



For immediate release: July 16, 2001

TIMBERWEST ANNOUNCES STRONG SECOND QUARTER RESULTS

**Company generates \$26.7 million of distributable cash
and announces cash distribution on Stapled Units of \$0.269**

Vancouver (B.C.) – For the quarter ended June 30, 2001, TimberWest generated distributable cash of \$26.7 million, or \$0.41 per Stapled Unit, compared to distributable cash of \$28.2 million, or \$0.42 per weighted average Stapled Unit for the corresponding period in 2000. The company also announced its quarterly distribution of \$0.269 per Stapled Unit payable on October 15, 2001 to unitholders of record on October 1, 2001.

President and CEO Paul McElligott says: "I'm extremely pleased with our ability to continue to generate strong returns given the tough markets we're up against. Distributable cash is tracking closely with the results we achieved in 2000, which was a year of record distributable cash for us. Our strong performance in the quarter is the direct result of our success in developing new markets in the U.S. for our products. Given the continued weakness of the Japanese market and resulting deterioration in the domestic market, our results would look very different if we weren't able to sell logs to the U.S. -- and we wouldn't be keeping our employees working."

McElligott adds: "The challenge is to keep going at this pace. The market outlook is not favourable and the Coastal industry continues to struggle with a range of issues, including a stumpage system that is broken, a tenure system that is inadequate and the uncertainty caused by the expiration of the Softwood Lumber Agreement. I'm confident we can work cooperatively with government to resolve some of these issues, including establishing more market sensitive charges on the harvest of Crown tenures on the Coast."

"I'm very proud of our excellent safety results this quarter and year to date," McElligott says. "For the first six months of 2001, our logging operations achieved a Medical Incident Rate of 8.61 – exceeding their target of 12.51. Our Elk Falls Lumbermill recorded an MIR of 1.09 against a target of 6.02. These results are a tribute to our employee-led safety programs and to the focus and commitment of all TimberWest employees."

Quarterly Financial Highlights

Earnings available for distribution for the quarter, before provision for future income taxes, were \$20.1 million, or \$0.31 per Stapled Unit, compared to \$21.2 million or \$0.31 per weighted average Stapled Unit for the same period in 2000. Net sales for the second quarter were \$130.2 million, a decrease of 8.1% over sales of \$141.7 million reported for the second quarter of 2000. Operating earnings were \$26.3 million for the quarter, down \$2.9 million, or 9.9% from the second quarter for the prior year. EBITDA for the quarter ended June 30, 2001 was \$30.4 million, or \$0.47 per Stapled Unit, compared to \$32.4 million, or \$0.48 per weighted average Stapled Unit for the same period in 2000.

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Year-to-Date Financial Highlights

For the six month period ended June 30, 2001, TimberWest generated distributable cash of \$52.6 million, or \$0.81 per weighted average Stapled Unit compared to distributable cash of \$56.6 million, or \$0.83 per weighted average Stapled Unit for the same period in 2000. Earnings available for distribution, before provision for future income taxes, were \$41.3 million, or \$0.64 per weighted average Stapled Unit in the first six months of fiscal 2001, compared to \$41.4 million, or \$0.60 per weighted average Stapled Unit for the same period in 2000. Net sales in the first half of the 2001 fiscal year were \$240.9 million, a 2.6% decrease from net sales of \$247.3 million reported for the same period in 2000. 2001 year-to-date operating earnings were \$54.3 million compared to \$55.9 million for the first six months in 2000. EBITDA for the six months ended June 30, 2001 was \$62.0 million, or \$0.95 per weighted average Stapled Unit compared to \$62.8 million, or \$0.92 per weighted average Stapled Unit for the same period in 2000.

Summary of Results

(in millions of dollars, except as otherwise indicated)

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Sales	\$ 130.2	\$ 141.7	\$ 240.9	\$ 247.3
Operating earnings	\$ 26.3	\$ 29.2	\$ 54.3	\$ 55.9
Earnings available for distribution before provision for future income taxes	\$ 20.1	\$ 21.2	\$ 41.3	\$ 41.4
Distributable cash	\$ 26.7	\$ 28.2	\$ 52.6	\$ 56.6
Proceeds from real estate sales and other assets	\$ 4.6	\$ 3.1	\$ 8.2	\$ 8.8
Capital expenditures	\$ 1.8	\$ 1.4	\$ 2.2	\$ 2.7
Distributions paid	\$ 17.4	\$ 18.7	\$ 34.9	\$ 37.5

Per Stapled Unit amounts:

(\$ per weighted average Stapled Unit, except as otherwise indicated)

Earnings available for distribution before provision for future income taxes	\$0.31	\$0.31	\$0.64	\$0.60
Distributable cash	\$0.41	\$0.42	\$0.81	\$0.83
Distributions declared per outstanding Stapled Unit	\$0.27	\$0.27	\$0.54	\$0.54

Outlook

TimberWest has had a very successful first half of 2001 and anticipates the remainder of the year to be somewhat weaker. Typically in the second half of the year seasonal shutdowns and the seasonal shift to more hemlock harvesting result in lower overall distributable cash. End markets continue to be weak with the Japanese economy nearing a full-blown recession with rising unemployment and reduced consumer confidence causing continued weakness in Japanese lumber markets. In addition, US lumber prices have fallen off from earlier in the year when supply shortages pushed pricing on SPF 2x4's to \$376 per mfbm and they now sit at \$260 per mfbm. Confusion still dominates the US lumber market as the Canada/US softwood lumber dispute

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continues to be unresolved. Global pulp markets continue to decline, and with them pulp log and chip prices continue to be under downward pressure.

In spite of the general market weakness, TimberWest will continue to pursue new log markets and expand its business where possible to ensure that the highest value is received for its products, and will continue its efforts with cost reduction and productivity improvement in the back half of the year.

Supplemental Information

(in millions of dollars, except as otherwise indicated)

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Additional Earnings Information				
Net sales	\$ 130.2	\$ 141.7	\$ 240.9	\$ 247.3
Operating costs and expenses:				
Cost of products sold	95.7	105.0	170.9	176.8
Depreciation, depletion and amortization	3.5	3.8	7.0	7.6
Selling, administrative and other	4.7	3.7	8.7	7.0
	103.9	112.5	186.6	191.4
Operating earnings	26.3	29.2	54.3	55.9
Interest expense	5.9	5.9	12.1	11.2
Amortization of debt issue costs	0.4	0.9	0.7	1.8
Other (income) expenses, net	(0.6)	0.6	(0.7)	0.7
Earnings before income taxes	\$ 20.6	\$ 21.8	\$ 42.2	\$ 42.2
Earnings available for distribution before provision for future income taxes	\$ 20.1	\$ 21.2	\$ 41.3	\$ 41.4
Other Information				
Cash generated from operations before changes in working capital	\$ 23.4	\$ 26.5	\$ 47.5	\$ 50.8
Additions to capital assets	\$ 1.8	\$ 1.4	\$ 2.2	\$ 2.7
Distributable cash	\$ 26.7	\$ 28.2	\$ 52.6	\$ 56.6
Stapled Units outstanding (millions)	65.0	64.8	65.0	64.8
Basic weighted average Stapled Units (millions)	65.0	67.5	64.9	68.5
Diluted weighted average Stapled Units (millions)	65.2	67.6	65.1	68.6
Sales by Product				
Logs	\$ 109.1	\$ 107.0	\$ 190.2	\$ 175.9
Lumber	13.4	28.6	35.5	56.4
Wood chips and other	3.2	4.9	7.0	9.4
Real estate	4.5	1.2	8.2	5.6
	\$ 130.2	\$ 141.7	\$ 240.9	\$ 247.3
Sales Volume				
Logs (thousand m ³)	960.9	936.7	1,628.1	1,520.0
Lumber (million fbm)	30.8	52.5	77.4	102.3
Production Volume				
Logs (thousand m ³)	1,007.3	998.3	1,880.6	1,934.3
Lumber (million fbm)	34.0	51.5	70.0	104.8

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Balance Sheet Information

	As at 06-30-01	As at 12-31-00	As at 06-30-00	As at 12-31-99
Unitholders' Equity	\$ 792.9	\$ 787.7	\$ 678.0	\$ 673.9
Debt (including short-term debt)	\$ 379.6	\$ 375.1	\$ 390.8	\$ 342.0
Working capital (excluding short-term debt and distribution payable)	\$ 59.7	\$ 37.1	\$ 62.1	\$ 48.0
Debt to total capitalization	32%	32%	37%	34%

Quarterly Conference Call

TimberWest will hold a conference call at 8:00 a.m. PST (11:00 a.m. EST) on Tuesday, July 17th to discuss results of the second quarter. To access the conference call, listeners should dial 1-888-793-1698. For those unable to participate in the live call, a recording of the call will be available until July 31, 2001, and can be accessed at 1-800-558-5253 using code 19166696. The conference call will also be available live via a webcast on TimberWest's internet site at www.timberwest.com. The webcast will be archived and available for viewing for an additional 90 days.

Corporate Profile

TimberWest Forest Corp. is uniquely positioned as the largest owner of private forest lands in western Canada. The company's 334,000 hectares, providing a sustainable annual harvest of 2.4 million m³ of logs, are largely located on Vancouver Island and contain some of the best coniferous forest growing sites in the world. The American Forest & Paper Association has certified that the company is committed to managing these private lands according to sustainable forestry standards under its Sustainable Forestry Initiative (SFI)SM Program. TimberWest also owns annual Crown harvest rights of 1.2 million m³ per year, a lumbermill, and approximately 6,500 hectares of properties that are progressively being made available for higher uses.

Forward Looking Statements

The statements which are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties. TimberWest's actual results could differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, general economic conditions, variations in TimberWest's product prices and changes in commodity prices generally, changes in market conditions, actions of competitors, interest rate and foreign currency fluctuations, regulatory and harvesting fee changes and other actions by governmental authorities, the ability to implement business strategies and pursue business opportunities, weather conditions, forest fires and other natural phenomena and other risks and uncertainties described in TimberWest's public filings with securities regulatory authorities.

Additional Information

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