2013 MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis by West Fraser's management ("MD&A") of West Fraser's financial performance during 2013 and the fourth quarter of 2013 should be read in conjunction with the 2013 annual audited consolidated financial statements and accompanying notes. Dollar amounts are expressed in Canadian currency, unless otherwise indicated.

The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS").

All references within this MD&A to the number of West Fraser shares, share prices, earnings per share, options, and other equity-based incentives reflect the payment and adjustments resulting from a stock dividend, declared on December 10, 2013 and paid on January 13, 2014, applied retroactively to all comparative periods. See the "Capital Structure and Liquidity" section of this MD&A and Note 17 to the accompanying annual consolidated financial statements for additional information on the stock dividend.

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 under the headings "Discussion & Analysis of Annual Non-operational Items" (concerning the scheduled closing of our Houston, B.C. mill), "Discussion and Analysis by Product Segment – Lumber Segment" (concerning the expected startup of our Edson mill), "Capital Expenditures" (concerning the startup of our Edson mill and the completion of certain energy projects) and "Business Outlook". Actual outcomes and results of these statements will depend on a number of factors including those matters described 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 we undertake 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 and restructuring charges). We believe that, in addition to earnings, EBITDA is a useful performance indicator and is a useful measure of cash available prior to debt service, capital expenditures and income taxes. Reference is also made to Adjusted earnings and Adjusted basic earnings per share calculated as set out in the table titled "Earnings Adjustments for Certain Non-operational Items" (collectively, with EBITDA, "these measures"). None of these measures is a generally accepted earnings measure under IFRS and none has a standardized meaning prescribed by IFRS. Investors are cautioned that none of these measures should be considered as an alternative to earnings, earnings per share ("EPS") or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating any of these measures, our method of calculating each of them may differ from the methods used by other entities and, accordingly, our use of any of these measures 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 MD&A is as at February 13, 2014 unless otherwise indicated.

For definitions of various abbreviations and technical terms used in this MD&A please see the Glossary of Industry Terms found in our most recent Annual Report.

ANNUAL RESULTS

Financial Comparisons ($ millions, except as otherwise indicated)

Year ended December 31	2013	2012[3]	2011[3]
Sales by segment			
Lumber[1]	**2,234**	1,783	1,579
Panels[1]	**460**	442	370
Pulp & Paper	**780**	775	813
Total	**3,474**	3,000	2,762
EBITDA	**529**	275	226
Amortization	**(160)**	(152)	(168)
Restructuring charges	**(24)**	—	—
Operating earnings	**345**	123	58
Operating earnings by segment			
Lumber	**314**	90	(20)
Panels	**28**	38	(7)
Pulp & Paper	**58**	62	83
Corporate & Other	**(55)**	(67)	2
Total	**345**	123	58
Earnings from continuing operations	**349**	77	27
Earnings after discontinued operations	**349**	77	73
Diluted earnings per share ($) – continuing operations	**4.07**	0.90	0.21
Diluted earnings per share ($) – after discontinued operations	**4.07**	0.90	0.74
Cash dividends per share ($)	**0.28**	0.28	0.28
Total assets	**3,104**	2,632	2,537
Long-term debt[2]	**328**	300	306
Cdn$1.00 converted to US$ – average	**0.971**	1.000	1.011

1. Excludes intercompany fibre sales.
2. Includes current portion of long-term debt.
3. 2012 was restated for amendments to International Accounting Standard 19 – *Employee Benefits*, while 2011 was not.

Selected Quarterly Information

($ millions, except earnings per share ("EPS") amounts which are in $)

	Q4-13	Q3-13	Q2-13	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12
Sales	**833**	**878**	**900**	**863**	773	772	774	681
Earnings (loss)	**118**	**55**	**109**	**67**	20	52	24	(19)
Basic EPS	**1.37**	**0.64**	**1.27**	**0.79**	0.23	0.61	0.29	(0.22)
Diluted EPS	**1.37**	**0.64**	**1.12**	**0.79**	0.23	0.61	0.29	(0.22)

Annual Earnings Adjustments for Certain Non-operational Items

($ millions, except EPS amounts which are in $)	2013	2012
Earnings	**349**	77
Adjustments to earnings		
Equity-based compensation	**54**	61
Loss (gain) on translation of U.S. dollar-denominated long-term debt	**21**	(7)
Restructuring charges	**24**	—
Gain on sale of tenure	**(10)**	—
Net tax effect on the above adjustments	**(9)**	(3)
Recognition of deferred income tax asset related to loss carryforwards	**(101)**	—
Net effect of above items	**(21)**	51
Adjusted earnings	**328**	128
Adjusted basic EPS	**3.82**	1.50

Discussion & Analysis of Annual Non-operational Items

Earnings in 2013 improved significantly compared to results for 2012. For a description of operational results see “Discussion & Analysis by Product Segment” which follows this section. Our results include several significant non-operational items that are identified as adjustments in the table immediately above this section. After taking into account these adjustments, we generated adjusted earnings of $328 million compared to $128 million in 2012.

In 2013 an expense of $54 million was recorded related to equity-based compensation compared to an expense of $61 million in 2012. An expense is recorded on the issuance of share options or phantom or directors’ deferred share units and an additional expense or recovery is recorded each quarter based primarily on valuation models that consider various factors relating to outstanding options and units. The most significant of these factors is the change in the market value of our shares from the beginning to the end of the particular period. The market value of the Company’s shares increased over 48% from $35.03 per share at the end of 2012 to $51.80 per share at the end of 2013. The expense or recovery does not necessarily represent the actual amount that will ultimately be paid by the Company in respect of options and units.

Any change in the value of the Canadian dollar relative to the value of the U.S. dollar results in the revaluation of certain U.S. dollar-denominated liabilities and assets. A loss of $21 million on U.S. dollar-denominated long-term debt for 2013 reflects a weakening of the Canadian dollar at the close of 2013 compared to the close of 2012. The $7 million gain in 2012 reflected a slight strengthening of the Canadian dollar by the end of that year. Included in other income is a translation gain on current monetary items of $10 million, compared to a loss of $5 million in 2012.

Restructuring charges of $24 million relating to the closure and resulting impairment of our Houston, B.C. sawmill were expensed. The mill is scheduled to be closed in the second quarter of 2014.

The gain on tenure sale of $10 million relates to an exchange of certain timber harvesting rights announced in the fourth quarter of 2013.

Note 22 to the accompanying annual consolidated financial statements provides a reconciliation of income taxes calculated at the statutory rate to the income tax recovery (provision). In the fourth quarter of 2013 we recognized a benefit of $101 million for remaining tax loss carryforwards not previously recognized.

The funded position of our defined benefit pension plans and other post-retirement plans, whether surplus or deficit, is estimated at the end of each quarter. The funded position, as shown in Note 16 to the accompanying annual consolidated financial statements, is determined by subtracting plan assets from plan obligations. A combination of an increase in the discount rate used to calculate plan liabilities from the beginning of the year and the rate of return on assets held that was higher than the discount rate resulted in a net actuarial gain of $113 million after-tax which was included in other comprehensive earnings.

DISCUSSION & ANALYSIS BY PRODUCT SEGMENT

Lumber Segment

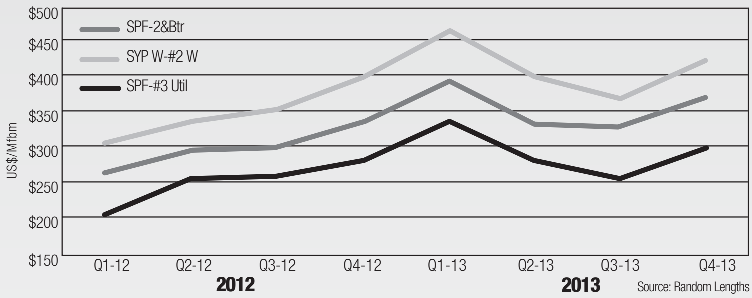
	2013	2012
Production (MMfbm)		
SPF	**3,571**	3,466
SYP	**1,582**	1,488
Shipments (MMfbm)		
SPF	**3,588**	3,453
SYP	**1,567**	1,485
Wood chip production		
SPF (M ODTs)	**1,786**	1,710
SYP (M green tons)	**1,961**	1,927
Sales ($millions)	**2,315**	1,855
EBITDA ($millions)	**437**	176
Amortization ($millions)	**(99)**	(86)
Restructuring charges ($millions)	**(24)**	—
Operating earnings ($millions)	**314**	90
EBITDA margin (%)	**19**	9
Capital expenditures ($millions)	**281**	114
Acquisition ($millions)	**—**	30
Benchmark prices (per Mfbm)		
SPF #2 & Better 2x4[1] – US$	**356**	299
SPF #3 Utility[1] – US$	**295**	250
SYP #2 West 2x4[2] – US$	**414**	348
SPF #2 & Better 2x4 – Cdn$[3]	**367**	299
SPF #3 Utility – Cdn$[3]	**304**	250
SYP #2 West 2x4 – Cdn$[3]	**426**	348

1. Source: Random Lengths – 2x4, #2 & Better – Net FOB mill.
2. Source: Random Lengths – 2x4 – Net FOB mill Westside.
3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

The significant increase in our lumber segment's operating earnings resulted from higher prices, a weaker Canadian dollar and an increase in shipments. Higher prices reflected an improvement in U.S. housing-related construction as well as continued steady Asian demand while the increase in shipments reflected higher production resulting from more operating hours and the acquisition of a sawmill at Edson, Alberta late in 2012.

Composite lumber benchmark prices strengthened sufficiently to trigger a zero duty under the Softwood Lumber Agreement ("SLA") for nine months of 2013. Under the SLA, the duties are eliminated when the composite lumber price reaches levels above US$355 per mfbm. The duties paid in 2013, when averaged over the year, were under 2% compared to an average of approximately 11% for 2012, translating into a $39 million reduction in duties paid. The SLA is scheduled to expire in 2015.

Benchmark Lumber Prices



The benefit of improved lumber prices and lower export duties was partially offset by increased log costs for our Canadian mills as purchased log costs, stumpage rates and timber harvesting contracting costs all increased. In B.C. increased purchased log costs reflect both increased competition for logs as well as increased purchases of higher-value logs which we source to achieve improved returns. Stumpage rates in B.C. are tied to purchased log costs and lumber prices, both of which increased during the year. Increased timber harvesting contracting costs reflect increased industry and regional competition for contractors.

The higher revenues were also offset by higher freight costs in the current year, reflecting increased fuel surcharges on Canadian freight, and a weaker Canadian dollar which affects all of our non-Canadian freight which is priced in U.S. dollars. Canadian electricity prices increased in 2013 as did costs relating to several of our major capital project startups. We also increased our spending on dust control.

Our Canadian sawmills continued to run at or near capacity with some production affected by capital projects. Our Edson sawmill, which we acquired late in 2012, operated until the third quarter of 2013 at which time we began a full rebuild of the mill. It is expected that the Edson mill will restart by the end of the first quarter of 2014.

Our U.S. sawmills operated at approximately 80% of capacity, including one sawmill that continues to be indefinitely curtailed, with some production affected by ongoing capital projects. We restarted operations at our McDavid, Florida sawmill on a one-shift basis in the third quarter of 2013 after a lengthy market-related curtailment. We expect to increase production at this mill as lumber markets continue to recover.

In October 2013 we announced a Mountain Pine Beetle Plan to address some effects of the pine beetle infestation in the interior of British Columbia. The plan included the closure of our Houston, B.C. sawmill by the end of the second quarter of 2014 and an exchange of certain timber harvesting rights. Restructuring charges of $24 million relating to the planned closure are reflected in operating earnings and a $10 million gain on the timber harvesting rights exchange is reflected in other income.

Panels Segment

	2013	2012
Plywood (MMsf 3/8" basis)		
Production	**781**	793
Shipments	**774**	798
MDF (MMsf 3/4" basis)		
Production	**204**	195
Shipments	**199**	193
LVL (Mcf)		
Production	**1,848**	1,964
Shipments	**1,773**	1,888
Sales ($millions)	**467**	448
EBITDA ($millions)	**43**	54
Amortization ($millions)	**(15)**	(16)
Operating earnings ($millions)	**28**	38
EBITDA margin (%)	**9**	12
Capital expenditures ($millions)	**5**	5
Benchmark prices		
Plywood (per Msf 3/8" basis)[1] Cdn$	**392**	382
MDF (per Msf 3/4" basis)[2] US$	**605**	566
MDF (per Msf 3/4" basis) Cdn$[3]	**623**	566

1. Source: Crow's Market Report – Delivered Toronto.
2. Source: Resource Information Systems, Inc. – MDF Western U.S. – Net FOB mill.
3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

The panels segment is comprised of our three plywood operations, two MDF operations and one LVL operation. All are located in western Canada.

Most of the plywood we produce is sold to customers in Canada. This market remained relatively consistent through 2012 and 2013 with each year reflecting increased building activity in the first and second quarters and a slowdown in the fourth quarter. Benchmark prices increased slightly in 2013 but the resulting benefit was more than offset by a small decrease in shipments and an increase in raw material costs. Consequently, operating earnings from our plywood operations declined in 2013 from 2012.

Operating earnings from our MDF operations improved with prices rising in the first half of the year. MDF demand is significantly affected by new home construction which has been gradually strengthening in the U.S. Our LVL operation continues to operate on a partially-curtailed basis. LVL is used predominantly in single-family home construction which has not improved as much as construction of multi-family housing units.

Pulp & Paper Segment

	2013	2012
BCTMP (Mtonnes)		
Production	**603**	620
Shipments	**600**	626
NBSK (Mtonnes)		
Production	**496**	529
Shipments	**510**	531
Newsprint (Mtonnes)		
Production	**119**	128
Shipments	**119**	127
Sales ($millions)	**780**	775
EBITDA ($millions)	**103**	109
Amortization ($millions)	**(45)**	(47)
Operating earnings ($millions)	**58**	62
EBITDA margin (%)	**13**	14
Capital expenditures ($millions)	**71**	38
Benchmark prices (per tonne)		
NBSK – US$[1]	**941**	872
Newsprint – US$[2]	**608**	640
NBSK – Cdn$[3]	**969**	872
Newsprint – Cdn$[3]	**626**	640

1. Source: Resource Information Systems, Inc. – U.S. list price, delivered U.S.
2. Source: Resource Information Systems, Inc. – delivered U.S. 48.8 gram.
3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

The pulp & paper segment is comprised of our NBSK, BCTMP and newsprint businesses.

Benchmark prices for NBSK increased in the year as the market improved, mainly as a result of continued Chinese buying and a delay of planned startup of new global pulp production capacity. BCTMP markets remained stable during the year.

The benefits arising from higher prices and a weaker Canadian dollar were offset by a series of significant operational difficulties experienced by both of our NBSK mills in the year. The majority of reduced production of 33,000 tonnes and reduced shipments of 21,000 tonnes from the previous year was due to these difficulties. Approximately 14,000 tonnes of the lower production was due to planned shutdowns at both mills in the first half of 2013 compared to an approximate 4,000 tonne reduction during a planned shutdown at the Cariboo mill in 2012.

The operating disruptions also resulted in higher maintenance costs and a higher usage of natural gas, thereby increasing production costs.

Operating earnings from our BCTMP mills in 2013 were very similar to those from the previous year. A slight increase in BCTMP prices was offset by a decrease in production and shipments resulting from a combination of increased power price-related curtailments at our Slave Lake mill and reduced production at our QRP mill due to operational disruptions related to capital projects at the mill.

Newsprint operating earnings were lower in 2013 than in 2012, reflecting decreased prices in the current year and reduced production and shipments. The production decrease resulted from increased curtailments related to high electricity prices and an increase in shutdown days related both to ongoing maintenance and the interconnection of the power plant that is under construction. Increased power costs resulting from higher electricity prices were partially offset by revenue from selling power during the times the mill was curtailed.

During periods of high electricity prices in Alberta we may curtail production at both our Slave Lake pulp mill and our newsprint mill and avoid power consumption at extreme price peaks. The revenue we receive from selling electricity to the power grid under our power purchase agreement helps mitigate our ongoing energy costs.

4TH QUARTER RESULTS

Sales and Earnings Comparison

($ millions, except as otherwise indicated)	**Q4–13**	Q3–13	Q4–12
Sales by Segment			
Lumber[1]	**522**	559	478
Panels[1]	**108**	118	109
Pulp & Paper	**203**	201	186
Total	**833**	878	773

1. Excludes intercompany fibre sales.

Operating Earnings by Segment			
Lumber	**32**	57	51
Panels	**2**	6	6
Pulp & Paper	**13**	29	13
Corporate & Other	**(17)**	(19)	(34)
Operating earnings	**30**	73	36
Finance expense	**(8)**	(7)	(7)
Exchange gain (loss) on long-term debt	**(10)**	6	(3)
Other income (expense)	**18**	(3)	2
Tax recovery (provision)	**88**	(14)	(8)
Earnings	**118**	55	20
Cdn$1.00 converted to US$ – average	**0.953**	0.963	1.009

Quarterly Earnings Adjustments for Certain Non-operational Items

($ millions except EPS amounts which are in $)	**Q4-13**	Q3–13	Q4–12
Earnings	**118**	55	20
Adjustments to earnings			
Equity-based compensation	**15**	19	30
Loss (gain) on translation of U.S. dollar-denominated long-term debt	**10**	(6)	3
Restructuring charges	**24**	—	—
Gain on sale of tenure	**(10)**	—	—
Net tax effect on the above adjustments	**(6)**	—	(2)
Recognition of deferred income tax asset related to loss carryforwards	**(101)**	—	—
Net effect of above items	**(68)**	13	31
Adjusted earnings	**50**	68	51
Adjusted basic EPS	**0.58**	0.79	0.60

Discussion & Analysis of Quarterly Non-operational Items

For a description of our operational results see "Discussion & Analysis by Product Segment" which follows this section. Our results include several significant non-operational items that are identified as adjustments in the table immediately above this section. After taking into account the adjustments, we generated adjusted earnings of $50 million in the current quarter compared to adjusted earnings of $68 million in the previous quarter and adjusted earnings of $51 million in the fourth quarter of 2012. For a description of the key adjustments, see the corresponding section under "Annual Results" in this MD&A.

DISCUSSION & ANALYSIS BY PRODUCT SEGMENT

Lumber Segment	Q4-13	Q3-13	Q4-12
Production (MMfbm)			
SPF	**847**	878	857
SYP	**375**	397	366
Shipments (MMfbm)			
SPF	**833**	975	891
SYP	**368**	425	355
Sales ($millions)	**541**	581	496
EBITDA ($millions)	**83**	83	74
Amortization ($millions)	**(27)**	(26)	(23)
Restructuring charges ($millions)	**(24)**	—	—
Operating earnings ($millions)	**32**	57	51
EBITDA margin (%)	**15**	14	15
Benchmark prices (per Mfbm)			
SPF #2 & Better 2x4[1] – US$	**370**	328	335
SPF #3 Utility[1] – US$	**303**	261	281
SYP #2 West 2x4[2] – US$	**423**	369	398
SPF #2 & Better 2x4 – Cdn$[3]	**388**	341	332
SPF #3 Utility – Cdn$[3]	**318**	271	279
SYP #2 West 2x4 – Cdn$[3]	**444**	383	395

1. Source: Random Lengths – Net FOB mill.
2. Source: Random Lengths – Net FOB mill Westside.
3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

If we adjust to exclude the effect of the restructuring charge, our fourth quarter operating earnings for our lumber segment were similar to our third quarter operating earnings and reflected a modest improvement over our operating earnings for the fourth quarter of 2012.

Fourth quarter results were adversely affected by reduced production as we closed our Edson sawmill for a rebuild, had fewer operating hours due to statutory holidays and experienced capital-related interruptions at some of our U.S. operations. Reduced production, combined with two ongoing planer upgrades in Canada which reduced finished inventory, contributed to reduced shipments compared to the previous quarter when shipments were very strong. Our results benefitted from improving prices for 2x4 dimension lumber, although prices for wide-width SYP lumber, which represents a material part of our U.S. production, did not follow this improving trend during the quarter.

Compared to the same quarter of 2012, our operating earnings reflected improving prices, lower export duties and a weaker Canadian dollar partially offset by the effects of reduced SPF shipments and higher log costs. Current results were also affected by higher costs associated with ongoing capital projects and increased amortization as several major projects reached completion.

Panels Segment

	Q4-13	Q3-13	Q4-12
Plywood (MMsf 3/8" basis)			
Production	**190**	199	184
Shipments	**180**	206	189
MDF (MMsf 3/4" basis)			
Production	**52**	47	51
Shipments	**48**	47	48
LVL (Mcf)			
Production	**490**	451	498
Shipments	**441**	470	446
Sales ($millions)	**110**	120	110
EBITDA ($millions)	**6**	9	11
Amortization ($millions)	**(4)**	(3)	(5)
Operating earnings ($millions)	**2**	6	6
EBITDA margin (%)	**5**	8	10
Benchmark prices			
Plywood (per Msf 3/8" basis)[1] Cdn$	**386**	386	390
MDF (per Msf 3/4" basis)[2] US$	**609**	616	579
MDF (per Msf 3/4" basis) Cdn$[3]	**639**	640	574

1. Source: Crow's Market Report – Delivered Toronto.
2. Source: Resource Information Systems, Inc. – MDF Western U.S. – Net FOB mill.
3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

The decline in operating earnings for the panels segment compared to the previous quarter resulted from reduced plywood production and shipments and a slight increase in costs. Reduced production reflected fewer production hours in the quarter. Reduced shipments reflected both the winter slowdown of the Canadian building industry and interruptions of railcar deliveries that followed severe winter weather in the current quarter. Average prices remained the same as in the previous quarter but costs increased in the current quarter due to higher weather-related energy costs.

Operating earnings for MDF improved in the current quarter compared to the previous quarter. Although Canadian dollar equivalent prices and shipments were very similar in both quarters, maintenance and additive costs were lower.

Our LVL operation continues to run on a curtailed basis because of weak markets.

The main contributor to the decline in operating earnings for the current quarter compared to the same quarter of 2012 was lower plywood shipments resulting from the interruptions in railcar deliveries after severe winter weather in the current quarter. We also experienced increased log costs for our plywood and LVL operations and increased raw material costs for our MDF operations.

Pulp & Paper Segment

	Q4-13	Q3-13	Q4-12
BCTMP (Mtonnes)			
Production	**150**	153	150
Shipments	**150**	143	154
NBSK (Mtonnes)			
Production	**119**	137	132
Shipments	**129**	137	132
Newsprint (Mtonnes)			
Production	**29**	31	31
Shipments	**29**	31	30
Sales ($millions)	**203**	201	186
EBITDA ($millions)	**24**	40	24
Amortization ($millions)	**(11)**	(11)	(11)
Operating earnings ($millions)	**13**	29	13
EBITDA margin (%)	**12**	20	13
Benchmark prices (per tonne)			
NBSK – US$[1]	**983**	947	863
Newsprint – US$[2]	**605**	605	640
NBSK – Cdn$[3]	**1,032**	983	856
Newsprint – Cdn$[3]	**635**	628	634

1. Source: Resource Information Systems, Inc. – U.S. list price delivered U.S.
2. Source: Resource Information Systems, Inc. – delivered 48.8 gram newsprint.
3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. benchmark price.

Operating earnings from our pulp & paper operations were lower compared to the previous quarter. The benefits provided by price increases for both NBSK and BCTMP and the weakening of the Canadian dollar were offset by continuing operational difficulties at both our NBSK mills resulting in decreased production and shipments. As a result of the operational disruptions, maintenance costs and natural gas usage increased.

Our BCTMP mills ran well in the quarter, with slightly lower production reflecting fewer operating days. Fewer power-related curtailments were taken at our Slave Lake mill compared to the previous quarter, reflecting lower electricity prices. Markets remained steady and we were able to ship our production. Operating earnings for our newsprint mill were lower compared to the previous quarter, partially reflecting lower production and shipments. The decrease in production resulted from scheduled maintenance downtime to permit connection of the power project being constructed on site. No scheduled downtime was taken in the previous quarter. Earnings in the quarter were also adversely affected by substantially lower revenues under our power purchase agreement.

Chip prices, which are tied to NBSK prices, increased at all our pulp mills in the quarter.

Operating earnings for the segment as a whole were substantially the same as in the fourth quarter of 2012 as the benefit of higher prices and a weaker Canadian dollar in the current quarter were offset by production interruptions at the Hinton and Cariboo pulp mills and increased chip prices.

CAPITAL EXPENDITURES

During the year our capital expenditures totaled $358 million as set out in the following table.

($ millions of dollars) SEGMENT	PROFIT IMPROVEMENT	ENERGY	TIMBER TENURE	MAINTENANCE OF BUSINESS	TOTAL
Lumber	178	50	20	33	281
Panels	1	—	—	4	5
Pulp & Paper	5	53	—	13	71
Corporate	—	—	—	1	1
Total	184	103	20	51	358

Profit improvement projects in our Canadian lumber operations include a major rebuild of our Chetwynd sawmill, new planers at Edson and Williams Lake and the rebuild of the sawmill at Edson, which is ongoing. The Edson mill is scheduled for startup in the first quarter of 2014. In our U.S. operations we have installed and are installing continuous kilns at many of our facilities. We have also updated several U.S. planer mills and continue to modernize our sawmills to take advantage of current technology.

Our expenditures on energy relate primarily to the biomass projects at Chetwynd and Fraser Lake, a biomethanation plant at our Slave Lake pulp mill and a natural gas peaking power plant at our joint operation newsprint mill. The two biomass projects and the natural gas project are expected to be completed in the first half of 2014 while the biomethanation plant is expected to be completed in the fourth quarter of 2014.

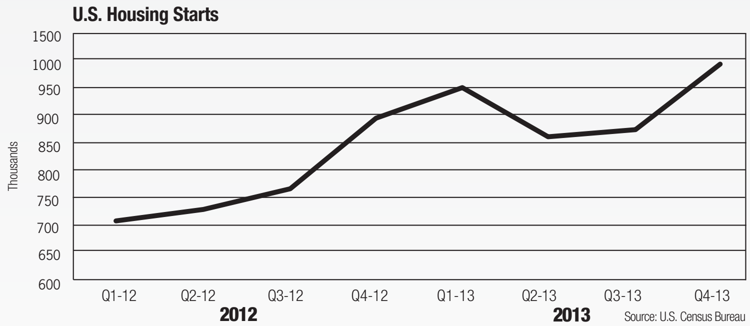
The timber harvesting rights exchange in the fourth quarter of 2013 resulted in a capital addition of $20 million related to timber rights.

Maintenance of business expenditures are primarily for roads, bridges and mobile equipment. In addition, major maintenance expenditures for our pulp segment are capitalized.

BUSINESS OUTLOOK

In 2013 we continued to focus on maintaining a strong balance sheet and reinvesting in our operations to optimize efficiencies. We expect to do the same in 2014. Economic recovery in the U.S., particularly in new home construction, is progressing slowly but there are uncertainties relating to the health of the broader global economy. Our products are sold mainly within North America and Asia, particularly China and Japan, and the success of our businesses in 2014 will depend on the economic well-being of those regions.

We continue to believe that the housing sector of the North American economy is on a positive trajectory. The supply chain for building products, from logging and transportation through the distribution system, has begun to respond to increased demand and we expect it will continue to improve. However, the pace of the improvement in U.S. housing-related construction is expected to continue to be uneven as it has been in the past two years and as a result we expect there to be volatility in the prices of lumber and other building products including plywood, MDF and LVL.



As the U.S. housing market continues to improve we expect that less U.S. plywood will be sold into Canada. The weakness of the Canadian dollar against the U.S. dollar also affects U.S. plywood imports into Canada as Canadian plywood is priced in Canadian dollars.

If U.S. housing continues to recover and Canadian and Asian demand for lumber and panels remains steady we expect there will be competitive pressures on key costs, particularly log costs, which will adversely affect our lumber, plywood and LVL earnings. Specifically, the results of our B.C. lumber operations are likely to be affected by decreasing log availability resulting from the continuing deterioration of the pine forest as the mountain pine beetle infestation moves to its late stages.

We expect that pulp markets will be adversely affected in the second quarter of 2014 when new global hardwood pulp supply is expected to enter the market. This will likely put downward pressure on prices for all grades of market pulp for the remainder of 2014.

We expect to continue an aggressive capital expenditure program in 2014. This will include investments in previously-announced energy projects expected to be completed and to commence operation during 2014. In addition, we will continue to modernize our U.S. sawmills and begin major upgrades of our Smithers and 100 Mile House sawmills in B.C.

ESTIMATED EARNINGS SENSITIVITY TO KEY VARIABLES[1]

(based on 2013 production – $ millions)

FACTOR	VARIATION	CHANGE IN PRE-TAX EARNINGS
Lumber price	US$10 (per Mfbm)	55
Plywood price	Cdn$10 (per Msf)	8
NBSK price	US$10 (per tonne)	5
BCTMP price	US$10 (per tonne)	6
U.S. – Canadian $ exchange rate[2]	US$0.01 (per Cdn $)	21

1. Each sensitivity has been calculated on the basis that all other variables remain constant and assumes year-end foreign exchange rates.
2. Excludes exchange impact of translation of U.S. dollar-denominated debt and other monetary items. Reflects the amount of the initial US$0.01 change; additional changes are substantially, but not exactly, linear.

CAPITAL STRUCTURE AND LIQUIDITY

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.

In September 2013 we announced approval for a normal course issuer bid to acquire up to 2,000,000 Common shares for cancellation until expiry of the bid in September 2014. In 2013 we repurchased 64,554 Common shares at a total cost of approximately $3 million. Common share amounts have been adjusted to take into account the stock dividend described below.

In December 2013 we announced that a one Common share dividend would be paid in respect of each Common share and Class B Common share outstanding as at December 31, 2013, payable on January 13, 2014. This had the effect of a two-for-one share subdivision effective on January 13, 2014.

After taking this stock dividend into consideration, the outstanding Common share equity consists of 83,390,590 Common shares and 2,281,478 Class B Common shares for a total of 85,672,068 shares issued and outstanding as at February 13, 2014.

Class B Common shares are equal in all respects to Common shares and are exchangeable on a one-for-one basis for Common shares. Common shares are listed for trading on the Toronto Stock Exchange while Class B Common shares are not. Certain circumstances or corporate transactions may require the approval of the holders of our Common shares and Class B Common shares on a separate class by class basis.

In addition, as of February 13, 2014 there were 2,506,772 share purchase options outstanding with exercise prices ranging from $12.36 to $40.82 per Common share.

In December 2013, we amended our $500 million committed revolving credit facility to, among other things, extend its maturity date to September 2018. The facility allows for additional borrowings of up to $150 million, subject to sourcing new lenders for this additional amount. To date we have not sought to access this additional facility. In May 2011, we entered into an uncommitted $25 million line of credit for the purpose of establishing letters of credit. Copies of the committed facility and the December 2013 amendment are available at www.sedar.com.

On December 31, 2013 there was no balance owing under the credit facilities (2012 – nil). Letters of credit in the amount of $46 million were supported by our facilities, leaving approximately $484 million of credit available for further use.

Our 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 been sufficient to meet these requirements.

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

As at December 31	2013	2012
Cash[1]	162	102
Current assets	971	823
Current liabilities[2]	773	385
Ratio of current assets to current liabilities	1.3	2.1
Net debt[3]	162	194
Shareholders' equity	1,947	1,492
Net debt to capitalization[4]	8%	12%

1. Cash consists of cash and short-term investments less cheques issued in excess of funds on deposit.
2. 2013 includes US$300 million of long-term debt due in October 2014.
3. Total debt less deferred financing costs less cash.
4. Net debt divided by net debt plus shareholders' equity.

As shown in the table below, we are rated by three leading rating agencies. All three agencies upgraded us during the year to the level of investment grade with a Stable Outlook.

Debt Ratings

AGENCY	RATING	OUTLOOK
Dominion Bond Rating Service	BBB(low)	Stable
Moody's	Baa3	Stable
Standard & Poor's	BBB-	Stable

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.

Selected Cash Flow Items ($ millions)

For the year ended December 31	2013	2012
Operating Activities		
Earnings	349	77
Amortization	160	152
Change in income taxes	(68)	27
Contributions to benefit plans in excess of expense	(52)	(21)
Other	30	(31)
Cash provided by operating activities	419	204
Financing Activities		
Debt	8	—
Finance expense paid	(18)	(18)
Dividends	(24)	(24)
Common share repurchases	(3)	—
Other	(2)	—
Cash used in financing activities	(39)	(42)
Investing Activities		
Acquisition	—	(30)
Additions to capital assets	(338)	(159)
Other	12	61
Cash used in investing activities	(326)	(128)
Increase in cash	54	34

Contractual Obligations as at December 31, 2013 ($ millions)[1]

	2014	2015	2016	2017	THEREAFTER	TOTAL
Long-term debt	319[2]	—	—	—	10	329
Operating leases	2	2	2	1	6	13
Asset purchase commitments	79	—	—	—	—	79
Total	400	2	2	1	16	421

1. Contractual obligations means an agreement related to debt, leases and enforceable agreements to purchase goods or services on specified terms, but does not include reforestation and decommissioning obligations, energy purchases under various agreements, pension contributions payable, accounts payable in the ordinary course of business or contingent amounts payable.
2. Represents U.S. dollar-denominated debt of US$300 million.

SIGNIFICANT MANAGEMENT JUDGMENTS AFFECTING FINANCIAL RESULTS

The preparation of financial statements requires management to make estimates and assumptions, and to select accounting policies, that affect the amounts reported. The significant accounting policies followed by our Company are disclosed in Note 3 to the audited consolidated financial statements. The following judgments are considered the most significant:

Recoverability of Long-lived Assets

As required by IFRS, we assess the carrying value of an asset when there are indicators of impairment. The assessment compares the estimated discounted future cash flows of the asset to the carrying value of the asset. If the carrying value of the asset exceeds the estimated discounted future cash flows relating to the asset, the carrying value is written down to the higher of fair value less costs to sell and value-in-use. During 2013 an impairment charge of $13 million was recorded related to the planned closure of our Houston, B.C. sawmill.

We review the amortization periods for our manufacturing equipment and machinery to ensure that the periods appropriately reflect anticipated obsolescence and technological change. Current amortization periods for manufacturing equipment range from 6 to 20 years. Timber licences are amortized over 40 years.

Goodwill is not amortized. We compare the carrying value of goodwill and related assets, at least once a year, to the estimated discounted cash flows that the assets are expected to generate. If it is determined that the carrying value is more than the estimated discounted cash flows, then a goodwill impairment will be recorded. We tested goodwill for impairment in 2013 and concluded that its carrying value is not impaired. The testing of goodwill for impairment involves significant estimates including future production and sales volumes, product selling prices, foreign currency exchange rates, operating costs, capital expenditures and the appropriate discount rate to apply. In all cases, we have used our best estimates of these projected amounts and values. Given the current global economic uncertainty and the volatility of the markets for our products, it is possible that our estimates will be adjusted in the future and that these adjusted estimates could result in the future impairment of goodwill.

We also review the carrying value of deferred income tax assets to ensure that the carrying value is appropriate. The key factors considered are the Company's history of profitability, future expectations of profitability and the timing of expiry of tax loss carry-forwards.

Reforestation and Decommissioning Obligations

In Canada, provincial regulations require timber quota holders to carry out reforestation to ensure re-establishment of the forest after harvesting. Reforested areas must be tended for a period sufficient to ensure that they are well-established. The time needed to meet regulatory requirements depends on a variety of factors.

In our operating areas, the time to meet reforestation standards usually spans 12 to 15 years from the time of harvest. We record a liability for the estimated cost of the future reforestation activities when the harvesting takes place. This liability is reviewed, at least annually, and adjusted to our current estimate of the costs to complete the remainder of the reforestation activities. In 2013 the review of the reforestation obligation resulted in an increase to the obligation of $2 million (2012 – increase of $1 million).

We record the estimated fair value of a liability for decommissioning obligations, such as landfill closures, in the period when a reasonable estimate of fair value can be made. We review these estimates at least annually, and adjust the obligations as appropriate. In 2013 the review resulted in an increase of the obligation by $6 million (2012 – increase of $1 million).

Defined Benefit Pension Plan ("D.B. Plan") Assumptions

We maintain several D.B. Plans for many of our employees. The annual funding requirements and pension expenses are based on (i) various assumptions that we determine in consultation with our actuaries, (ii) actual investment returns on the pension fund assets, and (iii) changes to the employee groups in the pension plans.

D.B. Plan Obligation Assumptions

	2013	2012
Discount rate	**4.75%**	4.50%
Rate of increase in future compensation	**3.50%**	3.50%

Impact on D.B. Plan Obligations of a Change in Key Assumptions ($ millions)[1]	**OBLIGATION**
Discount rate	
Decrease in assumption from 4.75% to 4.25%	88
Increase in assumption from 4.75% to 5.25%	(82)
Rate of increase in future compensation	
Decrease in assumption from 3.5% to 3.0%	(18)
Increase in assumption from 3.5% to 4.0%	18

1. Each sensitivity has been calculated on the basis that all other variables remain constant.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The International Accounting Standards Board periodically issues new standards and amendments or interpretations to existing standards. The new pronouncement listed below is one we consider most significant.

IFRS 9 - Financial Instruments

IFRS 9 was issued in November 2009 and was amended in October 2010. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in International Accounting Standards ("IAS") 39 – *Financial Instruments: Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments which are either recognized at fair value through profit or loss or at fair value through other comprehensive earnings. In December 2009 the implementation of IFRS 9 was deferred and is scheduled to be effective for annual periods beginning on or after January 1, 2015 with earlier application permitted. We do not expect this standard to have a significant effect on our consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

On January 1, 2013 we adopted new and revised accounting standards as disclosed in Note 4 to the annual consolidated financial statements.

RISKS AND UNCERTAINTIES

Product Demand and Price Fluctuations

Our financial results are primarily dependent on the demand for, and selling prices of, our products, which are subject to significant fluctuations. The demand and prices for lumber, panels, pulp, newsprint, wood chips and other wood products are highly volatile and are affected by factors such as global economic conditions including the strength of the U.S. housing market and of Asian markets, particularly China and Japan, changes in industry production capacity, changes in world inventory levels and other factors beyond our control. In addition, unemployment levels, interest rates and the rate of mortgage foreclosures have a significant effect on residential construction and renovation activity, which in turn influences the demand for, and price of, building materials such as lumber and panel products.

We cannot predict future market conditions, demand or pricing for any of our products due to factors outside our control. Prolonged or severe weakness in the market for any of our principal products would adversely affect our financial condition. Our earnings sensitivity to changes in certain product prices is set out in the table titled "Earnings Sensitivity to Key Variables".

Operations

Availability of Fibre and Changes in Stumpage Fees

Substantially all of our Canadian log requirements are harvested from Crown lands. Provincial governments prescribe the methodologies that determine the amounts of stumpage fees that are charged in respect of harvesting on Crown lands and changes to the methodologies or rates may adversely affect our results. In addition, provincial governments control the volumes that can be harvested under provincially-granted tenures and otherwise regulate the availability of Crown timber for harvest.

We rely on log supply agreements in the U.S. which are subject to log availability and based on market prices. Based on year-end capacity, approximately 25% of the aggregate log requirements for our U.S. sawmills are supplied under long-term agreements with the balance purchased on the open market. Changes in market conditions for these logs may adversely affect our results.

Natural Disasters

Our operations are subject to adverse natural events such as forest fires, severe weather conditions, timber disease and insect infestation, and earthquake activity. These events could damage or destroy our physical facilities or our timber supply and similar events could also affect the facilities of our suppliers or customers. Any such damage or destruction could adversely affect our financial results. Although we believe we have reasonable insurance arrangements in place to cover certain of such incidents, there can be no assurance that these arrangements will be sufficient to fully protect us against such losses. As is common in the industry, we do not insure loss of standing timber for any cause.

Mountain Pine Beetle

The long-term effect of the mountain pine beetle infestation on our Canadian operations is uncertain. The potential effects include a reduction of future AAC levels to below current and pre-infestation AAC levels. Many of our B.C. operations are experiencing a diminished grade and volume of lumber recovered from beetle-killed logs and increased production costs and these effects could spread to our Alberta operations as the mountain pine beetle infestation expands. The timing and extent of the future effect on our timber supply, lumber grade and recovery, and production costs will depend on a variety of factors and at this time cannot be reasonably determined. The effects of the deterioration of beetle-killed logs could include increased costs, reduced operating rates due to shortages of commercially merchantable timber and mill closures.

Wood Dust

Our operations generate wood dust which has been recognized for many years as a potential health and safety hazard. The potential risks associated with wood dust have been increased in those of our B.C. and Alberta facilities that have been processing mountain pine beetle-killed logs as the wood dust generated from these logs tends to be drier, lighter and finer than wood dust typically generated. Two sawmill explosions which occurred in B.C. in 2012 which may have been at least partially attributable to the presence of dry wood dust have resulted in a greater industry focus on the risk. We have adopted a variety of measures to reduce or eliminate the risks posed by the presence of wood dust in our facilities and we continue to work with industry and regulators to develop and adopt best mitigation practices. In light of the two recent sawmill explosions, any explosion or similar event at any of our facilities could have a material adverse effect on our business.

Operational Curtailments and Transportation Limitations

From time to time, we suspend operations at one or more of our facilities in response to market conditions, environmental risks, or other operational issues, including, but not limited to, power failures, equipment breakdowns, adverse weather conditions, labour disruptions and fire hazards. These unscheduled operational suspensions could have a material adverse effect on our financial condition. If wood chip production is reduced because of production curtailments, improved manufacturing efficiencies or any other reason, pulp and paper operations may incur additional costs to acquire or produce additional wood chips or be forced to reduce production. Conversely, pulp and paper mill production curtailments may require sawmills and panel mills to find other ways to dispose of residual wood fibre and may result in curtailment or suspension of lumber and panel production.

We rely primarily on third parties for the delivery of raw materials and the transportation of our products. From time to time, we must also respond to railcar and truck shortages that limit raw material deliveries to us and product deliveries to our customers, which may have a material adverse effect on our business.

Labour and Services

Our operations rely on both skilled and unskilled workers as well as third-party services such as logging and transportation. Because our operations are generally located away from major urban centres, we often face strong competition for workers, particularly skilled workers, and services from our competitors and other industries such as oil and gas production and mining. Shortages of workers or key services could impair our operations by reducing production or increasing costs.

We employ a unionized workforce in a number of our operations. Walkouts or strikes by employees could result in lost production and sales, higher costs and supply constraints that could have a material adverse effect on our business. Also, we depend on a variety of third parties that employ unionized workers to provide critical services to us. Labour disputes experienced by these third parties could lead to disruptions at our facilities.

Environment

Our operations are subject to regulation by federal, provincial, state and local environmental authorities, including industry-specific environmental regulations relating to air emissions and pollutants, wastewater (effluent) discharges, solid waste, landfill operations, forestry practices, site remediation and the protection of endangered species and critical habitat. We have incurred, and will continue to incur, capital expenditures and operating costs to comply with environmental laws and regulations. No assurance can be given that changes in these laws and regulations or their application will not have a material adverse effect on our business, operations, financial condition and operational results. Similarly, no assurance can be given that capital expenditures necessary for future compliance with existing and new environmental laws and regulations could be financed from our available cash flow. We may discover currently unknown environmental problems, contamination, or conditions relating to our past or present operations. This may require site or other remediation costs to maintain compliance or correct violations or result in governmental or private claims for damage to person, property or the environment, which could have a material adverse effect on our business, financial condition and operational results.

We have in place internal programs under which all our forestry and manufacturing operations are audited for compliance with laws and accepted standards and with our management systems. Our woodlands operations in Canada, and the harvesting operations of many of our key U.S. suppliers, are third-party certified to internationally-recognized sustainable forest management standards. Our operations and our ability to sell our products could be adversely affected if those operations did not, or were perceived by the public as failing to, comply with applicable laws and standards, including responsible environmental and sustainable forestry standards.

First Nations Claims

Issues relating to First Nations groups have the potential for a significant adverse effect on Canadian forest products companies including West Fraser. The main First Nations' issues that are relevant to West Fraser relate to aboriginal rights and title, and consultation. We participate as requested by government in the consultation process, but rely on provincial governments to adequately discharge obligations to First Nations groups in order to preserve the validity of actions dealing with public rights, including the granting or transfer of Crown timber harvesting rights. As the jurisprudence and government policies respecting aboriginal rights and title and the consultation process continue to evolve, we cannot assure that First Nations claims will not in the future have a material adverse effect on our timber harvesting rights or our ability to exercise or renew them or secure other timber harvesting rights.

Regulatory

Our operations are subject to extensive general and industry-specific federal, provincial, state, municipal and other local laws and regulations, including those governing forestry, exports, taxes, employees, labour standards, occupational health and safety, waste disposal, environmental protection and remediation, protection of endangered and protected species and land use and expropriation. We are required to obtain approvals, permits and licences for our operations, which may impose conditions that must be complied with. If we are unable to extend or renew, or are delayed in extending or renewing, a material approval, permit or licence, our operations or financial condition could be adversely affected. There is no assurance that these laws, regulations or government policy, or the administrative interpretation or enforcement of existing laws and regulations, will not change in the future in a manner that may require us to incur significant capital expenditures, pay higher taxes or otherwise could adversely affect our operations or financial condition. Failure to comply with applicable laws or regulations, including approvals, permits and licences, could result in fines, penalties or enforcement actions, including orders suspending or curtailing our operations or requiring corrective measures or remedial actions.

Foreign Currency Exchange Rates

We sell the majority of our products at prices denominated in U.S. dollars or based on prevailing U.S. dollar prices. A significant portion of our operational costs and expenses are incurred in Canadian dollars. Therefore, an increase in the value of the Canadian dollar relative to the U.S. dollar reduces the revenue in Canadian dollar terms realized by us from sales made in U.S. dollars, which reduces operating margin and the cash flow available to fund operations. We are also exposed to the risk of exchange rate fluctuations in the period between sale and payment. We also have a substantial amount of long-term debt repayable in U.S. dollars which is valued in Canadian dollars at the end of each reporting period by applying the prevailing exchange rate. Exchange rate fluctuations result in exchange gains or losses. This results in significant earnings sensitivity to changes in the Canadian/U.S. dollar exchange rate as disclosed in the table titled "Earnings Sensitivity to Key Variables". The Canadian/U.S. dollar exchange rate is affected by a broad range of factors which makes future rates difficult to accurately predict.

Competition

Markets for our products are highly competitive. Our ability to maintain or improve the cost of producing and delivering products to those markets is crucial. Factors such as cost and availability of raw materials, energy and labour, the ability to maintain high operating rates and low per-unit manufacturing costs, and the quality of our final products and our customer service all affect our earnings.

Trade Restrictions

A substantial portion of our products that are manufactured in Canada are exported for sale. Our financial results are dependent on continued access to the export markets and tariffs and other trade barriers that restrict or prevent access represent a continuing risk to us. Our Canadian softwood lumber exports to the U.S. are currently subject to export duties imposed under the SLA which is currently scheduled to expire in October 2015. National economic protectionist measures more commonly arise during periods of broad economic downturn and so a deterioration of global economic conditions could result in the adoption of additional trade barriers.

Financial

We rely on long-term borrowings and access to revolving credit in order to finance our ongoing operations. Any change in availability of credit in the market, as would happen during an economic downturn, could affect our ability to access credit markets on commercially reasonable terms. Although we have no immediate needs for new credit, in the future we may need to access public or private debt markets to issue new debt to replace or partially replace current borrowings.

Pension Plan Funding

We are the sponsor of several defined benefit pension plans which exposes us to market risks related to plan assets. Funding requirements for these plans are based on actuarial assumptions concerning expected return on plan assets, future salary increases, life expectancy and interest rates. If any of these assumptions differs from actual outcomes such that a funding deficiency occurs or increases, we would be required to increase cash funding contributions which would in turn reduce the availability of capital for other purposes.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

West Fraser's management, including our President and Chief Executive Officer and our Vice-President, Finance and Chief Financial Officer, acknowledge responsibility for the design and operation of disclosure controls and procedures and internal controls over financial reporting, and the requirement to evaluate the effectiveness of these controls on an annual basis.

Management evaluated the effectiveness of these controls at the end of the reporting period and based on this evaluation concluded that our internal controls over financial reporting and the disclosure controls and procedures were effective as at December 31, 2013.

No Changes in Internal Controls Over Financial Reporting

There has been no change in our internal controls over financial reporting during the year ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.