



West Fraser Timber Co. Ltd

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NEWS RELEASE

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

Monday, July 25, 2005

Attention: Business & Financial Editors
Financial Analysts

West Fraser Announces Second Quarter Results

Vancouver, B.C – **West Fraser Timber Co. Ltd.** today reported earnings of \$38 million or \$0.88 per share on sales of \$953 million in the second quarter of 2005 compared to earnings of \$67 million or \$1.79 per share on sales of \$607 million in the second quarter of 2004. For the first half of 2005, earnings were \$81 million or \$1.87 per share, on sales of \$1,855 million. This compares to earnings of \$93 million or \$2.50 per share, on sales of \$1,148 million for the first half of 2004.

EBITDA¹ was \$137 million or 14% of sales for the quarter compared to EBITDA of \$146 million or 24% of sales in the second quarter of 2004. For the first half of 2005 EBITDA was \$279 million or 15% of sales compared to \$224 million or 20% of sales for the first half of 2004.

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

"West Fraser continues to make excellent progress integrating the acquired Weldwood operations and effectively positioning the Company to take full advantage of its increased production capacities and expanded sales capabilities," said Hank Ketcham, Chairman, President and Chief Executive Officer.

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

OPERATIONAL RESULTS

EBITDA in the lumber division for the quarter was \$108 million or 18% of sales compared to \$107 million or 28% of sales in the second quarter of 2004. Lumber duties expensed in the quarter were \$43 million (2004 - \$42 million). Benchmark SPF 2X4 lumber prices averaged US \$361 per Mfbm in the current quarter compared to the previous quarter's average of US \$398 per Mfbm and the second quarter 2004 average of US \$437 per Mfbm.

The greater availability of rail cars during the quarter led to improved shipping levels compared to the first quarter of this year and the comparative quarter of last year. West Fraser continues to use ocean vessels to deliver lumber to the U.S. east coast in order to provide greater reliability to its customers.

The construction of the previously-announced \$100 million sawmill in Quesnel, B.C. began in April and completion is expected in the summer of 2006. A third shift was implemented at the Houston, B.C. sawmill on July 18 which is expected to add 100 MMfbm to annual lumber capacity.

Panel operations generated EBITDA of \$17 million or 13% of sales in the quarter compared to \$25 million or 32% of sales in the comparable quarter of 2004. MDF mill net realizations improved during the quarter from both the first quarter of 2005 and the second quarter of 2004. The benchmark plywood price averaged \$358 per Msf for the second quarter compared to an average of \$439 per Msf for the first quarter of the year and \$590 per Msf for the second quarter of 2004.

West Fraser's pulp and paper operations recorded EBITDA of \$15 million or 6% of sales for the quarter compared to EBITDA of \$24 million or 14% of sales in the same quarter of last year. The Kitimat linerboard and kraft paper mill, the Hinton NBSK mill and the Quesnel joint venture NBSK mill completed annual maintenance shutdowns in the second quarter. As a result of the shutdowns, production of linerboard and kraftpaper was reduced by approximately 21,000 tonnes and production of NBSK was reduced by approximately 22,000 tonnes. The Alberta newsprint mill ran well and remained profitable despite poor newsprint markets. Benchmark prices for NBSK have remained flat while newsprint and linerboard have improved from the second quarter of 2004. The strengthening of the Canadian dollar has effectively offset any improvements in U.S. dollar pricing.

PORT OF VANCOUVER TRUCKERS DISPUTE

On June 27, 2005 private truckers delivering containers to the Port of Vancouver withdrew services. As West Fraser ships a significant amount of its export products using containers its shipments and revenues may be adversely affected for the duration of the suspension of services. Wherever possible, West Fraser is using alternate means for delivering products to customers and to date no orders have been cancelled as a result of the ongoing disruption. However if the dispute continues, some customers may be forced to source product elsewhere.

LUMBER TRADE DISPUTE

On June 9, 2005, a North American Free Trade Agreement ("NAFTA") panel ordered the U.S. Department of Commerce ("USDOC") to revoke the anti-dumping order against the Company. In making its ruling the NAFTA panel rejected U.S. claims that West Fraser was not entitled to a refund of its antidumping duty deposits. Specifically, the NAFTA panel held that, "the Order was never valid as to West Fraser."

In response to a July 11, 2005 DOC remand determination which did not revoke the antidumping order against the Company, on July 21, a NAFTA panel affirmed its prior instruction that the anti-dumping order against West Fraser must be revoked.

Canada continues to be successful in its litigation process under the NAFTA and the World Trade Organization. A key decision is expected this summer on the Extraordinary Challenge Committee review of the NAFTA determination that U.S. producers are not injured by Canadian imports. A positive determination in this proceeding could result in the U.S. withdrawal of the CVD and ADD cases, and in the refund of cash deposits, with interest. However, legal procedures may still be available to the U.S. to delay this outcome.

Forward-Looking Statements

Some information contained in this release 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.

Conference Call

Investors are invited to listen to the quarterly conference call to be held on Tuesday, July 26 at 8:30 a.m. Pacific Daylight Time by dialing 1-866-546-6145 (toll-free North America). The call may also be accessed through West Fraser's web site at www.westfraser.com.

West Fraser is an integrated forest products company that produces lumber, wood chips, LVL, MDF, plywood, pulp, linerboard, kraft paper and newsprint. The Company has manufacturing operations in British Columbia, Alberta and the southern United States. West Fraser has approximately 7,100 employees and is headquartered in Vancouver, British Columbia.



CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in millions of Canadian dollars - unaudited)

	April 1 to June 30		January 1 to June 30	
	2005	2004	2005	2004
<u>EARNINGS</u>				
Sales	\$ 952.8	\$ 606.5	\$ 1,855.2	\$ 1,147.6
Costs and expenses				
Cost of products sold	606.3	316.2	1,161.3	637.6
Freight and other distribution costs	137.0	77.4	263.9	160.0
Countervailing and antidumping duties	42.8	41.9	83.6	73.2
Amortization	59.9	34.6	122.6	71.0
Selling, general and administration	34.0	19.1	64.0	36.7
Share option expense	(4.5)	6.3	3.1	16.2
	875.5	495.5	1,698.5	994.7
Operating earnings	77.3	111.0	156.7	152.9
Other				
Interest expense - net	(15.5)	(4.0)	(27.9)	(8.3)
Exchange loss on long-term debt	(6.7)	(3.0)	(9.9)	(5.0)
Other income	5.1	1.0	8.6	1.5
Earnings before income taxes and non-controlling interest	60.2	105.0	127.5	141.1
Income tax expense	(21.5)	(38.1)	(45.4)	(47.7)
Earnings before non-controlling interest	38.7	66.9	82.1	93.4
Non-controlling interest	(0.7)	-	(1.2)	-
Earnings	\$ 38.0	\$ 66.9	\$ 80.9	\$ 93.4
Earnings per share (note 6)				
Basic	\$ 0.89	\$ 1.82	\$ 1.89	\$ 2.54
Diluted	\$ 0.88	\$ 1.79	\$ 1.87	\$ 2.50
<u>RETAINED EARNINGS</u>				
Balance - beginning of period	\$ 1,185.1	\$ 1,015.1	\$ 1,185.1	\$ 993.8
Earnings	38.0	66.9	80.9	93.4
	1,223.1	1,082.0	1,266.0	1,087.2
Common share dividends	(6.0)	(5.1)	(12.0)	(10.3)
Balance - end of period	\$ 1,217.1	\$ 1,076.9	\$ 1,254.0	\$ 1,076.9



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars - unaudited)

	April 1 to June 30		January 1 to June 30	
	2005	2004	2005	2004
Cash Flows From Operating Activities				
Earnings	\$ 38.0	\$ 66.9	\$ 80.9	\$ 93.4
Items not affecting cash				
Amortization	59.9	34.6	122.6	71.0
Exchange loss on long-term debt	6.7	3.0	9.9	5.0
Change in reforestation obligation	(6.6)	(7.7)	5.7	1.9
Change in other long-term liabilities	0.3	0.2	1.2	(0.8)
Change in deferred charges	(0.1)	(0.4)	2.2	(0.4)
Future income taxes	(5.5)	(3.0)	(17.6)	(9.4)
(Gain) loss on sale of property, plant, equipment & timber	(2.9)	(0.7)	(3.5)	(0.3)
Other	1.2	0.7	2.4	1.2
	91.0	93.6	203.8	161.6
Net change in non-cash working capital items	70.1	53.1	(229.6)	(22.7)
	161.1	146.7	(25.8)	138.9
Cash Flows From Financing Activities				
Repayment of long-term debt	(100.6)	(13.3)	(100.6)	(13.3)
Repayment of operating loans	-	-	(66.0)	-
Dividends	(6.0)	(5.1)	(12.0)	(10.3)
Issuance of Common shares (note 5)	0.1	0.1	0.2	0.5
Other	-	-	-	0.1
	(106.5)	(18.3)	(178.4)	(23.0)
Cash Flows From Investing Activities				
Additions to property, plant, equipment & timber	(67.1)	(36.6)	(102.3)	(59.2)
Proceeds from disposal of property, plant, equipment & timber	4.9	3.3	6.7	3.4
(Increase) decrease in other assets	(1.0)	(3.4)	(5.4)	(12.7)
	(63.2)	(36.7)	(101.0)	(68.5)
Change in cash and short-term investments	(8.6)	91.7	(305.2)	47.4
Cash and short-term investments - beginning of period	53.0	221.6	349.6	265.9
Cash and short-term investments - end of period	\$ 44.4	\$ 313.3	\$ 44.4	\$ 313.3
Interest paid	\$ 18.1	\$ 4.8	\$ 25.4	\$ 11.1
Income taxes paid	\$ 54.8	\$ 8.1	\$ 225.4	\$ 17.0



CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars - unaudited)

	As at June 30, 2005	As at December 31, 2004
ASSETS		
Current assets		
Cash and short-term investments	\$ 44.4	\$ 349.6
Accounts receivable	315.0	296.2
Income tax receivable	16.3	-
Inventories	529.5	541.2
Prepaid expenses	44.9	22.8
	<u>950.1</u>	<u>1,209.8</u>
Property, plant, equipment & timber	2,326.0	2,337.0
Deferred charges	34.1	36.3
Goodwill	276.7	276.7
Other assets	67.5	67.6
	<u>\$ 3,654.4</u>	<u>\$ 3,927.4</u>

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities		
Bank operating loan	\$ -	\$ 66.0
Accounts payable and accrued liabilities	355.5	392.1
Income tax payable	-	147.3
Current portion of reforestation obligation	50.8	50.4
Current portion of long-term debt	154.3	150.2
	<u>560.6</u>	<u>806.0</u>
Long-term debt	646.5	735.5
Reforestation obligation	77.9	70.6
Other liabilities	120.0	118.6
Future income taxes	392.0	409.6
Non-controlling interest	6.8	5.6
	<u>1,803.8</u>	<u>2,145.9</u>
Shareholders' equity (note 5)	1,850.6	1,781.5
	<u>\$ 3,654.4</u>	<u>\$ 3,927.4</u>

Number of Common shares outstanding at July 22, 2005 was 42,749,790

QUARTERLY COMPARISONS

January 1 to December 31

(in millions of Canadian dollars - unaudited)

	2005	2004
Sales		
First	\$ 902.4	\$ 541.1
Second	952.8	606.5
Third		700.0
Fourth		552.4
	<u>\$</u>	<u>2,400.0</u>
Earnings		
First	\$ 42.9	\$ 26.5
Second	38.0	66.9
Third		78.0
Fourth		40.6
	<u>\$</u>	<u>212.0</u>
Diluted Earnings Per Share (in dollars)		
First	\$ 0.99	\$ 0.71
Second	\$ 0.88	\$ 1.79
Third		\$ 1.95
Fourth		\$ 0.94
Annual		\$ 5.36



SECOND QUARTER SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
April 1, 2005 to June 30, 2005					
Sales					
To external customers	\$ 560.3	\$ 134.2	\$ 258.3	\$ -	\$ 952.8
To other segments	26.5	1.7			
	<u>\$ 586.8</u>	<u>\$ 135.9</u>	<u>\$ 258.3</u>	<u>-</u>	
EBITDA¹	\$ 107.6	\$ 17.4	\$ 14.6	\$ (2.4)	\$ 137.2
Amortization	<u>26.8</u>	<u>8.9</u>	<u>23.4</u>	<u>0.8</u>	<u>59.9</u>
Operating earnings (loss)	80.8	8.5	(8.8)	(3.2)	77.3
Interest expense	(9.2)	(3.1)	(2.2)	(1.0)	(15.5)
Exchange loss on long-term debt	-	-	-	(6.7)	(6.7)
Other income	2.7	(0.6)	0.5	2.5	5.1
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 74.3</u>	<u>\$ 4.8</u>	<u>\$ (10.5)</u>	<u>\$ (8.4)</u>	<u>\$ 60.2</u>
April 1, 2004 to June 30, 2004					
Sales					
To external customers	\$ 364.5	\$ 77.6	\$ 164.4	\$ -	\$ 606.5
To other segments	12.6				
	<u>\$ 377.1</u>	<u>\$ 77.6</u>	<u>\$ 164.4</u>	<u>-</u>	
EBITDA¹	\$ 107.4	\$ 25.0	\$ 23.8	\$ (10.6)	\$ 145.6
Amortization	<u>14.1</u>	<u>5.8</u>	<u>14.3</u>	<u>0.4</u>	<u>34.6</u>
Operating earnings (loss)	93.3	19.2	9.5	(11.0)	111.0
Interest expense	(2.4)	(0.3)	(1.3)	-	(4.0)
Exchange loss on long-term debt	-	-	-	(3.0)	(3.0)
Other income (expense)	(0.9)	-	(0.4)	2.3	1.0
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 90.0</u>	<u>\$ 18.9</u>	<u>\$ 7.8</u>	<u>\$ (11.7)</u>	<u>\$ 105.0</u>

¹ Non GAAP measure:

EBITDA is defined as operating earnings plus amortization.



FIRST HALF SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2005 to June 30, 2005					
Sales					
To external customers	\$ 1,058.0	\$ 264.2	\$ 533.0	\$ -	\$ 1,855.2
To other segments	44.7	3.7			
	<u>\$ 1,102.7</u>	<u>\$ 267.9</u>	<u>\$ 533.0</u>	<u>-</u>	
EBITDA¹	\$ 210.3	\$ 38.9	\$ 44.1	\$ (14.0)	\$ 279.3
Amortization	55.6	18.2	47.2	1.6	122.6
Operating earnings (loss)	154.7	20.7	(3.1)	(15.6)	156.7
Interest expense	(16.0)	(6.3)	(5.9)	0.3	(27.9)
Exchange loss on long-term debt	-	-	-	(9.9)	(9.9)
Other income (expense)	4.4	0.1	1.0	3.1	8.6
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 143.1</u>	<u>\$ 14.5</u>	<u>\$ (8.0)</u>	<u>\$ (22.1)</u>	<u>\$ 127.5</u>
January 1, 2004 to June 30, 2004					
Sales					
To external customers	\$ 681.7	\$ 146.0	\$ 319.9	\$ -	\$ 1,147.6
To other segments	24.6				
	<u>\$ 706.3</u>	<u>\$ 146.0</u>	<u>\$ 319.9</u>	<u>-</u>	
EBITDA¹	\$ 176.2	\$ 39.0	\$ 32.5	\$ (23.8)	\$ 223.9
Amortization	28.8	12.2	29.1	0.9	71.0
Operating earnings (loss)	147.4	26.8	3.4	(24.7)	152.9
Interest expense	(4.7)	(0.6)	(2.6)	(0.4)	(8.3)
Exchange loss on long-term debt	-	-	-	(5.0)	(5.0)
Other income (expense)	(1.4)	-	(0.8)	3.7	1.5
Earnings (loss) before income taxes & non-controlling interest	<u>\$ 141.3</u>	<u>\$ 26.2</u>	<u>\$ (0.0)</u>	<u>\$ (26.4)</u>	<u>\$ 141.1</u>

¹ Non GAAP measure:

EBITDA is defined as operating earnings plus amortization.



SECOND QUARTER OPERATING HIGHLIGHTS

		April 1 to June 30		January 1 to June 30	
		2005	2004	2005	2004
Lumber	Production (Mfbm)	1,104,598	711,668	2,163,428	1,413,905
	Shipments (Mfbm)	1,122,508	611,521	2,049,842	1,223,119
Panels					
MDF	Production (Msf - 3/4")	74,664	71,163	146,328	139,624
	Shipments (Msf - 3/4")	74,810	72,267	146,472	147,875
Plywood	Production (Msf - 3/8")	184,999	66,580	363,231	127,128
	Shipments (Msf - 3/8")	194,186	71,064	347,730	134,195
LVL	Production (cf)	819,307	-	1,633,296	-
	Shipments (cf)	795,319	-	1,616,471	-
Pulp & Paper (tonnes)					
Linerboard and Kraft paper	Production	100,907	104,714	220,120	210,008
	Shipments	126,065	95,322	228,678	201,260
NBSK	Production	129,419	-	280,282	-
	Shipments	125,571	-	281,120	-
BCTMP	Production	138,424	130,682	268,221	261,422
	Shipments	125,157	127,634	272,894	256,543
Newsprint	Production	34,174	34,287	67,401	68,355
	Shipments	33,592	33,777	66,280	67,146

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. BASIS OF PRESENTATION

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

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

2. CHANGE IN ACCOUNTING POLICY

Variable Interest Entities

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

3. ACQUISITION

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

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

The acquisition has been accounted for using the purchase method, whereby the purchase consideration was allocated to the estimated fair values of the assets acquired and liabilities assumed at the effective date of the purchase. The Company has not yet finalized the allocation of the purchase cost for the acquisition. The preliminary allocation of the purchase cost is based on management's best estimate and information available at the time of preparing these consolidated financial statements and any changes may be material.

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

The allocation above includes costs related to the acquisition of \$6.6 million and estimated severance and other costs associated with the integration of Weldwood of \$18.5 million. For the period ended June 30, 2005 \$1.7 million (\$0.9 million in the three months ended June 30, 2005) was paid related to the estimated severance and other costs. Actual amounts incurred in relation to these activities may differ from these estimates and any such differences will be factored into the final allocation.

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

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

4. BANK INDEBTEDNESS

The Company has approximately \$531 million in revolving lines of credit available that bear interest at floating rates based on prime, US base, bankers acceptances or LIBOR at the Company's option.

5. SHAREHOLDERS' EQUITY

	June 30, 2005		December 31, 2004	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	37,363,655	\$ 596.7	37,359,544	\$ 596.5
Class B common	5,385,206	0.5	5,385,206	0.5
Total Common	42,748,861	597.2	42,744,750	597.0
Retained Earnings		1,254.0		1,185.1
Share Purchase Loans		(0.6)		(0.6)
Shareholders' Equity		\$ 1,850.6		\$ 1,781.5

Common Shares

For the three months ended June 30, 2005, the Company issued 2,156 Common shares for cash of \$0.1 million (six months ended June 30, 2005 issued 4,111 common shares for cash of \$0.2 million).

6. EARNINGS PER SHARE

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

	April 1 to June 30		January 1 to June 30	
	2005	2004	2005	2004
Earnings available to shareholders	\$38.0	\$66.9	\$ 80.9	\$ 93.4
Weighted average shares (thousands)				
Weighted average shares – basic	42,723	36,834	42,722	36,831
Share options – treasury stock method	538	523	587	483
Weighted average shares - diluted	43,261	37,357	43,309	37,314
Earnings per share (dollars)				
Basic earnings per share	\$ 0.89	\$ 1.82	\$ 1.89	\$ 2.54
Diluted earnings per share	\$ 0.88	\$ 1.79	\$ 1.87	\$ 2.50

7. EMPLOYEE FUTURE BENEFITS

The total benefit cost of the Company's defined benefit pension plans was \$6.8 million for the quarter (\$14.8 million for the six months ended June 30, 2005).

8. CONTINGENCIES

a) Countervailing and Antidumping Duties

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

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

On September 10, 2004, the U.S. International Trade Commission ("ITC") issued, in response to a NAFTA remand decision, a determination finding that the U.S. lumber industry was not threatened with material injury by reason of lumber imports from Canada. This determination should have resulted in revocation of the CVD and ADD orders by the USDOC and return of the duty deposits. Instead, on November 24, 2004 the U.S. government launched an Extraordinary Challenge of the legality of the decision of the NAFTA panel. A decision on that review is expected in 2005.

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

The Company has recorded an expense for CVD and ADD equal to the amount paid as cash deposits throughout applicable periods. A refund of deposits will be recorded as income in the

period received. As at June 30, 2005, the total amount on deposit from May 22, 2002 related to CVD and ADD was US\$279.9 million and US\$33.6 million respectively. This amount does not include the amounts on deposit from Weldwood prior to the acquisition by the Company (see note 3).

The Company and other Canadian forest products companies, the Canadian federal and provincial governments (collectively the "Canadian Interests") categorically deny the U.S. allegations and strongly disagree with the final countervailing and dumping determinations made by the ITC and the USDOC. The Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute. Canadian Interests have appealed these decisions to NAFTA panels and the WTO. The final amount of CVD and ADD duties that may be assessed on Canadian softwood lumber exports to the U.S. cannot be determined at this time and will depend on the results of these appeals. If Canada wins the threat of injury case, which is currently under review with an Extraordinary Challenge Committee, the U.S. cases will be terminated, deposits will cease and the deposits paid to date will be refunded.

b) The Forestry Revitalization Plan ("FRP")

In 2003, the Government of B.C. ("Crown") enacted the FRP that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. Licensees, including the Company, will be required to return 20% of their replaceable tenures and related assets such as roads and bridges. The effect of the timber take-back is a reduction of approximately 1,266,000 cubic meters of the Company's existing allowable annual cut on replaceable tenures. The effect of the FRP on the Company's financial position and results of operations cannot be determined and will be recorded when the amounts can reasonably be determined.

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

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