of British Columbia (“B.C.”) is charging too low a price for certain timber harvested on public lands in the B.C. interior.

The Company believes that Canada and B.C. are complying with their obligations under the SLA and intends to cooperate fully with the B.C. and Canadian governments in defending this claim. The results of the arbitration process are not determinable at this point in time and accordingly no provision has been recorded by the Company.

West Fraser Timber Co. Ltd.

Appendix A to Condensed Consolidated Interim Financial Statements
Significant Accounting Policies

Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries after elimination of intercompany transactions and balances.

Investments in and operations of joint ventures are accounted for by the proportionate consolidation method.

Financial instruments

The following financial assets and financial liabilities are measured at fair value through profit and loss with changes reflected in other income (expense):

- Cash and short-term investments
- Cheques issued in excess of funds on deposit
- Accounts payable and accrued liabilities
- Derivatives

The following financial assets and financial liabilities are measured at amortized cost using the effective interest rate method:

- Accounts receivable, net of provisions for impairment
- Loans receivable, net of provisions for impairment
- Operating loans, net of financing charges
- Long-term debt, net of financing charges

Financing charges are netted against debt and amortized over the life of the debt.

Long-term investments are measured at fair value with changes in value recorded in other comprehensive income. When the asset is sold or impaired the effect is recognized immediately in earnings and recycled from accumulated other comprehensive earnings.

Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant areas requiring estimates are asset valuations, share-based compensation, reforestation obligations, other decommissioning obligations, income taxes and employee future benefits. Actual amounts could differ materially from those estimates.

Revenue recognition

Revenues are derived from product sales and are recognized upon the transfer of significant risks and rewards of ownership, provided collectibility is reasonably assured.

Foreign currency translation

The Company's functional and presentation currency is Canadian dollars.

Assets and liabilities of foreign operations that have a functional currency other than Canadian dollars are translated at the period-end exchange rate and revenues and expenses are translated at average exchange rates during the reporting period. The resulting unrealized gains or losses are included in other comprehensive earnings.

Monetary assets and liabilities denominated in foreign currencies, including long-term debt, are translated into Canadian dollars at the period-end exchange rate. Income and expense items are translated at average exchange rates during the reporting period. The resulting gains or losses are included in other income (expense).

Cash and short-term investments

Cash and short-term investments consist of cash on deposit and short-term interest-bearing securities maturing within three months of the date of purchase.

Inventories

Inventories of logs, other raw materials and manufactured products are valued at the lower of average cost and net realizable value. Processing materials and supplies are valued at the lower of average cost and replacement cost.

Property, plant, and equipment

Property, plant, and equipment are stated at historical or deemed cost, less accumulated amortization and accumulated impairment losses. Expenditures for additions and improvements are capitalized. Government grants received that pertain to the construction of manufacturing assets are applied to reduce their cost. Expenditures for maintenance and repairs are charged to earnings. Upon retirement, disposal or destruction of an asset, the cost and related amortization are removed from the accounts and any gain or loss is included in earnings.

Property, plant and equipment are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 - 30 years
Manufacturing equipment and machinery	10 - 20 years
Fixtures and other equipment	3 - 10 years
Roads	Not exceeding 40 years
Maintenance shutdowns	Over the period to the next maintenance shutdown

Amortization expense relates primarily to cost of sales.

Timber licences and other intangible assets

Timber licences and other intangible assets are stated at historical cost, less accumulated amortization and accumulated impairment losses and are amortized on a straight-line basis over their estimated useful lives as follows:

Timber licences	40 years
Power purchase agreement	Over the life of the agreement
Software	3 – 5 years
Timber deposits	As timber is logged

Amortization expense relates primarily to cost of sales.

Impairment of property, plant, equipment, timber licences and other intangibles

The Company reviews property, plant, equipment, timber licences and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. For the purpose of impairment testing property, plant, equipment, timber and other intangible assets are separated into cash generating units (“CGU”). The Company has identified each mill as a CGU for impairment testing of property, plant, equipment and other intangibles. Timber is tested for impairment by combining CGU’s within the economic area of the related timber.

Recoverability is assessed by comparing the CGU carrying amount to the discounted estimated net future cash flows the assets are expected to generate. If the carrying amount exceeds the discounted estimated net future cash flows, the assets of the cash generating unit are written down to the higher of fair value less costs to sell and value in use (being the present value of the expected net future cash flows of the relevant asset or CGU).

Estimated net future cash flows are based on several estimates including the future selling price of products, future U.S./Canadian dollar exchange rates, future production rates, future input costs and future capital requirements. The estimated net future cash flows are discounted at rates based on management’s estimate of the Company’s weighted average cost of capital.

Where an impairment loss subsequently reverses the carrying amount of the asset or cash generating unit is increased to the lesser of the revised estimate of recoverable amount and the

carrying amount that would have been recorded had no impairment loss been recognized previously.

Goodwill

Goodwill represents the excess of the purchase price paid for an acquisition over the fair value of the net assets acquired. Goodwill is not amortized, but is subject to an impairment test annually or more frequently if events or circumstances indicate that it may be impaired.

Goodwill impairment is assessed by comparing the fair value of its CGU to the underlying carrying amount of the CGU's net assets, including goodwill. When the carrying amount of the CGU exceeds its fair value, the fair value of the unit's goodwill is compared with its carrying amount to measure the amount of impairment loss, if any.

The Company has attributed \$217.6 million of goodwill to a CGU made up of the Company's Canadian lumber operations and \$46.1 million of goodwill to a CGU made up of the Company's plywood and LVL operations.

Reforestation and decommissioning obligations

The Company harvests timber under various timber rights that require the Company to conduct reforestation. Future reforestation obligations are measured at fair value and accrued and charged to earnings when timber is harvested. The reforestation obligation is reviewed periodically and changes to estimates are credited or charged to earnings.

The Company records the estimated fair value of a liability for other decommissioning obligations in the period a reasonable estimate of fair value can be made. The fair value is added to the carrying amount of the associated asset and amortized over its useful life, or if there is no associated asset it is expensed. Other decommissioning obligations are reviewed annually and changes to estimates are adjusted to the associated asset or where there is no asset it is expensed.

Reforestation and other decommissioning obligations are discounted at the risk free rate at the balance sheet date and accreted over time through periodic charges to earnings. The liabilities are reduced by actual costs of settlement.

Long-term equity-based compensation

The Company's share option plan gives share option holders the right to elect to receive a cash payment in lieu of exercising an option to purchase Common shares. The Company estimates fair value using a Black-Scholes option pricing model at each balance sheet date and records the resulting expense or recovery, over the vesting period, through a charge to earnings. If an option holder elects to purchase Common shares, both the exercise price and the accrued liability are credited to shareholders' equity.

The Company's phantom share unit plan provides for future cash payments to certain officers and employees based on the Company's share price at the vesting date and, in some cases, based on the Company's relative financial performance compared to a peer group of forest products

companies. The Company records an expense or recovery through earnings over the vesting period based on the quoted market price of the Company's Common shares.

Employee future benefits

The Company accrues for its obligations under employee benefit plans and the related costs net of plan assets.

The Company has adopted the following policies:

- The measurement date used for accounting purposes is December 31;
- The cost of pensions earned by employees is determined using the projected unit credit method, pro-rated for estimated service periods where appropriate, and management's estimate of expected plan investment performance, discount rate, salary escalation, retirement ages of employees and other relevant factors;
- For the purpose of calculating expected return, plan assets are valued at fair value;
- Past service costs arising from plan amendments are recognized immediately to the extent the benefits are vested, and otherwise are amortized straight-line over the average period until the benefits become vested; and
- Net actuarial gains or losses are reported as part of other comprehensive earnings in the period incurred.

For defined contribution plans, pension expense is the amount of contributions the Company is required to make in respect of services rendered by employees.

Income taxes

Deferred taxes are provided for using the liability method. Under this method, deferred taxes are recognized for temporary differences between the tax and financial statement bases of assets, liabilities and certain carry-forward items.

Deferred tax assets are recognized only to the extent that it is probable that they will be realized. Current and deferred income taxes relating to items recognized directly in equity are also recognized directly in equity. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of substantive enactment.

Accounting standards issued but not yet applied

IFRS 9 *Financial Instruments* was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through

profit or loss or at fair value through other comprehensive earnings. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

West Fraser Timber Co. Ltd.

Appendix B to Condensed Consolidated Interim Financial Statements
Transition to IFRS

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

Transition to IFRS

The Company's transition date is January 1, 2010 (the "Transition Date") and the Company has prepared its opening IFRS balance sheet as at that date. The Company will ultimately prepare its opening balance sheet and financial statements for 2010 and 2011 by applying the existing IFRS with an effective date of December 31, 2011 or earlier. The standard setting body of IFRS has significant ongoing projects that could affect the ultimate differences between CGAAP and IFRS and these changes could have a material effect on the Company's financial statements. Accordingly, the opening balance sheet and reconciliations may differ from those presented.

The Company's 2010 annual management's discussion and analysis included a preliminary January 1, 2010 IFRS balance sheet that provided a line by line reconciliation of the changes from CGAAP. This report can be found on the Company's website at www.westfraser.com and on the System for Electronic Document Analysis and Retrieval at www.sedar.com under the Company's profile.

The following tables and their notes reconcile IFRS equity and comprehensive earnings to the CGAAP versions previously published.

Estimated adjustments to comprehensive earnings on adoption of IFRS

For the 3 months ended March 31, 2010	Notes	Earnings from continuing operations	Earnings from discontinued operations	Earnings	Translation of foreign operations	Actuarial gain (loss)	Comprehensive earnings
Earnings reported under CGAAP		\$ 34.3	\$ (14.9)	\$ 19.4	\$ (9.3)	\$ -	\$ 10.1
Earnings adjustment							
PPE ¹ amortization	2	3.6	-	3.6	2.4	-	6.0
Employee future benefits	3	0.8	1.6	2.4	0.1	20.0	22.5
Decommissioning obligations	4	(0.8)	0.4	(0.4)	-	-	(0.4)
Share option expense	5	0.5	-	0.5	-	-	0.5
Restructuring charges	6	-	6.0	6.0	-	-	6.0
Deferred tax on above items	7	(0.4)	(2.2)	(2.6)	-	(5.7)	(8.3)
Earnings adjustment		3.7	5.8	9.5	2.5	14.3	26.3
Earnings reported under IFRS		\$ 38.0	\$ (9.1)	\$ 28.9	\$ (6.8)	\$ 14.3	\$ 36.4

For the year ended December 31, 2010	Notes	Earnings from continuing operations	Earnings from discontinued operations	Earnings	Translation of foreign operations	Actuarial gain (loss)	Comprehensive earnings
Earnings reported under CGAAP		\$ 169.8	\$ (3.6)	\$ 166.2	\$ (12.3)	\$ -	\$ 153.9
Earnings adjustment							
PPE ¹ amortization	2	13.6	-	13.6	2.6	-	16.2
Employee future benefits	3	1.0	3.5	4.5	0.1	(77.6)	(73.0)
Decommissioning obligations	4	(1.6)	1.9	0.3	-	-	0.3
Share option expense	5	3.7	-	3.7	-	-	3.7
Restructuring charges	6	-	6.0	6.0	-	-	6.0
Deferred tax on above items	7	(4.7)	(3.2)	(7.9)	-	18.5	10.6
Earnings adjustment		12.0	8.2	20.2	2.7	(59.1)	(36.2)
Earnings reported under IFRS		\$ 181.8	\$ 4.6	\$ 186.4	\$ (9.6)	\$ (59.1)	\$ 117.7

1. PPE - property, plant and equipment

Estimated adjustments to Shareholders' equity on adoption of IFRS

	Notes	Transition Date		As at December 31, 2010
		As at January 1, 2010	As at March 31, 2010	
Equity reported under CGAAP		\$ 1,618.2	\$ 1,627.3	\$ 1,765.2
Retained earnings adjustment				
Opening retained earnings adjustment		-	(195.2)	(195.2)
PPE - impairment	2	(94.8)	-	-
PPE - decommissioning obligation	4	1.8	-	-
Employee future benefits	3	(106.8)	-	-
Decommissioning obligation increase	4	(15.2)	-	-
Share option liability	5	(16.6)	-	-
Restructuring liability	6	(6.0)	-	-
Deferred income tax on above items	7	42.4	-	-
Employee future benefits - actuarial losses (net of tax)	3	-	14.3	(59.1)
Earnings adjustments (see above)		-	9.5	20.2
Retained earnings adjustment		(195.2)	(171.4)	(234.1)
Cumulative translation adjustment	8	-	2.5	2.7
Equity reported under IFRS		\$ 1,423.0	\$ 1,458.4	\$ 1,533.8

Notes to Shareholders' equity and comprehensive earnings reconciliations

1. IFRS 1 – Elected exemptions

In accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”), the Company has elected to apply the following exemptions from full retrospective application of IFRS.

Business combinations

The Company has elected to apply the business combination exemption in IFRS 1 to business combinations that occurred before January 1, 2010. Accordingly, the CGAAP purchase cost accounting values carry forward under IFRS.

Fair value as deemed cost

The Company has elected to apply the fair value as deemed cost exemption to items of property, plant, and equipment that were impaired under IFRS at the transition date. The result is that the asset cost base is restated to fair value for the items on which the exemption was applied.

Employee future benefits

The Company has elected to recognize the January 1, 2010 cumulative unamortized actuarial gains and losses in opening retained earnings for the Company's employee benefit plans.

Cumulative translation differences

The Company has elected to set the cumulative translation balance, which was included in accumulated other comprehensive earnings, to zero at January 1, 2010 by absorbing it into opening retained earnings.

Decommissioning liabilities

The Company has elected to apply the IFRS 1 exemption to its decommissioning liabilities included in the cost of property, plant and equipment.

2. Property, plant, and equipment impairment

IFRS requires the assessment of asset impairment to be based on discounted cash flows while CGAAP only requires discounting if the carrying value of assets exceeds the undiscounted cash flows. The assumptions used to estimate cash flows are based on industry sources, including Forest Economic Advisors, LLC and Resource Information Systems, Inc., as well as industry analysts and management estimates. Future cash flows were then discounted using an interest rate of 10% to determine the net present value of future cash flows.

The difference in methodology resulted in asset impairment charges of \$75.3 million related to certain U.S. sawmill assets and \$19.5 million related to certain MDF assets being charged through Transition Date retained earnings. Depreciation expense under IFRS was reduced by \$3.5 million for the three months ended March 31, 2010 and \$13.6 million for the year ended December 31, 2010 due to the impairments.

Fair value for the impaired items of property, plant and equipment at January 1, 2010 was \$105.7 million after the impairment charge of \$94.8 million.

3. Employee future benefits

The significant differences between CGAAP and IFRS are as follows:

- i. The Company elected to recognize the January 1, 2010 cumulative deferred actuarial gains and losses in opening retained earnings for the Company's defined benefit pension plans under IFRS 1.
- ii. Under CGAAP the Company used an October 31st measurement date, while IFRS requires a December 31st measurement date.
- iii. The Company has chosen to adjust actuarial gains and losses after the Transition Date to retained earnings via comprehensive earnings. Under CGAAP these amounts are deferred and amortized over the average remaining service period of the affected employees within certain limits.

The differences in methodology resulted in a reduction of deferred pension costs of \$106.3 million and an increase in post retirement obligations of \$0.5 million on the Transition Date. Under IFRS, employee future benefit expense was reduced by \$2.4 million for the three months ended March 31, 2010 and by \$4.5 million for the year ended December 31, 2010. A charge of \$59.1 million (net of tax of \$18.5 million) was recorded to comprehensive earnings for actuarial gains and losses related to the year ended December 31, 2010.

4. Reforestation and decommissioning obligations

Under CGAAP decommissioning obligations are discounted at the risk free rate in effect at the time the liability was recorded. IFRS requires asset retirement obligations to be discounted at each balance sheet date based on the discount rate in effect at that date.

The differences in methodology resulted in an increase to reforestation and other decommissioning obligations of \$15.2 million and an increase in property, plant and equipment of \$1.8 million on the Transition Date. The asset retirement obligation adjustment for the three months ended March 31, 2010 resulted in a \$0.4 million increase in expenses and for the year ended December 31, 2010 a \$0.3 million decrease in expenses.

5. Share option liability

The determination of fair value of the Company's share option liability under CGAAP is based on the intrinsic value method which uses the balance sheet date share price to calculate the liability. IFRS requires the use of a share option valuation model to fair value the share option liability.

The differences in methodology resulted in an increase to the liability of \$16.6 million on the Transition Date. The share option expense was decreased by \$0.5 million for the three months ended March 31, 2010 and by \$3.7 million for the year ended December 31, 2010.

The following are the inputs used in the balance sheet date Black-Scholes share option valuation model:

	January 1, 2010	March 31, 2010	December 31, 2010
Share price on balance sheet date	33.16	38.79	47.16
Weighted average exercise price	35.19	35.40	37.49
Expected weighted average years to exercise	3.76	3.50	3.49
Share price volatility	33.56%	33.71%	35.41%
Expected annual dividend	0.43	0.43	0.53
Weighted average risk-free rate	2.14%	2.25%	1.99%
Weighted average fair value of unit	7.99	11.44	16.22

6. Restructuring charges

Under CGAAP the company was required to record certain restructuring charges related to discontinued operations in the first quarter of 2010. IFRS required these charges to be recorded in the fourth quarter of 2009 upon the announcement of the mill closure.

The difference in methodology resulted in an increase to accounts payable and accrued liabilities of \$6.0 million on the Transition Date. The restructuring charge adjustment for the three months ended March 31, 2010 and the year ended December 31, 2010 was a \$6.0 million decrease in expenses.

7. Deferred income taxes

The deferred income tax adjustments reflect the change in temporary differences resulting from the effect of the IFRS adjustments described in these notes. The Transition Date adjustments resulted in a decrease in deferred taxes of \$42.4 million. The deferred tax expense increase for the three months ended March 31, 2010 was \$2.6 million and for the year ended December 31, 2010 was \$7.9 million.

8. Cumulative translation adjustment

The Company elected to set the cumulative translation balance, which was included in accumulated other comprehensive earnings, to zero at January 1, 2010 by absorbing the \$59.8

million into opening retained earnings. The foreign currency translation of IFRS adjustments to the Company's U.S. operations decreased the cumulative translation loss by \$2.5 million for the three months ended March 31, 2010 and \$2.7 million for the year ended December 31, 2010.

9. Cash flow statement

The cash flow statement presented under IFRS includes interest paid as part of cash flows from financing activities, interest received as part of cash flows from investing activities and expenditures on major planned maintenance shutdowns as cash flows from investing activities. Previously these items were included in cash flows from operating activities.

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

For more information:

Gerry Miller, Executive Vice-President, Finance and Chief Financial Officer
Rodger Hutchinson, Vice-President, Corporate Controller
(604) 895-2700
www.westfraser.com